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John L. Welch

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The Trademark Reporter®

UNITED STATES ANNUAL REVIEW

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

INTRODUCTION

*By Theodore H. Davis Jr.***

If for no other reason than the rather abrupt (and continuing) interest of the Supreme Court of the United States in trademark and unfair competition matters, practitioners in those fields are living through what is arguably the most dynamic period of case law since the founding of the republic. Between June 3, 2013, and January 21, 2015, the Court accepted four cases for review and decided three. In the process, it confirmed that a plaintiff advancing a cause of action for false advertising under Section 43(a)[1] need not be in direct competition with its adversary to have standing,[2] that there is no necessary inconsistency between

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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, 2013, and June 30, 2014, 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 this volume: Ferring Pharma., Inc. v. Watson Pharma., Inc., 765 F.3d 205 (3d Cir. 2014) (counsel for amicus curiae The International Trademark Association); KIND LLC v. Clif Bar & Co., 111 U.S.P.Q.2d 1795 (S.D.N.Y. 2014) (counsel for defendant); Parts.com, LLC v. Yahoo! Inc., 996 F. Supp. 2d 933 (S.D. Cal. 2013) (counsel for defendant); Md. Cas. Co. v. Witherspoon, 993 F. Supp. 2d 1178 (C.D. Cal. 2014) (counsel for defendants); T-Mobile US, Inc. v. AIO Wireless LLC, 991 F. Supp. 2d 888 (S.D. Tex. 2014) (counsel for defendant); FieldTurf USA Inc. v. TenCate Thiolon Middle E., LLC, 945 F. Supp. 2d 1379 (N.D. Ga. 2013) (counsel for defendant). The author also gratefully acknowledges the editorial contributions of Mary Kathryn Hagge, as well as the assistance of Louise Adams, Christy Flagler, Trevor Rosen, and Kimberly Snoddy-George in preparing his portions of this volume for publication.

1. 15 U.S.C. § 1125(a) (2012).

2. *See* Lexmark Int'l, Inc. v. Static Control Components, Inc., 134 S. Ct. 1377, 1388-95 (2014).

compliance with federal labeling regulations in the food and beverage industry and liability for false advertising under Section 43(a),[3] and that the tacking inquiry is properly viewed as a question of fact, rather than a question of law.[4] Perhaps the most important issues among those taken up by the Court, however, remained unresolved as this issue went to press. Those were the twin questions presented by the petition for a writ of certiorari in *B & B Hardware, Inc. v. Hargis Industries*,[5] namely, "[w]hether the TTAB's finding of a likelihood of confusion precludes [the defendant] from relitigating that issue in infringement litigation, in which likelihood of confusion is an element," and "[w]hether, if issue preclusion does not apply, the district court was obliged to defer to the TTAB's finding of a likelihood of confusion absent strong evidence to rebut it."[6] Each question has produced widespread splits in the circuits, and the answer to each may either increase or decrease the importance of proceedings before the Board, potentially even those resolved years ago.

The Supreme Court was not the only tribunal to generate opinions of consequence. The past year saw an extraordinary burst of case law from the lower federal courts bearing on the rights of plaintiffs, especially professional and collegiate athletes, to control authorized uses of their personas. Although for many years courts have tended to treat Section 43(a)'s cause of action for false endorsement[7] as equivalent to those available under state law for violations of plaintiffs' right of publicity, that tendency is rapidly becoming a thing of the past. In one case, judicial attention to the distinction between the two theories of relief did not make a difference, as the outcome was the same under both.[8] In another, however, the plaintiff prevailed as a matter of law on his New York state-law claim, only to have disputes of fact preclude summary judgment in his favor under Section 43(a).[9] It was a pair of opinions from the Ninth Circuit, however, that did the most to drive home the distinction between federal and state law. The first opinion[10] held that defendants asserting the protection of the First Amendment against Section 43(a)'s cause of action can avail

3. *See* POM Wonderful LLC v. Coca-Cola Co., 134 S. Ct. 2228, 2233-40 (2014).

4. *See* Hana Fin., Inc. v. Hana Bank, 135 S. Ct. 907, 911-12 (2015).

5. 716 F.3d 1020 (8th Cir. 2013), *cert. granted*, 134 S. Ct. 2899 (2014).

6. 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).

7. *See* 15 U.S.C. § 1125(a) (2012).

8. *See* Imagine Medispa, LLC v. Transformations, Inc., 999 F. Supp. 2d 873, 882, 888 (S.D. W. Va. 2014) (denying motion to dismiss federal and West Virginia causes of action).

9. *See* Jackson v. Odenat, 9 F. Supp. 3d 342, 353, 357-59 (S.D.N.Y. 2014).

10. *See* Brown v. Elec. Arts, Inc., 724 F.3d 1235 (9th Cir. 2013).

themselves of the forgiving standard found in *Rogers v. Grimaldi.*[11] In contrast, the second opinion[12] held that *Rogers* does not apply to claimed violations of the right of publicity under California law; rather, the far more restrictive transformative use standard from *Comedy III Productions, Inc. v. Gary Saderup, Inc.*[13] governs. Although not necessarily driven by this dichotomy, other opinions addressing the relationship between rights to personas and the First Amendment produced equally varying results.[14]

Other issues likewise produced splits in authority, the most notable of which was the question of whether proof of infringement or of false advertising creates a presumption of irreparable harm for purposes of injunctive relief: The Third and the Ninth Circuits answered in the negative,[15] but numerous federal district courts reached holdings to the contrary,[16] and others deliberately avoided taking a position.[17] Courts also differed on the significance of the "prima facie evidence" of mark validity attached to a registration

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11. 875 F.2d 994 (2d Cir. 1994).

12. *See In re* NCAA Student-Athlete Name & Likeness Licensing Litig., 724 F.3d 1268 (9th Cir. 2013), *cert. dismissed*, 135 S. Ct. 42 (2014).

13. 21 P.3d 797 (Cal. 2001).

14. *Compare* Jordan v. Jewel Food Stores, Inc., 743 F.3d 509, 1517-18 (7th Cir. 2014) (holding that references to Michael Jordan in advertisement placed in tribute to Jordan constituted commercial speech ineligible for First Amendment protection), Doe v. Gangland Prods., Inc., 730 F.3d 946, 953-61 (9th Cir. 2013) (holding disclosure of plaintiff's identity in documentary about prison life to be protected speech), Ohio State Univ. v. Skreened Ltd., 16 F. Supp. 3d 905, 917-18 (S.D. Ohio 2014) (holding defendants' use of name and image of football coach on clothing not immune from liability under Ohio right-of-publicity law), and Ross v. Roberts, 166 Cal. Rptr. 3d 359, 368 (Ct. App. 2013) (holding use of plaintiff's name as stage name of rap performer sufficiently transformative to warrant protection under First Amendment) *with In re* NCAA Student-Athlete Name & Likeness Litig., 111 U.S.P.Q.2d 1339, 1350 (N.D. Cal. 2014) (declining to hold as a matter of law that First Amendment barred liability under right-of-publicity doctrine of various states for commercial use of segments of broadcasts of sporting events); and Somerson v. World Wrestling Entm't, Inc., 956 F. Supp. 2d 1360, 1367 (N.D. Ga. 2013) (holding appearance of former professional wrestler's name on website describing his career to be protected speech and immune from challenge under Georgia common-law right of publicity).

15. *See* Ferring Pharma., Inc. v. Watson Pharma., Inc., 765 F.3d 205, 214 (3d Cir. 2014); Herb Reed Enters. v. Fla. Entm't Mgmt., Inc., 736 F.3d 1239, 1249 (9th Cir. 2013), *cert. denied*, 135 S. Ct. 57 (2014).

16. *See, e.g.*, Unity Health Plans Ins. Co. v. Iowa Health Sys., 995 F. Supp. 2d 874, 895 (W.D. Wis. 2014); Am. Auto. Ass'n v. Dickerson, 995 F. Supp. 2d 753, 758 (E.D. Mich. 2014); TracFone Wireless, Inc. v. Washington, 978 F. Supp. 2d 1225, 1234 (M.D. Fla. 2013); Bentley Motors Ltd. Corp. v. McEntegart, 976 F. Supp. 2d 1297, 1318 (M.D. Fla. 2013); Entrepreneur Media, Inc. v. JMD Entm't Grp., 958 F. Supp. 2d 588, 596 (D. Md. 2013); Choice Hotels Int'l, Inc. v. Patel, 940 F. Supp. 2d 532, 542 (S.D. Tex. 2013).

17. Well Care Pharmacy II, LLC v. W'Care, LLC, 108 U.S.P.Q.2d 1695, 1702 n.3 (D. Nev. 2013); N. Am. Olive Oil Ass'n v. Kangadis Food Inc., 962 F. Supp. 2d 514, 518 (S.D.N.Y. 2013); Boldface Licensing + Branding v. By Lee Tillett, Inc., 940 F. Supp. 2d 1178, 1196 (C.D. Cal. 2013); T-Mobile US, Inc. v. AIO Wireless LLC, 991 F. Supp. 2d 888, 928-29 (S.D. Tex. 2014).

on the Principal Register that has not yet become incontestable,[18] whether a showing of bad-faith conduct is a prerequisite for an accounting of a defendant's profits,[19] and the proper test for applying the Lanham Act on an extraterritorial basis to the conduct of non-United States citizens.[20] Other opinions outside the registration context that did not necessarily produce inconsistent holdings within the past year but that nevertheless merit attention include those concluding that Section 32's cause of action for infringement[21] is available only to federal registrants or their assigns,[22] that Section 43(d)'s cause of action for cybersquatting[23] does not reach the registration of generic top-level domains (as opposed to domain names),[24] and that the disclosure of a related utility patent will not necessarily doom a trade dress claim, especially if the claimant owns a registration on the Principal Register.[25]

There were several trends among opinions bearing on the registration process as well. Among those trends was a burst of findings that applied-for marks violated Section 2(a)'s prohibition on the registration of matter that is "immoral" or "scandalous," or, alternatively, that "may disparage . . . persons, living or dead,

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18. *Compare* Lovely Skin, Inc. v. Ishtar Skin Care Prods., LLC, 745 F.3d 877, 884-85 (8th Cir. 2014) ("[The defendant], as the party seeking cancellation, had both the initial burden to establish a prima facie case that [the plaintiff's] trademarks had not acquired distinctiveness at the time of their registrations and the ultimate burden of persuasion to prove that [the plaintiff's] trademarks were invalid by a preponderance of the evidence.") *with* 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)).

19. *Compare* Los Defensores, Inc. v. Gomez, 166 Cal. Rptr. 3d 899, 919 (Ct. App. 2014) ("Generally, under the common law, an accounting of the defendant's wrongful profits is available for unfair competition when the defendant intended to cause consumer confusion.") *with* Reservoir, Inc. v. Truesdell, 1 F. Supp. 3d 598, 618 (S.D. Tex. 2014) (identifying bad faith as one of several relevant factors), Clearline Techs. Ltd. v. Cooper B-Line, Inc., 948 F. Supp. 2d 691, 707 (S.D. Tex. 2013) (same), *and* Choice Hotels Int'l, Inc. v. Patel, 940 F. Supp. 2d 532, 544 (S.D. Tex. 2013) (same).

20. *Compare* RMS Titanic, Inc. v. Zaller, 978 F. Supp. 2d 1275, 1289 (N.D. Ga. 2013) (identifying "substantial effects on United States commerce" as the "sole touchstone to determine jurisdiction" (internal quotation marks omitted) *with* Gibson Brands Inc. v. Viacom Int'l Inc., 109 U.S.P.Q.2d 1507, 1509 (C.D. Cal. 2013) (applying three-part test) *and* Trader Joe's Co. v. Hallat, 981 F. Supp. 2d 972, 977 (W.D. Wash. 2013) (same).

21. *See* 15 U.S.C. § 1114 (2012).

22. *See* Specht v. Google Inc., 747 F.3d 929, 993 (7th Cir.), *cert. denied*, 135 S. Ct. 724 (2014); Fed. Treasury Enter. Sojuzplodoimport, SPI Spirits Ltd., 726 F.3d 62, 73 (2d Cir. 2013), *cert. denied*, 134 S. Ct. 1291 (2014).

23. *See* 15 U.S.C. § 1125(d).

24. *See* Del Monte Int'l GmbH v. Del Monte Corp., 995 F. Supp. 2d 1107, 1122-23 (C.D. Cal. 2014).

25. *See* McAirlaids, Inc. v. Kimberly-Clark Corp., 756 F.3d 307, 312 (4th Cir. 2014).

institutions, beliefs, or national symbols, or bring them into contempt, or disrepute."[26] Based on the vulgarity of the marks involved, those findings led to predictable refusals to register the marks AWSHIT WORKS for clothing[27] and BULLSHIT REPELLANT for a novelty gift item[28] as impermissibly immoral and scandalous. Likewise, THE SLANTS failed to pass muster as a registrable mark for the entertainment services provided by a band composed of Asian-Americans based in part on a statement on the band's own website describing the term as an ethnic slur,[29] and the Federal Circuit affirmed the Board's finding that the STOP THE ISLAMISATION OF AMERICA mark may disparage Muslims when used with services described as "understanding and stopping terrorism" after similarly citing to the content of the applicant's website.[30]

The Federal Circuit and the Board also produced significant opinions, including a number addressing claims of likely confusion. Thus, for example, the Federal Circuit held that a plaintiff in an inter partes proceeding will not be held to any representations it may have made earlier when pursuing the registration of its own mark, although, the court added, those representations may be "illuminative of shade of tone."[31] And the Board's activities where likelihood-of-confusion-based refusals were concerned included its holdings that the "family of marks" doctrine is inapplicable in the ex parte examination process[32] and that the distinction between professional baseball and collegiate athletics does not preclude a conflict between similar marks used in connection with clothing and related items used in those two contexts, especially in light of the absence of limiting language in the parties' respective filings,[33] as well as its confirmation that direct competition is not necessary for a finding of likely confusion so long as the parties' goods and services are related.[34]

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26. 15 U.S.C. § 1052(a).

27. *See In re* Star Belly Stitcher, Inc., 107 U.S.P.Q.2d 2059, 2062 (T.T.A.B. 2013).

28. *See In re* Michalko, 110 U.S.P.Q.2d 1949, 1952-53 (T.T.A.B. 2014).

29. *In re* Tam, 108 U.S.P.Q.2d 1305, 1307 (T.T.A.B. 2013)

30. *In re* Geller, 751 F.3d 1355, 1359-60 (Fed. Cir. 2014), *cert. denied*, No. 14-175, 2015 WL 132962 (U.S. Jan. 15, 2015).

31. Stone Lion Capital Partners, L.P. v. Lion Capital LLP, 746 F.3d 1317, 1322 (Fed. Cir. 2014) (quoting Interstate Brands Corp. v. Celestial Seasons, Inc., 576 F.2d 926, 929 (C.C.P.A. 1978)) (internal quotation marks omitted).

32. *See In re* Hitachi High-Techs. Corp., 109 U.S.P.Q.2d 1769, 1772 (T.T.A.B. 2014).

33. *See* Bd. of Regents, Univ. of Tex. Sys. v. S. Ill. Miners, LLC, 110 U.S.P.Q.2d 1182, 1193 (T.T.A.B. 2014).

34. *See In re* Davia, 110 U.S.P.Q.2d 1810, 1816 (T.T.A.B. 2014) (pepper sauce vs. agave sweetener); Weider Publ'ns, LLC v. D&D Beauty Care Co., 109 U.S.P.Q.2d 1347, 1357-59 (T.T.A.B. 2014) (beauty salon and spa services vs. magazines relating to physical fitness and exercise and information in field of health and fitness); Joel Gott Wines, LLC v. Reheboth Von Gott, Inc., 107 U.S.P.Q.2d 1424, 1430 (T.T.A.B. 2013) (water vs. wine).

Finally, several opinions from the Federal Circuit and the Board demonstrated the priority the judges of those entities place on fealty to the Lanham Act's express terms. That fealty manifested itself in opinions applying Section 2(b)'s prohibition on the registration of the "insignia of the United States, or of any State or municipality"[35] so literally that the District of Columbia and the City of Houston were barred from registering their own official seals.[36] The Board similarly took a hard line toward the statutory requirement that an applicant proceeding under Section 1(b)[37] have an actual bona fide intent to use its mark in connection with the goods and services recited in its application, rather than an inchoate desire to do so;[38] it was no more generous toward applicants' attempts to demonstrate use in commerce through the submission of what the Board deemed to be inadequate specimens.[39] For good measure, it also invoked the express terms of Section 10[40] to invalidate a registration arising from an intent-to-use application that had been assigned prior to the filing of an amendment to allege use,[41] as well as another one with a Section 44(b) basis after discovery disclosed that the registrant had not owned a foreign registration on which its application could have been based.[42] The message should be clear: As forgiving as registration practice can be in some contexts, it is wholly unforgiving in others.

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35. 15 U.S.C. § 1052(b) (2012).

36. *See In re* City of Houston, 731 F.3d 1326 (Fed. Cir. 2013), *cert. denied*, 134 S. Ct. 1325 (2014); *In re* Gov't of the Dist. of Columbia, 101 U.S.P.Q.2d 1488 (T.T.A.B. 2012).

37. 15 U.S.C. § 1051(b).

38. *See* Lincoln Nat'l Corp. v. Anderson, 110 U.S.P.Q.2d 1271, 1285-86 (T.T.A.B. 2014) (finding absence of bona fide intent to use); Swatch AG v. M.Z. Berger & Co., 108 U.S.P.Q.2d 1463, 1475-77 (T.T.A.B. 2013) (same); Syndicat des Proprietaires Viticulteurs de Chateauneuf-du-Pape v. Pasquier des Vignes, 107 U.S.P.Q.2d 1930, 1943 (T.T.A.B. 2013) (same).

39. *See In re* U.S. Tsubaki, Inc., 109 U.S.P.Q.2d 2002, 2004-09 (T.T.A.B. 2014) (rejection of specimen showing use of mark on catalog in absence of accompanying information on how order associated goods); Clorox Co. v. Salazar, 108 U.S.P.Q.2d 1083, 1086-87 (T.T.A.B. 2013) (invalidating use-based application based on absence of use prior to filing date); *In re* AOP LLC, 107 U.S.P.Q.2d 1644, 1654-55 (T.T.A.B. 2013) (finding that, as used, applied-for mark was informational, rather than source-indicating); *In re* Hulting, 107 U.S.P.Q.2d 1175, 1171-81 (T.T.A.B. 2013) (finding that applied-for mark failed to function as one on applicant's specimens).

40. 15 U.S.C. § 1060.

41. *See* Cent. Garden & Pet Co. v. Doskocil Mfg. Co., 108 U.S.P.Q.2d 1134, 1146-50 (T.T.A.B. 2013).

42. *See* SARL Corexco v. Webid Consulting Ltd., 110 U.S.P.Q.2d 1587, 1590-91 (T.T.A.B. 2014).

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 Geller

The U.S. Court of Appeals for the Federal Circuit ("CAFC") affirmed the decision of the Trademark Trial and Appeal Board ("TTAB" or "Board")[1] upholding a Section 2(a)[2] refusal to register the mark STOP THE ISLAMISATION OF AMERICA for "providing information regarding understanding and preventing terrorism." The appellate court ruled that the Board's finding that the mark may be disparaging to a substantial composite of Muslims in the United States was supported by substantial evidence and was in accordance with the law.[3]

In determining whether a mark is disparaging under Section 2(a) of the Lanham Act, the proper test was set forth in *In re Lebanese Arak Corp.*:[4]

> (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.

The Board found that the term "Islamisation," as used in the mark, had two likely meanings: (1) a religious meaning, "the

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1. *In re* Geller, Serial No. 77940879 (T.T.A.B. Feb. 7, 2013).

2. 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."

3. *In re* Geller, 110 U.S.P.Q.2d 1867 (Fed. Cir. 2014).

4. *In re* Lebanese Arak Corp., 94 U.S.P.Q.2d 1215, 1217 (T.T.A.B. 2010).

conversion or conformance to Islam" and (2) a political meaning, "a sectarianization of a political society through efforts to 'make [it] subject to Islamic law.'"[5] It concluded that the mark may be deemed disparaging to American Muslims under both meanings because in both cases the mark, when used with the recited services, associated Islamisation with violence and terrorism. Appellants Pamela Geller and Robert B. Spencer conceded at oral argument that the subject mark is disparaging under a religious meaning of Islamisation, but they argued that it was not disparaging under the political meaning. They maintained that the Board improperly relied "on arbitrary and anecdotal evidence" in determining the meaning of the mark,[6] and "ignore[d] the overwhelming evidence in the record that the term 'Islamisation' has only been used in the public domain to refer to a political and military process replacing civilian laws with Islamic religious law."[7]

The CAFC ruled that Appellants were incorrect in asserting that the political meaning was the only meaning of Islamisation. In any case, the CAFC ruled that substantial evidence supported the Board's finding that the subject mark is also disparaging in the context of the political meaning of Islamisation.

2. Section 2(b) Governmental Insignia

In re City of Houston and
In re Government of the District of Columbia

In two cases that raised an issue of first impression—whether a local government entity may obtain a federal trademark registration for its official insignia—the CAFC agreed with the TTAB[8] in upholding Section 2(b)[9] refusals to register the governmental seals of the District of Columbia and the City of Houston.[10]

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5. *In re* Geller, 110 U.S.P.Q.2d at 1868, quoting Encarta World English Dictionary, http://encarta.msn.com/encnet/features/dictionary.

6. *Id.*

7. *Id.* at 1869.

8. *In re* Gov't of the Dist. of Columbia, 101 U.S.P.Q.2d 1588 (T.T.A.B. 2012) and *In re* City of Houston, 101 U.S.P.Q.2d 1534 (T.T.A.B. 2012).

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

10. *In re* City of Houston and *In re* Gov't of the Dist. of Columbia, 108 U.S.P.Q.2d 1226 (Fed. Cir. 2013).

Section 2(b) of the Lanham Act prohibits an "applicant" from registering a mark that "consists 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."[11]

The City of Houston argued that because it was seeking to register its own seal, it was not an "applicant" and therefore the Section 2(b) prohibition was inapplicable. Section 45[12] of the Act defines "applicant" to include "juristic person," including any "organization capable of suing and being sued in a court of law."[13] However, the introductory sentence of Section 45 states that the definitions apply "unless the contrary is plainly apparent from the context." Houston contended that the context of Section 2(b) suggests that Congress did not mean "applicant" to include a government entity seeking to register its own seal.

The CAFC noted that there is a "strong presumption that the plain language of the statute expresses congressional intent [which] is rebutted only in rare and exceptional circumstances."[14] It found nothing in the "plain language" of the statute that suggests an exemption for a governmental entity like Houston.

Moreover, the definitions of Section 45 solidified the CAFC's conclusion. A governmental entity like Houston is clearly an "organization capable of suing and being sued in a court of law," and it therefore falls squarely within the definition of "applicant."

The neighboring sections of Section 2(b) demonstrate that the drafters of the Lanham Act knew how to provide exceptions to the section's prohibitions.[15] Therefore, the CAFC was "reluctant to add

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

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

13. 15 U.S.C. § 1127.

14. United States v. Clintwood Elkhorn Mining Co., 553 U.S. 1, 11 (2008).

15. The court pointed to Section 2(c) of the Lanham Act as an example: Section 2(c), 15 U.S.C. § 1052(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 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*." [Emphasis supplied by CAFC].

a silent exception to Section 2(b)" that would allow Houston to escape that section's ban.[16]

Finally, the appellate court observed that if Houston wants a rewriting of Section 2(b), it should take the matter up with Congress; the CAFC is not a proper forum for rewriting Congressional acts.

The District of Columbia took a very different approach, asserting that to deny it registration for its seal would violate the obligations of the United States under the Paris Convention.[17] It contended that the meaning of Section 2(b) is not clear but ambiguous on this point. This issue of ambiguity was relevant to whether the legislative history of the Lanham Act and the Paris Convention may properly be considered.

The court, however, found no ambiguity in Section 2(b). Although it would be proper to consider the legislative context vis-à-vis the Paris Convention and the Lanham Act, it would not be proper to consider the "legislative history"—e.g., the statements of legislators regarding the statute.

The court concluded that, even assuming the Lanham Act was intended to implement the obligations of the Paris Convention,[18] there was nothing in either the text or the context thereof to suggest any support for the District's position. Article 6*quinquies* of the Paris Convention states that "[e]very trademark duly registered in the country of origin shall be accepted for filing and protected as in the other countries of the Union, subject to the reservations indicated in this Article. . . ." However, the District of Columbia is a municipality of the United States, and not one of the "countries of the Union." Moreover, the District's seal is not "duly registered in the country of origin." In fact, the very question at hand is whether the District's seal is eligible for registration.

Therefore, the refusal to register the District's seal under Section 2(b) did not implicate the treaty obligations of the United States under the Paris Convention, and the Board was correct in upholding the refusal.

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16. *In re* City of Houston and *In re* Gov't of the Dist. of Columbia, 108 U.S.P.Q.2d at 1229.

17. Int'l Convention for the Protection of Industrial Property of 1883 (Paris), revised at Washington in 1911, 204 O.G. 1011, July 21, 1914 (37 Stat. 1645; Treaty Series 579); at the Hague in 1925, 407 O.G. 298, June 9, 1931 (47 Stat. 1789; Treaty Series 834; 2 Bevans 524); at London in 1934, 613 O.G. 23, August 3, 1948 (53 Stat. 1748; Treaty Series 941; 3 Bevans 223); at Lisbon in 1958, 775 O.G. 321, February 13, 1962 (53 Stat. 1748; 13 U.S.T. 1; TIAS 9431); and at Stockholm July 14, 1967, 852 O.G. 511, July 16, 1968 (21 U.S.T. 1583; TIAS 6923).

18. The CAFC found it unnecessary to consider whether the Paris Convention is self-executing, *but see, e.g.*, *In re* Rath, 402 F.3d 1207, 74 U.S.P.Q.2d 1174, 1175 (Fed. Cir. 2005) ("the Paris Convention is not a self-executing treaty and requires congressional implementation").

B. Trademark Trial and Appeal Board

1. Section 2(a) Disparagement

In re Tam

Affirming a Section 2(a)[19] refusal to register the mark THE SLANTS for "entertainment in the nature of live performances by a musical band," the Board found that the mark, when used in connection with the applicant's services, would be perceived as disparaging to a substantial composite of the reference group, namely persons of Asian descent.[20] Relying on dictionary definitions, online articles, and the applicant's own webpage and Wikipedia entry, the United States Patent and Trademark Office ("USPTO") examining attorney maintained that THE SLANTS was a highly disparaging term to people of Asian descent, that it retained that disparaging meaning when used in connection with the applicant's services, and that a substantial composite of the referenced group found it to be disparaging.

Applicant Simon Shiao Tam contended that the USPTO failed to prove that the mark was "inherently offensive" because the word "slant" had several meanings and was therefore not "inherently disparaging." He challenged the propriety of the USPTO's consideration of the manner in which he used the mark, asserting that the refusal was dependent on the identity of the applicant rather than the content of the application. According to Mr. Tam, the USPTO's analysis should be limited to the "four corners" of the application and consequently the examining attorney improperly considered the applicant's ethnicity and his use of the mark.

The Board again applied the two-part inquiry of *In re Lebanese Arak Corp.*[21] in determining the issue of disparagement.

The Board first considered the likely meaning of THE SLANTS. Although the term may have innocuous meanings, when the identified services were taken into account the term necessarily identified people, and those who attend the live performances would understand the term to refer to the band members. Not only did THE SLANTS have the "likely meaning" of persons of Asian descent, but the evidence showed that the term had been so perceived and had prompted negative responses by prospective attendees and hosts of the band's live performances. This evidence demonstrated that the meaning of THE SLANTS was a derogatory reference to people of Asian descent.

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

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

21. *In re* Lebanese Arak Corp., 94 U.S.P.Q.2d 1215, 1217 (T.T.A.B. 2010). See text accompanying note 4, above.

Applicant Tam's musical group promoted this "likely meaning" of the mark in its advertising and on its website, displaying the words "THE SLANTS" adjacent to a depiction of an Asian woman accompanied by stylized rising sun imagery and a stylized dragon. In fact, Mr. Tam actively sought to associate his services with this meaning as a way of embracing the slang meaning and to "own" the stereotype represented by THE SLANTS. However, even if the applicant was willing to take on the disparaging term as a band name, that does not mean that all members of the referenced group shared his view of the mark.[22] In short, Applicant Tam does not speak for the entire Asian community.

The Board deemed it important to note that a finding that THE SLANTS was disparaging did not depend on the applicant's ethnicity but on the circumstances relating to his use of the mark. "An application by a band comprised of non-Asian Americans called THE SLANTS that displayed the mark next to the imagery used by applicant . . . would also be subject to a refusal under Section 2(a)."[23]

In complaining that the USPTO improperly went beyond the "four corners" of his application in order to consider the manner of use of the mark, Mr. Tam ignored the first prong of the applicable test for disparagement. The "manner of use" necessarily requires looking beyond the contents of the application itself. Were that not the case, the examining attorney pointed out, a clever applicant could easily craft an identification of goods or services and submit a specimen of use that avoided any mention of the group referenced by the term, while at the same time using the mark in a disparaging manner.

Turning to the question of whether THE SLANTS was disparaging to a substantial composite of the referenced group, the Board noted the evidence of record indicating that individuals and groups in the Asian community had objected to the mark. As a whole, the record contained "substantial evidence to support the refusal."[24]

Finally, the Board observed that the refusal to register did not affect Mr. Tam's right to use the subject mark, but only his right to register it. "This case is solely about whether the applicant may 'call upon the resources of the federal government' to obtain federal registration of the mark on the Principal Register in order to assist applicant in enforcement of the mark."[25]

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22. *See In re* Heeb Media LLC, 89 U.S.P.Q.2d 1071 (T.T.A.B. 2008) (applicant's good intentions and inoffensive goods and services do not prevent finding that HEEB is disparaging; mixed opinion among members of the referenced group does not erase the perception of a substantial composite who find it disparaging).

23. *In re* Tam, 108 U.S.P.Q.2d at 1311.

24. *Id.* at 1312.

25. *Id.* at 1313, quoting *In re* Fox, 105 U.S.P.Q.2d 1247, 1252 (Fed. Cir. 2012).

2. Section 2(a) Deceptiveness

In re AOP LLC

The TTAB affirmed a quintet of refusals to register the term "AOP" for wine, finding it to be deceptive under Section 2(a),[26] and descriptive or deceptively misdescriptive under Section 2(e)(1).[27] The Board also found that the term failed to function as a trademark (Sections 1, 2, and 45),[28] and that the applicant failed to comply with the examining attorney's requirement for more specific information regarding the goods (Trademark Rule 2.61(b)).[29] (Hereinafter "Trademark Rule" refers to the Trademark Rules of Practice set forth in Chapter 37, Part 2, of the Code of Federal Regulations.)

The test for deceptiveness under Section 2(a) has three elements: (1) whether the mark misdescribes the goods; (2) if so, whether consumers would likely believe the misrepresentation; and (3) whether the misrepresentation would materially affect the decisions of potential purchasers to purchase the product.[30]

The examining attorney submitted a significant amount of evidence showing "AOP" to be a term used by members of the European Union (EU) to designate a particular quality and geographical origin of wine.[31] The applicant did not dispute the meaning of AOP but argued that U.S. consumers would not be aware of the significance of the AOP designation because that designation was not yet mandatory, because it did not appear on most European wines distributed here, because AOP was a French-based acronym, and because most American wine consumers did not understand European designations of origin.

The applicant's contention, however, was contradicted by evidence submitted by the USPTO, including excerpts from widely available websites that discuss, in English, the AOP designation, and Internet evidence that demonstrated the sale of wine in bottles bearing the AOP designation.

The Board found that AOP was a designation of origin used by the European Union, and that the applicant did not administer the

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26. 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 . . . deceptive matter."

27. Discussed in Part I.B.8, below.

28. Section 1 of the Lanham Act, 15 U.S.C. § 1051; Section 2 of the Lanham Act, 15 U.S.C. § 1052; Section 45 of the Lanham Act, 15 U.S.C. § 1127. Discussed in Part I.B.11, below.

29. *In re* AOP LLC, 107 U.S.P.Q.2d 1644 (T.T.A.B. 2013). Trademark Rule 2.61(b), 37 C.F.R. § 2.61(b). issue is also discussed below, in Part I.B.13.

30. *Id.* at 1646, citing *In re* Budge, 857 F.2d 773, 8 U.S.P.Q.2d 1259, 1260 (Fed. Cir. 1988).

31. "AOP" is an acronym for Appellation d'Origine Protégée. The European AOP classification system is replacing the French AOC system (Appellation d'Origine Contrôlée).

AOP. The applicant admitted that its goods "do not necessarily originate in Europe."[32] The Board therefore concluded that AOP misdescribed the applicant's wine. Based on the same evidence, the Board found that consumers would believe that misdescription.

Finally, the USPTO's evidence showed that a substantial portion of consumers would be interested in the AOP designation because it was an indicator of quality and origin, and that bloggers and wine aficionados were "keenly aware" of the AOP designation.[33] Consequently, the applicant's misdescription of its wine was material to the purchasing decision.

With all three elements of the deceptiveness test being met, the Board affirmed the refusal to register on the ground of deceptiveness under Section 2(a).

3. Section 2(a) False Association

In re Pedersen

Finding (1) that the mark LAKOTA was identical to the name used to identify existing Native American people and their language, and pointed uniquely and unmistakably to the Lakota people and language, (2) that applicant Pedersen had no actual or commercial connection with the Lakota people or language, and (3) that the LAKOTA name was of sufficient fame or reputation that a connection with the Lakota people would be presumed if the applicant's mark were used in connection with his goods (medical herbal remedies), the Board held that the applied-for mark LAKOTA falsely suggested a connection with the Lakota people, in violation of Section 2(a) of the Lanham Act.[34]

Section 2(a), in pertinent part, bars registration of a mark that "[c]onsists of or comprises . . . matter which may . . . falsely suggest a connection with persons . . . , . . . institutions . . . ." To establish that a proposed mark violates this portion of Section 2(a), the USPTO must show that:

> (1) the mark is the same as, or a close approximation of, the name or identity previously used by another person or institution;
>
> (2) the mark would be recognized as such, in that it points uniquely and unmistakably to that person or institution;
>
> (3) the person or institution named by the mark is not connected with the activities performed by the applicant under the mark; and

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32. *In re* Tam, 108 U.S.P.Q.2d at 1649.

33. *Id.* at 1650.

34. *In re* Pedersen, 109 U.S.P.Q.2d 1185 (T.T.A.B. 2013). Section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a).

(4) the fame or reputation of the person or institution is such that, when the mark is used with the applicant's goods or services, a connection with the person or institution would be presumed.[35]

As to the first two prongs of the test, Applicant Kent Pedersen argued that LAKOTA had multiple definitions and primarily identified a language or dialect, and therefore the term could not point uniquely and unmistakably to a person or institution. The Board, however, found that the examining attorney had "more than carried the initial burden of showing that LAKOTA is the same as or a close approximation of the name or identity previously used by another." The fact that LAKOTA referred to the language spoken by the subgroup of the Sioux tribe known as the Lakota did not mean that the term could not also approximate the identity of a people or institution. "Lakota" refers to a Native American people living primarily on five federally recognized tribal sites.[36]

According to Board precedent, the phrase "persons or institutions" in Section 2(a) is given a broad scope, and "may include groups of persons and individual members of a group such as the members of an Indian tribe having a common heritage and speaking a common language."[37] Although the Lakota tribe is not listed as one of the federally recognized Indian Entities, the Board ruled that this fact was not dispositive. Moreover, LAKOTA need not be the legal name of the party or entity falsely associated with the subject mark to preclude registration by the applicant.[38] Dictionary and other evidence led the Board to find that LAKOTA identified a particular group of Native American person(s) or institution(s), as contemplated by Section 2(a).

The Board rejected Pedersen's argument that the examining attorney must show that some entity has the authority to license

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35. *Id.* at 1188-89, quoting *In re* Jackson Int'l Trading Co., 103 U.S.P.Q.2d 1417, 1419 (T.T.A.B. 2012), and citing other cases.

36. The Lakota, led by Sitting Bull and Crazy Horse, defeated General George Armstrong Custer and the U.S. Cavalry in a battle known as "Custer's Last Stand."

37. *See, e.g.*, *In re* Shinnecock Smoke Shop, 571 F.3d 1171, 91 U.S.P.Q.2d 1218, 1219 (Fed. Cir. 2009) ("[T]he ordinary meaning of 'institution' suggests the term is broad enough to include a self-governing Indian nation," quoting *Black's Law Dictionary* . . . defining "institution" as "[a]n established organization," and "organization" as a "body of persons . . . formed for a common purpose"); *In re* White, 73 U.S.P.Q.2d 1713, 1718 (T.T.A.B. 2004) ("each federally recognized Apache tribe is necessarily either a juristic person or an institution").

38. *See, e.g.*, Hornby v. TJX Cos. Inc., 87 U.S.P.Q.2d 1411 (T.T.A.B. 2008) (finding that respondent's "Twiggy" mark falsely suggested a connection with Petitioner Leslie Hornby, who was given the nickname of "Twiggy" as a teenager, and was known by that name both personally and as a professional model); *In re* Sauer, 27 U.S.P.Q.2d 1073 (T.T.A.B. 1993), *aff'd*, 26 F.3d 1400, 32 U.S.P.Q.2d 1479 (Fed. Cir. 1994) (affirming Section 2(c) refusal to register BO-BALL for an oblong-shaped ball without the consent of baseball and football star Bo Jackson).

or permit use of LAKOTA as a trademark. The lack of proof of such an entity merely meant that the examining attorney must provide other proof that the term identifies a person or institution. The evidence established that there are persons who identify themselves and are identified by others as "Lakota," speak the Lakota language, and engage in activities to protect the land and culture of the Lakota tribe.

Pedersen further contended that third-party uses of LAKOTA prevented the term from pointing uniquely and unmistakably to particular persons or institutions. The Board pointed out that, even assuming that these other uses have no connection with the Lakota people, those uses did not undercut the refusal under Section 2(a). "The concern in this case is protection of the identity of the Lakota people from use by another without the right to do so." Third-party use of LAKOTA on other products unrelated to Pedersen's goods was "insufficient to show that applicant's LAKOTA mark when used on applicant's goods does not point uniquely to the Lakota people." Likewise, third-party registrations for unrelated goods would have no probative effect.

As to the third factor, Pedersen claimed that a connection existed between him and "an entity that can be considered associated with an Indian group that speaks the Lakota language." Pedersen referred to his licensee, who had contributed to several organizations that promote the preservation of the Lakota language. The Board found that these facts did not "equate to evidence of a commercial connection between applicant and the Lakota people."[39]

Turning to the fourth factor, the evidence showed that the Lakota people were "of sufficient renown for their business, tourism and cultural enterprises such that they would be well known not only among residents of the Dakotas, but also to visitors to that area."[40] Moreover, their reputation regarding healing and herbal remedies was of such a nature that the applicant's use of LAKOTA on his goods would lead consumers to presume that there was a connection with the Lakota people. The Board noted that it was not necessary to prove that the Lakota people were famous for herbal medicine but that here there was, in fact, a strong relationship.

Although proof of intent to associate is not required for a Section 2(a) refusal, the evidence of Pedersen's intention to associate with Native Americans in general, and the Lakota people in particular, was "highly persuasive" that the public would make the intended false association. The website of the applicant's licensee, and the products displayed on the website, invite

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39. *In re* Pedersen, 109 U.S.P.Q.2d at 1199.

40. *Id.* at 1201.

consumers to make a connection between the applicant's products and the Lakota people and their "legendary" reputation for traditional natural remedies.

4. Section 2(a) Immoral or Scandalous

In re Star Belly Stitcher, Inc.

Aw, shucks! Here we go again! The Board affirmed a Section 2(a)[41] refusal to register the mark AWSHIT WORKS, in standard character form, for baseball caps and other clothing items, finding the mark to be scandalous.[42] Dictionary definitions uniformly deemed the term "shit" to be vulgar or offensive, as did newspaper articles and other media evidence. Moreover, a recent Supreme Court opinion opted for the designation "s***" in place of the word "shit." Consequently, the Board had "no trouble" finding a violation of Section 2(a)'s ban on immoral or scandalous marks.

The Board observed that the USPTO may prove scandalousness by establishing that a mark is "vulgar."[43] When it is clear from dictionary definitions alone that the mark is vulgar to a substantial composite of the public, the mark is unregistrable.[44]

Here the evidence included definitions of "aw shit" from the Urban Dictionary, an online slang dictionary whose definitions are submitted by visitors to the website. The Board recognized the inherent problems regarding the reliability of such a resource but decided that the Urban Dictionary should be treated like the Wikipedia website: definitions will be accepted from the Urban Dictionary as long as the non-offering party has an opportunity to rebut the evidence.[45] Here, the examining attorney submitted the Urban Dictionary definition at an early stage, and the applicant failed to provide any alternative meaning of "aw shit."

Much of the media evidence related to former President George W. Bush's use of the word "shit" in an off-the-cuff remark. Many newspapers declined to print the word in full, and CBS bleeped the word from its newscast. Others stated that they would not normally print or broadcast the word but did so in this case because it was said by the President.

In light of the record evidence, the Board found that "aw shit" is an interjection that is scandalous or vulgar to the conscience of a substantial composite of the general public. The addition of the

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

42. *In re* Star Belly Stitcher, Inc., 107 U.S.P.Q.2d 2059 (T.T.A.B. 2013).

43. *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).

44. *In re* Fox, 105 U.S.P.Q.2d at 1248.

45. *See In re* IP Carrier Consulting Grp., 84 U.S.P.Q.2d 1028, 1032-33 (T.T.A.B. 2007); and *see* Trademark Trial and Appeal Board Manual of Procedure (TBMP) § 1208.03.

word "WORKS" to "AWSHIT" did not diminish the vulgarity of the mark.

The applicant feebly contended that there were much more offensive trademarks already on the Register, listing five in its brief. However, its list was both untimely and unaccompanied by copies of the registrations. Moreover, and most significantly, the evidence was irrelevant because the Board is not bound by the actions of USPTO examining attorneys in other cases.[46]

The Board pointed out that the applicant was not precluded by this decision from selling its merchandise under the proposed mark, "or from uttering the vulgar portion of its proposed mark upon its receipt of this decision."[47] But as the CAFC stated in *In re Fox*,[48] the applicant "will be unable, however, to call upon the resources of the federal government in order to enforce [its] mark."

In re Michalko

The Board, not surprisingly, affirmed this refusal to register the mark ASSHOLE REPELLENT for an "amusement device, namely, a can with a spray top used as a gag gift and sold as a unit," finding the mark to be scandalous and immoral.[49] Applicant Anthony Michalko argued that the word "asshole" was no longer scandalous but at most "impolite." However, dictionary definitions and Internet evidence convinced the Board that the word remained a vulgar slang term.

As noted above, to prove that a mark is scandalous, it is sufficient for the USPTO to show that a term is vulgar.[50] Dictionary definitions labeled "asshole" as "vulgar," "offensive," and "rude and derogatory." According to Vocabulary.com:

> *Asshole* is a vulgar (dirty) slang word. Besides the literal meaning, it's a common word for a jerk or idiot. If you call someone an *asshole*, they're probably doing something not just stupid and annoying, but mean. Like all slang words and obscenities, this is a word you need to be careful about using. Saying *asshole* in class, in a paper, at a job interview, or even

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46. *See In re* Shinnecock Smoke Shop, 571 F.3d 1171, 91 U.S.P.Q.2d 1218, 1221 (Fed. Cir. 2009) ("Even if all of the third-party registrations should have been refused registration . . . such errors do not bind the USPTO to improperly register Applicant's marks."); *In re* Nett Designs Inc., 236 F.3d 1339, 57 U.S.P.Q.2d 1564, 1566 (Fed. Cir. 2001) ("Even if some prior registrations had some characteristics similar to [applicant's] application, the PTO's allowance of such prior registrations does not bind the board or this court.").

47. *In re* Star Belly Stitcher, Inc., 107 U.S.P.Q.2d at 2065.

48. *In re* Fox, 105 U.S.P.Q.2d 1247, 1252 (Fed. Cir. 2012).

49. *In re* Michalko, 110 U.S.P.Q.2d 1949 (T.T.A.B. 2014).

50. *In re* Fox, 105 U.S.P.Q.2d at 1248, *citing In re* Boulevard Entm't, Inc., 334 F.3d 1336, 67 U.S.P.Q.2d 1475 (Fed. Cir. 2003).

> on television could get you in serious trouble. If you're not alone with your buddies, stick to a safer word like *jerk* or *doofus*.[51]

Dictionary definitions alone may suffice to establish that a proposed mark is scandalous when all definitions deem the term vulgar.[52] The Board found that the dictionary evidence overwhelmingly supported the examining attorney's conclusion that "asshole" was vulgar.

Applicant Michalko pointed to database search results demonstrating that widely read publications used the term "asshole," and he further noted that many book titles included that term. In other words, "asshole" might once have been scandalous, but not under modern standards of usage. The Board, however, pointed out that a term does not lose its profane meaning just because it is used more frequently.[53] The dictionary definitions and Internet excerpts showed that the collective understanding deems "asshole" as vulgar.

In sum, the USPTO established a prima facie case that "asshole" was a vulgar and offensive term to a substantial composite of the general public, and the applicant's evidence did not overcome that prima facie case.

5. Section 2(c) Consent to Register

In re Morrison & Foerster LLP

The Board reversed a rare Section 2(c)[54] refusal to register the mark FRANKNDODD for "providing legal information relating to legislation and law updates," finding that the mark would be understood by relevant consumers as referring to and commenting on the Dodd-Frank Wall Street Reform and Consumer Protection Act, rather than specifically identifying former Congressman Barney Frank and former Senator Chris Dodd. Consequently, their consents to registration were not required for registration.[55]

The Dodd-Frank Act was named after Congressman Barney Frank and Senator Christopher Dodd, who were the main contributors to the bill. In refusing registration, the examining

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51. *In re* Michalko, 110 U.S.P.Q.2d at 1951. [Emphasis in original].

52. *Id.* at 1953, citing *In re* Boulevard Entm't, 334 F.3d 1336, 67 U.S.P.Q.2d 1475, 1478 (Fed. Cir. 2003), and other cases.

53. *See In re* Tinseltown, Inc., 212 U.S.P.Q. 863, 866 (T.T.A.B. 1981) (refusing to register BULLSHIT for personal accessories and clothing: "the fact that profane words may be uttered more freely does not render them any the less profane").

54. Section 2(c) of the Lanham Act, 15 U.S.C. § 1052(c), in pertinent part, bars registration of a mark that "[c]onsists of or comprises . . . a name, portrait, or signature identifying a particular living individual except by his written consent."

55. *In re* Morrison & Foerster LLP, 110 U.S.P.Q.2d 1423 (T.T.A.B. 2014).

attorney relied on Internet articles and blog postings referring to the Act, but in all cases the term "Dodd-Frank" was used to refer to the legislation and not the legislators: that is, Senator Dodd and Congressman Frank were not referred to individually or collectively as "Dodd-Frank."

The examining attorney also submitted printouts of six online postings referring to the designation FRANKNDODD or FRANKENDODD: one referred to the applicant's use of the term, four to the Act itself (although one was somewhat ambiguous because it alluded to the two individuals), and the sixth used the designation to refer to the individuals.

The applicant submitted three Internet articles that referenced the FRANKNDODD mark and services, and alluded to the monster in Mary Shelley's *Frankenstein*. The articles did not mention the two individuals.

The Section 2(c) bar to registration of the name of a living individual without consent applies not just to full names, but to nicknames, surnames, etc., that identify the individual.[56] A name is considered to "identify" a particular individual only if the individual "is so well known that the public would reasonably assume the connection (with the goods or services), or because the individual is publicly connected with the business in which the mark is used."[57]

Here, there was nothing to suggest that Congressman Dodd or Senator Frank were connected with the applicant's services of providing legal information. The question then was whether they were so well known that the public would reasonably assume a connection between them and the applicant's identified services offered under the FRANKNDODD mark. The Board concluded that the record did not support such an assumption.

The evidence reflected that when the Dodd and Frank surnames were combined in the media, the reference was to the Act, not the individuals. The record did not substantiate the examining attorney's assertion that the Act and the two individuals had become synonymous in the eyes of the public. Nor did the evidence demonstrate that FRANKNDODD had become a nickname for the two legislators. The single blog post that clearly used that term to refer to the two legislators was insufficient evidence to support such a finding, particularly given the dearth of information regarding the audience for that blog post.

The reversal of the order of the names and the addition of the letter "N" created an allusion to the Frankenstein monster, an

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56. *Id.* at 1426, citing *In re* Sauer, 27 U.S.P.Q.2d 1073 (T.T.A.B. 1993), *aff'd*, 26 F.3d 1400, 32 U.S.P.Q.2d 1479 (Fed. Cir. 1994).

57. *Id.* at 1427, citing Krause v. Krause Publ'ns Inc., 76 U.S.P.Q.2d 1904, 1909-10 (T.T.A.B. 2005), quoting Martin v. Carter Hawley Hale Stores, Inc., 206 U.S.P.Q. 931, 933 (T.T.A.B. 1979).

allusion that had been echoed by some commentators who drew an analogy between the scope of the Dodd-Frank Act and the monster (one commentator observing that Dodd-Frank was "bolted together from 15 separate laws").

In sum, the evidence of record established that FRANKNDODD would be understood by the relevant consuming public as referring to and commenting on the Dodd-Frank Act rather than as specifically identifying Congressman Frank and Senator Dodd. Therefore the Section 2(c) refusal, based on the failure to provide their consents to registration, was reversed.

6. Section 2(d) Likelihood of Confusion

a. Likelihood of Confusion Found

In re Sela Products, LLC

The Board affirmed one of two Section 2(d)[58] refusals to register the mark FORZA for metal mounting brackets for televisions and speakers and for custom audio/video accessories, including cables and wires, finding Sela's mark likely to cause confusion with the registered mark FORZA POWER TECHNOLOGIES for surge protectors and other electrical items "for home and office use only" [POWER TECHNOLOGIES disclaimed].[59] Third-party registrations and website evidence demonstrated that the involved goods were related.

Sela asserted that the channels of trade and classes of consumers for the goods were different, noting that the registrant's goods were expressly for "home and office use only," whereas its goods were actually "custom" accessories sold to professional custom installation specialists and commercial contractors. The Board, however, pointed out that Sela's identification of goods was not so limited: do-it-yourselfers could purchase Sela's products for their home systems, and even specialists and contractors would be purchasers of the registrant's surge protectors. Moreover, surge protectors and wall mounts/brackets were complementary products because purchasers would be likely to encounter both during the course of purchasing a television, audio, or home theater system.

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58. Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d), in pertinent part, bars registration of a trademark 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."

59. The second Section 2(d) refusal, which was reversed, is discussed below in Part I.B.6.b.

In re Hitachi High-Technologies Corp.

In this straightforward Section 2(d) affirmance, the Board took the opportunity to point out that the "family of marks" doctrine is inapplicable in an ex parte context.[60] It upheld a refusal to register the mark OPTICROSS for "liquid chromatography apparatus and parts thereof," finding the mark likely to cause confusion with the registered mark OPTI for components of liquid chromatography systems. The Board found it unnecessary to consider six additional registrations for "OPTI-" formative marks (all seven registrations being members of the purported "OPTI" family).

The examining attorney retracted her reliance on the "family of marks" doctrine during reconsideration of the refusal of the applied-for mark. Nonetheless, the Board proceeded to point out that this doctrine was reserved for inter partes proceedings because "establishing a 'family' of marks requires a detailed assessment of not just the registrations, but, more importantly, of how the 'family' is used in the marketplace."[61] The mere existence of multiple registrations of similar marks does not establish a family; there must be public recognition that the "family surname" (i.e., the shared characteristic) is perceived as a source indicator.

> Our primary reviewing court has noted that "[r]ecognition of the family is achieved when the pattern of usage of the common element is sufficient to be indicative of the origin of the family. It is thus necessary to consider the use, advertisement, and distinctiveness of the marks, including assessment of the contribution of the common feature to the recognition of the marks as of common origin."[62]

Of course, such an assessment of marketplace usage is "usually beyond the scope of an ex parte examination."[63]

Turning to the individual registrations standing on their own, the Board found the OPTI registration to be the most relevant to the *du Pont*[64] analysis, because if confusion was likely as to that mark, then the Board did not need to consider the other six registered marks [namely, OPTI-MAX, OPTI-SEAL, OPTI-GUARD, OPTI-SOLV (two registrations), and OPTI-PAK, all for various components of liquid chromatography systems]. On the other hand, if confusion were not likely as to the OPTI mark, then the Board would not find it likely as to the other six marks.

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60. *In re* Hitachi High-Techs. Corp., 109 U.S.P.Q.2d 1769 (T.T.A.B. 2014).

61. *Id.* at 1772.

62. *Id.*, quoting J&J Snack Foods Corp. v. McDonald's Corp., 18 U.S.P.Q.2d 1889, 1891-92 (Fed. Cir. 1991).

63. *Id.*

64. *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.

Applicant Hitachi did not dispute that the goods of the application at issue overlapped with those of the OPTI registration. Consequently, the Board must presume that those overlapping goods travelled in the same channels of trade to the same classes of customers.[65] These factors weighed heavily in favor of a finding of likely confusion.

Moreover, because the involved goods were, in part, identical, a lesser degree of similarity between the marks was necessary to support a finding of likelihood of confusion.[66] Hitachi's mark merely added the word "CROSS," which had no apparent connotation in relation to the involved goods, to the cited mark.

Hitachi argued that its mark should be viewed and pronounced as the telescoped combination of "OPTIC" + "CROSS"—not "OPTI" + "CROSS." The Board, however, found that consumers were more likely to view and pronounce the mark as "OPTI" + "CROSS." In any case, the Board observed, there is no correct way to pronounce a mark.[67] The Board concluded that any differences in commercial impression between the two marks were outweighed by the similarities in appearance and sound.

Hitachi pointed to several third-party registrations for marks containing the term "opti," but they were too few in number to have probative value, and there was no evidence of record regarding the extent of use of those marks. Dictionary definitions of "opti" as connoting "the eye or vision," even if they demonstrated that the term was suggestive, did not "necessarily limit the scope of protection that should be accorded [the registrant's] OPTI mark."[68]

Finally, Hitachi contended that the Board should consider the degree of care with which the goods would be purchased. But Hitachi provided no evidence regarding the nature of the purchasing process, and in any event, the Board noted, even a careful, sophisticated purchaser when faced with identical goods offered under similar marks would not be likely to note the differences in the marks.

And so the Board affirmed the refusal to register.

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65. *See, e.g.*, *In re* Viterra Inc., 671 F.3d 1358, 101 U.S.P.Q.2d 1905, 1908 (Fed. Cir. 2012); American Lebanese Syrian Associated Charities Inc. v. Child Health Research Inst., 101 U.S.P.Q.2d 1022, 1028 (T.T.A.B. 2011); *In re* Smith and Mehaffey, 31 U.S.P.Q.2d 1531, 1532 (T.T.A.B. 1994).

66. *In re* Hitachi High-Techs. Corp., 109 U.S.P.Q.2d at 1772, citing Century 21 Real Estate Corp. v. Century Life of Am., 970 F.2d 874, 23 U.S.P.Q.2d 1698 (Fed. Cir. 1992); *see also In re* Mighty Tea Leaf, 601 F.3d 1342, 94 U.S.P.Q.2d 1257, 1261 (Fed. Cir. 2010).

67. Citing *In re* Teradata Corp., 223 U.S.P.Q. 361, 362 (T.T.A.B. 1984) ("there is no 'correct' pronunciation of a trademark—a particularly pertinent observation here, where the registered mark [XYNET] could just as easily be perceived and pronounced as "X-Y-NET" as "ZINET."). Other decisions understandably limit this corollary to marks that are not recognized words. *See, e.g.*, *In re* Belgrade Shoe Co., 411 F.2d 1352, 1353 (C.C.P.A. 1969).

68. *In re* Hitachi High-Techs. Corp., 109 U.S.P.Q.2d at 1773.

In re Davia

The Board affirmed a Section 2(d) refusal to register the mark shown below, for "condiment, namely, pepper sauce" [PEPPER SAUCE disclaimed], in view of the registered mark CHANTICO for "agave sweetener." It found the marks to be confusingly similar, the involved goods to be complementary and purchased with only ordinary care, and the channels of distribution similar.[69]

Not surprisingly, the Board deemed the dominant portion of the applicant's mark to be the word "CHANTICO." Applicant Gina Davia contended that the serpent design was the most visually prominent and conspicuous feature of her mark, but the Board saw the snake design as creating a visual focus to the word. Moreover, the design was so stylized that it would not be immediately recognized as a serpent. Consumers would more readily recall the word portion of the mark, and that was what they would use to call for the goods.

Because the cited mark was in standard character form, the Board considered the mark as if used in the same style or font as that used in the applicant's mark.[70] The meaning of the word "Chantico" is the same for both marks: the name of an Aztec goddess. Those unfamiliar with that meaning would see the marks as the same arbitrary term.

The mark CHANTICO was conceptually arbitrary and strong as applied to the involved goods, and there was no evidence of third-party usage of the same or similar marks that might indicate that the cited mark was commercially weak.

The Board found the goods to be "functionally related:"[71] pepper sauce and agave sweetener are commonly used together, and such conjoint use was relevant to the likelihood of confusion issue. The examining attorney submitted web pages showing that the two products were often called for in the same recipe. The Board observed that "[t]here is, of course, no *per se* rule that all

69. *In re* Davia, 110 U.S.P.Q.2d 1810 (T.T.A.B. 2014).

70. *In re* Viterra, Inc., 101 U.S.P.Q.2d 1905 (Fed. Cir. 2012); Citigroup v. Capital City Bank Grp., Inc., 98 U.S.P.Q.2d 1253 (Fed. Cir. 2011).

71. *In re* Davia, 110 U.S.P.Q.2d at 1815.

food products appearing in the same recipe be considered related for Section 2(d) purposes."[72]

> If two ingredients, however, are found to be complementary in that they are sold in the same stores to the same consumers for the same, related or complementary end use, consumers are likely to be confused upon encountering the goods under the same or similar marks even though the goods may be found in different areas within a store.[73]

Here, the evidence showed that pepper sauce and agave sweetener were often blended together to provide a combination of sweet and hot flavors. The evidence also showed that consumers were likely to encounter one product while purchasing the other. Because the products would appear in the same recipes, consumers were likely to purchase them at the same time and in the same store.

There were no restrictions on channels of trade for the goods in the involved application and the cited registration, and so the Board presumed that the goods traveled in all ordinary channels of trade to all relevant classes of consumers. The evidence was inconclusive as to the actual ordinary channels of trade, however, but it did show that consumers may purchase both products through, at least, online grocery stores, and may use both in a single recipe.

Both pepper sauce and agave sweetener—relatively inexpensive products—would likely be purchased "without much care" by the general public. Ms. Davia argued that her customers were discriminating and brand loyal, but there was no evidence to support that assertion. In any case, the determination of likelihood of confusion must be made with the least sophisticated potential purchaser in mind.[74]

Balancing the relevant *du Pont* factors, the Board found confusion likely and it affirmed the refusal.

b. Likelihood of Confusion Not Found

In re Sela Products, LLC

The Board reversed the second of two Section 2(d) refusals[75] to register the mark FORZA for metal mounting brackets for televisions and speakers, and for custom audio/video accessories, including cables and wires. The Board found Sela's mark not likely to cause confusion with the registered mark FORZA MILAN! ACM

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72. *Id.* at 1816.

73. *Id.*

74. *See* Stone Lion Capital Partners, L.P. v. Lion Capital, LLP, 110 U.S.P.Q.2d 1157, 1163-64 (T.T.A.B. 2014), discussed in Part II.A.1.a, below.

75. Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d). The first Section 2(d) refusal is discussed in Part I.B.6.a, above.

1899 & Design, shown below, for various goods, including optical and electrical cables and sound and image recording and transmission apparatus [1899 and MILAN disclaimed].

The examining attorney contended that FORZA was the dominant portion of the cited mark and that MILAN! would be understood as the geographic location of the company that made the goods. Sela pointed out that the cited mark incorporated the crest of the Italian soccer team Associazione Calcio Milan, known as "ACM" [or AC Milan], a world-renowned football club. The registration included a translation of FORZA as "Go!", so that the meaning of FORZA MILAN! would be in the nature of a cheer: "Go Milan!"

Based on the evidence of record, the Board had no doubt that those familiar with world soccer would readily distinguish the two marks; but even those unaware of the soccer meaning would distinguish them. A geographic location was not normally shown in the same manner as MILAN! in the cited mark, and so the Board did not view FORZA as the dominant element of the mark: consumers would see that word as part of the phrase FORZA MILAN! And the design element of the cited mark was large and noticeable, further distinguishing the marks.

The Board concluded that any similarities between Sela's mark and this cited mark were outweighed by the differences in appearance and commercial impression (and in the case of soccer aficionados, connotation).

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

In re Positec Group Ltd.

Affirming a Section 2(e)(1)[76] refusal to register the mark SUPERJAWS, the Board found the mark merely descriptive of machine tools and hand tools, including jaws and metal vice jaws.[77] Both the examining attorney and the applicant pointed to numerous third-party registrations for "super-" formative marks in which the word "super" was or was not deemed merely descriptive, the USPTO claiming that "super" was laudatory and the applicant contending that "super" was, at most, suggestive.

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

77. *In re* Positec Grp. Ltd., 108 U.S.P.Q.2d 1161 (T.T.A.B. 2013).

The Board first noted that although the applicant's identification of goods included tools other than "jaws" or gripping devices, a mark is deemed merely descriptive under Section 2(e)(1) if it describes even one of the identified goods.[78]

"Super-" formative marks have been discussed in a number of precedential TTAB decisions, and the applicant and the examining attorney seemingly agreed that there was no *per se* rule as to how the USPTO treats the word "super." The Board found helpful guidance in *In re Phillips-Van Heusen Corp*., in which the Board affirmed a Section 2(e)(1) deceptive misdescriptiveness refusal of SUPER SILK for "shirts made of silk-like fabric:"

> A general proposition which may be distilled from the foregoing cases is that if the word "super" is combined with a word which names the goods or services, or a principal component, grade or size thereof, then the composite term is considered merely descriptive of the goods or services, but if such is not strictly true, then the composite mark is regarded as suggestive of the products or services.[79]

The distinction made in *Phillips-Van Heusen* "explains well the difference in result" between many of the "Super-" formative marks listed by the applicant and the examining attorney.[80] The marks cited by the applicant were either unitary marks in which disclaimer of "super" would not be required,[81] or, for registrations issuing after *Phillips-Van Heusen*, comprised the word "Super" followed by a suggestive term (e.g., SUPER STRAP, SUPER BRITE, SUPER EDGE). In substantially all of the registrations cited by the examining attorney, the second term in the composite mark "names the goods," and therefore the registrations included a disclaimer of "Super," or a Section 2(f) claim of acquired distinctiveness,[82] or resided on the Supplemental Register.[83]

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78. *In re* Chamber of Commerce of the U.S.A., 102 U.S.P.Q.2d 1217, 1220 (Fed. Cir. 2012); *In re* Oppedahl & Larson LLP, 373 F.3d 1171, 1173, 71 U.S.P.Q.2d 1370, 1371 (Fed. Cir. 2004).

79. *In re* Phillips-Van Heusen Corp., 63 U.S.P.Q.2d 1047, 1052 (T.T.A.B. 2002)

80. *In re* Positec Group Ltd., 108 U.S.P.Q.2d at 1172.

81. Section 6(a) of the Lanham Act, 15 U.S.C. § 1052(f), provides, in pertinent part, that "[t]he Director may require the applicant to disclaim an unregistrable component of a mark otherwise registrable."

82. Section 2(f) of the Lanham Act, 15 U.S.C. § 1052(f), provides, in pertinent part, that "[e]xcept 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."

83. *See* Sections 23-28 of the Lanham Act, 15 U.S.C. §§ 1091-1096. For a thorough discussion of the Supplemental Register, see Anne Gilson LaLonde and Jerome Gilson, *The*

The applicant feebly argued that the term "SUPERJAWS" would immediately bring to mind connotations of Superman or some other superhero, rather than a laudatory reference to its goods. The Board, however, found no support for this argument in the evidence of record. Instead, it concluded that consumers would readily understand that the applied-for mark "describes a superior vice system for grasping and holding work pieces."[84]

And so it affirmed the mere descriptiveness refusal.

In re The Swatch Group Management Services AG

The Board affirmed a Section 2(e)(1) refusal to register the mark TOURBILLON & Design (shown below), finding it to be merely descriptive of "jewellery, horological and chronometric instruments."[85] There was no doubt that the word "TOURBILLON" was descriptive of a feature or component of horological or chronometric instruments, but Applicant Swatch maintained, without success, that the word did not describe jewelry, and further that the design portion of the mark was distinctive.

Swatch stated in its application that the mark "consists of the term 'TOURBILLON' below a design of a 'tourbillon,'" and it disclaimed any exclusive right in the word "TOURBILLON" for horological and chronometric instruments (but not for jewelry). As described in Wikipedia:

> In horology, a tourbillon . . . is an addition to the mechanics of a watch escapement. Developed around 1795 by the French-Swiss watchmaker Abraham-Louis Breguet from an earlier idea by the English chronometer maker John Arnold a tourbillon aims to counter the effects of gravity by mounting the escapement and balance wheel in a rotating cage, to negate the effect of gravity when the timepiece (and thus the escapement) is stuck in a certain position.[86]

United States Supplemental Register: Solace, Substance, or Just Extinct?, 103 TMR 828 (2013).

84. *In re* Positec Grp. Ltd., 108 U.S.P.Q.2d at 1173.

85. *In re* The Swatch Grp. Mgmt. Servs. AG, 110 U.S.P.Q.2d 1751 (T.T.A.B. 2014).

86. *Id.* at 1755.

The Board concluded that the word "TOURBILLON" was merely descriptive of jewelry because, according to the evidence, the category "jewelry" included watches. The fact that this reading of the term "jewelry" resulted in some redundancy in the identification of goods was of no concern, because "redundancy in identification does not limit or otherwise adversely affect the evidentiary value of a registration certificate."[87]

As to the design element of the mark, the Board noted that a design that comprises merely an illustration of a product was unregistrable under Section 2(e)(1), just as merely descriptive wording would be.[88] The examining attorney maintained that the design element (which Swatch described as a "tourbillon") "is the legal equivalent of the wording TOURBILLON," and that "the design element in the mark features various parts commonly found in a tourbillon, with such parts appearing as they would in a tourbillon."[89]

Swatch argued that the depiction in its mark was not an exact representation of its extremely intricate escapement, but rather was an abstract, highly stylized version. The Board, however, pointed out that the question was whether the design forthwith conveyed an immediate idea of a feature of the goods and lacked any additional fanciful, arbitrary, or suggestive matter. "The fact that applicant's design is not completely accurate, realistic or true-to-life does not exempt it from a finding of mere descriptiveness."[90] Although the record showed "many subtle variations in the basic design of the device, it is clear that the design in applicant's mark depicts a tourbillon and would be easily recognized as such."[91]

Considering the applied-for mark as a whole, the Board found that the combination of the design with the word "TOURBILLON" "reinforces the singular impression conveyed by the mark as a whole, which is nothing more than the significance of 'tourbillon.'"[92]

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87. The Board noted that "[i]n view of the clear language of Section 7(b), 15 U.S.C. § 1057(b), and its reference to 'the goods or services specified in the certificate,' it is difficult to imagine a situation in which it would be appropriate to ignore a discretely identified item in an identification of goods." *Id.* n.15.

88. Citing *In re* The Singer Mfg. Co., 255 F.2d 939, 118 U.S.P.Q. 310, 311-12 (C.C.P.A. 1958) ("It is, of course, true that a design consisting merely or essentially of a pictorial representation of the goods on which it is used is descriptive, and is not a valid trademark.")

89. *In re* The Swatch Grp. Mgmt. Servs. AG, 110 U.S.P.Q.2d at 1756.

90. Citing *In re* LRC Prods. Ltd., 223 U.S.P.Q. 1250, 1252 (T.T.A.B. 1984).

91. *In re* The Swatch Grp. Mgmt. Servs. AG, 110 U.S.P.Q.2d at 1760.

92. *Id.* at 1762.

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

In re AOP LLC

In upholding the USPTO's refusals to register the term "AOP" for wine,[93] the Board found the mark to be merely descriptive or deceptively misdescriptive under Section 2(e)(1).[94] In view of the ambiguity of the applicant's responses to the examining attorney's Trademark Rule 2.61(b) requirement for information,[95] the Board addressed the mere descriptiveness and the deceptive misdescriptiveness refusals in the alternative, based on the assumption that had the applicant responded directly and fully to the examining attorney's requirement, the responses would have been unfavorable.

> Specifically, if applicant's wines are AOP-certified then applicant would know this and the use of the term AOP would be known by applicant to be merely descriptive of the wines, and if the wines are not so certified, then the term is deceptively misdescriptive, and applicant is presumed to know this.[96]

The Board, as discussed above,[97] found that consumers would likely understand the term "AOP" to refer to the EU system for indicating quality and geographic origin of certain wines. If the applicant's wine were so certified, then its proposed mark was merely descriptive of the wine. If the wine were not so certified, then the proposed mark was deceptively misdescriptive because consumers would likely believe the misrepresentation.[98]

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93. *In re* AOP LLC, 107 U.S.P.Q.2d 1644 (T.T.A.B. 2013).

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

95. The Trademark Rule 2.61(b) (37 C.F.R. § 2.61(b)) requirement is discussed in Part I.B.13, below.

96. *In re* AOP LLC, 107 U.S.P.Q.2d at 1651.

97. *See* Part I.B.2.

98. Note that, in contrast to Section 2(a) deceptiveness, materiality is not required for the "deceptively misdescriptive" refusal under Section 2(e)(1). A deceptively misdescriptive mark may be registered under Section 2(f) via a showing of acquired distinctiveness. But when the misdescription is material to the purchasing decision, Section 2(a) deceptiveness is an appropriate refusal, and the mark is not eligible for registration via Section 2(f).

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

In re Hollywood Lawyers Online

The Board affirmed a Section 2(e)(2)[99] refusal to register the mark HOLLYWOOD LAWYERS ONLINE, finding it to be primarily geographically descriptive of "attorney referrals; providing a website featuring business information in the form of audio and video interviews, transcripts and other educational materials; providing an online video business directory."[100] The applicant argued that HOLLYWOOD referred to the entertainment industry, not the geographical location, but the Board disagreed.

The applicant insisted that the relevant consumers of online legal services would associate "Hollywood" with the entertainment aspect of the word. It relied particularly on the Board's decision in *In re Taste International*,[101] wherein the Board reversed a Section 2(e)(2) refusal to register the mark shown below, for french fries and fast food restaurants, in view of the nongeographic meaning of HOLLYWOOD, emphasized by the accompanying star design. The Board, however, distinguished the instant case from *Taste International* because the addition of the words "LAWYERS ONLINE" did not point to the entertainment industry connotation of HOLLYWOOD, but instead immediately described the applicant's services. The Board observed that geographic descriptiveness, like mere descriptiveness, must be evaluated in the context of the goods or services at issue.[102]

When confronted with the phrase HOLLYWOOD LAWYERS ONLINE for attorney referral services, a website featuring business information in the form of audio and video interviews, or online business directories, a consumer immediately perceives an

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

100. *In re* Hollywood Lawyers Online, 110 U.S.P.Q.2d 1852 (T.T.A.B. 2014).

101. *In re* Taste Int'l, 53 U.S.P.Q.2d 1604 (T.T.A.B. 2000),

102. *See In re* Chamber of Commerce of the U.S.A., 102 U.S.P.Q.2d 1217, 1219 (Fed. Cir. 2012).

online database of Hollywood-based attorneys and businesses and websites featuring information about such businesses. The record included examples of websites directed to the availability of lawyers in Hollywood, demonstrating that consumers were exposed to use of the term "HOLLYWOOD" in a geographic manner with these types of services. And contrary to the applicant's assertion, the inclusion of the word "ONLINE" did not necessarily connote that the services were national in scope, but only that the services were offered online. Nothing in the record demonstrated that relevant consumers would view the applicant's services as relating to the motion picture industry, rather than denoting a geographic connection.

The question, then, was whether consumers would associate the services and the place named in the mark. Hollywood is a district of Los Angeles, and the applicant's address was in Los Angeles, but not in the Hollywood district. However, when services are provided near the place named in the mark, that may be sufficient to support a finding that the services originate in the named geographic location: for example, YOSEMITE BEER was found to be geographically descriptive for beer sold in Merced, California, ninety miles from Yosemite National Park.[103] Moreover, the evidence showed that Hollywood was a well-known geographic location.

Although the applicant might not specifically refer Hollywood-based attorneys or cater to customers in Hollywood, that did not alter the perception of the location of the services. Even if the services were rendered to an out-of-state consumer, that consumer would still understand that the services originated in Hollywood.[104]

10. Genericness

In re Cordua Restaurants LP

Despite the applicant's ownership of a registration for the mark CHURRASCOS in standard character form, for "restaurant and bar services; catering," the Board affirmed a genericness refusal of CHURRASCOS in the stylized form shown below, for the same services.[105] The Board also affirmed an alternative refusal based on Section 2(e)(1) mere descriptiveness and lack of acquired distinctiveness.

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103. *In re* Spirits of New Merced, LLC, 85 U.S.P.Q.2d 114, 1621 (T.T.A.B. 2007)

104. The Board noted in *dictum* that, if the facts were to establish that the services originated from a different location than Hollywood, that may simply indicate that the mark is primarily geographically deceptively misdescriptive under Section 2(e)(3). *In re* Hollywood Lawyers Online, 110 U.S.P.Q.2d at 1859.

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

Genericness: The Board found that the examining attorney had provided the requisite clear evidence to establish that the relevant consumers of restaurant services (the general public) understood that "churrascos" was generic for a type of restaurant, namely, a restaurant that serves "churrascos." Dictionary definitions established that "churrasco" was "meat cooked over an open fire." Media articles referred to "churrasco" restaurants, and Applicant Cordua's own evidence supported a finding that "churrasco" was generic for a type or preparation of "steak."

A term that is generic for a particular category of goods is generic for services directed to or focused on those goods,[106] and the applicant conceded that the specialty of its restaurants was the churrasco. Because "churrasco" was generic for restaurant services, registration would have to be refused even though additional services (in the same class) were recited in the application.[107] The display of the applicant's applied-for mark did not create a separate commercial impression such that the proposed mark would be registrable (with a disclaimer of "churrascos").

Prior Registration: the applicant's ownership of a registration for the standard character mark CHURRASCOS for the same services was of no help. "Trademark rights are not static, and eligibility for registration must be determined on the basis of the facts and evidence of record that exist at the time registration is sought."[108] In short, the examining attorney and the Board were not bound by the decision of the examining attorney who examined the application for the applicant's previously registered mark.

Descriptiveness and Acquired Distinctiveness: For the purpose of completeness, the Board considered the applicant's argument that the applied-for mark had acquired distinctiveness under Section 2(f). The applicant pointed to its prior registration as proof of acquired distinctiveness of the subject mark under Trademark Rule 2.41(b),[109] but the Board noted that although ownership of a

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106. *See, e.g.*, *In re* Tires, Tires, Tires, Inc., 94 U.S.P.Q.2d 1153, 1157 (T.T.A.B. 2009) (TIRES TIRES TIRES generic for retail tire store services); *In re* Lens.com, Inc., 83 U.S.P.Q.2d 1444 (T.T.A.B. 2007) (LENS generic for online retail store services featuring contact lenses).

107. Citing *In re* Analog Devices Inc., 6 U.S.P.Q.2d 1808, 1810 (T.T.A.B. 1998).

108. *In re* Cordua Rests. LP, 110 U.S.P.Q.2d at 1233, citing *In re* Chippendales USA, Inc., 96 U.S.P.Q.2d 1346, 1354 (Fed. Cir. 2010), and other cases.

109. Trademark Rule 2.41(b), 37 C.F.R. § 2.41(b), in pertinent part, provides that "[i]n appropriate cases, ownership of one or more prior registrations on the Principal Register or

prior registration may be accepted as prima facie evidence of acquired distinctiveness, that will not always be the case; further evidence may be required.

Because the term "churrascos," if not generic, was highly descriptive of the type of barbequed steaks that were the specialty of Applicant Cordua's restaurants, the burden on the applicant to show acquired distinctiveness was "especially high."[110] Consequently, its prior registration alone was not enough to establish acquired distinctiveness.

The applicant also relied on a declaration of its vice president, averring that the applicant's average annual income exceeded $8 million and its annual advertising and promotional expenditures topped $79,000. However, there was no evidence as to how the money was spent and no evidence of the effectiveness of the advertising in educating customers to the source significance of "churrascos." As to the sales figures, those numbers alone did not prove acquired distinctiveness. Again, there was no evidence of the extent to which the public perceived CHURRASCOS as indicating the applicant as the source of the services.

And so the Board concluded that the applicant had failed to prove acquired distinctiveness.

11. Failure to Function/Unacceptable Specimen of Use

In re Thomas J. Hulting
d/b/a No More RINOs! Enterprises

This applicant sought to register the phrase "No More RINOs!," in standard character form, for bumper stickers, clothing, and campaign buttons, but the Board affirmed the USPTO's refusal to register under Sections 1, 2, and 45[111] on the ground that the applied-for mark was a merely ornamental or informational political slogan that failed to function as a trademark.[112]

The Board observed that "there are certain designations that are inherently incapable of functioning as trademarks to identify and distinguish the source of products in connection with which they are used."[113] Common laudatory phrases ordinarily used in business or in a particular trade or industry are not registrable

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under the Act of 1905 of the same mark may be accepted as prima facie evidence of distinctiveness."

110. *In re* Cordua Rests. LP, 110 U.S.P.Q.2d at 1234.

111. Section 1 of the Lanham Act, 15 U.S.C. § 1051; Section 2 of the Lanham Act, 15 U.S.C. § 1052; Section 45 of the Lanham Act, 15 U.S.C. § 1127.

112. *In re* Thomas J. Hulting d/b/a No More RINOs! Enters., 107 U.S.P.Q.2d 1175 (T.T.A.B. 2013).

113. *Id.* at 1177 citing Am. Velcro, Inc. v. Charles Mayer Studios, Inc., 177 U.S.P.Q. 149, 154 (T.T.A.B. 1973).

(e.g., ONCE A MARINE, ALWAYS A MARINE;[114] DRIVE SAFELY;[115] and THINK GREEN[116]).

The key issue, of course, was how the designation in question would be perceived by relevant consumers. In that context, the Board had to consider how the proposed mark would be displayed on the specimens of use: the size, location, dominance, and significance of the alleged mark were all relevant factors.

The examining attorney submitted evidence that "No More RINOs!" was a commonly used political slogan meaning "No More Republicans In Name Only." The evidence showed that consumers were accustomed to seeing that phrase on bumper stickers, t-shirts, novelty pins, and other items, from a variety of sources. Consequently, they would not perceive this phrase as a source indicator, but rather as a political message or statement.

Moreover, the size, placement, and dominance of the wording on Applicant Hulting's specimens of use were consistent with informational or ornamental use, not trademark use. The applicant pointed to his substitute specimens of use, which included the tagline "By Statesman Enterprises." However, the inclusion of that tagline made no difference in the Board's analysis since the tagline was not part of the applied-for mark. And, of course, Mr. Hulting's intention that the slogan should function as a trademark was likewise irrelevant.

In re AOP LLC

Among the quintet of refusals to register the term "AOP" for wine, the USPTO maintained that the term, as it appeared on the specimens of use, failed to function as a trademark under Sections 1, 2, and 45 of the Act.[117] Reviewing the specimens of use, the Board agreed, concluding that consumers would view the term "AOP" as merely informational and not as source-identifying. In the original specimen, "AOP" appears amidst other informational material at the bottom of the label, and in the substitute specimen "AOP" again appeared far from the name of the wine and adjacent other informational matter. Moreover, the applicant stated to the USPTO that its goods bearing the "AOP" designation "have been deemed by Applicant to meet its high standards for quality, craftsmanship, and satisfaction of all applicable rules and regulations pertaining to the origin and authenticity of the wine,"

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114. *In re* Eagle Crest Inc., 96 U.S.P.Q.2d 1227, 1232 (T.T.A.B. 2010).

115. *In re* Volvo Cars of N. Am., Inc., 46 U.S.P.Q.2d 1455, 1460-61 (T.T.A.B. 1998).

116. *In re* Manco, Inc., 24 U.S.P.Q.2d 1938, 1942 (T.T.A.B. 1992).

117. Section 1 of the Lanham Act, 15 U.S.C. § 1051; Section 2 of the Lanham Act, 15 U.S.C. § 1052; Section 45 of the Lanham Act, 15 U.S.C. § 1127. *In re* AOP LLC, 107 U.S.P.Q.2d 1644 (T.T.A.B. 2013). The other refusals are discussed in Parts I.B.2 and I.B.8, above, and I.B.13, below.

and thus the term was presented "in an informational manner to inform consumers about a certification process rather than as a source identifier."[118]

In re U.S. Tsubaki, Inc.

Once again visiting the "catalog as trademark specimen" issue, the Board affirmed a refusal to register the mark TSUBAKI: THE CHOICE FOR CHAIN for "industrial machine parts, namely, chains and sprockets" on the ground that Applicant Tsubaki failed to provide an acceptable specimen of use.[119] Tsubaki submitted six catalogs in which potential purchasers were invited to call the company phone number to obtain information and place an order. That was not, however, sufficient information to qualify the catalogs as acceptable specimens of trademark use.

Trademark Rule 2.56(b)(1)[120] states that "[a] trademark specimen is a label, tag, or container for the goods, or a display associated with the goods." Section 904.03(g) of the Trademark Manual of Examining Procedure ("TMEP") explains that a qualifying "display" will essentially comprise "point-of-sale material such as banners, shelf-talkers, window displays, menus, and similar devices."

Tsubaki argued that its catalogs were acceptable as specimens because they satisfied the requirement set forth in TMEP Section 904.03(h)[121]—they offered to accept orders and provided instructions on how to place an order. The examining attorney maintained that the catalogs did not contain the necessary ordering information and therefore were mere advertisements for the goods.

The determination of whether a specimen of use is a display associated with the goods or merely advertising is a question of fact: "whether the purported point-of-sale display provides the potential purchaser with the information normally associated with ordering products of that kind."[122] Reviewing Tsubaki's specimens of use, the Board agreed with the examining attorney:

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118. *Id.* at 1655.

119. *In re* U.S. Tsubaki, Inc., 109 U.S.P.Q.2d 2002 (T.T.A.B. 2014).

120. 37 C.F.R. § 2.56(b)(1).

121. Section 904.03(h) of the TMEP states that "[i]n appropriate cases, catalogs are acceptable specimens of trademark use," and that "examining attorneys may accept any catalog or similar specimen as a display associated with the goods, provided that it: (1) includes a picture or a sufficient textual description of the relevant goods; (2) shows the mark in association with the goods; *and* (3) includes the information necessary to order the goods (e.g., an order form or a phone number, mailing address, or e-mail address for placing orders)."

122. *In re* Anpath Grp., Inc., 95 U.S.P.Q.2d 1377 (T.T.A.B. 2010) (flyer that provided website and/or a telephone number for contacting applicant's sales representatives lacked sufficient information to be considered a display associated with its goods).

> Applicant's catalogs do not have the characteristics that would make a catalog a point-of-sale display (e.g., sales forms, ordering information, minimum quantities, cost, payment plans, shipping, etc.). After reviewing applicant's catalogs, prospective customers were not yet at the point of purchase and would need to contact applicant to obtain additional information. It would only be after obtaining such information that was not provided on the specimens that the purchaser would be in a position to make a purchasing decision.
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> The specimens simply do not contain adequate information for making a decision to purchase the goods and placing an order . . . . The mere listing of telephone numbers for corporate headquarters and a website URL does not turn what is otherwise an ordinary advertisement into a point-of-sale display or a "display used in association with the goods" and, thus, into a valid specimen showing technical trademark use.[123]

Despite the assertions of Tsubaki's attorney, there was no evidence that Tsubaki's industrial chains were typically ordered by telephone following customer review of technical information in the catalogs and consultation with Tsubaki's employees.[124]

12. Proper Identification of Goods/Classification

In re Faucher Industries Inc.

In this enervating, yet precedential, decision, the Board affirmed a refusal to register the design mark shown below, for "choke seals" and "choke seals for electric cables," finding "reasonable and correct" the examining attorney's requirement that the applicant disclose the material composition of its goods so that they could be properly classified.[125]

123. *In re* U.S. Tsubaki, Inc., 109 U.S.P.Q. at 2009.

124. *Compare In re* Valenite Inc., 84 U.S.P.Q.2d 1346, 1348 (T.T.A.B. 2007) (appellant submitted the declaration of its director of marketing who testified that appellant's customers, after reviewing information at Valenite's website, sufficient to selecting a product, regularly contact the customer service department by telephone to confirm the correctness of the selection and place an order).

125. *In re* Faucher Indus. Inc., 107 U.S.P.Q.2d 1355 (T.T.A.B. 2013).

Applicant Faucher contended that "choke seals" was the common commercial name of the goods, and it offered two sets of amended identifications, including "choke seals, namely, connection fittings for electric junction boxes," but the examining attorney requested more information.

The Board observed that the question of proper classification was not a substantive one and not a matter for appeal. A petition to the Commissioner would have been appropriate. But the best option would have been "an open and frank discussion with the examining attorney."[126]

A clear identification of goods is required in order to permit proper classification of the goods and informed judgments regarding likelihood of confusion. Classification is an important organizational tool for USPTO personnel and for the public. The examining attorney has discretion in determining the degree of particularity needed to allow proper classification, but any conclusion that ambiguity exists "should be governed by the exercise of reason and in light of the evidence of record."[127]

The Board noted that there was no dictionary evidence indicating the meaning of "choke seal." The catalog page and third-party advertisements that used the term "choke seal" contained limited information as to the nature of the goods. Under Trademark Rule 2.61(b),[128] the examining attorney is entitled to request additional information regarding the goods for purposes of proper examination of the application.

In short, the examining attorney did not believe that the goods belonged in International Class 9 unless they possessed some "electrical functionality." He requested information regarding the material composition of the goods, since metal seals may be in Class 6, non-metal seals in Class 17, and certain other seals in Class 9.

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126. *Id.* at 1358.

127. *Id.*, citing *In re* Thor Tech, Inc., 85 U.S.P.Q.2d 1474 (T.T.A.B. 2007).

128. Trademark Rule 2.61(b), 37 C.F.R. § 2.61(b), states that the USPTO "may require the applicant to furnish such information, exhibits, affidavits or declarations, and such additional specimens as may be reasonably necessary to the proper examination of the application."

> The examining attorney needed more information in order to determine the proper classification of the goods. We find that the examining attorney's requirement that applicant disclose the material composition of its goods so that proper classification could be determined was reasonable and correct. We also find that he needed additional information in order to determine whether the goods depicted in applicant's evidence should be considered "electrical connections," "electrical connectors," or "connection fittings" within International Class 9. It would likely have been useful to the examining attorney to know, as well, whether the goods contained any components that have an electrical function.[129]

The Board concluded that the various identifications "offered by applicant do not 'meet the standards' of the ID Manual, nor do they include sufficient information so that classification of the goods is not 'difficult or ambiguous.'"[130]

In re Fiat Group Marketing & Corporate Communications S.p.A.

Applying the "Ordinary-Meaning" test, the Board affirmed a refusal to register the mark FIAT 500 for "retail store services and on-line retail store services featuring a wide variety of consumer goods of others," in International Class 35, on the ground that the proposed wording exceeded the scope of the original recitation of services ("advertising services; business management; business administration; office functions").[131] Although the proposed language itself would fall within Class 35, the Board ruled, it was not encompassed by the original recitation of services even though the original recitation was identical to the class heading for International Class 35.[132]

Trademark Rule 2.71(a)[133] permits an applicant to "amend the application to clarify or limit, but not to broaden, the identification of goods and/or services." According to the "Ordinary-Meaning" Test of TMEP Section 1402.07(a), the USPTO will "look to the ordinary meaning of the words for the purposes of determining the scope of the identification." An applicant who recites the class

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129. *In re* Faucher Indus. Inc., 107 U.S.P.Q.2d at 1361 [internal citation omitted].

130. *Id.*, quoting TMEP § 1402.01(a).

131. *In re* Fiat Grp. Mktg. & Corporate Commc'ns S.p.A., 109 U.S.P.Q.2d 1593 (T.T.A.B. 2014).

132. International trademark classification, and the headings of the international trademark classes, are established by the Committee of Experts of the Nice Union and are set forth in the *International Classification of Goods and Services for the Purposes of the Registration of Marks* (10th ed. 2011), published by the World Intellectual Property Organization ("WIPO").

133. 37 C.F.R. § 2.71(a).

heading for a given class is not allowed to amend the application "to include any item that falls in the class, unless the item falls within the ordinary meaning of the words in the heading . . . ." The examining attorney maintained that the proposed wording "is beyond the scope of the identification because the initial application did not list any store services of any kind, nor any services which would encompass them . . . ."[134]

> Thus, the essential question or issue on appeal is whether the *language* of the Class 35 heading encompasses retail store services such that applicant's amendment is in compliance with Rule 2.71(a). The question is not, contrary to applicant's argument . . . whether the scope of Class 35, as shown by the listing of services that fall within it, encompasses the services in applicant's proposed amendment.[135]

Fiat contended that "retail services are definitely included under the umbrella of business management services" because "[o]perating a retail store and offering such services is [sic] a business services and involve the management of the business." In response, the examining attorney provided a dictionary definition of "business management" that did not "simply refer to any activity a 'business' undertakes, e.g., retail store services," but referred to "applying management techniques within a business to achieve success." To the extent that Fiat managed its own retail stores, the examining attorney contended, that would not be a service performed for others but rather would be incidental to any business.

The Board, finding no support in the record for Fiat's assertion that the meaning of the term "business management" included "operating a retail store," agreed with the examining attorney that the proposed amendment violated Trademark Rule 2.71(a) because it improperly broadened the recitation of services: "The term 'business management,' as well as the other terms in the International Class 35 heading, cannot be construed as encompassing retail store services."

> We see no error in the examining attorney's reliance on [TMEP Section 1402.07(a)] nor do we see any reason to deviate from the Office's clear and publically-stated policy. Consideration of the "ordinary meaning" of wording in any identification of goods or services when attempting to define the scope of an identification is pragmatic and encourages consistent interpretation of various terms."[136]

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134. *In re* Fiat Grp., 109 U.S.P.Q.2d at 1594 n.3.

135. *Id.* at 1595 [emphasis in original].

136. *Id.* at 1597.

Pointing to TMEP Section 1402.02,[137] Fiat likened its recitation of an entire International Class heading to an application that includes language claiming "all of the goods or services within a particular international class," that is, where the applicant is claiming all of the goods or services in that class as defined by the World Intellectual Property Organization (WIPO) International Classification manual. TMEP Section 1402.02, however, merely states that in each of these situations, the USPTO will accord a filing date, but will require an amendment of the goods or services.[138]

To be clear, while class headings are allowed in international registrations, and the USPTO will accord a filing date to an application seeking extension of protection to an international registration that uses a class heading as an identification of goods or services, use of the words comprising a class heading as an identification in an application filed with the USPTO is not deemed to include all the goods or services in the established scope of that class.

Finally, Fiat pointed to the "class heading covers all" policy adopted by some Madrid Protocol or Madrid Agreement countries, "interpreting the scope of an international class heading in an application or registration as encompassing the entire alphabetical list of acceptable goods or services for that class."[139] The Board, however, observed that although some applicants from those countries may mistakenly believe that such an application may later be amended to identify any of the listed goods or services within the international class, "no provision in U.S. law or any obligation by treaty obliges the USPTO to deviate from or make an exception to its longstanding practice governing the scope and interpretation of identifications and in deciding what amendments are permissible."[140]

And so the Board affirmed the refusal to register the mark as to "retail store services and on-line retail store services featuring a wide variety of consumer goods of others."

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137. TMEP Section 1402.02 states, in pertinent part, that the "USPTO will not deny a filing date if the applicant uses the language of an international class heading or indicates that the mark is used on all goods or services in a certain class."

138. That section also states that "the USPTO strongly discourages the use of the language of the international class headings or statements that the mark is used on all goods or services in a class to identify the goods or services for which registration of the mark is sought, and will require amendment of any such identification."

139. *In re* Fiat Grp., 109 U.S.P.Q.2d at 1598.

140. *Id.*

13. Failure to Comply With Rule 2.61(b) Requirement for Information

In re AOP LLC

A fifth ground of refusal of the mark AOP for wine[141] was based on the failure of the applicant to properly respond to the examining attorney's requirement for information under Trademark Rule 2.61(b).[142] The examining attorney demanded that the applicant state "whether applicant's goods originate in Europe" and whether the applied-for term "AOP" indicates whether applicant's goods are certified to meet the AOP standards of the EU. The applicant's responses were "evasive": it stated that the applicant's goods did "not necessarily originate in Europe," and that its wines met "all applicable rules and regulations" regarding origin and authenticity.[143] When the questions were repeated, the applicant responded that its goods did "not all originate in Europe," and that it had "no reason to seek certification by a European regulatory body."[144]

In view of these "equivocal" responses, the Board found that the applicant failed to comply with the examining attorney's requirement for information, and it affirmed this refusal.[145]

14. Effect of Statements Made in File History of Cited Registration

In re Sela Products, LLC

In this appeal from two Section 2(d) refusals[146] to register the mark FORZA for metal mounting brackets for televisions and speakers, and for custom audio/video accessories, Applicant Sela Products contended that the Board should consider certain statements made in the file history of one of the cited registrations.[147] But there were two problems: Sela never made that file history of record during the prosecution of its own application, and even if it had, the statements were mere opinions submitted in a wholly different context and of no probative value here.

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141. *In re* AOP LLC, 107 U.S.P.Q.2d 1644 (T.T.A.B. 2013). The other refusals are discussed in Parts I.B.2, I.B.8, and I.B.11, above.

142. *See* note 128, above.

143. *Id.* at 1650.

144. *Id.* at 1651.

145. *Id.* at 1651.

146. The first refusal is discussed in Part I.B.6.a, and the second in Part I.B.6.b, above.

147. *In re* Sela Prods., LLC, 107 U.S.P.Q.2d 1580 (T.T.A.B. 2013).

Sela argued that several statements made by the registrant in the file history for the first cited mark, FORZA POWER TECHNOLOGIES, should have been considered by the examining attorney during prosecution of Sela's application, and should be considered by the Board. Analogizing the situation to that of an opposition, in which the file history of an opposed application is automatically of record, Sela contended that the examining attorney, functioning like a "quasi-opposer," had "introduced" this registration into the record, and therefore the file history should be considered of record for the appeal.

The Board was unmoved. There is no rule equivalent to Trademark Rule 2.122(b)(1)[148] that applies to ex parte proceedings. In any event, in an opposition proceeding, the file of an opposer's pleaded registration is not automatically part of the record; it must be submitted into evidence. And even if the statements that Sela referred to were considered, they would not have changed the Board's decision. Those statements were made in a very different context: an attempt to distinguish the mark FORZA POWER TECHNOLOGIES for surge protectors and other electrical items, over a citation of the mark FORZA for a hydrogen fuel cell power generator.

A decision maker "may not consider a party's opinion relating to the ultimate legal conclusion of likelihood of confusion (particularly in another case) as a binding admission of fact."[149] In sum, the registrant's statements could not be treated as indicating its position with respect to Applicant Sela's mark and its goods.

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148. Trademark Rule 2.122(b)(1), 37 C.F.R. § 2.122(b)(1), provides that, in inter partes proceedings, "[t]he file of each application or registration specified in a notice of interference, of each application or registration specified in the notice of a concurrent use registration proceeding, of the application against which a notice of opposition is filed, or of each registration against which a petition or counterclaim for cancellation is filed forms part of the record of the proceeding without any action by the parties and reference may be made to the file for any relevant and competent purpose."

149. *In re* Sela Prods., LLC, 107 U.S.P.Q.2d at 1584, citing Interstate Brands Corp. v. Celestial Seasonings, Inc., 198 U.S.P.Q. 151, 154 (C.C.P.A. 1978).

PART II. INTER PARTES CASES

By John L. Welch

A. United States Court of Appeals for the Federal Circuit

1. Section 2(d) Likelihood of Confusion

a. Likelihood of Confusion Found

Stone Lion Capital Partners, L.P. v. Lion Capital, LLP

The CAFC affirmed the TTAB's decision[150] sustaining an opposition to registration of the mark STONE LION CAPITAL for "financial services—namely, investment advisory services, management of investment funds, and fund investment services." The Board found the mark likely to cause confusion with the registered marks LION and LION CAPITAL for (in part) identical financial services.[151]

Stone Lion challenged the Board's finding as to the first, third, and fourth *du Pont* factors, contending that the Board conducted an erroneous comparison of the marks, erred in analyzing the purchasers and trade channels, and improperly dismissed purchaser sophistication and conditions of sale.

As to the marks, the CAFC found that the Board properly considered whether the marks were similar in sight, sound, meaning, and overall commercial impression. There was no error in reasoning that LION was dominant in the parties' marks, and the Board properly rested its ultimate conclusion upon a consideration of the marks in their entireties.

Stone Lion argued that the Board gave insufficient weight to statements made by the opposer during the prosecution of its LION CAPITAL application when distinguishing a third-party mark, ROARING LION. The court, however, observed that a party's prior statements may be "illuminative of shade and tone in the total picture"[152] but do not change the Board's obligation to reach its own conclusion on the record before it.

With regard to the third *du Pont* factor, the Board noted that the involved application and registration contained no limitations on the channels of trade or classes of customers, and it therefore presumed that the parties' services travelled through all normal channels of trade to the same classes of customers. Stone Lion contended that the Board's findings were not supported by

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150. Lion Capital, LLP v. Stone Lion Capital Partners, L.P., Opposition No. 91191681 (T.T.A.B. Jan. 18, 2013).

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

152. Quoting Interstate Brands Corp. v. Celestial Seasonings, Inc., 576 F.2d 926, 929, 198 US.P.Q. 151 (C.C.P.A. 1978).

substantial evidence because the parties' actual investors did not overlap. However, the CAFC pointed out, the question of registrability of an applicant's mark must be determined in view of the recitation of services set forth in the application, regardless of real-world conditions.[153] Even if there were no actual overlap in the parties' customers, the Board was correct in declining to look beyond the application and registrations at issue.

Similarly, as to the fourth *du Pont* factor, the Board properly focused on all potential customers for the involved services as recited in the application and registrations. Stone Lion's application included "investment advisory services," and Lion's registrations included "capital investment consultation." Those services were not restricted to high-dollar investments and sophisticated consumers but rather could be offered to, and purchased by, ordinary consumers seeking investment advice. The court observed that an applicant who chooses to recite services in its trademark applications that exceed the scope of the actual services would "be held to the broader scope of the application."[154]

Substantial evidence supported the Board's finding that, although ordinary consumers would exercise care when making financial decisions, they were "not immune from source confusion when similar marks" were "used in connection with related services."[155]

In sum, the Board properly determined that the first four *du Pont* factors favored a finding of likely confusion, and the remaining factors were neutral. And so the CAFC affirmed the Board's decision.

2. Collateral Estoppel

Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.

The CAFC reversed a TTAB decision[156] that had dismissed, on the ground of issue preclusion, an opposition and a cancellation proceeding brought by Levi Strauss over a stitching design for clothing.[157] The CAFC ruled that neither issue preclusion nor claim preclusion was applicable to the TTAB proceedings.

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153. Citing Octocom Sys., Inc. v. Houston Comp. Servs. Inc., 918 F.2d 937, 16 U.S.P.Q.2d 1783 (Fed. Cir. 1990).

154. Octocom Sys., Inc. v. Houston Comp. Servs. Inc., 918 F.2d 937at 943, 16 U.S.P.Q.2d at 1788 (a broad application "is not narrowed by testimony that the applicant's use is, in fact, restricted to a particular class of purchasers").

155. Stone Lion Capital Partners, L.P. v. Lion Capital, LLP, 110 U.S.P.Q.2d at 1163.

156. Levi Strauss & Co. v. Abercrombie & Fitch Trading Co., Opposition No. 91175601 and Cancellation No. 92049913 (T.T.A.B. Mar. 29, 2012).

157. Levi Strauss & Co. v. Abercrombie & Fitch Trading Co., 107 U.S.P.Q.2d 1167 (Fed. Cir. 2013).

After the TTAB proceedings were commenced (in 2007 and 2008), Levi Strauss sued Abercrombie & Fitch for trademark infringement and dilution. In 2009, both of those claims were dismissed in separate judgments, but the dilution ruling was later overturned by the U.S. Court of Appeals for the Ninth Circuit,[158] and in 2011 Levi Strauss opted to dismiss that claim.

In the district court action, the jury had found that Abercrombie & Fitch's design, appearing only on a line of jeans sold in Ruehl stores (RUEHL being a brand of Abercrombie & Fitch), did not infringe Levi Strauss's trademark, and the district court then ruled against Levi Strauss on the dilution claim. Levi Strauss appealed only from the dilution ruling, and the Ninth Circuit overturned that decision on the ground that the district court had applied the wrong standard in considering the similarity of the marks in question.[159]

While the Ninth Circuit appeal was pending, Abercrombie & Fitch discontinued the RUEHL brand but announced that it would use the same stitching design on a new brand, GILLEY HICKS. After remand to the district court, Abercrombie refused to agree to add the GILLEY HICKS line to the lawsuit, and the district court declined to allow Levi to amend its complaint to add that line. Levi then moved to voluntarily dismiss its dilution claim, and judgment was entered on that claim in 2011.

When the proceedings resumed at the TTAB, Abercrombie moved for summary judgment on the grounds of both claim and issue preclusion. The TTAB ruled that claim preclusion was inapplicable because of the "significant differences" between the facts required to establish infringement in court and those required to prove likelihood of confusion in a cancellation proceeding at the TTAB. However, the Board entered summary judgment in both the opposition and the cancellation proceeding on the issue preclusion ground, concluding that the district court's determination regarding the similarity or dissimilarity of the involved marks was applicable to the TTAB proceedings.

The CAFC held that, as to dilution, because the district court's original 2009 judgment was reversed on appeal it could not support either claim or issue preclusion. The only existing judgments, then, were the district court's 2009 ruling of non-infringement (which was not appealed to the Ninth Circuit) and its

158. Levi Strauss & Co. v. Abercrombie & Fitch Trading Co., 97 U.S.P.Q.2d 1947 (9th Cir. 2011).

159. *Id.* at 1958 ("[T]he plain language of 15 U.S.C. § 1125(c) does not require that a plaintiff establish that the junior mark is identical, nearly identical, or substantially similar to the senior mark in order to obtain injunctive relief. Rather, a plaintiff must show, based on the factors set forth in § 1125(c)(2)(B), including the degree of similarity, that a junior mark is likely to impair the distinctiveness of the famous mark.")

2011 judgment dismissing the dilution claim on Levi Strauss's own motion.

Issue Preclusion: The 2011 judgment on dilution was "only a voluntary dismissal with prejudice," and therefore had no issue-preclusive effect.[160] It was not dependent on any findings that supported the later-overturned 2009 dilution judgment. It did not decide any issue at all.

So the only possible basis for issue preclusion was the court's 2009 judgment of non-infringement, "[b]ut that judgment cannot bar Levi Strauss's challenges in the opposition and cancellation proceedings . . . . The USPTO proceedings involve a much broader set of issues than were presented to, or therefore adjudicated in, that court." The district court focused on whether the RUEHL line of products was likely to cause confusion *vis-a-vis* Levi Strauss's mark. The only findings adverse to Levi Strauss "were findings that the specific RUEHL-line uses—on particular products, which Abercrombie & Fitch sold in particular ways at particular prices—were not infringing."[161]

> An opposition or cancellation proceeding "requires consideration not only of what the applicant has already marketed or has stated the intention to market, but of all the items for which registration is sought." Because Abercrombie seeks to register a broad class of goods—"clothing, namely, jeans, skirts, shorts, pants and jackets"—without providing further limitations, the scope of the registrations at issue exceeds what the parties litigated in the district court.[162]

Claim preclusion: Although the TTAB's decision rested only on the ground of issue preclusion, the CAFC also held that the Board's decision could not be affirmed on the alternative ground of claim preclusion, because the TTAB proceedings and the district court action did not involve the same transactional facts, "pragmatically judged."[163]

As to the 2009 non-infringement judgment, the CAFC's decisions in *Jet, Inc. v. Sewage Aeration Systems*[164] and *Mayer/Berkshire Corp. v. Berkshire Fashions, Inc.*[165] were on

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160. *See* Amadeo v. Principal Mut. Life Ins. Co., 290 F.3d 1152, 1159 (9th Cir. 2002), and cases cited therein.

161. Levi Strauss & Co. v. Abercrombie & Fitch Trading Co., 107 U.S.P.Q.2d at 1172-73.

162. Levi Strauss & Co. v. Abercrombie & Fitch Trading Co., 107 U.S.P.Q.2d at 1173, quoting Mayer/Berkshire Corp. v. Berkshire Fashions, Inc., 424 F.3d 1229, 1233 Fed. Cir. 2005).

163. *Id.*

164. Jet, Inc. v. Sewage Aeration Sys., 223 F.3d 1360, 1366, 55 U.S.P.Q.2d 1854 (Fed. Cir. 2000).

165. Mayer/Berkshire Corp. v. Berkshire Fashions, Inc., 424 F.3d 1229, 1233, 76 U.S.P.Q.2d 1310, 1313 (Fed. Cir. 2005).

point: in both cases the CAFC held that the "array of differences in transactional facts conclusively demonstrates that claim preclusion cannot serve to bar" the TTAB proceedings.[166] However, the 2011 dilution judgment was not "squarely covered" by those two precedents because they did not involve an earlier dilution claim.[167]

The CAFC observed that, in deciding a dilution claim, a court may consider all relevant factors. "Under that standard, even if (as we need not decide) a dilution case brought in district court might try to cover the same full set of transactional facts relevant to a registration proceeding, a dilution case need not be so broad."[168] In fact, Levi Strauss's dilution claim was understood to challenge only the stitching design on the RUEHL line of clothing, not the full range of possible uses that Abercrombie sought to cover in its trademark application and registration.

Just as the "actual confusion" inquiry under Section 2(d) can change as uses change, so can the dilution inquiry, and particularly the "association" and "intent" inquiries required by Section 43(c).

> The pragmatic policies of claim preclusion do not support ignoring such differences. Nor do they justify inviting a two-stage strategy by a rival hoping to dilute a famous mark—start with a use that is hardest to prove dilutive, defeat the famous-mark owner's challenge to that use, and then introduce more obviously dilutive uses of the very same mark with an impunity given by claim preclusion. For such reasons, the judgment on Levi Strauss's dilution claim in district court does not preclude the PTO challenges any more than the judgment on its infringement claim does.[169]

B. Trademark Trial and Appeal Board

1. Section 2(d) Likelihood of Confusion

a. Likelihood of Confusion Found

Joel Gott Wines, LLC v. Rehoboth Von Gott, Inc.

Although there is no *per se* rule that all beverages are related for purposes of the Board's likelihood of confusion analyses, it often seems that way. Here, the Board sustained a Section 2(d)[170] opposition to registration of the word-and-design mark shown

166. Levi Strauss & Co. v. Abercrombie & Fitch Trading Co., 107 U.S.P.Q.2d at 1173.

167. *Id.*

168. *Id.* at 1174.

169. *Id.*

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

below [LIGHT disclaimed], for bottled water of various sorts, finding a likelihood of confusion with the registered marks GOTT and JOEL GOTT for wine.[171] Marketplace evidence and third-party registrations demonstrated that wine and water were of the type of goods that might emanate from a single source.

The Board viewed the design elements of the applicant's mark as "insignificant background elements," concluding that the applicant had "essentially appropriated registrant's mark GOTT without adding any other distinguishing features."[172] The word "LIGHT," disclaimed in the application, provided descriptive information regarding the applicant's products. The wave design merely "reinforces the connection to applicant's goods as water beverages and related goods."[173]

The Board found the applicant's mark and the mark GOTT to be similar in sight, sound, meaning, and commercial impression. Likewise, the applicant's mark is similar to the registered mark JOEL GOTT. The inclusion of the first name JOEL in the opposer's mark merely underscored the fact that GOTT connoted a person's name.

As to the goods, the opposer's evidence showed that wine and water were related. The opposer's witness testified that she purchased or obtained bottled water at several wineries, the water being sold under the same brand name as the wine. Use-based third-party registrations also suggested that these goods might emanate from a single source under a single mark.[174] This evidence "strongly favors a finding of likelihood of confusion."

As to channels of trade, the opposer proved that the involved goods will be marketed in similar venues, like grocery stores and "big box" stores. The opposer sells to Safeway, Wal-Mart, and Costco; the applicant's witness testified that it intended to sell its water in supermarkets. The fact that the goods would be sold in

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171. Joel Gott Wines, LLC v. Rehoboth Von Gott, Inc., 107 U.S.P.Q.2d 1424 (T.T.A.B. 2013).

172. *Id.* at 1430.

173. *Id.* at 1431.

174. *See In re* Mucky Duck Mustard Co., 6 U.S.P.Q.2d 1467, 1470 n.6 (T.T.A.B. 1988) *aff'd*, 864 F.2d 149 (Fed. Cir. 1988). *See also In re* Albert Trostel & Sons Co., 29 U.S.P.Q.2d 1783, 1785 (T.T.A.B. 1993).

the same large store did not necessarily support a Section 2(d) claim, but here there was testimony that both water and wine were sold at wineries, and, further, Mr. Joel Gott, the opposer's managing member, testified that he had seen water and wine sold in the same section of stores. Moreover, menus from restaurants included water and wine in the same menu section, and website printouts described mixing wine and water to make wine spritzers and other popular drinks, as well as the pairing of wine and water. Thus the opposer established that the involved goods were related products sold through the same trade channels to the same classes of consumers.

Weider Publications, LLC v.
D & D Beauty Care Company, LLC

The fame of the registered mark SHAPE for print and online magazines and for related online Internet content weighed heavily in favor of Opposer Weider in its opposition to registration of the mark SHAPES for beauty salon, nail care, and health spa services. The Board sustained this opposition on the ground of likelihood of confusion under Section 2(d), declining to reach the opposer's Section 43(c)[175] dilution-by-blurring claim.[176]

The opposer's SHAPE magazine focuses on health, fitness, beauty, and fashion. Its average monthly circulation of 1.65 million copies puts it in first place among women's active lifestyle magazines, and fourth among magazines directed to young women. Its SHAPE.COM website receives about three million visitors per month. Across all platforms, the opposer's SHAPE publications reached some six million people monthly, the vast majority of whom were women. The opposer would periodically sponsor live events under its SHAPE mark, at which various beauty services were provided. Its annual revenues since 2009 have been substantial.

The Board first considered the issue of fame, observing that fame has played a "dominant role in likelihood of confusion cases."[177] Because of the significance of the fame factor in the *du Pont* analysis, the party asserting fame must clearly prove it.[178]

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175. Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c).

176. Weider Publ'n, LLC v. D & D Beauty Care Co., LLC, 109 U.S.P.2d 1347 (T.T.A.B. 2014).

177. Bose Corp. v. QSC Audio Prods. Inc., 293 F.3d 1367, 63 U.S.P.Q.2d 1303, 1305 (Fed. Cir. 2002); Recot Inc. v. M.C. Becton, 214 F.3d 1322, 54 U.S.P.Q.2d 1894, 1897 (Fed. Cir. 2000).

178. Lacoste Alligator S.A. v. Maxoly Inc., 91 U.S.P.Q.2d 1594, 1597 (T.T.A.B. 2009); Leading Jewelers Guild Inc. v. LJOW Holdings LLC, 82 U.S.P.Q.2d 1901, 1904 (T.T.A.B. 2007).

The Board pointed out that fame for Section 2(d) purposes is a concept distinct from fame for dilution purposes. For likelihood of confusion, the opposer need not show fame "among every segment of the U.S. population." It is enough that a "significant portion of the relevant consuming public . . . recognizes the mark as a source indicator."[179]

Applicant D&D argued that the opposer's evidence was inadequate because there was no evidence regarding "the impact of [the] SHAPE mark on the minds of consumers" (e.g., declarations from consumers or survey results) and no evidence of unsolicited media attention. Fame under Section 2(d), however, may be measured indirectly via sales and advertising figures, length of use, general reputation, and the like. There is no requirement that a party submit declarations, surveys, evidence of unsolicited media references, or other direct evidence.[180]

The Board observed that, based on the record evidence, advertisers placed a premium on advertising in SHAPE magazine. The opposer had a substantial online presence through its website and its apps for smart phones, tablets, and computers, allowing the opposer to expand the reach of its brand exposure. Its magazine articles had won numerous editorial awards, and its representatives had appeared on nationally recognized television shows.

The Board therefore found that the opposer's SHAPE marks (in standard character and stylized form) were, for purposes of the likelihood of confusion analysis, famous for print and online magazines and for related online Internet content.

The applicant understandably did not contest the issue of the similarity of the marks. As to the involved goods and services, the Board considered helpful its decision in *The Condé Nast Publications Inc. v. Vogue Travel*,[181] wherein it found a likelihood of confusion between Conde Nast's magazine trademark VOGUE and the opposed mark VOGUE for travel agency services, based on the fact that the topic of travel was a significant feature of the magazine. Here, approximately 35 percent of the opposer's editorial content dealt with beauty and fashion-related topics, and 30 percent of its advertising content was directed to that same field. In addition, the magazine had included reviews of health and beauty spas, and the opposer had cross-promoted its magazine with spa operators and had offered giveaway prizes to spa destinations.

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179. Weider Publ'ns, LLC v. D & D Beauty Care Co., LLC, 109 U.S.P.Q.2d at 1354-55, quoting Palm Bay Imps. Inc. v. Veuve Clicquot Ponsardin Maison Fondée en 1772, 396 F.3d 1369, 73 U.S.P.Q.2d 1689, 1694 (Fed. Cir. 2005).

180. *Id.* at 1354, citing Bose Corp. v. QSC Audio Prods., Inc., 63 U.S.P.Q.2d at 1308.

181. The Condé Nast Publ'ns Inc. v. Vogue Travel, 205 U.S.P.Q. 579 (T.T.A.B. 1979).

The Board found that the "logical underpinnings of *Conde Nast* were equally, if not more relevant in the digital age with the delivery of magazines now available via websites and mobile apps."[182] It therefore found a close relationship between the content of SHAPE magazine and the services identified by applicant.

The Board acknowledged that the goods of the opposer and the services of the applicant travelled in distinct trade channels. However, both the applicant and opposer were targeting the same demographic audience: women. There was no evidence that the applicant's consumers were particularly deliberate in making their purchasing decisions.

The applicant pointed to use of the word "shape" in third-party applications and at third-party websites, arguing that the opposer's marks were weak. The Board noted, however, that pending applications had no probative value here,[183] and it observed that the third-party uses were in unrelated fields or involved multi-word composite marks that conveyed different commercial impressions from the opposer's mark. Even though SHAPE had some suggestive significance in the opposer's field of interest, the opposer had achieved such a degree of fame that the mark SHAPE "signifies only opposer as the source."[184]

Finally, Applicant D&D pointed to the lack of proof of actual confusion despite concurrent use of the involved marks since 2007. The Board pointed out, once again, that the test was likelihood of confusion, and proof of actual confusion was not required.[185] In any case, the applicant used the mark SHAPES BROW BAR, not SHAPES, and the recitation of services in the opposed application was broader than that in the SHAPES BROW BAR registrations.

Balancing the relevant *du Pont* factors, the Board found confusion likely and it sustained the opposition on the Section 2(d) ground.

The Board of Regents, The University of Texas System v. Southern Illinois Miners, LLC

The Board sustained two oppositions to registration of the mark MINERS, in standard characters and design form (below), for various printed materials related to professional baseball, in Class 16, and "professional baseball imprinted clothing," in

182. Weider Publ'ns, LLC v. D & D Beauty Care Co., LLC, 109 U.S.P.Q.2d at 1359.

183. *See, e.g.*, Nike Inc. v. WNBA Enters. LLC, 85 U.S.P.Q.2d 1187, 1201 (T.T.A.B. 2007); Glamorene Prods. Corp. v. Earl Grissmer Co., 203 U.S.P.Q. 1090, 1092 n.5 (T.T.A.B. 1979).

184. Weider Publ'ns, LLC v. D & D Beauty Care Co., LLC, 109 U.S.P.Q.2d at 1360.

185. *See, e.g.*, Hunter Indus., Inc. v. Toro Co., 110 U.S.P.Q.2d 1651, 1663 (T.T.A.B. 2014), citing Giant Food, Inc. v. Nation's Foodservice, Inc., 710 F.2d 1565, 1571, 218 U.S.P.Q. 390, 396 (Fed. Cir. 1983).

Class 25.[186] It found the marks likely to cause confusion with the registered mark MINERS owned by the University of Texas System and used by the University of Texas at El Paso, for "printed programs for college sporting events and media guides" and for "college imprinted clothing."[187]

The University of Texas at El Paso (UTEP) played sixteen collegiate sports, but it had not fielded a baseball team in twenty years. As a result of a prior TTAB proceeding, it had a license agreement with Missouri S&T (f/k/a the University of Missouri at Rolla) that allowed Missouri S&T to use the mark MINERS for college entertainment services and for "college imprinted goods" in seven Midwestern states (including Missouri and Illinois). The Missouri S&T baseball team operated under the licensed MINERS mark.

The applicant was a minor league baseball team based in Marion, Illinois, that played in the Frontier League under the name MINERS. The Frontier League consisted of teams from six Midwestern states, including Illinois and Missouri.

The Marks: The Board, not surprisingly, found the dominant portion of the applicant's design mark to be the word "MINERS," and it therefore deemed the mark similar to UTEP's mark in sound, appearance, meaning, and overall commercial impression.

The Goods: As we know, the greater the similarity between the marks at issue, the lesser the degree of similarity required between the goods to support a finding of likely confusion.[188] Both parties offered, under their respective marks, programs for athletic events and guides for media use, and both offered shirts, hats, and baby clothes.

Although most of the Class 16 goods listed in UTEP's registration are for "college sporting events," the term "media guides" was not so limited. Nothing in the record clarified how the meaning of this term might be different for collegiate sports teams

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186. Bd. of Regents v. S. Ill. Miners, LLC, 110 U.S.P.Q.2d 1182 (T.T.A.B. 2014).

187. The applicant's counterclaims for restriction of five of the opposer's pleaded registrations under Section 18 are discussed in Part II.B.13, below.

188. *Id.* at 1189, citing *In re* Opus One, Inc., 60 U.S.P.Q.2d 1812, 1815 (T.T.A.B. 2001); *In re* Concordia Int'l Forwarding Corp., 222 U.S.P.Q. 355, 356 (T.T.A.B. 1983).

and professional sports teams. Therefore the Board found that UTEP's "media guides" were not only closely related to the applicant's "printed guides in the field of professional baseball for media use," but were legally equivalent.

As to the Class 25 goods, the question was whether the term "college imprinted" and the term "professional baseball imprinted" distinguished the goods. The Board took these words to mean merely that the goods would have one of the marks printed on them. There was no evidence to support the applicant's assertion that "college imprinted" clothing must bear the school name, or be offered in traditional team colors, or be accompanied by a hangtag or sticker stating "Officially Licensed Collegiate Product." In short, the language "college imprinted" and "professional baseball imprinted" did not distinguish the goods "in any meaningful way."

Trade Channels: Because the Class 16 goods of the parties are in part legally identical, the Board must presume that they travel through the same channels of trade to the same classes of consumers.[189] Even if the term "media guides" in UTEP's registration were modified by the term "collegiate," nothing in the record suggested that these goods would not be distributed in the same media as the applicant's "printed guide in the field of professional baseball for media use."

As to the Class 25 goods, the applicant asserted that its clothing items are sold only online and at its stadium, basically to fans of the Frontier League, whereas UTEP's goods are primarily sold in the Conference USA region to UTEP fans. Irrelevant, said the Board, since there were no such restrictions in the involved applications or cited registrations.

Other *du Pont* Factors: Although the fans of the two parties may exercise care in purchasing the items at issue, the Board could not presume that fans are the only purchasers. Some individuals may purchase the goods for other personal reasons, perhaps simply because they like the look of the goods. Moreover because the involved marks are so similar, even sophisticated purchasers might be confused as to source.

The applicant contended that the existence of the Missouri S&T license weakened the opposer's mark because it allowed two colleges to use the same mark simultaneously in overlapping areas. Although skeptical about whether "this sort of agreement between otherwise unrelated universities is indeed a trademark license that indicates to consumers one source and one quality

189. *See, e.g.*, *In re* Viterra Inc., 671 F.3d 1358, 101 U.S.P.Q.2d 1905, 1908 (Fed. Cir. 2012); Am. Lebanese Syrian Assoc. Charities Inc. v. Child Health Research Inst., 101 U.S.P.Q.2d 1022, 1028 (T.T.A.B. 2011); *In re* Smith and Mehaffey, 31 U.S.P.Q.2d 1531, 1532 (T.T.A.B. 1994).

standard,"[190] the Board did not find sufficient evidence to require a downgrading of the strength of the opposer's marks.

Finally, the lack of evidence of actual confusion was not significant because the applicant had been in operation for only two years before discovery closed (in 2009). And the opposer UTEP struck out with its assertion of bad faith, because there was no evidence that the applicant adopted its mark with an intent to trade on UTEP's marks. In fact, the evidence showed that the applicant chose the name MINERS as a tribute to the coal mining tradition in Southern Illinois.

Resolving any doubt in favor of the prior user and registrant, the Board found confusion likely and it sustained both oppositions, deeming it unnecessary to reach the opposer's dilution claims (which, in all probability, would have failed for lack of proof of fame).

Hunter Industries, Inc. v. Toro Co.

Finding that Opposer Hunter Industries had established prior common-law rights in the mark PRECISION DISTRIBUTION CONTROL for irrigation sprinklers, the Board sustained its opposition to registration of the mark PRECISION for landscape irrigation nozzles and sensors on the ground of likelihood of confusion under Section 2(d).[191] Perhaps more interesting than the Section 2(d) analysis, however, were the Board's rulings on several evidentiary issues, discussed below.[192]

Priority: Applicant Toro relied on the filing date of its application, June 21, 2010, as its (constructive) first use date. Toro argued that its own mark PRECISION was suggestive, but that Hunter's mark PRECISION DISTRIBUTION CONTROL was merely descriptive. However, the record did not sufficiently support a finding that Hunter's mark, in its entirety, was merely descriptive. In any case, Hunter presented ample evidence to show that the mark had acquired distinctiveness prior to June 21, 2010. It submitted proof of continuous use of the mark for its goods since 1992, and its sales figures and marketing expenditures were "appreciable."[193]

Likelihood of Confusion: The Board found the word "PRECISION" to be the dominant and most significant feature of

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190. Bd. of Regents v. S. Ill. Miners, LLC, 110 U.S.P.Q.2d at 1196 n.23.

191. Hunter Indus., Inc. v. The Toro Co., 110 U.S.P.Q.2d 1651 (T.T.A.B. 2014).

192. *See* Part II.B.14.e, below.

193. Hunter Indus., Inc. v. Toro Co., 110 U.S.P.Q.2d at 1658-59, citing Perma Ceram Enterprises Inc. v. Preco Indus. Ltd., 23 U.S.P.Q.2d 1134, 1136 (T.T.A.B. 1992) ("[w]here the mark relied upon by a plaintiff in support of its priority of use and likelihood of confusion claim is merely descriptive . . ., then the plaintiff must establish priority of acquired distinctiveness.").

Hunter's mark because "DISTRIBUTION CONTROL" clearly described a precise feature of the sprinklers. Toro's mark PRECISION, the Board opined, would appear to prospective customers as a shortened version of Hunter's mark. Therefore the Board found the marks to be similar in sound, appearance, connotation, and commercial impression.

The Board found the goods to be identical in part, since the parties use their respective marks on rotating nozzles for irrigating lawns. The opposed application did not contain any limitation as to channels of trade or classes of customers, and so the Board assumed that Toro's goods moved in all the normal channels, and to all classes of purchasers, for those goods. Toro's channels of trade necessarily overlapped with those of Hunter for its nozzles.

Hunter's mark PRECISION DISTRIBUTION CONTROL may have been conceptually weak, but in light of Hunter's promotion of the mark and long use thereof, the Board found that the mark was entitled to protection against registration of PRECISION for overlapping and closely related goods.

The Board recognized that purchasers for the involved goods were landscape contractors who would exercise a degree of care and deliberation in deciding to make a purchase. However, even sophisticated buyers would be likely to view the subject marks as indicating a single source when they are used on identical or closely related goods.[194]

Inter IKEA Systems B.V. v. Akea, LLC

In a split decision, the Board sustained Opposer IKEA's opposition to registration of the mark AKEA for certain Class 35 services, including "providing advice and information in the field of career and business opportunities," finding the mark likely to cause confusion with the registered mark IKEA for educational services in the field of personnel management. But the Board dismissed IKEA's Section 2(d) claim as to the applicant's supplements and vitamins (Class 5) and its informational services regarding lifestyle topics (Class 44). IKEA also claimed dilution by blurring,[195] but that claim failed due to lack of proof that the mark IKEA became famous prior to the applicant's filing date.[196]

Likelihood of confusion: The Board found that, for Section 2(d) purposes, the mark IKEA was famous for "retail store services in the field of furniture, housewares and home furnishings," and was

194. *Id.* at 1662-63, citing HRL Assocs., Inc. v. Weiss Assocs., Inc., 12 U.S.P.Q.2d 1819 (T.T.A.B. 1989), *aff'd*, Weiss Assocs., Inc. v. HRL Assocs., Inc., 902 F.2d 1546, 14 U.S.P.Q.2d 1840 (Fed. Cir. 1990).

195. *See* Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c).

196. Inter IKEA Sys. B.V. v. Akea, LLC, 110 U.S.P.Q.2d 1734 (T.T.A.B. 2014).

otherwise a strong mark for furniture, housewares, home furnishing, food products, and restaurant services.

Not surprisingly, the Board found the involved marks to be similar. Both marks were coined terms that looked and sounded alike, had no known difference in meaning to distinguish them, and engendered a similar commercial impression.

As to the applicant's vitamins and supplements, Opposer IKEA failed to show any relationship between those goods and its goods and services. However, the applicant's services of "providing advice and information in the field of career and business development" were, the Board concluded, closely related to the opposer's educational courses in the field of personnel development—and these were the only goods or services in the case that were deemed to be related.

Opposer IKEA failed to prove that the applicant's vitamins and supplements moved in the same channels of trade as its own goods. However, the Board found that the channels of trade for the parties' related services overlapped. Consumers of the opposer's goods and services and of the applicant's products would exercise a moderate degree of care in their purchasing decisions, a factor that favored the applicant.

Balancing the relevant *du Pont* factors, the Board found that, despite the fame of the IKEA mark and its similarity to AKEA, confusion was not likely as to the applicant's Class 5 goods and Class 44 services because of the differences in the parties' respective goods and services, the differing channels of trade, and the degree of care that purchasers would exercise. The applicant's Class 35 services, however, were, in part, legally identical to those of Opposer IKEA, and therefore the Board found a likelihood of confusion as to the entire Class 35 list of services.[197]

Dilution: Assuming *arguendo* that the mark IKEA were famous for dilution purposes, the opposer's dilution claim failed, as previously indicated, because IKEA did not prove that its mark became famous prior to the filing date of the applicant's Section 1(b) application.[198]

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197. *Id.* at 1745: "In the context of likelihood of confusion, it is sufficient to find likelihood of confusion as to the entire class if likelihood of confusion is found with respect to use of the mark on any item in a class that comes within the description of goods," citing Tuxedo Monopoly, Inc. v. General Mills Fun Grp., 648 F.2d 1335, 209 U.S.P.Q. 986, 988 (C.C.P.A. 1981); Apple Computer v. TVNET.Net, Inc., 90 U.S.P.Q.2d 1393, 1398 (T.T.A.B. 2007).

198. Because the AKEA application was based on intent-to-use, Opposer IKEA was required to prove that its mark was famous prior the filing date of the AKEA application. *See* Section 43(c) of the Lanham Act; s*ee also* Research in Motion Ltd. v. Defining Presence Mktg. Grp., Inc., 102 U.S.P.Q.2d 1187, 1197 (T.T.A.B. 2012); General Mills Inc. v. Fage Dairy Processing Indus. SA, 100 U.S.P.Q.2d 1584, 1595 n.13 (T.T.A.B. 2011).

b. Likelihood of Confusion Not Found

Syndicat Des Proprietaires Viticulteurs De Chateauneuf-Du-Pape v. Pasquier DesVignes

Deeming the first *du Pont* factor to be dispositive, the Board dismissed this opposition to registration of the mark CHEMIN DES PAPES for "wines, sparkling wines," finding the mark not likely to cause confusion with the registered mark CHATEAUNEUF-DU-PAPE CONTRÔLÉ & Design, shown below, for wine.[199] Furthermore, in a significant ruling discussed below,[200] the Board held that the opposed application was not void in its entirety despite the applicant's (admitted) lack of *bona fide* intent to use the mark on "distilled spirits and liquors," which goods were included in that application as filed. Instead, the Board ordered that those goods be stricken from the application.

As explained in detail in the opinion, the opposer was an association, or syndicate, of certain winegrowers and a member of the Chateauneuf-du-Pape "appellation d'origine controlee" ("AOC").[201] These wine producers made wine from grapes grown only in the Chateauneuf-du-Pape territory of France. The designation "Chateauneuf-du-Pape" could be used by any producer whose wine had been fermented from grapes of permitted varieties grown in the defined Chateauneuf-du-Pape AOC territory.

The applicant was an independent négociant that sold wine, including wine lawfully labeled "Appellation Cotes du Rhone Controlee" and sold under the opposed mark. Cotes du Rhone was an AOC within the Rhone River valley.

The opposer claimed rights in the word mark CHATEAUNEUF-DU-PAPE but the Board concluded that the evidence did not establish that this term was a common law regional certification mark for wine, or that the opposer was the

199. Syndicat Des Proprietaires Viticulteurs De Chateauneuf-Du-Pape v. Pasquier DesVignes, 107 U.S.P.Q.2d 1930 (T.T.A.B. 2013).

200. *See* Part II.B.5, below.

201. AOC is an acronym for Appellation d'Origine Contrôlée, the French classification system. The AOC system is being replaced by the AOP regime of the European Union. *See* note 31, above.

rightful owner of that mark. The record showed that other organizations acted to prevent unauthorized use of the Chateauneuf-du-Pape AOC, and further that the INAO (Institut National des Appellations d'Origine) controlled the use of the AOC "Chateauneuf-du-Pape" designation as a certification of geographic origin and quality and type of grapes grown, cultivated, fermented, and bottled in the territory.

Turning to the registered word-and-design mark shown above, the opposer claimed that its mark was famous. The Board found, however, that although "Chateauneuf-du-Pape" was well known in this country as a type of wine that comes from a specific territory in France, the evidence of sales and media attention submitted by the opposer did not focus on the registered mark and failed to establish its fame.

As to the marks themselves, the Board concluded that the opposer's registered mark was dominated by its design elements because "Chateauneuf-du-Pape" was a weak source indicator—at least vis-a-vis the opposer—since it did not identify the opposer or its members as the single source of that wine. The registered mark was "just as likely to be remembered by the design of the papal insignia, which is unique to opposer."[202]

The applicant's mark CHEMIN DES PAPES means, in French, "the way (or road) of the popes." The words in the opposer's mark mean "new castle of the pope." The Board found that the terms "Chemin des Papes" and "Chateauneuf-du-Pape" were visually and orally different and evoked very different commercial impressions. "[T]o those who are familiar with the history of Rhone Valley wine and the road built by or to commemorate the pope, there is an even further attenuation as applicant's mark suggests this historical road, while opposer's mark does not."[203] And to purchasers who do not know French, there is even less chance of confusion.

Third-party registration and website evidence, along with testimony from the applicant's wine expert, showed that there are other wines sold under marks that include the word "pape" or "pope," leading the Board to conclude that "pape" is a weak element, present in many third-party marks.

The Board recognized that the identified goods are identical and the presumed channels of trade and classes of consumers are the same. However, it deemed the dissimilarity between the marks to be dispositive:

> When viewed in their entireties, giving due weight to the components of each mark, and taking into account the weakness of the term "Chateauneuf-du-Pape Contrôlé," and

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202. *Id.* at 1940.

203. *Id.*

> the weakness of "pape" due to other uses, the presence of the term "pape" as the only common element in both parties' marks is an insufficient basis for finding applicant's mark to create a likelihood of confusion. We find instead that confusion is not likely. Indeed, the first *du Pont* factor outweighs all of the other factors.[204]

The Board of Trustees of The University of Alabama and Paul W. Bryant, Jr. v. William Pitts, Jr. and Christopher Blackburn

In one of the longer opinions in recent memory, the TTAB dismissed this opposition to registration of the mark HOUNDSTOOTH MAFIA in the design form depicted below, for "shirts, caps" [HOUNDSTOOTH disclaimed], denying the opposers' claims of likelihood of confusion under Section 2(d), and false suggestion of a connection and disparagement, both under Section 2(a).[205] The opposers based their opposition principally on the extensive use of a houndstooth pattern that allegedly identified Coach Paul "Bear" Bryant and the University of Alabama's goods and educational and athletic services.

Likelihood of Confusion: Although Coach Bryant was recognized for wearing patterned fedoras at the University of Alabama's football games, that fact "does not endow either Coach Bryant (including his estate) or the University with trademark rights in the houndstooth pattern ("Houndstooth Pattern"). There is no evidence that Coach Bryant ever used the Houndstooth Pattern as a trademark in connection with products or services."[206] Therefore, the University did not acquire trademark rights in the Houndstooth Pattern from Coach Bryant or his estate.

The Board then turned to the question of whether the University itself had established common law trademark or service mark rights in the Houndstooth Pattern. The University had to prove that the pattern was either inherently distinctive or had acquired distinctiveness. The evidence showed use of the Houndstooth Pattern in an ornamental manner, and the Board

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204. *Id.* at 1943.

205. Bd. of Trs. v. Pitts, 107 U.S.P.Q.2d 2001 (T.T.A.B. 2013).

206. *Id.* at 2013.

found that the pattern would be perceived as a non-distinctive background design rather than as an indicator of source or sponsorship. Applying the CCPA's *Seabrook* test,[207] the Board concluded that the opposer's Houndstooth Pattern, which was used together with other trademarks and identifying indicia of the University, was not inherently distinctive.

As to acquired distinctiveness, there was no evidence that the University promoted or treated the Houndstooth Pattern, *per se*, as a trademark. Although the opposers submitted substantial evidence of media coverage commenting on Coach Bryant's houndstooth fedora, that evidence may have supported the association of a houndstooth fedora with the coach, but it did not establish any trademark association of the Houndstooth Pattern with the University. There was no evidence of "look for" advertising or other promotional efforts to create a source association between the Houndstooth Pattern and the University. The University's evidence regarding sales was not probative because the figures were not broken down to show sales of merchandise bearing the Houndstooth Pattern, nor did the University provide a date on which the sale of such merchandise bearing the Houndstooth Pattern began. However, even had itemized sales information been provided, its value would have been limited because the goods prominently featured the University's trademarks, including "Alabama," "Crimson Tide," and a "Stylized A" design.

The parties agreed that the public "associates houndstooth with Coach Bryant's hat and fans wear houndstooth apparel to the University's football games to show support for the University because they know that is 'what Coach Bryant wore.'"[208] In fact, the applicants sold their merchandise at Alabama football games. Nonetheless, there was no evidence that the houndstooth design on the fans' apparel served as a source indicator for the University. The University was not the exclusive user of the Houndstooth Pattern, because houndstooth apparel is available from other sources. The fact that fans wear houndstooth apparel of unknown origin cut against the University's claim of exclusive use.

The Board concluded that the "opposers' evidence does not get it into the end zone by proving it has trademark rights in the alleged Houndstooth Pattern mark."[209]

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207. Seabrook Foods, Inc. v. Bar-Well Foods, Ltd., 568 F.2d 1342, 196 U.S.P.Q. 289 (C.C.P.A. 1977). Under *Seabrook*, three factors are to be considered in assessing a package design: (1) whether the packaging is a common basic shape or design, (2) whether it is unique or unusual in the particular field, and (3) whether it is 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.

208. *Id.* at 2019.

209. *Id.* at 2020.

The opposers' assertion of rights in a crimson-and-white color scheme was, the Board concluded, a "red herring." The applicants' applied-for mark did not constitute an indicia of the University and therefore, even if it was depicted in red and white colors, it was not likely to be confused with the University's color scheme. Furthermore, whether use of the applicant's mark on crimson and red hats and shirts constituted infringement of the opposers' rights was an issue for the courts and beyond the Board's jurisdiction.

The opposers contended that the applicants adopted the applied-for mark in bad faith with an intent to create an association with the opposers, a fact that should be considered in the likelihood of confusion analysis. The Board, however, pointed out that "if confusion is not likely to result from the use of the marks, applicants' motives cannot affect their right to the registration sought."[210]

False Suggestion of a Connection: The Board focused on the "key factor" in the Section 2(a) false suggestion analysis: "whether applicants' mark is a close approximation of opposers' name or identity, i.e., a right in which opposers possess a protectable interest."[211] Moreover, the similarity required for a "close approximation" is "akin to that required for a likelihood of confusion under § 2(d) and is more than merely 'intended to refer' or 'intended to evoke.'"[212]

The Board found no basis for concluding that the applicants' mark closely approximated the University's identity. There was no showing that the University "used or promoted the Houndstooth Pattern, much less the word 'houndstooth,' in a manner that would constitute the University's identity."[213]

As to Coach Bryant, the accused mark must do more than simply "bring to mind" or reference the hat worn by him. The Board concluded that the applied-for mark did not closely approximate the identity or persona of Coach Bryant and therefore was not "unmistakably associated" with his identity or persona, nor did it "point uniquely" to him.

> [A]pplicants' mark is not the name or image of Coach Bryant, with his patterned fedora, nor does it contain his patterned fedora *per se*. The fact that applicants did not incorporate any of the foregoing in their mark diminishes the significance of their admission that they intended their mark, in part, to "make[] reference to the houndstooth hat that Coach Bryant wore at Alabama football games."[214]

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210. *Id.* at 2024.

211. *Id.* at 2025.

212. *Id.* at 2027.

213. *Id.* at 2026.

214. *Id.* at 2027.

Disparagement: The opposers contended that the applied-for mark was disparaging and brought them into contempt and disrepute because "mafia" referred to a criminal organization. The Board disagreed.

> While we appreciate that the term "mafia" may refer to organized crime, we do not find this meaning present given the context of applicants' mark. We cannot conclude on this record that consumers would reasonably associate organized crime with the University or Coach Bryant, especially when there is a much more plausible meaning for "mafia," which does not have the allegedly disparaging connotation advanced by opposers. There simply are no facts whatsoever in this record that suggest that those familiar with Coach Bryant would choose the derogatory meaning of "mafia" and infer that either the University or Coach Bryant is a member of, or has ties to, organized crime.[215]

The Board recognized that "mafia" had a positive definition unrelated to organized crime. The use of a common houndstooth pattern imparted a light-hearted connotation to the mark that was inconsistent with any sinister meaning. "In view of the incongruous nature of applicants' HOUNDSTOOTH MAFIA and Design mark, the mark would not be offensive to a reasonable person of ordinary sensibilities when used on applicants' apparel items."[216]

Coach/Braunsdorf Affinity, Inc. v. 12 Interactive, LLC

In a somewhat complicated, yet less than scintillating brouhaha, Coach/Braunsdorf petitioned for cancellation of a registration for the mark PERKSPOT for discount buying program services, claiming likelihood of confusion with its registered marks PERKS and PERKSCARD for volume discount buying services, and "Perks" for volume discount services provided via a magnetically encoded card.[217] The defendant counterclaimed for cancellation of the first two of the plaintiff's pleaded registrations on the ground of genericness, and cancellation of the third on the ground of mere descriptiveness. In a 57-page opinion that seemed much longer, the Board denied the genericness counterclaim,

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215. *Id.* at 2029.

216. *Id.* at 2030.

217. The PERKS and PERKSCARD marks were registered in "typed drawing" form, while "Perks" was registered in "standard character form." Prior to November 2, 2003, "standard character" drawings were known as "typed" drawings and had to appear in all capital letters. A typed mark is the "legal equivalent" of a standard character mark. TMEP § 807.03(i) (2014).

upheld the mere descriptiveness counterclaim, and dismissed the plaintiff's likelihood of confusion claim.[218]

Genericness counterclaim: The Board found the genus of the plaintiff's services to be volume discount buying services. The relevant public comprised companies that purchase volume discount buying services for customers and employees, as well as individuals who join organizations offering volume discount buying services.

In determining how the relevant purchasers perceive the marks PERKS and PERKSCARD, the Board considered dictionary definitions, the plaintiff's own use of the marks, and third-party use of the word "perks," including third-party registrations.

The dictionary evidence showed that a "perk" was an employee benefit that is additional to salary. Third-party use showed that the term "perks" had been extended to describe benefits provided to a person in order to induce him or her to enter into a commercial relationship, or provided as a reward to build loyalty.

A volume discount buying service was not, by its nature, a "perk." Neither PERKS nor PERKSCARD was the generic name of such a service. Although a volume discount buying service may have been a "perk," not all volume discount buying services were "perks." For example, such a service may have been offered to a customer other than as compensation for employment or as an inducement to enter into some other commercial relationship. And so the Board dismissed the genericness counterclaim.

Mere descriptiveness counterclaim: The plaintiff's registration for the mark "Perks" had already been cancelled for failure to file the required Section 8 declaration of use, but because the parties had briefed the mere descriptiveness issue, the Board decided the issue.[219]

The plaintiff maintained that the counterclaim to cancel the "Perks" registration was an improper collateral attack on its "incontestable"[220] PERKS registration. The Board agreed that it appeared illogical to cancel the "Perks" registration while the PERKS registration could not be attacked for mere descriptiveness. However, the Board pointed out, the "prior registration" or *Morehouse*[221] defense is an equitable defense that

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218. Coach/Braunsdorf Affinity, Inc. v. 12 Interactive, LLC, 110 U.S.P.Q.2d 1458 (T.T.A.B. 2014).

219. *Id.* at 1472, citing Trademark Rule 2.134(b), 37 C.F.R. § 2.134(b).

220. By the term "incontestable registration," the Board meant a registration that is beyond its fifth anniversary and thus immune to cancellation except upon limited grounds. *See* Section 14 of the Lanham Act. Note that Section 15 of the Lanham Act provides that the *exclusive right to use a mark* may become incontestable, but the Act makes no mention of "incontestable" *registrations*.

221. Under Morehouse Mfg. Corp. v. J. Strickland & Co., 407 F.2d 881, 160 U.S.P.Q. 715 (C.C.P.A. 1969), a defendant may claim that, because of its ownership of a registration for

is not available against a claim of mere descriptiveness. The public interest demands that registrations for marks that were merely descriptive be cancelled. The plaintiff's prior registration would remain viable, but the newer registration, with a newer filing date and less than five years of existence, was not immune to a mere descriptiveness attack.

The Board then found that the term "perks" directly conveyed information concerning a characteristic of the petitioner's services because the services were administered as "perks" programs. Consequently, judgment was entered in favor of the defendant on this mere descriptiveness counterclaim.

Likelihood of Confusion: The Board then considered the likelihood of confusion issue *vis-a-vis* the plaintiff's two remaining pleaded registrations, for PERKS and PERKSCARD. It found the involved services to be legally identical, and it therefore presumed that the channels of trade and classes of purchasers were the same.[222]

As to the strength of the pleaded marks, the Board found that in terms of conceptual strength, PERKS was descriptive. The fact that the PERKS registration was "incontestable" meant only that it could not be challenged as invalid on the ground of mere descriptiveness. However, for purposes of a likelihood of confusion analysis, the mark could be considered, in terms of conceptual strength, descriptive.[223] The mark PERKSCARD was likewise descriptive because it described a card used to obtain perks or benefits.

Given the weakness of the term "perks" in the petitioner's marks, the Board concluded that the defendant's mark PERKSPOT was sufficiently different from the marks PERKS and PERKSCARD to avoid a likelihood of confusion. And so the Board denied the petition for cancellation of the PERKSPOT registration.

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

Alcatraz Media, Inc. v. Chesapeake Marine Tours, Inc. dba Watermark Cruises

In another lengthy opinion, the Board granted a petition for cancellation of a registration for ANNAPOLIS TOURS for "conducting guided tours of historic districts and other areas of cities" [TOURS disclaimed], finding the mark to be merely

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the same or substantially identical mark for the same or substantially identical goods/services, plaintiff cannot be damaged by registration of the challenged mark.

222. Citing *In re* Yawata Iron & Steel Co., 403 F.2d 752, 159 U.S.P.Q. 721, 723 (C.C.P.A. 1968), and other cases.

223. *See, e.g.*, Lone Star Steakhouse & Saloon, Inc. v. Alpha of Va., Inc., 43 F.3d 922, 935 (4th Cir. 1995).

descriptive under Section 2(e)(1) and lacking in acquired distinctiveness.[224] The Board dismissed the petitioner's claims of genericness and fraud,[225] but it ruled that by showing the mark to be "highly descriptive," the petitioner had overcome the presumption arising from registration under Section 2(f)[226] and the burden shifted to the respondent to "defend its registration."[227]

Evidentiary rulings: The first one-third of the decision dealt with various evidentiary and procedural issues. Perhaps of most interest was the Board's ruling, under Rule 702 of the Federal Rules of Evidence,[228] that the petitioner's expert witness was not qualified to testify as to "actual consumer perception." The expert, a travel writer, did not conduct a formal survey, but instead based her proposed opinion of "the average American consumer of travel" from casual conversations about "visiting Annapolis." However, she did not keep records of any data regarding those conversations.

Genericness:[229] The Board found that the genus of services at issue was adequately defined by the respondent's recitation of services: "conducting guided tours of historic districts and other areas of cities."[230] The relevant consumers included leisure travelers, travel agencies, tour providers, and re-sellers. It was the petitioner's burden to show by a preponderance of the evidence that the term "Annapolis Tours" is understood by the relevant purchasing public as primarily referring to "conducting guided tours of historic districts and other areas of cities."

Petitioner Alcatraz relied on dictionary definitions, newspaper and magazine articles, and third-party testimony, including that of competitors of the respondent. The Board examined the evidence "up through the time of trial."[231] But the petitioner "submitted no

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224. Alcatraz Media, Inc. v. Chesapeake Marine Tours, Inc. dba Watermark Cruises, 107 U.S.P.Q.2d 1750 (T.T.A.B. 2013).

225. The fraud claim is discussed in Part II.B.4, below.

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

227. *Id.* at 1765.

228. Rule 702 of the Federal Rules of Evidence (Fed. R. Evid. 702), made applicable to Board proceedings by Trademark Rule 2.116(a) (37 C.F.R. § 2.116(a)), provides: "A witness who is qualified as an expert by knowledge, skill, experience, training, or education may testify in the form of an opinion or otherwise if: (a) the expert's scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue; (b) the testimony is based on sufficient facts or data; (c) the testimony is the product of reliable principles and methods; and (d) the expert has reliably applied the principles and methods to the facts of the case."

229. Section 14(3) of the Lanham Act, 15 U.S.C. § 1064, provides, in pertinent part, that "a petition to cancel a registration of a mark may be filed "[a]t any time if the registered mark becomes the generic name for the goods or services."

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

231. Alcatraz Media, Inc. v. Chesapeake Marine Tours, Inc. dba Watermark Cruises, 107 U.S.P.Q.2d at 1763, citing Consorzio del Prosciutto di Parma v. Parm Sausage Prods., Inc.,

evidence of use from a printed publication of the phrase 'Annapolis tours' *per se* as a generic designation for respondent's services."[232] A few articles showed use of "Annapolis tour" to describe a tour of the city of Annapolis.

The documents together with the testimony presented "at best a mixed record of use of the phrase both generically and as part of what appears to be trademarks or trade names."[233] Following *In re Merrill Lynch, Pierce, Fenner, and Smith Inc.*,[234] the Board ruled that the petitioner failed to prove genericness by a preponderance of the evidence.

Mere descriptiveness: The subject registration was issued under Section 2(f) based upon a five-year declaration of continuous and substantially exclusive use, without submission of actual evidence of acquired distinctiveness. The registration enjoyed a presumption that the registered mark had acquired distinctiveness, and the party seeking to cancel must "produce sufficient evidence for the Board to conclude in view of the entire record . . . that the party has rebutted the mark's presumption of acquired distinctiveness by a preponderance of the evidence."[235] According to *Cold War Museum, Inc. v. Cold War Air Museum, Inc.*,[236] the ultimate burden of persuasion remains on the cancellation petitioner.

Alcatraz argued that ANNAPOLIS TOURS was "highly descriptive" and therefore that a heightened showing of acquired distinctiveness was required. Chesapeake maintained that because the examining attorney did not require additional evidence of acquired distinctiveness, the mark should not be considered "highly descriptive," and further that the petitioner must prove that the subject mark was not in continuous and substantially exclusive use in order to meet its burden to overcome the presumption.

The Board ruled against Chesapeake, holding that "[t]he fact that respondent's mark was registered pursuant to Section 2(f) based solely on a declaration of use does not preclude petitioner

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23 U.S.P.Q.2d 1894, 1898 (T.T.A.B. 1992) (the language of Section 14(e) indicates "a clear Congressional intent that a registration may be cancelled whenever the registered mark becomes generic . . . no matter when in the life of the registration that should occur.")

232. *Id.* at 1763.

233. *Id.*

234. *In re* Merrill Lynch, Pierce, Fenner, and Smith Inc., 4 U.S.P.Q.2d 1141, 1143 (Fed. Cir. 1987) ("The mixture of uses unearthed by the NEXIS computerized retrieval service does not show, by clear evidence, that the financial community view and uses the term CASH MANAGEMENT ACCOUNT as a generic, common descriptive term for the brokerage services to which Merrill Lynch first applied the term.")

235. *Id.* at 1764.

236. The Cold War Museum, Inc. v. Cold War Air Museum, Inc., 92 U.S.P.Q.2d 1626, 1630 (Fed. Cir. 2009).

from introducing evidence that the mark is so highly descriptive as to require actual evidence of acquired distinctiveness in order to satisfy its initial burden of proof."[237] To hold otherwise would unduly restrict a plaintiff in its proofs and would fail to take into account changes in the marketplace. "Essentially, this would amount to substituting the examining attorney's determination, based on the limited record adduced during *ex parte* examination, in lieu of a more expansive record that may be shown in an *inter partes* proceeding."[238] Once the petitioner meets its initial burden, "the burden of proof shifts to respondent to defend its registration."[239]

Applying those standards, the Board found that Petitioner Alcatraz had "amply" demonstrated that the subject mark is "highly descriptive."[240]

> Given the highly descriptive nature of the mark and the fact that the only evidence that respondent offered at the time of registration was the five year period of use we find that petitioner has satisfied its initial burden of making a prima facie showing of lack of acquired distinctiveness.[241]

The burden then shifted to Respondent Chesapeake to "now prove acquired distinctiveness based on any 'additional evidence or argument' . . . , keeping in mind that petitioner bears the ultimate burden of proof by a preponderance of the evidence."[242]

The Board found the respondent's sales figures to be "quite low." Proof of media recognition was lacking. The respondent's evidence of continuous use since 1992 was "problematic," the testimony of its witnesses was "mixed," and the petitioner's rebuttal testimony cast further doubt on the issue.[243]

The Board concluded that, given the highly descriptive nature of the term "ANNAPOLIS TOURS," Respondent Chesapeake's evidence was insufficient to rebut the prima facie case of descriptiveness established by Petitioner Alcatraz, and the petitioner had met its ultimate burden of proof. The Board

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237. Alcatraz Media, Inc. v. Chesapeake Marine Tours, Inc. dba Watermark Cruises, 107 U.S.P.Q.2d at 1765.

238. *Id.*

239. *Id.* This is a misstatement of the law. In a cancellation proceeding, the burden of producing evidence may shift, but not the ultimate "burden of proof" on the issue of acquired distinctiveness, which remains with the cancellation petitioner. *See* note 298, below.

240. The Board's explanation of why it applied the "highly descriptive" label consisted solely of this statement: "See discussion, 'Genericness Claim' *supra*."

241. Alcatraz Media, Inc. v. Chesapeake Marine Tours, Inc. dba Watermark Cruises, 107 U.S.P.Q.2d at 1765.

242. *Id.* at 1765 citing Cold War Museum, Inc. v. Cold War Air Museum, Inc., above.

243. *Id.* at 1766.

therefore granted the petition to cancel on the ground of mere descriptiveness.

3. Dilution by Blurring

Chanel, Inc. v. Makarczyk

The Board sustained Chanel, Inc.'s opposition to registration of the mark CHANEL for "real estate development and construction of commercial, residential and hotel property," finding the mark likely to cause dilution-by-blurring of the opposer's famous CHANEL mark.[244] Applicant Jerzy Makarczyk, appearing *pro se*, agreed to proceed under the Board's Accelerated Case Resolution ("ACR") regime,[245] following the "summary judgment model." He neither filed a brief nor submitted any testimony or evidence.

Fame and Distinctiveness: Chanel established that it began using its mark in the United States in the 1930s. It submitted fifteen registrations for the CHANEL mark, for perfume and cosmetics, jewelry, clothing, handbags, sunglasses, watches, key chains, leather goods, and retail store services. Its annual sales figures were "extremely high," and advertising expenditures were in the tens of millions of dollars per annum. Chanel's website received millions of visits per year, and celebrities from Marilyn Monroe to Brad Pitt have endorsed its products or have appeared in the opposer's advertising.

The CHANEL mark has consistently been ranked as one of the most recognized and famous brands in the United States. Survey evidence demonstrated that the mark is "extremely well known and enjoys an unusually high degree of unaided and aided recognition."[246] Moreover, those surveys were commissioned prior to the commencement of this proceeding and were used in the ordinary course of business, making them even more probative.[247]

> Opposer's consistent history of U.S. advertising on multiple platforms such as print and social media, its extremely high sales figures and its high degree of unsolicited media attention and unaided consumer recognition, support the finding that CHANEL enjoys widespread recognition among the general

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244. Chanel, Inc. v. Makarczyk, 110 U.S.P.Q.2d 2013 (T.T.A.B. 2014).

245. Under the ACR model selected by the parties, each party submitted—in lieu of separate assigned testimony and briefing periods—a summary judgment-style brief with attached evidentiary submissions, effectively merging the trial and briefing periods into a single stage. Note that the TTAB provides considerable information regarding various ACR options at its website at http://www.uspto.gov/trademarks/process/appeal/index.jsp. And *see* Section 702.04 of the TBMP (June 2014 revision).

246. Chanel, Inc. v. Makarczyk, 110 U.S.P.Q. at 2022.

247. *Id.*

public and is a "household name"[248] synonymous with high fashion and style for the products and services identified in its pleaded registrations, and is therefore famous for dilution purposes.[249]

Although some of the opposer's registrations were issued under Section 2(f), the record evidence established that the mark CHANEL had acquired distinctiveness and therefore was "distinctive" within the meaning of Section 43(c).[250]

When did CHANEL become famous? A dilution claimant must show that its mark became famous prior to the applicant's first use date[251] (here, the applicant's filing date of April 17, 2012). The Board found it well established that the CHANEL mark became famous before that date.

Will blurring occur? Dilution-by-blurring occurs when "a substantial percentage of consumers, when seeing the junior party's use of a mark on its goods or services, are immediately reminded of the famous mark and associate the junior party's use with the owner of the famous mark."[252] Moreover, that association must "impair" the distinctiveness of the famous mark.[253]

Considering the six non-exhaustive factors set forth in Section 43(c)(2)(B),[254] the Board found the involved marks to be (not surprisingly) identical, the opposer's mark CHANEL to be highly distinctive, the opposer's use of its mark to be substantially exclusive, and consumer recognition of the opposers' mark to be high. It found that Applicant Makarczyk intended to trade on the fame and goodwill of the CHANEL mark, as evidenced by statements on his website. And finally, the Board found the sixth factor (any actual association) to be neutral.

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248. Quoting Coach Servs. Inc. v. Triumph Learning LC, 101 U.S.P.Q.2d 1713, 1725 (Fed. Cir. 2012) ("a famous mark is one that has become a 'household name'").

249. Chanel, Inc. v. Makarczyk, 110 U.S.P.Q. at 2022.

250. Section 43(c)(2)(A) of the Lanham Act, 15 U.S.C. § 1125(c)(2)(A), states that a court "may consider all relevant factors" in determining whether a mark possesses the requisite degree of recognition to qualify for dilution protection.

251. *See* note 198, above.

252. Chanel, Inc. v. Makarczyk, 110 U.S.P.Q.2d at 2022, citing Nike Inc. v. Maher, 100 U.S.P.Q.2d 1018 (T.T.A.B. 2011); Nat'l Pork Bd. v. Supreme Lobster and Seafood Co., 96 U.S.P.Q.2d 1479 (T.T.A.B. 2010).

253. *Id.*, citing Nike Inc. v. Maher, 100 U.S.P.Q.2d at 1023.

254. Section 43(c)(2)(B), 15 U.S.C. § 1125(c)(2)(B) provides: "'[D]ilution 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."

As to the issue of impairment, the Board observed that, although Chanel, Inc. had no current involvement in real estate, many luxury brands had licensed use of their marks in connection with hotels, and others had found opportunities in related areas, like interior design services and bathroom fixtures. This evidence sufficed to show that the opposer would likely suffer an impairment of the distinctiveness of its mark.

In sum, the Board found dilution-by-blurring likely and it sustained the opposition on that ground, declining to reach the opposer's Section 2(a) and Section 2(d) claims.

4. Fraud[255]

Caymus Vineyards v. Caymus Medical, Inc.

The Board denied Opposer Caymus Vineyards' motion to dismiss[256] Applicant Caymus Medical's counterclaim for cancellation of a registration for the mark CAYMUS for wine, ruling that the applicant's pleading was adequate to state a claim of fraud.[257] However, the Board granted the opposer's motion to dismiss the applicant's second counterclaim, which was based on Section 2(e)(2)[258] [geographic descriptiveness], ruling that the counterclaim was barred by the five-year statute of limitations embodied in Section 14[259] of the Lanham Act.

Fraud claim: The Board observed that under *In re Bose*,[260] a party claiming fraud must allege that the other party obtained the subject registration by "knowingly making a false, material representation of fact with the intent to deceive"[261] the USPTO. "[A]llegations of fraud must be set forth with particularity, although malice, intent, knowledge, and other conditions of a person's mind may be averred generally."[262]

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255. For a thorough discussion of the issue of fraud on the USPTO, *see* Theodore H. Davis Jr. and Lauren Brenner, *Allegations of Fraudulent Procurement and Maintenance of Federal Registrations Since* In re Bose Corp., 104 TMR 933 (2014).

256. 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."

257. Caymus Vineyards v. Caymus Med., Inc., 107 U.S.P.Q.2d 1519 (T.T.A.B. 2013).

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

259. Section 14 of the Lanham Act, 15 U.S.C. § 1064, in pertinent part, requires that a petition for cancellation of a mark be brought within five years of the date of registration, except on certain limited grounds, not including Section 2(e)(2) of the Lanham Act, 15 U.S.C. § 1052(e)(2).

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

261. Caymus Vineyards v. Caymus Med., Inc, 107 U.S.P.Q.2d at 1522.

262. *Id.*

Construing the allegations of the counterclaim in the light most favorable to the applicant, the Board found that the applicant had alleged with sufficient particularity facts that, if proven at trial, would establish fraud. The applicant alleged "when and how the fraud allegedly occurred and the content of the false representations," and indicated "what was obtained by reason of the asserted fraud."[263]

Specifically, the examining attorney had asked the opposer, during prosecution of the underlying application, whether CAYMUS had any geographical significance or any meaning in a foreign language. As a result of that conversation, the examining attorney entered the following amendment: "[t]he wording 'CAYMUS' has no significance other than trademark significance."

The applicant alleged that opposer knowingly, and with deceptive intent, failed to disclose that CAYMUS "had primarily geographic significance, and that [the opposer's] grapes are grown and/or its wine is produced near or at the Caymus [California] locale."[264] The applicant further alleged that the opposer made this false statement in order to induce the USPTO to rely thereon, which the USPTO did by issuing, renewing, and maintaining the registration.

The opposer, on the other hand, contended that because the amendment was entered by the examining attorney and was not the opposer's statement *per se*, the attribution of knowing, deceptive intent is "speculative." The Board was unmoved: "It is applicant's responsibility to ensure that accurate information is transmitted to the USPTO."[265] If the opposer believed that the amendment did not accurately reflect the information provided by its counsel, it had an obligation to immediately inform the examining attorney. "Deliberately omitting relevant information, as has been alleged by applicant, may be treated as the equivalent of a false statement in its effect and also, under certain circumstances, show the necessary element of intent."[266] And, of course, a client is bound by the actions of its attorney.[267]

The opposer maintained that "CAYMUS" had only historical and cultural significance—no geographic significance—but the Board pointed out that this was irrelevant to whether the applicant had properly stated a claim of fraud.

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263. *Id.* at 1523.

264. *Id.*

265. *Id.*, quoting Grand Canyon W. Ranch, LLC v. Hualapai Tribe, 88 U.S.P.Q.2d 1501, 1510 (T.T.A.B. 2008).

266. *Id.* at 1524, citing Swiss Watch Int'l Inc. v. Fed'n of the Swiss Watch Indus., 101 U.S.P.Q.2d 1731, 1746 (T.T.A.B. 2012).

267. *Id.* at 1523 n.5, citing CTRL Sys., Inc. v. Ultraphonics of N. Am. Inc., 52 U.S.P.Q.2d 1300, 1302 (T.T.A.B. 1999).

And so the Board denied the motion to dismiss the fraud counterclaim.

Section 2(e)(2) claim: Although the opposer's pleaded registration was more than five years old, the applicant maintained that because of the opposer's fraud, the Section 14 bar to cancellation should not apply to its claim of geographic descriptiveness. The Board disagreed:

> The assertion that opposer may have fraudulently procured its registration, while stating a valid ground for cancellation of a registration that is more than five years old, does not allow applicant to assert a ground that is available only when a registration is less than five years old.[268]

The Board therefore granted the opposer's motion to dismiss the applicant's second counterclaim as time-barred by Section 14 of the Act.

Alcatraz Media, Inc. v. Chesapeake Marine Tours, Inc. dba Watermark Cruises

In this cancellation proceeding involving a registration for the mark ANNAPOLIS TOURS for "conducting guided tours of historic districts and other areas of cities," Petitioner Alcatraz claimed fraud based on allegedly false statements made in Respondent Chesapeake's Section 2(f) declaration regarding substantially exclusive and continuous use.[269] Alcatraz asserted that the declarant took no action to verify whether the respondent's predecessor had made such use of the mark, and furthermore that the declarant knew that the predecessor was not using "Annapolis Tours" as a source indicator. Alcatraz also contended that the declarant was aware of third-party usage. According to Alcatraz, "the requisite intent to deceive the USPTO can be inferred" from the declarant's "conduct in this proceeding," and that at a minimum her execution of the Section 2(f) evidenced a "reckless disregard" for the truth.

Chesapeake pointed to the fact that its principal sought advice of counsel before executing the Section 2(f) declaration, but the Board observed that seeking such legal advice is not an impenetrable defense to a claim of fraud. However, it is up to the fraud claimant to establish a factual basis for the inapplicability of the advice-of-counsel defense by, for example, eliciting further

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268. *Id.* at 1525.

269. Alcatraz Media, Inc. v. Chesapeake Marine Tours, Inc. dba Watermark Cruises, 107 U.S.P.Q.2d 1750 (T.T.A.B. 2013). The genericness and mere descriptiveness issues are discussed in Part II.B.2, above.

testimony as to the advice received and the extent to which the advice was taken.[270]

Examining the declarant's testimony, which did not include an inquiry into the nature of the advice given, the Board concluded that the petitioner had failed to prove fraud "'to the hilt' with clear and convincing evidence."[271] The declarant's testimony demonstrated that, even if the statements in her declaration were factually false, they were not made with an intent to deceive the USPTO. She testified that she "believed" that her statements regarding continuous and substantially exclusive use were true based on her observations, and that she did not merely rely on advice of counsel.

Furthermore, her testimony demonstrated that she did not act with recklessness, and therefore the Board found no need to decide whether a "reckless disregard for the truth" is sufficient to support a finding of fraud.[272]

5. Lack of *Bona Fide* Intent

Syndicat Des Proprietaires Viticulteurs De Chateauneuf-Du-Pape v. Pasquier DesVignes

In a significant ruling, the Board dismissed this opposition[273] to registration of the mark CHEMIN DES PAPES on the ground that the opposed application was not void in its entirety as a result of the applicant's lack of *bona fide* intent to use the mark on some of the goods included in the application.[274]

The Board granted the opposition with respect to "distilled spirits and liquors," because the applicant conceded that it lacked a *bona fide* intent to use its mark for those goods. However, the Board declined to declare the entire application void, citing *The Wet Seal, Inc. v. FD Management, Inc.*[275] It ordered that the

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270. *See* M.C.I. Foods, Inc. v. Bunte, 96 U.S.P.Q.2d 1544, 1550 (T.T.A.B. 2010).

271. Alcatraz Media, Inc. v. Chesapeake Marine Tours, Inc. dba Watermark Cruises, 107 U.S.P.Q.2d at 1767, quoting *In re* Bose Corp., 91 U.S.P.Q.2d 1938, 1939 (Fed. Cir. 2009), in turn quoting Smith Int'l, Inc. v. Olin Corp., 209 U.S.P.Q. 1033, 2044 (T.T.A.B. 1981).

272. The question of whether a reckless disregard for the truth would satisfy the intent requirement for a finding of fraud was left unanswered in the seminal fraud case, *In re* Bose Corp., 91 U.S.P.Q.2d 1938, 1942 n.2 (Fed. Cir. 2009) ("The PTO argues that . . . making a submission to the PTO with reckless disregard of its truth or falsity satisfies the intent to deceive requirement. We need not resolve this issue here.")

273. A second ground for dismissal (Section 2(d) as to "wines, sparkling wines") is discussed in Part II.B.1.b, above.

274. Syndicat Des Proprietaires Viticulteurs De Chateauneuf-Du-Pape v. Pasquier DesVignes, 107 U.S.P.Q.2d 1930 (T.T.A.B. 2013).

275. The Wet Seal, Inc. v. FD Mgmt., Inc., 82 U.S.P.Q.2d 1629 (T.T.A.B. 2007) (stating, in *dictum*, that "an application will not be deemed void for lack of a bona fide intention to use absent proof of fraud, or proof of a lack of bona fide intention to use the mark on all of the goods identified in the application, and not just some of them.").

identification of goods in the opposed application be amended to delete "distilled spirits and liquors," leaving "wines, sparkling wines" in the application.

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

The Board sustained an opposition to registration of the mark IWATCH, in standard character form, for watches, clocks, and parts thereof, finding that Applicant M.Z. Berger lacked the requisite *bona fide*[276] intent to use the mark in commerce in connection with its identified goods.[277] Based on the record evidence, the Board concluded that Berger filed the subject application merely in order to reserve a right in the mark in case it developed a product at some future time. The Board, however, dismissed the opposer's Section 2(d) claim based on its famous mark SWATCH for identical goods, ruling that the marks were so different as to make confusion unlikely.

Likelihood of confusion: Despite the overlap in goods, the presumed identity of channels of trade and classes of consumers, and the fame of the opposer's SWATCH mark, the Board found the first *du Pont* factor, the similarity or dissimilarity of the marks, to be dispositive because the involved marks differ significantly in sound, meaning, and overall commercial impression.[278]

Lack of *Bona Fide* Intent: the applicant provided some documentary evidence relating to its alleged *bona fide* intent to use the IWATCH mark, but all of the documents related to its application to register: a trademark search report; an internal email reporting a conversation with the examining attorney; and three internal emails forwarding pictures or renderings of watches and a clock featuring the IWATCH mark, created eight months after the application was filed and submitted to the USPTO as samples of promotional materials. However, these latter documents were apparently never used for any promotional or other purposes, and Berger's witnesses disagreed as to what the pictures represented: mockups or renderings.

Although a trademark search report may, in some cases, be probative on the issue of *bona fide* intent,[279] under the totality of

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276. A person who files an application to register a trademark under Section 1(b) of the Lanham Act, 15 U.S.C. Section 1051(b), must have a "bona fide intention, under circumstances showing the good faith of such person, to use [the] trademark in commerce."

277. Swatch AG v. M.Z. Berger & Co., 108 U.S.P.Q.2d 1463 (T.T.A.B. 2013).

278. *Id.* at 1471, quoting Kellogg Co. v. Pak'em Enters. Inc., 951 F.2d 330, 21 U.S.P.Q.2d 1142, 1145 (Fed. Cir. 1991) ("We know of no reason why, in a particular case, a single *du Pont* factor many not be dispositive"). The Kellogg court affirmed the T.T.A.B.'s summary judgment ruling that the mark FROOTEE ICE for flavored ice bars was not confusingly similar to FROOT LOOPS for breakfast cereal.

279. *Id.* at 1474.

circumstances, these documents did not establish a *bona fide* intent on the part of Berger as of the application filing date.

The remaining evidence comprised the testimony of Berger's witnesses. There was probative evidence that Berger did not intend to use the mark on any clocks, nor on any subsidiary goods. As to watches, the issue was closer. According to the testimony, Berger held internal brainstorming sessions regarding what it might do with the mark, and there was contradictory testimony regarding a discussion with a buyer, but in any case nothing further developed.

The evidence showed that "applicant's idea was to use the IWATCH mark only in association with a 'smart watch.'"[280] But it had never previously offered a watch incorporating such technological features, and it made no plans for developing or sourcing such a watch at any time before or within fifteen months after filing its application.

The Board took into consideration the fact that Berger had been in the watch and clock business for decades, which circumstance might weigh against a finding of lack of *bona fide* intent.[281] However, that evidence was outweighed by (1) testimony that it did not intend to use the mark for clocks when the application was filed, (2) testimony indicating a lack of intention to use the mark on the identified subsidiary goods, and (3) contradictory testimony regarding its efforts to develop and market an IWATCH-brand watch.

The Board concluded that, at the time it filed the subject application to register, Applicant Berger's intent was "merely to reserve a right in a mark" in case it later decided to develop an associated product, rather than to use the mark in commerce on the identified goods. The intent to reserve rights in a mark "does not equate to a *bona fide* intent to use the mark,"[282] and therefore the Board sustained the opposition.

Lincoln National Corp. v. Anderson

The Board sustained two oppositions to registration of the mark FUTURE, in standard character and stylized forms, for various services in Classes 35 and 36, finding that Applicant Kent G. Anderson lacked a *bona fide* intent to use the mark with the recited services as of the filing date of the applications.[283] The Class 36 services related to banking and finance, while the

280. *Id.* at 1476-77.

281. *See* Wet Seal, Inc. v. FD Mgmt., Inc., 82 U.S.P.Q.2d 1629, 1643 (T.T.A.B. 2007).

282. Swatch AG v. M.Z. Berger & Co., 108 U.S.P.Q.2d at 1477, citing Saul Zaentz Co. v. Bumb, 95 U.S.P.Q.2d 1723, 1726-27 (T.T.A.B. 2010).

283. Lincoln Nat'l Corp. v. Anderson, 110 U.S.P.Q.2d 1271 (T.T.A.B. 2014).

Class 35 recitation encompassed services ranging from shopping malls and aircraft dealerships to talent agencies and dog breeding.

The Board concluded that Anderson was "merely attempting to reserve a general right in his FUTURE mark when he filed his intent-to-use applications." His "idealistic hopes for forming a futuristic company" (described at his website and in his testimony), did not suffice to establish a *bona fide* intention to use the mark.[284]

The legislative history of Section 1(b) furnished support for the Board's finding. It provided an example of objective evidence that could cast doubt on an applicant's *bona fides*: the filing of "an excessive number of intent-to-use applications in relation to the number of products the applicant is likely to introduce."[285] Although Anderson filed for many classes in each of the two applications here opposed, rather than filing a multiplicity of applications, the same reasoning applied: the sheer number of classes and their diverse scope led the Board to find it "highly unlikely" that Anderson would be able to introduce the Class 35 and Class 36 services during the pendency of his applications.[286]

There was no record evidence to show that Anderson ever had the capacity to provide any of the services in Class 35 and Class 36. He admitted same, testifying that if he had the resources and knowledge, he would provide the services. His efforts and activities regarding implementation of his plans for the FUTURE mark were too non-specific to support a finding of a *bona fide* intent.

And so the Board sustained the oppositions on the ground of lack of *bona fide* intent.[287]

6. Nonuse

Clorox Co. v. Salazar

The Board granted Clorox's motion for summary judgment in this opposition to registration of the mark CLOROTEC & Design for "electronic equipment, namely, electrolysis cell [sic] for use in the manufacture of various ionic solutions," finding that Applicant Salazar did not make a *bona fide* use of the mark in commerce on the identified goods prior to the filing of his use-based

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284. *Id.* at 1277.

285. S. Rep. No. 100-515, 100th Cong. 2d Sess. at 23-24 (1988). Section 1(b) was introduced into the Lanham Act by the Trademark Law Revision Acton of 1988 ("TLRA"), Pub. L. No. 100-667, 102 Stat. 3935 (Nov. 16, 1988).

286. Lincoln Nat'l Corp. v. Anderson, 110 U.S.P.Q.2d at 1277-78.

287. The Board also sustained the oppositions, in part, under Section 2(d).

application.[288] The subject application therefore was declared void *ab initio* and judgment was entered in favor of Clorox.[289]

Salazar admitted in his interrogatory answers, and in a declaration filed with the Board, that he had not used the subject mark on any product sold in the United States and had not shipped any product into the United States. However, Salazar pointed to his advertisement and offer for sale of the subject goods on the English-language version of his website, and further asserted that machinery parts (presumably to make the goods) had been shipped since May 2011 (eleven months after his filing date) from his manufacturer in Utah to him in Mexico through one of his licensees in Texas.

The Board concluded that because Salazar did not sell or transport his identified goods bearing the subject mark in the United States, he had not made *bona fide* use of his mark in commerce as of the filing date of his use-based application.[290]

Salazar contended that it would be inequitable and inconsistent with Congressional intent to require a sale of his product when he was selling fewer than one per year, on average, at prices ranging from two hundred thousand dollars to two million dollars or more, or to require transportation of a one-ton piece of custom-made machinery. The Board, however, observed that Salazar's position conflicted with the clear and plain statutory definition of "use in commerce," and further that Salazar failed to cite any supporting authority for his theory.

Salazar's use of the subject mark on his website was mere advertising use and did not constitute use of the mark in commerce within the meaning of the Lanham Act.[291] And the shipment of parts from Utah to Mexico subsequent to the filing of the application was of no relevance. Moreover, the Board observed (in blatant *dictum*), that even assuming *arguendo* that this shipment occurred before the filing date, no actual finished products were shipped, and even if finished products (or all necessary parts) had been shipped, such shipment from a manufacturer to the owner of the mark would be merely a delivery of goods to the trademark owner in preparation for offering the

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288. Use-based applications are, of course, filed under Section 1(a) of the Lanham Act, 15 U.S.C. § 1051(a).

289. Clorox Co. v. Salazar, 108 U.S.P.Q.2d 1083 (T.T.A.B. 2013).

290. Section 45 of the Lanham Act, 15 U.S.C. § 1127, defines "Use in Commerce" as follows: "a mark shall be deemed in use in commerce—(1) on goods—when (A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags of labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and (B) the goods are sold or transported in commerce."

291. *See*, *e.g.*, *In re* Anpath Group, Inc., 95 U.S.P.Q.2d 1377 (T.T.A.B. 2010), and cases cited therein.

goods for sale and would not be a *bona fide* use of the mark in commerce.[292]

The Board therefore granted the summary judgment motion, sustained the opposition, and refused registration to Salazar.

7. Genericness

Sheetz of Delaware, Inc. v. Doctor's Associates Inc.

The Board sustained an opposition to registration of FOOTLONG for "sandwiches, excluding hot dogs," finding the term to be generic, and if not generic, then merely descriptive and lacking in acquired distinctiveness.[293] Applicant Subway's "Teflon" survey failed to pass ~~mustard~~ muster, and a rebuttal survey supported the Board's view that Subway's survey had little probative value.

Genericness: The Board found the genus of goods to be "sandwiches, excluding hot dogs," and the relevant public to be "ordinary consumers who purchase and eat sandwiches."

The term "footlong," an adjective, was defined as "being about one foot in length: *a footlong hot dog*."[294] Subway's own evidence showed that it was using "footlong" in a manner not likely to be recognized as trademark use: "it is clear that FOOTLONG denotes the fact that the applicant purveys a type of sandwich that is approximately one foot long."[295] Opposer Sheetz introduced many examples of third-party use of "footlong" to identify sandwiches.

Each party submitted the results of a "Teflon" survey,[296] reaching opposite results on the question of genericness. Subway's survey results purported to show that 54 percent of respondents identified "Footlong" as a brand name.

The Board found several problems with Subway's survey. First, the universe was too narrow because it was limited to recent and frequent patrons of fast food restaurants and sandwich shops. Second, the examples of common names and brand names could be ambiguous. Third, there was no mini-test to determine whether respondents understood the difference between a common name

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292. Clorox Co. v. Salazar, 108 U.S.P.Q.2d at 1086-87, citing Avakoff v. Southern Pacific Co., 228 U.S.P.Q. 435 (Fed. Cir. 1985); General Healthcare Ltd. v. Qashat, 70 U.S.P.Q.2d 1566 (1st Cir. 2004).

293. Sheetz of Del., Inc. v. Doctor's Assocs. Inc., 108 U.S.P.Q.2d 1341 (T.T.A.B. 2013).

294. *Id.* at 1341, citing *Yahoo! Education* (yahoo.com/reference/dictionary), and other online dictionaries.

295. *Id.* at 1354.

296. *See* E.I. du Pont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 185 U.S.P.Q. 597, 615-16 (E.D.N.Y. 1975) for a description of the "Teflon" survey methodology. Professor McCarthy describes a "Teflon" survey as a mini-course in the generic versus trademark distinction, followed by a test. 2 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 12:16 (4th ed. 2013).

and a brand name. Instead, respondents were simply asked, "Do you understand the difference between 'brand names' and 'common names?'" And fourth, respondents should not have been provided with the option of stating that a term could be both a common name and a brand name (since a generic term can never be a trademark). Consequently, the Board gave very little weight to Subway's survey results.

Opposer Sheetz offered a rebuttal survey designed to address the defects in Subway's survey. In Sheetz's survey, 80 percent identified "Footlong" as a type of product. Subway's expert aimed several criticisms at this rebuttal survey, but the Board concluded that Sheetz's survey supported the finding that Subway's survey had little probative value.

The Board therefore found that "Footlong" identifies a type or category of sandwich that includes twelve-inch sandwiches and is generic for "sandwiches, excluding hot dogs."

Acquired Distinctiveness: For purposes of completeness, and assuming *arguendo* that "Footlong" was highly descriptive but not generic, the Board considered whether the term had acquired distinctiveness. Opposer Sheetz had the initial burden to show that "Footlong" had not acquired distinctiveness. In other words, Sheetz had the burden of producing evidence that would overcome Survey's evidence of acquired distinctiveness made of record during prosecution of the opposed application (allowed under Section 2(f)).[297] The Board observed that Sheetz's evidence of genericness sufficed to meet this initial burden.

Subway was entitled, then, to submit additional evidence to rebut Sheetz's showing. The ultimate burden of persuasion on the issue of acquired distinctiveness rested on Applicant Subway.[298] Subway pointed to its extensive sales and advertising, alleged copying of its mark by Sheetz, unsolicited media coverage, and its survey results.

The Board observed that, although Subway had achieved great commercial success, such success was not necessarily indicative of acquired distinctiveness for the applied-for mark. Other factors were significant, most likely the fact that Subway offered a quality product at a competitive price. In view of the manner of use of "Footlong" by Subway, the Board concluded, consumers were much more likely to view the word as referring to sandwiches of a particular size, rather than as a trademark.

The Board found that Sheetz did not copy the "Footlong" mark but rather the idea behind Subway's promotion of a "$5 Footlong."

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297. Sheetz of Del., Inc. v. Doctor's Assocs. Inc., 108 U.S.P.Q.2d at 1357, citing Yamaha Int'l v. Hoshino Gakki, 6 U.S.P.Q.2d 1001, 1004 (Fed. Cir. 1998).

298. *Id.* at 1368, citing Yamaha Int'l, 6 U.S.P.Q.2d at 1006. In contrast, in a cancellation proceeding involving a registration issued under Section 2(f), the ultimate burden of proof remains on the cancellation petitioner. *See* note 239, above.

The media coverage of Subway's sandwiches used the term "Footlong" generically, not as a trademark. And in the acquired distinctiveness context, Subway's survey suffered from the same flaws discussed above. Moreover, widespread use of "footlong" by third parties would itself be sufficient to dispose of the claim of acquired distinctiveness because it undercut the assertion of substantially exclusive use.[299]

Lastly, the Board noted Subway's evidence that it policed use of FOOTLONG, and had made at least thirty cease-and-desist demands. However, acquiescence to a competitor's demands to cease-and-desist may reflect merely a desire to avoid litigation, a desire that may be especially strong when faced with the largest fast food restaurant chain in the country.[300]

Concluding that Subway had failed to prove acquired distinctiveness, the Board held the term "Footlong" to be merely descriptive.

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

In this consolidated opposition and cancellation proceeding, the Board found the designation PRETZEL CRISPS to be generic for "pretzel crackers" [PRETZEL disclaimed].[301]

There was no dispute that the genus of goods was adequately defined by the identification of goods in Princeton Vanguard's opposed application and challenged (Supplemental) registration: namely, "pretzel crackers." The relevant consuming public was composed of ordinary consumers who purchased and ate pretzel crackers. The question, then, was whether the relevant public understood the term "pretzel crisps" to refer primarily to the genus of goods.

The Board noted that "in cases where the proposed mark is a compound term (in other words a combination of two or more terms in ordinary grammatical construction), genericness may be established with evidence of the meaning of the constituent words."[302] And if the terms "'remain as generic in the compound as individually, . . . the compound thus created is itself generic.'"[303] However, if the proposed mark is a phrase, the Board cannot rely

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299. *Id.* at 1370, citing Levi Strauss & Co v. Genesco, Inc., 222 U.S.P.Q.2d 939, 940-41 (Fed. Cir. 1984) ("When the record shows that purchasers are confronted with more than one (let alone numerous) independent users of a term or device, an application for registration under Section 2(f) cannot be successful.")

300. *Id.*

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

302. *Id.* at 1952.

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

merely on definitions and generic uses of the constituent terms. It must conduct an inquiry into "the meaning of the disputed phrase as a whole."[304]

The Board found that when "pretzel" and "crisps" were combined, no additional meaning resulted, and therefore the purported mark PRETZEL CRISPS could be analyzed via its constituent terms, in accordance with *In re Gould*, using "the ordinary grammatical construction."

There was no question that "pretzel" was generic for pretzel snacks, including pretzel crackers. As to the term "crisps," Frito-Lay submitted evidence of use of the word "crisps" by competitors to identify "crackers," of use of the word "crisps" in the media to identify "crackers," and of Princeton Vanguard's own use of "crisps" on its packaging to refer to its product. The Board also noted Frito-Lay's evidence of use of the combined term "pretzel crisps" by third-parties.

Each party submitted the results of a "Teflon" survey,[305] but the Board accorded them little significance in its decision. Frito-Lay's survey (finding that 41 percent of the respondents perceived PRETZEL CRISPS as a generic term and the same number as a brand name, 18 percent being undecided) was given little probative weight because the survey expert did not conduct a "mini-test" to make sure that his survey respondents understood the difference between a brand name and a common (or category) name. Princeton Vanguard's survey results indicated that 55 percent of the respondents thought PRETZEL CRISPS was a brand name, while 36 percent thought it a common name.

The Board found that PRETZEL CRISPS, as used by Princeton Vanguard, would be understood by the relevant public to refer to "pretzel crackers." In making that determination, the Board considered the entirety of the record "including the surveys (which in any event arrive at different conclusions)," but it gave "controlling weight to the dictionary definitions, evidence of use by the public, including use by the media and by third-parties in the food industry, and evidence of use by defendant itself."[306]

Finally, the Board pointed out that, even if it had analyzed PRETZEL CRISPS as a phrase, its conclusion would have been the same, "as the words strung together as a unified phrase also create

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304. *Id.*, quoting *In re* Dial-A-Mattress Operating Corp., 240 F.3d 1341, 57 U.S.P.Q.2d 1807, 1810 (Fed. Cir. 2001) ("[W]here the proposed mark is a phrase . . . the board 'cannot simply cite definitions and generic uses of the constituent terms of a mark'; it must conduct an inquiry into 'the meaning of the disputed phrase as a whole'"), in turn quoting *In re* Am. Fertility Soc'y, 188 F.3d 1341, 1347 51 U.S.P.Q.2d 1832, 1836 (Fed. Cir. 1999).

305. *See* note 296, above.

306. *Id.* at 1960.

a meaning that we find to be understood by the relevant public as generic for 'pretzel crackers.'"[307]

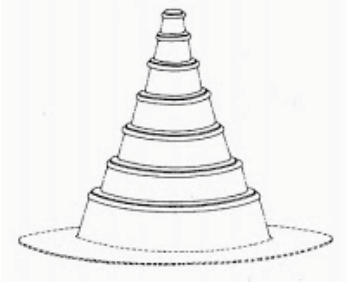
And so the Board granted Frito-Lay's petition for cancellation of Princeton Vanguard's Supplemental Registration, and it sustained the opposition to the latter's pending application.

8. Functionality

a. Utilitarian Functionality

AS Holdings, Inc. v. H & C Milcor, Inc.

H & C Milcor sought to register the product configuration mark shown below, for "pipe flashing for use in sealing openings for pipe," but AS Holdings opposed on the grounds of *de jure* functionality under Section 2(e)(5)[308] and, in the alternative, lack of acquired distinctiveness. In a relatively straightforward but instructive ruling, the Board sustained the opposition on both grounds.[309]



The Board first considered the opposer's contention that Applicant Milcor impermissibly amended its original drawing to that shown above, thereby materially altering the mark. The Board pointed out, however, that such an allegation did not constitute a valid ground for opposition. Determinations made by an examining attorney regarding examination requirements, such as the acceptability of an identification of goods or of the drawing of the mark, do not constitute statutory grounds for refusal and therefore cannot form the basis of an inter partes challenge to registration.[310]

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307. *Id.*

308. Section (2)(e)(5), 15 U.S.C. § 1052(e)(5), bars registration of a mark that "comprises any matter that, as a whole, is functional."

309. AS Holdings, Inc. v. H & C Milcor, Inc, 107 U.S.P.Q.2d 1829 (T.T.A.B. 2013).

310. *Id.* at 1833, citing Saint-Gobain Abrasives, Inc. v. Unova Indus. Automation Sys., Inc., 66 U.S.P.Q.2d 1355 1359 (T.T.A.B. 2003) ("It would be manifestly unfair to penalize defendant for non-compliance with a requirement that was never made by the Examining Attorney.")

Functionality**:** The Board once again applied the CCPA's *Morton-Norwich*[311] analysis to determine the issue. With regard to the first *Morton-Norwich* factor, a utility patent that claims the features of a product design is "strong evidence that those features are functional."[312] Here, the applicant's predecessor owned a patent for a pipe boot, which patent claimed a boot having annular step portions of progressively small diameter, the boot being severable along its top edge in order to match the diameter of the pipe. In other words, the cone of the pipe boot may be cut off to fit the particular pipe to be sealed. A number of third-party patents also disclosed the utility of the stepped-cone configuration.[313]

The remaining features of the design—a circular rib near the top of each step followed by a short vertical surface—were also functional, as disclosed in third-party patents: the rib arrangement acts as a cutting guide and as a barrier to keep clamps in place.

As to the second *Morton-Norwich* factor, Milcor's catalog touted the utilitarian feature of the pipe boot configuration: "[t]he conically shaped steps . . . will securely seal all pipes and the large double thick molded rib at the top of each step offers supreme tear resistance and reinforcement as well as a cutting guide."[314] Milcor conceded that its brochures attributed a cutting guide and "clamp-stopping" function to the ribs. Thus the applicant's own advertising "extols specific utilitarian advantages of the applied-for product design and is strong evidence that the matter sought to be registered is functional."[315]

As to the third and fourth factors, there was limited evidence regarding alternative designs, and the parties disagreed as to the cost and simplicity of manufacture of the applied-for design. The Board noted, however, that even if the applied-for design was more expensive or more difficult to make, that did not mean it was not *de jure* functional.[316]

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

312. Citing TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 29-30, 58 U.S.P.Q.2d 1001, 1005 (2001).

313. In this author's opinion, a statement made in a third-party patent should be considered as merely hearsay and given little or no probative weight in the functionality analysis.

314. AS Holdings, Inc. v. H & C Milcor, Inc, 107 U.S.P.Q.2d at 1836.

315. *Id.*

316. *Id.*, citing *In re* Dietrich, 91 U.S.P.Q.2d 1622, 1637 (T.T.A.B. 2009) ("[E]ven at a higher manufacturing cost, applicant would have a competitive advantage for what is essentially . . . a superior quality wheel."); *In re* Pingel Enter. Inc., 46 U.S.P.Q.2d 1811, 1821 (T.T.A.B. 1998) ("That applicant, despite the inherent advantages of a design which is simple and less expensive to manufacture than other petcocks, has, however, deliberately

The Board concluded that the overall design of Milcor's pipe boot was dictated by utilitarian concerns and was therefore unregistrable under Section 2(e)(5).

Acquired Distinctiveness: For the sake of completeness, the Board considered the opposer's claim that, even if the applied-for design were not barred by Section 2(e)(5), it lacked the acquired distinctiveness necessary for registration of a product configuration mark.

An application that seeks registration under Section 2(f),[317] once approved for publication, enjoys a presumption that the examining attorney found that the applicant had made a prima facie case of acquired distinctiveness. When that application is challenged in an inter partes proceeding, the challenger has the initial burden to come forth with evidence sufficient to establish that the applicant has not met its ultimate burden of showing acquired distinctiveness. The applicant may then find it necessary to submit additional evidence to counter the other party's showing.[318]

The Board found that AS Holdings had met its initial burden in challenging the Section 2(f) evidence submitted by Milcor during prosecution.

> That is, based on the entire record, including the patents submitted by opposer and applicant's own statements and catalog highlighting the utilitarian aspects of the applied-for design, there is ample evidence supporting a *prima facie* showing that consumers will view the pipe boot design as a non-distinctive product design, rather than a design that has acquired distinctiveness and functions as an indicator of the source of the product.[319]

Milcor failed to overcome the evidence submitted by the opposer. For a product design, an applicant must show that "the primary significance of the design in the minds of consumers is not that of the product itself, but rather is the source of that pipe boot in order to establish acquired distinctiveness."[320]

In its application, Milcor made a claim of substantially exclusive and continuous use for more than five years, but the weight to be accorded that type of evidence depends on the facts of each case. In light of the evidence showing the utilitarian nature of the design, more evidence was needed.

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chosen a more complex and expensive manner in which to manufacture its product does not mean that the configuration thereof is not de jure functional.")

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

318. *See* Yamaha Int'l Corp. v. Hoshino Gakki Co., 840 F.2d 1572, 1576, 6 U.S.P.Q.2d 1001, 1004-06 (Fed. Cir. 1988), and *see* notes 239 and 298, above.

319. AS Holdings, Inc. v. H & C Milcor, Inc., 107 U.S.P.Q.2d at 1837.

320. *Id.* at 1838.

Milcor pointed to its sales revenues and advertising expenditures, but the sales figures were devoid of context (like market share) and therefore had little or no probative value. The advertising figures were not limited to the subject pipe boot, and in any case were relatively modest. There was no evidence of "look for" advertising that pointed to any unique design features; in fact, when particular features were called out by Milcor, it was to tout their utilitarian purpose or advantages.

The Board concluded that Milcor had failed to establish acquired distinctiveness.

9. Assignment in Violation of Section 10

Central Garden & Pet Co. v. Doskocil Manufacturing Co.

In this convoluted consolidated proceeding, Central Garden opposed Doskocil's applications to register the marks PETZILLA and DOGZILLA & Design, and petitioned to cancel Doskocil's registration for DOGZILLA in standard character form, for pet toys, claiming priority and likelihood of confusion with its twice-registered mark ZILLA for pet food and pet treats. Doskocil counterclaimed for cancellation of Central's registrations, as to one alleging improper assignment of Central's underlying intent-to-use application, and as to the other asserting a likelihood of confusion with Doskocil's previously used DOGZILLA mark. In an instructive decision, the Board granted Doskocil's first counterclaim for cancellation (improper assignment), dismissed its second counterclaim (lack of interest), and dismissed Central's oppositions and petition for cancellation (lack of priority).[321]

Priority: Because counterclaims were asserted against Central's pleaded registrations and Doskocil's registration was subject to a petition for cancellation, each party was required to prove priority with regard to its respective likelihood of confusion claim(s). Each party could rely on the filing date of a particular (valid) application as a constructive first use date.[322]

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321. Cent. Garden & Pet Co. v. Doskocil Mfg. Co., 108 U.S.P.Q.2d 1134 (T.T.A.B. 2013).

322. *Id.* at 1140, citing Syngenta Crop Protection Inc. v. Bio-Chek LLC, 90 U.S.P.Q.2d 1112, 1119 (T.T.A.B. 2009); Brewski Beer Co. v. Brewski Bros. Inc., 47 U.S.P.Q.2d 1281, 1284 (T.T.A.B. 1998) ("petitioner or respondent may rely on its registration for the limited purpose of proving that its mark was in use as of the application filing date").

Central asserted priority based on the filing date (December 7, 2005) of the intent-to-use application that ultimately issued as its '521 registration for ZILLA, and that date would have sufficed, since the earliest date that Doskocil could rely on was April 4, 2006, the application filing date for its registered DOGZILLA mark. But Doskocil counterclaimed to cancel the '521 registration due to an allegedly improper assignment of Central's application in violation of Section 10 of the Lanham Act.[323] So the Board first set aside the constructive first use date of that registration and instead looked to see whether Central could otherwise establish priority—even if the registration were cancelled.

In attempting to prove actual use of ZILLA prior to Doskocil's constructive first use date, Central relied on a "teaser ad" and a "name validation study," under a theory of "use analogous to trademark use." The Board observed that "even before proper trademark use commences, advertising or similar pre-sale activities may establish priority if they create the necessary association in the mind of the consumer."[324]

> Simply put, to claim priority based on analogous use, a party must show that its putative mark essentially functioned as a trademark—identifying the source of the goods in the mind of the consumer—notwithstanding that technical trademark use, such as use on or in connection with the goods, had not commenced.[325]

The Board found Central's evidence insufficient. The use of ZILLA as a proposed mark with three other marks in a survey was not the type of use that would form the required source connection in the mind of the public. Moreover, given the small number of respondents (83) and the vaguely described goods ("reptile-related products"), Central's survey was unpersuasive.

The "teaser ad" featured a "mysterious reptilian eye, ominously peering out of a large dinosaurian egg that is breaking open." The ZILLA logo appeared prominently in a corner of the ad, and the phrases "The Reign Begins in September" and "www.zilla-rules.com" appeared in another corner. The Board found two problems with this advertisement: the date of publication was unclear, and no mention was made of any goods. At most, the advertisement suggested that ZILLA was to be used as a mark for

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323. Section 10(a)(1) of the Lanham Act, 15 U.S.C. § 1060(a)(1) provides, in pertinent part: "no application to register a mark under section 1051(b) of this title shall be assignable prior to the filing of an amendment under section 1051(c) of this title to bring the application into conformity with section 1051(a) of this title or the filing of the verified statement of use under section 1051(d) of this title, except for an assignment to a successor to the business of the applicant, or portion thereof, to which the mark pertains, if that business is ongoing and existing."

324. *Id.* at 1142.

325. *Id.* at 1142-43.

something to do with reptiles. Such an indefinite association of a mark with a general field of commerce is insufficient to establish analogous use.

The Board therefore found that Central was not entitled to priority based on analogous use of ZILLA, and it concluded that, if Doskocil's counterclaim to cancel the '521 registration (on the ground of improper assignment) were successful, Doskocil would have priority of use. If not, Central would have priority based on the constructive use date accorded its '521 registration for ZILLA.

Improper Assignment?: Doskocil maintained that Central's '521 registration should be cancelled because the underlying intent-to-use application was improperly assigned before an allegation of use was filed, in violation of Section 10. The Board observed that, under Section 10, an intent-to-use application may not be transferred to another unless the assignee also acquires at least that part of the applicant's business to which the mark pertains. An improper transfer results in a void application, and any resulting registration must be cancelled.[326]

The application at issue was filed by All-Glass Aquarium Co., a wholly owned subsidiary of Pennington Seed, which was, in turn, a wholly owned subsidiary of Central. While the application was pending, and prior to the filing of an allegation of use, All-Glass assigned the application to Central. The recorded assignment of the mark constituted the entire agreement between All-Glass and Central regarding transfer of the application; the assignment was not part of a larger transaction. Central was not the successor to All-Glass; after the transfer, All-Glass continued in the same business as before, including the production and sale of products under the ZILLA mark. The Board had no doubt that this transaction violated Section 10.

> [T]he only thing which was exchanged in the transaction was the mark and the 'goodwill of the business appurtenant to and connected with the Mark,' in return for which All-Glass recited receipt of nominal consideration. In particular, neither All-Glass itself, nor the "portion thereof, to which the mark pertains," Trademark Act Section 10(a)(1), was transferred from All-Glass to Central along with the ZILLA mark.[327]

Although Central feebly contended that the Board's reading of Section 10 was "hypertechnical," the meaning of the statute was "plain and clear" to the Board.[328]

The Board distinguished this case from *Amazon v. Wax*,[329] in which Wax and Freeland had jointly filed an intent-to-use

326. Clorox Co. v. Chem. Bank, 40 U.S.P.Q.2d 1098, 1106 n.8 (T.T.A.B. 1996).

327. Central Garden & Pet Co. v. Doskocil Mfg. Co., 108 U.S.P.Q.2d at 1147.

328. *Id.* at 1148.

329. Amazon Techs, Inc. v. Wax, 95 U.S.P.Q.2d 1865 (T.T.A.B. 2010).

application, but Freeland assigned his interest to Wax prior to the filing of an allegation of use. That was not an impermissible transaction, the Board found, because there was no transfer to "another," since Wax was an original applicant and became the sole applicant. The transaction was more a change of entity type than an assignment of a mark from one unrelated party to another.

Here, All-Glass and Central were distinct legal entities. The Board recognized that Central owned Pennington, and Pennington owned All-Glass. But each of the companies counts as a "person" under the Lanham Act.[330]

Central contended that Congress did not intend such a result, but it did not argue that the language of Section 10 was unclear. When the statutory language is clear on its face, "it is usually inappropriate to delve into the legislative history in search of another meaning."[331] If the intent of Congress was to prohibit "trafficking" in intent-to-use trademark applications, perhaps Congress could have drafted narrower language, but the Board had "no authority to tell Congress how to accomplish its goals."[332]

The Board concluded that the assignment violated Section 10, and therefore Central's '521 registration must be cancelled.

Likelihood of Confusion: With the '521 registration wiped out, Central's three claims of likelihood of confusion failed due to lack of priority. There remained Doskocil's Section 2(d) counterclaim against Central's '833 registration. This, the Board noted, was a perfunctory, hypothetical claim that was posited in case the Board were to find (as it did) that Doskocil had priority, but Doskocil argued at length that confusion was not likely. The Board concluded that, "if the senior party does not believe there to be a likelihood of confusion, we need not—and should not—opine on this purely hypothetical question."[333]

And so, as to likelihood of confusion, the Board chose to "leave the parties as we found them, without reaching the merits of either party's claim."[334]

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330. Central Garden & Pet Co. v. Doskocil Mfg. Co., 108 U.S.P.Q.2d at 1148, citing Section 45 of the Lanham Act, 15 U.S.C. § 1127, which states that "The term 'person' and any other word or term used to designate the applicant of other entitled to a benefit or privilege or rendered liable under the provisions of this Act includes . . . a . . . corporation . . . .")

331. *Id.*, citing Park 'N Fly v. Dollar Park and Fly, Inc., 469 U.S. 189, 224 U.S.P.Q. 327, 329 (1985) ("Statutory construction must begin with the language employed by Congress and the assumption that the ordinary meaning of that language accurately expresses the legislative purpose."); *In re* District of Columbia, 101 U.S.P.Q.2d 1588 (T.T.A.B. 2012) ("if the statutory language is clear, our inquiry is usually at an end because Congress is presumed to have intended exactly what was enacted").

332. *Id.* at 1149.

333. *Id.* at 1150.

334. *Id.*

10. Cancellation Due to Misrepresentation of Source

Bayer Consumer Care AG v. Belmora LLC

In what the Board termed a "matter of first impression," the Board granted Bayer's petition to cancel Belmora's registration for the mark FLANAX for "orally ingestible tablets of Naproxen Sodium for use as an analgesic," on the ground that the mark was being used by Belmora to misrepresent the source of its goods, in violation of Section 14(3)[335] of the Lanham Act.[336] The Board found that the record evidence readily established "blatant misuse of the FLANAX mark in a manner calculated to trade in the United States on the reputation and goodwill of petitioner's mark created by its use in Mexico."[337]

Because Bayer could not show use of the FLANAX mark in the United States, the Board, in a prior ruling, had dismissed Bayer's claims of likelihood of confusion and fraud.[338] That same ruling also dismissed Bayer's claim of violation of Section 6*bis* of the Paris Convention because the Paris Convention is not self-executing and does not afford an independent cause of action in a TTAB proceeding.[339]

Standing: Belmora challenged Bayer's standing at every stage of the proceeding, pointing out that Bayer did not own a registration for the mark FLANAX in the United States, and had not used and did not plan to use the mark in this country. In short, Belmora asserted, no use means no trademark rights. Bayer responded that Section 14(3) of the Lanham Act imposes no use requirement for its claim (in contrast to a claim under Section 2(d)).

The Board pointed out that Belmora was focusing only on Bayer's commercial activities within the United States, but was overlooking its own use of the FLANAX mark in this country. Bayer established ownership of a Mexican registration for the mark FLANAX for pain relievers, and proved that it licensed its corporate affiliate to sell the product under that mark in Mexico.

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335. 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."

336. Bayer Consumer Care AG v. Belmora LLC, 110 U.S.P.Q.2d 1623 (T.T.A.B. 2014). On February 6, 2015, the United States District Court for the Eastern District of Virginia reversed the Board's decision, ruling that because Bayer had neither used nor registered the mark FLANAX in the United States it lacked standing to bring a claim under Section 14(3). *Belmora LLC v. Bayer Consumer Care AG*, Civil Action No. 1:14-cv-00847 (E.D. Va. February 6, 2015).

337. *Id.* at 1632.

338. Bayer Consumer Care AG v. Belmora LLC, 90 U.S.P.Q.2d 1587 (T.T.A.B. 2009).

339. *See, e.g.*, *In re* Rath, 402 F.3d 1207, 74 U.S.P.Q.2d 1174, 1175 (Fed. Cir. 2005) ("the Paris Convention is not a self-executing treaty and requires congressional implementation").

FLANAX-brand analgesic had been sold in Mexico since 1976 and ranked as the top-selling pain reliever in Mexico. The Board found that Bayer met the CAFC's liberal standard for standing because it established that "it has an interest in protecting its Mexican FLANAX mark."[340]

> If respondent is using the FLANAX mark in the United States to misrepresent to U.S. consumers the source of respondent's products as petitioner's Mexican products, it is petitioner who loses the ability to control its reputation and thus suffers damage. *** [T]he record in this case clearly establishes that the reputation of the Mexican FLANAX mark does not stop at the Mexican border.[341]

Section 14(3): To establish a violation of Section 14(3), the cancellation petitioner "must show that respondent took steps to deliberately pass off its goods as those of petitioner. That is, petitioner must establish "blatant misuse of the mark by respondent in a manner calculated to trade on the goodwill and reputation of petitioner."[342]

The Board observed that, "although the facts before us present a matter of first impression, they do not present a close case."[343] It found that Belmora "knowingly selected the identical mark FLANAX, used by petitioner's Mexican licensee on naproxen sodium-based painkillers, for use in the United States on the same type of goods."[344] The Board pointed to the fabrication of documents by, and untruthful testimony of, Belmora's founder regarding the origin of its FLANAX mark, the substantial copying of the FLANAX logo and packaging used in Mexico, and perhaps most importantly, Belmora's repeated invocation of the reputation of Bayer's FLANAX mark when marketing its own FLANAX product in the United States—which the Board deemed an admission that Bayer's FLANAX mark "is known among the U.S. retailers and Hispanic consumers to whom respondent markets its products."[345]

Belmora asserted that, because its own name and not Bayer's appeared on its product, it could not have misrepresented the source of the product. The Board disagreed.

> Respondent . . . need not use the Bayer name to affirmatively misrepresent the source of its FLANAX-brand products.

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340. Bayer Consumer Care AG v. Belmora LLC, 110 U.S.P.Q.2d at 1631.

341. *Id.* at 1631-32.

342. *Id.* at 1632, quoting Otto Int'l Inc. v. Otto Kern GmbH, 83 U.S.P.Q.2d 1861, 1863 (T.T.A.B. 2007).

343. *Id.*

344. *Id.* at 1633.

345. *Id.* at 1635.

> Respondent purposely achieved the same result by not only copying petitioner's mark and logo—and, for several years, significant aspects of its packaging—but also by repeatedly holding itself out as the source in the United States of the product sold for decades under the same mark in the bordering country of Mexico.[346]

Finally, Belmora maintained that it changed its packaging and discontinued its attempts to link its FLANAX product to Bayer's product, but the Board found that, even if those assertions were true, Belmora's "continued use of the FLANAX mark, coupled with its earlier deceptive marketing over several years as it built its business" would constitute "misrepresentation of the source of respondent's goods within the meaning of Section 14(3)."[347]

11. Cancellation Due to Non-Ownership of Foreign Counterpart Registration

SARL Corexco v. Webid Consulting Ltd.

Petitioner SARL Corexco moved for summary judgment in this proceeding seeking cancellation of a registration for the mark BEARWW for "Internet based social networking and introduction services . . . ." Corexco claimed likelihood of confusion with its registered mark BEARWWW for "online social networking services," and further claimed that the application for the challenged registration was void *ab initio* because the original applicant (Respondent Webid's predecessor-in-interest) did not own a foreign registration that could have served as a Section 44(e)[348] basis for issuance of the registration. The Board summarily granted the petition on the second ground.[349]

Webid's effective admissions: Corexco's summary judgment motion hinged in part on Applicant Webid's effective admissions resulting from its failure to timely respond to Corexco's admission requests.[350] Webid filed a cross-motion for leave to substitute its actual (belated) responses to the petitioner's requests. Webid pointed out that the parties were discussing settlement at the time Webid served its responses four days late. The Board exercised its

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346. *Id.* at 1636.

347. *Id.* at 1637.

348. Section 44(e) of the Lanham Act, 15 U.S.C. § 1126(e), provides that "A mark duly registered in the country of origin of the foreign applicant may be registered on the principal register if eligible, otherwise on the supplemental register herein provided. Such applicant shall submit, within such time period as may be prescribed by the Director, a true copy, a photocopy, a certification, or a certified copy of the registration in the country of origin of the applicant."

349. SARL Corexco v. Webid Consulting Ltd., 110 U.S.P.Q.1587 (T.T.A.B. 2014).

350. By operation of Rule 36(a)(3) of the Federal Rules of Civil Procedure, if a party fails to timely respond to a request for admission, the "matter" is admitted.

discretion under Rule 36(b) of the Federal Rules of Civil Procedure[351] to allow Webid to substitute its responses to the requests for admission in place of the effective admissions.

> Clearly, the parties' settlement discussions contributed to the respondent's delay in timely serving its answers. *** [T]here is a two-prong test for allowing withdrawal or amendment of admissions: The presentation of the merits of the action will be subserved thereby, and the party who obtained the admission fails to satisfy the court that withdrawal or amendment will prejudice that party in maintaining the action on the merits.[352]

The Board concluded that the merits of the action would be subserved by allowing the amendment, since "they largely form the basis for petitioner's motion for summary judgment."[353] Furthermore, Corexco will suffer no recognizable prejudice, because the case was still in the discovery stage and any potential prejudice could be mitigated by extending the discovery period.

Likelihood of Confusion: Corexco's motion for summary judgment on the ground of likelihood of confusion was based solely on Webid's admissions by default. Because Webid's responses were deemed amended, the Board denied the motion as to the Section 2(d) claim.

Lack of Proper Section 44(d)[354] Basis: The original applicant (the respondent's predecessor-in-interest, Ms. Leclercq), filed an application to register the BEARWW mark under Section 1(a).[355] On August 11, 2011, she amended the filing basis to Section 44(e),[356] relying on a Canadian registration for the mark.

In Webid's amended admission responses, however, it admitted that (1) Ms. Leclercq never owned the Canadian registration, (2) on August 11, 2011, Webid was the owner of the Canadian registration, and (3) on that date Webid was not the

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351. Rule 36(b) of the Federal Rules of Civil Procedure provides that "A matter admitted under this rule is conclusively established unless the court, on motion, permits the admission to be withdrawn or amended. *** [T]he court may permit withdrawal or amendment if it would promote the presentation of the merits of the action and if the court is not persuaded that it would prejudice the requesting party in maintaining or defending the action on the merits."

352. SARL Corexco v. Webid Consulting Ltd., 110 U.S.P.Q.at 1589, citing Giersch v. Scripps Networks, Inc., 85 U.S.P.Q.2d 1306, 1308-1309 (T.T.A.B. 2007).

353. *See* Giersch v. Scripps Networks, Inc., 85 U.S.P.Q.2d at 1308-9 ("Respondent has submitted a response to petitioner's requests in which many of the previously admitted facts are denied, thereby demonstrating that the supposedly admitted matters are actually disputed. If withdrawal thereof were not permitted, respondent would be held to have admitted critical elements of petitioner's asserted claims.")

354. Section 44(d) of the Lanham Act, 15 U.S.C. § 1126(d).

355. Section 1(a) of the Lanham Act, 15 U.S.C. § 1051(a).

356. Section 44(e) of the Lanham Act, 15 U.S.C. § 1126(e).

owner of the U.S. trademark application. The Board pointed out that:

> If an application is filed based on Section 1(a) or Section 1(b), and the applicant later amends the application to add or substitute Section 44 as a basis, the applicant must be the owner of the foreign application or registration as of the filing date of the amendment adding or substituting a Section 44 claim of priority or basis for registration.[357]

Webid admitted that Ms. Leclercq was not the owner of the Canadian registration at the time the amendment was made to the Section 44(e) basis. Therefore the application was deemed void *ab initio*, and the Board granted Corexco's motion for summary judgment on that ground.

12. Concurrent Use

Turdin v. Trilobite, Ltd.

In a rare, contested concurrent use proceeding, the Board ruled that Defendant Trilobite, Ltd. was entitled to a geographically unrestricted federal registration for its mark TRILOBITE for audio and video recording and production services.[358] The concurrent use application of Peter Turdin, Jr., seeking a registration of the mark TRILOBITE PICTURES for "motion picture film production, and animation services," restricted to New York City and Connecticut, was refused because Turdin was unable to establish that there was no likelihood of confusion if the involved marks were concurrently used in those two areas.

Turdin filed his application on April 4, 2009, less than a month after Trilobite's filing date. Turdin's application was suspended in view of a likelihood of confusion with Trilobite's mark. When Trilobite's applications were published, Turdin opposed on the ground of likely confusion with his mark. He then amended his application to one seeking a concurrent use registration. The Board consolidated the two oppositions and, after Turdin's application had survived publication without opposition, the Board granted Turdin's motion to convert the oppositions to a concurrent use proceeding.[359]

To establish his right to a concurrent use registration for Connecticut and New York City, Turdin had the burden to show that (1) he made lawful concurrent use of TRILOBITE in

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357. SARL Corexco v. Webid Consulting Ltd., 110 U.S.P.Q.at 1590-91, citing Trademark Rule 2.35(b)(1), 37 C.F.R. § 2.35(b)(1).

358. Turdin v. Trilobite, Ltd., 109 U.S.P.Q.2d 1473 (T.T.A.B. 2014).

359. *See, generally*, Chapter 1100 of the TBMP, entitled "Concurrent Use Proceedings."

commerce prior to the filing date of Trilobite's application, and (2) that confusion, mistake, or deception is not likely to result from his continued use of TRILOBITE PICTURES in the areas in which he currently uses his mark.[360]

The evidence confirmed that Turdin began using his mark (in Connecticut) prior to Trilobite's filing date, and there was no evidence that his adoption of the mark was not in good faith or that he had knowledge of Trilobite's prior use of TRILOBITE. Thus Turdin satisfied the first element of the test.

A central question was whether both parties were using their marks in the same territories. If the trading territories overlap, that would preclude the granting of concurrent use registrations.[361]

Turdin established that he used his mark in Connecticut (his home state) and New York City. Trilobite, Ltd. (apparently headquartered in Ohio) maintained that it works with companies that produce content for cable television shows, and has "a lot" of clients "in" New York City. Turdin argued that Trilobite's activities did not constitute use of the mark in New York City because its services were not performed there. Some of Trilobite's invoices were addressed to business in New York City, but they were not for services actually performed in New York.

Citing *First Niagara*,[362] the Board pointed out that Trilobite's services "need not be actually performed in New York City to find, for our purposes, that it has used TRILOBITE in New York City."[363]

> [W]e find that Trilobite has used and continues to use its mark in New York City by virtue of its correspondence, contracts, billing and interaction with clients in New York City, and that it used its mark in New York City prior to Turdin's use of his mark in New York City.[364]

Turning to Connecticut, the evidence was insufficient to establish that Trilobite used its mark in the Nutmeg State.[365] Trilobite, in turn, asserted that Turdin was using his mark in other locations as well, where there is a likelihood of confusion with its mark. The Board, however, found Turdin's use outside of New York City and Connecticut to be *de minimis*.

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360. Turdin v. Trilobite, Ltd., 109 U.S.P.Q.2d 1478.

361. *Id.*, citing Gray v. Daffy Dan's Bargaintown, 823 F.2d 522, 3 U.S.P.Q.2d 1306, 1309 (Fed. Cir. 1987), and other cases.

362. First Niagara Ins. Brokers Inc. v. First Niagara Fin. Grp. Inc., 476 F.3d 867, 81 U.S.P.Q.2d 1375, 1378 (Fed. Cir. 2007). (Canadian company deemed to have used its mark in the United States, despite lack of actual presence in this country).

363. Turdin v. Trilobite, Ltd., 109 U.S.P.Q.2d 1479.

364. *Id.* at 1480.

365. Actually, Connecticut's official nickname is "The Constitution State."

The Board next considered whether there existed a likelihood of confusion from the parties' use of their respective marks in New York City. Applying the *du Pont* factors, the Board not surprisingly found the services overlapping in part (animated videos) and otherwise related, and the channels of trade and classes of customers to be the same. Turdin disclaimed the word "PICTURES" in his mark, and so the dominant portion of his mark was identical to Trilobite's mark. The Board therefore found that confusion was likely between the two marks when used in New York City.

What about Connecticut? Is Connecticut "sufficiently distinct geographically that confusion would not arise?" The Board applied the *Weiner King*[366] factors to Trilobite's use of its mark, weighing its (1) previous business activity; (2) previous expansion or lack thereof; (3) dominance of contiguous areas; and (4) presently planned expansion.

There was no evidence that Trilobite had any previous business activity in Connecticut, and no evidence of any significant business in states contiguous to Connecticut (other than in New York City). However, its president testified that there is "quite an overlap of people who live in the Connecticut area and work in New York, so I find that sometimes I don't know if they're in Connecticut actually or in New York."[367]

Turdin had the burden to show a lack of confusion under concurrent use of the marks. He failed to persuade the Board that confusion was not likely if Turdin was "granted Connecticut as part of his concurrent use territory."

Therefore the Board ruled that Turdin's concurrent use application must be refused, and that Trilobite was entitled to unrestricted registrations for the entire United States.

Boi Na Braza, LLC v. Terra Sul Corporation a/k/a Churrascaria Boi Na Brasa

This complicated concurrent use proceeding involved an application to register the mark BOI NA BRAZA, in standard character form, for restaurant and bar services, with a geographic restriction claiming the entire United States except for the state of New Jersey. Defendant Terra Sul, named as the exception to the plaintiff's exclusive rights, claimed that it had used its mark CHURRASCARIA BOI NA BRASA in New Jersey, New York, and elsewhere and that Plaintiff BNB's mark should be denied registration or restricted to the plaintiff's three areas of actual use:

366. Weiner King, Inc. v. Wiener King Corp., 615 F.2d 512, 204 U.S.P.Q. 820, 831 (C.C.P.A. 1980).

367. Turdin v. Trilobite, Ltd., 109 U.S.P.Q.2d at 1484. To this writer, that testimony seems to be rather weak evidence at best.

Dallas, Atlanta, and Cincinnati. The Board, however, ruled that BNB was entitled to a concurrent use registration for the entire United States, except New Jersey and New York.[368]

Plaintiff BNB had owned a registration for the BOI NA BRAZA mark, but it was cancelled in 2009 as the result of a cancellation proceeding brought by Terra Sul based on the latter's previously used mark BOI NA BRASA. In short, BNB could not maintain its geographically unrestricted registration in face of Terra Sul's prior, albeit geographically limited, use. However, BNB still owned an "incontestable," geographically unrestricted registration for the mark BOI NA BRAZA in the design form shown below, for restaurant and bar services. Because that registration was "claimed" by BNB in its geographically restricted service mark application at issue here, it was included in this proceeding.[369]

There are two "conditions precedent to the issuance of concurrent registrations: (1) that the parties are presently entitled to concurrently use the mark in commerce, and (2) there is no likelihood of confusion, mistake, or deception in the market place as to the source of the goods or services."[370] In addition, a party who claims concurrent rights must have commenced use of its mark prior to the filing date of any application owned by the conflicting claimant to the same mark or to a mark likely to cause confusion.[371] The applicant/plaintiff has the burden of proof to demonstrate its entitlement to a concurrent use registration.[372]

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368. Boi Na Braza, LLC v. Terra Sul Corporation a/k/a Churrascaria Boi Na Brasa, 110 U.S.P.Q.2d 1386 (T.T.A.B. 2014).

369. *See* TBMP § 1104.

370. Boi Na Braza, LLC v. Terra Sul Corporation a/k/a Churrascaria Boi Na Brasa, 110 U.S.P.Q.2d at 1392, quoting Am.'s Best Franchising Inc. v. Abbott, 106 U.S.P.Q.2d 1540, 1547 (T.T.A.B. 2014).

371. *Id.*, citing Action Temp. Servs. Inc. v. Labor Force, Inc., 10 U.S.P.Q.2d 1307, 1309 (Fed. Cir. 1989).

372. *Id.*, citing Over the Rainbow Ltd. Over the Rainbow, 227 U.S.P.Q. 879, 883 (T.T.A.B. 1985).

Plaintiff BNB claimed that it first used its mark in 1999, in good faith and without knowledge of Terra Sul's use, prior to the filing dates of any of Terra Sul's applications. Therefore BNB met the "jurisdictional requirement" for a concurrent use proceeding, and it was entitled to use its mark in its own geographical area of use.[373] There remained in dispute the rights to the remainder of the United States.

The next question was whether, with an appropriate geographical restriction, likelihood of confusion could be avoided. The Board concluded that the answer was yes.

The parties had already co-existed for fifteen years without credible evidence of actual confusion, and that fact weighed heavily against a finding that confusion would be likely in geographically restricted territories. Furthermore, the Board and other tribunals "have often found that confusion can be avoided when restaurant services in particular are offered under identical marks but in geographically restricted territories."[374] By definition, the Board observed, restaurant services are rendered in particular geographic locations.

Although the parties' advertising overlapped, that did not change the Board's conclusion, nor did the fact that both parties had a presence on the Internet, because in this case the overlap in advertising was minimal.

The Board then turned to the issue of the territory to which each party was entitled. Actual use in a territory is not necessary to establish rights in that territory.[375] "As a general rule, a prior user of a mark is entitled to a registration covering the entire United States limited only to the extent that the subsequent user can establish that no likelihood of confusion exists and that it has concurrent rights in its actual area of use, plus its area of natural expansion."[376] However, this presumption may be overcome if a senior user "remains static" and the junior user is the first to file for registration.[377]

In other words, there is a policy of encouraging prompt registration of marks, and the concurrent use provision of Section 2(d) "exhibits no bias in favor of the prior user."[378]

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373. *See* Am.'s Best Franchising Inc. v. Abbott, 106 U.S.P.Q.2d at 1548.

374. Boi Na Braza, LLC v. Terra Sul Corporation a/k/a Churrascaria Boi Na Brasa, 110 U.S.P.Q.2d at 1393, citing cases.

375. *Id.* at 1394, citing Weiner King, Inc. v. Wiener King Corp., 615 F.2d 512, 204 U.S.P.Q. 820, 830 (C.C.P.A. 1980).

376. *Id.*, quoting Pinnochio's Pizza Inc. v. Sandra Inc., 11 U.S.P.Q.2d 1227 (T.T.A.B. 1989).

377. *Id.* at 1394, citing *In re* Beatrice Foods, 166 U.S.P.Q. 431, 437 (C.C.P.A. 1970).

378. *Id.* at citing Weiner King, Inc. v. Wiener King Corp., 615 F.2d 512, 204 U.S.P.Q. 820, 830-1 (C.C.P.A. 1980).

Moreover, this case presented the unusual circumstance in which the plaintiff/applicant owned an "incontestable registration"[379] for a composite mark that incorporated the term "BOI NA BRAZA." Pursuant to Sections 15 and 33(b)(5) of the Lanham Act, use of such a mark cannot be challenged on the basis of prior rights and likelihood of confusion. A prior user normally may carve out of an "incontestable registration" only "the specific areas in which it has established its prior rights prior to actual or constructive notice of said registration."[380]

Since the first use of their mark in 1996, Terra Sul and its predecessors never expanded beyond their Newark, New Jersey, neighborhood. BNB, the first to file an application to register, offered restaurant services in three cities geographically remote from one another and from Terra Sul. Although Terra Sul provided its services in New York to a limited extent, there was no evidence of use or promotion targeted to New York prior to its receipt of constructive notice of BNB's (now-cancelled) registration. Nonetheless, the record evidence suggested that Newark was a neighbor near enough to New York to draw customers from New York City (who must traverse nearly 10 miles, three river crossings (including the Holland Tunnel), and Jersey City to reach Newark's Ironbound neighborhood).The Board concluded that "the New York's restaurant scene's embrace is sufficiently broad to reach Newark" (based on inclusion of Terra Sul's restaurant in the *Village Voice* "best of nyc 2006" and evidence that some of its customers lived in New York).[381]

The Board ruled that BNB was entitled to a nationwide registration, but excluding New Jersey and New York. It further stated that Terra Sul could elect to amend its two pending applications to include a concurrent use statement limiting its registration rights to New Jersey and New York.

13. Section 18 Restrict or Rectification of a Registration

The Board of Regents, The University of Texas System v. Southern Illinois Miners, LLC

In this decision[382] sustaining oppositions to registration of the mark MINERS for various printed materials related to professional baseball, in Class 16, and "professional baseball imprinted clothing," in Class 25, the Board found confusion likely

379. This author maintains that the term "incontestable registration" is a misnomer. *See* note 220, above.

380. Boi Na Braza, LLC v. Terra Sul Corporation a/k/a Churrascaria Boi Na Brasa, 110 U.S.P.Q.2d at 1394.

381. *Id*. at 1395.

382. Bd. of Regents v. S. Ill. Miners, LLC, 110 U.S.P.Q.2d 1182 (T.T.A.B. 2014).

with the registered mark MINERS for "printed programs for college sporting events and media guides" and for "college imprinted clothing."[383]

The applicant had counterclaimed for Section 18[384] restriction of five of the opposer's pleaded registrations by adding certain restrictions like "excluding college baseball" in two registrations, and "college imprinted" in one. The Board pointed out, however, that to be acceptable, a proposed restriction under Section 18 must be "commercially significant."

> A restriction is "commercially significant" if its entry would avoid a finding of likelihood of confusion or if the registrant has set forth its goods in terms that overstate the range of goods or the trade channels in which those goods move, so that fairness demands that an appropriate restriction to the registration be entered.[385]

The Board concluded that the restrictions proposed by the applicant were not commercially significant. First, as to four of the registrations (for word plus design marks), the Board did not consider them in reaching its decision. Therefore, the proposed restrictions of those registrations would not have changed the result here and therefore would not be commercially significant.

With regard to the opposer's Class 16 word mark registration, the applicant proposed to amend "printed programs for college sporting events and media guides" to "printed programs for college sporting events (excluding college baseball) and media guides." However, the applicant provided no argument or analysis as to why this restriction would avoid a likelihood of confusion. Nor did fairness demand such a restriction.

> It is undisputed that opposer sponsors several college sports teams, and we do not believe fairness demands, in such circumstances, that opposer's registration be restricted under section 18 to itemize certain, or all, of the sports for which it does not sponsor an intercollegiate team.[386]

And so the Board denied the Section 18 counterclaims.

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383. *See* Part II.B.1.a, above.

384. Section 18 of the Lanham Act, 15 U.S.C. § 1068, gives the Board the equitable power to cancel registrations in whole or in part, or to "otherwise restrict or rectify . . . the registration of a registered mark."

385. Bd. of Regents v. S. Ill. Miners, LLC, 110 U.S.P.Q.2d at 1197, quoting Eurostar v. "Euro-Star" Reitmoden GmbH & Co. KG, 34 U.S.P.Q.2d 1266, 1270 (T.T.A.B. 1994) [internal citation omitted].

386. *Id.* at 1198.

14. Procedural Issues

a. Section 18 Rectification of a Color Registration

Covidien LP v. Masimo Corp.

In a case of first impression, the Board denied Respondent Masimo's motion to dismiss under Rule 12(b)(6) of the Federal Rules of Civil Procedure,[387] ruling that a petition under Section 18 of the Lanham Act[388] is a proper vehicle for restricting a registration of a color mark to a particular shade of that color.[389]

Petitioner Covidiens's application to register the color pink (Pantone PMS 806) for medical connectors and lead wires, was refused under Section 2(d) in view of Masimo's Supplemental Registration for the color "red" for patient monitoring sensors and cables. Covidien then filed a petition under Section 18 to restrict the cited registration to the particular shade of red (Pantone PMS-185) actually used by Masimo. Covidien alleged that such a restriction would avoid a likelihood of confusion.

Masimo moved to dismiss the petition, arguing that Covidien had failed to state a claim upon which relief can be granted. It urged that restriction under Section 18 was permitted only when the description of the mark in the registration is "ambiguous or overly broad," citing *Wellcome Foundation Ltd. v. Merck & Co.*[390] The Board, however, ruled that *Wellcome* "did not limit this type of § 18 claim in inter partes proceedings by requiring that the pleadings allege that an existing description of a registered mark is 'ambiguous' or 'overly broad.' [T]hose allegations are not the sole averments which can form a sufficient pleading."[391]

> The Board also reads § 18 as allowing for, and thus encompassing, relief where a plaintiff alleges that a feature of the description of the mark renders the description not specific to the mark actually used by the defendant.[392]

Therefore, the Board ruled that Covidien's allegations were sufficient to state a claim. However, it required Covidien to amend

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387. As stated in note 256, above, 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."

388. *See* note 384, above.

389. Covidien LP v. Masimo Corp., 109 U.S.P.Q.2d 1696 (T.T.A.B. 2014).

390. *Id.* at 1699, citing Wellcome Found. Ltd. v. Merck & Co., 46 U.S.P.Q.2d 1478 (T.T.A.B. 1998).

391. *Id.*

392. *Id.*

its petition to set forth a more definite statement as to the color of Respondent Masimo's mark, in ordinary language.[393]

b. Rule 2.133 Amendment of an Opposed Application

Johnson & Johnson v. Stryker Corp.

Stryker Corporation filed an intent-to-use application to register the mark MICROFX for "surgical instruments." Johnson & Johnson opposed, alleging likelihood of confusion with its registered mark MICROFIX for "suture anchors." Prior to trial, Stryker filed a motion under Trademark Rule 2.133, without the opposer's consent, to amend its identification of goods to read: "surgical instruments, namely osteochondral drills, drill guides, and curettes used to create microfracture holes." The Board found that the "unique circumstances" of this case warranted granting of the motion.[394]

Under Trademark Rule 2.133(a), "[a]n application subject to an opposition may not be amended in substance . . . except with the consent of the other party or parties and the approval of the Trademark Trial and Appeal Board, or upon motion granted by the Board." The Board will usually defer a ruling on such a motion until final decision. The circumstances presented here, however, "allow the Board to accept applicant's proposed amendment immediately," despite Johnson & Johnson's objection.[395]

The Board first noted that the subject motion was timely filed, i.e., prior to trial. In considering the motion, the Board looked to the following requirements:

> (1) the proposed amendment must serve to limit the broader identification of goods . . . ;
>
> (2) the applicant must consent to the entry of judgment on the grounds for opposition with respect to the broader identification of goods . . . present at publication; and
>
> (3) if the applicant wishes to avoid the possibility of a *res judicata* effect by the entry of judgment on the original identification, the applicant must make a *prima facie* showing that the proposed amendment serves to change the nature and character of the goods . . . or restrict their channels of trade and customers so as to introduce a substantially different issue for trial.[396]

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393. *See* TMEP § 1202.05(e), and *see In re* Cook Med. Techs. LLC, 105 U.S.P.Q.2d 1377, 1381 (T.T.A.B. 2012). Covidien amended its petition to describe the color of Masimo's mark as "fire engine red."

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

395. *Id.* at 1078.

396. *Id.*, citing Drive Trademark Holdings LP v. Inofin, 83 U.S.P.Q.2d 1433, 1435 (T.T.A.B. 2007); Giant Food, Inc. v. Standard Terry Mills, Inc., 229 U.S.P.Q. 955, 964

Here, the first and third requirements were satisfied: the proposed amendment narrowed the identification of goods, and the narrowing of the category of users restricted the channels of trade and the prospective customer base so as to create a substantially different issue for trial.

The crucial question for the Board was whether Stryker unconditionally stated its willingness to accept judgment as to the broader range of goods. Its motion paper and its reply brief were inconsistent on that point. However, the reply brief indicated Stryker's intention to "obviate any doubt" and Stryker clearly expressed its "desire to facilitate resolution of the other opposition to the involved application [which other opposition would be withdrawn by that opposer if the instant motion were granted]."[397] The Board found that Stryker had expressed a position "that if the specified condition precedent—that its amendment be immediately accepted—occurs, then applicant will immediately accept judgment against it on the broader range of goods."[398] The Board concluded that the second condition set forth above was satisfied.

The Board therefore granted Stryker's motion and accepted its consent to the entry of judgment as to the broader identification of goods. The Board entered judgment "with respect to the mark as applied to all goods encompassed by the broader description 'surgical instruments,' except as for the goods identified by the amended identification."[399]

Proceedings were then resumed as to the amended identification of goods.

c. Assignability of Extension of Time to Oppose

Renaissance Rialto Inc. v. Boyd

The Board dismissed this opposition due to lack of jurisdiction because the notice of opposition was filed too late.[400] Opposer Renaissance Rialto claimed the benefit of an extension of time to oppose that was obtained by a third-party, Lakeside Cinema. The opposer relied on a "Transfer Agreement" regarding the extension of time, but the Board ruled that the opposer failed to show that Lakeside used the mark that it purported to transfer or that the opposer and Lakeside were in the position of parent-subsidiary,

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(T.T.A.B. 1986); Int'l Harvester Co. v. Int'l Tel. & Tel. Corp., 208 U.S.P.Q. 940, 941 (T.T.A.B. 1980). The Board noted that when the application is based upon use, the movant must meet a fourth condition: the specimens of record must support the goods, as amended, and applicant must prove at trial that its mark was in use with the remaining goods as of the relevant date as determined by the filing basis.

397. *Id.* at 1080.

398. *Id.*

399. *Id.*

400. Renaissance Rialto Inc. v. Boyd, 107 U.S.P.Q.2d 1083 (T.T.A.B. 2013).

licensor-licensee, or any other relationship with respect to prior rights in the mark.[401]

Applicant Ky Boyd sought to register the mark RIALTO CINEMAS for movie theaters. Opposer Renaissance Rialto instituted the opposition on November 23, 2010, claiming, *inter alia*, likelihood of confusion and genericness. The original opposition deadline was October 7, 2010. The third party, Lakeside Cinema, had obtained an extension of time to January 5, 2011, within which to oppose, but Lakeside did not file a notice of opposition. Instead, it executed a "Transfer Agreement" purporting to transfer to Renaissance Rialto its right to initiate and prosecute this opposition.[402] The question, then, was whether Renaissance Rialto may claim the benefit of the extension of time granted to Lakeside.

Under Trademark Rule 2.102(b),[403] the party filing an opposition during an extended period for filing must have obtained the extension of time in its own name or must be in privity with the person that obtained the extension of time.[404] The concept of "privity" includes, among other things, the relationship of successive ownership of a mark.[405] The Board therefore looked to the terms of the Transfer Agreement to see whether Lakeside effectively transferred its right to oppose (and the benefit of the extension of time to do so). "Typically, the right to go forward with an opposition may be transferred when the opposer, or its pleaded mark and the goodwill associated therewith, has/have been acquired by another party."[406]

The Transfer Agreement, dated November 1, 2010, recited that Lakeside owned a leasehold interest in a movie theater, that for several years prior to Lakeside obtaining said interest the theater had been operated as "Rialto Cinemas," that Lakeside had filed a request for extension of time to oppose the instant application, and that Lakeside had "now decided to use a different

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401. *Id.* at 1086-87.

402. According to the Transfer Agreement, in addition to the name RIALTO CINEMAS, "Transferor also transfers to Transferee its right to oppose the pending Application to register the alleged RIALTO CINEMAS mark pursuant to the extension of time filed by Transferor on September 30, 2010. The parties intend that Transferee shall be the successor-in-interest to Transferor's right to pursue said opposition proceeding."

403. Trademark Rule 2.102(b) (37 C.F.R. § 2.102(b)) provides, in pertinent part, that "[a] written request to extend the time for filing an opposition must identify the potential opposer with reasonable certainty. Any opposition filed during an extension of time should be in the name of the person to whom the extension was granted."

404. Renaissance Rialto Inc. v. Boyd, 107 U.S.P.Q.2d at 1085. *See also* TBMP § 206.01 ("A request for a further extension, or an opposition, filed in a different name will be accepted if a person in privity with the person granted the previous extension files it . . . .");

405. *See* TBMP § 206.02.

406. Renaissance Rialto v. Boyd, 107 U.S.P.Q.2d at 1085, citing SDT Inc. v. Patterson Dental Co., 30 U.S.P.Q.2d 1707, 1709 (T.T.A.B. 1994).

name."[407] By its terms, the Transfer Agreement assigned to Renaissance Rialto any right that Lakeside might have to use of the name RIALTO CINEMAS, as well as Lakeside's right to oppose the subject application pursuant to the extension of time that it had obtained.[408]

The Board, however, found it "not at all clear" from the agreement that Lakeside ever acquired "any rights in the mark for it to transfer."[409] Applicant Boyd testified that he did not license use of his mark to Lakeside, nor was he aware of anyone else using the RIALTO CINEMAS mark for movie theaters. Renaissance Rialto's owner testified that Lakeside had not used the mark, and that the right to oppose that was purportedly transferred was not based on any use of the mark by Lakeside, but rather on "a natural right of a competitor to stop applicant from using what opposer deems to be a generic term."[410]

The Board therefore found that the record evidence was insufficient to establish that Lakeside had a proprietary interest in the RIALTO CINEMAS mark. Renaissance Rialto's acquisition of another's right to oppose, independent of a transfer of trademark rights, was "an insufficient basis upon which to claim the benefit of the transferor's personal privilege in an extension of time to oppose an application."[411]

Because Renaissance Rialto did not timely file its notice of opposition, the Board had no jurisdiction over the matter and it dismissed the opposition, but without prejudice to Renaissance Rialto's filing a petition for cancellation if and when appropriate.

d. Board Discretion to Decline to Hear Claim

Multisorb Technologies, Inc. v. Pactiv Corp.

Faced with a petition for cancellation of its registration for the mark ACTIVETECH on the grounds of abandonment and fraud, Respondent Pactiv filed a motion consenting to judgment on the abandonment claim and contending that the proceeding should be terminated without judgment on the fraud claim. Petitioner Multisorb opposed the motion, maintaining that the respondent must either consent to entry of judgment on the fraud claim or answer the petition and defend its position.[412]

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407. *Id.* at 1085.

408. To further complicate matters, the prior leaseholder was Ky Boyd, the applicant here.

409. Renaissance Rialto v. Boyd, 107 U.S.P.Q.2d at 1086.

410. *Id.*

411. *Id.* at 1087, citing SDT Inc. v. Patterson Dental Co., 30 U.S.P.Q.2d at 1709.

412. Multisorb Techs., Inc. v. Pactiv Corp., 109 U.S.P.Q.2d 1170 (T.T.A.B. 2013).

Consistent with Trademark Rule 2.116(a),[413] procedure before the Board is generally governed by the Federal Rules of Civil Procedure, except when the Code of Federal Regulations provides otherwise. When procedural issues fall within the interstices between the Federal Rules of Civil Procedure, the Code of Federal Regulations, and the Trademark Trial and Appeal Board Manual of Procedure, the Board generally follows accepted federal practices.[414] "This is one of those cases."[415]

Like the courts, the TTAB has generally invoked its discretion to decide only those claims necessary to enter judgment and dispose of the case at hand. In short, a determination of registrability does not always require a decision on every pleaded issue. The courts and the Board will look at the specific circumstances of the case, including the claims pleaded.[416]

Petitioner Multisorb maintained that the granting of the respondent's motion would deprive the petitioner of the preclusive effect that would result from a judgment on the fraud claim. The Board pointed out, however, that the fraud claim relates specifically and only to procurement of the challenged registration, and would not bar the applicant from filing a new application for registration nor permit the petitioner to challenge that registration on the basis of claim preclusion.

The Board observed that whether it allows a proceeding to continue after entry of judgment on one claim falls within the Board's discretion in light of the circumstances of each case. Under the circumstances here, the Board saw no purpose in further litigation over the issue of fraud when the only remedy, cancellation of the registration, had been granted and a decision on the fraud claim "would have, at best, limited effect on petitioner's ability to challenge any future attempt by respondent to register the mark."[417]

The Board granted the respondent's motion and entered judgment on the abandonment claim without reaching the fraud claim.

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413. Trademark Rule 2.116(a) (37 C.F.R. § 2.116(a)) states that "[e]xcept as otherwise provided, and wherever applicable and appropriate, procedure and practice in inter partes proceedings shall be governed by the Federal Rules of Civil Procedure."

414. Multisorb Techs., Inc. v. Pactiv Corp., 109 U.S.P.Q.2d at 1171.

415. *Id.*

416. *Id.* at 1171-72.

417. *Id.* at 1172.

e. Vacatur due to Mootness

Rolex Watch U.S.A., Inc. v. AFP Imaging Corp.

The TTAB vacated its December 2011 precedential decision in *Rolex Watch U.S.A., Inc. v. AFP Imaging Corp.*[418] There, the Board had dismissed Rolex's dilution-by-blurring claim, concluding that Rolex had failed to prove that the applied-for mark ROLL-X for "x-ray tables for medical and dental use" would, despite an "actual association" between the marks, impair the distinctiveness of the opposer's famous ROLEX mark. The Board had also dismissed Rolex's claim that Applicant AFP did not have a *bona fide* intent to use the ROLL-X mark when it filed its application to register. Rolex appealed to the CAFC and, while the appeal was pending, applicant AFP unilaterally withdrew its application to register. The CAFC then dismissed the appeal as moot and remanded the case to "allow the Board to consider a motion to vacate its decision in the first instance, in accordance with *United States Bancorp Mortgage Company v. Bonner Mall Partnership*,[419] and for any further proceedings deemed appropriate by the Board."[420] The Board concluded that *U.S. Bancorp* mandated that its decision be vacated.[421]

In *U.S. Bancorp*, the Supreme Court held that vacatur is appropriate if a decision becomes moot as a result of the unilateral action of the prevailing party (but not when the result of a voluntary act by the losing party). Here, AFP, the prevailing party before the Board, took the unilateral action of abandoning its application without Rolex's consent while Rolex's appeal was pending before the CAFC. There was no evidence that the appeal was rendered moot by any voluntary action on Rolex's part. In fact, Rolex objected to AFP's abandonment of the ROLL-X application because it deprived Rolex of its right to obtain review of the Board's adverse decision.

AFP argued (without evidentiary support) that it was "forced" to withdraw its application due to the cost of litigation, but the Board found that to be irrelevant. AFP withdrew its application without Rolex's permission, thereby mooting the appeal. Under those circumstances, *U.S. Bancorp* mandated that the Board's decision be vacated.

> Indeed, to decide otherwise would be manifestly unfair because applicant's unilateral abandonment of the subject

418. Rolex Watch U.S.A., Inc. v. AFP Imaging Corp., 101 U.S.P.Q.2d 1188 (T.T.A.B. 2011).

419. U.S. Bancorp Mortg. Co. v. Bonner Mall P'ship, 513 U.S. 18, 29 (1994).

420. The CAFC issued its order on November 1, 2012 in Appeal No. 2012-1260. It declined to vacate the Board's decision, but instead remanded the case back to the Board.

421. Rolex Watch USA Inc. v. AFP Imaging Corp., 107 U.S.P.Q.2d 1626 (T.T.A.B. 2013).

application has frustrated opposer's statutory right to seek review of a decision it believes to be incorrect. In view thereof, the Board's decision is vacated.[422]

The Board then entered judgment against AFP under Trademark Rule 2.135.[423]

f. Mootness of Cancellation Counterclaim

Delaware Quarries, Inc. v. PlayCore IP Sub, Inc.

The Board dismissed the Section 2(d) likelihood of confusion claims of Opposer Delaware Quarries and sustained Applicant PlayCore's counterclaim for cancellation of the opposer's pleaded registration on the grounds of genericness and, alternatively, mere descriptiveness. Delaware requested reconsideration, contending that once its claims were dismissed, PlayCore lacked standing to pursue its counterclaim, and therefore the Board erred in sustaining the counterclaims. The Board, considering the issue to be one of mootness rather than standing, denied the request for reconsideration.[424]

Delaware Quarries opposed PlayCore's application to register the mark ROCKSCAPE for "playground equipment, namely, climbing units," claiming a likelihood of confusion with its identical, registered mark for "stone, gravel or similar products, namely boulders, stone veneer, and crushed stone for use in landscaping, building construction, and paving." The Board dismissed the opposition, finding that Delaware had failed to show a viable relationship between the goods, that the purchasers of the applicant's more expensive product would be sophisticated, and that third-party uses weakened the ROCKSCAPE mark.

As to the counterclaim, PlayCore submitted evidence of dozens of websites using the term "rockscape" in connection with landscaping with rocks, stones, etc. The Board concluded that these uses clearly establish that "rockscape" would be understood by relevant consumers as a generic term for Delaware's identified goods. For the sake of completeness the Board ruled that Delaware's mark was at least merely descriptive, and since Delaware did not claim acquired distinctiveness, the Board sustained the petition for cancellation on the Section 2(e)(1) ground as well.

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422. *Id.* at 1628.

423. Trademark Rule 2.135 (C.F.R. § 2.135) provides, in pertinent part, that "[a]fter the commencement of an opposition, concurrent use, or interference proceeding, if the applicant files a written abandonment of the application or of the mark without the written consent of every adverse party to the proceeding, judgment shall be entered against the applicant."

424. Del. Quarries, Inc. v. PlayCore IP Sub, Inc., 108 U.S.P.Q.2d 1331 (T.T.A.B. 2013).

Delaware Quarries requested reconsideration[425] of the Board's decision, contending that once the Board dismissed the Section 2(d) claims, PlayCore no longer had standing to seek cancellation of the ROCKSCAPE registration. The Board disagreed that PlayCore lacked standing because standing is assessed at the time the counterclaim is filed and as a general rule a defendant in an opposition has inherent standing to assert its counterclaims.[426]

Although the Board had previously considered these circumstances as raising an issue of standing, the Supreme Court, in *Cardinal Chemical Co. v. Morton Int'l Inc.*,[427] made it clear that the issue is one of mootness: that is, whether the dismissal of the opposer's claims rendered the counterclaims moot.

In *Cardinal Chemical*, the Supreme Court ruled that a counterclaim for a declaratory judgment of patent invalidity was not rendered moot when the CAFC affirmed the district court's finding of non-infringement. The Court based its decision on two points: first, a party faced with a charge of patent infringement will remain concerned about possible future infringement charges if it markets similar products in the future; second, the public has an interest in resolving questions of patent validity.

Similar concerns apply in the current case. An applicant/defendant might later face an infringement action to enjoin its use of some mark, and a finding of genericness—even in the narrow context of an opposition proceeding—would undoubtedly be "of interest" to the applicant. In addition, the public has an interest in resolving questions regarding the genericness of a registered trademark.[428]

And so the Board denied the request for reconsideration.

15. Discovery and Motion Practice

a. Motion for Sanctions for Failure to Attend Discovery Conference

Patagonia, Inc. v. Azzolini

When Respondent Joseph Azzolini, appearing *pro se*, failed to attend the mandatory Trademark Rule 2.120 discovery

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425. *See* Trademark Rule 2.129(c), 37 C.F.R. § 2.129(c) .

426. *Id.* at 1332, citing Finanz St. Honore B.V. v. Johnson & Johnson, 85 U.S.P.Q.2d 1478, 1479 (T.T.A.B. 2007); Carefirst of Md., Inc. v. FirstHealth of the Carolinas Inc., 77 U.S.P.Q.2d 1492, 1502 (T.T.A.B. 2005); TBMP § 309.03(b) (3d. ed. rev.2 2013) and authorities cited therein.

427. Cardinal Chem. Co. v. Morton Int'l, Inc., 508 U.S. 83, 26 U.S.P.Q.2d 1721 (1993).

428. *See, e.g.*, Loglan Inst., Inc. v. Logical Language Grp., Inc., 22 U.S.P.Q.2d 1532, 1534 (Fed. Cir. 1992) (noting "the public interest in a cancellation proceeding to rid the register of a generic mark").

conference,[429] the Board issued an order requiring him to show cause why judgment should not be entered against him as a sanction.[430] Finding Azzolini's arguments and explanations unconvincing, and in view of the "continuing nature of his violations despite multiple prior admonitions," the Board concluded that any sanction short of judgment would be futile and unfair to petitioner Patagonia.

On June 28, 2012, Patagonia filed a petition for cancellation of Azzolini's registration for the mark EL CAP for various clothing items. Azzolini diddled and daddled, ignoring several Board orders that attempted to move the proceeding forward. Not until February 24, 2013, did Azzolini file his answer, and he failed to serve it on Patagonia until a month later.

The Board set May 24, 2013, as the deadline for the discovery conference. Patagonia requested that a Board interlocutory attorney participate in the conference.[431] Azzolini agreed by email to "May 24th Thursday" at 11 A.M., as the time and date of the conference. However, May 24th was a Friday. The interlocutory attorney tried unsuccessfully to reach Azzolini, while Patagonia's counsel made himself available both at 11 A.M. on Thursday and all day on Friday. Azzolini never called.

One week later, Azzolini informed the Board that he had traveled to the Poconos for the Memorial Day weekend, and his phone lost its connection. When he came home, he realized he had left his phone in the Poconos.

In light of Azzolini's history of ignoring Board orders and "making this case more difficult than necessary," the Board, on June 20, 2013, issued a notice of default and an order to show cause why judgment should not be entered against him for failure to participate in the discovery conference. In response, Azzolini lamely pointed to his Memorial Day trip, and he took exception to the interlocutory attorney's "*sua sponte*" issuance of the show cause order.

The Board pointed out that it is the responsibility of both parties to ensure that a discovery conference takes place by the appointed deadline. Here, the petitioner and the Board "bent over backwards" to provide Azzolini with multiple opportunities to comply with the Trademark Rules. Azzolini, on the other hand, "on

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429. Trademark Rule 2.120(a)(2), 37 C.F.R. § 2.120(a)(2): "The discovery conference shall occur no later than the opening of the discovery period, and the parties must discuss the subjects set forth in Rule 26(f) of the Federal Rules of Civil Procedure and any subjects set forth in the Board's institution order."

430. Patagonia, Inc. v. Azzolini, 109 U.S.P.Q.2d 1859 (T.T.A.B. 2014).

431. *See* Trademark Rule 2.120(a)(2), 37 C.F.R. § 2.120(a)(2): "A Board Interlocutory Attorney or Administrative Trademark Judge will participate in the conference upon request of any party made after answer but no later than ten days prior to the deadline for the conference."

those occasions when he has bothered to offer any explanation—has offered a series of mostly unsupported excuses which, to put it mildly, strain credulity."[432] The Board's patience had been exhausted.

The issuance of the show cause order was appropriate under Trademark Rule 2.120(g)(1), which states that the Board may make "any appropriate order, including those provided in Rule 37(b)(2) of the Federal Rules of Civil Procedure."[433] The Board is not required to first issue an order compelling attendance at the discovery conference. Azzolini had ample notice and an opportunity to be heard on the sanction issue.

The Board concluded that in view of Azzolini's failure to participate in the discovery conference, and in view of the continuing nature of his violations despite multiple admonitions, "any sanction order short of judgment would be futile and unfair to petitioner, which brought this case well over a year ago and has been unable, despite diligent efforts, to move it forward, due to respondent's intransigence."[434]

In short, Azzolini failed to show good cause as to why the sanction of judgment should not be entered. The Board therefore granted the petition for cancellation.

b. Motion for a Protective Order

The Phillies v. Philadelphia Consolidated Holding Corp.

In this Section 2(d) opposition, when the applicant served The Phillies with 507 requests for admission, The Phillies cried "foul" and proceeded to file a motion for a protective order under Rule 26(c) of the Federal Rules of Civil Procedure,[435] claiming that the sheer number of requests demonstrated that the applicant made no effort to seek only proper and relevant discovery, and that the time to be spent and expenses incurred in responding would be unduly burdensome. Those arguments failed to get The Phillies to first base, the Board unsympathetically noting that The Phillies had pleaded more than two dozen marks as bases for its likelihood of confusion claim. The Board did, however, strike ninety-six of the admission requests as duplicative or as seeking irrelevant information.

The applicant's requests for admission asked The Phillies to admit or deny whether it was selling or licensing specific goods or

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432. Patagonia, Inc. v. Azzolini, 109 U.S.P.Q.2d at 1862.

433. Among the sanctions available under Rule 37(b)(2), Fed. R. Civ. P., "For Not Obeying a Discovery Order" is "(v) dismissing the action or proceeding in whole or in part."

434. Patagonia, Inc. v. Azzolini, 109 U.S.P.Q.2d at 1862.

435. The Phillies v. Phila. Consolidated Holding Corp., 107 U.S.P.Q.2d 2149 (T.T.A.B. 2013).

services under each of the pleaded marks. The Phillies admitted that the information sought was relevant, but asserted that these requests were cumulative of other discovery requests, that responding thereto would require the opposer to spend extensive time and effort, and that the burden on the opposer outweighed any need of the applicant for the information sought.

There was nothing improper in The Phillies filing a motion for a protective order rather than responding to the requests. The Board noted that the Trademark Rules and the Federal Rules of Civil Procedure vest the Board with "discretion to manage the discovery process in order to balance the requesting party's need for information against any injury that may result from discovery abuse."[436] A party seeking a protective order must establish good cause by providing "a particular and specific demonstration of fact, as distinguished from stereotyped and conclusory statements."[437] It must show that its ability to litigate will be hampered, not just that litigation will be more difficult.

The Board found the applicant's requests to be neither improper individually, nor harassing or oppressive as a whole. The subject admission requests included 32 requests for each of 14 marks (although The Phillies had pleaded 26 marks in all). Since the opposer chose to draft its notice of opposition broadly, the sheer number of requests (507) was not *per se* oppressive and unduly burdensome.

> Applicant seeks information about opposer's alleged use, and its requests for admission require opposer to admit or deny that it uses its pleaded marks on or in connection with specific pleaded goods and services. These requests are relevant to opposer's allegations and claims as pleaded, as admitted by the parties, as they seek information about the scope of use, relatedness of the parties' goods and/or the basis for potential counterclaims.[438]

Nonetheless, the applicant's requests did contain some duplication, and also some requests (directed to unpleaded registrations) that were outside the scope of discovery.

And so the Board denied the motion for the most part.

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436. *Id.* at 2152.

437. *Id.*, quoting FMR Corp. v. Alliant Partners, 51 U.S.P.Q.2d 1759, 1761 (T.T.A.B. 1999).

438. *Id.* at 2154.

c. Motion to Compel Discovery

Hot Tamale Mama . . . and More, LLC v. SF Investments, Inc.

The Board denied a motion to compel responses to an applicant's interrogatories and production requests, finding that the applicant had failed to satisfy the requirement of Trademark Rule 2.120(e)(1),[439] namely, that the moving party show that it made a good faith effort to resolve the discovery dispute and that the parties were unable to resolve their differences.[440] Here, counsel for the parties merely exchanged brief emails, the applicant's counsel noting that responses had not been received and asking when they might be expected, and the opposer's counsel promising to check with the client and "get back to you on a time frame for response."

Even when a party fails completely to respond to discovery, the other party has a duty to contact its adversary to ascertain why it has not received responses and whether the matter can be resolved amicably. If the discovering party is not satisfied with the answer, only then may it file a motion to compel.

> [T]he good faith efforts of the parties should be directed to understanding differences and actually investigating ways in which to resolve the dispute. Where it is apparent that the effort toward resolution is incomplete, establishing the good faith effort that is a prerequisite for a motion to compel necessitates that the inquiring party engage in additional effort toward ascertaining and resolving the substance of the dispute.[441]

Here, two weeks after the discovery responses were due, counsel for the parties exchanged brief emails. The Board concluded that this exchange did not satisfy the good faith obligation because the applicant did not undertake sufficient effort to resolve the dispute. The applicant merely said what the opposer already knew: it had failed to provide responses. The opposer's reply did not state why the responses were overdue, or even when they would be provided.

It was incumbent upon applicant to follow up with the opposer not only to ascertain why there were no responses, but also to determine "any underlying circumstances that might have

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439. Trademark Rule 2.120(e)(1) (37 C.F.R. § 2.120(e)(1)) provides, in pertinent part, that "[a] motion to compel initial disclosures, expert testimony disclosure, or discovery must be supported by a written statement from the moving party that such party or the attorney therefor has made a good faith effort, by conference or correspondence, to resolve with the other party or the attorney therefor the issues presented in the motion but the parties were unable to resolve their differences."

440. Hot Tamale Mama . . . and More, LLC v. SF Investments, Inc., 110 U.S.P.Q.2d 1080 (T.T.A.B. 2014).

441. *Id.* at 1081.

contributed to the non-response and whether any problems could be resolved."[442] In fact, in its responding motion papers, the opposer stated that it is a small, closely held company that was moving its operations, and so its principal did not have the time to address discovery matters. The applicant could have found this out had it only asked, but instead it filed the motion to compel.

d. Motion to Dismiss Under Rule 2.132

Skincode AG v. Skin Concept AG

At the close of Opposer Skincode's testimony period, Applicant Skin Concept moved to dismiss this opposition under Trademark Rule 2.132(b).[443] Under that rule, if a plaintiff offers in evidence only copies of USPTO records, the defendant may move for dismissal on the ground that, upon the law and the facts, the plaintiff has shown no right to relief. If the motion is denied, the defendant may proceed to offer its evidence. The Board denied Skin Concept's motion, finding that Skincode, which had relied only on USPTO records, had made out a prima facie case of likelihood of confusion under Section 2(d).[444]

Skin Concept sought to register the mark SWISSCODE for "[s]oap; perfumery, essential oils, cosmetics, hair lotions; dentifrices." Skincode opposed on the ground of likelihood of confusion with its previously used and registered mark SKINCODE 2 & Design (shown below) for "soaps, cosmetics, all adapted for use on the skin and the scalp." Skincode also claimed likelihood of dilution under Section 43(c).

Skincode attached to its notice of opposition a copy of its pleaded registration printed from the electronic database records of the USPTO, showing the current status and title of the registration.[445] It did not submit any additional evidence.[446]

Skin Concept, in moving to dismiss, contended that Skincode had failed to make a prima facie showing of entitlement to relief.

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442. *Id.* at 1082.

443. 37 C.F.R. § 2.132(b).

444. Skincode AG v. Skin Concept AG, 109 U.S.P.Q.2d 1325 (T.T.A.B. 2013).

445. *See* Trademark Rule 2.122(d)(1), 37 C.F.R. § 2.122(d)(1).

446. Since Skincode offered no evidence regarding its common law use of its mark, and failed to provide any evidence of fame, the Board dismissed its dilution claim and any claim of likelihood of confusion based on common law rights.

In particular, with regard to the opposer's Section 2(d) claim, it argued that the marks at issue are distinguishable because the SKIN and SWISS components of the marks give them entirely different meanings and commercial impressions.

Opposer Skincode asserted that the marks both refer to the Swiss origin of the goods at issue, contending that the "i" in its registered mark is dotted with a "square containing an equilateral cross (or 'plus' sign) in the center [of] which is an obvious representation of the square-shaped flag of Switzerland."[447] Applicant Skin Concept urged that the supposed depiction of a "Swiss flag" was not at all obvious.

The question for the Board was whether the opposer's registration was itself sufficient evidence to establish a prima facie case of likelihood of confusion such that the burden of proof must shift to the applicant to present evidence to the contrary. Applying the *du Pont* factors, the Board found that Skincode had presented a prima facie case.

The involved goods are legally identical, since both the application and the cited registration include "soaps" and "cosmetics."[448] The Board must presume that these goods travel through the same, normal channels of trade to the same classes of consumers.[449]

As to the marks, because some of the goods are legally identical, a lesser degree of similarity is necessary to support a finding of likely confusion.[450] The Board observed that the word portions of the marks are similar in appearance and commercial impression in that each mark comprises a two-syllable word that begins with the letter S, has soft "I" vowel sounds in the first syllable, and includes CODE as the second syllable. It is the word portion of the cited mark that is likely to be impressed upon consumers' memories.[451] Moreover, the applied-for mark appears

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447. Skincode AG v. Skin Concept AG, 109 U.S.P.Q.2d at 1327.

448. It is sufficient for a refusal based on likelihood of confusion that relatedness is established with regard to any item included in the identification of goods (in a given class) in the application. Tuxedo Monopoly, Inc. v. Gen. Mills Fun Grp., 648 F.2d 1335, 209 U.S.P.Q. 986, 988 (C.C.P.A. 1981) (MONOPOLY on T-shirts, where application included "shirts," would be likely to cause confusion with plaintiff's mark on board game); Apple Computer v. TVNET.Net, Inc., 90 U.S.P.Q.2d 1393, 1397 (T.T.A.B. 2007).

449. Skincode AG v. Skin Concept AG, 109 U.S.P.Q.2d at 1328, citing Octocom Sys. Inc. v. Houston Computers Servs. Inc., 918 F.2d 937, 16 U.S.P.Q.2d 1783, 1787 (Fed. Cir. 1990); *In re* Elbaum, 211 U.S.P.Q. 639, 640 (T.T.A.B. 1981).

450. *In re* Hitachi High-Techs. Corp., 109 U.S.P.Q.2d 1769, 1772 (T.T.A.B. 2014), citing Century 21 Real Estate Corp. v. Century Life of Am., 970 F.2d 874, 23 U.S.P.Q.2d 1698 (Fed. Cir. 1992); *see also In re* Mighty Tea Leaf, 601 F.3d 1342, 94 U.S.P.Q.2d 1257, 1261 (Fed. Cir. 2010).

451. Skincode AG v. Skin Concept AG, 109 U.S.P.Q.2d at 1329, citing Herbko Int'l, Inc. v. Kappa Books, Inc., 308 F.3d 1156, 64 U.S.P.Q.2d 1375 (Fed. Cir. 2002); *In re* Dakin's Miniatures, Inc., 59 U.S.P.Q.2d 1593, 1596 (T.T.A.B. 1999); Ceccato v. Manifatura Lane Gaetano Marzetto & Figli S.p.A., 32 U.S.P.Q.2d 1192 (T.T.A.B. 1994).

in standard character form, and therefore the Board must consider all manners in which it might be displayed, including in a manner similar to that of the cited mark.[452] The Board found it premature to decide on the connotation of the cross-design element of the cited mark, and likewise premature to decide whether CODE is the dominant portion of each mark.

> In view of the actual and presumptive similarities of the marks at issue, and the partially identical goods, we find that opposer has at least made a *prima facie* case of likelihood of confusion with regard to the pleaded registered mark [and] that dismissal of the opposition is therefore unwarranted.[453]

And so the Board denied the motion to dismiss as to the likelihood of confusion claim based on the opposer's registration, and it ordered the proceeding to resume with the applicant's testimony period.

Sterling Jewelers Inc. v. Romance & Co.

In a less than scintillating but precedential ruling, the Board granted Applicant Romance's Trademark Rule 2.132(a) motion to dismiss this opposition because Opposer Sterling Jewelers failed to prosecute the case.[454] Sterling relied on its prior registration for the mark HEARTS DESIRE for fine jewelry, in claiming that the applied-for mark WHAT YOUR HEART DESIRES for jewelry was likely to cause confusion under Section 2(d). But Sterling took no testimony and offered no evidence other than a photocopy of its registration, which was attached to the notice of opposition.

Applicant Romance contended that Sterling's registration was not submitted in compliance with Trademark Rule 2.122(d)(1) because it did not show the current status and title of the registration. Sterling maintained that Romance admitted in its Answer that Sterling was the "listed owner of record" for its pleaded registration, and consequently that Opposer Sterling could rest upon the prima facie case established by that registration. Alternatively, Sterling requested that the Board grant it leave to file "further evidence of the current status and title of its pleaded registration and provide any further evidence, as appropriate."[455]

Romance responded that it did not admit that Sterling was the owner of the pleaded registration or that the registration was valid and subsisting, but only that Sterling was the "listed owner of record."

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452. *See In re* Viterra, Inc., 101 U.S.P.Q.2d 1905 (Fed. Cir. 2012); Citigroup v. Capital City Bank Grp., Inc., 98 U.S.P.Q.2d 1253 (Fed. Cir. 2011).

453. Skincode AG v. Skin Concept AG, 109 U.S.P.Q.2d at 1329.

454. Sterling Jewelers Inc. v. Romance & Co., 110 U.S.P.Q.2d 1598 (T.T.A.B. 2014).

455. *Id.* at 1600.

The Board promptly denied Sterling's request to submit further evidence, since Sterling had "failed to argue or demonstrate that its failure to submit any evidence or take any testimony during its assigned testimony period was the result of excusable neglect."[456]

As to the motion to dismiss, Trademark Rule 2.132(a) provides that "[i]f the time for taking testimony by any party in the position of plaintiff has expired and that party has not taken testimony or offered any other evidence, any party in the position of defendant may . . . move for dismissal on the ground of the failure of the plaintiff to prosecute."

The first question, then, was whether Sterling had proffered any evidence: that is, whether its registration was properly placed into evidence. Trademark Rule 2.122(d) provides for the submission of a registration via several alternative routes, but attaching a mere photocopy of the registration to the notice of opposition is not one of them.[457]

But what about the admission in Romance's Answer that Sterling was the "listed owner" of the registration? The Board refused to construe that admission as establishing Sterling's current ownership of the registration. "[I]nstead, we view the admission, albeit somewhat ambiguous, as merely establishing that the opposer is identified as the owner of the registration in the photocopy of the registration attached as an exhibit to the notice of opposition."[458]

Because Opposer Sterling did not properly submit any evidence in support of its Section 2(d) claim, and did not establish that its registration was currently owned by it and was valid and subsisting, Sterling "failed to demonstrate its standing or that it is entitled to any relief under its asserted claim of likelihood of confusion."[459]

And so the Board granted the motion to dismiss.

e. Motion to Strike Trial Evidence

Hunter Industries, Inc. v. Toro Co.

The Board sustained this opposition to registration of the mark PRECISION for landscape irrigation nozzles and sensors on the ground of likelihood of confusion under Section 2(d), as

456. *Id.*

457. *See* TBMP § 704.03(b)(1)(A) (3d ed. rev. 2 2013) and cases cited therein.

458. Sterling Jewelers Inc. v. Romance & Co., 110 U.S.P.Q.2d at 1602.

459. *Id.*

discussed above.[460] Perhaps of more interest than the Section 2(d) analysis were the Board's rulings on several evidentiary issues.[461]

Hunter successfully moved to strike certain testimony and exhibits proffered by Applicant Toro. First, the Board excluded Toro's exhibits that were submitted on a flash drive because Trademark Rule 2.126[462] does not permit such form of submission. The documents should have been submitted on paper or electronically via ESTTA.[463] A CD-ROM containing two video files submitted by Toro was in acceptable form, since ESTTA is currently unable to accept video files.[464]

However, the Board proceeded to reject the two video files because they had not been produced to Opposer Hunter during discovery.[465] Toro did not dispute that the two videos fell within at least one of Hunter's production requests. Toro claimed that it produced the documents as soon as it discovered them, but it offered no reason why the videos were not found sooner.

Toro submitted seven declarations from distributors of irrigation equipment.[466] Portions of the declarations were designated "Trade Secret/Business Confidential" under the Board's Standardized Protective Agreement,[467] as modified by the parties' ACR agreement. Hunter moved to strike these declarations on the ground that Toro had over-designated as confidential the identifying information for the declarants. The Board agreed with Hunter.

> A party's right to confront an adverse witness is significantly impaired when it is prevented from knowing the name, employer and location of the witness. Although opposer's counsel was privy to the redacted information, opposer itself practices in the relevant industry and likely is familiar with some or all of the witnesses or their employers. That kind of

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460. *See* Part II.B.1.a, above.

461. Hunter Indus., Inc. v. Toro Co., 110 U.S.P.Q.2d 1651 (T.T.A.B. 2014).

462. Trademark Rule 2.126 (37 C.F.R. § 2.126) is entitled "Form of submissions to the Trademark Trial and Appeal Board."

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

464. *See generally*, TBMP Section 106.03 ("Exhibits consisting of videotapes or audiotapes of commercials, demonstrations, etc., may not be filed electronically.")

465. "A party that fails to provide information may, upon motion or objection by its adversary, be precluded from using that information or witness at trial, "unless the failure was substantially justified or is harmless." Fed. R. Civ. P. 37(c)(1). *See*, *e.g.*, Panda Travel, Inc. v. Resort Option Enters., Inc., 94 U.S.P.Q.2d 1789, 1792-93 (T.T.A.B. 2009) (documents not produced until after the start of trial stricken).

466. The parties' ACR agreement permitted submission of testimony by way of affidavit or declaration.

467. The Board's Standardized Protective Agreement may be found at http://www.uspto.gov/trademarks/process/appeal/guidelines/stndagmnt.jsp.

> information may be critical when considering adverse testimony, and it generally should not be kept from a party.[468]

Such identifying information may be protectable during discovery, but not when the individual is to be named as a witness. In short, when a party chooses to rely on the testimony of a witness at trial, that party has waived the protection provided by the Protective Order to trade secret/commercially sensitive information.[469] The Board therefore struck the seven declarations from the record.

f. Motion to Strike Deposition on Written Questions

Nahshin v. Product Source International, LLC

In this petition for cancellation of a registration for the mark NIC OUT for "mechanical cigarette filters for removing nicotine," the Board ruled that Petitioner Leonid Nahshin, as the manufacturer of the goods and the first user, owned the mark, not the U.S. distributor.[470] Before reaching its decision, the Board overruled several objections made by Respondent Product Source to the petitioner's testimony, taken by way of a deposition on written questions.

Although the petitioner's claim was grounded on likelihood of confusion under Section 2(d), the actual issue was ownership of the subject mark. It was clear from the record that the respondent had fair notice of that issue and actively defended on the merits. Therefore the Board ruled that the issue of ownership was tried by consent, and it deemed the pleadings to be amended under Rule 15(b) of the Federal Rules of Civil Procedure[471] to include lack of ownership as a ground for relief.

Objections to Testimony: Trademark Rule 2.124 establishes the procedure for taking testimony by way of written questions. The parties are supposed to prepare direct, cross, re-direct, and re-cross questions before the questions are propounded to the witness. Here, however, petitioner Nahshin did not follow the rule. He served and filed notices of taking testimony, but he did not wait for the respondent to serve cross-questions or objections. Instead, Nahshin had his questions read to the witnesses and, after receiving responses, moved to resume the proceeding. The respondent opposed the motion on the ground that it was not given copies of the question prior to the deposition, and so did not have a

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468. Hunter Indus., Inc. v. Toro Co., 110 U.S.P.Q.2d at 1657.

469. *Id.*

470. Nahshin v. Prod. Source Int'l, LLC, 107 U.S.P.Q.2d 1257 (T.T.A.B. 2013).

471. Rule 15(b) of the Federal Rules of Civil Procedure provides, in pertinent part, that "[w]hen an issue not raised by the pleadings is tried by the parties' express or implied consent, it must be treated in all respects as if raised in the pleadings."

chance to serve cross-questions or to object. The Board granted the respondent 25 days to serve cross-questions.

The Board deemed the respondent's later objections on the ground of lack of authentication to be untimely, as was its objection to particular testimony as "not responsive." Although in the usual case of a deposition on written questions, it is not possible to raise a contemporaneous objection to testimony or introduction of a document, here the situation was like an oral deposition. The respondent could and should have objected at a time when the defect could have been cured.

> [R]espondent had the unique opportunity to review the deponents' answers before drafting its cross-questions. It also had an opportunity to object to the responses and the documents, but failed to do so. It is clear that at least some of respondent's objections, such as lack of authentication of documents, could have been cured by petitioner if respondent had raised them at that point.[472]

Ownership: The issue of who owned the mark was relatively straightforward. Petitioner Nahshin, an Israeli citizen, adopted the mark NIC-OUT in 2002 when he contracted for the manufacture of NIC-OUT cigarette filters. He entered into an agreement with one Maslov to market and sell the products in the United States, and Maslov did so from 2002 through 2008.

There was no evidence that Nahshin ever agreed that Maslov would own the mark in the United States, or that he ever assigned his rights to Maslov. Nahshin became the owner of the mark in the United States through the distribution of the product.

From 2003 to 2007, Respondent Product Source purchased Nahshin's NIC-OUT product from Maslov and distributed the product for Maslov. Product Source's president testified that he did not know where Maslov acquired the product. There was no evidence that Maslov had any rights in the mark, and his three agreements with Product Source did not mention the mark.

In 2007, Product Source began purchasing the product from Nahshin, but there was no evidence of any transfer of rights. Generally, the Board observed, the mere fact that a distributor in this country distributes a foreign manufacturer's branded product does not give the distributor ownership of the mark.[473]

Therefore, the Board ruled that Petitioner Nahshin owned the mark.

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472. Nahshin v. Prod. Source Int'l, LLC, 107 U.S.P.Q.2d at 1259.

473. *See* TMEP § 1201.06(a); *see also* Roger & Gallet v. Janmarie, Inc., 245 F.2d 505, 114 U.S.P.Q. 238, 241 (C.C.P.A. 1957) (As between a French manufacturer and its U.S. distributor, "the owner, until such time as he chose to part with his United States rights, was unquestionably the French manufacturer, located in France.")

PART III. LITIGATION IN THE FEDERAL COURTS AND STATES 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. The Proper Subjects of Trademark Rights

Under Section 45 of the Act, a trademark conceivably can consist of "any word, name, symbol, or device, or any combination thereof"; the same statute contains a substantively identical definition of "service mark."[474] Despite the breadth of these definitions, it is well established that "in cases where a party seeks trade dress protection for an entire line of products, courts must first determine whether the line has a 'recognizable and consistent overall look.'"[475] One plaintiff falling victim to this rule sought to protect the appearances of a variety of pieces of hockey equipment, but its complaint failed to articulate precisely what its trade dress comprised.[476] That failure led to a defense motion to dismiss for failure to state a claim based on the theory that the plaintiff was obligated to define its trade dress with particularity. After noting the potential risks posed by the protection of product configurations under trademark law,[477] the court held the plaintiff's allegations that it had "developed a 'signature trade dress feature' for its 'goalie pads,' 'goalie catch glove,' and 'other of its products' and that these products feature 'non-functional elements'" to be fatally lacking in detail.[478] Although the plaintiff had attached photographs of equipment to its complaint as exhibits, the photographs did not cure the deficiencies of the verbal portion of that document, which precluded the court from evaluating precisely what about the claimed trade dress might be

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474. 15 U.S.C. § 1127 (2012).

475. Am. Beverage Corp. v. Diageo N. Am., Inc., 936 F. Supp. 2d 555, 596 (W.D. Pa. 2013) (quoting Rose Art Indus. v. Swanson, 235 F.3d 165, 173 (3d Cir. 2000)).

476. *See* Mike Vaughn Custom Sports, Inc. v. Piku, 15 F. Supp. 3d 735 (E.D. Mich. 2014).

477. According to the court:

> Trade dress claims based on product design raise a "potent risk" that relief will hamper efforts to market competitive goods; create a monopoly in the goods themselves rather than a word, phrase, or symbol; and undermine restrictions in copyright and patent law that are designed to avoid granting monopolies to products and ideas.

Id. at 745.

478. *Id.* at 746.

distinctive and nonfunctional;[479] moreover, the complaint alleged that the plaintiff's trade dress was famous under Section 43(c)(2) of the Act,[480] and the complaint's lack of specificity also was an obstacle to the court's assessment of the merit of that claim.[481]

Other plaintiffs did not have the same difficulty,[482] including two seeking to protect the rather broadly defined appearance of a line of hourglass-shaped foil packages for frozen alcoholic cocktails.[483] Finding on the plaintiffs' motion for a preliminary injunction that "the entire line shares a commonality of features that contribute to the consistent overall look of the alleged trade dress,"[484] the court further explained that:

> All the products have packaging which is exactly the same size and shape and shares common graphic elements which contribute to the consistency across the line. Those elements include: (1) the distinctive "DAILY'S" trademark name in foil text on a black background with the outline of a martini glass forming the "Y" in the name; (2) . . . solid-color bands at the very top and very bottom of the pouch, the top one with the words "FREEZE AND ENJOY" and the bottom one with alcohol content and package volume information; (3) the placement of [an] "ALCOHOL IS IN IT!" notice approximately one-third of the way down the package on the right-hand side, written in a distinctive black-and-silver text; and (4) the use of [a] "swirl" pattern as the background for the central image on the package. The central image itself also contributes to the overall consistency because each of the images contain a glass with fruit splashing into it, and fruit located at generally the ten o'clock and five o'clock positions around the glass.[485]

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479. *Id.* at 746-47.

480. 15 U.S.C. § 1125(c)(2) (2012).

481. *Mike Vaughn Custom Sports*, 15 F. Supp. 3d at 749-50.

482. *See, e.g.*, Kehoe Component Sales Inc. v. Best Lighting Prods., 933 F. Supp. 2d 974, 1011-12 (S.D. Ohio 2013) (concluding that the plaintiff had not pitched its claims of trade dress protection in the appearance of a lighting system at an impermissible level of abstraction).

483. *See* Am. Beverage Corp. v. Diageo N. Am., Inc., 936 F. Supp. 2d 555 (W.D. Pa. 2013).

484. *Id.* at 596.

485. *Id.*

ii. Establishing Protectable Rights

(A) The Effect of Federal Registrations on the Mark-Validity Inquiry

If a claimed mark is not registered on the Principal Register, its owner bears the burden of proving the mark's validity.[486] Because incontestable registrations on the Principal Register are "conclusive evidence" of the validity of the marks covered by them,[487] they were accorded the respect they deserved over the past year,[488] but courts took varying approaches to the evidentiary significance of registrations that had not yet achieved that status.[489] Consistent with the majority rule (but not the arguable trend), some courts held that the "prima facie evidence" of validity represented by a nonincontestable registration under Sections 7(b) and 33(a) of the Act[490] affirmatively shifts the burden of proof on the issue of the validity of the registered mark from the plaintiff to the defendant; a defendant faced with such a registration therefore must establish by a preponderance of the evidence that the

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486. *See, e.g.*, Island Grp. v. SwimWays Corp., 954 F. Supp. 2d 1045, 1060 (D. Haw. 2013) (imposing burden of proving validity of claimed unregistered trade dress on plaintiff); Schreiber v. Dunabin, 938 F. Supp. 2d 587, 598 (E.D. Va. 2013) ("If a mark is not registered, it is the plantiffs [sic] burden to prove the mark deserves protection under the Lanham Act."); Serenity Springs v. LaPorte County Convention & Visitors Bureau, 986 N.E.2d 314, 323 (Ind. Ct. App. 2013) ("The plaintiff bears the burden of establishing that an unregistered mark is entitled to protection."); *see also LaPorte County Convention & Visitors Bureau*, 986 N.E.2d at 324-25 (holding that registration under Indiana trademark act does not create presumption of mark validity).

487. 15 U.S.C. § 1115(b) (2012).

488. *See, e.g.*, E.A. Sween Co. v. Deli Express of Tenafly, LLC, 19 F. Supp. 3d 560, 570 (D.N.J. 2014) ("[Plaintiff's] federally registered trademarks are registered on the Principal Register and are incontestable . . . . Therefore, Plaintiff need not establish secondary meaning in order to be entitled to trademark protection."); ITT Corp. v. Xylem Grp., 963 F. Supp. 2d 1309, 1318 (N.D. Ga. 2013) ("Once a mark has been registered for five years with the Patent & Trademark Office and becomes incontestable, its validity is presumed . . . ." (alteration in original) (internal quotation marks omitted)); Int'l Oddities v. Record, 109 U.S.P.Q.2d 1373, 1381 (C.D. Cal. 2013) ("As for marks that have been continuously used for five consecutive years after registration, the presumption of validity is conclusive, subject to limited defenses.").

489. Of course, whatever the evidentiary benefits attaching to a federal registration on the Principal Register may be, they are applicable only in actions to protect the particular mark covered by the registration. *See* KIND LLC v. Clif Bar & Co., 111 U.S.P.Q.2d 1795, 1799 n.2 (S.D.N.Y. 2014) ("[The plaintiff] has secured two registrations with the United States Patent and Trade Office for its packaging . . . . [The plaintiff] also argues that its trade dress is prima facie protectable as a consequence of these registrations. This argument is unavailing. The trade dress that [the plaintiff] seeks to protect here is different from the trade dress covered by its registrations." (citation omitted)). They also do not apply if mark owner has applied for, but not yet received, a federal registration on the Principal Register. *See* Lyons v. Am. Coll. of Veterinary Sports Med. & Rehabilitation, Inc., 997 F. Supp. 2d 92, 102 (D. Mass. 2014).

490. 15 U.S.C. §§ 1057(b), 1115(a) (2012).

registered mark is not valid.[491] Others, however, held that a nonincontestable registration merely shifts the burden of production to a defendant, meaning that the defendant need only introduce some cognizable evidence or testimony of invalidity to rebut the registration's significance.[492] According to one court applying this rule, "[o]nce 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 . . . ."'[493]

In an opinion reflecting the doctrinal confusion on the issue, the Fourth Circuit tried to have it both ways.[494] The appeal before that court was from a finding as a matter of law that a claimed trade dress was functional. Vacating the district court's entry of summary judgment in the defendant's favor, the court held on the one hand that:

> In this case, . . . [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. 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

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491. *See, e.g.*, Lovely Skin, Inc. v. Ishtar Skin Care Prods., LLC, 745 F.3d 877, 883 (8th Cir. 2014) ("[The defendant], as the party seeking cancellation, had both the initial burden to establish a prima facie case that [the plaintiff's] trademarks had not acquired distinctiveness at the time of their registrations and the ultimate burden of persuasion to prove that [the plaintiff's] trademarks were invalid by a preponderance of the evidence."); Whipps, Inc. v. Ross Valve Mfg. Co., 111 U.S.P.Q.2d 2055, 2060 (D. Mass. 2014) ("The presumption [of validity] can be rebutted if [the defendant] proves, by a preponderance of the evidence, that the [registered mark] is merely descriptive."); Potomac Conf. Corp. of Seventh-Day Adventists v. Tacoma Academy Alumni Ass'n, Inc., 2 F. Supp. 3d 758, 769 (D. Md. 2014) ("The certificate of registration grants a presumption of ownership, which Defendants must overcome by a preponderance of the evidence."); Nola Spice Designs, LLC v. Haydel Enters., 969 F. Supp. 2d 688, 695-96 (E.D. La. 2013) ("A valid trademark registration is *prima facie* evidence that a mark is valid and that the owner of the mark has the exclusive right to use the mark, but the presumption of validity that is created may be rebutted by proof that the mark is not inherently distinctive. Therefore, [the counterclaim defendant] has the burden of proving that [the counterclaim plaintiff's] marks are not inherently distinctive." (citation omitted)); Boldface Licensing + Branding v. By Lee Tillett, Inc., 940 F. Supp. 2d 1178, 1186 (C.D. Cal. 2013) ("Federal registration of a trademark creates a presumption that the mark is valid, and where the PTO registers a mark without proof of secondary meaning, the presumption is that the mark is inherently distinctive. This shifts the burden to the alleged infringer to demonstrate that the mark is not protectable." (internal quotation marks omitted").

492. *See, e.g.*, DC Comics v. Towle, 989 F. Supp. 2d 948, 956 (C.D. Cal. 2013) ("Under the Lanham Act, registration of a trademark creates a rebuttable presumption that the mark is valid, but the presumption evaporates as soon as evidence of invalidity is presented.").

493. Tiffany & Co. v. Costco Wholesale Corp., 109 U.S.P.Q.2d 1674, 1677 (S.D.N.Y. 2014) (alteration in original) (quoting Lemme v. Nat'l Broad. Co., 472 F. Supp. 2d 442, 443 (E.D.N.Y. 2007)).

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

> preponderance of the evidence. Therefore, . . . the party challenging a registered mark [] has the burden of showing functionality by a preponderance of the evidence in this case . . . .[495]

On the other hand, however, the court subsequently departed from its "preponderance of the evidence" standard to hold that "[i]f sufficient evidence . . . is produced to rebut the presumption, the presumption is neutralized and essentially drops from the case."[496]

(B) The Common-Law Requirements for Mark Validity

(1) Use in Commerce

For the most part, use in commerce is a prerequisite for protectable rights to a trademark or service mark under the Lanham Act's likelihood-of-confusion-based causes of action,[497] as well as corresponding state statutory and common-law claims.[498] As the Ninth Circuit pointed out, not just any use in commerce will do: Instead, "[t]o establish a protectible ownership interest in a . . . trademark, the owner must 'establish not only that he or she used the mark . . . , but also that such use has continued to the present.'"[499] Moreover, that use must occur in the United States and prior to that of an allegedly infringing mark if it is to be the basis of a cognizable claim of priority.[500] Consequently, "the 'senior user' who first uses the mark in the marketplace 'is entitled to

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495. *Id.* at 311 (citation omitted) (quoting Retail Servs., Inc. v. Freebies Publ'g, 364 F.3d 535, 542 (4th Cir. 2004)).

496. *Id.* at 311 n.1 (alteration in original) (quoting *Retail Servs.*, 364 F.3d at 543 (citation omitted) (internal quotation marks omitted)).

497. 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).

498. *See, e.g.*, Serenity Springs v. LaPorte County Convention & Visitors Bureau, 986 N.E.2d 314, 320 (Ind. Ct. App. 2013) ("This court has long held that the exclusive right to use a mark is acquired through adoption *and use* of the mark in commerce."); *see also id.* at 326 n.9 ("[M]erely announcing an intention to use a trademark is insufficient to confer trademark rights. Rather, trademark priority is granted to the party who first uses the mark in commerce." (citation omitted)).

499. Airs Aromatics, LLC v. Victoria's Secret Mgmt., Inc., 744 F.3d 595, 599 (9th Cir. 2014) (quoting Watec Co. v. Liu, 403 F.3d 645, 654 (9th Cir. 2005)); *see also* Xtreme Caged Combat v. ECC Fitness, 109 U.S.P.Q.2d 1028, 1036 (M.D. Pa. 2013) (concluding that factual dispute over continuity of use of plaintiff's mark precluded grant of plaintiff's motion for summary judgment).

500. *See, e.g.*, MPS Entm't, LLC v. Abercrombie & Fitch Stores, Inc., 110 U.S.P.Q.2d 1287, 1297-98 (S.D. Fla. 2013) (granting defense motion for summary judgment based in part on plaintiffs' failure to demonstrate prior use of claimed mark in commerce); Schreiber v. Dunabin, 938 F. Supp. 2d 587, 598 (E.D Va. 2013) (rejecting claim of priority grounded in alleged prior use of mark in Canada).

enjoin other "junior" users from using the mark, or one that is deceptively similar to it.'"[501] That rule applies even if the senior user's claim of use in commerce predates the date of its filing of an intent-to-use application to register the same mark.[502]

(a) The Nature and Quantity of Use in Commerce Necessary to Establish Protectable Rights

The Ninth Circuit proved unsympathetic to a claim by an artist that he had used in commerce "a drawing of a screaming contorted face."[503] The appellate record demonstrated that posters featuring the drawing, named *Scream Icon*, had been "plastered on walls as street art in Los Angeles and elsewhere" and that "at times [the artist] has used *Scream Icon* to identify himself and his work's presence by placing it on advertisements for his gallery appearances, and at some point he licensed the image for use in a music video."[504] Nevertheless, those activities did not preclude a finding on the defendants' motion for summary judgment that the artist had not used the drawing in commerce for purposes of acquiring trademark rights to it, nor did they preclude the Ninth Circuit from affirming that disposition. As the appellate court explained:

> [The artist] argues that *Scream Icon*'s placement on certain advertisements for his appearance at an art gallery show was sufficient to establish trademark rights. But [the artist] has not presented any evidence that his use of the mark was "sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind." [The artist] has failed to explain how these advertisements were distributed, who might have seen them, when they were distributed, to what shows they were connected and what was sold at those shows, or any other facts which might be necessary to evaluate whether *Scream Icon* is deserving of trademark protection.[505]

Federal district courts also disposed of claims of use in commerce as a matter of law, including some that did so by

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501. Reservoir, Inc. v. Truesdell, 1 F. Supp. 3d 598, 609 (S.D. Tex. 2014) (quoting Union Nat'l Bank of Tex., Laredo v. Union Nat'l Bank of Tex., Austin, 909 F.2d 839, 842 (5th Cir. 1990)).

502. Kaplan, Inc. v. Yun, 16 F. Supp. 3d 341, 348 (S.D.N.Y. 2014).

503. Seltzer v. Green Day, Inc., 725 F.3d 1170, 1173 (9th Cir. 2014).

504. *Id.* at 1174.

505. *Id.* at 1180 (quoting Brookfield Commc'ns v. W. Coast Entm't Corp., 174 F.3d 1036, 1052 (9th Cir. 1999) (quoting New W. Corp. v. NYM Co. of Cal., Inc., 595 F.2d 1194, 1200 (9th Cir. 1979))).

granting motions to dismiss for failure to state claims.[506] For example, one court applied the familiar principle that the mere registration of a domain name will not in and of itself create protectable rights in that domain name.[507] Specifically:

> "[N]early every Court to have decided mere registration of activation of a domain name constitutes 'commercial use' has rejected such arguments." Rather, under the Lanham Act, a mark is used in commerce if it is "used or displayed in the sale or advertising of services and the services are rendered in commerce."[508]

Still another claim of use in commerce fell equally short as a matter of law, albeit on more complex facts.[509] The plaintiffs, which styled themselves as providing full-service private aviation solutions, owned a federal registration of the INTELLIJET mark for "computer software for managing aircraft leasing and sales."[510] Although the registration had both passed its fifth anniversary and become incontestable, those circumstances did not prevent the court from addressing the issue of whether the mark underlying that registration had ever been used in commerce. The court concluded that it had not been so used, and it therefore granted the defendant's motion for summary judgment. In doing so, the court found it undisputed that the plaintiffs were not in the business of selling software; instead, the plaintiffs' averment of use in commerce was based largely on their showings that their claimed mark was displayed to their customers when they accessed the plaintiffs' services, that the mark had been featured in certain promotional materials and third-party media articles, that potential customers saw the marks in demonstrations of the software, and that third parties had been licensed to use the software.[511]

Drawing on the Federal Circuit's opinion to similar effect in *Lens.com v. 1-800 Contacts*,[512] the court identified three reasons why those showings failed to create a factual dispute as to whether the plaintiff's mark had been used in commerce. The first was that the plaintiffs' software was simply a conduit through which the

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506. *See, e.g.*, Ahmed v. Twitter, 111 U.S.P.Q.2d 1316, 1318 (D. Mass. 2014) (holding that averments of pending applications by plaintiff were no substitute for averments of actual use).

507. *See, e.g.*, Kerodin v. ServiceMagic Inc., 106 U.S.P.Q.2d 1425 (D. Md. 2013).

508. *Id.* at 1428 (alteration omitted) (quoting HQM, Ltd. v. Hatfield, 71 F. Supp. 2d 500, 507 (D. Md. 1999); 15 U.S.C. § 1127 (2012)).

509. *See* NetJets Inc. v. IntelliJet Grp., 109 U.S.P.Q.2d 1553 (S.D. Ohio 2013).

510. *Quoted in id.* at 1556.

511. *Id.* at 1562.

512. 686 F.3d 1376 (Fed. Cir. 2012).

plaintiff provided its primary services.[513] The second was that the software was "inextricably linked" to the plaintiffs' services, in the sense that it had "no viable existence apart from [the lead plaintiff] for the simple fact that [the lead plaintiff] does not sell the software or otherwise make the software available to users in the marketplace";[514] indeed, "[t]o the contrary, the . . . software is proprietary to [the lead plaintiff] and [the lead plaintiff] considers it a trade secret that gives it an edge on its competition."[515] Finally, "[t]here is no evidence in this case that [the] software has an 'independent value' as it relates to [the plaintiffs'] customers and potential customers,"[516] because, as the court explained, "[t]he software is not a separate good or commodity sold or transported in commerce; rather, the software enhances the overall experience of [the lead plaintiff's] customers and is an integral part of [its] business operation."[517] The defendant's motion for summary judgment therefore was well-taken.

Other courts deferred final resolutions of the issue of whether the parties before them had established the actual use of their marks in commerce, including several that did so by denying motions to dismiss allegations of prior use in commerce. For example, the first of three marks in which one plaintiff averred priority of rights was a trademark used in connection with a pharmaceutical preparation.[518] According to the plaintiff, the preparation in question was a "lead product candidate," which was "currently in Phase III clinical development."[519] That averment was an adequate basis for a claim of priority to the court, which pointed out that "[s]hipments of drugs for clinical tests may be a sufficient use in commerce to show a protectable interest."[520] Because it was therefore "plausible" that the plaintiff had transported goods under its mark in commerce, dismissal of the plaintiff's trademark claims was inappropriate.[521]

That left the plaintiff's claim to have used the same mark in commerce for various research services. The plaintiff owned two federal registrations of the mark in that context, but the registrations did not dissuade the defendant from arguing that the plaintiff had not used the mark for the benefit of others. The court agreed with the defendant to the extent that "if a party only

513. *NetJets*, 109 U.S.P.Q.2d at 1562-63.

514. *Id.* at 1563.

515. *Id.*

516. *Id.*

517. *Id.*

518. *See* Kythera Biopharms., Inc. v. Lithera, Inc., 998 F. Supp. 2d 890 (C.D. Cal. 2014).

519. *Quoted in id.* at 899.

520. *Id.*

521. *Id.*

provides services internally and does not provide or offer services to outsiders, that party likely 'would fail to show use in a way sufficiently public in nature to identify or distinguish those services in an appropriate segment of the public mind.'"[522] Ultimately, though, it held that "Plaintiff has alleged instances where individuals have actually identified the [claimed] mark with certain research services Plaintiff rendered."[523] Beyond that, the defendant's moving papers included excerpts from the file-wrapper histories of the plaintiffs' registrations, which provided the court with documentary evidence of the plaintiff's collaboration with third parties on research initiatives.[524]

A different claim of prior use also withstood a motion to dismiss despite being rather cryptically worded.[525] The plaintiff advancing that claim averred in its complaint that the marks it sought to protect had been "used consecutively for more than 60 years by [the plaintiff] and its predecessors, generating hundreds of millions of dollars in sales."[526] The defendant's motion did not challenge the bona fide nature of whatever use had occurred; rather, it was based on the theory that the plaintiff had failed to use its mark throughout the six-decade period at issue. The court found that theory to be wanting, and it denied the motion with the explanation that "[t]his argument is more properly framed as a question of abandonment, rather than a failure to establish rights to the mark. The complaint sufficiently alleges use in commerce to support a claim Plaintiff established a protectable interest in the [claimed] marks."[527]

Unsuccessful motions for summary judgment also allowed courts to put off deciding the merits of claims of prior use in commerce. One noteworthy example of the denial of a defense motion for judgment as a matter of law came in a case in which the counterclaim plaintiff had successfully prosecuted intent-to-use applications to register marks for retail and online sales of clothing.[528] As described by the court, the summary judgment record established that the counterclaim plaintiff had never actually provided those services to consumers; rather, its claims of

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522. *Id.* at 900 (quoting Rearden LLC v. Rearden Commerce, Inc., 683 F.3d 1190, 1206-07 (9th Cir. 2012)).

523. *Id.* ("For example, Plaintiff alleges that doctors writing a letter to the editor in the Aesthetic Surgery Journal reference both Plaintiff and Defendant by their [respective marks], as well as the Parties' current research. Moreover, a presenter at the 'AAD annual conference' mixed up [the parties' mark] when referencing the Parties' goods and services." (citation omitted)).

524. *Id.*

525. *See* George Nelson Found. v. Modernica, Inc., 12 F. Supp. 3d 635 (S.D.N.Y. 2014).

526. *Quoted in id.* at 645.

527. *Id.*

528. *See* Macy's Inc. v. Strategic Marks LLC, 106 U.S.P.Q.2d 1582 (N.D. Cal. 2013).

use in commerce were grounded in "invoices from companies it says it retained to build its website and provide merchandise, deposition testimony as to employees' duties, and correspondence related to its work publicizing its business."[529] Glossing over the language of Section 45, which requires a service mark such as those at issue to be "rendered in commerce, or . . . rendered in more than one State or in the United States and a foreign country and the person rendering the services [to be] engaged in commerce in connection with the services,"[530] the court accorded greater significance to the "totality of the circumstances" of the counterclaim plaintiff's use.[531] Under those circumstances, "[a] reasonable jury, reviewing the evidence that the parties have provided up to this point and regarding the evidence in the light most favorable to [the counterclaim plaintiff], could resolve the instant matter in [the counterclaim plaintiff's] favor."[532]

In contrast, a different court denied a motion for summary judgment filed by a plaintiff claiming priority of rights as a matter of law.[533] In support of its motion, the plaintiff submitted evidence of sales it allegedly had made before the defendant's priority date, but the court found the plaintiff's documentary evidence wanting. In particular, the plaintiff's showing included numerous sales records that the court found were "not self-explanatory; they contain no internal indicia that are in fact records of sales of [goods] bearing the [plaintiff's] mark."[534] This led the court to conclude that "[d]ue to the absence of clear documentary evidence showing plaintiff's prior use the Court finds that a genuine issue of material fact exists as to whether plaintiff used [its mark] prior to defendants' use of [their mark]."[535]

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529. *Id.* at 1584.

530. 15 U.S.C. § 1127 (2012).

531. Although applying the factors of that test seriatim, the court noted that:

> In applying this approach, the district courts should be guided in their consideration of non-sales activities by factors we have discussed, such as [1] the genuineness and commercial character of the activity, [2] the determination of whether the mark was sufficiently public to identify or distinguish the marked service in an appropriate segment of the public mind as those of the holder of the mark, [3] the scope of the non-sales activity relative to what would be a commercially reasonable attempt to market the service, [4] the degree of ongoing activity of the holder to conduct the business using the mark, [5] the amount of business transacted, and [6] other similar factors which might distinguish whether a service has actually been "rendered in commerce."

Id. at 1585 (quoting Chance v. Pac-Tel Teletrac, Inc., 242 F.3d 1151, 1159 (9th Cir. 2001)).

532. *Id.* at 1586.

533. *See* Lambert Corp. v. LBJC Inc., 111 U.S.P.Q.2d 1261 (C.D. Cal. 2014).

534. *Id.* at 1268.

535. *Id.*

(b) Use in Commerce Through Tacking

The issue of under what circumstances a litigant can acquire priority of rights through the constructive use doctrine of "tacking" is one that typically generates neither heat nor light, but it did result in the Supreme Court addressing the issue.[536] The underlying litigation was brought by a federal registrant of the HANA FINANCIAL mark (accompanied by a pyramid logo) for the management of accounts receivable and related services, while the defendants used the HANA BANK mark for traditional banking services. At trial, a jury found that the defendants enjoyed priority of rights based on their use of the HANA OVERSEAS KOREAN CLUB mark before the plaintiff's date of first use, even though that mark had long since been discontinued by the time hostilities erupted between the parties.

The Ninth Circuit affirmed. It explained that "[a] trademark user may 'tack' the date of the user's first use of an earlier mark onto a subsequent mark to establish priority where the 'two marks are so similar that consumers generally would regard them as essentially the same.'"[537] Despite emphasizing that "tacking applies only in 'exceptionally narrow' circumstances,"[538] the court ultimately held that "[h]ere, reasonable minds could disagree on whether the [defendants'] marks were materially different."[539] That conclusion in turn disposed of the plaintiff's challenge to the jury's verdict:

> That the evidence could be construed to support [the plaintiff's] position, however, is not enough for it to prevail. As the losing party in a jury trial, [the plaintiff] must show that its interpretation of the evidence is the *only* reasonable one. Here, [the plaintiff] has not satisfied that standard. Tacking requires a highly fact-sensitive inquiry, and the jury decided that issue after receiving an instruction that correctly conveyed the narrowness of the doctrine. In this respect, our

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536. *See* Hana Fin., Inc. v. Hana Bank, 735 F.3d 1158 (9th Cir. 2013), *aff'd*, 135 S. Ct. 907 (2015).

537. *Id.* at 1164 (quoting Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1048 (9th Cir. 1999)).

538. *Id.* (quoting *Brookfield Commc'ns*, 174 F.3d at 1047-48). Specifically:

> The marks must create the *same, continuing commercial impression*, and the later mark should not materially differ from or alter the character of the mark attempted to be tacked. In other words, the previously used mark must be the *legal equivalent* of the mark in question or indistinguishable therefrom, and the consumer should consider both as the same mark. This standard is considerably higher than the standard for likelihood of confusion.

Id. at 1164-65 (quoting *Brookfield Commc'ns*, 174 F.3d at 1048 (citation omitted) (internal quotation marks omitted)).

539. *Id.* at 1166.

characterization of tacking as a question of fact is arguably dispositive.[540]

As the court noted, however, whether the tacking inquiry was properly viewed as a question of law or a question of fact "is the subject of a circuit split. The Federal and Sixth Circuits evaluate tacking as a question of law consistent with their view that the analogous trademark issue of likelihood of consumer confusion is a question of law."[541] That split led the Supreme Court to agree to resolve the single question presented by the plaintiff's petition for a writ of certiorari, which was "[w]hether the jury or the court determines whether use of an older mark may be tacked to a newer one."[542]

The Court affirmed the Ninth Circuit by holding that tacking is a question of fact.[543] It observed as an initial matter that:

> Application of a test that relies upon an ordinary consumer's understanding of the impression that a mark conveys falls comfortably within the ken of a jury. Indeed, we have long recognized across a variety of doctrinal contexts that, when the relevant question is how an ordinary person or community would make an assessment, the jury is generally the decisionmaker that ought to provide the fact-intensive answer.[544]

Although acknowledging that "[i]f the facts warrant it, a judge may decide a tacking question on a motion for summary judgment or for judgment as a matter of law,"[545] the Court then disposed of the plaintiff's arguments that the resolution of tacking inquiries should *always* be so decided. First, the requirement that the marks at issue be "legal equivalents" did not preclude a jury from applying that standard; rather, "the application-of-legal-standard-to-fact sort of question . . . , commonly called a 'mixed question of law and fact,' has typically been resolved by juries."[546] Second, a jury finding on the issue would not "create new law,"[547] as the plaintiff argued, "any more than will a jury verdict in a tort case, a contract dispute, or a criminal proceeding."[548] Third, the Court's

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540. *Id.* (citation omitted).

541. *Id.* at 1164 n.5.

542. Petition for writ of certiorari, Hana Fin., Inc. v. Hana Bank, 135 S. Ct. 907, 2014 WL 1365466, at *i (U.S. Apr. 7, 2014).

543. *See* Hana Fin., Inc. v. Hana Bank, 135 S. Ct. 907 (2015).

544. *Id.* at 911.

545. *Id.*

546. *Id.* (alteration in original) (quoting United States v. Gaudin, 515 U.S. 506, 512 (1995)) (internal quotation marks omitted).

547. *Quoted in id.* at 912 (internal quotation marks omitted).

548. *Id.* The Court elaborated on this point in the following manner:

holding would not jeopardize "the predictability required for a functioning trademark system" for much the same reason, namely, that "[t]he fact that another jury, hearing the same case, might reach a different conclusion may make the system 'unpredictable,' but it has never stopped us from employing juries in . . . analogous contexts. [The plaintiff] has offered no reason why trademark tacking ought to be treated differently."[549] Finally, even if the case law proffered by the plaintiff demonstrated that, as a historical matter, judges have resolved tacking disputes, "[the plaintiff] relies on cases in which judges have resolved tacking disputes in bench trials, at summary judgment, or the like."[550] As a consequence, the Court held, "[t]he Ninth Circuit correctly held that whether two marks may be tacked for purposes of determining priority is a question for the jury."[551]

Rather presciently, a Texas federal district court had noted the split in the circuits months before the Ninth Circuit.[552] The defendants in the action before that court operated a franchised restaurant system in connection with which they adopted the following marks in 1981 and 1984, respectively, which the court referred to collectively as the "Bongo" trademark:

Beginning in 1995, the defendants, "wanting a more 'upscale' image and with major expansion plans,"[553] adopted the following marks:

> [The plaintiff] insists that tacking questions "have to be" resolved by comparing two marks in a given case "against those addressed in other tacking cases," but we do not agree. Of course, in deciding summary judgment motions, or in making rulings in bench trials, judges may look to past cases holding that trademark owners either were or were not entitled to tacking as a matter of law. But petitioner offers no support for the claim that tacking cases "have to be" resolved by reliance on precedent.

Id. (citation omitted).

549. *Id.*

550. *Id.*

551. *Id.* at 913.

552. *See* Louangel Inc. v. Darden Rests. Inc., 106 U.S.P.Q.2d 1809, 1812 (S.D. Tex. 2013) ("It is no secret that there is a circuit split on the issue. The Federal Circuit and the Sixth Circuit treat tacking as a question of law. The Ninth Circuit treats it as a question of fact." (citations omitted)).

553. *Id.* at 1811.

Having found themselves in a priority battle with a group of plaintiffs whose use of their LONGHORN RESTAURANT mark began in 1989, the defendants were forced to argue that their two sets of marks created the same commercial impression. In the absence of controlling authority from the Fifth Circuit, the court held that the tacking inquiry was a question of fact,[554] but that did not prevent it from resolving that inquiry as a matter of law by granting the plaintiff's motion for partial summary judgment. There were several reasons for that disposition, one of which was the court's conclusion that "[t]here are obvious and striking differences between the graphics of the . . . trademarks."[555] Another was the circa-1995 "reimaging" of the defendants' restaurants:

> This is compelling evidence that Defendants intentionally undertook to change the commercial impression of their trademark. They changed the appearance of the restaurants, the menu, and the attitude to appeal to a broader spectrum of consumers. Those changes were not consistent with the continued use of the Bongo trademark and that trademark disappeared from the exterior of the restaurants and from most of the interiors.[556]

The court found additional support for its conclusion in the defendants' registrations of the new designs, about which it observed that "separate registration of the marks is some evidence that the owner does not regard them as a continuum or mere modification or modernization. Here, Defendants registered all of their marks independently, with first use dates of 1995 or later, without any claim to modification of the Bongo trademark."[557] Finally, the court rejected the defendants' reliance on their continuous use of the word "longhorn" on the ground that "[t]his argument is contrary to the Defendants' registration of the Bongo trademark as a design plus words trademark rather than as a word mark alone."[558] In the final analysis, the court concluded:

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554. *Id.* at 1812.

555. *Id.* at 1814.

556. *Id.*

557. *Id.* at 1815 (citation omitted).

558. *Id.*

> Defendants sought to create a new, better, and broader commercial impression and succeeded in doing so. In that process, it risked the loss of priority that the Bongo trademark offered—a gamble well understood by those familiar with trademarks. While Defendants had an opportunity to offer evidence to raise a fact question for the jury, their evidence was not sufficient to breach the "exceedingly strict" requirements of tacking trademarks.[559]

(c) Use-Based Geographic Rights

Section 7(c) of the Act 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,[560] but that rule is tempered by the *Dawn Donut* doctrine, which allows such a registrant to enforce its rights only when there is an actual or impending overlap in the parties' geographic markets.[561] Despite the well-established nature of that doctrine, one court declined to apply it in a case in which the plaintiff advanced a reverse-confusion-based claim of infringement.[562] The court identified two reasons for declining to limit injunctive relief to the territory occupied by the plaintiff, the first of which was that "[the plaintiff] sells products over the internet and across the country, has promoted them in nationwide media, and has engaged in discussions with a U.K. retailer in the hope of using that deal to spur further retail deals in the United States . . . ."[563] The court concluded of that showing by the plaintiff that "this evidence demonstrates a 'present likelihood' that [the plaintiff] will expand nationally into areas occupied by [the defendant]."[564]

The second reason, which was far and away the more doctrinally significant of the two, merits reproduction at length:

> [A]pplying the *Dawn Donut* . . . rule in this reverse confusion case would have a significant adverse impact on [the plaintiff's] rights arising from its federal registration. . . . This rule makes sense in forward-confusion cases with remote junior users occupying limited geographic locations as in *Dawn Donut* . . . , but not so when the case involves reverse confusion with a nationwide junior user.

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559. *Id.*

560. 15 U.S.C. § 1057(c) (2012).

561. *See* Dawn Donut Co. v. Hart's Food Stores, Inc., 267 F.2d 358 (2d Cir. 1959).

562. *See* Boldface Licensing + Branding v. By Lee Tillet, Inc., 940 F. Supp. 2d 1178 (C.D. Cal. 2013).

563. *Id.* at 1199.

564. *Id.*

> Reverse confusion is actionable because the senior user loses the value of the trademark—its product identity, corporate identity, control over its goodwill and reputation, and *ability to move into new markets*. If, as in this case, the junior user is barred from using its mark in only those areas in which the registrant does business, then it is free to occupy the rest of the country. That presence could be significant enough to eliminate the registrant's identity, goodwill, and reputation even in those areas the registrant occupies. And even if the registrant can preserve its identity in some areas, it has no incentive to expand its business into any territories already occupied by the junior user. Even though the registrant could get an injunction once it enters each new market, it would likely have to expend significant time and money to dispel the confusion created by the junior user's prior presence. And by that point, it may be too late—the junior user's presence in other areas in the country may be so strong that the registrant's goodwill cannot be recovered. In order to protect a registrant's nationwide right from reverse confusion created by a nationwide junior user, then, an injunction must be nationwide as well. Because *Dawn Donut* . . . did not address reverse confusion, the Court declines to limit an injunction on that basis.[565]

Under that rationale, federal registrants relying on a reverse-confusion theory are not subject to the same disability under which their forward-confusion counterparts must labor.

Of course, there are situations in which the priority of rights in a *Dawn Donut* scenario is reversed, and it is the junior, rather than the senior user, that has the benefit of an incontestable registration. The insular nature of the Commonwealth of Puerto Rico led to a First Circuit opinion addressing the circumstances under which the senior user of an unregistered mark can claim priority of rights to particular geographic areas vis-à-vis a junior federal registrant and its affiliates.[566] The unregistered senior user at issue provided hotel services under the HOTEL MELIÁ mark in Ponce, Puerto Rico, while the junior users had secured incontestable federal registration of the GRAN MELIÁ mark for the same services. When the junior users expanded the use of their mark from the United States mainland to Coco Beach, Puerto Rico, within 80 miles of the senior user's operations, the senior user filed an infringement action in Puerto Rico court, which was removed to federal district court and joined with a federal declaratory judgment action for noninfringement filed by the junior users. Acting on cross-motions for summary judgment, the district court

565. *Id.* at 1200 (citations omitted) (internal quotation marks omitted).

566. *See* Dorpan, S.L. v. Hotel Meliá, Inc., 728 F.3d 55 (1st Cir. 2013).

determined that the junior users' incontestable registration entitled it to priority throughout the Commonwealth with the exception of the single town in which the senior user operated its hotel.

The First Circuit vacated that disposition. The junior users' registrations might be incontestable, the appellate court noted, but that circumstance did not necessarily confer rights on the junior users that were superior to those of the senior user. Rather, "[t]he territorial rights of a holder of a federally registered trademark are always subject to any superior common law rights acquired through actual use prior to the registrant's constructive use."[567] How were those "superior common law rights" to be defined? The court's answer to that question was that:

> [I]n this case, the inquiry into the geographic scope of [the senior user's] preexisting common law trademark rights and the likelihood of confusion analysis are one and the same. In other words, if [the junior user's] use of a similar mark in Coco Beach creates a likelihood of confusion with [the senior user's] mark, then [the senior user's] trade area extends at least as far as Coco Beach and [the junior user's] use infringes on that right.[568]

Because the summary judgment record reflected numerous factual disputes as to whether the parties' marks were confusingly similar,[569] the First Circuit held that the finding as a matter of law below that the senior user's rights did not extend beyond its home town of Ponce could not stand. In vacating and remanding the action on that basis, the court's opinion was relatively devoid of any references to considerations that ordinarily might be expected to come into play in an evaluation of the geographic "reach" of a senior user's mark, such as, for example, where the mark was advertised. Nevertheless, it did observe that:

> The relevant inquiry here is the area in which the mark is in use in commerce. For hotels, that area is usually a much larger area than the city in which the hotel operates. Unlike many companies, such as retail outlets and professional services, that rely on service marks and have a local customer base, hotels seek to attract customers physically distant from the point of service. Customers of upscale hotels typically do not live in the area where the hotel is located. The reputation of an upscale hotel that has been attracting guests for more

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567. *Id.* at 63 (alteration in original) (quoting Allard Enters. v. Advanced Programming Res., Inc., 249 F.3d 564, 572 (6th Cir. 2001)) (internal quotation marks omitted).

568. *Id.* at 64.

569. *Id.* at 65-71.

> than a century is unlikely to be limited only to the city where it is located.[570]

A different senior user did not fare nearly as well.[571] Having brought an action to protect an unregistered mark used in connection with an interactive video-response platform, that plaintiff successfully established its priority of rights in the abstract.[572] Nevertheless, the evidence it proffered in support of its motion for a preliminary injunction failed in a critical respect, which was that "[t]o establish common law trademark rights in the absence of [a] federal registration, a plaintiff must plead and prove that it is the senior user of the mark with sufficient market penetration to preclude the defendant from using the mark in a specific geographic market."[573] On this issue, the court noted that:

> To determine whether [the plaintiff] has market penetration in an identified geographic area, the court considers: (1) the volume of [the plaintiff's] sales with regard to the product at issue; (2) the growth trends of the product both positive and negative; (3) the number of persons actually purchasing/registering for the pertinent product in relation to the total number of potential customers; and (4) the amount of advertising with the regard to the product at issue.[574]

The plaintiff's evidence of the number of users of its product and its allegedly nationwide promotional efforts failed to satisfy this four-part test. Not only did that evidence fail to identify the geographic locations of the plaintiff's customers,[575] it also reflected a negative growth trend in the number of those customers.[576] Furthermore, although the plaintiff's showing of its advertising efforts was more convincing, the court noted that it could not agree with the plaintiff that "marketing, advertising, and promoting an unregistered mark over the Internet is sufficient to find nationwide market penetration."[577] The result was that the plaintiff had failed to establish its priority of rights in *any* geographic market.[578]

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570. *Id.* at 70 (citation omitted).

571. *See* Hanginout, Inc. v. Google, Inc., 111 U.S.P.Q.2d 1931 (S.D. Cal. 2014).

572. *Id.* at 1936-38.

573. *Id.* at 1935.

574. *Id.* at 1938.

575. *Id.* at 1939.

576. *Id.* at 1939-40.

577. *Id.* at 1949.

578. *Id.*

Although the court therefore denied the plaintiff's motion for a preliminary injunction, it also denied the defendant's motion to dismiss the plaintiff's complaint for failure to state a claim:

A panel of the Georgia Court of Appeals also mixed it up on the issue of geographic rights.[579] The parties were competing tattoo parlors, and the plaintiffs successfully pursued an interlocutory injunction barring the use of the defendants' mark. The appellate court did not question the finding of likely confusion below, but it did fault the geographic scope of the injunction:

> The evidence showed that metro Atlanta was the trade area in which the plaintiffs achieved secondary meaning in [their descriptive mark] and the right to protection of the name in that area. Accordingly, to the extent the injunction protecting the plaintiffs' trade name extended beyond the metro Atlanta area, the trial court abused its discretion and we reverse.[580]

As these holdings demonstrate, the senior user of a mark not registered on the USPTO's Principal Register will ordinarily be entitled to protect its rights only in the geographic markets in which it does business.[581] Nevertheless, as one opinion confirmed, that rule does not mean that such a senior owner must identify those markets in its complaint.[582] To the contrary, because the plaintiff in that case averred that goods bearing its mark were sold "in the United States" and that goods bearing the defendant's allegedly infringing mark were sold "throughout the United States,"[583] including in retail outlets adjacent to goods bearing the plaintiff's mark, the plaintiff had sufficiently stated a claim of priority. According to the court, "the Complaint pleads facts which, if true, would show Defendant's use of the mark throughout the United States is likely to cause consumer confusion, at least in some geographic locations."[584]

> Although [the plaintiff] has failed to present sufficient evidence of its market penetration in a specific geographic area to warrant preliminary injunctive relief at this juncture, on a motion to dismiss, the Court must take the plaintiff's allegations as true, and construe the facts in the light most favorable to the plaintiff. Therefore, because [the plaintiff] has alleged that it "achieved market penetration through the United States and, at a minimum, in California," the Court must take these facts as true and leave for a later date the determination of whether [the plaintiff] will be able to support such facts with the necessary evidence.

Id. at 1940 (citations omitted).

579. *See* Inkaholics Luxury Tattoos Ga., LLC v. Parton, 751 S.E.2d 561 (Ga. Ct. App. 2013).

580. *Id.* at 565.

581. Exceptions exist if a defendant in a remote market has adopted its mark with a design "inimical to the interests of the first user," *Hanover Milling Co. v. Metcalf*, 240 U.S. 403, 415 (1916), or if the defendant's use is in the senior user's zone of natural expansion. *See, e.g.*, Tally-Ho, Inc. v. Coast Cmty. Coll. Dist., 889 F.2d 1018, 1023 (11th Cir. 1989).

582. *See* George Nelson Found. v. Modernica, Inc., 12 F. Supp. 3d 635 (S.D.N.Y. 2014).

583. *Quoted in id.* at 646.

584. *Id.*

(2) Distinctiveness

(a) 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."[585] Reported opinions on genericness over the past year were notable less for their resolutions of the issue than their tendency not to resolve it. For example, one court found that the federally registered MARDI GRAS BEAD DOG mark was invalid as a matter of law when used in connection with jewelry resembling a dog made out of Mardi Gras beads.[586] The court did not take a stand on the issue of why, concluding instead that the mark "must be either generic or descriptive without secondary meaning."[587] Nevertheless, it followed that statement with the observation that "[t]he mark is generic because there is a product—a bead dog—and the term "MARDI GRAS BEAD DOG" describes this entire class of products, rather than the individualized characteristics of [the counterclaim plaintiff's] products."[588]

Other opinions also avoided reaching final decisions on the merits of genericness claims.[589] One example of that phenomenon came when Tiffany and Company, along with an affiliated entity, challenged Costco's use of "tiffany" and "Tiffany setting" in connection with a certain type of ring setting.[590] Costco responded with a counterclaim asserting that the plaintiffs' incontestably registered TIFFANY mark for jewelry was generic, and its factual showing in support of that proposition convinced the court to deny the plaintiffs' motion for summary judgment. As the court framed the issue, "[t]he '[t]ypes of evidence to be considered in determining whether a mark is generic include: (1) dictionary definitions; (2) generic use of the term by competitors and other

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585. Nola Spice Designs, LLC v. Haydel Enters., 969 F. Supp. 2d 688, 696 (E.D. La. 2013) (quoting Tex. Pig Stands, Inc. v. Hard Rock Cafe Int'l, Inc., 951 F.2d 684, 692 (5th Cir. 1992)) (internal quotation marks omitted).

586. *Id.* at 696-98.

587. *Id.* at 696.

588. *Id.*

589. *See, e.g.*, Xtreme Caged Combat v. ECC Fitness, 109 U.S.P.Q.2d 1028, 1033-34 (E.D. Pa. 2013) (finding factual dispute as to alleged nongenericness of claimed XCC/XTREME CAGED COMBAT mark for the promotion of mixed martial arts cage fighting matches); Lifeguard Licensing Corp. v. Gogo Sports, Inc., 108 U.S.P.Q.2d 1454, 1458-59 (S.D.N.Y. 2013) (finding factual dispute as to alleged genericness of claimed LIFEGUARD mark was generic for swimwear); Timelines, Inc. v. Facebook, Inc., 938 F. Supp. 2d 781, 791-92 (N.D. Ill. 2013) (finding factual dispute as to alleged genericness of claimed TIMELINES mark for social media application).

590. *See* Tiffany & Co. v. Costco Wholesale Corp., 109 U.S.P.Q.2d 1674 (S.D.N.Y. 2014).

persons in the trade; (3) plaintiff's own generic use; (4) generic use in the media; and (5) consumer surveys.'"[591] Reviewing the summary judgment record, it determined that "Costco offers excerpts from dictionary definitions of 'tiffany' and 'Tiffany setting,' a preliminary report by a lexicographer, evidence of generic use of the term 'Tiffany setting' by jewelry manufacturers, retailers and consumers, and examples of the generic use of the term 'tiffany setting' in publications."[592] This was a sufficient basis on which to deny the plaintiffs' motion:

> While none of the evidence is by any means conclusive of the proposition advanced by Costco it is, taken together and read in the light most favorable to Costco . . . , sufficient to frame a genuine factual dispute as to whether the terms "Tiffany" and/or "Tiffany Setting" have a primarily generic meaning in the minds of members of the general public in the context of ring settings.[593]

Other courts were more skeptical of claims of genericness by defendants. For example, the issue presented by one defense motion to dismiss for failure to state a claim was whether "pin" was generic and unprotectable in the context of online bookmarking.[594] The court declined to resolve that issue at the pleadings stage:

> While some courts have decided fact-specific issues regarding trademark protection at the pleading stage, they generally have done so only where the complaint suffers from a complete failure to state a plausible basis for trademark protection. Plaintiff's complaint, by contrast, plausibly identifies a theory under which the "pin" mark may be entitled to trademark protection. Although it may ultimately prove difficult for [the plaintiff] to establish an exclusive right in this unregistered mark, defendant's motion fails to justify any deviation from the widely-shared stance that a Rule 12(b)(6) motion is generally an improper vehicle for establishing that a mark is generic or functional.[595]

(ii) Descriptive Marks

A descriptive mark "reflects one or more of the [associated] product's characteristics or qualities."[596] Although not necessarily

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591. *Id.* at 1679 (second alteration in original) (quoting Pilates, Inc. v. Current Concepts, Inc., 120 F. Supp. 2d 286, 297 (S.D.N.Y. 2000)).

592. *Id.*

593. *Id.*

594. *See* Pinterest Inc. v. Pintrips Inc., 109 U.S.P.Q.2d 2044 (N.D. Cal. 2014).

595. *Id.* at 2048 (citations omitted).

596. Water Pik, Inc. v. Med-Sys., Inc., 726 F.3d 1136, 1152 (10th Cir 2013).

falling within the scope of this definition, personal names also are considered to be descriptive: One court held that "[w]here the trademark is a surname, the mark is considered inherently indistinctive, i.e., weak and will be permitted trademark protection only upon a showing that [it has] become [a] strong mark [ ] by acquiring distinctiveness through secondary meaning,"[597] and another applied the same principle in a case in which the plaintiff sought to protect his full name as a service mark.[598] Geographic place names also can fall into this category, even if coupled with additional descriptive terms.[599]

Some findings of descriptiveness were predictable.[600] For example, the Tenth Circuit affirmed a finding as a matter of law that the SINU*CLEANSE* mark was descriptive of sinus-irrigation products. According to the court's reading of the summary judgment record, the mark "is a term previously unknown in the English language, but it is plainly a composite of the common words 'sinus' and 'cleanse,' which, when fused together, straightforwardly communicate the nature and purpose of [the] products [sold under them]: they cleanse the sinuses."[601] The court found additional support for this conclusion in testimony by a principal of the mark's owner that the founders of that company had "'wanted a name that described what it was' and that Sinu*Cleanse* 'described better [than a previously selected name] the cleaning or cleansing process of putting a solution through the nose to clear your sinuses out.'"[602] As the court concluded, "[t]he ordinary consumer has little need for imagination to reach this conclusion,"[603] even if "the term 'Sinu*Cleanse*' by itself may not tell consumers every detail of the associated products—for example,

597. Whipps, Inc. v. Ross Valve Mfg. Co., 111 U.S.P.Q.2d 2055, 2060 (D. Mass. 2014).

598. *See* Van Praagh v. Gratton, 993 F. Supp. 2d 293, 302-03 (E.D.N.Y. 2014).

599. *See* Lyons v. Am. Coll. of Veterinary Sports Med. & Rehabilitation, Inc., 997 F. Supp. 2d 92, 101 (D. Mass. 2014) (accepting parties' agreement (and USPTO's determination) that AMERICAN COLLEGE OF VETERINARY SPORTS MEDICINE AND REHABILITATION mark for education services in the fields of veterinary sports medicine and rehabilitation was geographically descriptive); 165 Park Row, Inc. v. JHR Dev., LLC, 967 F. Supp. 2d 405, 410 (D. Mass. 2013) (finding it undisputed that THE BRUNSWICK INN for a hotel located in Brunswick, Maine, was geographically descriptive); Serenity Springs v. LaPorte County Convention & Visitors Bureau, 986 N.E.2d 314, 324 (Ind. Ct. App. 2013) (finding as a matter of law on appeal that VISIT MICHIGAN CITY LAPORTE for tourism-related service was geographically descriptive).

600. *See, e.g.*, FLIR Sys., Inc. v. Sierra Media, Inc., 965 F. Supp. 2d 1184, 1211-12 (D. Or. 2013) (IR FUSION and FUSION marks descriptive of infrared cameras and thermal imaging equipment capable of blending infrared and visible light sources).

601. *Water Pik*, 726 F.3d at 1153.

602. *Id.* (alteration in original).

603. *Id.*

that a neti pot is used to pass saline solution through one's nose."[604]

Some findings of descriptiveness were more dubious.[605] They included one that the UNITY mark was merely descriptive of health insurance services.[606] In significant part, this outcome resulted from some unfortunate (from the court's perspective) advertising by the plaintiff:

> Here, the word "unity unquestionably describes the characteristics of the service [the plaintiff] offers. . . . [The plaintiff] itself emphasizes that its insurance business is an 'integrated managed health care business' and its insurance services are integrated with its delivery of health services, "unifying" all aspects of health care through the services it offers.[607]

The court found additional support for its finding in evidence proffered by the defendant of third-party use of "unity" in the health care industry.[608]

(iii) Suggestive Marks

The past year produced a bumper crop of findings that claimed marks were suggestive, some of which were almost certainly correct. For example, one Georgia federal district court found as a matter of law that the XYLEM mark was suggestive for bathroom furniture and fixtures, concluding that "it takes a leap of the imagination to connect the plant tissue 'xylem' to [those] products, even though the two share a water-transport function."[609] Another determined that JACK THE RAPPER was a suggestive indicator of origin when used with the hosting of radio and music conventions.[610] The SATURDAYS SURF NYC and SATURDAYS marks also were found suggestive when used in connection with casual clothing.[611] And the MOBILEYE mark was classified as suggestive for a single-camera-based system to alert drivers that they were drifting from their lanes or about to collide with objects in front of them.[612]

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604. *Id.*

605. *See* Inkaholics Luxury Tattoos Ga., LLC v. Parton, 751 S.E.2d 561, 564-65 (Ga. Ct. App. 2013) (INKAHOLICS descriptive when used in connection with tattoo services).

606. *See* Unity Health Plans Ins. Corp. v. Iowa Health Sys., 995 F. Supp. 2d 874 (W.D. Wis. 2014).

607. *Id.* at 885.

608. *Id.*

609. ITT Corp. v. Xylem Grp., 963 F. Supp. 2d 1309, 1320 (N.D. Ga. 2013).

610. *See* Bell v. Foster, 109 U.S.P.Q.2d 1249, 1253 (N.D. Ga. 2013).

611. Kate Spade LLC v. Saturdays Surf LLC, 950 F. Supp. 2d 639, 644 (S.D.N.Y. 2013).

612. *See* Mobileye, Inc. v. Picitup Corp., 928 F. Supp. 2d 759, 779 (S.D.N.Y. 2013).

Some findings of suggestiveness were less predictable. For example, the HALLOWINE mark was found to be suggestive of a seasonal spiced wine product, despite being more appropriately characterized as fanciful,[613] as was the FUEL mark for apparel, which was a more likely candidate for classification as arbitrary.[614] On the other side of the suggestiveness spectrum, the Fourth Circuit declined to disturb a finding as a matter of law that the SWAP mark was suggestive of interchangeable watch faces, watch bands, and slide pendants, notwithstanding admissions by principals of the mark's owner that it was descriptive,[615] and the Tenth Circuit affirmed a finding that the TAP mark qualified as suggestive when used in connection with firearm ammunition, despite the undisputed fact that the mark was an acronym for "tactical application police."[616] Likewise, a Florida district court concluded that the MIRACLE LEAVE IN TREATMENT mark was descriptive of hair-care products when used on a stand-alone basis, but that the mark apparently became suggestive when used in conjunction with another suggestive mark for the same goods, namely, IT'S A 10.[617] So, too, did the WELL CARE mark for pharmacy services fall into the suggestive category based on a finding that "when 'well care' refers to a pharmacy, this is merely a term that suggests an affiliation with the health care industry generally."[618] Another court improbably concluded that THE ULTIMATE FAN was suggestive for a contest among sports

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613. *See* C & N Corp. v. Kane, 953 F. Supp. 2d 903, 914 (E.D. Wis. 2013), *aff'd*, 756 F.3d 1024 (7th Cir. 2014).

614. *See* Fuel Clothing Co. v. Nike, Inc., 7 F. Supp. 3d 594, 611 (D.S.C. 2014).

615. *See* Swatch AG v. Beehive Wholesale, LLC, 739 F.3d 150, 157-58 (4th Cir. 2014). The court dealt with the admissions against interest of the mark owner's witnesses by observing that:

> [D]escriptiveness is an objective determination that the district court makes on the basis of the meaning of a mark and the features of any associated products. For this reason, the opinion of a witness, particularly a lay witness, that a mark is descriptive rather than suggestive can be of no assistance.

Id. at 158.

616. *See* Hornady Mfg. Co. v. DoubleTap, Inc., 746 F.3d 995, 1007 (10th Cir. 2014). As the court explained:

> "TAP" does not directly convey the characteristics of the product, bullets, in a way that marks such as "After Tan post-tanning lotion" or "5 Minute glue" do. Even when the acronym is defined, "TAP" requires the consumer to use imagination to appreciate the nature of [the mark owner's] product: police agencies are frequent purchasers of ammunition; police are likely to seek out certain qualities in the ammunition they purchase; a product targeted at police is likely to have these qualities.

Id.

617. *See* It's a 10, Inc. v. Beauty Elite Grp., 110 U.S.P.Q.2d 1116, 1122 (S.D. Fla. 2013).

618. Well Care Pharmacy II, LLC v. W'Care, LLC, 108 U.S.P.Q.2d 1695, 1698 (D. Nev. 2013).

fans.[619] Finally, one court found that the INTELLIGENT QUARTZ mark was suggestive as a matter of law for watches in an opinion overturning a finding by the Trademark Trial and Appeal Board that the mark was descriptive.[620]

(iv) Arbitrary Marks

Numerous opinions over the past year offered definitions of "arbitrary" marks, but actual findings of arbitrariness were infrequent.[621] One that did occur arose from a suit brought by reality television show star Michael Sorrentino and a company affiliated with him, whose claimed mark (and nickname) was THE SITUATION, used in connection with clothing and entertainment services.[622] The court declined to accept the defendants' invitation to find that the plaintiff's mark was a personal name and therefore unprotectable in the absence of a showing of secondary meaning. Instead, it found the mark to be either "arbitrary or fanciful," but its analysis placed the mark squarely in the former category: "Although the word 'situation' is not a word that was coined or made up by the plaintiffs, or a word that is obsolete, totally unknown to the language or out of common usage, the Court can discern no relationship between the word 'situation' and the apparel or entertainment services that the plaintiffs provide."[623]

A finding of arbitrariness also came to pass in a dispute between two apparel producers.[624] The parties each used stylized skulls in connection with their respective wares, with the plaintiff's skull mark having the following appearance:

619. *See* Action Ink, Inc. v. Anheuser-Busch, Inc., 959 F. Supp. 2d 934, 946 (E.D. La. 2013), *aff'd*, 576 F. App'x 321 (5th Cir. 2014).

620. *See* Timex Grp. USA, Inc. v. Focarino, 109 U.S.P.Q.2d 1393, 1336-1404 (E.D. Va. 2013).

621. *See, e.g.*, Int'l Oddities v. Record, 109 U.S.P.Q.2d 1373, 1382 (C.D. Cal. 2013) (finding INTERNATIONAL ODDITIES and A'HIA marks arbitrary for smoking buds on ground that "they bear no particular relation to the product being sold").

622. *See* MPS Entm't, LLC v. Abercrombie & Fitch Stores, Inc., 110 U.S.P.Q.2d 1287 (S.D. Fla. 2013).

623. *Id.* at 1295.

624. *See* Lambert Corp. v. LBJC Inc., 111 U.S.P.Q.2d 1261 (C.D. Cal. 2014).

Weighing the strength of the plaintiff's mark for purposes of the likelihood-of-confusion inquiry, the court found the mark inherently distinctive: Specifically, the court observed, "the [plaintiff's] [s]kull is conceptually strong because it is arbitrary, i.e., it is 'non-descriptive of any quality' of the apparel sold by plaintiff."[625]

A final finding—or at least a potential additional finding—of the arbitrary nature of a design mark came in a dispute between the Texas operators of competing country-and-western bars.[626] One mark at issue between the parties was REBELS HONKY TONK, which the court found to be inherently distinctive. According to the court, "[w]hile 'Honky Tonk' is a generic term that generally describes country western-theme bars, 'Rebels' is arbitrary and fanciful, at least in connection with 'honky tonks'";[627] how the mark might have qualified as fanciful (rather than arbitrary) went unexplained.

(v) Coined or Fanciful Marks

"'Fanciful' marks, which are words or phrases invented solely to function as trademarks, receive a high level of trademark protection because they are inherently distinctive."[628] Somewhat unusually, many findings that particular marks fell into this category were driven in part by the presence in those marks of design elements. Thus, for example, the Ninth Circuit affirmed a finding that the following marks were fanciful when used in connection with mushrooms:[629]

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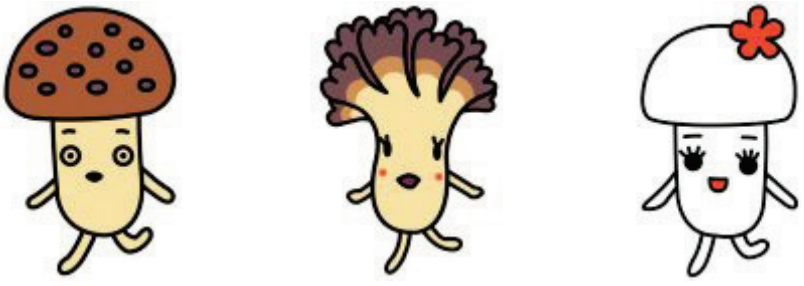
625. *Id.* at 1269 (quoting Entrepreneur Media, Inc. v. Smith, 279 F.3d 1135, 1141 n.2 (9th Cir. 2002)).

626. *See* Reservoir, Inc. v. Truesdell, 1 F. Supp. 3d 598 (S.D. Tex. 2014).

627. *Id.* at 610.

628. Hokto Kinoko Co. v. Concord Farms, Inc., 738 F.3d 1085, 1096 (9th Cir. 2013).

629. *Id.* The graphics in the text accompanying this footnote are taken from the drawings of U.S. Registration Nos. 3182866 (issued Dec. 12, 2006), 3179700 (Dec. 5, 2006), and 3182867 (issued Dec. 12, 2006); the one in the text accompanying *infra* note 630 is taken



The same was true for the following composite mark, which was used in connection with the same goods:[630]

As the court explained, "[t]he marks here, which consist of a stylized depiction of a fictitious word and cartoon-character mushrooms, are unique, fanciful, and likely to be associated with [the plaintiff] by U.S. consumers."[631]

The Ninth Circuit was not the only court whose placement of a composite mark on the spectrum of distinctiveness was driven by the incorporation into the mark of a design element. Another was a Texas federal district court,[632] which rather improbably concluded that the following mark was a fanciful indicator of origin for the services provided by a country-and-western bar:[633]

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from U.S. Registration No. 3210268 (issued Feb. 20, 2007). *See Hokto Kinoko*, 738 F.3d at 1090-91.

630. The court noted of the composite mark's verbal component that "'Hokto' has no meaning in Japanese, although 'Hokuto' means 'northern star.'" *Id.* at 1096 n.2.

631. *Id.* at 1096 (footnote omitted).

632. *See* Reservoir, Inc. v. Truesdell, 1 F. Supp. 3d 598 (S.D. Tex. 2014).

633. The graphic in the text accompanying this note is taken from the drawing of U.S. Registration No. 3940282 (issued April 5, 2011).

According to the court, "the Rebels Composite Mark—a combination of the Rebels Word Mark and an arbitrary logo design—is clearly fanciful."[634]

(b) Distinctiveness of Nontraditional Marks

The appropriate test for determining whether nonverbal marks are inherently distinctive continued to divide courts, with some applying the same spectrum of distinctiveness applicable to word marks.[635] For example, a New York federal court took that step when addressing the following claimed trade dress for a cosmetic product, described by its owner as "a silhouette of one or more deciduous or barren trees against a contrasting or solid background vertically lining the side of receptacles and/or packaging therefore with some of the trees' branches extending to the opposite side of or encircling the receptacles or packaging therefor":[636]

In denying a defense motion for summary judgment, the court observed that:

> The Second Circuit has held that product packaging is almost always inherently distinctive, which obviates the need to prove secondary meaning. [The] trade dress and packaging are adorned with a distinct design of relatively thin, barren trees—silhouetted against a contrasting background that is usually in hues of red, orange, pink, purple, brown or grey. Accordingly, [the] packaging of the relevant products is arbitrary or fanciful and thus inherently distinctive.[637]

In contrast, a different New York federal district court disposed of a claim of protectable trade dress rights to two product *configurations* by applying the same Second Circuit rule that trade dress consisting of product *packaging* should be placed into one of

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634. *Reservoir*, 1 F. Supp. 3d at 610.

635. *See, e.g.*, Sherwin-Williams Co. v. JP Int'l Hardware, Inc., 988 F. Supp. 2d 815, 818 (N.D. Ohio 2013) (concluding in default judgment that packaging for paint brush was "unique in the painting tool industry and consists of a combination of arbitrarily chosen elements from an infinite array of possibilities for such packaging").

636. *Quoted in* Bath & Body Works Brand Mgmt., Inc. v. Summit Entm't, LLC, 7 F. Supp. 3d 385, 402 (S.D.N.Y. 2014) (internal quotation marks omitted). The graphic accompanying this footnote is taken from the specimen submitted in support of U.S. Reg. No. 3929237 (issued March 8, 2011) of the LUNA TWILIGHT mark.

637. *Id.* (citations omitted).

the categories recognized by the word-mark spectrum of distinctiveness.[638] The parties competed in the market for no-spill children's drinking cups, and the plaintiff's claimed trade dress consisted of "a custom-colored translucent, generally cylindrical shaped cup having a slightly wider upper portion" with a "colored or tinted inner dome cap portion sit[ting] on an outer ring cap portion . . . on the body of the cup; the inner dome cap portion having a spout with a bulb-like base and a relatively pointed top."[639] In support of a motion for summary judgment, the defendant introduced "exhaustive evidence of numerous hard spout cups that have been widely available on the market for over two decades, through submission of third party catalogs and websites of online retailers,"[640] including "numerous examples of other flip-top cup[s] that include a 'football helmet-shaped cap with a 'ring shaped base.'"[641] Moreover, at least some of the third-party designs identified by the defendant were apparently on the market "several years before" the introduction of the plaintiff's designs.[642] Based on the defendant's showing, the court concluded that the plaintiff's claimed trade dress was generic as a matter of law:

> There is no genuine issue of material fact as to whether these designs are generic. [The plaintiff's] trade dress descriptions refer to common shapes frequently used in the sippy cup industry . . . that even when configured together would simply be too broad and too general to warrant trade dress protection.[643]

The same methodology produced another defense victory in a packaging case.[644] The court hearing that dispute found that, "despite the tendency for trade dresses to be inherently distinctive because the whole universe of materials and designs is available for packaging,"[645] the trade dress reflected in the following package was merely descriptive when used in connection with energy bars:[646]

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638. *See* Luv N' Care, Ltd. v. Regent Baby Care Prods. Corp., 986 F. Supp. 2d 400 (S.D.N.Y. 2013).

639. *Quoted in id.* at 408 (alteration in original).

640. *Id.* at 407-08.

641. *Id.* at 408.

642. *Id.*

643. *Id.* at 409.

644. *See* KIND LLC v. Clif Bar & Co., 111 U.S.P.Q.2d 1795 (S.D.N.Y. 2014).

645. *Id.* at 1798 (quoting Regal Jewelry Co. v. Kingsbridge Int'l, Inc., 999 F. Supp. 477, 489 (S.D.N.Y. 1998)) (internal quotation marks omitted).

646. *Id.* The precise trade dress claimed by the plaintiff did not include the plaintiff's verbal KIND mark but instead:

> (1) packaging with a transparent, rectangular front panel revealing a large portion of the bar itself; (2) a horizontal stripe bisecting the transparent front panel containing

A different court cited with apparent approval Professor McCarthy's suggestion that the word-mark spectrum-of-distinctiveness approach might not be appropriate in trade dress litigation,[647] but it nevertheless took that approach because the parties had done so in their briefs. The trade dress at issue was the appearance of a line of hourglass-shaped foil packages for alcoholic beverages, which the court found inherently distinctive "because the majority of the claimed elements [making it up] are either suggestive, arbitrary, or fanciful, which, taken as a whole, serve to identify [the lead plaintiff] as the source of the product."[648] In doing so, the court rejected the defendants' argument that individual features of the trade dress were individually descriptive or generic: "[P]ackaging would be pointless without at least some description of the product contained therein. . . . [I]t is not the descriptive nature of the individual elements that must be considered, but the overall impression of the combination of those elements."[649]

The word-mark spectrum of distinctiveness did not provide the relevant framework in all opinions addressing the distinctiveness of nontraditional marks, however. For example, one court departed from that framework when evaluating the issue of whether the following design mark could qualify as a protectable mark when used in connection with clothing, as well as with pastries and jewelry rendered in the same shape:[650]

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the flavor of the bar in text; (3) a text description of the product line (e.g. "Fruit & Nut," "Plus," or "Nuts & Spices") in line with the horizontal stripe bisecting the transparent front panel; (4) a vertical black band, offset to the side of the package, containing a bulleted list of many of the bar's key healthful attributes; (5) opaque vertical bands, or end caps, at either edge of the product package; and (6) a 40g size, in a slender shape.

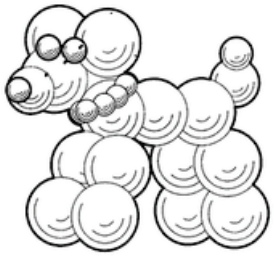
Quoted in id. at 1797 n.1.

647. *See* Am. Beverage Corp. v. Diageo N. Am., Inc., 936 F. Supp. 2d 555, 598-99 (W.D. Pa. 2013) (citing 1 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 8:13 (4th ed. 2012).

648. *Id.* at 599.

649. *Id.* at 600.

650. *See* NOLA Spice Designs, LLC v. Haydel Enters., 969 F. Supp. 2d 688 (E.D. La. 2013). The graphic in the text accompanying this note is taken from the drawing of U.S. Reg. No. 3717416.



Without recognizing the significance of the Supreme Court's opinion in *Wal-Mart Stores, Inc. v. Samara Bros.*[651] that product designs can never be inherently distinctive, the court looked to the multifactored test for inherent distinctiveness originally set forth in *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*[652] and therefore examined:

> [1] whether [the design] was a "common" basic shape or design, [2] whether it was unique or unusual in a 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.[653]

The court's error in applying the *Seabrook* test to the plaintiff's product designs was mooted, however, by its ultimate conclusion that the claimed mark was either generic or descriptive and lacking secondary meaning, at least in the New Orleans market in which the parties competed.[654]

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651. 529 U.S. 205 (2000).

652. 568 F.2d 1342 (C.C.P.A. 1977).

653. *NOLA Spice Designs*, 969 F. Supp. 2d at 698 (first, third, fourth, and fifth alterations in original) (quoting *Seabrook*, 568 F.2d at 1344 (footnotes omitted)).

The court was not alone in making this error. For an example of another opinion that might have benefitted from a more in-depth and skeptical analysis of the issue of the inherent distinctiveness of product designs, see *Bentley Motors Ltd. Corp. v. McEntegart*, 976 F. Supp. 2d 1297, 1320 (M.D. Fla. 2013). In entering a default judgment against defendants alleged to have infringed the plaintiff's product-design trade dress, the *Bentley Motors* court held that "[w]ithin the Complaint, [the plaintiff] has alleged that . . . [the plaintiff's] product design is inherently distinctive and has acquired secondary meaning." *Id.* at 1320. To give the latter averment dispositive effect is one thing; the former, though, is contrary to *Wal-Mart*'s holding.

654. *NOLA Spice Designs*, 969 F. Supp. 2d at 698-99 ("Common sense . . . indicates that, the design and idea of the bead dog is so commonplace that children in the street have replicated it for over sixty years during Mardi Gras parades, and that [the plaintiff] . . . based [its] design off of the original Mardi Gras bead dog trinkets. . . . Thus, the Court finds it unlikely, without the assurance of consumer surveys and other conclusive proof, that consumers in the New Orleans market would view the [claimed mark] and automatically associate it with [the plaintiff].").

Finally, some courts declined to identify what test for trade dress distinctiveness they might be applying.[655] One neglected to do so en route to the denial of a defense motion to dismiss for failure to state a claim.[656] The lead plaintiff was the salvor-in-possession of the wreck of the *RMS Titanic*, and, with an affiliated company, staged "museum-style exhibitions" about the doomed ship and its passengers. The plaintiffs alleged that a similar exhibition staged by the defendants infringed the trade dress of the plaintiffs' exhibition, which the court concluded swept in "the font and lettering style of the exhibition name, the room choice and placement, lighting patterns on the floor, a 'star drop' lighting curtain, and the design and placement of artifacts throughout the exhibit."[657] The plaintiffs alleged that their trade dress was inherently distinctive, and, additionally, that it had acquired distinctiveness, and that was enough for the court: The defendants' motion to dismiss was denied without extended discussion.[658]

(c) Acquired Distinctiveness

(i) Opinions Finding Acquired Distinctiveness

The significance of a federal registration on the Principal Register to the acquired distinctiveness inquiry was apparent in an Eighth Circuit opinion in an action to protect the LOVELYSKIN and LOVELYSKIN.COM mark for skincare products.[659] The plaintiff had registered each mark under Section 2(f) of the Act,[660] and the district court assigned to the case ordered each registration canceled after a bench trial based largely on the defendant's showing of three putative uses of similar marks by third parties. Citing the prima facie evidence of mark validity attaching to the plaintiff's registrations, the Eighth Circuit noted that "as the party seeking cancellation, [the defendant] had both the initial burden to establish a prima facie case that [the

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655. *See, e.g.*, Reservoir, Inc. v. Truesdell, 1 F. Supp. 3d 598, 613-14 (S.D. Tex. 2014) (finding after bench trial that mural on wall of bar lacked inherent and acquired distinctiveness, apparently based on third-party use of similar murals by competing businesses); Reed v. Chambersburg Area Sch. Dist., 951 F. Supp. 2d 706, 724 (M.D. Pa. 2013) (granting motion to dismiss allegations of infringement of claimed trade dress consisting of dance routines in light of plaintiff's failure to aver facts establishing inherent distinctiveness of routines).

656. *See* RMS Titanic, Inc. v. Zaller, 978 F. Supp. 2d 1275 (N.D. Ga. 2013).

657. *Id.* at 1293.

658. *Id.*

659. *See* Lovely Skin, Inc. v. Ishtar Skin Care Prods., 745 F.3d 877 (8th Cir. 2014).

660. 15 U.S.C. § 1052(f) (2012). Section 2(f) provides that the Patent and Trademark Office "may accept as prima facie evidence that [an applied-for] mark has become distinctive . . . proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made." *Id.*

plaintiff's] trademarks had not acquired distinctiveness at the time of their registrations and the ultimate burden of persuasion to prove that [the plaintiff's] trademarks were invalid by a preponderance of the evidence."[661] The defendant's failure to carry that burden was apparent in the absence from the record of "any evidence regarding how [the] third parties had used the marks, if at all, in the five years before [the plaintiff's] trademarks were registered" and of "evidence of how, or even if, the third parties promoted or advertised [their] marks during those years or whether the public recognized [the] marks."[662] Under these circumstances, "evidence of three third parties that registered either trademarks or business names similar to [the plaintiff's] trademarks cannot overcome the strong presumption of validity and establish a prima facie case that [the plaintiff's] marks had not acquired distinctiveness at the time of their registrations through substantially exclusive use for the five preceding years."[663] Moreover, beyond the defendant's deficient showing on the issue of third-party use, "[the plaintiff] presented evidence of its significant advertising expenditures and sales growth during the five years preceding the registration of its marks. Such evidence can demonstrate that a mark has acquired distinctiveness."[664] The district court's finding that the plaintiff's marks lacked acquired distinctiveness as of the issuance of the registrations covering them therefore was clearly erroneous.[665]

A number of claims of acquired distinctiveness in unregistered marks were evaluated by district courts through applications of

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661. *Lovely Skin*, 745 F.3d at 884-85.

662. *Id.* at 885.

In addition to its reliance on the three actual or potential third-party uses, the defendant faulted the plaintiff and its counsel for having been unaware of those uses at the time the plaintiff executed a declaration under Section 2(f), averring that the plaintiff was the substantially exclusive user of its marks. The court declined to accord testimony that the plaintiff and its counsel had neglected to research the issue of third-party use any significant weight. Rather:

> [The defendant's] testimonial evidence does not prove that [the plaintiff's] marks had not acquired distinctiveness by the time they were registered. Instead, it demonstrates only that, six and eight year after the applications, [the plaintiff] no longer has evidence of its trademarks' substantially exclusive use and that the attorneys who prepared the applications have no recollection of any investigation into [the plaintiff's] claim of substantially exclusive use at the time they applied for registration. This evidence is insufficient to overcome the strong presumption of validity of [the plaintiff's] trademark registrations and establish a prima facie case of invalidity.

Id. at 886.

663. *Id.*

664. *Id.*

665. *Id.* at 887.

various multifactored tests.[666] For example, a pair of plaintiffs seeking a preliminary injunction against the alleged imitation of the packaging of their alcoholic cocktail products successfully advanced a claim of secondary meaning under the Third Circuit's multifactored test, which took into account:

> (1) the extent of sales and advertising leading to buyer associations; (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.[667]

The preliminary injunction record demonstrated to the court's satisfaction that the plaintiffs had created the market segment and enjoyed a 99 percent market share during the six years prior to the defendants' entry into the market.[668] The plaintiffs sold $29,439,917 worth of product during the same period, and they additionally were able to rely upon their investment of "a significant amount of money on advertising," which the court found "prominently feature[d] the . . . frozen cocktail products, including the trade dress,"[669] as well as evidence that the defendants had copied their packaging.[670] A final factor weighing in the plaintiffs' favor was evidence of actual confusion among consumers and an expert retained by the defendants.[671]

A different plaintiff successfully convinced a jury that the appearance of its rooftop support products had acquired distinctiveness under the Fifth Circuit's multifactored test for

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666. *Cf.* Hornady Mfg. Co. v. DoubleTap, Inc., 746 F.3d 995, 1007 (10th Cir. 2014) (applying multifactored test for acquired distinctiveness in inquiry into strength of plaintiff's mark).

667. *See* Am. Beverage Corp. v. Diageo N. Am., Inc., 936 F. Supp. 2d 555, 600 (W.D. Pa. 2013) (quoting Commerce Nat'l Ins. Servs., Inc. v. Commerce Ins. Agency, Inc., 214 F.3d 432, 438 (3d Cir. 2000)).

668. *Id.* at 580, 601.

669. *Id.* at 581, 601-02. The defendants disputed the effectiveness of this "image advertising," but the court sided with the plaintiffs:

> Advertising need not direct consumers to "look for" a particular trade dress . . . in order to be probative of secondary meaning. . . . [E]very advertisement admitted into evidence (including the television advertisements) portrays the [plaintiffs'] frozen cocktail products. Although "look-for" advertising would provide stronger evidence of secondary meaning, the advertisements presented by plaintiffs help consumers and trade professionals connect the [plaintiffs'] products' trade dress to their source . . . .

Id. at 602.

670. *Id.* at 581, 602-03.

671. *Id.* at 603 ("[C]onsumers have contacted [the lead plaintiff] believing it to be the source of [the defendants'] frozen cocktail products, and other consumers have done the same with [the defendants] about [the plaintiffs'] products. At the [preliminary injunction] hearing, defendant[s'] packaging expert picked up [the plaintiffs'] frozen cocktail product after he was instructed to pick up the [defendants'] product.").

secondary meaning, which took into account: (1) the length and manner of the use of the mark or trade dress at issue; (2) the plaintiff's sales volume; (3) the amount and manner of the plaintiff's advertising; (4) the nature or use of the mark or trade dress in newspapers and magazines; (5) survey evidence; (6) direct consumer testimony; and (7) intentional copying by the defendant.[672] Rejecting the defendants' arguments that survey evidence and express "look-for" advertising were necessary to sustain the jury's finding in the plaintiff's favor, the court denied the defendants' judgment as a matter of law (JMOL) motion based on evidence and testimony in the trial record that the plaintiff had merely "emphasized" its trade dress at trade shows and conferences, that it had placed "substantial" advertising in support of its goods, and that customers of the defendants had contacted the plaintiff, apparently by mistake. Of this, the court concluded that "the jury was presented with more than a scintilla of evidence on the other factors from which it was entitled to conclude that [the plaintiff's trade dress] had acquired secondary meaning."[673]

An application of the same Fifth Circuit seven-factored test for secondary meaning produced a finding of acquired distinctiveness in an action by T-Mobile to protect the color magenta for telecommunications services.[674] Addressing the factors seriatim, the court found that:

> The first four factors strongly weigh in favor of finding secondary meaning. T–Mobile has been using the magenta mark for over 10 years. During this time, T–Mobile has prominently displayed the magenta mark in virtually every aspect of its public marketing and communications. Advertising campaigns prominently feature the magenta color, with particular emphasis on large swaths of magenta that cause the advertisements to "brim" with the color. In those advertising campaigns, T–Mobile has identified itself by the word "magenta" as well as by using large blocks of the magenta color. Examples include the "Vote Magenta" advertising campaign that ran during the last election, the "Magenta Saturday Sale" campaign, and "Magenta Deal Day" campaigns. T–Mobile uses magenta, particularly large blocks of magenta, on television, in print advertisements, and outdoor advertisements. T–Mobile has over 70,000 stores, each of which prominently features the magenta color. T–Mobile serves 43 million customers nationwide and, in the last 8 years, has sold $130 billion worth of services and goods, 90%

672. *See* Clearline Techs. Ltd. v. Cooper B-Line, Inc., 948 F. Supp. 2d 691, 704 (S.D. Tex. 2013).

673. *Id.*

674. *See* T-Mobile US, Inc. v. AIO Wireless LLC, 991 F. Supp. 2d 888 (S.D. Tex. 2014).

> in stores, including retail outlets, that use magenta. Media coverage, including newspapers and other publications have recognized the magenta anchor to T–Mobile's marketing and physical appearance.[675]

The court then credited testimony by a survey expert retained by T-Mobile that the claimed color had acquired distinctiveness "among at least 50% of consumers aged 16-65 who both subscribe to mobile service and influence provider brand decisions,"[676] despite attacks on the survey's methodology by the defendant.[677] Taken together, these considerations merited a finding of acquired distinctiveness under an application of the doctrinal test for it, even in the absence of direct consumer testimony or "clear evidence" of intentional copying.[678]

Departing from the doctrinal test, the court then disposed of four arguments advanced by the defendant in response to the plaintiff's showing. The first was that T-Mobile's registration of its claimed color mark on the Supplemental Register constituted a concession of the mark's lack of distinctiveness, a theory the court rejected on the ground that "[w]hile supplemental registration does not create a statutory presumption of validity, the mark may still become distinctive and legally protectable through its use in commerce."[679] The court also declined to accept the defendant's second argument, namely, that T–Mobile's use of different shades of magenta weighed against a claim of secondary meaning. As to that argument, the court concluded that "[e]ven with these variations . . . the color remains readily identifiable as a distinctive bold, bright magenta"[680] and that "[t]he case law does not support [the defendant's] underlying assumption that once T-Mobile identifies and pursues protection for a particular Pantone color, that color cannot be protected or acquire secondary meaning

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675. *Id.* at 905-06 (citations omitted).

676. *Quoted in id*. at 907.

677. The survey had been conducted over the Internet, and the defendant argued that the survey's results were unreliable because there was no guarantee that respondents had seen the same color stimulus and control on their computer monitors. The court reached the opposite conclusion from that urged by the defendant:

> [E]ven if different computers and screens projected different magenta shades, the fact that the respondents consistently associated what they saw with T–Mobile confirms the strength of the association of T–Mobile with magenta. If anything, assuming some variation from screen to screen makes the association of bright pink magenta with T–Mobile even stronger.

Id. at 907. The court also rejected the defendant's attack on the survey's use of the color brown for a control, finding that the defendant had failed to establish "why brown is so implausible and unattractive as a control-color choice as to make the survey results unreliable." *Id.* at 908.

678. *Id.*

679. *Id.* at 909.

680. *Id.* at 910.

unless every appearance and use conforms exactly to that color."[681] Next, the court took issue with the defendant's contention that T-Mobile's use of its claimed mark only with a word mark or other source-identifying information precluded a finding of acquired distinctiveness for the color standing alone, which the court found wanting in light of the fact that the favorable survey results proffered by the plaintiff had been generated through the use of color standing alone as a stimulus.[682] Finally, the same survey results led to the court's refusal to credit the defendant's showing of uses of similar colors by third parties, which the court found convincing for the additional reasons that those uses were neither numerous nor pervasive.[683]

An application of the Seventh Circuit's secondary-meaning factors produced a victory for an owner of a descriptive verbal mark:

> In determining whether a mark has acquired secondary meaning, the Seventh Circuit considers seven factors: (a) direct consumer testimony; (b) consumer surveys; (c) exclusivity, length, and manner of use; (d) amount and manner of advertising; (e) amount of sales and number of customers; (f) established place in the market; and (g) proof of intentional copying.[684]

The court was unconvinced by the plaintiff's invocation of Section 2(f) in the infringement context,[685] but it otherwise concluded that the acquired distinctiveness of the plaintiff's UNITY mark for health insurance was sufficiently well established to support the entry of preliminary injunctive relief. The preliminary injunction record justifying that conclusion included evidence and testimony that the plaintiff's advertising had consistently emphasized the word "unity" (even if the word was usually accompanied by other verbiage), use of the word for nearly three decades, increasing market share, and a $3,000,000 advertising spend in the previous years.[686]

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681. *Id.* at 911.

682. *Id.* at 912.

683. *Id.* at 913.

684. Unity Health Plans Ins. Corp. v. Iowa Health Sys., 995 F. Supp. 2d 874 (W.D. Wis. 2014).

685. The court remarked of the plaintiff's reliance on Section 2(f) that "[w]ithout citation, [the plaintiff] asserted during the [preliminary injunction] hearing that secondary meaning is presumed upon five years of use. The court has found no support for this proposition. . . . [I]t appears that that section is applicable only in attempting to place a trademark upon the principal register." *Id.* at 886.

686. *Id.* at 886-87.

The Ninth Circuit's test for acquired distinctiveness came into play in the grant of a preliminary injunction.[687] That test took into account "(1) whether actual purchase[r]s of the product bearing the claimed trademark associate the trademark with the producer, (2) the degree and manner of advertising under the claimed trademark, (3) the length and manner of use of the claimed trademark and, (4) whether use of the claimed trademark has been exclusive."[688] For better or for worse, the preliminary injunction order finding that the test was satisfied failed to address the factors at length, much less to describe the record evidence and testimony underlying that finding. Rather, the court grounded its conclusion in its findings that "[i]n addition to Plaintiff's consistent and exclusive use of [its] mark [over a five-year period], Plaintiff has spent significant amounts of money on widespread advertising within [its] Trade Area,"[689] which the plaintiff averred was "between $150,000.00-$170,000.00."[690] The court also concluded that the plaintiff had successfully distinguished third-party uses of similar marks proffered by the defendants based on the defendants' failure to demonstrate any such uses in the plaintiff's industry.[691]

Finally, in granting a motion for a preliminary injunction, a Massachusetts federal district court reached a finding that a surname mark had acquired distinctiveness under the First Circuit's factors for evaluating claims of secondary meaning, namely, "(1) the length and manner of its use, (2) the nature and extent of advertising and promotion of the mark and (3) the efforts made in the direction of promoting a conscious connection, in the public's mind, between the name or mark and a particular product or venture."[692] The court found it significant that the mark had been used continuously for thirty-seven years and was promoted on the plaintiff's website, at trade shows attended by the plaintiff, and by the plaintiff's independent distributors.[693] Without a discussion of, or citation to, the preliminary injunction record, it also concluded that "[the plaintiff] has consciously created a link between its products and [its] name in order to promote

687. *See* Well Care Pharmacy II, LLC v. W'Care, LLC, 108 U.S.P.Q.2d 1695 (D. Nev. 2013).

688. *Id.* at 1699 (alteration in original) (quoting Levi Strauss & Co. v. Blue Bell, Inc., 778 F.2d 1352, 358 (9th Cir. 1985)).

689. *Id.*

690. *Quoted in id.* at 1696.

691. *Id.*

692. Whipps, Inc. v. Ross Valve Mfg. Co., 111 U.S.P.Q.2d 2055, 2060 (D. Mass. 2014) (quoting Donoghue v. IBC/USA (Publ'ns), Inc., 886 F. Supp. 947, 952-53 (D. Mass. 1995)) (internal quotation marks omitted).

693. *Id.* at 2061.

recognition in the . . . control industry."[694] A determination that "a substantial portion of the relevant consumer industry" associated the mark with the plaintiff followed.[695]

(ii) Opinions Declining to Find Acquired Distinctiveness

Just as some courts sustained claims of acquired distinctiveness through the application of multifactored tests, so too did others dispose of those claims using the same methodology.[696] One New York federal district court doing so in the context of a preliminary injunction motion applied the Second Circuit's six-factored test for secondary meaning, which took into account: (1) advertising expenditures; (2) survey evidence of distinctiveness; (3) unsolicited media coverage; (4) sales success; (5) evidence of copying; and (6) the length and exclusivity of the use of the claimed mark or trade dress.[697] The designation at issue was a trade dress consisting of the packaging for a line of energy bars, and the court imposed a "heavy burden" on the plaintiff to prove that the packaging had acquired distinctiveness.[698] The court then found that the plaintiff had failed to carry that burden, despite its $100 million advertising spend, its $600 million in sales, its proffered evidence of unsolicited media coverage, or its showing that each package at issue shared the six elements of its claimed trade dress. Instead, the court concluded, "[the plaintiff] fails to establish that its sales, marketing and advertising expenditures, and unsolicited media coverage have resulted in consumers associating the six elements it seeks to protect as its trade dress with [the plaintiff]."[699] In particular, "[t]he trade dress [the plaintiff] seeks to protect here excludes its logo, and [the plaintiff] has not shown that its packaging, without the logo, has acquired secondary meaning."[700] The plaintiff's allegations of intentional copying did not require a contrary result.[701]

An application of the Third Circuit's multifactored test for evaluating claims of acquired distinctiveness resulted in the denial of a preliminary injunction motion in an action brought to protect

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694. *Id.*

695. *Id.*

696. *Cf.* Water Pik, Inc. v. Med-Sys., Inc., 726 F.3d 1136, 1154-55 (10th Cir. 2013) (applying three-factor test for acquired distinctiveness in context of inquiry into strength of counterclaim plaintiff's mark).

697. *See* KIND LLC v. Clif Bar & Co., 111 U.S.P.Q.2d 1795, 1800 (S.D.N.Y. 2014).

698. *Id.*

699. *Id.*

700. *Id.*

701. *Id.*

the appearances of several lines of toy waterguns.[702] That test took into account:

> (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.[703]

Although the plaintiff argued under the first of these factors that it invested in $500,000 of print advertising featuring its product configurations each year, the court dismissed that showing with the observation that "[t]his factor does not simply examine whether a product has been advertised or sold successfully; it examines whether the advertising and sales have led to buyer association with the source and Plaintiff has not shown buyer association with a source or brand."[704] The court then rejected the plaintiff's evidence of extensive sales on the ground that:

> Sales success by itself will typically not be as probative of secondary meaning in a product configuration case as in a trademark case, since the product's market success may well be attributable to the desirability of the product configuration rather than the source-designating capacity of the supposedly distinguishing feature or combination of features.[705]

Coupled with the defendants' evidence of the use of similar designs by third parties,[706] these considerations outweighed the plaintiff's showings on the issue, which consisted of the defendants' intentional copying of the plaintiff's configurations[707] and the use of those configurations for more than five years, which might have carried the day in the trademark registration process under Section 2(f), but did not do so outside of that context.[708]

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702. *See* Buzz Bee Toys, Inc. v. Swimways Corp., 20 F. Supp. 3d 483 (D.N.J. 2014).

703. *Id.* at 499 (quoting Commerce Nat'l Ins. Servs., Inc. v. Commerce Ins. Agency, Inc., 214 F.3d 432, 438 (3d Cir. 2000)).

704. *Id.* at 500.

705. *Id.* at 503 (alteration omitted) (quoting Duraco Prods., Inc. v. Joy Plastic Enters., 40 F.3d 1431, 1452 (3d Cir. 1994)) (internal quotation marks omitted).

706. *Id.* at 501-02.

707. The court concluded that the defendants' copying weighed in the plaintiff's favor but also that it was not dispositive evidence of acquired distinctiveness. *Id.* at 502 ("Particularly in product design cases, 'attempts to copy a product configuration will quite often not be probative: the copier may very well be exploiting a particularly desirable feature, rather than seeking to confuse consumers as to the source of the product.'" (quoting *Duraco Prods.*, 40 F.3d at 1453)).

708. On this issue, the court found that "Plaintiff's years of use, standing alone, do not establish a strong inference of consumer association with a single source." *Buzz Bee Toys*, 20 F. Supp. 3d at 501.

A Massachusetts federal district court went even further, concluding that the successful invocation in the application process of Section 2(f) by the claimed owners of a geographically descriptive word mark did not even create a factual dispute as to the mark's lack of distinctiveness.[709] The USPTO's acceptance of the plaintiffs' proof of the substantially continuous and exclusive use of their mark for five years was entitled to "some weight,"[710] but the examiner assigned to the plaintiffs' application had not applied the First Circuit case law that was binding on the court.[711] That case law required the court to consider the length and manner of the plaintiffs' use of their claimed mark along with the additional factors of: (1) "the nature and extent of advertising and promotion of the mark";[712] (2) "the efforts made in the direction of promoting a conscious connection, in the public's mind, between the name or mark and a particular product or venture";[713] (3) media coverage;[714] (4) attempts to copy the plaintiffs' mark;[715] (5) "the size or prominence" of the plaintiffs' enterprise;[716] (6) "the product's or service's place in the market";[717] and (7) "[d]irect evidence, such as customer surveys or testimony, [which,] although not required, is considered highly probative."[718] The plaintiffs' showing under the full set of factors proved inadequate, in part because it failed to set forth the number of students partaking of the educational services provided by the plaintiffs under their mark,[719] did not "depict the type of pervasive and continuous advertising scheme that is probative of secondary meaning,"[720] and did not establish a link between media coverage of the lead plaintiff's testimony before Congress and the services offered by the plaintiffs;[721] moreover, the court concluded, evidence of actual

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709. *See* Lyons v. Am. Coll. of Veterinary Sports Med. & Rehabilitation, Inc., 997 F. Supp. 2d 92 (D. Mass. 2014).

710. *Id.* at 102.

711. *Id.*

712. *Id.* at 103 (quoting Boston Beer Co. Ltd. P'ship v. Slesar Bros. Brewing Co., 9 F.3d 175, 182 (1st Cir. 1993) (quoting Volkswagenwerk Aktiengesellschaft v. Wheeler, 814 F.2d 812, 816 (1st Cir.1987))) (internal quotation marks omitted).

713. *Id.* (quoting *Boston Beer Co.*, 9 F.3d at 182) (internal quotation marks omitted).

714. *Id.*

715. *Id.*

716. *Id.*

717. *Id.*

718. *Id.*

719. *Id.* at 104.

720. *Id.* at 105.

721. *Id.* at 106.

confusion proffered by the plaintiffs was probative of the weakness, rather than the strength, of their claimed mark.[722]

A second Massachusetts federal district court disposed of a claim of protectable rights in a product-configuration trade dress with equal vigor.[723] As direct evidence that consumers associated the configuration of a stylus holder exclusively with it, the plaintiff introduced the results of a survey it had commissioned, but those results proved to be irrelevant when it turned out that the survey had been designed to measure confusion, not distinctiveness.[724] Having thus disposed of the plaintiff's purported *direct* evidence of acquired distinctiveness, the court turned to the plaintiff's proffered *circumstantial* evidence,[725] which consisted of: (1) seven-and-a-half years of continuous use; (2) the "large portion of its available resources" the plaintiff had devoted to promoting its product and obtaining a "Top 10" placement through Google's "search engine optimization" feature; (3) the between 5,000 and 10,000 new visitors to the plaintiff's website each month; and (4) the sophistication of consumers in the niche market for the plaintiff's goods.[726] Unfortunately for the plaintiff, the court found that there was "a dearth of evidence in the record to substantiate many of Plaintiff's assertions"; indeed, many of those assertions were unaccompanied by citations to the summary judgment record.[727] Because the plaintiff's showing at most demonstrated that consumers associated the plaintiff's claimed trade dress with the plaintiff's website, as opposed to the plaintiff itself, the court concluded that "Plaintiff has, therefore, not demonstrated secondary meaning, and summary judgment is granted in favor of Defendants . . . ."[728]

In another case, "minimal" sales played a greater role in the disposition of claims of acquired distinctiveness for a descriptive word mark and a product configuration than did the federal

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722. *Id.* at 107.

723. *See* Genesis Strategies, Inc. v. Pitney Bowes, Inc., 111 U.S.P.Q.2d 1050 (D. Mass. 2014).

724. *Id.* at 1054-55.

725. Applying First Circuit case law, the court concluded:

> Factors to be considered as indirect evidence of secondary meaning are: 1) the length and manner of the use of the trade dress; 2) the nature and extent of advertising and promotion; 3) the efforts to promote a conscious connection between the public, the trade dress, and the source; 4) the products' established place in the market (possibly through continuous use in the market); and 5) proof of intentional copying.

Id. at 1555 (citing Yankee Candle v. Bridgewater Candle Co., 259 F.3d 25, 43-44 (1st Cir. 1993)).

726. *Id.*

727. *Id.*

728. *Id.* at 1556.

registrations covering those items.[729] The sales in question amounted to a modest $30,000 over four years, and, although the registrant proffered evidence and testimony that it had spent "nearly $600,000 on advertising," the court concluded that that showing "does not . . . prove the effect of [the] advertising, which is the valid inquiry."[730] The court was equally dismissive of media coverage of a fundraiser for the Louisiana Society for the Prevention for Cruelty to Animals in which the registrant had participated on the ground that "[a]s for the media coverage, there is no guarantee that (a) the articles were viewed by the public, or (b) the public understood [the registrant's] role in relation to the role of the LA–SPCA."[731] A final consideration was a dialogue between the court and the registrant's counsel during oral argument on the parties' cross-motions for summary judgment:

> At oral argument, counsel for [the registrant] even came close to conceding that [the registrant's] marks lack secondary meaning. When asked if the attainment of secondary meaning was truly the issue, counsel for [the registrant] stated that secondary meaning was not the relevant inquiry and that "you can't start anything if you get cut out—if your knees get cut out from underneath you." In making this statement, counsel for [the registrant] seemed to argue that the marks deserved protection because [the registrant] has spent large amounts of time and money developing its mascot, and it is inequitable to allow a third party to ride on [the registrant's] coattails. Unfortunately for [the registrant], trademark law offers no such protection while [the registrant] ramps up its operation.[732]

An Indiana appellate opinion was to similar effect and confirmed that the owner of a descriptive mark must demonstrate the existence of acquired distinctiveness prior to the date of first use of its opponent's mark.[733] The appeal before that court had its origin in the announcement by a county visitors bureau that it would be adopting a geographically descriptive mark. "Immediately after" that announcement, the defendants registered a domain name based on the visitors bureau's mark,[734] which led to a suit in which the visitors bureau challenged the defendants' domain name based on a variety of theories. Although the visitors

729. *See* Nola Spice Designs, LLC v. Haydel Enters., 969 F. Supp. 2d 688, 697 (E.D. La. 2013).

730. *Id.*

731. *Id.* at 697-98.

732. *Id.* at 698 n.2.

733. *See* Serenity Springs v. LaPorte County Convention & Visitors Bureau, 986 N.E.2d 314 (Ind. Ct. App. 2013).

734. *Id.* at 317.

bureau prevailed in a bench trial, its victory did not withstand appellate scrutiny. Even if the mere announcement of the visitors bureau's new name could be considered a use in commerce,[735] the parties' first uses of that mark had been "virtually simultaneous."[736] Under that circumstance, the trial court's finding that the visitors bureau's mark had acquired distinctiveness in time was clearly erroneous: "Secondary meaning is acquired through actual use of a mark, and there is simply no evidence in the record supporting a conclusion that the mark became associated with the Bureau in the minds of consumers . . . in the hours prior to [the defendants'] registration of the domain name."[737]

(iii) Opinions Deferring Resolution of the Acquired-Distinctiveness Inquiry

The inquiry into whether a particular mark or trade dress has acquired distinctiveness is a question of fact, and that led some trial courts to deny motions to dismiss grounded in the theory that the marks or trade dresses sought to be protected lacked that distinctiveness.[738] One such motion argued that a geographically descriptive mark had not acquired distinctiveness by the time the defendants began their use of an allegedly confusingly similar mark.[739] On the face of the plaintiffs' complaint, their mark had been in use for only seven months prior to the defendants' date of first use, but that modest period of time proved an insufficient basis for a finding as a matter of law that the plaintiffs did not enjoy protectable rights to the mark. Instead, the court concluded, the plaintiffs' averments that they had "extensively advertised, promoted[,] and marketed" goods and services under the mark[740] necessarily were true in the context of the defendants' motion. This in turn meant that the motion was without merit:

> The defendants argue that a seven-month period is too short to establish secondary meaning as a matter of law even at the motion-to-dismiss stage. There is no support for that

735. The appellate court concluded as a matter of law that the announcement was *not* a use in commerce sufficient to give the visitors bureau priority of rights. *See id.* at 326 n.9 ("We agree that merely announcing an intention to use a trademark is insufficient to confer trademark rights."); *see also id.* at 320.

736. *Id.* at 326.

737. *Id.*

738. *See, e.g.*, Island Grp. v. SwimWays Corp., 954 F. Supp. 2d 1045, 1058-59 (D. Haw. 2013) (denying motion to dismiss on ground that "such fact-intensive inquiries are more appropriate when [the defendants] test[] the merits of [the plaintiff's] claims on summary judgment or at trial").

739. *See* Kaplan, Inc. v. Yun, 16 F. Supp. 3d 341 (S.D.N.Y. 2014).

740. *Quoted in id.* at 347 (alteration in original).

> proposition. To the contrary, there is no magic time span that confers secondary meaning. It is not implausible for a mark to acquire secondary meaning within months in certain peculiar and extraordinary factual circumstances. Commercial use for only seven months may well weigh heavily against finding secondary meaning on summary judgment or at trial absent extraordinary circumstances. However, [the defendants' proffered] cases do not support dismissal at this stage without discovery on the plaintiffs' purported use of the [plaintiffs'] mark during the seven-month period before the defendants began using their mark.[741]

The same outcome held in a case in which the mark sought to be protected was the personal name of the plaintiff.[742] In moving to dismiss the plaintiff's complaint, the defendant argued that the plaintiff had failed to aver sufficient facts on which a finding of acquired distinctiveness could be based. There were a number of reasons why that argument did not make the grade, not the least of which was that the plaintiff owned a federal registration of his mark.[743] Others were the plaintiff's allegations that he had used his mark for twenty years in connection with his spiritual medium business, as well as with his books, websites, shows, and seminars.[744] Because, if taken as true, the plaintiff's allegations established that the plaintiff had "built himself a large following and is now one of the most well-recognized purported psychics in the world," dismissal of his complaint was inappropriate.[745]

The inherently factual nature of the acquired-distinctiveness inquiry also led to the denial of a defense motion for summary judgment.[746] In the absence of controlling authority from the First Circuit on the issue of the timing of that inquiry, the Massachusetts federal district court entertaining the motion adopted the well-established doctrinal rule that the plaintiff's unregistered geographically descriptive mark must have achieved secondary meaning prior to the date of first use of the defendants' mark.[747] The plaintiff's reliance on direct evidence in the form of a single consumer declaration averring recognition of the plaintiff's mark failed to defeat the defendants' motion in and of itself,[748] but it helped get the job done when considered in conjunction with the

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741. *Id.* at 348-49 (citations omitted).

742. *See* Van Praagh v. Gratton, 993 F. Supp. 2d 293 (E.D.N.Y. 2014).

743. *Id.* at 302.

744. *Id.* at 303.

745. *Id.*

746. *See* 165 Park Row, Inc. v. JHR Dev., LLC, 967 F. Supp. 2d 405 (D. Mass. 2013).

747. *Id.* at 410-11.

748. *Id.* at 411 ("This statement by a single individual is insufficient to establish secondary meaning by direct evidence.").

plaintiff's circumstantial evidence. Specifically: (1) the plaintiff had adduced evidence of a number of instances of actual confusion;[749] (2) the plaintiff's use of its mark for slightly over two years was not so brief as to preclude a finding of acquired distinctiveness,[750] even if the plaintiff had used several variations of its mark during that time;[751] and (3) the summary judgment record reflected at least some evidence of unsolicited media coverage of the plaintiff's business.[752]

Another unsuccessful summary judgment motion on the issue of acquired distinctiveness was filed by the plaintiff owner of the claimed mark at issue, which was used in connection with mixed martial arts cage fighting matches.[753] The Pennsylvania federal district court hearing the case held the relevant inquiry to be governed by an application of the following factors:

> (1) the extent of sales and advertising leading to buyer association; (2) the 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.[754]

Even as to the factors found by the court to favor the plaintiff, the evidentiary record was less than compelling. It included the plaintiff's showings that it had used its mark for "roughly two years" prior to the defendants' date of first use, that the three matches the plaintiff had promoted had drawn "at least 1,766 people," that the plaintiff enjoyed at least some degree of exclusivity of use in its geographic market, and that there had been at least some instances of actual confusion.[755] Placing the issue of acquired distinctiveness into dispute, however, were the absence of survey evidence or references in trade journals to the plaintiff's mark and the existence of third-party uses of the salient elements of the plaintiff's mark in other markets.[756] Under the circumstances, the court not surprisingly concluded that "there exist genuine issues of material fact for resolution by a jury regarding any secondary meaning acquired by Plaintiff's mark."[757]

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749. *Id.* at 412.

750. *Id.* at 413 ("No specific number of years of use, standing alone, has been held in the reported case law to be definitive on this point.").

751. *Id.* at 413-14.

752. *Id.* at 415.

753. *See* Xtreme Caged Combat v. ECC Fitness, 109 U.S.P.Q.2d 1028 (E.D. Pa. 2013).

754. *Id.* at 1035 (quoting Commerce Nat'l Ins. Servs., Inc. v. Commerce Ins. Agency, Inc., 214 F.3d 432, 438 (3d Cir. 2000)).

755. *Id.*

756. *Id.*

757. *Id.*

(3) Nonfunctionality

(a) Utilitarian Nonfunctionality

As always, inquiries into whether particular trade dresses were nonfunctional or functional in the utilitarian sense produced mixed results. On the plaintiffs' side of the ledger, one plaintiff successfully demonstrated to a jury's satisfaction that the yellow-and-black appearance of "rooftop support products" sold by the plaintiff was nonfunctional and then successfully defended that victory against a post-trial attack.[758] The jury found that the color yellow was functional on a stand-alone basis, and it was apparently undisputed that the recycled rubber from which the plaintiff's goods were manufactured was naturally black. Nevertheless, that was not enough for the court to overturn the jury's finding of nonfunctionality. Rather, "the jury could have concluded that although yellow reflective striping on a support block served a functional purpose, the yellow and black scheme, as actually used, did not have a functional purpose."[759] The court disclaimed any reliance on the availability of alternative designs to establish the nonfunctionality of an otherwise functional design,[760] but it nevertheless went on to explain that "[the plaintiff] could have put the yellow stripe vertically, horizontally, toward the top, toward the bottom, across the middle (as it did), it could have used two yellow stripes, it could have used two yellow stripes, it could have placed it on both sides, and so on, ad infinitum."[761]

Another finding of utilitarian nonfunctionality came on a motion for preliminary injunctive relief against the alleged imitation of several models of toy waterguns.[762] The defendants argued that various aspects of the waterguns sold by all the parties were functional because they were mandated by federal regulations aimed at preventing the waterguns from being mistaken for genuine firearms. The court rejected that theory, noting that the regulations "primarily address the coloration or transparency of toy guns; they do not address shape or design."[763] Beyond that, the court credited testimony that any functionality of the plaintiff's waterguns was limited to their internal components and not their external appearances,[764] as well as the plaintiff's

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758. *See* Clearline Techs. Ltd. v. Cooper B-Line, Inc., 948 F. Supp. 2d 691 (S.D. Tex. 2013).

759. *Id.* at 702.

760. *Id.* at 702 n.4.

761. *Id.* at 702.

762. *See* Buzz Bee Toys, Inc. v. Swimways Corp., 20 F. Supp. 3d 483 (D.N.J. 2014).

763. *Id.* at 497.

764. *Id.*

showing of distinguishable alternative designs.[765] It therefore ultimately found that "Defendants' arguments about coloration, ridges, and trigger guards do not encompass the overall appearance of the [Plaintiff's] products, which is what Plaintiff seeks to protect. Plaintiff's trade dresses involve, inter alia, wave-like arcuate design, futuristic coil designs, and futuristic bubble projections. These design elements are not functional or federally-mandated."[766]

Other plaintiffs defeated defense motions for summary judgment, whether before trial courts in the first instance or on appeal. The existence of a utility patent bearing on a claimed trade dress often is fatal to the allegation that the trade dress is nonfunctional, but a Fourth Circuit opinion demonstrated that such an outcome is not inevitable.[767] The trade dress at issue was a "repeating pattern of embossed dots used in various types of absorbent pads."[768] 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 covering the resulting product.[769] Largely on the basis of the disclosure of the plaintiff's patents, the district court held that the plaintiff's design was functional as a matter of law.

En route to holding that there was 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.*[770] 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.[771] For another:

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765. *Id.*

766. *Id.* at 497-98.

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

768. *Id.* at 309 (internal quotation marks omitted).

769. As the court described the claims in the former patent:

> In this process, sheets of fluff pulp pass at very high pressures between steel rollers printed with a raised pattern. The rollers leave an embossing pattern on the resulting material, and the high-pressure areas bond the fiber layers into a textile-like product. In order for [the plaintiff's] fusion process to adequately hold together the [product], the embossed design must fall within certain general size and spacing parameters.

Id.

770. 532 U.S. 23 (2001).

771. Unfortunately for future Fourth Circuit litigants, but consistent with the confused approach taken by past Fourth Circuit opinions, the court failed to explain whether the plaintiff's (nonincontestable) registration shifted the ultimate burden of proof to the

> Neither of [the plaintiff's] patents refer to a particular embossing pattern. Both patents reference line-shaped as well as point- or dot-shaped 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 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*.[772]

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 that the particular design at issue had been chosen "[b]ecause it looked nice" and "we liked it."[773]

Just as the disclosure of a related utility patent was not necessarily dispositive evidence of functionality to the Fourth Circuit, so too did a Massachusetts federal district court reject a defense motion for summary judgment grounded largely in claims of utilitarian advantage found in the plaintiff's advertising.[774] As a threshold matter, the court held the relevant inquiry to be governed by the venerable *Morton-Norwich* factors:

> In determining the functionality of a design, courts consider a number of factors. An often cited list of [those] factors includes "(1) the existence of a utility patent disclosing the utilitarian advantages of the design; (2) advertising materials in which the originator of the design touts the design's utilitarian advantages; (3) the availability to competitors of functionally equivalent designs; and (4) facts indicating that the design results in a comparatively simple or cheap method for manufacturing the product."[775]

Applying these factors to the summary judgment record before it, the court concluded that the defendants had "unquestionably presented evidence that plaintiff has published advertisements

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defendant or merely the burden of production. *See McAirlaids*, 756 F.3d at 311-12 ("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)).

772. *Id.* at 312 (citations omitted) (internal quotation marks omitted).

773. *Quoted in id.* at 313 (alteration in original).

774. *See* Bern Unlimited Inc. v. Burton Corp., 108 U.S.P.Q.2d 1078 (D. Mass. 2013).

775. *Id.* at 1081 (quoting Valu Eng'g, Inc. v. Rexnord Corp., 278 F.3d 1268, 1274 (Fed. Cir. 2002) (citing *In re* Morton-Norwich Prods., Inc., 671 F.2d 1332, 1340-41 (C.C.P.A. 1982))).

referring to the functional benefits of the . . . features that plaintiff asserts constitute its trade dress,"[776] and, additionally, that "these advertisements suggest that the claimed trade dress serves a functional purpose."[777] At the same time, however, "[p]laintiff does not have, and has never applied for, any utility patent to cover the claimed features. Nor have defendants disputed plaintiff's assertion that the design features do not offer advantages in the ease or cost of manufacturing."[778] With the remaining *Morton-Norwich* factor—the availability of alternative designs—in dispute, summary judgment was inappropriate on the ground that "although the content of plaintiff's advertisements bears on the issue of functionality, it is not dispositive."[779]

The denial of a defense motion for summary judgment also came in a trade dress dispute between two producers of stylus holders.[780] The elements of the plaintiff's stylus holder in which it claimed trade dress protection consisted of the stylus's "wineglass" shape, oval-shaped backplate (which had a large surface relative to those of competitive designs), and curved spine. Although the plaintiff acknowledged in response to the defendant's motion that it was necessary for the holder to be narrower at the bottom than at the top, the court found that "there is evidence on the record that a stylus holder can be narrower at the bottom and wider at the top without a wineglass shape on the outside. The wineglass shape on the outside does not affect the essential use of the stylus holder or the cost or quality of the stylus holder."[781] The court's analysis of the size and shape of the plaintiff's backplate was similar: "While the enlarged surface is certainly a functional aspect of Plaintiff's stylus holder, there is nothing to indicate that the oval shape itself is functional. An oval shape does not make the product more efficient, nor does it affect the cost or quality of the holder."[782] Finally, the ability of the curved spine of the stylus holder to hide a tether was not fatal as matter of law to the plaintiff's claim of protectable rights in light of evidence that the concealment of tethers had only an aesthetic, and not a utilitarian purpose.[783] In the final analysis, summary judgment in the defendant's favor was inappropriate on the ground that "[s]ince Defendant has not shown that all of the component parts of the

776. *Id.*

777. *Id.*

778. *Id.* at 1082.

779. *Id.*

780. *See* Genesis Strategies, Inc. v. Pitney Bowes, Inc., 111 U.S.P.Q.2d 1050 (D. Mass. 2014).

781. *Id.* at 1053.

782. *Id.*

783. *Id.*

product design are functional, Plaintiff has demonstrated there is a question of fact as to the functionality of the overall design."[784]

Not all plaintiffs in trade dress disputes came out on top. The inquiry into whether an alleged trade dress is nonfunctional in the utilitarian sense may be inherently fact-sensitive, but one court confirmed that, under appropriate circumstances, it can be resolved on a motion to dismiss.[785] 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.'"[786] Holding the plaintiff's averments of nonfunctionality to be fatally defective, the court pointed out that:

> 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.[787]

Dismissal therefore was appropriate on the ground that "[t]he Court cannot evaluate what the plaintiff considers non-functional if the only factual allegations describe the product design[s'] myriad functional features."[788]

Other findings of functionality as a matter of law arose in more conventional contexts,[789] with perhaps the most notable one coming from the Sixth Circuit.[790] The claimed trade dress at issue in the appeal before that court was the configuration of what the court described as "a relatively obscure product—the grease pump used in an automated lubrication system (ALS) for commercial trucks."[791] A jury found the plaintiff's design nonfunctional, but the appellate court overturned that verdict. The plaintiff did not claim that the individual features of its pump were functional, and the court determined that the plaintiff had failed to introduce sufficient evidence or testimony to create a triable issue on the issue of whether the plaintiff's design was nonfunctional when

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784. *Id.*

785. *See* Mike Vaughn Custom Sports, Inc. v. Piku, 15 F. Supp. 3d 735 (E.D. Mich. 2014).

786. *Id.* at 746.

787. *Id.* at 747 (second alteration in original).

788. *Id*.

789. *See, e.g.*, Scentsy, Inc. v. B.R. Chase, LLC, 942 F. Supp. 2d 1045, 1056-58 (D. Utah 2013) (finding design of scented wax warmers functional as a matter of law on defense motion for summary judgment), *aff'd in relevant part*, 585 F. App'x 621 (9th Cir. 2014).

790. *See* Groeneveld Transp. Efficiency, Inc. v. Lubecore Int'l, Inc., 730 F.3d 494 (6th Cir. 2013).

791. *Id.* at 500.

considered in its entirety. Indeed, "[t]rial testimony by two [of the plaintiff's] witnesses . . . makes clear that not only the basic manufacture of the grease pump's components, but also their size and shape, are closely linked to the grease-pumping function."[792]

The court then invoked the Supreme Court's opinion in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*[793] to dispose of the plaintiff's argument that the availability of alternative designs rendered that of the plaintiff unnecessary for effective competition. It explained that:

> *TrafFix Devices* makes clear that [the plaintiff's] argument about the availability of alternative grease-pump designs is misguided. The issue is not whether [the defendant] could have designed a grease pump with a different appearance; the issue is whether [the plaintiff's] design "is essential to the use or purpose of the article or if it affects the cost or quality of the article."[794]

Finally, the court took a dim view of the plaintiff's attempt to defend the jury's finding of nonfunctionality by pointing to testimony by its witnesses of its putative style-oriented design process. The claim that the plaintiff's "'commercial people' 'have a finger in the pot' and 'have the most power in the group'" did nothing for the court because "[t]he record is unclear as to what this testimony means and why it is relevant to the issue of nonfunctionality."[795] Moreover, "[e]very viable mass-market product is presumably designed with marketing considerations in mind, and this unremarkable fact says nothing about whether the product design is nonfunctional."[796] In the final analysis, the plaintiff's alleged good taste "does nothing to prove that the grease pump's design is nonfunctional."[797]

An additional finding of utilitarian functionality, albeit one of uncertain procedural significance, originated in a claim of protectable trade dress by plaintiffs active in the eco-tourism industry.[798] As summarized by the plaintiffs' motion for summary judgment, its trade dress consisted of "an arrangement of elements that include: [a] suspension bridge, caves, hiking paths, a sustainable or eco-friendly farming system, forest and hills, and a network of platforms interconnected by zip lines (or canopies)."[799]

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792. *Id.* at 505.

793. 532 U.S. 23 (2001).

794. *Groeneveld*, 730 F.3d at 506 (quoting Inwood Labs. v. Ives Labs., 456 U.S. 844, 850 n.10 (1982)).

795. *Id.* at 507.

796. *Id.* at 507-08.

797. *Id.* at 508.

798. *See* Veve v. Corporan, 977 F. Supp. 2d 93 (D.P.R. 2013).

799. *Quoted in id.* at 103.

The court denied the plaintiffs' motion but it did not identify factual disputes on the issue of nonfunctionality in the process. Instead, it went so far as to suggest that the defendants, who had not bothered to respond to the plaintiffs' motion, were the parties entitled to prevail as a matter of law. Specifically, "the elements Plaintiffs list as their trade dress are inherently functional. A suspension bridge, pathways, and ziplines all serve a purpose, specifically for movement from one place to another. To allow Plaintiffs to protect these functional elements would be contrary to the public interest of enhancing legitimate economic competition."[800]

(b) Aesthetic Nonfunctionality

As has been true for decades, reported opinions addressing the issue of aesthetic functionality failed to articulate an understandable definition of the term.[801] That was true of one opinion from an Ohio federal district court, which found that the defendants' sale of T-shirts bearing registered and unregistered marks owned by The Ohio State University, as well as the name and likeness of the University's football coach, constituted counterfeiting, infringement, and a violation of the coach's right of publicity (which he had assigned to the University) as a matter of law.[802] Rather than squarely address the merits of the defendants' invocation of the aesthetic functionality doctrine, the court was able to dodge the issue for two reasons. The first was that the Sixth Circuit had never expressly recognized the doctrine.[803] The second was that, according to the court, "the aesthetic functionality doctrine is potentially relevant only in the context of trade dress infringement, which is simply not the context at issue here. The claims in this case involve trademarks and not the design of the products on which those trademarks are presented."[804]

A second Ohio federal district court opinion took a marginally more doctrinally grounded approach to the issue.[805] Addressing a defense claim that the appearances of four emergency lighting products in which the counterclaim plaintiff claimed trade dress protection were aesthetically functional, the court gave significant weight to testimony of alternative designs proffered by an expert

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800. *Id.*

801. *See, e.g.*, RMS Titanic, Inc. v. Zaller, 978 F. Supp. 2d 1275, 1293-94 (N.D. Ga. 2013) (denying, without extended discussion, motion to dismiss apparently grounded in claim that plaintiffs' claimed trade dress was aesthetically functional).

802. *See* Ohio State Univ. v. Skreened Ltd., 16 F. Supp. 3d 905 (S.D. Ohio 2014).

803. *Id.* at 919.

804. *Id.* at 919-20.

805. *See* Kehoe Component Sales, Inc. v. Best Lighting Prods., Inc., 933 F. Supp. 2d 974 (S.D. Ohio 2013).

witness retained by the counterclaim plaintiff. Even if, as the counterclaim defendants maintained, the counterclaim plaintiff's design choices served the purpose of making the lighting products in question less obtrusive, that did not mean they were aesthetically functional as a matter of law; rather, "the existence of a number of other aesthetic designs" meant there was a dispute of fact on the issue.[806]

In contrast, still another Ohio federal district court squarely rejected the possible applicability of the aesthetic functionality doctrine, albeit in the context of a default judgment.[807] In doing so, the court first looked to whether extending trade dress protection to the packaging of the plaintiff's paint brushes "would . . . leave a variety of comparable alternative features that competitors may use to compete in the market."[808] Concluding that it would, the court turned to the issue of whether entering judgment in the plaintiff's favor "would hinder the ability of another manufacturer to compete effectively in the market for the product."[809] The court resolved this inquiry in the plaintiff's favor as well, finding of the trade dress at issue that "it is a package upon which an infinite array of designs could be applied. Neither Defendant nor any competitors of [the plaintiff] need to use a similar—let alone virtually identical—design."[810]

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 requires that the challenged use be one "in commerce":[811] As one court explained, "[t]o state the obvious, 'use' under the statute requires actual use before relief can be granted."[812] This prerequisite is not a jurisdictional predicate, but instead bears on the merits of the plaintiff's case.[813] Whatever its nature, it has led a number of defendants in recent years to argue

806. *Id.* at 1014.

807. *See* Sherwin-Williams Co. v. JP Int'l Hardware, Inc., 988 F. Supp. 2d 815 (N.D. Ohio 2013).

808. *Id.* at 819 (quoting Maker's Mark Distillery, Inc. v. Diageo N. Am., Inc., 679 F.3d 410, 418 (6th Cir. 2012)) (internal quotation marks omitted).

809. *Id.* (quoting *Maker's Mark Distillery*, 679 F.3d at 418) (internal quotation marks omitted).

810. *Id.* at 820.

811. *See* 15 U.S.C. §§ 1114, 1125(a), 1125(c) (2012).

812. Stark Carpet Corp. v. Stark Carpet & Flooring Installations Corp., 954 F. Supp. 2d 145, 159 (E.D.N.Y. 2013).

813. Just Tacos, Inc. v. Zezulak, 957 F. Supp. 2d 1202, 1204-07 (D. Haw. 2013).

that their conduct does not so qualify. As always, those arguments have produced mixed results.

(1) Opinions Finding Actionable Uses in Commerce

Several courts squarely addressing the issue had little difficulty concluding that defendants had engaged in actionable uses in commerce.[814] One reached such a finding in a case in which the defendant had failed to respond to the plaintiff's complaint but in which the court reviewed the adequacy of the plaintiff's averments of liability before granting the plaintiff's motion for entry of a default judgment.[815] Taken as true, those averments identified the defendant as the operator of a single-location restaurant, but that did not preclude a determination that the defendant had engaged in an actionable uses in commerce of its allegedly unlawful marks. Instead, the court held:

> [E]ven intrastate activity that affects commerce may be reached. In particular, Congress may address practices that act to the injury of interstate commerce or to the hindrance or defeat of congressional policy regarding it. . . . In short, even an intra-state infringement may be reached under the Lanham Act if it has a substantial effect, economic or otherwise, upon plaintiff ['s] interstate use of the mark. Here, Plaintiff has made a substantial showing that its mark, and the good will associated with the mark, are an essential element of its nationwide sales. The mark is nationally famous, and federally registered. An erosion of that mark, even if local in nature, will thus affect interstate commerce.[816]

Another court reached a finding of an actionable use in commerce after a bench trial.[817] According to both parties, the defendant had advertised goods bearing the plaintiff's COMMODORE mark for computers but had not actually sold any.

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814. *See, e.g.*, Parts.com, LLC v. Yahoo! Inc., 996 F. Supp. 2d 933, 936 (S.D. Cal. 2013) ("The use of a trademark as a search engine keyword triggering the display of a competitor's advertisement is a 'use in commerce' that activates the Lanham Act's protections."); Bentley Motors Ltd. Corp. v. McEntegart, 976 F. Supp. 2d 1297, 1313 (M.D. Fla. 2013) (finding, in action to enjoin the sale of car conversion kits, that "Defendants' use of [the plaintiff's] marks was commercial and in commerce, as [one defendant's] testimony reveals that he, on behalf of [another defendant], promoted, advertised, partially manufactured, and offered for sale the infringing kit cars"); *Stark Carpet*, 954 F. Supp. 2d at 159 (finding in context of default judgment that "[h]ere, the corporate formation and continued existence of a New York corporation with an almost identical name and description of business establishes 'use in commerce,' if barely").

815. *See* E.A. Sween Co. v. Deli Express of Tenafly, Inc., 19 F. Supp. 3d 560 (D.N.J. 2014).

816. *Id.* at 574 (citations omitted).

817. *See* C=Holdings B.V. v. Asiarim Corp., 992 F. Supp. 2d 223 (S.D.N.Y. 2013).

Despite those circumstances, the defendant's argument that it had not used the plaintiff's mark in commerce failed to hold water:

> Though [the plaintiff] nowhere alleges that consumers actually purchased Commodore-branded products from [the defendant's] website, courts have found that the "in commerce" requirement is satisfied where the infringing act had an adverse effect on the plaintiff's ability to participate in interstate commerce. Use of the Internet also suffices. As such, [the defendant's] promotion of Commodore-branded products on its website clearly occurred "in commerce." In addition, [the defendant] admits that in January 2012 it entered into a licensing agreement for the trademarks with [a third party] through a subsidiary. [The defendant] also admits to attempting to enter into a licensing agreement through another subsidiary with [a different third party].[818]

These facts established that the defendant's conduct had exposed it to liability.[819]

A different bench trial addressing different facts produced the same outcome.[820] 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 that the counterclaim defendants' activities qualified as actionable uses in commerce. Evidence in the trial record supporting that finding included the NAACP's showing that the defendants had used the parties' dispute as a fundraiser, and, indeed, that they had deliberately escalated things for that reason.[821] As the 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."[822]

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818. *Id.* at 240 (citations omitted).

819. *Id.*

820. *See* Radiance Found. v. NAACP, 25 F. Supp. 3d 865 (E.D. Va. 2014).

821. *Id.* at 884-85.

822. *Id.* at 899.

(2) Opinions Declining to Find Actionable Uses in Commerce

Some findings of no actionable uses in commerce came as a matter of law,[823] including one courtesy of a Florida federal district court.[824] The use at issue was that of THE SITUATION, to which the plaintiffs, reality show star Michael Sorrentino and a company he controlled, claimed protectable rights in connection with entertainment services. When Sorrentino was filmed wearing pants bearing the ABERCROMBIE & FITCH mark, Abercrombie & Fitch offered him $10,000 not to appear on camera wearing its clothing again; it also publicized the offer in a press release that identified Sorrentino as "Michael 'The Situation' Sorrentino."[825] The plaintiffs' infringement-based lawsuit against two Abercrombie & Fitch entities failed to gain traction on the defendants' motion for summary judgment, which the court found to be well-taken, despite the presence in the press release of background information on, and contact information for, Abercrombie & Fitch. According to the court, "the plaintiffs concede that the press release does not propose a commercial transaction to consumers. The plaintiffs cannot avoid the law and this admission by pointing to the undisputed fact that boilerplate company background appeared below the text of the press release."[826]

A finding of no actionable use in commerce as a matter of law similarly allowed a hardware manufacturer to escape liability from allegations of infringement.[827] On its face, the summary judgment record would seem to preclude such a result, as it included evidence that the defendant had filed (but later abandoned) a use-based application to register the mark in question with the USPTO. Of equal significance, at least according to the plaintiff, was that the defendant advertised goods bearing the mark in the United States and that the defendant had sold goods bearing the mark to customers outside of the United States; those customers in turn incorporated the defendant's goods into computer equipment, which they then sold in the United States.

None of these activities, however, created a factual dispute as to the use of the disputed mark in commerce. Rejecting the plaintiff's reliance on the defendant's domestic advertising, the

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823. *See, e.g.*, Schreiber v. Dunabin, 938 F. Supp. 2d 587, 599 (E.D. Va. 2013) (dismissing action for failure to state claim based on absence from complaint of allegations that defendants had used plaintiff's mark).

824. *See* MPS Entm't, LLC v. Abercrombie & Fitch Stores, Inc., 110 U.S.P.Q.2d 1287 (S.D. Fla. 2013).

825. *Id.* at 1290.

826. *Id.* at 1298 (citation omitted).

827. *See* Southco, Inc. v. Fivetech Tech. Inc., 982 F. Supp. 2d 507 (E.D. Pa. 2013).

court held that "[a]bsent unusual circumstances, advertising alone is not enough to constitute 'use in commerce' because [Section 45] requires that the good itself be sold or transported in commerce,"[828] and this was especially true in light of the plaintiff's inability to identify evidence or testimony that the defendant's conduct had had a material effect on United States commerce.[829] Then, addressing the defendant's short-lived use-based application, it concluded that:

> [n]o reasonable jury could find that [the defendant's] mark was used in United States commerce solely on the basis of the trademark application. The application was withdrawn three months after it was filed. The president of [the defendant] did not know the application was made, nor did he know that [the attorney prosecuting it] had been hired by local counsel. In the initial briefing on the motion for summary judgment, [the plaintiff] offered no evidence that supported [the attorney's] statement that the [defendant's] mark was sold [sic] in United States commerce . . . .[830]

Summary judgment in the defendant's favor therefore was appropriate.[831]

(3) Opinions Deferring Resolution of the Use-in-Commerce Inquiry

One court confronted the issue of whether the challenged representations before it qualified as an actionable use in commerce in the context of a defense motion to dismiss for failure to state a claim.[832] The gravamen of the plaintiffs' cause of action under Section 43(a)[833] was that the defendants had availed themselves of various social media to intimate to consumers that: (1) the plaintiffs were Chinese companies rather than based in the United States; (2) software sold by the plaintiffs was not engineered in the United States; (3) the plaintiffs' software was supported in India; (4) Microsoft recommended the defendants' software over the plaintiffs'; (5) consumers were abandoning the plaintiffs' software; and (6) the plaintiffs used revenues from maintenance contracts to develop new products rather than for their intended purpose.[834] According to the plaintiffs' complaint, the defendants accomplished this through Twitter feeds and,

828. *Id.* at 511 (citing 15 U.S.C. § 1127 (2012)).

829. *Id.* at 512-14.

830. *Id.* at 512.

831. *Id.*

832. *See* AvePoint, Inc. v. Power Tools, Inc., 981 F. Supp. 2d 496 (W.D. Va. 2013).

833. 15 U.S.C. § 1125(a) (2012).

834. *AvePoint*, 981 F. Supp. 2d at 503.

additionally, through a fake LinkedIn profile for a putative representative of the plaintiffs named Jim Chung.[835]

The defendants unsuccessfully moved the court to dismiss the plaintiffs' cause of action on the theory that, even if true, the plaintiffs' allegations did not establish that the defendants had engaged in an actionable use in commerce within the meaning of Section 43(a). The court made short work of this theory, holding that:

> Because the internet is an "instrumentality of interstate commerce," courts have repeatedly held that the unauthorized use of a trademark on the internet satisfies the "in commerce" requirement . . . .
>
> Consistent with these decisions, the court concludes that the factual allegations in the . . . complaint are sufficient to satisfy the use in commerce requirement.[836]

(B) Likelihood of Confusion

(1) The Standard Multifactored Test for Likelihood of Confusion

(a) Factors Considered

(i) The First Circuit

Courts in the First Circuit continued to look toward eight factors when weighing the likelihood of confusion between marks. Those factors were: (1) the similarity between the parties' marks; (2) the similarity between the parties' goods or services; (3) the relationship between the parties' channels of trade; (4) the juxtaposition of the parties' advertising; (5) the classes of the parties' potential purchasers; (6) evidence of actual confusion; (7) the defendant's intent; (8) and the strength of the plaintiff's mark.[837]

(ii) The Second Circuit

As they have for over half a century, the *Polaroid* factors[838] 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

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835. *Id.*

836. *Id.* at 512-13 (quoting Utah Lighthouse Ministry v. Found. for Apologetic Info & Research, 527 F.3d 1045, 1054 (10th Cir. 2008)).

837. *See, e.g.*, Dorpan, S.L. v. Hotel Meliá, Inc., 728 F.3d 55, 65 (1st Cir. 2013); Whipps, Inc. v. Ross Valve Mfg. Co., 111 U.S.P.Q.2d 2055, 2061 (D. Mass. 2014); Veve v. Corporan, 977 F. Supp. 2d 93, 100 (D.P.R. 2013).

838. *See* Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961).

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.[839]

(iii) The Third Circuit

The Third Circuit's ten-factor *Lapp* test for likelihood of confusion[840] 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 that the consuming public might expect the prior owner to provide goods or services in the defendant's market or to expand into the defendant's market.[841]

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839. *See, e.g.*, KIND LLC v. Clif Bar & Co., 111 U.S.P.Q.2d 1795, 1801 (S.D.N.Y. 2014); MPC Franchise, LLC v. Tarntino, 19 F. Supp. 3d 456, 482 (W.D.N.Y. 2014); BBW Brand Mgmt., Inc. v. Summit Entm't, LLC, 7 F. Supp. 3d 385, 393 (S.D.N.Y. 2014); C=Holdings B.V. v. Asiarim Corp., 992 F. Supp. 2d 223, 241 n.12 (S.D.N.Y. 2013); Luv N' Care, Ltd. v. Regent Baby Care Prods. Corp., 986 F. Supp. 2d 400, 407 n.33 (S.D.N.Y. 2013); Ward v. Andrews McMeel Publ'g, LLC, 963 F. Supp. 2d 222, 237 (S.D.N.Y. 2013); Kate Spade LLC v. Saturdays Surf LLC, 950 F. Supp. 2d 639, 644 (S.D.N.Y. 2013); Akiro LLC v. House of Cheatham, Inc., 946 F. Supp. 2d 324, 333 (S.D.N.Y. 2013); Boarding Sch. Review LLC v. Delta Career Educ. Corp., 108 U.S.P.Q.2d 1785, 1789 (S.D.N.Y. 2013); Stark Carpet Corp. v. Stark Carpet & Flooring Installations Corp., 954 F. Supp. 2d 145, 160 (E.D.N.Y. 2013); Juicy Couture, Inc. v. Bella Int'l Ltd., 930 F. Supp. 2d 489, 499 (S.D.N.Y. 2013); Mobileye, Inc. v. Picitup Corp., 928 F. Supp. 2d 759, 778 (S.D.N.Y. 2013). For an application of the same factors to a claim of false endorsement under Section 43(a) of the Act, see *Jackson v. Odenat*, 9 F. Supp. 3d 342, 355-56 (S.D.N.Y. 2014).

840. *See* Interpace Corp. v. Lapp, Inc., 721 F.2d 460, 463 (3d Cir. 1982).

841. *See, e.g.*, Buzz Bee Toys, Inc. v. Swimways Corp., 20 F. Supp. 3d 483, 505-06 (D.N.J. 2014); E.A. Sween Co. v. Deli Express of Tenafly, LLC, 19 F. Supp. 3d 560, 569 (D.N.J. 2014); Xtreme Caged Combat v. ECC Fitness, 109 U.S.P.Q.2d 1028, 1037 (E.D. Pa. 2013); Harp v. Rahme, 984 F. Supp. 2d 398, 410-11 (E.D. Pa. 2013); Alpha Pro Tech, Inc. v. VWR Int'l LLC, 984 F. Supp. 2d 425, 455 (E.D. Pa. 2013); Reed v. Chambersburg Area Sch. Dist., 951 F. Supp. 2d 706, 723 (M.D. Pa. 2013); Am. Beverage Corp. v. Diageo N. Am., Inc., 936 F. Supp. 2d 555, 603 (W.D. Pa. 2013).

(iv) The Fourth Circuit

The Fourth Circuit noted of its test for infringement that:

> To determine if there is a likelihood of confusion between two marks, we consider nine non-exclusive and non-mandatory factors:
>
> > (1) the strength or distinctiveness of the plaintiff's mark as actually used in the marketplace; (2) the similarity of the two marks to consumers; (3) the similarity of the goods or services that the marks identify; (4) the similarity of the facilities used by the markholders; (5) the similarity of advertising used by the markholders; (6) the defendant's intent; (7) actual confusion; (8) the quality of the defendant's product; and (9) the sophistication of the consuming public.[842]

Not surprisingly, federal district courts within that jurisdiction examined the same factors.[843]

(v) The Fifth Circuit

When evaluating infringement claims, most courts in the Fifth Circuit took into account: (1) the strength of the plaintiff's mark; (2) the similarity of design between the marks; (3) the similarity between the parties' goods and services; (4) the extent of any identity of retail outlets and purchasers; (5) the similarity of the advertising media used by the parties; (6) the defendant's intent; (7) actual confusion; and (8) the degree of care exercised by potential purchasers.[844] One Texas federal district court, however, applied an alternative test with a longer historical pedigree in that Circuit, which consisted of an examination of only the first seven of those factors.[845] One court applying this test noted of it that "[n]o

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842. Swatch AG v. Beehive Wholesale, LLC, 739 F.3d 150, 158 (4th Cir. 2014) (quoting George & Co., LLC v. Imagination Entm't Ltd., 575 F.3d 383, 393 (4th Cir. 2009)).

843. *See, e.g.*, Radiance Found. v. NAACP, 25 F. Supp. 3d 865, 878-79 (E.D. Va. 2014); Fuel Clothing Co. v. Nike, Inc., 7 F. Supp. 3d 594, 609 (D.S.C. 2014); AvePoint, Inc. v. Power Tools, Inc., 981 F. Supp. 2d 496, 525 (W.D. Va. 2013); Entrepreneur Media, Inc. v. JMD Entm't Grp., 958 F. Supp. 2d 588, 595 (D. Md. 2013).

844. *See* Reservoir, Inc. v. Truesdell, 1 F. Supp. 3d 598, 609 (S.D. Tex. 2014); T-Mobile US, Inc. v. AIO Wireless LLC, 991 F. Supp. 2d 888, 914 (S.D. Tex. 2014); Action Ink, Inc. v. Anheuser-Busch, Inc., 959 F. Supp. 2d 934, 943-44 (E.D. La. 2013), *aff'd*, 576 F. App'x 321 (5th Cir. 2014); Clearline Tech. Ltd. v. Cooper B-Line, Inc., 948 F. Supp. 2d 691, 704, 708 (S.D. Tex. 2013); Choice Hotels Int'l, Inc. v. Patel, 940 F. Supp. 2d 532, 540 (S.D. Tex. 2013); Innovative Manpower Solutions, LLC v. Ironman Staffing, LLC, 929 F. Supp. 2d 597, 618 (W.D. La. 2013).

845. *See* S & H Indus. v. Selander, 932 F. Supp. 2d 754, 760 (N.D. Tex. 2013).

factor is dispositive, and 'a finding of likelihood of confusion need not be supported even by a majority of the . . . factors.'"[846]

(vi) The Sixth Circuit

The eight *Frisch's* factors[847] continued to be 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) the extent of any actual confusion; (5) the marketing channels used by the parties; (6) the likely degree of purchaser care; (7) the defendant's intent in adopting its mark; and (8) the likelihood of the parties' expansion of their product lines.[848] One panel of the Sixth Circuit itself explained that "[t]he *Frisch* factors are . . . not always weighed consistently in this court's case law, and a particular factor might receive a greater or lesser weight depending on the circumstances."[849]

(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.[850]

(viii) The Eighth Circuit

The six *SquirtCo* factors[851] continued to govern likelihood-of-confusion inquiries 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

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846. *Reservoir*, 1 F. Supp. 3d at 609 (second alteration in original) (quoting Am. Rice, Inc. v. Producers Rice Mill, Inc., 518 F.3d 321, 329 (5th Cir. 2008)).

847. *See* Frisch's Rest., Inc. v. Shoney's Inc., 759 F.2d 1261, 1264 (6th Cir. 1985).

848. *See, e.g.*, Groeneveld Transp. Efficiency, Inc. v. Lubecore Int'l, Inc., 730 F.3d 494, 509 (6th Cir. 2013); Ohio State Univ. v. Skreened Ltd., 16 F. Supp. 3d 905, 912 (S.D. Ohio 2014); Sherwin-Williams Co. v. JP Int'l Hardware, Inc., 988 F. Supp. 2d 815, 820 (N.D. Ohio 2013).

849. *Groeneveld*, 730 F.3d at 509.

850. *See, e.g.*, Unity Health Plans Ins. Corp. v. Iowa Health Sys., 995 F. Supp. 2d 874, 887-88 (W.D. Wis. 2014); All Star Racing Championship Racing, Inc. v. O'Reilly Auto. Stores, Inc., 940 F. Supp. 2d 850, 860 (C.D. Ill. 2013); Tory Burch LLC v. Partnerships & Unincorporated Ass'ns, 107 U.S.P.Q.2d 1345, 1349 (N.D. Ill. 2013).

851. *See* SquirtCo v. Seven-Up Co., 628 F.2d 1086, 1091 (8th Cir. 1980).

proximity between the parties' products; (4) the defendant's intent to pass off its goods as those of the plaintiff; (5) incidents of actual confusion; and (6) "the type of the product, its costs and conditions of purchase."[852]

(ix) The Ninth Circuit

The *Sleekcraft* test for infringement[853] continued to govern likelihood-of-confusion inquiries in the Ninth Circuit and took into account the following factors: (1) the strength of the plaintiff's mark; (2) the proximity or relatedness of the parties' goods; (3) the similarity of the parties' marks; (4) evidence of actual confusion; (5) the marketing channels used by the parties; (6) the type of the parties' goods or services and the degree of care likely to be exercised by purchasers; (7) the defendant's intent in selecting its mark; and (8) the likelihood of an expansion of the parties' lines of goods or services.[854] In vacating a district court's denial of a preliminary injunction motion in part because of the plaintiff's failure to adduce evidence or testimony of actual confusion, one panel of the Ninth Circuit itself explained that "while actual confusion is a critical factor in a full likelihood of confusion analysis, it is less important at the preliminary injunction stage, and we caution against resting a finding of the likelihood of success of a trademark infringement claim on that factor."[855]

(x) The Tenth Circuit

The Tenth Circuit summarized its test for infringement in the following manner:

> In evaluating whether there is a likelihood of confusion, we examine six nonexhaustive factors: (1) evidence of actual

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852. Lovely Skin, Inc. v. Ishtar Skin Care Prods., 745 F.3d 877, 887 (8th Cir. 2014) (quoting Co-Rect Prods., Inc. v. Marvy! Advertising Photography, Inc., 780 F.2d 1324, 1330 (8th Cir. 1985)); *see also* Select Comfort Corp. v. Tempur Sealy Int'l, Inc., 988 F. Supp. 2d 1047, 1053 (D. Minn. 2013); H & R Block E. Enters. v. Intuit, Inc., 945 F. Supp. 2d 1033, 1035 (W.D. Mo. 2013).

853. *See* AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-49 (9th Cir. 1979).

854. *See* Hanginout, Inc. v. Google, Inc., 111 U.S.P.Q.2d 1931, 1941 (S.D. Cal. 2014); Lambert Corp. v. LBJC Inc., 111 U.S.P.Q.2d 1261, 1269 (C.D. Cal. 2014); Kythera Biopharmaceuticals, Inc. v. Lithera, Inc., 998 F. Supp. 2d 890, 901 (C.D. Cal. 2014); Stonefire Grill, Inc. v. FGF Brands, Inc., 987 F. Supp. 2d 1023, 1046-47 (C.D. Cal. 2013); Infostream Grp., v. Avid Life Media Inc., 109 U.S.P.Q.2d 1512, 1516 (C.D. Cal 2013); Int'l Oddities v. Record, 109 U.S.P.Q.2d 1373, 1381 (C.D. Cal. 2013); Well Care Pharmacy II, LLC v. W'Care, LLC, 108 U.S.P.Q.2d 1695, 1699 (D. Nev. 2013); HTS, Inc. v. Boley, 954 F. Supp. 2d 927, 942 (D. Ariz. 2013); Boldface Licensing + Branding v. By Lee Tillett, Inc., 940 F. Supp. 2d 1178, 1186 (C.D. Cal. 2013); Multi Time Mach., Inc. v. Amazon.com, Inc., 926 F. Supp. 2d 1130, 1136 (C.D Cal. 2013).

855. Wells Fargo & Co. v. ABD Ins. & Fin. Servs., Inc., 758 F.3d 1069, 1073 (9th Cir. 2014).

> confusion; (2) the strength of the contesting mark; (3) the degree of similarity between the competing marks; (4) the intent of the alleged infringer in adopting the contested mark; (5) the degree of care that consumers are likely to exercise in purchasing the parties' products; and (6) the similarity of the parties' products and the manner in which they market them. The importance of any particular factor in a specific case can depend on a variety of circumstances, including the force of another factor.[856]

(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.[857] One Florida federal district court explained of the factors that "[g]enerally, the type of mark and evidence of actual confusion are the most important factors. However, a court must consider the circumstances of each particular case, and evaluate the weight to be accorded to individual subsidiary facts, in order to make its ultimate factual decision."[858]

(xii) The District of Columbia Circuit

There were no reported opinions bearing on the District of Columbia Circuit's test for infringement over the past year.

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856. Water-Pik, Inc. v. Med-Sys., Inc., 726 F.3d 1136, 1143 (10th Cir. 2013) (citation omitted); *see also* Hornady Mfg. Co. v. DoubleTap, Inc., 746 F.3d 995, 1001 (10th Cir. 2014).

857. *See* It's a 10, Inc. v. Beauty Elite Grp., 110 U.S.P.Q.2d 1116, 1221 (S.D. Fla. 2013); TracFone Wireless, Inc. v. Washington, 978 F. Supp. 2d 1225, 1230 (M.D. Fla. 2013); Bell v. Foster, 109 U.S.P.Q.2d 1249, 1253 (N.D. Ga. 2013); ITT Corp. v. Xylem Grp., 963 F. Supp. 2d 1309, 1319 (N.D. Ga. 2013); FieldTurf USA Inc. v. TenCate Thiolon Middle E., LLC, 945 F. Supp. 2d 1379, 1389 (N.D. Ga. 2013); MPS Entm't, LLC v. Abercrombie & Fitch Stores, Inc., 110 U.S.P.Q.2d 1287, 1293-94 (S.D. Fla. 2013); Bentley Motors Ltd. Corp. v. McEntegart, 976 F. Supp. 2d 1297, 1311 (M.D. Fla. 2013).

858. *MPS Entm't*, 110 U.S.P.Q.2d at 1294 (citation omitted).

(b) Findings and Holdings

(i) Opinions Finding Likelihood of Confusion on Motions for Preliminary Injunctive Relief

Preliminary injunctive relief may be an extraordinary remedy, but there nevertheless are cases in which it is appropriate.[859] One such action appealed to the Seventh Circuit was brought by Kraft, which had sold cheese under the CRACKER BARREL mark through grocery stores "for more than half a century" before the defendant, the restaurant chain Cracker Barrel Old Country Store, introduced a line of food items other than cheese under its company name into the same channel of distribution.[860] In affirming the district court's entry of a preliminary injunction, the Seventh Circuit observed that:

> Up close at least, [the restaurant chain's label] looks different from the label "Cracker Barrel" that appears on Kraft's cheeses. Yet even if a [Kraft] cheese and a [restaurant chain] ham (or other food products) were displayed side by side in a grocery store, which would make a shopper likely to notice the difference between the labels, the words "Cracker Barrel" on both labels—and in much larger type than "Old Country Store" on [the restaurant chain's] label—might lead the shopper to think them both Kraft products.[861]

Things did not get any better for the restaurant chain after that point; indeed, to the contrary, the appellate record demonstrated that "if [the restaurant chain] prevails in this suit, similar products with confusingly similar trade names will be sold through the same distribution channel—grocery stores, and often the same

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859. *See, e.g.*, Ledo Pizza Sys., Inc. v. Singh, 983 F. Supp. 2d 632, 639 (D. Md. 2013) (finding continued use of franchisors' mark and trade dress by terminated franchisees likely to cause confusion); 7-Eleven, Inc. v. Khan, 977 F. Supp. 2d 214, 233-34 (E.D.N.Y. 2013) (finding continued use of licensed marks by terminated franchisees likely to cause confusion); TracFone Wireless, Inc. v. Washington, 978 F. Supp. 2d 1225, 1229-34 (M.D. Fla. 2013) (finding confusion likely to result from defendants' use of plaintiff's registered marks in connection with the sale of directly competitive goods); 7-Eleven, Inc. v. Kapoor Bros., 977 F. Supp. 2d 1211, 1225-26 (M.D. Fla. 2013) (finding continued use of franchisor's mark by terminated franchisees likely to cause confusion); Boldface Licensing + Branding v. By Lee Tillett, Inc., 940 F. Supp. 2d 1178, 1186-96 (C.D. Cal. 2013) (finding KHROMA BEAUTY mark for cosmetics likely to be confused with KROMA mark for cosmetics); Juicy Couture, Inc. v. Bella Int'l Ltd., 930 F. Supp. 2d 489, 498-503 (S.D.N.Y. 2013) (finding JUICY GIRL, JUICYLICIOUS, and JG marks for apparel, accessories, retail store services and online retail store services likely to be confused with JUICY, JUICY COUTURE, JUICY GIRL, CHOOSE JUICY, JUICY BABY, BORN IN THE GLAMOROUS USA. and JC marks for apparel and accessories); PC P.R. LLC v. El Smail, 925 F. Supp. 2d 222, 229 (D.P.R. 2013) (finding continued use of licensed marks by terminated licensees likely to cause confusion).

860. *See* Kraft Foods Grp. Brands LLC v. Cracker Barrel Old Country Store, Inc., 735 F.3d 735, 736 (7th Cir. 2013).

861. *Id.* at 738.

grocery stores—and advertised together"[862] and, additionally, that "both [Kraft's] cheeses and most meat products that [the restaurant chain] has licensed for sale to grocery stores are inexpensive—under $5."[863] In the final analysis, "familiarity is likely to have made the name Cracker Barrel salient to grocery shoppers, and so any product bearing that name might be attributed to Kraft even if close scrutiny of the label would suggest that the product might well have a different origin."[864]

Other reported opinions entered preliminary injunctions on arguably less one-sided records. One court finding confusion likely between foil hourglass-shaped pouches having "largely the same overall impression"[865] and used for frozen cocktails did so because the low purchase price of the parties' goods—"less than two dollars per pouch, or approximately $1.97 to $1.99"—rendered those goods impulse purchase items.[866] The plaintiffs helped their case with additional showings of the strength of their trade dress,[867] that both parties' goods were "often sold hanging from the same rack, or intermixed in the same freezer cases,"[868] and that they were "marketed to essentially the same consumers" through the same channel of distribution.[869] Under these circumstances, the court found, "the mere fact that defendants' packages include well-known brand names is not dispositive, and thus the overall impression given by the [parties'] packages is the same."[870]

The shared use of the word "unity" by two health care insurers led to a finding of likely confusion by a Wisconsin federal district court on a motion for preliminary injunctive relief.[871] The issue might have been complicated by the facts that the defendant's mark was actually UNITYPOINT, that that mark was used with the defendant's MERITER house mark and a "blue Greek cross," and that the plaintiff generally used its mark in a particular presentation and with additional verbiage;[872] the court, however, concluded that "as consumers will encounter them in the marketplace, the similarities between 'Unity' and 'UnityPoint'

862. *Id.* at 739.

863. *Id.*

864. *Id.*

865. Am. Beverage Corp. v Diageo N. Am., Inc., 936 F. Supp. 2d 555, 604 (W.D. Pa. 2013).

866. *Id.* at 581.

867. *Id.* at 605-06.

868. *Id.* at 582; *see also id.* at 606, 608-09.

869. *Id.* at 582; *see also id.* at 608.

870. *Id.* at 605.

871. *See* Unity Health Plans Ins. Corp. v. Iowa Health Sys., 995 F. Supp. 2d 874 (W.D. Wis. 2014).

872. *Id.* at 888-89.

create some potential for confusion that is not entirely mitigated by the differences in logos . . . ."[873] The high degree of care exercised by consumers of the parties' services,[874] as well as the absence of any bad-faith intent by the defendant,[875] similarly could have muddied the waters enough to defeat the plaintiff's motion, but those considerations ultimately did not carry the day in the face of the similarity of the parties' services,[876] the parties' overlapping geographic markets,[877] and at least some anecdotal evidence of actual confusion in the form of misdirected consumer communications.[878]

A preliminary injunction also was the outcome of a second dispute with ties to the health-care industry.[879] The parties operated competing pharmacies in the Las Vegas market—the plaintiff under the WELL CARE mark and the defendants under the W'CARE mark. The court resolved the "critical question" of mark similarity in the plaintiff's favor,[880] and the defendants' luck did not improve where the competitive proximity of the parties' services and the similarity of their marketing channels were concerned.[881] The plaintiff's mark might have been weak, but that weakness was "of limited significance" in light of "the striking similarity between the two names."[882] With the remaining likelihood-of-confusion factors either in dispute or favoring neither side,[883] the court found that the plaintiff was likely to prevail at trial on the merits of its claims.

Having successfully established protectable rights in the color magenta for telecommunications services, T-Mobile demonstrated with equal success that a competitive use of an allegedly similar plum color was likely to cause confusion.[884] The court found that a number of the likelihood-of-confusion factors of record weighed "heavily" in T-Mobile's favor,[885] namely, the strength of T-Mobile's

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873. *Id.* at 889.

874. *Id.* at 890-93.

875. *Id.* at 894-95.

876. *Id.* at 889-90.

877. *Id.* at 890.

878. *Id.* at 893.

879. *See* Well Care Pharmacy II, LLC v. W'Care, LLC, 108 U.S.P.Q.2d 1695 (D. Nev. 2013).

880. *Id.* at 1699 (quoting GoTo.com v. Walt Disney Co., 202 F.3d 1199, 1205 (9th Cir. 2000)) (internal quotation marks omitted).

881. *Id.* at 1700.

882. *Id.*

883. *Id.* at 1701-02.

884. *See* T-Mobile US, Inc. v. AIO Wireless LLC, 991 F. Supp. 2d 888 (S.D. Tex. 2014).

885. *Id.* at 914.

mark,[886] the competitive proximity of the parties' goods and services,[887] the identity of the parties' retail outlets and targeted customers,[888] the overlapping advertising media used by the parties,[889] and actual confusion through survey results[890] and comments made by focus groups convened by the defendant.[891] Likewise, applying a "subjective eyeball test,"[892] the court found that the colors used by the parties were sufficiently similar to support a finding of likely confusion, even though the defendant used fonts and slogans that were distinguishable from those of T-Mobile, as well as colors other than the challenged one.[893] Although the degree of purchaser care in dispute[894] and evidence of the defendant's intent when adopting its mark in equipoise,[895] the court ultimately concluded that T-Mobile had shown a likelihood of success on the merits of its infringement claim.[896]

Evidence on the issue of intent was decidedly *not* in equipoise in another case, and that circumstance helped lead to an

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886. *Id.* at 914-15.

887. *Id.* at 915.

888. *Id.* at 916-17.

889. *Id.* at 920-21.

890. *Id.* at 925 (accepting testimony by plaintiff's survey expert of net 26.3 percent confusion rate among respondents).

891. *Id.* ("In addition to [its survey expert's] report, T–Mobile discovered and presented evidence that members of a focus group [the defendant] used commented on aspects of [the plaintiff's] advertising that reminded them of T–Mobile. This is anecdotal evidence of confusion; the focus-group results indicated that the colors initially made members think of T–Mobile. This focus-group reaction is anecdotal confirmation of other evidence supporting an inference of actual confusion, but is not itself competent consumer-survey evidence.").

892. *Id.* (quoting Exxon Corp. v. Tex. Motor Exch. of Houston, Inc., 928 F.2d 500, 504 (5th Cir. 1980)).

893. As the court explained:

> [The defendant's] plum color, and [the defendant's] use of broad swaths or blocks of the plum color, is visually dominant in its marketing and confusingly similar to T–Mobile's magenta and its use of that color. [The defendant] cannot defeat the trademark-infringement claim by pointing to other, dissimilar aspects of [the defendant's] trade dress, particularly when the trade dress is so dominated by the plum color.

Id. at 921-22.

894. On this issue, the defendant relied on expert witness testimony from a marketing consultant that "wireless services are rarely if ever spontaneous purchases." *Quoted in id.* at 916. The court found that testimony unconvincing because it did not "adequately address [T-Mobile's] initial affiliation-confusion argument, color's role in brand identification, the prominent use of color in advertisements by both [parties], and their competitors, the money spent in developing brand images in which color is integral and critical, and the relative low-cost and low-commitment aspects of what [the parties] sell." *Id.* at 919-20. Nevertheless, the court did not expressly find that this factor weighed in favor of a finding of infringement, concluding only that "the . . . degree of customer care[] does not weigh in [the defendant's] favor." *Id.* at 920.

895. *Id.* at 921.

896. *Id.* at 926.

interlocutory finding that confusion was likely in a conflict between competitors in the market for water control gates in the wastewater treatment industry.[897] The plaintiff's registered mark was WHIPPS, while the lead defendant used ROSS-WHIPPS in connection with its goods. There was an absence in the preliminary injunction record of direct evidence that the lead defendant had acted in bad faith, but the court nevertheless found it "clear" that the lead defendant's principals—one of whom was the estranged son of the principals of the plaintiff—"adopted the use of 'Whipps' . . . to take advantage of the name recognition and good will associated with the [plaintiff's] name in the water control gate industry."[898] That was not the only consideration to favor the plaintiff's position, as the court additionally found that WHIPPS was the dominant component of the defendants' mark,[899] that the parties sold identical goods to the same customers,[900] that the plaintiff's mark was strong,[901] and that there had been an instance of actual confusion.[902] The plaintiff therefore was likely to prevail on the merits of its infringement claim at trial.[903]

Finally, one court denied a preliminary injunction motion on the ground that the plaintiff had not successfully demonstrated the acquired distinctiveness of the configurations of the toy water guns in which it sought trade dress protection.[904] Nevertheless, the court went on to accept the plaintiff's showing that confusion was likely between the parties' respective goods. That showing included evidence that the goods themselves "are remarkably similar and casual consumers are unlikely to distinguish between them,"[905] something that was particularly true because "[t]hese products range in price from a low of $2.49 to a high of $14.99. They are inexpensive products and, thus, unlikely to demand the care and attention that consumers devote to more expensive products."[906] Things went no better for the defendants once the court turned to the issue of their intent, which the court resolved in the plaintiff's favor based in part on the "obvious similarity" between the parties' goods.[907] With the court additionally finding that the parties

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897. *See* Whipps, Inc. v. Ross Valve Mfg. Co., 111 U.S.P.Q.2d 2055 (D. Mass. 2014).

898. *Id.* at 2061-62.

899. *Id.* at 2061.

900. *Id.*

901. *Id.* at 2062.

902. *Id.*

903. *Id.*

904. *See* Buzz Bee Toys, Inc. v. Swimways Corp., 20 F. Supp. 3d 483 (D.N.J. 2014).

905. *Id.* at 506.

906. *Id.* at 507.

907. *Id.* at 509.

targeted the same population of potential customers,[908] the plaintiff was likely to succeed on the merits of its likelihood-of-confusion claim.[909]

(ii) Opinions Finding Likelihood of Confusion as a Matter of Law

At the trial court level, several plaintiffs prevailed after their opponents defaulted,[910] and summary judgment of infringement was the outcome in a number of cases warranting it.[911] These included one brought by luxury automobile manufacturer Bentley Motors against a group of defendants who had sold and installed kits intended to transform less prestigious brands of cars into

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908. *Id.*

909. *Id.* at 510.

910. *See, e.g.*, E.A. Sween Co. v. Deli Express of Tenafly, LLC, 19 F. Supp. 3d 560, 565-72 (D.N.J. 2014) (finding defaulting defendant's DELI EXPRESS and DELI EXPRESS OF TENAFLY marks for restaurant services likely to be confused with plaintiff's DELI EXPRESS mark for "convenience food products such as sandwiches, bakery products, burritos, breakfast foods, and coffee"); Am. Auto. Ass'n v. Dickerson, 995 F. Supp. 2d 753, 757 (E.D. Mich. 2014) (finding defaulting defendant's AAA mark for automobile towing services likely to be confused with plaintiff's AAA mark for emergency road services and automobile club services); Sherwin-Williams Co. v. JP Int'l Hardware, Inc., 988 F. Supp. 2d 815, 820-22 (N.D. Ohio 2013) (finding defaulting defendant's use of "virtually identical" trade dress and "identical" mark in connection with directly competitive paint brushes likely to cause confusion); Entrepreneur Media, Inc. v. JMD Entm't Grp., 958 F. Supp. 2d 588, 596 (D. Md. 2013) (finding defaulting defendants' ENTREPRENEURS EDGE mark for educational and entertainment services on the subjects of entrepreneurship and small business likely to be confused with plaintiff's ENTREPRENEUR mark for competitive or directly related goods and services); HTS, Inc. v. Boley, 954 F. Supp. 2d 927, 941-43 (D. Ariz. 2013) (finding defaulting defendant's use of "eye-design" logo for vision enhancement and therapy products likely to be confused with similar logo used by plaintiff in connection with competitive products); Stark Carpet Corp. v. Stark Carpet & Flooring Installations Corp., 954 F. Supp. 2d 145, 160-63 (E.D.N.Y. 2013) (finding defaulting defendants' STARK and STARK CARPET marks for floorcoverings and floorcovering-related services likely to be confused with plaintiff's STARK mark for competitive goods and services).

911. *See, e.g.*, Int'l Oddities v. Record, 109 U.S.P.Q.2d 1373, 1381-83 (C.D. Cal. 2013) (finding confusion likely as a matter of law between competitive uses of INTERNATIONAL ODDITIES and A'HIA marks by both parties for smoking buds); Bell v. Foster, 109 U.S.P.Q.2d 1249, 1253 (N.D. Ga. 2013) (finding, on uncontested motion for summary judgment, confusion likely between JACK THE RAPPER and THE NEW JACK THE RAPPER CONVENTION, both for music convention services); Xtreme Caged Combat v. ECC Fitness, 109 U.S.P.Q.2d 1028, 1037-40 (E.D. Pa. 2013) (finding confusion likely as a matter of law between uses of XCC/XTREME CAGED COMBAT for gym services and for the promotion of mixed martial arts cage fighting matches and EXTREME CAGE COMBAT for gym services); DC Comics v. Towle, 989 F. Supp. 2d 948, 955-60 (C.D. Cal. 2013) (finding confusion likely as a matter of law between plaintiff's registered BATMAN, BATMOBILE, and stylized bat design marks for a variety of goods and services and defendant's imitation of those marks in connection with motor vehicles and related goods); All Star Racing Championship Racing, Inc. v. O'Reilly Auto. Stores, Inc., 940 F. Supp. 2d 850, 860-62 (C.D. Ill. 2013) (finding confusion likely to result as a matter of law from terminated licensee's continued use of licensor's marks); Choice Hotels Int'l, Inc. v. Patel, 940 F. Supp. 2d 532, 539-41 (S.D. Tex. 2013) (finding confusion likely to result as a matter of law from terminated franchisee's continued use of franchisor's marks).

Bentley lookalikes.[912] The kits included imitations of Bentley's federally registered trademarks, and that, as well as Bentley's showings that the finished kit cars were substantially identical in appearance to the genuine articles and that third parties had commented on the similarities between the parties' respective vehicles (which the court accepted as evidence of actual confusion), left no material dispute as to the defendants' liability for infringement.[913] Although giving the issue somewhat less consideration, the court then entered a default judgment of trade dress infringement against a different group of defendants after concluding from its review of the complaint that "Bentley has alleged that the knockoff Bentley vehicles have been confused with Bentley's original product design . . . ."[914]

The Ohio State University was the beneficiary of another finding of infringement as a matter of law.[915] The University sought to protect a number of marks used in connection with T-shirts, most of which it had registered but at least one of which it had not. Having found there was no material dispute that the defendants had trafficked in goods bearing *counterfeit* imitations of the University's registered marks,[916] the court recognized a presumption that the marks used by the defendants falling into this category were *infringing*.[917] The court then applied a standard likelihood-of-confusion test to the defendants' remaining uses under which the absence of actual confusion and a lack of evidence that parties might someday bridge the gap between them did not outweigh the University's showings that: (1) its marks were strong;[918] (2) the parties' goods were competitive;[919] (3) the parties' marks were similar when properly viewed in their entireties;[920] (4) both parties used the Internet to market their goods;[921] (5) consumers were indifferent to possible mistakes in light of the relatively low-priced goods at issue;[922] and (6) the defendants had persisted in their conduct despite their knowledge of the University's objections to it.[923] In the final analysis, "[t]aking all

912. *See* Bentley Motors Ltd. Corp. v. McEntegart, 976 F. Supp. 2d 1297 (M.D. Fla. 2013).

913. *Id.* at 1311-12.

914. *Id.* at 1320.

915. *See* Ohio State Univ. v. Skreened Ltd., 16 F. Supp. 3d 905 (S.D. Ohio 2014).

916. *Id.* at 911-12.

917. *Id.* at 912.

918. *Id.* at 912-13.

919. *Id.* at 913.

920. *Id.*

921. *Id.* at 914.

922. *Id.* at 914-15.

923. *Id.* at 915.

the . . . factors into account and necessarily viewing all of the evidence in a light most favorable to the respective non-moving parties . . . , the Court concludes that a reasonable jury could only reach the conclusion that consumer confusion is likely to occur."[924]

Actual confusion helped drive the grant of another motion for summary judgment, albeit an unopposed one.[925] The plaintiffs owned a federal registration of the BATEY ZIPLINE ADVENTURE mark for eco-tourism services in Puerto Rico, while the defendants provided directly competitive services under the ATABEY ECO TOURS mark. The lead plaintiff, a principal of the corporate plaintiff, and a former principal of the corporate defendant all testified to the existence of misdirected phone calls by consumers, and the plaintiffs also were able to avail themselves of documentary evidence in the form of a Facebook posting reflecting confusion among the parties.[926] Beyond the existence of actual confusion, the summary judgment record also contained testimony establishing that "[the defendants] purposely adopted a mark bearing great phonetic likeness to the already existing Batey mark to market almost identical services."[927] With the court additionally finding that "[a]lthough Batey is disyllabic and Atabey is trisyllabic, they sound remarkably similar,[928] that "[t]he only difference [between the parties' services] is that [the plaintiffs] . . . offer[] the option to view the region from a zipline,"[929] that "there is a strong similarity between the parties' channels of trade, advertising, and class of prospective purchasers,"[930] and that the plaintiffs' mark "is a strong mark given the limited nature of the industry,"[931] the defendants' fate was sealed.

Finally, in a case in which the plaintiffs sought both injunctive relief under Section 43(a) and the cancellation of the defendant's registration, a New York federal district court applied a truncated likelihood-of-confusion analysis to the latter request for relief.[932] The defendant's registration was of the PUDGIE'S mark for "pizza parlors; Restaurant services featuring pizza, pasta, and subs," while the plaintiffs were licensees of a registrant of the identical mark for "restaurant and carry out restaurant services."[933] According to the defendant, confusion was unlikely because the

924. *Id.*

925. *See* Veve v. Corporan, 977 F. Supp. 2d 93 (D.P.R. 2013).

926. *Id.* at 98-99, 101-02.

927. *Id.* at 102.

928. *Id.* at 100.

929. *Id.* at 101.

930. *Id.*

931. *Id.* at 102.

932. *See* MPC Franchise, LLC v. Tarntino, 19 F. Supp. 3d 456 (W.D.N.Y. 2014).

933. *Quoted in id.* at 463.

plaintiffs' licensor specialized in restaurants serving fried chicken, rather than pizzas.[934] Quoting a past explanation by the Second Circuit of the test for likely confusion in the registration context, however, the court held that:

> In a proceeding seeking the cancellation of a trademark or opposing an application for registration, "likelihood of confusion is determined only as to the registrability of the applicant's mark exactly as shown in the application *and only as to the goods listed, regardless of actual usage*. Similarly, if [the party contesting the registration] relies on its own federal registration, its rights are determined *as of the format and goods in that registration, regardless of the reality of actual usage*."[935]

Within this framework, "the fact that [the plaintiffs' licensor] actually uses the Pudgie's mark primarily in connection with 'chicken restaurants' is irrelevant. Instead, the Court must compare the services listed in Plaintiffs' and Defendant's registrations . . . ."[936] That comparison led to a finding of confusing similarity as a matter of law: "[F]or purposes of considering whether a likelihood of confusion exists under [15 U.S.C. § 1052]], the Court finds that the two identical marks are for essentially the same services, which strongly supports a likelihood of confusion."[937]

(iii) Opinions Finding Likelihood of Confusion After Trial

One of the more notable findings of likely confusion following a full trial on the merits came in a declaratory judgment action in which the NAACP advanced counterclaims for infringement and unfair competition.[938] The parties' dispute began when the counterclaim defendants published three news articles in which the phrase "National Association for the Abortion of Colored People" and the NAACP service mark appeared; two of the articles used the phrase as part of their titles. Although the counterclaim defendants' claims to First Amendment protection might have led the court to depart from the standard multifactored test for likely confusion, the court instead followed a straightforward doctrinal

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934. *Id.* at 482. The plaintiffs themselves operated pizzerias in direct competition with the defendant. *See id.* at 460-68.

935. *Id.* at 483 (alterations in original) (quoting Jim Beam Brands Co. v. Beamish & Crawford Ltd., 937 F.2d 729, 734 (2d Cir. 1991) (quoting 2 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 32:31, at 737–38 (2d ed. 1984))).

936. *Id.*

937. *Id.*

938. *See* Radiance Found. v. NAACP, 25 F. Supp. 3d 865 (E.D. Va. 2014).

analysis to find infringement before concluding in a separate part of its opinion that the articles were not protected free speech. That analysis yielded findings that a number of the relevant factors favored the NAACP's position, including: (1) the strength of the plaintiffs' NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE and NAACP marks;[939] (2) the similarity of the defendants' uses to the NAACP's marks;[940] (3) the similarity of the parties' informational services;[941] (4) the similarity of the facilities and the advertising used by the parties to reach their targeted audiences;[942] (5) the counterclaim defendants' intent "to confuse the public through the use of 'NAACP' in close proximity to 'National Association for the Abortion of Colored People'";[943] (6) the existence of both anecdotal and survey evidence of actual confusion,[944] which the court considered to be "the best evidence of likelihood of confusion";[945] and (7) the lack of care exercised by members of the public when accessing the parties' online information.[946] Taken as a whole, therefore, the trial record weighed "powerfully in favor of a finding of likelihood of confusion."[947]

A verdict of infringement by a Texas jury survived a post-trial challenge in a suit brought by a manufacturer of rooftop support products against a direct competitor.[948] The plaintiff's products featured a yellow and black color scheme, which also appeared on the defendants' products. Although identifying the Fifth Circuit's likelihood-of-confusion factors seriatim, the court's opinion denying the defendants' JMOL motion otherwise did not address them or describe the evidence and testimony in the trial record relating to each. Instead, it focused on the defendants' argument that, because the jury had found that the defendants' use of a yellow reflective stripe standing alone was unlikely to cause confusion, the same finding necessarily applied to their use of yellow and black as well:

> [T]he jury . . . could have concluded that, while the yellow stripe on [the defendants'] product did not, alone, create a likelihood of confusion, the overall black and yellow color

939. *Id.* at 885-86.

940. *Id.* at 886.

941. *Id.*

942. *Id.* at 886-87.

943. *Id.* at 887.

944. *Id.* at 888-89.

945. *Id.* at 888.

946. *Id.* at 890.

947. *Id.*

948. *See* Clearline Tech. Ltd. v. Cooper B-Line, Inc., 948 F. Supp. 2d 691 (S.D. Tex. 2013).

> scheme used by [the defendants] did. There is no inconsistency in such a conclusion and a new trial is not warranted. Furthermore, the jury was presented ample evidence as to the relevant factors to consider for infringement.[949]

Among that "ample evidence" was the plaintiff's showing "that [the lead defendant] sent sample . . . products to its manufacturer[] [and] sought to make a product that would 'look similar' and 'still have all the same features' as the [plaintiff's product]."[950]

The same court also declined to overturn the jury's finding that the defendants had infringed a verbal mark owned by the plaintiff. The basis of that finding was the defendants' distribution of a "tradeshow catalogue" that used an exact reproduction of the plaintiff's mark in connection with directly competitive goods. The defendants' post-trial challenge to the plaintiff's victory rested on the feeble argument that tradeshow catalogues were not a wide-reaching mode of advertising. The court instead held that, to the extent that the catalogues had any bearing on the likelihood-of-confusion inquiry, the fact that both parties used them supported the jury's verdict. Specifically, "[t]he identity of the advertising media used is relevant to the extent that [the] defendant uses similar ads, in similar media, to target the same audience."[951] In the final analysis, it held, "[the defendant] has cited no case law standing for the proposition that use of limited advertising to reach only a particular audience (here, attendees at trade shows) warrants ruling, as a matter of law, that there is no likelihood of confusion."[952]

A second trial of trademark-related claims to take place in Texas federal district court also produced a finding of infringement.[953] The facts were not in the defendants' favor: To the contrary, the lead defendant had been affiliated with the plaintiffs' country-and-western bar, which operated under the REBELS HONKY TONK word mark and a composite mark consisting in part of the same words, before he and companies he controlled opened up two competing establishments under the same marks. As far as the court was concerned, "[g]iven the use of the same mark in the same manner, a 'presumption of confusion exists.'"[954] Nevertheless, it gamely went through the Fifth Circuit's likelihood-of-confusion factors before concluding that, despite the plaintiffs' failure to introduce evidence on the subjects of actual

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949. *Id.* at 705.

950. *Id.*

951. *Id.* at 708.

952. *Id.*

953. *See* Reservoir, Inc. v. Truesdell, 1 F. Supp. 3d 598 (S.D. Tex. 2014).

954. *Id.* at 609 (quoting Choice Hotels Int'l, Inc. v. Patel, 940 F. Supp. 2d 532, 540 (S.D. Tex. 2013)).

confusion and the sophistication of the parties' customers, "evaluation of all eight factors regarding confusion persuades the Court that Plaintiffs have met their burden to establish a likelihood of confusion stemming from Defendants' use of the Rebels Marks . . . . Accordingly, Defendants' use of the Rebels Marks . . . infringed Plaintiffs' trademark rights."[955]

(iv) Opinions Deferring Resolution of the Likelihood-of-Confusion Inquiry

The fact-intensive nature of the likelihood-of-confusion inquiry frequently leads courts to defer pursuing it to completion prior to trial, and the past year produced numerous examples of that disposition of plaintiffs' claims. In some cases, that took the form of opinions denying motions to dismiss allegations of infringement for failure to state a claim.[956] Thus, for example, after an Alabama museum's registration of *tokillamockingbird.com* as a domain name triggered a lawsuit by Harper Lee, the author of the novel *To Kill a Mockingbird*, the museum was unable to shake Lee's claims of likely confusion under Section 43(a) at the pleadings stage of the case: Although the defendant broadly asserted that it was not liable for unfair competition, that "bald conclusion," the court held, "counts for nothing."[957]

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955. *Id.* at 610.

956. *See, e.g.*, Kaplan, Inc. v. Yun, 16 F. Supp. 3d 341, 350 (S.D.N.Y. 2014) (denying, without extended discussion, motion to dismiss allegations of trademark infringement for failure to state a claim); Parts.com, LLC v. Yahoo! Inc., 996 F. Supp. 2d 933, 936-37 (S.D. Cal. 2013) (denying motion to dismiss grounded in plaintiff's having "cribbed" its complaint from prior ones against same defendant); Van Praagh v. Gratton, 993 F. Supp. 2d 293, 303-04 (E.D.N.Y. 2014) (denying motion to dismiss 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); RMS Titanic, Inc. v. Zaller, 978 F. Supp. 2d 1275, 1294 (N.D. Ga. 2013) (denying, without extended discussion, motion to dismiss allegations of trade dress infringement for failure to state a claim); Reed v. Chambersburg Area Sch. Dist., 951 F. Supp. 2d 706, 723 (M.D. Pa. 2013) (denying motion to dismiss on ground that "Plaintiff's allegations are sufficient to support a finding that there is a likelihood of confusion where Defendants used [Plaintiff's] registered mark in association with a dance program that is similar to the program in which Plaintiff used his mark"); Express Lien Inc. v. Nat'l Ass'n of Credit Mgmt. Inc., 108 U.S.P.Q.2d 1573, 1577 (E.D. La. 2013) (denying motion to dismiss allegations of infringement of website appearance on ground that "[t]he fact that the [defendant's] webpage . . . has several differences from a corresponding . . . webpage [of the plaintiff] does not show that [the plaintiff] has failed to state a claim upon which relief can be granted"); Elcometer Inc. v. TQC-USA Inc., 106 U.S.P.Q.2d 1588, 1591 (E.D. Mich. 2013) (denying, without extended discussion, motion to dismiss allegations of trademark infringement for failure to state a claim).

957. Lee v. Monroe County Heritage Museum, Inc., 998 F. Supp. 2d 1318, 1323 (S.D. Ala. 2014); *see also id.* at 1324-25 (similarly declining to dismiss allegations of liability under Alabama state law).

The denial of a motion to dismiss also transpired in a dispute between two pharmaceutical companies.[958] The gravamen of the defendant's motion was that neither party had a branded preparation on the market and that confusion among consumers therefore was impossible. The court rejected that argument for two reasons. The first was its recognition that "nonconsumer confusion may also be relevant to the 'likelihood of confusion' inquiry."[959] The second was that the plaintiff had adequately alleged the use of its mark in commerce both as a trademark for a preparation then in clinical trials and also as a service mark for research and product development services: "At this stage of the litigation, the Court finds that it cannot categorically conclude that there are no consumers to be confused, especially given that Plaintiff has plausibly alleged that it has used its marks in commerce."[960]

Other opinions held the question of likely confusion to be inappropriately resolved on motions for summary judgment. Among courts taking this approach, the First Circuit led the way in vacating the entry of summary judgment in favor of junior users of the GRAN MELIÁ mark for hotel services.[961] The senior user's mark, which was used in connection with a hotel eighty miles away from the junior users' operations, was HOTEL MELIÁ, which led the court to conclude that the parties' marks were "essentially identical for trademark purposes because both marks have the word 'Meliá' as their most salient word."[962] Moving to the issue of the competitive proximity of the parties' services, it next determined that "a reasonable factfinder would be compelled to infer from the undisputed facts that the hotels offer substantially similar services to substantially similar customers—overnight, upscale lodgings and short-term visitors . . . ."[963] These were not the only factors supporting the senior user's case, for, as the court read the summary judgment record, "[t]he two hotels advertise and solicit customers in substantially similar manners"[964] and the senior user had adduced at least some (but "not overwhelming") evidence of actual confusion;[965] moreover, although not necessarily favoring either party, it was apparent to the court that "there are genuine issues of material fact on [the question of] the respective

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958. *See* Kythera Biopharmaceuticals, Inc. v. Lithera, Inc., 998 F. Supp. 2d 890 (C.D. Cal. 2014).

959. *Id.* at 901 (quoting Rearden LLC v. Rearden Commerce, Inc., 683 F.3d 1190, 1214 (9th Cir. 2012)) (internal quotation marks omitted).

960. *Id.* at 902.

961. *See* Dorpan, S.L. v. Hotel Meliá, Inc., 728 F.3d 55 (1st Cir. 2013).

962. *Id.* at 66.

963. *Id.*

964. *Id.*

965. *Id.* at 67-68.

strength of the competing marks."[966] The district court's finding of noninfringement as a matter of law therefore had been inappropriate, even if there was an absence of evidence "from which a reasonable factfinder could infer that [the junior users] decided to use the mark Meliá in order to cause market confusion or with an intent to misappropriate Hotel Melia's reputation and goodwill"[967] and even if the parties' hotels were not located in the same city.[968] In the final analysis, "[t]wo hotels are using a nearly identical mark to sell nearly identical services in a relatively small geographic area."[969]

Trial courts also concluded that the cases before them were inappropriate candidates for resolution as a matter of law, including a Georgia federal district court, which was unimpressed by a counterclaim plaintiff's evidence of "at least 127 instances in which actual confusion had occurred."[970] The mark at issue was XYLEM, used by the counterclaim plaintiff in connection with bathroom fixtures and under which the counterclaim defendants sold "'circulator pumps,' 'valves,' and 'products relating to the treatment of water and wastewater.'"[971] The counterclaim plaintiff scored a number of points in the likelihood-of-confusion analysis, namely, that: (1) the suggestiveness of its mark weighed "significantly" in its favor;[972] (2) the counterclaim defendants' use of their mark with "product-line names" did not render the parties' uses dissimilar;[973] (3) "there is an overlap in advertising, even if small";[974] (4) the counterclaim defendants "intended, albeit to some slight degree, to benefit from [the counterclaim plaintiff's] reputation and goodwill by confusing [the counterclaim plaintiff's] customers and inducing them to buy [the counterclaim defendants'] products";[975] and (5) the undisputed evidence of actual confusion involved "people who ought not to have been confused, including customers and others with whom [the counterclaim plaintiff] conducts its business."[976] Although these considerations might have carried the day, the counterclaim defendants' responsive showing convinced the court that there were factual

966. *Id.* at 68.

967. *Id.*

968. *Id.* at 70.

969. *Id.* at 69.

970. ITT Corp. v. Xylem Grp., 963 F. Supp. 2d 1309, 1323 (N.D. Ga. 2013).

971. *Id.* at 1321.

972. *Id.* at 1320.

973. *Id.* at 1321.

974. *Id.* at 1322.

975. *Id.*

976. *Id.* at 1323.

disputes as to the similarity of the parties' goods[977] and as to their retail outlets and customers.[978] As a consequence, "viewing the evidence in the light most favorable to [the counterclaim defendants], the Court cannot find that no reasonable juror would find there is no confusion created by [the counterclaim defendants'] use of the Xylem name and mark."[979]

A motion for summary judgment filed by a different plaintiff active in the apparel industry similarly came to naught.[980] That motion argued that the likelihood of confusion between the plaintiff's mark, shown below on the left, and the defendants' mark, shown below on the right and also used in connection with clothing, was beyond material dispute:

In denying the motion, the court found the plaintiff's mark to be an arbitrary indicator of origin, but the mark's conceptual strength did not necessarily translate into commercial strength in light of factual disputes over whether the plaintiff's sales records reflected sales of goods actually bearing the mark.[981] By the same token, although the parties' goods were competitive in a general sense, the summary judgment record contained conflicting evidence and testimony as to whether those goods were sold through the same categories of retailers[982] With the plaintiff additionally having

977. *Id.* at 1321.

978. *Id.* at 1321-21.

979. *Id.* at 1323-24. The court reached the same conclusion with respect to the counterclaim plaintiff's likelihood-of-confusion-based causes of action under state law. *Id.* at 1324-27.

980. *See* Lambert Corp. v. LBCJ Inc., 111 U.S.P.Q.2d 1261 (C.D. Cal. 2014).

981. *Id.* at 1269.

982. *Id.* According to the court's reading of the record, "[i]n this regard, defendants provide evidence that [the plaintiff's] products have never been sold at high-end retailers such as Nordstrom or Neiman Marcus, while plaintiff asserts that [the defendants] sold garments to 'A' List stores, including Saks Fifth Avenue and Neiman Marcus." *Id.* at 1269-70 (internal quotation marks omitted).

failed to establish the existence of actual confusion between the parties' marks, the degree to which the parties used similar marketing channels, and the extent to which purchasers of the parties' goods exercised care when making their purchases, the plaintiff was not entitled to judgment as a matter of law.[983]

Defense motions for summary judgment also failed to make the grade.[984] One such motion was filed by a defendant accused of infringing the plaintiff's IT'S A 10 and MIRACLE LEAVE IN PRODUCTS marks for hair-care products through its use of the 10 PL+US and MIRACLE LEAVE IN TREATMENT marks in connection with directly competitive goods.[985] En route to a conclusion that the likelihood of confusion between the parties' marks was in dispute, the court concluded that both of the plaintiffs' marks were suggestive, albeit without express consideration of the significance of that finding to the likelihood-of-confusion inquiry.[986] Other findings by the court, however, definitely weighed in the plaintiff's favor, including the similarity of the parties' marks, especially as they appeared in the marketplace, the competitive proximity of the parties' goods, and the defendant's intentional copying of the plaintiff's marks and packaging.[987] Finally, conflicting evidence on the issue of the similarity of the parties' sales channels and customers also precluded the grant of the defendant's motion.[988] Virtually the same considerations resulted in the court denying the defendant's bid for a finding of nonliability on a trade dress claim advanced by the plaintiff as well.[989]

Conflicting record evidence and testimony similarly proved to be the downfall of a defense motion for summary judgment in an action between providers of road-safety products intended to prevent drivers from drifting out of their lanes or colliding with objects in front of them.[990] The plaintiff's mark was MOBILEYE for a single-camera-based system installed in vehicles while the defendants used the IONROAD mark for a mobile phone application. The defendants scored points with the court with their

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983. *Id.* at 1270.

984. *See, e.g.*, Jackson v. Odenat, 9 F. Supp. 3d 342, 366-67 (S.D.N.Y. 2014) (denying third-party defendant's motion for summary judgment in light of failure of moving papers to address relevant likelihood-of-confusion factors).

985. *See* It's a 10, Inc. v. Beauty Elite Grp., 110 U.S.P.Q.2d 1116 (S.D. Fla. 2013).

986. *Id.* at 1222.

987. *Id.* 1123. The evidence of that intent consisted of the substantial similarity between the parties' bottles, as well as "an invoice from a design firm that worked on Defendant's product indicat[ing] that Defendant retained the firm for a project containing 'It's a Ten' in the project title." *Id.*

988. *Id.*

989. *Id.* at 1124-25.

990. *See* Mobileye, Inc. v. Picitup Corp., 928 F. Supp. 2d 759 (S.D.N.Y. 2013).

showing that the parties' marks were "at best weakly similar"[991] and the plaintiff's concession that there was no record evidence or testimony of actual confusion.[992] Nevertheless, the plaintiff ultimately defeated the defendants' motion by pointing to its own showings that its mark was "moderately strong,"[993] that the parties' goods were competitive,[994] that the defendants might have adopted their mark in bad faith,[995] and that the defendants' goods failed to meet certain federal and industry standards.[996]

So too did a motion for summary judgment of nonliability fail in a dispute over the use in the personal-care product industry of the word "twilight" as a component of verbal marks, as well as the use of silhouettes of trees on packaging.[997] The counterclaim defendant's marks were TWILIGHT WOODS and TWILIGHT CRUSH, which it alleged were not confusingly similar as a matter of law to the counterclaim plaintiff's marks, which included NOX TWILIGHT for nail polish and LUNA TWILIGHT for cosmetics, as well as numerous other "twilight" marks associated with the *Twilight* motion picture franchise and used in connection with both related and unrelated goods and services. The court declined to reach such a result. Although the counterclaim plaintiff failed to adduce sufficient evidence and testimony that its marks were strong in the personal-care industry in which the counterclaim defendant operated, the same was not true outside of that context, and indeed, at least some of the counterclaim plaintiff's marks were "very strong."[998] Likewise, the "pattern of resemblance" of the parties' marks helped to offset any differences between the marks' presentations.[999] Finally, the competitive proximity, similar marketing channels, and similar purchasers of the parties' goods,[1000] conflicting evidence and testimony on the issues of actual confusion[1001] and the counterclaim defendant's good faith,[1002] and

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991. *Id.* at 780.

992. *Id.*

993. *Id.* at 779.

994. *Id.* at 780.

995. *Id.* at 781.

996. *Id.*

997. *See* BBW Brand Mgmt., Inc. v. Summit Entm't, LLC, 7 F. Supp. 3d 385 (S.D.N.Y. 2014).

998. *Id.* at 394.

999. *Id.* at 395.

1000. *Id.* at 395-96.

1001. The counterclaim plaintiff claimed to have identified "over 500 instances of actual confusion in the form of internet blog postings and [the counterclaim plaintiff's] own market research," *id.* at 396, while the counterclaim defendant introduced expert witness testimony that respondents to a survey were not confused by the parties' marks. *Id.* at 396-97.

1002. *Id.* at 397-98.

the low purchase price of the counterclaim defendant's goods also weighed against a grant of the counterclaim defendant's motion as to the parties' word marks.[1003]

The court then denied the counterclaim defendant's motion as to the counterclaim plaintiff's claim of trade dress infringement. Many of the considerations that created factual disputes where the parties' word marks were concerned came into play in this context as well, although the factors of mark strength and of mark similarity merited separate analyses. As to the first of these considerations, the court seized upon evidence and testimony in the summary judgment record that the counterclaim plaintiff's products "have received awards for their packaging[] and garner further strength from the fame of the *Twilight* Motion Pictures. Further, consumers are aware of the tie between the *Twilight* novels and the Luna Twilight trade dress and [the] promotion and marketing of the *Twilight* Motion Pictures carries over to licensed products."[1004] In addition, "the [packaging of the parties' respective] products have similar names and all feature dark, relatively thin, barren branches—silhouetted against a contrasting background in similar color schemes—lining the side of the products and extending out across the products."[1005] The "significant" similarities between the packaging therefore also weighed against entry of summary judgment in the counterclaim defendant's favor.[1006]

Finally, one cross-motion for summary judgment failed to lead to a victory as a matter of law for any of the parties involved.[1007] The plaintiff's registered mark was MISS JESSIE'S for hair-care products, while the defendants owned a federal registration of the AUNT JACKIE'S mark for competitive goods. The court concluded it was undisputed that two of the relevant factors favored the plaintiff's position, namely, the inherent and commercial strength of the plaintiff's mark[1008] and the competitive proximity of the parties' goods.[1009] Nevertheless, the parties had adduced conflicting evidence and testimony on others, including the degree of similarity or dissimilarity between the parties' marks[1010] and whether, based on their knowledge of the plaintiff's rights, the defendants had adopted their mark in bad faith or, alternatively, whether they had reasonably relied on a clearance opinion from

1003. *Id.* at 399.

1004. *Id.* at 403 (citation omitted).

1005. *Id.*

1006. *Id.*

1007. *See* Akiro LLC v. House of Cheatham, Inc., 946 F. Supp. 2d 324 (S.D.N.Y. 2013).

1008. *Id.* at 333-34.

1009. *Id.* at 336.

1010. *Id.* at 334-35.

their outside trademark counsel.[1011] Moreover, the court concluded, the relative absence of actual confusion[1012] and the sophistication of the parties' customers weighed in the defendants' favor.[1013] Under these circumstances, a full trial was necessary to resolve the issue of the defendants' possible liability for infringement.[1014]

(v) Opinions Finding No Likelihood of Confusion on Motions for Preliminary Injunctive Relief

Online advertising allegedly using the plaintiff's marks proved to be an insufficient basis of a temporary restraining order in an action brought by a manufacturer and distributor of beds and mattresses under the SELECT COMFORT and SLEEP NUMBER marks, on the one hand, against a retailer of mattresses under the MATTRESS FIRM mark, on the other.[1015] According to the court's reading of the record, "[the plaintiff] appears to rely on the scenario [in which] a consumer searches for either: 1) 'Select Comfort' and 'Mattress Firm,' or 2) 'Sleep Number' and 'Mattress Firm,' or 3) 'Does [M]attress Firm sell Select Comfort Beds?'"[1016] The results of searches under that scenario, the court noted, "include a link to the [defendant's] Mattress Firm website, with the title 'Select Comfort-Mattress firm.' However, once a potential consumer clicks on the link, it takes them to Mattress Firm's website, where it is immediately clear that Mattress Firm does not sell Select Comfort products."[1017] That state of affairs did not excite the court, which denied the plaintiff's motion for interlocutory relief on the ground that:

1011. *Id.* at 339-40.

On this issue, the plaintiff accused the defendants of having belatedly contacted their clearance counsel, who then alerted them to the plaintiff's prior rights. Nevertheless:

> [W]hile counsel did warn of potential litigation over the proposed Miss Jackie's (later AUNT JACKIE'S) trade name, counsel also advised that [the lead defendant] would have good defenses to any infringement claim. And when counsel suggested that [the lead defendant] alter the font of its logo and change "Miss" to a different honorific in order to more clearly differentiate its mark from MISS JESSIE'S, [the lead defendant] did so.

Id. at 340.

1012. The plaintiff adduced at least some anecdotal evidence of actual confusion, but the court determined that a jury would be within its rights to conclude that the instances of confused members of the public upon which the plaintiff relied were de minimis in nature. *Id.* at 336-38. The court additionally credited the defendants with having submitted survey evidence presenting "a definitive finding that a negligible number of consumers were confused." *Id.* at 339.

1013. *Id.* at 341.

1014. *Id.* at 341-42.

1015. *See* Select Comfort Corp. v. Tempur Sealy Int'l, Inc., 988 F. Supp. 2d 1047 (D. Minn. 2013).

1016. *Id.* at 1053-54.

1017. *Id.* at 1054.

> Select Comfort argues that consumers may then purchase . . . beds sold at Mattress Firm, and will abandon any possible search for or purchase of a Select Comfort bed, but this is not enough to show likelihood of confusion or irreparable harm at this stage of the proceeding and does not warrant the extraordinary measure of a temporary restraining order.[1018]

Courts also rejected motions for entry of the more routine, if still extraordinary, remedy of preliminary injunctive relief.[1019] One such rejection came at the expense of a plaintiff claiming trade dress rights in the packaging of a line of energy bars.[1020] Having found that the plaintiff's alleged trade dress was not inherently distinctive and, additionally, that it lacked acquired distinctiveness, the court not surprisingly found that the trade dress was weak for purposes of the likelihood-of-confusion inquiry.[1021] Although concluding that the parties' respective packages shared "some similar elements," the court also found that the packages differed "significantly"[1022] in their "color scheme[s], fonts, and number and placement of design elements":[1023]

Turning to the plaintiff's claim of actual confusion, the court found survey evidence reflecting a 15% rate of confusion among respondents to be unconvincing because "confusion rates of 15% are on the lower end of rates . . . found sufficient to show actual confusion" and, additionally, because the survey did not use a proper control;[1024] the plaintiff's anecdotal evidence of consumer

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1018. *Id.*

The court also rejected a separate proffered basis of the plaintiff's motion, which was the allegation that "Mattress Firm pays third-party websites and that those websites include links relating to Select Comfort products which ultimately lead consumers to Mattress Firm's website." *Id.* This theory fell short after the court concluded that "at this phase there is not enough information relating to how these websites work to find a likelihood of success on the merits." *Id.*

1019. *See, e.g.*, IT Strategies Grp. v. Allday Consulting Grp., 975 F. Supp. 2d 1267, 1284 (S.D. Fla. 2013) (denying, without extended analysis, motion for preliminary injunction on ground that "[a] visual comparison of the Plaintiff's trade dress and that of the Defendant makes clear that they are not confusingly similar" (citations omitted)).

1020. *See* KIND LLC v. Clif Bar & Co., 111 U.S.P.Q.2d 1795 (S.D.N.Y. 2014).

1021. *Id.* at 1801-02.

1022. *Id.* at 1802.

1023. *Id.*

1024. *Id.* at 1804-05.

confusion was equally availing,[1025] even if it did include posts on social media comparing the parties' packages, which the court treated as actionable initial-interest confusion.[1026] The court also declined to accept the plaintiff's allegations that the defendant had designed its packaging with a bad-faith intent to confuse consumers[1027] and, additionally, found that the plaintiff's showing of impulse purchases among some of the parties' customers was entitled to "little weight" in light of the defendant's argument that other customers approached their purchases carefully.[1028] Finally, the court credited the defendant's contention that the parties' use of their respective house marks and the practice of retailers of grouping the parties' goods together rendered confusion unlikely.[1029]

Mark weakness also played a role in the denial of a preliminary injunction motion grounded in the argument that confusion was likely to result from the concurrent use of the plaintiff's HANGINOUT mark for an interactive video response platform, on the one hand, and Google's use of the HANGOUT mark for a similar product, on the other.[1030] The plaintiff's case was not helped by its failure "to present any evidence as to the amount of money expended to develop, market and/or promote

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1025. The plaintiff identified two incidents it considered probative of mistakes by consumers driven by the similarity of the parties' packages. In the first, a consumer initially responded "no clue" to an interviewer's question about why he had purchased one of the defendant's bars before clarifying that he had done so because his daughter had asked him to purchase one of the plaintiff's bars. In the second, a roommate of an employee of the plaintiff testified that he had been surprised to select a bar manufactured by the defendant from the employee's snack bowl. The court rejected the significance of the first instance on the ground that the proper test for liability was whether a consumer who was familiar with the plaintiff's package would likely be confused when encountering the defendant's package, and it disposed of the second instance because the witness's confusion "may have resulted from her expectation to find [the plaintiff's] bars in [the employee's] home because of her roommate's employment [by the plaintiff]." *Id.* at 1805.

1026. *Id.*

1027. On this issue, the court found that "the evidence presented by [the plaintiff] reveals that [the defendant] used the [the plaintiff's] trade dress as a model for its redesigned . . . packaging . . . ." *Id.* at 1806. Nevertheless, it ultimately determined that "[t]he fact that the [defendant's] packaging prominently displays the [defendant's] mark and also displays the [defendant's house] mark, and uses a trade dress dissimilar to [the plaintiff's] 'minimalist' trade dress, negates an inference of intent to deceive consumers as to the source of the product." *Id.*

1028. *Id.* at 1807.

1029. *Id.*

1030. *See* Hanginout, Inc. v. Google, Inc., 111 U.S.P.Q.2d 1931 (S.D. Cal. 2014). As described by the court, the plaintiff's platform "enables users to create, promote, and sell their own brands by engaging directly with potential customers via pre-recorded video messages and/or video profiles. The HANGINOUT platform also includes a "Q&A" function, wherein users can exchange questions and personal video responses from anyone in the application at any time." *Id.* at 1934 (citation omitted). In contrast, Google's platform "allows users to engage in live interactions with other users, including instant messaging and real-time video-conferencing." *Id.*

HANGINOUT";[1031] in addition, "the only evidence of Hanginout's growth trends shows a[n] 82% drop in the number of individuals who [downloaded] the HANGINOUT . . . application from 2012 to 2013."[1032] Google also benefitted from the "distinct differences [between] the functionality of the [parties'] products,"[1033] as well as the plaintiff's failure to carry its burden of persuasion on the factors of the marketing channels used by the parties,[1034] the existence of actual confusion,[1035] the degree of care exercised by consumers,[1036] Google's intent,[1037] and the likelihood of the parties expanding into each other's product lines.[1038]

(vi) Opinions Finding No Likelihood of Confusion as a Matter of Law

One of the more dramatic rejections of a plaintiff's claim of likely confusion over the past year came courtesy of the Seventh Circuit.[1039] The litigation leading to the appeal before that court was initiated by the owner of the federally registered CLEAN SLATE mark, used in connection with computer software that removed private data from publicly shared computers. The subject of the plaintiff's ire was a subplot in the motion picture *The Dark Knight Rises*, which depicted efforts by the character Batman to save his hometown of Gotham City from destruction and which had been produced and distributed by the defendant. The subplot turned on the existence (or nonexistence) of a software program developed by the fictional Rykin Data Corp. and referred to by the characters in the movie as "the clean slate." Beyond those references, the defendant established two websites to promote its film, which, the court noted, "contained descriptions of the clean slate hacking tool and its operation and an image of a fictional patent. Nothing was available for purchase or download from the websites—they were purely an informational extension of the fictional Gotham City universe."[1040]

The district court concluded solely on the basis of the plaintiff's complaint that the defendant's use of "clean slate" did

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1031. *Id.* at 1943.

1032. *Id.*

1033. *Id.* at 1942.

1034. *Id.* at 1942-43.

1035. *Id.* at 1944.

1036. *Id.* at 1944-45.

1037. *Id.* at 1945.

1038. *Id.* at 1945-46.

1039. *See* Fortres Grand Corp. v. Warner Bros. Entm't, Inc., 763 F.3d 696 (7th Cir. 2014), *cert. denied*, No. 14-560, 2015 WL 133499 (U.S. Jan. 12, 2015).

1040. *Id.* at 700-01.

not infringe the plaintiff's rights in the CLEAN SLATE mark, and the Seventh Circuit affirmed. Rather than expressly taking into account whether the defendant's film qualified as constitutionally protected free speech, the appellate court invoked its usual multifactored test for likely confusion.[1041] Despite identifying each of those factors as relevant to the infringement inquiry, the court focused primarily on the degree of competitive proximity between the parties' products. On that issue, the court concluded that "[t]here is little authority on how to treat the 'similarity of the products' factor when one of them is fictional . . . , but what few cases have confronted the issue have considered the likelihood of confusion between the senior user's product and the junior user's creative work—not any fictional product therein."[1042] Noting the absence of any CLEAN SLATE-branded items offered by the defendant, it then concluded that "the only products available to compare—[the plaintiff's] software and [the defendant's] movie—are quite dissimilar, even considering common merchandising practice. [The plaintiff] has alleged no facts that would make it plausible that a super-hero movie and desktop management software are 'goods related in the minds of consumers in the sense that a single producer is likely to put out both goods.'"[1043] The court acknowledged that the similarity between the parties' uses lent some support to the plaintiff's case, "[b]ut juxtaposed against the weakness of all the other factors, this similarity is not enough. Trademark law protects the source-denoting function of words used in conjunction with goods and services in the marketplace, not the words themselves."[1044] The plaintiff's complaint therefore had been properly dismissed at the pleadings stage of the case.

A challenge to the content of the motion picture *Midnight in Paris* similarly failed to survive a motion to dismiss.[1045] The plaintiff in that case was the successor in interest to author William Faulkner, one of whose characters remarks in the play *Requiem for a Nun* that "[t]he past is never dead. It's not even past."[1046] The basis of the plaintiff's challenge was the assertion by the film's protagonist that "[t]he past is not dead. Actually, it's not even past. You know who said that? Faulkner, and he was right. And I met him too. I ran into him at a dinner party."[1047] According to the plaintiff's ill-crafted claim under Section 43(a), that line was

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1041. *Id.* at 702.

1042. *Id.*

1043. *Id.* at 704.

1044. *Id.* at 705.

1045. *See* Faulkner Literary Rights, LLC v. Sony Pictures Classics Inc., 953 F. Supp. 2d 701 (N.D. Miss. 2013).

1046. William Faulkner, Requiem for a Nun 92 (1950).

1047. *Quoted in Faulkner Literary Rights*, 953 F. Supp. 2d at 705.

likely to deceive or confuse viewers of the film "as to a perceived affiliation, connection or association between William Faulkner and his works, on the one hand, and Sony, on the other hand," as well as to "the origin, sponsorship, or approval of Sony's goods, services, or commercial activity by William Faulkner and/or his written works."[1048]

The court relegated the plaintiff's claim to the dustbin of history. Not only had the plaintiff failed to plead its claim in anything more than impermissibly conclusory terms,[1049] but:

> The court has viewed both works, and . . . it is satisfied that no such misappropriation can possibly be inferred. The movie contains literary allusion, the name Faulkner and a short paraphrase of his quote, neither of which can possibly be said to confuse an audience as to an affiliation between Faulkner and [the defendants]. Allusion is not synonymous with affiliation, nor with appropriation. [The plaintiff] has not provided any precedent suggesting that the mere use of a celebrity name in an artistic work somehow rises to the level of deception.[1050]

Those opinions were not the only ones to conclude that allegations of likely confusion were properly resolved on motions to dismiss for failure to state claims.[1051] Another was a California federal district court, which granted such a motion in a case in which the gravamen of the plaintiff's claim was that the defendant had purchased online advertising triggered by consumers' searches for the plaintiff's marks.[1052] Neither the advertisements themselves nor the domain names of the sites promoted by the advertisements, however, featured the plaintiff's marks, and that proved to be the downfall of the plaintiff's allegations of infringement. Quoting controlling authority from the Ninth Circuit, the court observed that "internet consumers 'fully expect to find some sites that aren't what they imagine based on a glance at the domain name or search engine summary.'"[1053] In particular, [o]utside the special case of . . . domains that actively claim affiliation with the trademark holder, consumers don't form any

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1048. *Quoted in id*. at 712.

1049. *Id.* at 712-13.

1050. *Id.* at 712.

1051. *See, e.g.*, Parts.com, LLC v. Yahoo! Inc., 996 F. Supp. 2d 933, 938 (S.D. Cal. 2013) (dismissing for failure to state a claim allegations of likely confusion grounded in search engine's provision of sponsored links); Reed v. Chambersburg Area Sch. Dist., 951 F. Supp. 2d 706, 724 (M.D. Pa. 2013) (dismissing allegations of infringement of trade dress consisting of dance routines in light of plaintiff's failure to "specify[] what aspect of the trade dress Defendants used to support a finding of likely confusion").

1052. *See* Infostream Grp., v. Avid Life Media Inc., 109 U.S.P.Q.2d 1512 (C.D. Cal. 2013).

1053. *Id.* at 1515 (emphasis deleted) (quoting Toyota Motor Sales v. Tabari, 610 F.3d 1171, 1179 (9th Cir. 2010)).

firm expectations about the sponsorship of a website until they've seen the landing page—if then."[1054] Dismissal was therefore appropriate on the ground that "'[i]n the age of FIOS, cable modems, DSL and T1 lines,' [the plaintiff] cannot plausibly claim that [the defendant's] mere use of keywords caused any consumer confusion."[1055]

Two other reported opinions from federal district courts similarly disposed of claims of likely confusion on motions to dismiss, but did so on facts perhaps more properly suited for an application of the nominative fair use doctrine. In the first case leading to that result, the defendant used the plaintiffs' marks in its comparative advertising, but the court concluded that those uses distinguished the parties' respective tax return preparation services.[1056] It therefore saw no need to look beyond the four corners of the plaintiff's complaint or to apply the standard multifactored test for likely confusion to hold that the plaintiffs had failed to state a claim on which relief could be granted. Rather, "[a]lthough consumer confusion is typically an issue of fact reserved for summary judgment, the Court finds that upon the facts alleged by plaintiffs, there is no possibility that consumers could be confused as to whether plaintiffs endorse or sponsor defendant's products or services."[1057]

The second case presented different online activities that also failed to support a cognizable claim of likely confusion in a declaratory judgment action brought against a group of community colleges.[1058] The counterclaim defendant was the operator of a website operating under the name *Community College Review*, which provided information on the named defendants, as well as on other schools. The website at issue contained hundreds of subdomains, each of which featured a different school and prompted visitors to request more information on that school; according to the colleges' counterclaims for infringement and deceptive trade practices, information provided by visitors responding to the prompts was then forwarded to different schools. The problem with those counterclaims, the court determined, was that the colleges' factual allegations were "merely consistent" with their theory of liability, which made the theory no more than a "sheer possibility."[1059] Beyond that, each page on the website

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1054. *Id.* (quoting *Toyota Motor Sales*, 610 F.3d at 1179) (internal quotation marks omitted).

1055. *Id.* (alteration in original) (quoting *Toyota Motor Sales*, 610 F.3d at 1179).

1056. *See* H & R Block E. Enters. v. Intuit, Inc., 945 F. Supp. 2d 1033 (W.D. Mo. 2013).

1057. *Id.* at 1036 (citation omitted).

1058. *See* Boarding Sch. Review LLC v. Delta Career Educ. Corp., 108 U.S.P.Q.2d 1785 (S.D.N.Y. 2013).

1059. *Id.* at 1790 (quoting Ashcraft v. Iqbal, 556 U.S. 662, 678 (2009)) (internal quotation marks omitted).

featured a header with its name, as well as "a navigation menu directing site visitors to 'Find Schools,' 'Compare Colleges,' or to read 'Articles.'"[1060] Having further determined that the header and website "clearly and quickly communicate to site visitors that [the] website is an omnibus review site profiling community colleges, not a website affiliated with or sponsored by the schools profiled"[1061] and that the parties "operate in distinct industries,"[1062] the court held that the colleges had failed to allege a likelihood of confusion in sufficient detail to escape the website operator's motion to dismiss.[1063]

Outside the context of motions to dismiss, some appellate courts might defer to jury findings of likely confusion, but the Sixth Circuit was not among them over the past year.[1064] That tribunal overturned a finding of trade dress infringement grounded in the allegedly similar appearance of competing grease pumps used in the commercial trucking industry. Departing from a strict application of its doctrinal likelihood-of-confusion factors, the court focused as an initial matter on the "unmistakably different" marks and logos affixed to the parties' goods, which led it to conclude that "[i]n light of such a stark visual difference in branding, no reasonable consumer would think that the two grease pumps belong to the same company."[1065] Additional considerations playing roles in the court's disposal of the jury's finding were the fact that the parties' goods were "expensive industrial products that are not likely to be purchased without substantial care and research,"[1066] the lack of an intent by the defendant to confuse those purchasers, even if it had intentionally copied the plaintiff's design,[1067] and the absence from the trial record of evidence of

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1060. *Id.*

1061. *Id.*

1062. *Id.*

1063. *Id.*; *see also id.* at 1790-91 (reaching identical conclusion under New York common-law and deceptive trade practices causes of action).

1064. *See* Groeneveld Transp. Efficiency, Inc. v. Lubecore Int'l, Inc., 730 F.3d 494 (6th Cir. 2013).

1065. *Id.* at 510.

1066. *Id.*

1067. *Id.* at 511-16. At trial, the plaintiff presented what the court acknowledged to be "circumstantial evidence of an intent to copy" in the form of showings of "[t]he similarities in the two pumps' appearance (excluding the labels), the fact that other manufacturers' pumps do not have a similar look, and the fact that [the defendant's] founder used to be a[n] employee [of the plaintiff]." *Id.* at 511. Nevertheless, the court ultimately concluded of those showings that:

> The clear import of the . . . principles that copying in the absence of copyright or patent protection often serves useful purposes, and that the concern of trademark law is not about copying per se but about copying that engenders consumer confusion, is that the appropriate "intent" to focus on is not the intent to copy but rather the intent to deceive or confuse.

actual confusion.[1068] The noninfringing nature of the plaintiff's trade dress was not placed into dispute by the strength of the plaintiff's trade dress,[1069] the directly competitive nature of the parties' goods,[1070] the similar promotional strategies followed by the parties,[1071] or the specter of initial-interest confusion.[1072]

The Fourth Circuit was equally willing to reach a finding of noninfringement as a matter of law, albeit in somewhat less dramatic form.[1073] The infringement claim appealed to that court was brought by the owner of the SWATCH mark for watches against a competitor that had registered its SWAP mark for watch bands and faces. The plaintiff successfully petitioned the Trademark Trial and Appeal Board to cancel the defendant's registration, but its luck ran out before the district court, which granted the defendant's motion for summary judgment of noninfringement. Declining to give any weight to the Board's determination that the parties' marks were confusingly similar, the appellate court affirmed. It disposed of what might have been one of the stronger aspects of the plaintiff's case, namely, the related nature of the parties' goods, largely by not addressing it.[1074] Although the court did address the plaintiff's claim that the parties' marks were themselves confusingly similar, it concluded to the contrary that "[i]t would be apparent to an average consumer that SWATCH and SWAP: 1) look different when written; 2) sound

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Id. at 514.

1068. The plaintiff's showing on this point was limited to "testimony of some of its own employees and affiliates professing 'shock' and 'surprise' that [the defendant's] pump 'looks the same' as [the plaintiff's] [and] saying that it 'looks like [the plaintiff's pump] with [the defendant's] sticker on it.'" *Id.* at 517. The court noted of this testimony that "[n]one of these witnesses . . . were consumers, and none of them were actually confused as to the origin of the two pumps." *Id.*

1069. *Id.* at 516.

1070. *Id.* at 516-17.

1071. *Id.* at 517.

1072. Responding to the plaintiff's initial-interest confusion argument, the court observed that "in certain circumstances trademark law protects against confusion even if it is ultimately dissipated before the moment of purchase." *Id.* at 518. Nevertheless:

> [T]he circumstances of the present case do not remotely approach those of a paradigmatic initial-interest case. To begin with, [the plaintiff] presented no proof as to how, in view of the two pumps' starkly different labels and logos, there would be any initial interest confusion at all. Nor does [the plaintiff] explain why, assuming that such initial interest confusion were to take place, it would not be instantly dissipated without any harm. Simply invoking the term "initial-interest confusion" does not state a viable claim, let alone create a triable issue of fact.

Id. at 518-19.

1073. *See* Swatch AG v. Beehive Wholesale, LLC, 739 F.3d 150 (4th Cir. 2014).

1074. To the extent that the court did take into account the competitive proximity of the parties' goods, it was to hold that "we have never held, as [the plaintiff] argues, that courts in this Circuit must apply a lower threshold for similarity of marks when the parties' products are more similar." *Id.* at 160.

different when spoken; and 3) have completely different meanings in common usage;"[1075] what was more, the district court properly had concluded that the manner in which the parties' marks were presented in the marketplace further distinguished them.[1076] The undisputed facts that there was only an "insignificant overlap" between the parties' channels of distribution,[1077] while at the same time there were "substantial differences" in their advertising, further precluded a finding of liability,[1078] as did the absence of facilities shared by the parties[1079] and of actual confusion.[1080] With the court unwilling to accept the plaintiff's argument that either the defendant's awareness of the plaintiff's mark before adopting its own or the defendants' failure to conduct a trademark availability search necessarily demonstrated the defendant's bad faith,[1081] the fate of the plaintiff's appeal was sealed.

The Tenth Circuit similarly affirmed the grant of a motion for a finding of noninfringement as a matter of law in unapologetic fashion, notwithstanding at least some evidence in the summary judgment record that appeared to favor the counterclaim plaintiff.[1082] The counterclaim plaintiff's mark was SINU*CLEANSE* for sinus-irrigation products, while its opponent used the SINUSENSE mark for directly competitive goods. The counterclaim plaintiff introduced survey evidence purporting to document actual confusion between the parties' marks, but the court held that the district court properly had declined to accord the survey's results any weight in light of numerous irregularities in the methodology used to yield the results.[1083] The appellate court also was unimpressed with the counterclaim plaintiff's proffered anecdotal evidence of four examples of actual confusion, which the court considered "isolated episodes with minimal probative value on whether reasonable consumers as a whole are actually confused by [the counterclaim defendant's] trademark."[1084] The court then affirmed the district court's conclusion that the counterclaim plaintiff's mark was entitled to only a narrow scope of protection because, as a descriptive mark, it was conceptually weak,[1085] and because the counterclaim plaintiff's

1075. *Id.* at 159.

1076. *Id.* at 160.

1077. *Id.* at 159-60.

1078. *Id.* at 161.

1079. *Id.*

1080. *Id.* at 162.

1081. *Id.* at 161-62.

1082. *See* Water Pik, Inc. v. Med-Sys., Inc., 726 F.3d 1136 (10th Cir. 2013).

1083. *Id.* at 1144-50.

1084. *Id.* at 1151.

1085. *Id.* at 1152-53.

evidence of commercial strength was unconvincing.[1086] Moving on, the court concluded that the differences in letters between the parties' marks rendered the marks distinguishable in sight, sound, and meaning, as well as that the counterclaim defendant's use of its WATERPIK house mark further precluded confusion at the retail level.[1087] Record evidence that the counterclaim defendant had deliberately imitated the counterclaim plaintiff's *product* did not translate into cognizable evidence of a bad-faith intent to confuse by copying the counterclaim plaintiff's *mark*,[1088] and "[the counterclaim plaintiff] did not dispute [the counterclaim defendant's] contention that consumers are likely to be more discriminating than usual when they purchase healthcare products."[1089] Under these circumstances, the competitive proximity of the products at issue and the parties' shared marketing channels did not place the unlikelihood of confusion between the parties' marks at issue.[1090]

Based largely on the same considerations, another panel of the Tenth Circuit affirmed the grant of a defense motion for summary judgment in a different case.[1091] The unsuccessful plaintiff in that dispute manufactured and sold firearm ammunition and related products under the TAP mark, "short for 'Tactical Application Police'"; it also sold its goods under such sub-brands as TAP URBAN, TAP PRECISION, TAP CQ, TAP BARRIER, BTHP TAP, and GMX TAP.[1092] The defendant's mark was DOUBLETAP, "presented in a blue oval and crowned with the identifier, 'McNett's,'" under which the defendant sold "hand-loaded rounds" in "calibers rarely offered by other ammunition manufacturers."[1093]

The Tenth Circuit declined to disturb the district court's determination that no reasonable jury could find that the parties' marks were confusingly similar. Holding that "[w]e . . . compare the full marks, not just their components," the appellate court

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1086. On this issue, the court applied its multifactored test for secondary meaning, *see id.* at 1154, as a proxy for a measurement of commercial strength. According to the court:

> [The counterclaim plaintiff] produced evidence that it has sold products under the Sinu*Cleanse* name since 1997 but it has wholly failed to show the nature and extent of its advertising and promotion of the mark or efforts to promote a conscious connection in the public's mind between its mark and its products. Evidence that its products had millions of users and that its products were sold through well-known retailers does not tell us whether the sales were stimulated by the mark.

Id. at 1154-55.

1087. *Id.* at 1155-57.

1088. *Id.* at 1157-60.

1089. *Id.* at 1160.

1090. *Id.*

1091. *See* Hornady Mfg. Co. v. DoubleTap, Inc., 746 F.3d 995 (10th Cir. 2014).

1092. *Id.* at 999.

1093. *Id.* at 1000.

rejected the plaintiff's invitation to "elevate[] the marks' one similarity—the word 'tap'—above all differences,"[1094] as well as the plaintiff's theory that its putative ownership of a family of marks should play a dispositive role in the mark-similarity inquiry:

> The only tie holding this supposed family together . . . is the word "tap." To hold that [the defendant's] DoubleTap [mark] is ipso facto a perceived member of this family would violate our command that marks be considered as a whole as they encountered by consumers in the marketplace, not on one factor such as name alone.[1095]

With that principle in mind, the court determined that the parties' marks differed in sight, sound, and appearance, that the parties' respective packaging "differs greatly in color scheme and layout,"[1096] and that "most of [the plaintiff's] TAP products and its website carry the distinctive 'Hornady®' house mark, further diminishing the degree of visual similarity between the marks."[1097]

With the exception of its claims that it owned a conceptually and commercially strong mark[1098] and that the parties' goods were related,[1099] the plaintiff's remaining attacks on the district court's dismissal of its case were equally off-target. For example, neither the defendant's prior awareness of the plaintiff's mark before adopting its own nor the defendant's continued use of its mark after receiving a cease-and-desist letter from the plaintiff constituted bad faith.[1100] Likewise, the court discounted the plaintiff's proffered survey evidence of actual confusion after determining that the survey questions were impermissibly leading, and it did the same to the plaintiff's claimed anecdotal evidence of actual confusion based on the de minimis nature of that evidence.[1101] Finally, the summary judgment record demonstrated

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1094. *Id.* at 1002.

1095. *Id.* (footnote omitted).

1096. *Id.* at 1003.

1097. *Id.*

1098. On this issue, the Tenth Circuit agreed with the district court that the plaintiff's mark was "suggestive and conceptually strong," *id.* at 1007, and that the plaintiff's investment of "hundreds of thousands of dollars" in advertising goods sold under the mark over a seventeen-year period had given the mark commercial strength as well. *Id.* at 1007-08.

1099. *Id.* at 1006.

1100. *Id.* at 1004.

1101. As characterized by the court, the plaintiff's anecdotal evidence documented:

> (1) a "half a dozen or so" phone calls between 2009 and 2010 from customers who believed DoubleTap was one of [the plaintiff's] TAP products; (2) a March 2012 letter from a sheriff's office thanking [the plaintiff] for sending DoubleTap ammunition; and (3) a March 2013 comment on [the plaintiff's] Facebook page demonstrating a customer's confusion whether [the plaintiff] manufactured DoubleTap.

that "[e]ven if the products in this case are 'relatively inexpensive' at $13 to $100 a box, [the plaintiff] has not presented any evidence that consumers commonly succumb to impulses and purchase ammunition carelessly."[1102] The district court therefore properly had granted summary judgment in the defendant's favor.[1103]

Some findings of noninfringement as a matter of law did not lead to appellate review.[1104] One of the more notable was made by a California federal district court entertaining a suit by a watch manufacturer against Amazon.com based on the latter's practice of displaying competing watch models when users of its online shopping services searched for the plaintiff's watches.[1105] Although the plaintiff's mark appeared "in several places on the search results page, along with competitors' products,"[1106] that circumstance was not enough to place the unlikelihood of confusion into dispute; rather, "the issue is not whether the marks are identical but whether consumers are likely to be confused as to the source of the goods returned in the search results."[1107] Based on the conceptual and commercial weakness of the plaintiff's mark,[1108] the absence of any documented actual confusion,[1109] the "relatively expensive" prices of the competitive watches and sophistication of their purchasers,[1110] and convincing expert witness testimony proffered by the plaintiff,[1111] summary judgment in Amazon.com's favor was appropriate.[1112]

Id. at 1004. Of this showing, the court remarked that "[e]ven assuming that the three instances cited by [the plaintiff] constitute some evidence of actual confusion, we agree with the district court's assessment that a handful of instances over the ten years in which DoubleTap was in the market constitute de minimis evidence of a likelihood of confusion." *Id.*

1102. *Id.* at 1006-07 (footnote omitted).

1103. *Id.* at 1007.

1104. *See, e.g.*, Action Ink, Inc. v. Anheuser-Busch, Inc., 959 F. Supp. 2d 934, 943-47 (E.D. La. 2013) (confusion unlikely as a matter of law between use of THE ULTIMATE FAN for contests between sports fans and ULTIMATE FAN EXPERIENCE for football-themed promotion campaign for beer), *aff'd*, 576 F. App'x 321 (5th Cir. 2014).

1105. *See* Multi Time Mach., Inc. v. Amazon.com, Inc., 926 F. Supp. 2d 1130 (C.D. Cal. 2013).

1106. *Id.* at 1138.

1107. *Id.*

1108. *Id.* at 1139-40.

1109. *Id.* at 1140-41.

1110. *Id.* at 1141.

1111. The court interpreted the expert's testimony as "suggest[ing] that consumers may be confused about why they receive certain search results." *Id.* at 1142. It then discounted that testimony on the ground that:

> [The expert] did not conduct a study to determine whether users of Amazon are likely to be confused as to source. Absent such a study, the evidence [the expert] presents is relevant to show that consumers may be confused about how the site functions, but it does not indicate that they are confused as to the source of the products. A consumer could, for instance, puzzle over why [a] search query [for the plaintiff's mark]

Summary judgment of nonliability also was entered by a Georgia federal district court in a case in which the counterclaim plaintiffs owned the EVOLUTION mark for fibers used in the manufacture of artificial turf and objected to the counterclaim defendants' use of REVOLUTION for artificial turf sold to athletic facilities.[1113] The counterclaim plaintiffs' mark was covered by an incontestable registration and therefore was presumed strong under Eleventh Circuit law,[1114] but the court found that the presumption could not survive the counterclaim defendants' showing that, "[w]ith trivial exceptions, the [counterclaim plaintiffs'] product had not been advertised or promoted."[1115] Likewise, although "[t]he difference between 'Evolution' and 'Revolution' is only a single letter, and the words are pronounced similarly,"[1116] that consideration was outweighed by the court's conclusion that the parties' goods were sold to "sophisticated purchasers of technical products who are not likely to be deceived by the similar sound of two very different words."[1117] Citing to the counterclaim defendants' use of the slogan, "It's not evolution, it's Revolution,"[1118] the court determined that they had not acted in bad faith: "[I]t makes no sense to think that the [counterclaim defendants] were trying to get [their] customers to think that they were getting the Evolution product that [the lead counterclaim defendant] was saying was defective."[1119] Finally, the summary judgment record demonstrated to the court's satisfaction that the parties sold their goods to different purchasers and that "the evidence of actual confusion is de minimis."[1120]

A different group of defendants also successfully pursued a finding of noninfringement as a matter of law under an application of the Eleventh Circuit's likelihood-of-confusion factors, this one by a Florida federal district court.[1121] The plaintiffs were Michael

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> produced a results page listing ten watches but none of them with [that] brand without also being confused as to the source of the watches presented on the results page. [The expert's] report goes only to the first issue.

Id.

1112. *Id.*

1113. *See* FieldTurf USA Inc. v. TenCate Thiolon Middle E., LLC, 945 F. Supp. 2d 1379 (N.D. Ga. 2013).

1114. *See* Dieter v. B & H Indus., 880 F.2d 322, 329 (11th Cir. 1989).

1115. *FieldTurf*, 945 F. Supp. 2d at 1390.

1116. *Id.*

1117. *Id.*

1118. *Quoted in id.*

1119. *Id.*

1120. *Id.*

1121. *See* MPS Entm't, LLC v. Abercrombie & Fitch Stores, Inc., 110 U.S.P.Q.2d 1287 (S.D. Fla. 2013).

Sorrentino, a star of the reality television show *The Jersey Shore*, and a company controlled by him, whose mark was THE SITUATION for entertainment services.[1122] They challenged the use of THE FITCHUATION for clothing by a group of defendants associated with retailer Abercrombie & Fitch but came up short. Although the strength of the plaintiff's mark weighed in favor of a finding of liability,[1123] the court determined that there was no material dispute that: (1) the parties' marks were "visually and phonetically" different;[1124] (2) the defendant's apparel was dissimilar to the plaintiffs' entertainment services;[1125] (3) the parties targeted different consumers through different distribution channels;[1126] (4) "the only similarity in the advertising channels used by the parties is their maintenance of websites on the Internet,"[1127] and "[t]he similarity would dispel rather than cause confusion . . . , because the websites are separate and distinct, suggesting completely unrelated business entities";[1128] (5) the defendants' intent had been to parody the plaintiffs' mark, rather than to confuse consumers;[1129] and (6) there was an absence of evidence of actual confusion.[1130] Under these circumstances, the defendants' motion for summary judgment was well-founded.[1131]

A different Florida district court also applied the Eleventh Circuit's likelihood-of-confusion factors to grant a defense motion for summary judgment.[1132] The marks at issue were IT'S A 10 and MIRACLE LEAVE IN PRODUCTS, on the plaintiff's side, and 10 PL+US and LEAVE IN TREATMENT on the defendant's; each party sold hair-care products under its respective marks. At an earlier stage in the parties' dispute, the defendant had used packaging similar to that of the plaintiff, as well as the same MIRACLE LEAVE IN PRODUCTS mark, but its redesign of that packaging and its modification of the mark made all the difference in the world as far as the court was concerned. According to its reading of the summary judgment record, "Defendant's alterations

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1122. The plaintiffs also asserted rights to their mark in connection with apparel, but the court determined that the defendants had priority of rights as to those goods. *See id.* at 1293-94.

1123. *Id.* at 1294-95.

1124. *Id.* at 1295.

1125. *Id.*

1126. *Id.* at 1295-96.

1127. *Id.* at 1296.

1128. *Id.* (quoting Tana v. Dantanna's, 611 F.3d 767, 778 (11th Cir. 2010)) (internal quotation marks omitted).

1129. *Id.* at 1296-97.

1130. *Id.* at 1297-98.

1131. *Id.* at 1298.

1132. *See* It's a 10, Inc. v. Beauty Elite Grp., 110 U.S.P.Q.2d 1116 (S.D. Fla. 2013).

to its product's packaging do not imply an intent to copy Plaintiff's marks, but instead an intent to *differentiate* its product from Plaintiff's."[1133] If that were not enough evidence in the defendant's favor, the court then faulted the plaintiff for having failed to adduce evidence of actual confusion.[1134] In the final analysis, it held, "[t]aking together the distinctive appearance and use of each party's marks, the lack of evidence of actual confusion, Defendant's apparent intent to differentiate [its new packaging], and the remaining likelihood of confusion factors, the Court determines that no reasonable jury could find a likelihood of confusion . . . ."[1135] Moreover, much the same analysis resulted in the defendant prevailing as a matter of law on the plaintiff's trade dress claims as well.[1136]

In a case before a California federal district court, it was the Ninth Circuit's likelihood-of-confusion factors that led to a finding of noninfringement as a matter of law.[1137] The plaintiff's mark was STONEFIRE GRILL, registered for, and used in connection with, a seven-store chain of restaurants, while the defendant's mark was STONEFIRE AUTHENTIC FLATBREADS for a line of flatbreads. Although acknowledging that likelihood of confusion was a fact-intensive inquiry,[1138] the court concluded that the plaintiff had failed to place the proper resolution of that inquiry into dispute, whether the plaintiff's claims were examined under a forward- or a reverse-confusion rubric. The weakness of the plaintiff's mark favored the defendant in the former context, as did the strength of the defendant's mark in the latter context.[1139] The degree of competitive proximity between the parties' goods and services also favored the defendant, for, as the court explained, "[h]ere, both parties do not even sell goods. Plaintiff provides restaurant services to its customers, while Defendant sells a food product at retail. Plaintiff has not shown anything more."[1140] Because "[m]ultiple courts have found that the presence of a common word does not render two marks similar where additional words make the marks distinctive," the mark-similarity factor similarly weighed in the defendant's favor,[1141] as did the de minimis nature of the plaintiff's evidence of actual confusion.[1142] The plaintiff's

1133. *Id.* at 1124.

1134. *Id.*

1135. *Id.*

1136. *Id.* at 1125.

1137. *See* Stonefire Grill, Inc. v. FGF Brands, Inc., 987 F. Supp. 2d 1023 (C.D. Cal. 2013).

1138. *Id.* at 1047.

1139. *Id.*

1140. *Id.* at 1050.

1141. *Id.* at 1052.

1142. On this point, the court concluded that:

troubles did not end there: Instead, the court found that "[i]t is undisputed that Plaintiff's and Defendant's products are not encountered together in the marketplace and do not rely on the same methods of marketing, distribution, or sale,"[1143] that "there is no evidence that [the defendant] intended to deceive consumers by adopting the word 'stonefire' as part of its brand name,"[1144] and that "Plaintiff has failed to adduce any evidence of steps it has taken or plans it has made that concretely demonstrate it is capable of creating, developing, and distributing a food product in retail stores."[1145] Because "Plaintiff has failed to provide 'sufficient evidence to permit a rational trier of fact to find that confusion is "probable," and not "merely possible,"'"[1146] summary judgment of noninfringement was appropriate.

An application of the Third Circuit's likelihood-of-confusion factors proved to be the downfall of the owner of the EVERLINA & LAURICE and LAURICE marks for perfume and related personal-care items in her suit against a junior user of the LAURICE & CO. mark for perfume.[1147] The court concluded that the factor of mark similarity weighed in the defendants' favor because of differences between the parties' presentations of their respective marks in the marketplace,[1148] as well as differences in the marks' pronunciation,[1149] and things did not improve for the plaintiff from there. Instead, the court found there was no material dispute that her marks were conceptually and commercially weak,[1150] that the summary judgment record contained "no rebuttal evidence suggesting that consumers do not use a high level of care and

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> The eight examples of potential consumer confusion in the record do not support a finding that any appreciable number of consumers is confused by the two marks. Given that the two marks have existed in the market together for over two years and [the defendant's flatbread] is available in 22,000 stores, a handful of examples of anecdotal confusion are insufficient to support a finding of actual confusion.

Id. at 1053-54.

1143. *Id.* at 1055.

1144. *Id.* at 1056.

1145. *Id.*

1146. *Id.* at 1057 (quoting M2 Software, Inc. v. Madacy Entm't, 421 F.3d 1073, 1085 (9th Cir. 2005)).

1147. *See* Harp v. Rahme, 984 F. Supp. 2d 398 (E.D. Pa. 2013).

1148. As the court observed on this issue:

> [T]he record compels that Defendants' use of the mark "Laurice & Co." is dissimilar from Plaintiff's use of the "Everlina & Laurice" and "Laurice" marks. First, the visual appearance of Defendants' mark is distinct, as it appears in a small typeface, located on the back or bottom of Defendants' products. By contrast, Plaintiff's trademarks appear prominently on Plaintiff's products and generally are featured in large, at times cursive, type.

Id. at 412 (footnote omitted) (citations omitted).

1149. *Id.*

1150. *Id.* at 413-15.

attention in purchasing Defendants' goods,"[1151] that "the parties have simultaneously used their respective marks for seventeen years without incidents of actual consumer confusion,"[1152] that the defendants had not acted in bad faith,[1153] that the parties employed dissimilar marketing and advertising channels to target dissimilar customers,[1154] and that the parties' business were unlikely to converge.[1155] Although the court credited the plaintiff's showing of a "possible association between the parties' products in the minds of consumers,"[1156] that consideration failed to place the unlikelihood of confusion between the parties' marks into dispute.[1157]

Finally, Nike, Inc. successfully defeated forward- and reverse-confusion claims through a successful motion for summary judgment.[1158] That company's opponent owned a federal registration of the FUEL mark for various items of clothing, while Nike sold an electronic wristband designed to track physical metrics under the NIKE + FUELBRAND mark, as well as promotional T-shirts bearing the word "fuel" as part of longer phrases. As to forward confusion, the plaintiff successfully established that its mark was suggestive, but that did not result in a finding of mark strength; rather, Nike's showing of third-party registrations of "fuel" marks and the "non-party use of 'Fuel' depicted in Internet printouts in connection with apparel products" prevented the mark from being conceptually strong,[1159] while the same considerations and the plaintiff's limited sales and advertising figures rendered it weak from a commercial perspective.[1160] Differences in the presentations of the parties' marks also favored Nike's position, as did differences in the parties' goods,[1161] the distinguishable channels of distribution used by the parties,[1162] the absence of any evidence that Nike had acted

1151. *Id.* at 416; *see also id.* at 417-18 (rejecting plaintiff's proffered testimony of misdirected mail on ground that "[e]ven if Plaintiff provided actual evidence that she received misdirected mail intended for the Defendants due to public confusion between the parties' marks, this evidence would be insufficient, on the scale alleged, to prove a pattern of actual confusion").

1152. *Id.* at 416.

1153. *Id.* at 416-17.

1154. *Id.* at 418-19.

1155. *Id.* at 419-20.

1156. *Id.* at 419.

1157. *Id.* at 420.

1158. *See* Fuel Clothing Co. v. Nike, Inc., 7 F. Supp. 3d 594 (D.S.C. 2014).

1159. *Id.* at 612.

1160. *Id.* at 613-15.

1161. On this issue, the court concluded that Nike's electronic devices were distinguishable from the plaintiff's apparel and that Nike's use of its mark on T-shirts was limited to the promotion of the devices. *Id.* at 617-18.

1162. *Id.* at 618-19.

in bad faith,[1163] and the de minimis nature of the plaintiff's evidence of actual confusion (which, in any case, was limited to individuals familiar with the plaintiff's mark).[1164] On these facts, the parties' use of similar advertising media did not place Nike's entitlement to summary judgment into dispute.[1165]

The court next turned to the plaintiff's claim of reverse confusion. Its analysis of that issue did not begin in promising fashion from the plaintiff's perspective:

> "The essence of reverse confusion is that the more powerful junior user saturates the market with a similar trademark and overwhelms the smaller senior user." The "chief danger inherent in recognizing reverse confusion claims is that innovative junior users, who have invested heavily in promoting a particular mark, will suddenly find their use of the mark blocked by plaintiffs who have not invested in, or promoted, their own marks." Further, "an overly-vigorous use of the doctrine of reverse confusion could potentially inhibit larger companies with established marks from expanding their product lines."[1166]

Based largely on Nike's evidence of third-party use, the court rejected the plaintiff's argument that Nike's use had so saturated the market that it overwhelmed the plaintiff's mark. Specifically, because the market already was saturated with "fuel" marks, Nike's use could have no additional effect.[1167]

(vii) Opinions Finding No Likelihood of Confusion After Trial

In those circuits in which the likelihood-of-confusion inquiry is regarded as a question of fact, findings of no liability after full trials on the merits generally withstand scrutiny on appeal, and that was the result when a bench finding of noninfringement was reviewed by the Eighth Circuit.[1168] The plaintiff, a purveyor of cosmeceutical skin-care products, was the owner the LOVELYSKIN and LOVELYSKIN.COM marks, which had it registered under Section 2(f) of the Act after successfully

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1163. *Id.* at 620-21.

1164. *Id.* at 621-23. In addition to defeating the plaintiff's anecdotal evidence of actual confusion, Nike proffered survey evidence showing that no respondents had been confused by the parties' respective uses. That evidence, however, did not play a substantive role in the court's determination that there was an absence of cognizable actual confusion in the summary judgment record. *Id.* at 621.

1165. *Id.* at 619, 623-24.

1166. *Id.* at 624 (quoting Freedom Card, Inc. v. JPMorgan Chase & Co., 432 F.3d 463, 474 (3d Cir. 2005)).

1167. *Id.* at 624-25.

1168. *See* Lovely Skin, Inc. v. Ishtar Skin Care Prods., 745 F.3d 877 (8th Cir. 2014).

demonstrating the marks' acquired distinctiveness. The defendant, which used the LIVELYSKIN.COM mark in connection with the online sale of cosmetic products, defeated the plaintiff's infringement-based causes of action in a bench trial and then successfully defended that victory before the Eighth Circuit.

The appellate court proved unreceptive to the district court's finding that the plaintiff's marks were weak: Not only was it undisputed that the marks were descriptive and therefore conceptually weak, the district court's rejection of the plaintiff's showing of commercial strength, which included the plaintiff's advertising spend and sales volume, but no survey evidence or direct consumer testimony, was a permissible view of the evidence.[1169] Likewise, the district court had not erred in failing to accord dispositive significance to what it had found to be the "indisputable" similarities in the parties' marks.[1170] So too had the plaintiff's single documented instance of actual confusion—an email message mistakenly sent to the defendant, rather than to the plaintiff—properly been treated as "minimal evidence" of liability because "the [correspondent] was replying to a confirmation email that [the plaintiff] had sent her regarding her order and merely made an error in the email address of the person she was copying."[1171] Finally, the district court's finding that customers of both parties exercised great care when purchasing cosmeceutical products was not clearly erroneous, in part because of testimony from the plaintiff's own industry expert that the plaintiff's wares were "high end," "sophisticated," and "prestige" goods.[1172] All things considered, there was no basis on which to disturb the district court's finding in the defendant's favor.[1173]

Some cases produced verdicts of noninfringement that were not appealed.[1174] In one, a New York federal district court found after a five-day bench trial that the counterclaim plaintiff's SATURDAYS SURF NYC mark for men's clothing items was not infringed by the counterclaim defendant's KATE SPADE SATURDAY mark for women's clothing.[1175] The counterclaim plaintiff convinced the court that its mark was "moderately

1169. *Id.* at 888.

1170. *Quoted in id.* at 889.

1171. *Id.*

1172. *Quoted in id.*

1173. *Id.* at 890.

1174. *See, e.g.*, Reservoir, Inc. v. Truesdell, 1 F. Supp. 3d 598, 614 (S.D. Tex. 2014) (rejecting claim of trade dress infringement after bench trial based on plaintiffs' apparent failure to introduce evidence or testimony in support of claim).

1175. *See* Kate Spade LLC v. Saturdays Surf LLC, 950 F. Supp. 2d 639 (S.D.N.Y. 2013). The counterclaim plaintiff also claimed rights to the SATURDAYS SURF and SATURDAYS marks for the same goods, but the court's likelihood-of-confusion analysis did not focus on them.

strong," despite the existence of at least some third-party use of other "Saturday" marks,[1176] as well as that there were "some similarities between the marks, the most obvious of which is both parties' use of the word 'Saturday'—Kate Spade Saturday in the singular, and Saturdays Surf NYC in the plural."[1177] Apart from those considerations, however, "[t]he words the two marks do not share, 'Kate Spade' and 'Surf NYC,' are dissimilar in both sound and appearance";[1178] moreover, the marks had distinguishable appearances in the marketplace.[1179] The goods sold under the mark were equally distinguishable and sold through differing channels of distribution.[1180] Likewise, there was no evidence that the parties were likely to bridge the gap between their respective businesses,[1181] that consumers purchased their goods on an impulse basis,[1182] that the counterclaim defendant's goods were of low quality,[1183] or that the counterclaim defendant had adopted its mark in bad faith, especially because it had cleared the mark's availability with outside counsel.[1184] That left the plaintiff's showings of actual confusion in the form of clothing samples being returned to the wrong parties after photo shoots and survey evidence: The court found the former showing "inconclusive" and the latter "of limited value."[1185]

(2) The First-Sale Doctrine and Likelihood of Confusion Arising from the Diversion or Alteration of Genuine Goods

The multifactored likelihood-of-confusion test for liability is appropriate in cases in which a defendant has affixed an allegedly infringing mark to its own goods, but the utility of that test may be limited if the challenged use in question consists of the defendant's resale of genuine goods originally produced by the plaintiff. In cases involving resold genuine goods, courts therefore have long applied an alternative test for infringement, which focuses on whether those goods differ in some material way from their authorized counterparts. That test came into play in an appeal to

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1176. *Id.* at 644.

1177. *Id.*

1178. *Id.*

1179. *Id.* at 644-45.

1180. *Id.* at 645-46.

1181. *Id.* at 646.

1182. *Id.*

1183. *Id.*

1184. *Id.* at 647-48.

1185. *Id.* at 646-47. To be sure, the court also found that the results of a survey commissioned by the counterclaim defendant were not "entirely helpful either." *Id.* at 647.

the First Circuit by a defendant who had briefly made a living selling stereo components and related goods bearing the plaintiff's mark across international borders.[1186] The court began its analysis by noting its past authority to the effect that "[i]n a gray market goods case, 'a material difference between goods simultaneously sold under the same name creates a presumption of consumer confusion as a matter of law.'"[1187] It then concluded that the summary judgment record established "several" material differences between the goods exported from the United States and then sold by the defendant in Australia, on the one hand, and those sold in Australia by the plaintiff itself:

> Those differences include region coding, which will keep an American DVD player from playing Australian DVDs and vice versa; electrical power requirements, which prevent American electronics from functioning on Australian power supplies and vice versa; capabilities of the remote controls; durations of the products' warranties; and the design and functionality of the products' radio tuners.[1188]

The defendant sought to escape the significance of the plaintiff's showing by arguing that his customers were not confused at the point of sale, especially because they made their purchases over eBay and therefore understood that "in exchange for significant price savings they are not purchasing from authorized re-sellers or distributors."[1189] The court rejected that argument because "[t]he law requires only that the infringement is *likely* to cause consumer confusion, not that it actually does so,"[1190] and, additionally, because "it explains only that eBay consumers would not be confused about the identity of the sellers of the products they bought; it gives no reason to believe that they would expect the products to function differently from products sold by authorized distributors."[1191] The district court's entry of summary judgment in the plaintiff's favor therefore had been proper.[1192]

In contrast, an Arizona federal district court was more generous toward a group of defendants that had imported genuine, but diverted, goods into the United States without the consent of

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1186. *See* Bose Corp. v. Ejaz, 732 F.3d 17 (1st Cir. 2013).

1187. *Id.* at 27 (quoting Societé des Produits Nestlé, S.A. v. Casa Helvetia, Inc., 982 F.2d 633, 640 (1st Cir. 1992)).

1188. *Id.*

1189. *Quoted in id.*

1190. *Id.*

1191. *Id.*

1192. *Id.* at 28 ("In light of the presumption of consumer confusion plus [the plaintiff's] unrebutted evidence, no reasonable factfinder could conclude that [the defendant] had met his burden of showing that the sales in question were not likely to cause consumer confusion.").

the exclusive licensee of the owner of the marks appearing on the goods.[1193] After observing that "[t]he sale of gray market goods under the same trademark as . . . authorized goods is likely to cause confusion, and thereby run afoul of Section 43 of the Lanham Act, where the gray market goods differ materially from the authorized goods,"[1194] the court concluded on the parties' cross-motions for summary judgment that the plaintiff had failed to demonstrate the existence of material physical differences as a matter of law.[1195] Moreover, although there was no dispute that the warranties offered by the defendants differed from those of the plaintiff, even that consideration was not dispositive in light of efforts allegedly undertaken by the defendants to educate their customers on the differences; instead, the court held, the defendants' showing "creates a genuine issue of fact as to whether the warranty differences were material to consumers and gave rise to consumer confusion."[1196]

(3) Survey Evidence of Actual or Likely Confusion

For the most part, survey evidence of actual or likely confusion fared poorly at the hands of federal appellate courts. The Seventh Circuit took the lead in an appeal in which it affirmed the entry of a preliminary injunction based on a determination below that confusion was likely between the parties' CRACKER BARREL marks, which were used in connection with cheese in the case of the plaintiff and meats in the case of the defendant.[1197] The appellate court generally found support for that determination in the preliminary injunction record, but its agreement with the district court did not extend to its acceptance of the plaintiff's proffered survey evidence. This was due in part to the court's skepticism towards survey evidence generally:

> Consumer surveys conducted by party-hired expert witnesses are prone to bias. There is such a wide choice of survey designs, none foolproof, involving such issues as sample selection and size, presentation of the allegedly confusing products to the consumers involved in the survey, and phrasing of questions in a way that is intended to elicit the surveyor's desired response—confusion or lack thereof—from the survey respondents. Among the problems identified by the

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1193. *See* AFL Telecomms. LLC v. SurplusEQ.com Inc., 946 F. Supp. 2d 928 (D. Ariz. 2013).

1194. *Id.* at 937.

1195. *Id.*

1196. *Id.* at 938. Relying on the same considerations, however, the court denied the defendants' cross-motion for summary judgment. *Id.* at 942.

1197. *See* Kraft Foods Grp. Brands LLC v. Cracker Barrel Old Country Store, Inc., 735 F.3d 735 (7th Cir. 2013).

> academic literature are the following: when a consumer is a survey respondent, this changes the normal environment in which he or she encounters, compares, and reacts to trademarks; a survey that produces results contrary to the interest of the party that sponsored the survey may be suppressed and thus never become a part of the trial record; and the expert witnesses who conduct surveys in aid of litigation are likely to be biased in favor of the party that hired and is paying them, usually generously. All too often experts abandon objectivity and become advocates for the side that hired them.[1198]

Beyond these general observations, the court also was concerned about the methodology of the particular online survey before it. If the court's characterization of that methodology was any indication, the survey used a standard *Eveready* monadic format[1199] that exposed respondents to spiral hams sold under the defendant's mark and under another used as the control. "About a quarter" of the respondents viewing the defendant's mark answered cheese when asked whether the defendant produced goods other than ham; in contrast, "none" of the respondents exposed to the control stimulus gave the same answer.[1200] The Seventh Circuit concluded of these results that "[i]t's difficult to know what to make of this. The respondents may have assumed that a company with a logo that does not specify a particular food product doesn't make *just* sliced spiral ham. So now they have to guess what else such a company would make. Well, maybe cheese."[1201] Moreover:

> [I]t's very difficult to compare people's reactions to photographs shown to them online by a survey company to their reactions to products they are looking at in a grocery store and trying to decide whether to buy. The contexts are radically different, and the stakes much higher when actual shopping decisions have to be made (because that means parting with money), which may influence responses.[1202]

Better, the court suggested, would have been expert testimony establishing the empirical effect on the defendant's sales from physical proximity to the plaintiff's mark; alternatively, "[w]e can imagine other types of expert testimony that might be illuminating in a case such as this—testimony by experts on retail food products

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1198. *Id.* at 741 (citations omitted) (internal quotation marks omitted).

1199. *See* Union Carbide Corp. v. Ever-Ready, Inc., 531 F.2d 366 (7th Cir. 1976).

1200. *Kraft Foods*, 735 F.3d at 742.

1201. *Id.*

1202. *Id.*

about the buying habits and psychology of consumers of inexpensive food products."[1203]

The Tenth Circuit took similarly skeptical views of survey evidence in two appeals, but its skepticism was more directly grounded in methodological flaws in the particular studies at issue. The first was commissioned by the counterclaim plaintiff in a declaratory judgment action for noninfringement.[1204] The parties were direct competitors in the market for sinus irrigation products, which the counterclaim plaintiff sold under the SINU*CLEANSE* mark and the counterclaim defendant marketed under the SINUSENSE mark. In entering summary judgment of noninfringement, the district court found that the results of the counterclaim plaintiff's internet sequential array survey were devoid of probative value, and the Tenth Circuit followed suit. Among the problems identified by the appellate court were that certain questions presented respondents with standard-character format presentations of the parties' marks that omitted both the italicized letters in the counterclaim plaintiff's mark and a house mark used by the counterclaim defendant on its packaging.[1205] Another concern was that "when the survey *did* ask respondents to react to the marks as they actually appeared on product packaging, it presented the marks side by side along with the [control stimulus]," which was unjustified based on the counterclaim plaintiff's failure to establish that the three products at issue actually were sold in that manner.[1206] The court also agreed with the district court that the survey was impermissibly leading because:

> Respondents were shown only three products and were asked whether two or more of the products were made by the same company; whether two or more of the products' makers had a business affiliation; and whether one or more of the makers had received permission or approval from one of the others. They could answer yes, no, or not sure. "A survey question that begs its answer by suggesting a link between plaintiff and defendant cannot be a true indicator of the likelihood of consumer confusion."[1207]

1203. *Id.* at 743.

1204. *See* Water Pik, Inc. v. Med-Sys., Inc., 726 F.3d 1136 (10th Cir. 2013).

1205. As the court explained, "[b]y presenting the Sinu*Cleanse* mark differently from the way that it actually appears on packaging, and by failing to include the [counterclaim defendant's] 'waterpik' house mark next the SinuSense product mark, [the questions] exaggerated the similarities between the two marks, likely increasing the confusion of the respondents." *Id.* at 1146-47.

1206. *Id.* at 1147.

1207. *Id.* (quoting Scott Fetzer Co. v. House of Vacuums, Inc., 381 F.3d 477, 488 (5th Cir. 2004).

Perhaps most importantly, however, the Tenth Circuit concluded that the counterclaim plaintiff's survey expert had improperly inflated the rate of confused respondents by using calculations that were "nonsensical,"[1208] "absurd[],"[1209]and "irrelevant";[1210] indeed, the court noted, when the results were correctly tabulated, one of the questions yielded a net confusion rate of *negative* 0.5%.[1211] With the court additionally dismissing the results from a question that asked respondents to rank the degree of similarity of the marks with which they were presented,[1212] "the [counterclaim plaintiff's] survey strongly suggests an insignificant likelihood of confusion."[1213]

Although doing so in a less extensive opinion, a different panel of the Tenth Circuit also disposed of a survey placed before it for consideration, which featured closely similar methodology.[1214] The respondents to that survey were presented with three stimuli, which were packages bearing the plaintiff's mark, the defendant's mark, and a control. The respondents were then asked: (1) whether the packages were produced by the same company; (2) whether the second and third packages shown were produced by an affiliate of the producer of the first package shown; (3) whether the producers of the second and third packages shown were produced by the producer of one package had received permission from that of another; and (4) whether the producers of the second and third packages shown were unaffiliated with the producer of the first package shown or that the respondents were unsure.[1215] In holding

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1208. *Id.*

1209. *Id.*

1210. *Id.* at 1150.

1211. *Id.* at 1147.

1212. As to this question, the court held that:

> We also hold that the likelihood of confusion is not shown by the respondents' answers to Question 10. Question 10 presented respondents with three different pairs of marks at once—SinuCleanse (not stylized) and SinuSense; SinuCleanse (not stylized) and NeilMed [the control mark]; and SinuSense and NeilMed—and asked them to rate the similarity of each pair on a scale from 1 ("Not at all similar") to 7 ("Very similar"). We have already noted the problem created by not comparing the marks as they actually appear (with Sinu*Cleanse* stylized and SinuSense accompanied by the [counterclaim defendant's] house mark). But there is an even more fundamental problem. [The counterclaim plaintiff] never explained, and we have no way of knowing, whether any particular score indicates a likelihood of confusion and why. We may say that siblings look very similar yet never confuse them. All that can be drawn from the data is the unsurprising conclusion that people saw SinuCleanse and SinuSense as more similar than SinuCleanse and NeilMed or SinuSense and NeilMed. This conclusion is of little assistance in assessing whether confusion was likely.

Id. at 1150 (citations omitted).

1213. *Id.*

1214. *See* Hornady Mfg. Co. v. DoubleTap, Inc., 746 F.3d 995, 1007 (10th Cir. 2014).

1215. *Id.*

that the survey's results failed to place the unlikelihood of the parties' marks into dispute, the court observed that "[b]y suggesting the possibility that [the defendant's mark] might be connected to another brand, and limiting the candidates to [the plaintiff] and the [producer of the control stimulus], the [plaintiff's] [s]urvey risked showing confusion between [the parties' marks] when none would have arisen otherwise."[1216] That flaw necessarily "prevented the survey from eliciting responses as they might occur spontaneously in the marketplace."[1217]

Some federal district courts took similarly dim views of survey evidence of actual confusion.[1218] For example, one counterclaim plaintiff suing a larger, well-established counterclaim defendant sought to bolster its case by commissioning a *Squirt*-style[1219] sequential array survey that the court found to suffer from "several methodological flaws."[1220] The court did not identify those flaws in detail other than to note its concern about the 34 percent positive response rate among respondents exposed to the control stimuli, which the court found to raise "serious questions about the leading nature of the survey design";[1221] beyond that, "[t]he survey also excluded women, even though [the counterclaim defendant's] own position is that a portion of its sales are to women."[1222] The court was no more enthusiastic about an *Eveready* survey commissioned by the counterclaim defendant, which the court suggested failed to take into account the parties' competitive positions.[1223]

A different district court did not identify the format of a survey commissioned by a plaintiff claiming trade dress infringement, but it still found the survey's results and methodology wanting.[1224] As to the former, the court was unwilling to accept a net 15 percent positive response rate as probative

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1216. *Id.* at 1006.

1217. *Id.*

1218. *See, e.g.*, MPS Entm't, LLC v. Abercrombie & Fitch Stores, Inc., 110 U.S.P.Q.2d 1287, 1297 (S.D. Fla. 2013) (observing, in order granting defense motion for summary judgment of noninfringement, that "[t]he plaintiffs do not deny that [their proffered] survey violates fundamental principles of reliability by planting the motion of infringement through closed-end questioning without any directive not to speculate, failing to include any control whatsoever, and otherwise failing to comply with the Reference Guide on Survey Research or to case law evaluating Lanham Act surveys").

1219. *See* SquirtCo. v. Seven-Up Co., 628 F.2d 1086 (8th Cir. 1980).

1220. *See* Kate Spade LLC v. Saturdays Surf LLC, 950 F. Supp. 2d 639, 647 (S.D.N.Y. 2013).

1221. *Id.*

1222. *Id.*

1223. *Id.*

1224. *See* KIND LLC v. Clif Bar & Co., 111 U.S.P.Q.2d 1795 (S.D.N.Y. 2014).

evidence of actual confusion.[1225] And, as to the latter, the court credited testimony by a survey expert retained by the defendant that the survey lacked an adequate control: Specifically, the plaintiff claimed rights to a trade dress consisting of six elements, but the control used by its expert witness had none of those elements, which to the court meant that "the survey may have underestimated the level of noise and thus overestimated the level of actual confusion."[1226]

In contrast, at least some survey results were received more favorably. Having been sued for infringement, two manufacturers of hair-care products commissioned an *Eveready*-style survey, which yielded a low rate of confusion among respondents.[1227] Although the plaintiff successfully convinced the court that its mark was both inherently and commercially strong for purposes of the multifactored test for likely confusion, it switched gears where the defendants' survey was concerned, claiming instead that the *Eveready* format had depressed the rate of positive responses because the plaintiff's mark was not "iconically strong."[1228] To a certain extent, the court agreed, noting that "[t]he *internal search* of memory for a strong brand's schema that exists at the core of an Eveready study is . . . hostile to the general run of marks. For weak marks, an Eveready format will consistently produce negligible estimates of likelihood of confusion."[1229] Nevertheless, it ultimately held that the results of the defendants' survey were sufficient to create a factual dispute on the question of whether the defendants' use of their mark had caused actual confusion: "The [defendants' expert's] Report follows a standard, generally accepted survey format and presents a definitive finding that a negligible number of consumers were confused."[1230] The plaintiff's objections to the report at most diminished the weight of the survey's results, "and a reasonable juror would be well within his or her rights to dismiss those concerns . . . as unpersuasive."[1231]

1225. *Id.* at 1804 ("[C]onfusion rates of 15% are on the lower end of rates that courts within this Circuit have found sufficient to prove actual confusion.").

1226. *Id.*

1227. *See* Akiro LLC v. House of Cheatham, Inc., 946 F. Supp. 2d 324 (S.D.N.Y. 2013).

1228. *Id.* at 338.

1229. *Id.* (quoting Jerre B. Swann, *Likelihood of Confusion Studies and the Straightened Scope of Squirt*, 98 TMR 739, 748 (2008)) (internal quotation marks omitted).

1230. *Id.* at 339.

1231. *Id.*

For another example of a court addressing the same criticism of an *Eveready* survey but reaching a different result, at least for purposes of a defense motion for summary judgment, see *Stonefire Grill, Inc. v. FGF Brands, Inc.*, 987 F. Supp. 2d 1023, 1055 (C.D. Cal. 2013) ("Plaintiff's expert . . . disputed the method, technique, and results of the [defendant's] survey. In light of [the] objections to the survey and the manner in which it was conducted, the Court finds that the survey results are in dispute and will not consider the survey here.").

In contrast, another *Eveready* survey helped the plaintiffs commissioning it to secure a preliminary injunction.[1232] The challenged use at issue was that of a plum color in the wireless telecommunications industry. The stimulus used by the plaintiffs' survey was a photograph of one of the defendant's stores that failed to capture an exterior sign displaying the defendant's house mark, but the omission did not trouble the court in light of the prominent display in the stimulus of two other signs prominently displaying the house mark.[1233] The court also declined to credit the defendant's objection that the survey's use of the color green as a control was inappropriate because an appropriate control "should be as close to the infringing use as possible, i.e., as close as possible to plum without infringing" and, additionally, because green was used by a third-party competitor of the parties: The court concluded with respect to the first of these arguments that an infringing control would defeat the purpose of having a control in the first place,[1234] and with respect to the second, that "fewer than 10% of the respondents associated green with [the third-party] company."

(C) Liability for the Trafficking in Goods and Services Associated With Counterfeit Marks

(1) Civil Liability

Under Section 45 of the Act, a "counterfeit" mark is a "spurious mark which is identical with, or substantially indistinguishable from, a registered mark."[1235] This can be a strict

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1232. *See* T-Mobile US, Inc. v. AIO Wireless LLC, 991 F. Supp. 2d 888 (S.D. Tex. 2014).

1233. The court's treatment of this issue where the plaintiffs' survey was concerned contrasted with its treatment of responsive survey results proffered by the defendant:

> [The defendant's] survey is . . . flawed. Respondents saw an exaggerated close-up of the overhead . . . sign [featuring the defendant's house mark] and then had to scroll down more than two dozen times before they could see a complete view of the store window. The survey segmented the test stimulus: the respondents would see a large closeup of the . . . exterior sign standing alone and then have to scroll down to see the inside of the store. . . .
>
> [The defendant's expert] conceded at his deposition that overemphasizing source indicia could affect survey validity. He also conceded that not showing the stimulus in its entirety would be inappropriate. [The defendant's expert] agreed that it would inappropriate if "consumers saw in one glimpse only the overhead sign and the awning because that would not be showing the stimulus in its entirety." [The defendant's expert] himself appears to acknowledge that the survey was flawed by an incomplete, segmented, and nonrepresentative test stimulus. The evidence in the record showing segmented exposure to [the defendant's expert's] test stimulus undermines the reliability of his survey.

Id. at 924-25.

1234. *Id.* at 925.

1235. 15 U.S.C. § 1127 (2012).

standard for a plaintiff asserting that a defendant has trafficked in goods bearing counterfeit imitations of the plaintiff's mark, but civil liability for counterfeiting as a matter of law was the result in a case brought by luxury automobile manufacturer Bentley Motors.[1236] The defendants produced and installed kits intended to convert vehicles originally produced by Chrysler and Ford into imitations of Bentley's cars. The kits' (rather improbable) success in achieving this purpose, right down to their inclusion of imitations of Bentley's registered marks, led to a finding of counterfeiting as a matter of law against the kits' manufacturers: "The Court finds that the infringing kit cars in this case are indeed counterfeit Bentley products. The kit cars are identical to or substantially indistinguishable from Bentley products, and they bear marks identical to or substantially indistinguishable from protected Bentley marks."[1237]

Other civil actions for counterfeiting also bore fruit, sometimes at the pleadings stage of those actions[1238] and sometimes on the merits.[1239] They included a suit brought by The Ohio State University against a business selling print-on-demand T-shirts, as well as against the owner of that business.[1240] Weighing the parties' cross-motions for summary judgment, the court distinguished between counterfeit marks, on the one hand, and merely infringing marks, on the other, with the observation that "[i]nfringement . . . is merely one prerequisite to a finding of a counterfeit mark. . . . While infringement may well create confusion in the minds of consumers, counterfeiting is the 'passing off' of the infringing mark as the registered mark."[1241] In the case at hand, however, the distinction was moot in light of the court's subsequent determinations that no reasonable jury could find

1236. *See* Bentley Motors Ltd. Corp. v. McEntegart, 976 F. Supp. 2d 1297 (M.D. Fla. 2013).

1237. *Id.* at 1312.

1238. *See, e.g.*, Match.Com LLC v. Fiesta Catering Int'l, Inc., 108 U.S.P.Q.2d 1112, 1118-19 (E.D. Va. 2013) (declining to dismiss allegations of counterfeiting brought by owner of the MATCH.COM, MATCHWORDS, MATCH TALK, MATCH.COM PLATINUM, MY MATCH, and MATCHMOBILE marks for online dating services against user of XXXMATCH.COM and EROTICMATCH.COM marks for adult dating services).

1239. *See, e.g.*, Koch v. Greenberg, 14 F. Supp. 3d 247, 256-69 (S.D.N.Y. 2014) (declining to overturn jury verdict of fraud and unfair business practices under New York law in action brought by purchaser of wine bearing counterfeit marks); AARP v. Sycle, 991 F. Supp. 2d 224, 229-30 (D.D.C. 2013) (finding liability for counterfeiting in default judgment); Tory Burch LLC v. Partnerships & Unincorporated Ass'ns, 107 U.S.P.Q.2d 1345, 1349 (N.D. Ill. 2013) (finding liability for counterfeiting in default judgment based on plaintiff's submission of "extensive documentation showing that Defendants are selling counterfeit versions of [the plaintiff's] products and that those products are likely to cause confusion regarding the origin of Defendants' products").

1240. *See* Ohio State Univ. v. Skreened Ltd., 16 F. Supp. 3d 905 (S.D. Ohio 2014).

1241. *Id.* at 910-11 (quoting Schneider Saddlery Co. v. Best Shot Pet Prods. Int'l, LLC, No. 1:06-CV-02602, 2009 WL 864072, at *4 (N.D. Ohio Mar. 31, 2009)).

anything but that the defendants had sold T-shirts bearing identical or substantially identical reproductions of marks that the plaintiff had registered for the same goods and, additionally, that "[t]here is no evidence suggesting even a credible inference that Defendants believed they were selling genuine goods."[1242]

Summary judgment of liability similarly held in a case arising from less conventional facts.[1243] The counterclaim defendant was an organizer of automobile races while the counterclaim plaintiff was a retailer of automotive parts and, at least for a time, a sponsor of the counterclaim defendant's races. Following the end of that sponsorship, the counterclaim defendant continued to use the counterclaim plaintiff's marks to promote its races, leading the counterclaim plaintiff to assert that, among other things, the counterclaim defendant was liable for counterfeiting. In granting the counterclaim plaintiff's motion for summary judgment, the court held that "a holdover licensee's use of a formerly-licensed mark denoting a sponsorship constitutes the use of a 'counterfeit mark' . . . if and only if the incident or product alleged to be infringing occurred or was manufactured after the alleged infringer no longer had authorization to use the mark."[1244] Because there was no material dispute that the counterclaim defendant's use of the counterclaim plaintiff's marks had continued on a post-termination basis, the counterclaim defendant was liable for counterfeiting in addition to infringement.[1245]

The owner of the federally registered COMMODORE mark for computers and related goods and services also had little difficulty prevailing in a bench trial after discovering that its former corporate parent was advertising COMMODORE-branded computers on its website.[1246] The court found it unnecessary to engage in the standard likelihood-of-confusion infringement analysis on the ground that "the . . . factors 'are more geared towards comparing two distinct, albeit similar, marks.'"[1247] Instead, it held, because the defendant's uses of counterfeit imitations of the plaintiff's mark were "inherently confusing," consumer confusion, and therefore liability, could be presumed.[1248]

1242. *Id.* at 911-12. The court did, however, decline to reach a finding of liability as a matter of law with respect to one mark upon which the plaintiff relied after determining that the mark was not covered by a federal registration. *Id.* at 912.

1243. *See* All Star Racing Championship Racing, Inc. v. O'Reilly Auto. Stores, Inc., 940 F. Supp. 2d 850 (C.D. Ill. 2013).

1244. *Id.* at 866-67.

1245. *Id.* at 871.

1246. *See* C=Holdings B.V. v. Asiarim Corp., 992 F. Supp. 2d 223 (S.D.N.Y. 2013).

1247. *Id.* at 241 (quoting Ryan v. Volpone Stamp Co., 107 F. Supp. 2d 369, 400 (S.D.N.Y. 2000)).

1248. *Id.* (quoting Coach, Inc. v. Allen, No. 11 Civ. 3590(CM), 2012 WL 2952890, at *7 (S.D.N.Y. July 19, 2012)) (internal quotation marks omitted).

In contrast, the plaintiffs in other cases proved unable even to identify factual disputes on the issue of whether their adversaries had used in commerce the required spurious imitations of the plaintiffs' marks.[1249] One such plaintiff used the IT'S A 10 and MIRACLE LEAVE IN PRODUCTS marks for its hair-care products, while the marks used by the defendant for its competitive products were 10 PL+US and MIRACLE LEAVE IN TREATMENT.[1250] The court granted the defendant's motion for summary judgment on the ground that "[a] simple examination of the parties' marks establishes that no reasonable trier of fact could find them 'substantially indistinguishable.'"[1251] As it explained, "[t]he [IT'S A 10 and 10 PL+US] marks contain different words, and their text appears in different colors and different fonts. 'Miracle Leave In Treatment' and 'Miracle Leave In Products' are likewise neither identical nor substantially indistinguishable, because the marks appear in different fonts and contain different words."[1252]

(2) Criminal Liability

Some challenges to findings of criminal liability under state law for the trafficking in goods bearing counterfeit imitations failed.[1253] A California appellate court sustained a pair of convictions for counterfeiting under that state's criminal code against a series of attacks.[1254] One purely statutory argument advanced by the defendants was that, because purchasers of goods sold by the defendants knew that the trademarks appearing on the goods were counterfeit, prosecutors had failed to prove that the defendants' conduct was likely to cause confusion. Rejecting this argument, the court noted that the definition of "counterfeit mark" under state law was "a spurious mark that is identical with, or confusingly similar to, a registered mark and is used, or intended to be used, on or in connection with the same type of goods or services for which the genuine mark is registered."[1255] Because there was no dispute that the defendants' goods bore marks that

1249. *See, e.g.*, Harp v. Rahme, 984 F. Supp. 2d 398, 420 (E.D. Pa. 2013) (rejecting counterfeiting cause of action as a matter of law based on plaintiff's inability to prove mere infringement).

1250. *See* It's a 10, Inc. v. Beauty Elite Grp., Inc., 110 U.S.P.Q.2d 1116 (S.D. Fla. 2013).

1251. *Id.* at 1127.

1252. *Id.* (citation omitted).

1253. *See, e.g.*, McCree v. State, 76 A.3d 400, 408-12 (Md. Ct. Spec. App. 2013) (sustaining Maryland criminal counterfeiting statute against constitutional vagueness and overbreadth challenges), *aff'd*, No. 20, 2014 WL 7182978 (Md. Dec. 18, 2014).

1254. *See* People v. Sy, 166 Cal. Rptr. 3d 778 (Ct. App. 2014).

1255. Cal. Pen. Code § 350(e)(3) (West 2010 & Supp. 2013).

were identical to prior-registered marks, any inquiry into confusing similarity was moot.[1256]

The court then disposed of the defendants' argument that there was insufficient evidence to support their convictions because prosecutors had failed to prove that they had intended to defraud or deceive their customers. Once again, the express language of the relevant statute, which proscribed the willful manufacturing, intentional selling, or knowing possession of counterfeit marks,[1257] held the key: As the court explained, "[w]hile these mental states may suggest or encompass intent to defraud, intent to defraud is not an element of the defense."[1258] And, in response to the argument of one defendant that she lacked the scienter that *was* required by the statute, the court concluded that there was ample evidence and testimony to support the jury's decision to the contrary.[1259]

These holdings in turn set the stage for the court's conclusion that, notwithstanding the defendants' arguments to the contrary, the California code's prohibitions were not unconstitutionally vague. On that issue, the court noted that "[t]o satisfy the constitutional command, a statute must meet two basic requirements: (1) the statute must be sufficiently definite to provide adequate notice of the conduct proscribed; and (2) the statute must provide sufficiently definite guidelines for the police in order to prevent arbitrary and discriminatory enforcement."[1260] It then held that:

> [T]he [defendants] premise their vagueness claim on their assertion the statute should include intent to defraud and likelihood of consumer confusion requirements. However, they have not demonstrated the Legislature intended to include these requirements in the statute or that the Legislature was obliged to make California criminal law coextensive with federal law or civil law in this area. More to the point for this claim, they have not demonstrated inclusion of these requirements is necessary to clarify existing language as opposed to adding new language favorable to their positions. It

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1256. *Sy*, 166 Cal. Rptr. 3d at 788; *see also id.* at 790-91 (rejecting same argument in context of challenge to jury instructions).

1257. Cal. Pen. Code § 350(a).

1258. *Sy*, 166 Cal. Rptr. 3d at 789.

1259. The prosecution's showing on this issue included: (1) the argument by the defendant that all her customers knew she was selling knockoffs; (2) testimony by a family friend and customer that the defendant's goods "looked like they were the real thing"; and (3) proof that "among the items law enforcement officers seized from the [defendants'] store were bins of metal plates engraved with designer logos that could be affixed to generic purses or wallets." *Id.*

1260. *Id.* at 792 (quoting Tobe v. City of Santa Ana, 892 P.2d 1145, 1167 (Cal. 1988)) (internal quotation marks omitted).

> is the state legislature's province to define the elements of and determine the appropriate penalties for state crimes.[1261]

Finally, the court rejected a defense claim that the prosecutors had provided the jury only with copies of the federal registrations of the marks allegedly misappropriated by the defendants, rather than examples of the marks affixed to the goods for which they were registered. To the contrary, the court concluded, the jury had been "tasked with determining whether the [defendants'] merchandise bore word marks identical to registered word marks. [The defense] has not persuaded us that the jury was unable to effectively accomplish this task by comparing the word marks on the [defendants'] merchandise to certified copies of the registered word marks."[1262]

In contrast, a New York City municipal court was far less willing to take the side of prosecutors.[1263] The prosecution at issue was of an unlicensed street vendor seen by a police officer to be displaying "approximately 30 DVDs for sale."[1264] The officer confiscated the DVDs and later swore out a misdemeanor complaint reciting, among other things, that "I am informed by . . . an authorized representative of the Motion Pictures Association of America, that he has examined the DVD's [sic] recovered by the defendant and based on his experience and formal training with MPAA, he knows that the trademarks they bear are counterfeit . . . ."[1265] The court was unconvinced by this testimony:

> The arresting officer's conclusion that the . . . trademarks are counterfeit . . . is based solely on the fact that "he is informed by" the MPAA representative that the . . . marks are counterfeit. This is hearsay of the rankest order, and falls within no known hearsay exception.[1266]

The prosecution's case was not helped by the court's additional conclusion that "the MPAA representative's determination that the . . . trademarks are in fact counterfeit is not based on his own examination of the discs; it is based on what the arresting officer told him about the DVDs."[1267] This too, the court held, was "hearsay that is not covered by any exception."[1268] The court therefore declined to allow the prosecution to proceed on the ground that "what is missing here, and what is needed to go

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1261. *Id.* at 793.

1262. *Id.* at 790.

1263. *See* People v. Rivera, 987 N.Y.S.2d 570 (N.Y. Crim. Ct. 2014).

1264. *Id.* at 571.

1265. *Quoted in id.* at 572 (emphasis omitted).

1266. *Id.* at 574.

1267. *Id.*

1268. *Id.*

forward, is a first-party accusatory instrument or corroborating affidavit sworn out by someone who *both* examined the discs *and* who can himself assert that, based on his training and experience, the . . . trademarks are counterfeit."[1269]

(D) Dilution

(1) Mark Fame and Distinctiveness

To qualify for protection against likely dilution under Section 43(c) of the Lanham Act,[1270] a plaintiff's mark must have been famous prior to the introduction of the challenged use.[1271] 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."[1272] The same statute provides that:

> In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:
>
> (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.
>
> (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.
>
> (iii) The extent of actual recognition of the mark.
>
> (iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.[1273]

Not all state dilution statutes are as strict, however; on the contrary, some merely require showings that a plaintiff's mark is distinctive.[1274]

(a) Opinions Finding Mark Fame and Distinctiveness

The failure of defendants to participate in the cases against them led to some particularly generous findings of mark fame.[1275]

1269. *Id.* at 575.

1270. 15 U.S.C. § 1125(c) (2012).

1271. *Id.* § 1125(c)(1).

1272. *Id.* § 1125(c)(2)(A).

1273. *Id.* § 1125(c)(2)(A)(i)-(iv).

1274. *See, e.g.*, 165 Park Row, Inc. v. JHR Dev., LLC, 967 F. Supp. 2d 405, 417 (D. Mass. 2013) (finding that factual disputes precluded finding as a matter of law that plaintiff's mark lacked acquired distinctiveness under Maine dilution statute, Me. Rev. Stat. Ann. § 1530 (2004)).

1275. *See, e.g.*, E.A. Sween Co. v. Deli Express of Tenafly, LLC, 19 F. Supp. 3d 560, 572-74 (D.N.J. 2014) (finding DELI EXPRESS famous for "convenience food products, such as

One came in the context of an unopposed motion for summary judgment filed by the plaintiff owners of the JACK THE RAPPER mark for music convention services.[1276] The mark was unregistered, but the remaining mark-fame factors favored the plaintiffs' position:

> [The plaintiffs' predecessor] began using this alias in the late 1940s, and it has been promoted throughout the world ever since. [The predecessor] used this alias in connection with his radio programming as well as the conventions he hosted for those in the radio and music industries. This mark is widely recognized.[1277]

Other opinions reached more predictable, but apparently also uncontested, findings of mark fame.[1278] In one, luxury automobile manufacturer Bentley Motors successfully drove to a finding that its federally registered BENTLEY and stylized B marks qualified for protection under Section 43(c).[1279] Although citing to and quoting Section 43(c)(2)(A)'s statutory factors, the court engaged in a substantive discussion of only one—the existence of registrations covering Bentley's marks, from which the court found that the marks were first used in 1919 and 1957.[1280] With no additional express consideration of the record, the court concluded as a matter of law that "Bentley is a household name, and its marks are accordingly deserving of statutory protection from dilution. The Court, finding Bentley's marks to be widely recognized by the general consuming public, thus determines the fame element of Bentley's dilution claim to be satisfied."[1281]

One court proved to be similarly receptive to a claim of mark fame in the context of a motion to dismiss.[1282] The mark at issue was JAMES VAN PRAAGH, used in connection with spiritual medium services. Although it might have been a compelling candidate for a finding of niche-market fame at best at the proof stage of the case, the court credited the plaintiff's claims that his

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sandwiches, bakery products, burritos, breakfast foods, and coffee" in context of unopposed motion for entry of default judgment).

1276. *See* Bell v. Foster, 109 U.S.P.Q.2d 1249 (N.D. Ga. 2013).

1277. *Id.* at 1255 (citations omitted).

1278. *See, e.g.*, Radiance Found. v. NAACP, 25 F. Supp. 3d 865, 872-73 (E.D. Va. 2014) (noting parties' stipulation that counterclaim plaintiff's NAACP and NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE marks "are famous and strong marks" when used in connection with "community outreach, informational, and educational services activities on a range of issues of importance to the African American community").

1279. *See* Bentley Motors Ltd. Corp. v. McEntegart, 976 F. Supp. 2d 1297 (M.D. Fla. 2013).

1280. *Id.* at 1313.

1281. *Id.* (citations omitted).

1282. *See* Van Praagh v. Gratton, 993 F. Supp. 2d 293 (E.D.N.Y. 2014).

mark was registered, that it had been used for twenty years, and that, as the court summarized the plaintiff's averments, it was "recognized worldwide for the alleged psychic services [the plaintiff] provides, which involves publishing books and appearing on widely syndicated television shows and at large conferences throughout the United States."[1283] The plaintiff's federal and New York dilution claims therefore survived to fight another day.

Finally, one court found that, although the plaintiff's MOBILEYE mark for a road-safety product was as a matter of law insufficiently famous to qualify for protection under Section 43(c),[1284] that determination did not necessarily dispose of the plaintiff's claim under the New York dilution statute.[1285] As the court explained, "[u]nder [New York law], unlike federal law, the plaintiff's mark 'need not be famous or celebrated, but it must be an extremely strong mark either because of its inherently distinctive qualities or the fact that it has acquired secondary meaning.'"[1286] Because the plaintiff's mark was suggestive of the product associated with it, the defendants were not entitled to summary judgment as to this threshold requirement.[1287]

(b) Opinions Declining to Find Mark Fame and Distinctiveness

Some courts were unconvinced by claims of mark fame, including several that disposed of Section 43(c) causes of action on motions to dismiss for failure to state claims.[1288] For example, that cause of action was brought by the owners of fourteen community colleges against the operator of a website that aggregated information on the colleges.[1289] Holding that Section 43(c) was available only to "famous marks . . . that are 'almost universally recognized by the consuming public,'"[1290] the court found that the colleges' averments of mark fame failed to satisfy the stringent requirements of the statutory factors. As the court explained in granting the website operator's motion to dismiss:

1283. *Id.* at 305.

1284. *See* Mobileye, Inc. v. Picitup Corp., 928 F. Supp. 2d 759 (S.D.N.Y. 2013).

1285. N.Y. Gen. Bus. Law § 360-*l* (McKinney 1996 & Supp. 2008).

1286. *Mobileye*, 928 F. Supp. 2d at 782 (quoting Energy Intelligence Grp. v. UBS Fin. Servs., Inc., No. 08 Civ. 1497(DAB), 2009 WL 1490603, at *6 (S.D.N.Y. May 22, 2009)) (internal quotation marks omitted).

1287. *Id.*

1288. *See, e.g.*, Mike Vaughn Custom Sports, Inc. v. Piku, 15 F. Supp. 3d 735, 748-49 (E.D. Mich. 2014) (holding that plaintiff's allegations, even if taken as true, established mark fame only in niche market).

1289. *See* Boarding Sch. Review LLC v. Delta Career Educ. Corp., 108 U.S.P.Q.2d 1785 (S.D.N.Y. 2013).

1290. *Id.* at 1791 (quoting Heller Inc. v. Design Within Reach, Inc., No. 09 Civ. 1909 (JGK), 2009 WL 2486054, at *3 (S.D.N.Y. Aug. 14, 2009)).

> Defendants' general allegations that their Marks have "fostered wide renown [sic] with the trade and public" and have "great value and secondary meaning among the consuming public" are labels and conclusions not entitled to a presumption of truth. Defendants' other allegations, at best, make it plausible that their Marks are recognized within the niche market of for-profit, post-secondary schools. Allegations that Defendants own at least fourteen educational institutions, provide educational services to at least 16,000 people, have one subsidiary that has operated for more than 100 years, have invested "enormous" sums of money in marketing, provide services that are "highly sought after," and have experienced "extraordinary and longstanding sales success" do not make it plausible that Defendants' Marks are truly famous to the general consuming public of the United States.[1291]

A different claim of mark fame, this one by the owner of the PARTS.COM mark for the online retail sale of automotive parts, also failed to make it past the pleadings stage.[1292] In support of its Section 43(c) cause of action, the plaintiff averred in its complaint that its mark had been used since 1990, that it had invested a "significant amount of resources" promoting the mark "throughout the United States," and that it was the source of "over 20 million automotive replacement parts, accessories, and related automotive materials and equipment for over 40 automobile manufacturers worldwide."[1293] The court, however, found these allegations to be impermissibly conclusory, and it also declined to treat the plaintiff's claims to an inventory of twenty million parts as establishing the actual sales volume of those goods.[1294] In addition, "[e]ven if the Court were to accept that Plaintiff's development efforts imply success, the Complaint is devoid of any allegations regarding the extent of that recognition."[1295] In the final analysis, dismissal was appropriate on the ground that "[a]lthough a household-name brand like Coca-Cola likely could simply allege that it is 'famous and well-known,' Parts.com does not have this kind of consumer cachet."[1296]

A different court similarly rejected as a matter of law a claim that the IT'S A 10 and MIRACLE LEAVE IN PRODUCTS marks for hair-care products qualified for protection under Section

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1291. *Id.* at 1792 (alteration in original) (citations omitted).

1292. *See* Parts.com, LLC v. Yahoo! Inc., 996 F. Supp. 2d 933 (S.D. Cal. 2013).

1293. *Quoted in id*. at 940.

1294. *Id.* at 941.

1295. *Id.*

1296. *Id.*

43(c).[1297] Weighing the defendant's motion for summary judgment, the court observed that "[t]he threshold for a showing of fame . . . is exceptionally high"[1298] and, additionally, that "[i]t is well-established that dilution fame is difficult to prove."[1299] To meet that high standard, the plaintiff papered the summary judgment record with evidence and testimony that it had spent millions of dollars advertising its marks, that the goods sold under the marks were among the top-selling in the industry, with sales volume of over $50 million a year, and that those goods had received numerous industry awards. The court was nonplussed, holding that:

> These facts illustrate Plaintiff's laudable recent successes within the beauty and hair-care industries. They do not begin to establish, however, that Plaintiff's marks have accumulated the cultural heft to transform them from mere trademarks—even strong ones—to a household name that is instantly recognizable among the general public of the United States. The Court therefore will grant Defendant's motion for summary judgment with respect to the dilution claim.[1300]

Summary judgment of nonliability was also the outcome of a dispute in which the plaintiff asserted the rights to the MOBILEYE mark for a road-safety product.[1301] The mark was covered by a federal registration, but any mileage the plaintiff might have received from that consideration was outweighed by the testimony of its own survey expert witness that "[w]hile Mobileye is a recognizable name [among car manufacturers, fleet managers, and car rental companies], it is at this point less well-known among the general consuming public."[1302] Especially in light of the defendants' successful showing that the mark had not acquired distinctiveness (even if it was suggestive), there was no material dispute that the plaintiff's claim of mark fame was fatally deficient.[1303]

An effort to protect the registered EVERLINA LAURICE mark and the unregistered LAURICE mark, both for perfume and related products, under Section 43(c) also fell victim to a defense motion for summary judgment.[1304] In granting that motion, the court's analysis of the issue was brief and to the point:

1297. *See* It's a 10, Inc. v. Beauty Elite Grp., 110 U.S.P.Q.2d 1116 (S.D. Fla. 2013).

1298. *Id.* at 1125.

1299. *Id.* (quoting Coach Servs., Inc. v. Triumph Learning LLC, 668 F.3d 1356, 1373-76 (Fed. Cir. 2012)) (internal quotation marks omitted).

1300. *Id.*

1301. *See* Mobileye, Inc. v. Picitup Corp., 928 F. Supp. 2d 759 (S.D.N.Y. 2013).

1302. *Quoted in id.* at 782 (alterations in original).

1303. *Id.*

1304. *See* Harp v. Rahme, 984 F. Supp. 2d 398 (E.D. Pa. 2013).

> While Plaintiff has alleged that she is a "nationally known wholesaler and retailer" of perfumes and related products, she has presented no evidence on the record to demonstrate national distribution, let alone national recognition, including no evidence of the extent or geographic reach of advertising or sales, or actual consumer recognition of Plaintiff's mark. Therefore, the Court finds that Plaintiff has failed to produce sufficient evidence from which a reasonable jury could find Plaintiff's marks "famous" . . . within the meaning of [Section 43(c)]. As such, the Court will grant summary judgment in Defendants' favor . . . .[1305]

A final opinion rejecting a claim of mark fame under Section 43(c) did so in the context of a preliminary injunction motion.[1306] The mark alleged to be famous was the color magenta, which was used in the wireless telecommunications industry. Although finding that the mark had secondary meaning[1307] and, additionally, that it was strong for purposes of the likelihood-of-confusion inquiry,[1308] the court was unwilling to find that the mark was famous under Section 43(c)(2)(A). On that issue, the court faulted the plaintiffs for relying on a survey that advised respondents that "we would like to ask you some questions about companies that offer wireless or mobile phone plans or services";[1309] that comment was followed by questions similarly referring to "wireless/mobile plans or services" and "wireless mobile services or plans."[1310] According to the court, "[t]he introductory comments and the questions primed the respondents to think about color only as it related to the wireless-telecommunications industry. The survey did not test the general consuming public's association of the magenta mark with [the plaintiffs]."[1311] Moreover, and in any case, the 41.2 percent positive response rate allegedly documented by the survey "may not approach a sufficient finding to find fame in the general consuming public in the United States."[1312] Simply put, the court concluded, "[t]he magenta mark, standing alone, is not like Budweiser beer, Camel cigarettes, Barbie dolls, Nike shoes, Rolex watches, Starbucks coffee, Pepsi soda, or Burberry plaid."[1313]

1305. *Id.* at 422 (citation omitted).

1306. *See* T-Mobile US, Inc. v. AIO Wireless LLC, 991 F. Supp. 2d 888 (S.D. Tex. 2014).

1307. *Id.* at 905-13.

1308. *Id.* at 914-15.

1309. *Quoted in id.* at 930.

1310. *Quoted in id.* at 930-31.

1311. *Id.* at 931.

1312. *Id.*

1313. *Id.*

(c) Opinions Deferring Resolution of the Mark-Fame and Mark-Distinctiveness Inquiry

Because the issue of whether a particular mark has the requisite fame under Section 43(c)(2)(A) is a question of fact, defendants' attempts to have that issue resolved on motions to dismiss for failure to state a claim typically fall short of the mark; moreover, the same is true concerning challenges to the distinctiveness of marks sought to be protected under state dilution statutes that do not require showings of mark fame.[1314] For example, the owner of the GEORGE NELSON BUBBLE LAMPS and HALF NELSON TABLE LAMP marks for lamps successfully fended off such a motion by pointing to its allegation that the marks had been used for more than sixty years with "some of the most famous designs of the 20th century."[1315] Moreover, as the court noted:

> Appended to the complaint is a copy of Plaintiff's website showing images of GEORGE NELSON furnishings on the cover of Life magazine, in the 1984 World's Fair, and in the 1959 American National Exhibition in Moscow. The complaint also alleges fame through numerous awards recognizing the designs, and numerous books about the GEORGE NELSON designs. The complaint appends a copy of Defendant's website which claims "the George Nelson Bubble Lamp . . . is a tried-and-true standard of the modern vocabulary."[1316]

The defendant argued that the plaintiff's averments at most established the fame of George Nelson the designer, rather than that of the particular marks at issue, but the court was unmoved, concluding instead that "[a]lthough the designer George Nelson may have been famous, it is his designs publicized under the NELSON marks that are featured on the cover of Life magazine, not George Nelson the person."[1317]

1314. *See, e.g.*, Kaplan, Inc. v. Yun, 16 F. Supp. 3d 341, 352 (S.D.N.Y. 2014) (denying motion to dismiss claim of likely dilution under N.Y. Gen. Bus. Law § 360–*l* based on alleged lack of distinctiveness of plaintiffs' mark); George Nelson Found. v. Modernica, Inc., 12 F. Supp. 3d 635, 651 (S.D.N.Y. 2014) ("Similar to federal law, New York General Business Law § 360–*l* protects distinctive marks from dilution, but it does not "require a mark to be 'famous' for protection against dilution to apply." (quoting Starbucks Corp. v. Wolfe's Borough Coffee, Inc., 588 F.3d 97, 114 (2d Cir. 2009))).

1315. *Quoted in George Nelson Found.*, 12 F. Supp. 3d at 649.

1316. *Id.* (citations omitted).

1317. *Id.*

(2) Actual or Likely Dilution

(a) Actual or Likely Dilution by Blurring

"Dilution by blurring occurs when the association arising from a similarity between two marks impairs the distinctiveness of [a] famous mark."[1318] Section 43(c)(2)(B) of the Act provides that, when determining whether such an impairment has occurred, courts may consider the following nonexclusive factors:

> (i) The degree of similarity between the mark or trade name and the famous mark.
>
> (ii) The degree of inherent or acquired distinctiveness of the famous mark.
>
> (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.
>
> (iv) The degree of recognition of the famous mark.
>
> (v) Whether the user of the mark or trade name intended to create an association with the famous mark.
>
> (vi) Any actual association between the mark or trade name and the famous mark.[1319]

This is not to say, however, that all courts took these factors seriously over the past year. Section 43(c)(1) recognizes the possibility of liability for likely dilution, "regardless of the presence or absence of actual or likely confusion."[1320] That language is intended to preclude the phenomenon of courts from concluding, as they often have in the past, that the absence of likely confusion precludes a finding of likely dilution, but it does not necessarily resolve the issue of whether a finding of likely confusion mandates a finding of likely dilution. Addressing this issue without extended discussion, one court answered it affirmatively: Having found the defendant liable for infringement as a matter of law, it did the same with respect to the plaintiffs' claim of likely confusion, holding that "[t]he Court must consider factors similar to those assessed in the 'likelihood of confusion' analysis for the section [43(c)] claim. The Court need not reiterate the same conclusions."[1321]

Another court also found likely dilution by blurring as a matter of law without express consideration of the statutory factors, but did so using a more reasoned analysis.[1322] The

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1318. Swatch AG v. Beehive Wholesale, LLC, 739 F.3d 150, 163 (4th Cir. 2014) (internal quotation marks omitted).

1319. 15 U.S.C. § 1125(c)(2)(B)(i)-(vi) (2012).

1320. *Id.* § 1125(c)(1).

1321. Bell v. Foster, 109 U.S.P.Q.2d 1249, 1255 (N.D. Ga. 2013) (footnote omitted).

1322. *See* Bentley Motors Ltd. Corp. v. McEntegart, 976 F. Supp. 2d 1297 (M.D. Fla. 2013).

defendants tagged with liability under that holding manufactured and sold kits intended to allow the conversion of CHRYSLER- and FORD-branded automobiles into ones closely resembling those manufactured and sold by Bentley Motors, right down to the reproductions of Bentley's registered trademarks. The identity between the marks used by the parties allowed the court to avoid the issue of whether dilution was *likely*, because there was no material dispute that it was *actual*. As the court explained, "[a] plaintiff's showing that a defendant used identical marks may constitute circumstantial evidence sufficient to support a finding of dilution."[1323] Summary judgment of liability therefore was appropriate on the ground that "[i]n this case, Bentley has demonstrated the . . . Defendants' use of marks identical or virtually identical to Bentley's protected marks."[1324]

Mark identity played a role in other cases as well,[1325] including one in which the court denied a motion to dismiss a claim under Section 43(a) at the pleadings stage of the litigation.[1326] The plaintiff's claimed marks were GEORGE NELSON BUBBLE LAMPS and HALF NELSON TABLE LAMP, both for lamps, and, as summarized by the court, the gravamen of the plaintiff's Section 43(a) claim was that "the defendant's mark is identical to the plaintiff's mark, and is presented in the same context, appurtenant to furnishings designed by [the plaintiff's predecessor,] George Nelson."[1327] Beyond that, the plaintiff's complaint alleged that confusion was likely to arise from the sale of the defendant's unlicensed goods next to goods bearing licensed uses of the plaintiff's mark, and, additionally, that the defendant's website claimed that it was "the official site for the George Nelson Bubble Lamp Collection."[1328] Invoking the Supreme Court's dictum in *Moseley v. V Secret Catalogue, Inc.*,[1329] that the use by a defendant of a mark identical to that of the plaintiff could be circumstantial evidence of actual (let alone likely) dilution,[1330] the court concluded that "the complaint is certainly sufficient if it meets a higher standard than the statute requires."[1331]

1323. *Id.* at 1314.

1324. *Id.*

1325. *See, e.g.*, E.A. Sween Co. v. Deli Express of Tenafly, LLC, 19 F. Supp. 3d 560, 574 (D.N.J. 2014) (entering default judgment of liability based in part on plaintiff's allegations of mark identity).

1326. *See* George Nelson Found. v. Modernica, Inc., 12 F. Supp. 3d 635 (S.D.N.Y. 2014).

1327. *Id.* at 650.

1328. *Quoted in id.* at 651.

1329. 537 U.S. 418 (2003).

1330. *Id.* at 434.

1331. *George Nelson Found.*, 12 F. Supp. 3d at 651. Having reached this conclusion, the court held that the parties' uses had the substantial similarity required for liability under

In another case, in which the marks sought to be protected included the word "twilight" and were used in connection with a variety of goods and services associated with the *Twilight* motion picture franchise, it was a motion for summary judgment filed by the user of the TWILIGHT WOODS and TWILIGHT CRUSH marks for personal-care products that failed to produce a finding of no likelihood of dilution as a matter of law.[1332] Proceeding through the statutory factors one by one, the court determined with respect to the first that, because both parties' marks included the word "twilight," "a reasonable jury could find that [the parties'] marks are to some degree similar."[1333] Likewise, the conceptual and commercial strength of the counterclaim plaintiff's marks also weighed in its favor,[1334] as did the counterclaim defendant's ill-advised reliance on evidence of third-party use outside the United States to establish the nonexclusivity of the counterclaim plaintiff's marks,[1335] the counterclaim plaintiff's submission of ratings reports "establishing strong public recognition of the *Twilight* Motion Pictures,"[1336] evidence that the counterclaim defendant had attempted to associate itself with the counterclaim plaintiff's marks,[1337] and the possible existence of actual confusion, which the court found supported "a potential finding of actual association" between the parties' marks.[1338]

These findings and rulings in favor of plaintiffs, however, were not representative of the outcome of all likelihood-of-dilution-by-blurring inquiries. On the other side of the ledger, the Fourth Circuit held in an application of Section 43(c) that:

> To succeed on a dilution claim, the plaintiff must show that 1) it owns a famous, distinctive mark, 2) the defendant uses an allegedly diluting mark in commerce, 3) an association arose from the similarity of the marks, and 4) the association is likely to impair the distinctiveness of the famous mark.[1339]

It then affirmed a finding as a matter of law below that the owner of the SWATCH mark for watches had failed to carry its burden of persuasion under the fourth prong of the test in a suit against a

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the New York dilution statute. *See id.* (citing N.Y. Gen. Bus. Law § 360-l (McKinney 1996 & Supp. 2008)).

1332. *See* Bath & Body Works Brand Mgmt., Inc. v. Summit Entm't, LLC, 7 F. Supp. 3d 385 (S.D.N.Y. 2014).

1333. *Id.* at 400.

1334. *Id.*

1335. *Id.*

1336. *Id.*

1337. *Id.*

1338. *Id.* at 400-01.

1339. Swatch AG v. Beehive Wholesale, LLC, 739 F.3d 150, 163 (4th Cir. 2014).

junior user of the SWAP mark for competitive goods, albeit without extended discussion of the appellate record.[1340]

An Illinois federal district court was no more receptive to a Section 43(c) claim, at least on the counterclaim plaintiff's motion for summary judgment.[1341] The counterclaim plaintiff's mark was LAND O LAKES, which it used in connection with butter and other dairy products, while the counterclaim defendants used the same mark for fishing tackle. There was no material dispute that the first four statutory factors favored a finding of liability in light of the counterclaim plaintiff's showings that the parties' marks were identical, that the counterclaim plaintiff's mark had "achieved broad customer recognition, which supports a finding of distinctiveness," and that any third-party use of similar marks was limited.[1342] Nevertheless, the court was unwilling to find as a matter of law that the fifth statutory factor necessarily favored the counterclaim plaintiff despite the lead counterclaim defendant's admission "that he adopted [his] mark with full knowledge of [the counterclaim plaintiff's] prior use and with full knowledge that consumers mentally associated the two marks";[1343] that admission, the court concluded, "merely creates an issue of fact as to [the counterclaim defendants'] true intent, which the court cannot resolve on a motion for summary judgment."[1344] Likewise, the court declined to give dispositive effect under the sixth factor to the counterclaim defendants' showing of actual confusion in support of their affirmative claim of infringement on the ground that "[a] reasonable trier of fact could conclude that, although consumers are likely to *think* of Land O' Lakes butter when they hear of Land O' Lakes tackle, that association is not likely to *impair* the distinctiveness of the LAND O LAKES mark."[1345] Judicial skepticism extended to claims of actual or likely dilution under state law. An application of the Florida dilution statute[1346] yielded the following test for dilution by blurring:

> To prevail on a trademark dilution claim, the plaintiffs must plead and prove . . . : "1) the plaintiffs' mark is famous; 2) the defendants used the plaintiffs' mark after the plaintiffs' mark became famous; 3) the defendants' use was commercial and in commerce; and 4) the defendants' use of the plaintiffs' mark has likely caused dilution." Under Florida law, the plaintiff

1340. *Id.*

1341. *See* Hugunin v. Land O'Lakes, Inc., 110 U.S.P.Q.2d 1404 (N.D. Ill. 2014).

1342. *Id.* at 1409.

1343. *Id.*

1344. *Id.*

1345. *Id.*

1346. Fla. Stat. § 495.151 (2010).

> must also produce proof that the use of a trademark decreases the plaintiff's commercial value.[1347]

The precise test for liability ultimately did not matter, however, as the plaintiffs invoking the statute failed to respond to a defense motion for summary judgment by identifying any evidence or testimony that the defendants' use either was likely to cause dilution or that it decreased the commercial value of the defendants' mark.[1348]

Claims of likely dilution under the New York dilution statute[1349] similarly foundered for various reasons,[1350] including the requirement under that legislation that the parties' marks be substantially similar.[1351] According to one court applying this rule, "[t]he substantial similarity test requires more than the familiar test of similarity used in the traditional infringement context. Marks must at least be similar enough that a substantial segment of the target group of customers sees the two marks as essentially the same."[1352] The parties' marks were MISS JESSIE'S and AUNT JACKIE'S, both for hair-care products: Because they were insufficiently substantially similar as far as the court was concerned, the court granted the defendants' motion for summary judgment as to the plaintiff's claim of likely dilution.[1353]

(b) Actual or Likely Dilution by Tarnishment

The National Association for the Advancement of Colored People successfully pursued a likely-dilution-by-tarnishment theory under Section 43(c) against a non-profit organization and its founder after they initiated a declaratory judgment action for nonliability.[1354] The plaintiffs, which purported to "educate[] the

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1347. MPS Entm't, LLC v. Abercrombie & Fitch Stores, Inc., 110 U.S.P.Q.2d 1287, 1301 (S.D. Fla. 2013) (quoting Z Prods., Inc. v. SNR Prods., Inc., No. No. 8:10–CV–966–T–23MAP, 2011 WL 3754693, at *5 (M.D. Fla. Aug. 18, 2011) (quoting RainBird Corp. v. Taylor, 665 F. Supp. 2d 1258, 1266-67 (N.D. Fla. 2009))) (internal quotation marks omitted).

1348. *Id.*

1349. N.Y. Gen. Bus. Law § 360-*l* (McKinney 1996 & Supp. 2008).

1350. *See, e.g.*, Boarding Sch. Review LLC v. Delta Career Educ. Corp., 108 U.S.P.Q.2d 1785, 1793 (S.D.N.Y. 2013) (dismissing allegations of likely dilution by blurring and by tarnishment for failure to state a claim).

1351. *See, e.g.*, Mobileye, Inc. v. Picitup Corp., 928 F. Supp. 2d 759, 782 (S.D.N.Y. 2013) (granting defense motion for summary judgment on ground that parties' MOBILEYE and IONROAD marks "are at best weakly similar, and thus are far from being so similar that any consumer will view them 'as essentially the same'" (quoting Miss Universe, L.P. v. Villegas, 672 F. Supp. 2d 575, 595–96 (S.D.N.Y. 2009)).

1352. Akiro LLC v. House of Cheatham, Inc., 946 F. Supp. 2d 324, 342 (S.D.N.Y. 2013) (quoting *Mobileye*, 928 F. Supp. 2d at 782) (internal quotation marks omitted).

1353. *Id.*

1354. *See* Radiance Found. v. NAACP, 25 F. Supp. 3d 865 (E.D. Va. 2014).

public about social issues from a Christian perspective,"[1355] were critical of what they perceived to be the NAACP's position on reproductive rights, and, as part of their activism on the subject, they used the phrase "National Association for the Abortion of Colored People" in a variety of contexts. Although the political nature of the plaintiffs' commentary might have qualified their conduct for the "exclusions" from liability of Section 43(c)(3),[1356] the court's finding after a full trial on the merits that the NAACP had not, in fact, taken the position attributed to it by the plaintiffs tipped the balance in its favor:

> The NAACP has established by a preponderance of the evidence that [the plaintiffs] [have] engaged in conduct that constitutes dilution by tarnishment because [the plaintiffs'] use of "National Association for the Abortion of Colored People" is likely to harm the reputation of the "NAACP" and "National Association for the Advancement of Colored People" marks as it insinuates a stance of abortion that the NAACP has deliberately avoided.[1357]

This finding was supported by survey evidence showing that "there is a net dilution by tarnishment of 37% based on responses of those surveyed who construed 'National Association for the Abortion of Colored People' as suggesting that the NAACP Marks are associated with a mission of actively promoting abortion on a racially motivated basis."[1358]

Two Texas federal district courts applied the now-superseded Texas dilution statute[1359] to claims of likely dilution by tarnishment. The first court entered summary judgment of liability with the explanation that:

> Plaintiff . . . points to evidence that Defendant's websites and internet advertisements characterize Plaintiff's products as "knock offs" and "clones" and refer to Plaintiff as a thief that "stole an American Legend" as clear evidence that Defendant's use of the Mark tarnished the good will and reputation

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1355. *Id.* at 871.

1356. 15 U.S.C. § 1125(c)(3) (2012).

1357. *Radiance Found.*, 25 F. Supp. 3d at 880.

1358. *Id.* at 895.

The court summarized the NAACP's survey evidence in the following manner:

> [The NAACP's expert witness] calculated the net dilution by tarnishment. In the dilution branch of the survey, 42% of respondents said that the term "National Association for the Abortion of Colored People" caused them to think of the real NAACP. Only 5% volunteered, on an unaided basis, that they perceived that term to be a parody or criticism. Subtracting the 5% from the 42%, [the expert] calculated a 37% net dilution by tarnishment.

Id. at 895 n.64.

1359. Tex. Bus. & Com. Code § 16.29 (2007).

> Plaintiff and its predecessors worked to build through use of the Mark . . . .[1360]

The second court produced a split decision where the plaintiffs' claim of likely dilution by tarnishment was concerned.[1361] The plaintiffs operated a bar in Houston, while the defendants operated similar establishments under identical (or at least virtually identical) marks in Austin and near a suburban Houston community known as The Woodlands. In a bench trial, the plaintiff proved to the court's satisfaction that there were fistfights at the defendants' Woodlands location and that there had been "deaths caused by two separate car crash incidents involving drunk patrons leaving [that location] or nearby establishments."[1362] That showing was enough to establish a likelihood of tarnishment with respect to the marks used by the defendants at their Woodlands location,[1363] but the plaintiffs came up short where the defendants' Austin location was concerned: Their proof as to that location was limited to the defendants' policy of serving customers as young as eighteen years old, which the court found was "not likely to dilute [the plaintiffs'] reputation in the minds of what [the plaintiffs] claimed was an older, more sophisticated clientele in Houston."[1364]

(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.[1365] 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.[1366]

(1) In Rem Actions

The decline in reported opinions addressing in rem actions under the ACPA continued, and, indeed, there was only one such opinion over the past year.[1367] The defendants in the action

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1360. S & H Indus. v. Selander, 932 F. Supp. 2d 754, 764 (N.D. Tex. 2013).

1361. *See* Reservoir, Inc. v. Truesdell, 1 F. Supp. 3d 598 (S.D. Tex. 2014).

1362. *Id.* at 615.

1363. *Id.*

1364. *Id.*

1365. 15 U.S.C. § 1125(d) (2012).

1366. *See id.* § 1114(2)(D)(v).

1367. *See* Montblanc-Simplo GmbH v. montblancpensale.org, 297 F.R.D. 242 (E.D. Va. 2014).

producing that opinion were eleven domain names that were based in varying degrees on the plaintiff's federally registered MONTBLANC mark for various goods, including fountain pens, ball point pens, and mechanical pencils. Having been served with the plaintiff's complaint via e-mail and air mail and, additionally, having received notice of the action via publication in *The Washington Times*, the defendant domain names failed to respond, and no intervenors appeared to represent their interests.

Not surprisingly, the plaintiff moved the court for entry of a default judgment. That motion was referred to a federal magistrate judge, who found it to be well-taken, and the district court adopted the magistrate's report and recommendation without revisions. The resulting order held that the plaintiff's complaint adequately averred the necessary prerequisites for a finding of liability under the ACPA, including the requirement that the registration of the domain names had been motivated by a bad-faith intent to profit. That conclusion was merited by the plaintiff's allegations that the entities or individuals behind the domain names had indeed profited by their sale of goods bearing counterfeit imitations of the plaintiff's marks on websites associated with the domain names, as well as that the domain names had been warehoused and that the registrants had provided inaccurate contact information.[1368] Because the plaintiff's complaint additionally averred that the use of the domain names was likely to cause confusion and to tarnish the distinctiveness of the plaintiff's mark, a default judgment was appropriate.[1369]

(2) In Personam Actions

Courts differed on the extent to which in personam causes of action under the ACPA were proper subjects of motions to dismiss for failure to state a claim. One court took a particularly aggressive approach in disposing of such a claim:

> The plaintiffs have pointed to only three lines of conclusory allegations that the defendants registered a "confusingly similar" domain name "with the bad faith intent to profit" and "with full knowledge of Plaintiffs' exclusive rights in the [disputed] mark." No other allegations in the Amended Complaint give rise to an inference of "bad faith intent to profit" specifically from the infringing domain name. The allegation that the defendants infringed the plaintiffs' trademark in registering and using a confusingly similar domain name, in and of itself, is insufficient to establish the "bad faith intent to profit" under the ACPA. As another court

1368. *Id.* at 246-47.

1369. *Id.* at 247-48.

> in this District has explained, "[t]he ACPA is not an all-purpose tool designed to allow the holders of distinctive marks the opportunity to acquire any domain name confusingly similar to their marks."
>
> Therefore, the plaintiffs' cybersquatting claim must be dismissed, because the allegations in the Complaint regarding the defendants' use of the domain name simply show another aspect of the alleged trademark infringement, rather than an attempt to profit specifically from "squatting" on the domain name with bad faith. These allegations do not suggest that defendants "perpetrated the core activities that threaten to result in the paradigmatic harm that the ACPA was enacted to eradicate," that is, "the proliferation of cybersquatting-the Internet version of a land grab."[1370]

A motion to dismiss for failure to state a claim also led to the disposal of a claim of reverse domain name hijacking under Section 43(d)[1371] grounded in the plaintiff's unsuccessful pursuit of a generic top-level *domain*, rather than either party's use and registration of a *domain name*.[1372] The domain at issue was *.delmonte*, which the plaintiff had sought to register with the Internet Corporation for Assigned Names and Numbers (ICANN) based on its ownership of a South African registration of the DEL MONTE mark for fruit, vegetables, and related goods, as well as its status as a licensee of the same mark for related services. The defendant, which owned the rights to the DEL MONTE mark for competitive goods in other jurisdictions, successfully challenged the plaintiff's application under ICANN's Legal Rights Objection (LRO) mechanism, and the plaintiff sought judicial review of that adverse determination under the ACPA; according to the court's summary of the plaintiff's ACPA claim, "[a]ssuming that Plaintiff's reading of [Section 43(d)] is correct, a decree by the Court that Plaintiff's application for [the *.delmonte* domain] is in compliance with the ACPA would allow this Court to issue injunctive relief, such as by ordering Defendant to withdraw its LRO."[1373]

The court granted the defendant's motion to dismiss the plaintiff's complaint for failure to state a claim. For purposes of the defendant's motion, the court considered the domain at issue to be a domain name for purposes of the ACPA, but the plaintiff's luck

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1370. Kaplan, Inc. v. Yun, 16 F. Supp. 3d 341, 1350-51 (S.D.N.Y 2014) (alterations in original) (citations omitted) (quoting Gioconda Law Grp. v. Kenzie, 941 F. Supp. 2d 424, 437 (S.D.N.Y. 2013); Lewittes v. Cohen, No. 03 Civ. 189, 2004 WL 1171261, at *8 (S.D.N.Y. May 26, 2004)) (citations omitted) (internal quotation marks omitted).

1371. 15 U.S.C. § 1125(d) (2012).

1372. *See* Del Monte Int'l GmbH v. Del Monte Corp., 995 F. Supp. 2d 1107 (C.D. Cal. 2014).

1373. *Id.* at 1116.

ran out at that point. The problem with the plaintiff's case, the court concluded, was that the remedial provisions of Section 43(d)(2)(D)(v),[1374] which authorizes appeals in cases of reverse domain name hijacking, cover "situations in which a domain name registrant has been found to be a cybersquatter by an administrative panel of a registrar, registry, or other domain name authority."[1375] This meant that, because the plaintiff had never actually secured a registration of its applied-for domain, it had no basis for invoking the statute:

> The Court finds that Plaintiff has not "registered" the <.delmonte> gTLD. Plaintiff alleges that it entered into a contract with ICANN by submitting its application for the <.delmonte> gTLD. But even so, ICANN never "made a record of" the <.delmonte> gTLD in the root zone because it sustained Defendant's LRO. "Registration" in the gTLD context requires ICANN to actually delegate <.delmonte> into the root zone and thereby make a record of the domain into the Domain Name System. No such event occurred here as Defendant's LRO successfully prevented ICANN from delegating <.delmonte>. Unlike the mechanical second level registration system, the gTLD application process does not immediately and automatically delegate a gTLD into the root zone upon application. Instead, an application must survive several discrete steps, including any filed objections, in order to reach the delegation stage.[1376]

This circumstance led to another fatal deficiency of the plaintiff's mark, which was that the adverse ICANN determination did not, and could not, represent a finding that the plaintiff had trafficked in or used the domain in question. The result was that, as a matter of law, the plaintiff could not be liable for violating the ACPA, which in turn meant that Section 43(d)(2)(D)(v)'s appellate mechanism was unavailable.[1377] The plaintiff's complaint was therefore without merit for this reason as well.[1378]

Motions to dismiss were not the only procedural mechanisms to be used successfully by defendants at the pleadings stage of the cases against them: On the contrary, one individual defendant successfully escaped liability through a motion for judgment on the pleadings.[1379] There was no dispute between the parties that the defendant had used a domain privacy service to register a

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1374. 15 U.S.C. § 1114(d)(2)(D)(v) (2012).

1375. *Del Monte Int'l*, 995 F. Supp. 2d at 1122.

1376. *Id.* at 1122-23 (alteration omitted) (citations omitted).

1377. *Id.* at 1123-24.

1378. *Id.* at 1124.

1379. *See* Gioconda Law Grp. v. Kenzie, 941 F. Supp. 2d 424 (S.D.N.Y. 2013).

deliberate misspelling of the plaintiff's service mark. The parties' pleadings, however, established that the defendant had redirected consumers falling victim to the misspelling to the plaintiff's website, that he had registered the domain name with the goal of researching a little-known e-mail vulnerability, and that he had offered to transfer it to the plaintiff rather than attempted to sell it.[1380] In concluding that the defendant was entitled to prevail as a matter of law, the court found that the undisputed fame and distinctiveness of the plaintiff's mark weighed in the plaintiff's favor, as did the fact that the defendant had registered predictable misspellings of other marks.[1381] Nevertheless, because "[t]he ACPA is not an all-purpose tool designed to allow the holders of distinctive marks to acquire any domain name confusingly similar to their marks,"[1382] the court could not find on the basis of the facts averred in the plaintiff's complaint—presumptively true as they might be—that the defendant was liable for cybersquatting.[1383]

Not all allegations of cybersquatting failed at the pleadings stage, however.[1384] For example, Harper Lee, author of *To Kill a Mockingbird*, successfully defeated a motion to dismiss her allegations of cybersquatting against a museum dedicated to that book, which had registered *tokillamockingbird.com*.[1385] The defendant's moving papers did not seriously question the adequacy of Lee's averments of a bad-faith intent to profit from the domain name's registration; instead, they sought to contest those averments on the merits. The court held the motion to be fatally defective, observing that:

> The complaint includes a section entitled "defendant's bad faith" and covering almost three pages. The defendant complains that it is "at a loss" as to how these allegations reflect bad faith. This is not an assertion that the complaint fails plausibly to allege a bad faith intent to profit from the plaintiff's mark; even if it were, complaining of being "at a loss" does not place any burden on the Court or the plaintiff to respond.[1386]

Cases that made it past the pleadings stage produced similarly divergent outcomes. For example, some plaintiffs secured findings

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1380. *Id.* at 436.

1381. *Id.*

1382. *Id.* at 437.

1383. *Id.* at 437-38.

1384. *See* Xereas v. Heiss, 933 F. Supp. 2d 1, 14-17 (D.D.C. 2013) (holding that plaintiff had sufficiently stated claim for cybersquatting based on allegations that defendants had re-registered domain names with required bad-faith intent to profit).

1385. *See* Lee v. Monroe County Heritage Museum, Inc., 109 U.S.P.Q.2d 1863 (S.D. Ala. 2014).

1386. *Id.* at 1868 (citations omitted).

of liability on the merits.[1387] They included the owner of the A'HIA mark for herbal tobacco substitutes, which successfully pursued a motion for summary judgment against a defendant who had purchased the defendant's goods before registering the *ahiabuds.com* and *ahiabud.com* domain names and selling competitive goods at a website associated with those domain names.[1388] The court easily determined that "[t]here is no dispute of material fact as to the first element of plaintiff's ACPA claim here—defendant has adopted multiple domain names that are identical or confusingly similar to plaintiff's protected A'hia mark."[1389] That was not the only undisputed material fact, however, for, as the court also found:

> Defendant's use of the mark was commercial in character, and he sought to attract consumers to his website by using plaintiff's "A'hia" mark in the website's domain name. His very purpose, as he admits in his declaration, was to compete with plaintiff. The difficulty is that defendant did so by co-opting plaintiff's trademark for use in his new website's domain name. Plaintiff has also offered undisputed evidence that the potential diversion of consumers to defendant's website would harm its goodwill in the marketplace.[1390]

Summary judgment in the plaintiff's favor followed.[1391]

In contrast, it was a defense motion for summary judgment that bore fruit in a different case.[1392] As the court explained, the defendants' mere knowledge of the plaintiff's prior use of a mark corresponding to a disputed domain name registered by the defendants did not necessarily mean that the defendants acted in bad faith when registering the domain name. Rather, "Plaintiff's conclusory accusations that Defendants fraudulently registered [the domain name] and engaged in cybersquatting because Defendants knew Plaintiff used [its mark] does not create a genuine issue of material fact . . . ."[1393]

1387. *See, e.g.*, Tory Burch LLC v. Partnerships & Unincorporated Ass'ns, 107 U.S.P.Q.2d 1345, 1350-51 (N.D. Ill. 2013) (entering default judgment of liability on ground that "[n]early every factor from the statute that is relevant in this case weighs in favor of a finding that the Defendants acted in bad faith").

1388. *See* Int'l Oddities v. Record, 109 U.S.P.Q.2d 1373 (C.D. Cal. 2013).

1389. *Id.* at 1383 (internal quotation marks omitted).

1390. *Id.*

1391. *Id.*

1392. *See* Box Acquisitions, LLC v. Box Packaging Prods., LLC, 32 F. Supp. 3d 927 (N.D. Ill. 2014).

1393. *Id.* at 940.

b. Passing Off and Reverse Passing Off

In *Dastar Corp. v. Twentieth Century Fox Film Corp.*,[1394] the Supreme Court adopted a restrictive interpretation of Section 43(a)(1)(A) of the Act,[1395] 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.[1396] In doing so, however, the Court expressly acknowledged in dictum that Section 43(a)(1)(B)[1397] 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 her or another person's goods, services, or commercial activities."[1398] As the Court explained, a false designation of origin in violation of Section 43(a)(1)(A) was one thing, but a misrepresentation of the inherent nature of goods and services was another.[1399]

Dastar was successfully invoked by defendants in several contexts,[1400] with Michigan being a particular relative hotbed of litigation over the significance of that case.[1401] For example, one federal district court opinion from that state captured both the letter and spirit of the Supreme Court's holding in a dispute in which the plaintiff sought relief against the defendants' alleged copying of various pieces of hockey equipment.[1402] As the court summarized one of the plaintiff's causes of action, "[w]hat the plaintiff has alleged is that defendants violated [Section 43(a)(1)(A)] by manufacturing products that the plaintiff designed

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1394. 539 U.S. 23 (2003).

1395. 15 U.S.C. § 1125(a)(1)(A) (2012).

1396. *Dastar*, 539 U.S. at 31 ("That claim would undoubtedly be sustained if [the defendant] had bought some of [the plaintiff's] videotapes and merely repackaged them as its own.").

1397. *Id.* § 1125(a)(1)(B).

1398. *Id.*

1399. *See Dastar*, 539 U.S. at 38.

1400. *See, e.g.*, Logan Developers, Inc. v. Heritage Bldgs., Inc., 108 U.S.P.Q.2d 1523, 1526-29 (E.D.N.C. 2013) (dismissing reverse passing off claim grounded in defendant's failure to attribute authorship of architectural plans to plaintiff); Enzo Biochem, Inc. v. Amersham PLC, 981 F. Supp. 2d 217, 228 (S.D.N.Y. 2013) (granting defense motion for summary judgment in action brought by plaintiffs claiming to be "the author of the *concepts* embodied" in the goods sold by the defendants); Seoul Laser Dieboard Sys. Co. v. Serviform, S.R.L., 957 F. Supp. 1189, 1199-1200 (S.D. Cal. 2013) (dismissing Section 43(a) claim grounded in defendants' sale of machines embodying patents owned by plaintiff).

1401. *See, e.g.*, Masck v. Sports Illustrated, 110 U.S.P.Q.2d 1591, 1594-95 (E.D. Mich. 2014) (granting motion to dismiss reverse passing off cause of action grounded in defendants' alleged failure to credit photojournalist as source of photographs used in defendants' magazine).

1402. *See* Mike Vaughn Custom Sports, Inc. v. Piku, 15 F. Supp. 3d 735 (E.D. Mich. 2014).

and calling them their own."[1403] That allegation failed to state a claim on which relief could be granted because "[t]he phrase "origin of goods" in the Lanham Act 'refers to the producer of the tangible goods that are offered for sale, and not the to [sic] author of any idea, concept, or communication embodied in those goods.'"[1404] The plaintiff's Section 43(a)(1)(B) cause of action was similarly deficient: "The thrust of the plaintiff's allegations is that the defendant marketed and sold products under [its] label that the plaintiff actually designed. '[F]alse attribution of the authorship of an invention or innovation is not an actionable false advertisement under § 43(a) [(1)(B)] of the Lanham Act.'"[1405] Nevertheless, one aspect of the plaintiff's claims under Section 43(a) survived the defendants' motion to dismiss, which was the plaintiff's averments that the defendants had removed the plaintiff's mark from goods produced by the plaintiff and substituted their own mark. In denying the motion as to those averments, the court noted that they were "sufficient to state a false designation of origin claim. 'Few are the cases demonstrating a more obvious and imminent likelihood of confusion.'"[1406]

As that partial holding demonstrated, not all invocations of *Dastar* rebounded to the benefit of defendants.[1407] In one case in which a *Dastar*-based motion to dismiss came up short, the plaintiff produced karaoke accompaniment tracks containing copyrighted music for which the plaintiff had secured licenses.[1408] The plaintiff's complaint alleged that the defendants, karaoke jockeys, had "media-shifted" the plaintiff's tracks to alternative media and then had used the shifted tracks in their shows. The gravamen of the plaintiff's Lanham Act claims was that the defendants had displayed the plaintiff's registered marks in song booklets and other publications distributed to participants in their shows. In holding that the plaintiff had sufficiently stated trademark-based claims on which relief could be granted, the court observed that:

> The holding of *Dastar* is inapposite here, as [Plaintiff] has not alleged that Defendants engaged in the "uncredited copying of [an] uncopyrighted work." The underlying musical

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1403. *Id.* at 751.

1404. *Id.* (quoting *Dastar*, 539 U.S. at 37).

1405. *Id.* at 750 (second and third alterations in original) (quoting Robert Bosch LLC v. Pylon Mfg. Corp., 632 F. Supp. 2d 362, 366-67 (D. Del. 2009)).

1406. *Id.* at 751 (quoting Johnson v. Jones, 149 F.3d 494, 503 (6th Cir. 1998)).

1407. *See, e.g.*, Craigslist Inc. v. 2Taps Inc., 942 F. Supp. 2d 962, 977-80 (N.D. Cal. 2013) (denying *Dastar*-based motion to dismiss on ground that plaintiff's cause of action sounded in passing off, rather than reverse passing off).

1408. *See* Slep-Tone Entm't Corp. v. Coyne, No. 13 C 2298, 2014 WL 1848735 (N.D. Ill. May 8, 2014).

> works that [Plaintiff] modified and repackaged into accompaniment tracks are duly copyrighted, and [Plaintiff] does not allege that Defendants failed to credit the original musicians and composers. Rather, [Plaintiff] challenges Defendants' copying and usage of the [Plaintiff's] mark without obtaining the requisite authorization from [Plaintiff].[1409]

In a second case in which *Dastar* ultimately was held to be inapposite, the plaintiffs were publishers of textbooks and accused the defendant not only of copyright infringement but also of falsely representing to the trade that the defendant's texts were equivalent to those of the plaintiffs and had been authorized by the plaintiffs.[1410] Distinguishing the Supreme Court's earlier decision while rejecting a defense bid for dismissal of these allegations for failure to state a claim, the court explained "[t]he [*Dastar*] Court's holding . . . addressed only the applicability of section 43(a)(1)(A) to reverse passing off claims, which occurs when a producer misrepresents someone else's goods as his or her goods. [The plaintiff in that case] did not assert a claim under section 43(a)(1)(B), the false advertising prong of the Lanham Act."[1411] The court then concluded that:

> Plaintiffs' complaint goes beyond a simple allegation of copying. Contrary to Defendant's argument, Plaintiffs' Lanham Act claims are not clearly duplicative because they are not based solely on alleged copying [of Plaintiffs' texts]. Here, Plaintiffs have pleaded that Defendant falsely represented that it offers a digital version of Plaintiffs' textbooks or something equivalent. As such, Plaintiffs have alleged a misrepresentation and therefore have stated a claim under section 43(a)(1)(B).[1412]

A similar analysis led to a similar result in litigation presenting allegations that the defendant had copied the alleged trade dress of a series of "hangman" word game books.[1413] Citing *Dastar*, the defendant moved to dismiss the plaintiff's Section 43(a) cause of action, but it did so unsuccessfully. In denying the motion, the court held that *Dastar* "does not bar plaintiffs from concurrently alleging violations of more than one category of intellectual property law. Rather, 'courts have consistently held that a product's different qualities can be protected simultaneously, or successively, by more than one of the statutory

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1409. *Id.* at *8 (quoting *Dastar*, 539 U.S. at 29).

1410. *See* Pearson Educ., Inc. v. Boundless Learning, Inc., 919 F. Supp. 2d 434 (S.D.N.Y. 2013).

1411. *Id.* at 438.

1412. *Id.* at 438-39.

1413. *See* Ward v. Andrews McMeel Publ'g, LLC, 963 F. Supp. 2d 222 (S.D.N.Y. 2013).

means for protection of intellectual property.'"[1414] At least in theory, therefore, "trade dress infringement claims are not duplicative of copyright claims and allow plaintiffs to assert both causes of action simultaneously."[1415]

Independent of the applicability or inapplicability of Section 43(a), a panel of the California Court of Appeal addressed the prerequisites for a finding of passing off under the common law and statutory law[1416] of that state.[1417] The plaintiff in the case before that court was an "attorney joint advertising group" that prominently featured the telephone numbers 213-636-3636, 714-636-3636, and 1-800-636-3636 in its advertising and promotional materials. The gravamen of the plaintiff's claim of reverse passing off was that, as summarized by the court, the defendants had "obtained the rights to several telephone numbers incorporating the '636-3636' string, including those in the 949, 626, 818, 310, and 661 area codes"; when callers confused by the similarity of the parties' respective numbers called the defendants' numbers seeking legal representation by affiliates of the plaintiff, the defendants allegedly did not inform the callers of their mistake but instead passed themselves off as one of those affiliates.[1418]

The court addressed the sufficiency of those allegations in the context of the defendants' appeal from the entry of a default judgment against them. The defendants argued that they were entitled to have the default set aside because the plaintiff's unfair competition causes of action failed to state claims on which relief could be based. The court disagreed, holding as an initial matter that "[a]lthough the term 'unfair competition' applies to several types of misconduct, the tort of unfair competition pertinent here is the act of 'passing off' one's goods as those of another."[1419] Under the court's reading of the relevant case law, a finding of passing off was appropriate if a defendant had engaged in the misleading or deceptive use of a term associated with the plaintiff's business; the court then defined the required association as secondary meaning.[1420] Because the plaintiff's complaint adequately alleged

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1414. *Id.* at 236 (quoting Kohler Co. v. Moen Inc., 12 F.3d 632, 638 (7th Cir. 1993)).

1415. *Id.* In practice, however, the plaintiff's cause of action was dismissed in light of its failure to include sufficient recitations of nonfunctionality in its complaint. *See id.* at 238.

1416. *See* Cal. Bus. & Prof'l Code § 17200 (2008).

1417. *See* Los Defensores, Inc. v. Gomez, 166 Cal. Rptr. 3d 899 (Ct. App. 2014).

1418. *Id.* at 905.

1419. *Id.* at 912 (citation omitted) (internal quotation marks omitted).

1420. *Id.* at 934.

In thus holding that secondary meaning is a prerequisite for a finding of passing off, the court defined the tort in a way that rendered it largely indistinguishable from a standard infringement claim. That approach, however, is inconsistent with the court's later observation that:

that its numbers had secondary meaning, and, additionally, that the defendants had failed to disclose to callers seeking the plaintiff that they were unaffiliated with the plaintiff, the complaint adequately stated a cause of action for passing off,[1421] even if it did not aver that the plaintiff had an ownership stake in the numbers used by the defendants.[1422]

c. False Advertising

False- advertising litigation under Section 43(a) was enlivened by the Supreme Court's holding in *POM Wonderful LLC v. Coca-Cola Co.*[1423] that compliance with Food and Drug Administration regulations governing the informational content of beverage labels will not necessarily immunize the label against a Section 43(a)-based challenge[1424] and its reformulation of the test for standing in *Lexmark Int'l, Inc. v. Static Control Components, Inc.*[1425] Outside of the issues addressed by those opinions, however, the standard for liability applied by many courts outside the Second Circuit (and occasional ones within it) remained much the same under Section 43(a)(1)(B) of the Act as it has in recent memory. Under that test, a plaintiff must prove:

> (1) the defendant made a false or misleading description of fact or representation of fact in a commercial advertisement about his own or another's product; (2) the misrepresentation is material, in that it is likely to influence the purchasing decision; (3) the misrepresentation actually deceives or has the

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> As our Supreme Court has explained, an unfair competition claim "'does not depend on the ownership by the plaintiffs of any particular word, phrase, or device, as a trademark. . . . The right of action in such a case arises from the fraudulent purpose and conduct of the defendant and the injury caused to the plaintiffs thereby, and it exists independently of the law regulating trademarks or of the ownership of such trademark by the plaintiffs. The gist of such an action is not the appropriation and use of another's trademark, but the fraudulent injury to and appropriation of another's trade.'"

Id. at 915 (alteration in original) (quoting Modesto Creamery v. Stanislaus Creamery Co., 142 P. 845, 846 (Cal. 1914) (quoting Banzhaf v. Chase, 88 P. 704, 705 (Cal 1907))).

1421. *Id.* at 936.

1422. On this issue, the court held that:

> [The defendants] contend the unfair competition claim is premised on the "flawed theory" that [the plaintiff] has rights of ownership or control over [the defendants'] own telephone numbers. We disagree. [The plaintiff's] claim is predicated not on its ownership or control of phone numbers containing the pertinent numerical string, but on its right to prevent deceptive conduct aimed at consumers by exploiting the numerical string after it has acquired a secondary meaning.

Id. at 936-37.

1423. 134 S. Ct. 2228 (2014).

1424. That decision is addressed at *infra* notes 2662-83 and accompanying text.

1425. 134 S. Ct. 1377 (2014). *Lexmark* is addressed at *infra* notes 2337-47 and accompanying text.

> tendency to deceive a substantial segment of its audience; (4) the defendant placed the false or misleading statement in interstate commerce; and (5) the plaintiff has been or is likely to be injured as a result of the misrepresentation, either by direct diversion of sales or by a lessening of goodwill associated with its products.[1426]

Federal courts within the Second Circuit applied an alternative two-part test for liability: "To state a claim for false advertising under the Lanham Act, the plaintiffs must allege either that the challenged advertisement is literally false or that the advertisement, while not literally false, is nevertheless likely to mislead or confuse consumers.[1427]

1426. Imagine Medispa, LLC v. Transformations, Inc., 999 F. Supp. 2d 873, 880-81 (S.D. W. Va. 2014) (quoting PBM Prods., LLC v. Mead Johnson & Co., 639 F.3d 111, 120 (4th Cir. 2011) (quoting Scotts Co. v. United Indus., 315 F.3d 264, 272 (4th Cir. 2002))); *see also* Wells Fargo & Co. v. ABD Ins. & Fin. Servs., Inc., 758 F.3d 1069, 1071 (9th Cir. 2014); Mike Vaughn Custom Sports, Inc. v. Piku, 15 F. Supp. 3d 735, 750 (E.D. Mich. 2014); United States *ex rel.* Knisely v. Cintas Corp., 298 F.R.D. 229, 241-42 (E.D. Pa. 2014); C=Holdings B.V. v. Asiarim Corp., 992 F. Supp. 2d 223, 242 (S.D.N.Y. 2013); AARP v. Sycle, 991 F. Supp. 2d 224, 229 (D.D.C. 2013); Veve v. Corporan, 977 F. Supp. 2d 93, 103 (D.P.R. 2013); Bentley Motors Ltd. Corp. v. McEntegart, 976 F. Supp. 2d 1297, 1319 (M.D. Fla. 2013); Select Comfort Corp. v. Tempur Sealy Int'l, Inc., 988 F. Supp. 2d 1047, 1052 (D. Minn. 2013); Alpha Pro Tech, Inc. v. VWR Int'l LLC, 984 F. Supp. 2d 425, 451 (E.D. Pa. 2013); AvePoint, Inc. v. Power Tools, Inc., 981 F. Supp. 2d 496, 519 (W.D. Va. 2013); Alzheimer's Disease Resource Ctr. v. Alzheimer's Disease & Related Disorders Ass'n, 981 F. Supp. 2d 153, 161 (E.D.N.Y. 2013); TracFone Wireless, Inc. v. Washington, 978 F. Supp. 2d 1225, 1233 (M.D. Fla. 2013); Eastman Chem. Co. v. Plastipure, Inc., 969 F. Supp. 2d 657, 760 (W.D. Tex. 2013), *aff'd*, 775 F.3d 230 (5th Cir. 2014); Orchard Supply Hardware LLC v. Home Depot USA, Inc., 967 F. Supp. 2d 1347, 1365 (N.D. Cal. 2013); Dyson, Inc. v. Bissell Homecare, Inc., 951 F. Supp. 2d 1009, 1028 (N.D. Ill. 2013); Metro. Regional Info. Sys., Inc. v. Am. Home Realty Network, Inc., 948 F. Supp. 2d 538, 552 (D. Md. 2013); AFL Telecomms. LLC v. SurplusEQ.com Inc., 946 F. Supp. 2d 928, 939 (D. Ariz. 2013); Global Traffic Techs., LLC v. Emtrac Sys., Inc., 946 F. Supp. 2d 884, 907 (D. Minn. 2013); FieldTurf USA Inc. v. TenCate Thiolon Middle E., LLC, 945 F. Supp. 2d 1379, 1385 (N.D. Ga. 2013); M-Edge Accessories LLC v. Amazon.com Inc., 107 U.S.P.Q.2d 1886, 1891 (D. Md. 2013); S & H Indus. v. Selander, 932 F. Supp. 2d 754, 762 (N.D. Tex. 2013); *In re* Chi. Newspaper Liquidation Corp., 490 B.R. 487, 497 (Bankr. D. Del. 2013). For an opinion applying a substantively identical six-factor test, see *Kwan Software Eng'g, Inc. v. Foray Techs., LLC*, 110 U.S.P.Q.2d 1637, 1640 (N.D. Cal. 2014) ("To succeed on a claim of false advertising under the Lanham Act, the plaintiff must show that: (1) the defendant made a false statement either about its own or another's product; (2) in a commercial advertisement; (3) that deceived or had the tendency to deceive a substantial segment of its audience; (4) that the deception was material, in that it was likely to influence the purchasing decision; (5) that the defendant caused its false statement to enter interstate commerce; and (6) plaintiff has been or is likely to be injured as a result of the false statement, either by direct diversion of sales from itself to the defendant, or by a lessening of the goodwill associated with plaintiff's product."); *accord* Seoul Laser Dieboard Sys. Co. v. ServiForm, S.R.L., 957 F. Supp. 2d 1189, 1200 (S.D. Cal. 2013).

1427. Kaplan, Inc. v. Yun, 16 F. Supp. 3d 341, 350 (S.D.N.Y. 2014) (internal quotation marks omitted); *accord* Mobileye, Inc. v. Picitup Corp., 928 F. Supp. 2d 759, 774 (S.D.N.Y. 2013).

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 subject matter of the plaintiff's cause of action is mere puffery. Holding that "[p]uffery is an exaggeration or overstatement expressed in broad, vague, and commendatory language,"[1428] one court addressed that issue in an action challenging the defendants' claims to be "West Virginia's Lowest Price Weight Loss and Skin Care Clinic" and to have the "Lowest Prices in WV!"[1429] The court determined that the defendants' representations were mere puffery, and therefore dismissed the plaintiffs' complaint for failure to state a claim. As it explained, "[t]he statements at issue here . . . do not refer to any specific services or products and draw no direct comparison to [the plaintiffs] or any other competitor. Rather, both statements are broad, vague, exaggerations or boasts on which no reasonable consumer would rely."[1430]

A different finding of puffery as a matter of law was occasioned by a defense motion for summary judgment in a dispute between participants in the artificial turf industry in which the counterclaim defendants claimed to use the "most natural looking fiber" on the market.[1431] In holding that claim to be nonactionable, the court noted that "'[p]uffing' is exaggerated advertising, blustering, and boasting upon which no reasonable buyer would rely . . . ."[1432] In response to the counterclaim defendants' motion, the counterclaim plaintiffs pointed to expert witness testimony that turf fiber could appear more natural if it minimized gloss and scattered light reflection. That expert, however, had admitted in deposition testimony the impossibility of proving whether any one fiber type was more natural looking than any other. A finding of puffing as a matter of law followed.[1433]

A different court addressing claims of puffery reached a split decision.[1434] Those claims arose in the unusual context of a *qui tam*

1428. Imagine Medispa, LLC v. Transformations, Inc., 999 F. Supp. 2d 873, 881 (S.D. W. Va. 2014) (quoting Castol, Inc. v. Pennzoil Co., 987 F.2d 939, 945 (3d Cir. 1993)) (internal quotation marks omitted).

1429. *Quoted in id*. at 878.

1430. *Id.*

1431. *Quoted in* FieldTurf USA Inc. v. TenCate Thiolon Middle E., LLC, 945 F. Supp. 2d 1379, 1387 (N.D. Ga. 2013).

1432. *Id.* (quoting Atlanta Allergy & Asthma Clinic, P.A. v. Allergy & Asthma of Atlanta, LLC, 685 F. Supp. 2d 1360, 1380 (N.D. Ga. 2010)) (internal quotation marks omitted).

1433. *Id.*

1434. *See* United States *ex rel.* Knisely v. Cintas Corp., 298 F.R.D. 229 (E.D. Pa. 2014).

suit brought by a relator in the document-shredding industry against another industry participant that provided competitive services to the federal government. The relator's complaint alleged two misstatements by the defendant, the first of which was that the defendant shredded documents "by pierce [and] tear method to meet the highest (DIN Level 6) security standards," with DIN Level 6 being the National Security Agency's standard for shredding top-secret documents into pieces smaller than those achievable using the pierce-and-tear method.[1435] In denying the defendant's motion to dismiss the relator's claim as to that statement, the court commented that "[h]ad [the defendant] claimed only to offer the 'highest' security standard, that general claim of superiority would have been puffery."[1436] The problem from the defendant's perspective was that "a claim that is both specific and measurable, as here, is one that may be tested and is therefore actionable under the Lanham Act even if it does not invoke a direct comparison to a competitor."[1437]

Although the court therefore declined to dismiss the relator's claim as to the defendant's DIN Level 6-related representations, the defendant's motion to dismiss was not a total loss. Indeed, to the contrary, the motion succeeded in knocking out an additional basis of the relator's allegations of false advertising, which was that the defendant had inaccurately claimed to reduce documents to "unidentifiable confetti" to comply with "regulatory requirements."[1438] In contrast to the defendant's reference to the fixed and definite DIN Level 6 standard, its use of "regulatory requirements" was too "vague and undefined" to be actionable.[1439]

Like puffery, mere opinions also do not qualify as actionable statements of fact.[1440] Two plaintiffs learning this lesson the hard way were Michael Sorrentino, star of the reality show *The Jersey Shore*, and a company he controlled.[1441] After Sorrentino appeared on the show wearing Abercrombie & Fitch's clothing, the retailer offered him $10,000 never to do it again and publicized its offer with a press release reading in part as follows: "We are deeply concerned that Mr. Sorrentino's association with our brand could cause significant damage to our image. We understand that the

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1435. *Quoted in id.* at 243 (alteration in original).

1436. *Id.*

1437. *Id.*

1438. *Quoted in id.*

1439. *Id.*

1440. *See, e.g.*, Metro. Regional Info. Sys., Inc. v. Am. Home Realty Network, Inc., 948 F. Supp. 2d 538, 554-555 (D. Md. 2013) (holding as a matter of law that lead counterclaim defendant's representations that various materials qualified for copyright protection constituted nonactionable legal opinions).

1441. *See* MPS Entm't, LLC v, Abercrombie & Fitch Stores, Inc., 110 U.S.P.Q.2d 1287 (S.D. Fla. 2013).

show is for entertainment purposes, but believe this association is contrary to the aspirational nature of our brand, and may be distressing to many of our fans."[1442] Sorrentino and his company asserted a false-advertising claim against two Abercrombie & Fitch entities, only to lose on a defense motion for summary judgment. According to the court, "[w]hether the challenged statement is one of actionable fact or non-actionable opinion is essential to any false advertising claim under the Lanham Act. . . . The plaintiffs base their false advertising claim on statements of opinion that cannot be proved true or false . . . ."[1443]

(B) Actionable Commercial Advertising and Promotion

(1) Opinions Finding Actionable Commercial Advertising and Promotion

An Arizona federal district court applied the standard Ninth Circuit test for identifying actionable advertising and promotion.[1444] "To constitute a statement made in a commercial advertisement," the court held, "the statement must be":

> (1) commercial speech; (2) by the defendant who is in commercial competition with the plaintiff; (3) for the purpose of influencing consumers to buy defendant's goods and services. While the representations need not be made in a "classic advertising campaign," but may consist instead of more informal types of "promotion," the representations (4) must be disseminated sufficiently to the relevant purchasing public to constitute "advertising or "promotion" within that industry.[1445]

The continued viability of the second of these requirements is doubtful in light of the Supreme Court's subsequent holding in *Lexmark International, Inc. v. Static Control Components, Inc.*[1446] that direct competition between parties to a false-advertising action under Section 43(a) is not a prerequisite for liability, but, in any case, none of the four factors proved to be an obstacle to a plaintiff challenging the accuracy of statements made on the defendants' website and eBay webpage. Rather, as the court held while evaluating the parties' cross-motions for summary judgment on the issue, the statements in question "appear to constitute a

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1442. *Quoted in id.* at 1289.

1443. *Id.* at 1300.

1444. *See* AFL Telecomms. LLC v. SuplusEQ.com Inc., 946 F. Supp. 2d 928 (D. Ariz. 2013).

1445. *Id.* at 939 (quoting Newcal Indus. v. Ikon Office Solution, 513 F.3d 1038, 1054 (9th Cir. 2008) (citation omitted)).

1446. 134 S. Ct. 1377 (2014). *Lexmark* is addressed at *infra* notes 2337-47 and accompanying text.

classic advertising campaign. The speech is made for the purpose of influencing customers to purchase [the defendants' goods] and includes direct purchasing information."[1447]

Other pre-*Lexmark* opinions applied the same (possibly now obsolete) test for commercial advertising to find that defendants' conduct was actionable,[1448] including one from a Minnesota federal district court.[1449] According to the plaintiff before that court, a mattress and bed manufacturer, the defendant had "routinely" made false and disparaging statements about the plaintiff and the plaintiff's goods, including representations that: (1) customers were dissatisfied with the allegedly low quality of the plaintiff's goods; (2) the defendant had stopped carrying the plaintiff's goods because of warranty issues and customer dissatisfaction; (3) the plaintiff's mattresses developed mold; (4) the plaintiff offered only a twenty-year warranty (when, in fact, it was twenty-five years); and (5) the plaintiff's goods were made of cheap components.[1450] The plaintiff's bid for preliminary injunctive relief against this conduct was supported by promotional flyers disseminated by the defendant, as well as examples of the defendant's online advertising.

Based on that evidence, the court was in no mood to entertain the defendant's argument that the challenged statements had neither been directed to a sufficiently substantial portion of the mattress-buying public nor were they part of an organized campaign to penetrate that market. To the contrary, the court concluded, "[the plaintiff] has identified flyers and representations across a number of states."[1451] As a consequence, "[w]hile there may be millions of customers compared to the small number of examples provided in [the plaintiff's] complaint, at this phase, the geographic spread and consistency of the representations is adequate to create a reasonable inference that the statements are sufficiently widespread to constitute commercial advertising or promotion."[1452]

A New York federal district court applied a different test: "The commercial advertising or promotion element is established if 'the contested representations are part of an organized campaign to penetrate the relevant market'; '[p]roof of widespread

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1447. *AFL Telecomms.*, 946 F. Supp. 2d at 939.

1448. *See, e.g.*, M-Edge Accessories LLC v. Amazon.com Inc., 107 U.S.P.Q.2d 1886, 1892 (D. Md. 2013) (denying motion to dismiss in challenge to alleged representations by online vendor that plaintiff's products were unavailable or unauthorized for sale).

1449. *See* Select Comfort Corp. v. Tempur Sealy Int'l, Inc., 988 F. Supp. 2d 1047 (D. Minn. 2013).

1450. *Id.* at 1051.

1451. *Id.* at 1053.

1452. *Id.*

dissemination within the relevant industry is a normal concomitant of meeting this requirement.'"[1453] Following a bench trial, the court found that the defendant had advertised goods bearing counterfeit imitations of the plaintiff's marks on its website, and that was all the court needed to reach an additional finding that the defendant had engaged in commercial advertising and promotion within the meaning of Section 43(a). As it explained, "[i]t is well established that the promotion of counterfeit goods on the Internet may give rise to false advertising liability under the Lanham Act."[1454]

(2) Opinions Declining to Find Actionable Advertising and Promotion

A pair of reported opinions declined to find that defendants' conduct rose to the level of actionable advertising and promotion. One came from the D.C. Circuit in an action brought by the author of a book questioning President Obama's credentials as a natural-born citizen and his publisher against the operators of a website that posted a faux news release announcing the withdrawal of the book from the market:[1455] Among other things, the release trumpeted the alleged realizations of the lead plaintiff that his book "contains what I now believe to be factual inaccuracies" and that "I cannot in good conscience publish it and expect anyone to believe it."[1456] The plaintiffs filed suit under Section 43(a), but the district court dismissed the action for failure to state a claim under the District of Columbia's Anti-SLAPP statute. The D.C. Circuit affirmed, but without relying on the statute. According to the appellate court, "[e]very circuit court of appeals to address the scope of [the] provisions [Section 43(a)] has held that they apply only to commercial speech."[1457] And, unfortunately for the plaintiffs:

> The statements posted on the [defendants' website] cannot plausibly be viewed as commercial speech under [Sections 43(a)(1)(A) or 43(a)(1)(B)] of the Lanham Act. . . . Of course, writers and publishers publish political tracts for commercial purposes, and it is possible that the kinds of commercial methods made illegal by the Lanham Act could be applied to such tracts. The actions alleged, however, do not involve such

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1453. C=Holdings B.V. v. Asiarim Corp., 992 F. Supp. 2d 223, 242 (S.D.N.Y. 2013) (alteration in original) (quoting Fashion Boutique of Short Hills, Inc. v. Fendi USA, Inc., 314 F.3d 48, 57 (2d Cir. 2002)).

1454. *Id.* at 242-43.

1455. *See* Farah v. Esquire Magazine, 736 F.3d 528 (D.C. Cir. 2013).

1456. *Quoted in id.* at 532.

1457. *Id.* at 541.

> methods. The mere fact that the parties may compete in the marketplace of ideas is not sufficient to invoke the Lanham Act.[1458]

At the trial court level, a Maryland federal district court confronted a claim that the contents of a "guidance paper" constituted actionable commercial advertising and promotion.[1459] The litigation producing that claim was between participants in the real estate industry, who disagreed on the issue of whether the content of multiple listing services was eligible for copyright protection. The guidance paper had been prepared by the lead counterclaim defendant and, among other things, asserted that the counterclaim defendant owned valid copyrights in various MLS-related materials. Whether the guidance paper was correct on this point was irrelevant, as were the lead counterclaim defendant's representations to similar effect to the Copyright Office: Instead, neither the paper nor the representations fell within the scope of Section 43(a).[1460]

Having found after a bench trial that a defendant did not own a portfolio of marks and registrations at issue in the case before it, a New York federal district court tackled the question of whether the defendant had exposed itself to liability for false advertising by purporting to license two third parties to use the marks and by claiming the marks and registrations as assets in filings with the Securities and Exchange Commission.[1461] The court concluded that neither activity qualified as actionable commercial advertising and promotion. The former did not because "[t]hough plainly fraudulent, [the defendant's executed] licensing agreement with [one of the third parties] is a private contract, not an 'advertisement' or 'promotion' as required by the Lanham Act."[1462] The latter also did not because "though [the defendant's] SEC filings asserting ownership of the trademarks clearly disseminated information to the public, the statements were not made in connection with the sale of goods in interstate commerce. Accordingly, the Court rejects [the plaintiff's] false advertising claims with respect to these statements and transactions."[1463]

Finally, the perceived novelty—at least in some judicial quarters—of online blogs stymied one plaintiff's motion for summary judgment of liability on its Section 43(a)-based claim for

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1458. *Id.*

1459. *See* Metro. Regional Info. Sys., Inc. v. Am. Home Realty Network, Inc., 948 F. Supp. 2d 538 (D. Md. 2013).

1460. *Id.* at 555.

1461. *See* C=Holdings B.V. v. Asiarim Corp., 992 F. Supp. 2d 223 (S.D.N.Y. 2013).

1462. *Id.* at 243.

1463. *Id.* at 243-44.

false advertising in violation of Section 43(a).[1464] The plaintiff apparently neglected to support its motion with a showing that the blog on which the defendants' allegedly false statements appeared had been widely disseminated. This led the court to deny the plaintiff's motion as to the blog with the explanation that "[t]he blog post is not a classic advertising campaign, and thus without any evidence establishing that the blog was disseminated to the purchasing public, the Court cannot find that the post constitutes a commercial advertisement."[1465] Things did not get any better for the plaintiff, as the court subsequently granted the defendants' motion for summary judgment because "[t]he record lacks evidence showing that anyone actually saw the blog post, or, more importantly, that anyone responded to it and was influenced to purchase [the defendants' goods]."[1466]

(3) Opinions Deferring Resolution of the Actionable-Commercial-Advertising-and-Promotion Inquiry

Although the issue of whether particular conduct allegedly undertaken by defendants qualifies as actionable advertising and promotion can be resolved at the pleadings stage of litigation under Section 43(a), a more typical outcome, namely, the denial of a motion to dismiss, took place in a dispute between competitors in the software industry.[1467] In that litigation, the plaintiffs alleged that the defendants had created a fictitious representative of the plaintiffs, whose various social media posts inaccurately suggested that the plaintiffs were located in China instead of in Virginia (their actual location); the defendants' faux posts also suggested that the plaintiffs had shortchanged their customers by diverting revenues received through maintenance contracts to the development of new products. The court denied the defendants' motion to dismiss, holding that "the messages posted on Twitter, which (1) misrepresent the geographic origin of [the plaintiffs'] goods or services, and (2) impugn the quality of [the plaintiffs'] goods or services, may provide viable grounds for relief under [Section 43(a)(1)(B)]."[1468] This was true even though at least some of the Tweets in question did not refer to the plaintiffs by name.[1469]

1464. *See* AFL Telecomms. LLC v. SuplusEQ.com Inc., 946 F. Supp. 2d 928 (D. Ariz. 2013).

1465. *Id.* at 939 (internal quotation marks omitted).

1466. *Id.* at 943.

1467. *See* AvePoint, Inc. v. Power Tools, Inc., 981 F. Supp. 2d 496 (W.D. Va. 2013).

1468. *Id.* at 519.

1469. On that issue, the court concluded:

> Taking [the plaintiffs'] allegations as true, . . . statements about the "Red Dragon" and "SinkingREDShip" can be fairly understood to refer to [the plaintiffs] and [their] products and services, and [the defendants'] representatives made the statements

Especially because "[the plaintiffs] allege[] that Twitter is a commonly-used means of advertising in the software industry, and that the messages were published and republished to hundreds of customers, potential customers, and other members of the Microsoft SharePoint community," and, additionally, because the defendants allegedly had used hashtags deliberately reminiscent of the plaintiffs' primary customer, "the court concludes that the plaintiffs have adequately asserted that the Twitter messages constitute commercial advertising."[1470]

(C) Falsity

With apparent unanimity, courts recognized that there were two ways in which a plaintiff could demonstrate the falsity of a challenged representation:

> The false statement necessary to establish a Lanham Act violation generally falls into one of two categories: (1) commercial claims are literally false as a factual matter; and (2) claims that may be literally true or ambiguous but which implicitly convey a false impression, are misleading in context, or likely to mislead consumers.[1471]

(1) Literally False Statements of Fact

"A 'literally false' representation may be either explicitly so or 'conveyed by necessary implication when, in considering the advertisement in its entirety, the audience would recognize the claim as readily as if it had been explicitly stated.'"[1472] Applying this standard, one court declined to dismiss for failure to state a

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> with the intent to target [the plaintiffs'] customers, by creating the impression that [the lead plaintiff] is a Chinese company and its products and services are not made, developed, or supported in the United States. Accordingly, the court believes that the plaintiffs have sufficiently alleged that the Twitter posts were directed at [the plaintiffs] and [their] products and services, even though the messages did not specifically refer to them by name.

Id. at 520 (citations omitted).

1470. *Id.* at 520-21.

1471. Select Comfort Corp. v. Tempur Sealy Int'l, Inc., 988 F. Supp. 2d 1047, 1052 (D. Minn. 2013); *see also* Kwan Software Eng'g, Inc. v. Foray Techs., LLC, 110 U.S.P.Q.2d 1637, 1640-41 (N.D. Cal. 2014); United States *ex rel.* Knisely v. Cintas Corp., 298 F.R.D. 229, 242 (E.D. Pa. 2014); Alpha Pro Tech, Inc. v. VWR Int'l LLC, 984 F. Supp. 2d 425, 451 (E.D. Pa. 2013); Veve v. Corporan, 977 F. Supp. 2d 93, 103 (D.P.R. 2013); N. Am. Olive Oil Ass'n v. Kangadis Food Inc., 962 F. Supp. 2d 514, 519 (S.D.N.Y. 2013); Dyson, Inc. v. Bissell Homecare, Inc., 951 F. Supp. 2d 1009, 1029 (N.D. Ill. 2013); Global Traffic Techs., LLC v. Emtrac Sys., Inc., 946 F. Supp. 2d 884, 907 (D. Minn. 2013); Mobileye, Inc. v. Picitup Corp., 928 F. Supp. 2d 759, 774 (S.D.N.Y. 2013).

1472. United States *ex rel.* Knisely v. Cintas Corp., 298 F.R.D. 229, 242 (E.D. Pa. 2014) (quoting Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharma. Co., 290 F.3d 578, 586-87 (3d Cir. 2002) (quoting Clorox Co. v. Procter & Gamble Commercial Co., 228 F.3d 24, 35 (1st Cir. 2000))) (internal quotation marks omitted).

claim a false-advertising cause of action in a *qui tam* action against a federal contractor accused of misstating its compliance with the requirements of the General Services Administration and describing itself as "trusted by [the] United States Government to shred sensitive documents."[1473] At the same time, however, the court advised the relator that "the bar on the merits is a high one," and that "[t]he greater the degree to which a message relies upon the viewer or consumer to integrate its components and draw the apparent conclusion . . . , the less likely it is that a finding of literal falsity will be supported."[1474]

An actual finding of literal falsity as a matter of law was the result of a dispute between two manufacturers of vacuum cleaners.[1475] It was undisputed that the defendant had made certain representations in its advertising about the ability of its cleaners to capture 99 percent of potential allergens. The summary judgment record, however, established that the defendant had never tested the performance of those vacuum cleaners under ordinary working conditions; instead, it had merely tested the cleaners' filters on a stand-alone basis. The defendant ineffectually attempted to characterize its advertising as referring to only its filters, rather than to its fully assembled vacuum cleaners, but the court found to the contrary that "[t]he undisputed facts in this case and the evidence presented by [the plaintiff] clearly show that [the defendant] used the [challenged] Statements to advertise and sell vacuum cleaners, not filters."[1476] Even worse for the defendant, the summary judgment record established that the defendant's tests of the filters had used a lesser air flow rate than that generated by the vacuum cleaners in which the filters were installed. In contrast to the absence of convincing substantiation for the defendant's claims, the plaintiff proffered expert testimony that, even on a stand-alone basis, the defendant's filters failed to live up to their billing when tested at the normal air flow rate. Not surprisingly, the court concluded that "[b]ased on the undisputed facts in this case, no reasonable trier of fact could conclude other than that the [challenged] Statements relating to the [defendant's] Vacuum Cleaners are literally false."[1477]

A finding of literal falsity as a matter of law also came in a case in which the plaintiffs, the operators of an eco-tourism business in Puerto Rico, demonstrated via an unopposed motion for summary judgment that the defendants had promoted their

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1473. *Quoted in id.*

1474. *Id.* at 243 n.9 (quoting *Novartis Consumer Health*, 290 F.3d at 587 (quoting *Clorox*, 228 F.3d at 1181)) (internal quotation marks omitted).

1475. *See* Dyson, Inc. v. Bissell Homecare, Inc., 951 F. Supp. 2d 1009 (N.D. Ill. 2013).

1476. *Id.* at 1031.

1477. *Id.*

directly competitive business by using photographs of a suspension bridge and of caves that were located on the plaintiffs' property.[1478] The court concluded from the plaintiffs' showing that:

> Defendants made a false statement of fact when they posted images of the suspension bridge and [one of] the [plaintiffs'] caves on their website and Facebook page. While they do not explicitly state that the suspension bridge and . . . cave are part of the . . . experience [offered by the defendants], the necessary implication presented by the pictures is that they comprise part of it.[1479]

The court moved from there to an identical finding of literal falsity as a matter of law based on a representation on the defendants' website that they operated "the only certified sustainable operation endorsed by the Puerto Rico Tourism Company in the region";[1480] as it explained, there was no record evidence of such an endorsement.[1481]

A different finding of literal falsity, this one by a jury, withstood a post-trial challenge by the defendants.[1482] The advertisements at issue addressed the extent to which the plaintiff's TRITAN-branded plastic resin products were harmful in light of their estrogenic activity (EA) when exposed to "common use" stressors.[1483] That advertising was unambiguous to everyone but the defendants and included the statements that "Tritan has EA" and "Tritan has EA and is harmful."[1484] With respect to the falsity of the former, the court noted that the "extensive evidence" before the jury included "expert testimony[] indicating Tritan did not exhibit estrogenic activity or leach chemicals capable of causing estrogenic activity after being subjected to common-use stressors. This evidence included discussions of [the plaintiff's] own testing of Tritan's components, as well as criticisms of the testing done by Defendants."[1485] And, with respect to the falsity of the latter, the court found it "essentially undisputed there was no evidence to support the claim that Tritan is actually harmful to humans: the expert witnesses on both sides universally refused to make such a claim, and even [the lead defendant's] CEO admitted he could not definitively say Tritan . . . is dangerous."[1486]

1478. *See* Veve v. Corporan, 977 F. Supp. 2d 93 (D.P.R. 2013).

1479. *Id.* at 104.

1480. *Quoted in id.*

1481. *Id.*

1482. *See* Eastman Chem. Co. v, Plastipure, Inc., 969 F. Supp. 2d 756 (W.D. Tex. 2013), *aff'd*, 775 F.3d 230 (5th Cir. 2014).

1483. *Quoted in id.* at 765.

1484. *Quoted in id.* at 761-62.

1485. *Id.* at 762; *see also id.* at 765.

1486. *Id.*; *see also id.* at 765.

One reported opinion took things even further.[1487] Most actions for false advertising turn on the accuracy of an affirmative representation of fact independent of any accompanying trademark or service mark infringement. The absence of such a representation, however, did not preclude the court from imposing liability for false advertising after the defendant was found to have advertised on its website the availability for sale of computers bearing counterfeit imitations of the plaintiff's registered COMMODORE marks. According to the court, "By promoting Commodore-branded products on its website . . . , [the defendant] violated section 43(a)(1)(B). . . . [T]hough not expressed in as many words, the unambiguous message sent by this promotion was that [the defendant] offered for sale authentic Commodore products."[1488]

One of several allegations of literal falsity proved successful in another case.[1489] That dispute was between a trade association of olive oil producers, on the one hand, and one such producer, on the other. According to the record adduced by the trade association in support of its motion for a preliminary injunction, the defendant had sold as "100% Pure Olive Oil" a substance known in the trade alternatively as Pomace and olive–Pomace oil. As described by the court, "Pomace . . . is made from the residue materials left over after olive oil has been mechanically extracted from the flesh of the olives. The residual skins, pits, and pulp are sent to specialized facilities, where they are dried, heated, and treated with industrial solvents to produce Pomace."[1490] Noting "a number of state, federal, and industry labeling standards, all of which distinguish between olive oil and Pomace,"[1491] the court concluded that the association successfully had demonstrated the literal falsity of the defendant's advertising:

> [I]t is literally false, and not simply potentially misleading, to advertise Pomace as "100% Pure Olive Oil." While Pomace may in some sense be "olive oil" in that it is an oil derived from olives, it is not remotely what the ordinary consumer understands "olive oil" to be. Indeed, in arguing that [the association] should be required to post a bond, [the defendant] affirmatively asserts that if consumers are notified "about the presence of Olive–Pomace Oil in [the defendant's product], its sales of [the product] certainly will plummet." That assertion is telling, since it would be unfounded if consumers already

1487. *See* C=Holdings B.V. v. Asiarim Corp., 992 F. Supp. 2d 223 (S.D.N.Y. 2013).

1488. *Id.* at 243.

1489. *See* N. Am. Olive Oil Ass'n v. Kangadis Food Inc., 962 F. Supp. 2d 514 (S.D.N.Y. 2013).

1490. *Id.* at 517.

1491. *Id.* at 523.

understood the term "olive oil" to encompass an industrially processed substance like Pomace.[1492]

In contrast, some allegations of literal falsity fell short on motions for summary judgment for liability by plaintiffs[1493] or on final dispositions of those allegations on the merits. A characteristic disposition falling into the latter category came in a case in which the plaintiff and the defendant competed in the market for digital evidence-related software sold to law enforcement personnel.[1494] The plaintiff accused the defendant of having engaged in two literally false representations of fact, the first of which was the claim that the defendant's software authenticated digital evidence. Noting that "to determine whether a claim is literally false, courts may . . . look to objective industry standards,"[1495] the court concluded as a matter of law that those standards precluded a finding of literal falsity. According to the plaintiff, authentication in the context of the parties' goods meant the process of determining whether a photographic image had been altered since it was captured, which, because the defendant's software merely identified alterations occurring after images were entered into a database, necessarily rendered the defendant's claim of authentication functionality false. The court's review of the industry standards, however, demonstrated that the plaintiff's definition of authentication differed from those used in the industry,[1496] and additionally, that expert witness testimony proffered by the plaintiff in support of its proposed definition either weighed in the defendant's favor or reflected only the personal opinion of the expert giving it.[1497] When taken into account with the defendant's showing that third-party competitors, as well as the plaintiff itself, had engaged in representations similar to those of the defendant,[1498] these considerations meant that "no reasonable jury could conclude that [the defendant's] use of the term 'authentication' in this context is unambiguously false."[1499]

The plaintiff's second claim of literal falsity suffered the same fate. It was based on the defendant's reproduction of an industry

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1492. *Id.* (citation omitted).

1493. *See* AFL Telecomms. LLC v. SuplusEQ.com Inc., 946 F. Supp. 2d 928, 939-40 (D. Ariz. 2013) (finding conflicting record evidence and testimony on the subject of the accuracy of the defendant's advertising).

1494. *See* Kwan Software Eng'g, Inc. v. Foray Techs., LLC, 110 U.S.P.Q.2d 1637 (N.D. Cal. 2014).

1495. *Id.* at 1643.

1496. *Id.* at 1643-45.

1497. *Id.* at 1646-47.

1498. *Id.* at 1645-47.

1499. *Id.* at 1647.

workflow chart in its materials and the accompanying representation that "no other digital evidence management system vendor complies with the . . . workflow shown above. ONLY the [defendant's] solution meets this requirement!"[1500] Accepting the defendant's argument that "requirement" could mean something either wanted or needed, the court held that:

> Here, [the defendant's] use of the word "requirement" merely conveys that its software uses a series of steps known to be wanted or needed by the example workflow—i.e., consistent with it, as it is written. [The defendant's] use of the word "requirement" does not exclude the possibility that others can add or change steps in the workflow to ensure integrity. Its use here only guarantees to customers that [the defendant's] software, at a minimum, is consistent with the [industry workflow] for ensuring integrity through the use of a digital asset management system.[1501]

The court then took aim at the plaintiff's contention that the defendant's use of the word "ONLY" was literally false because the plaintiff's own software allowed users to undertake the process in question, which the court rejected on the ground that it was necessary for those users to take additional steps not forced on users of the plaintiff's software.[1502] Once again, therefore, "no reasonable jury could conclude that [the defendant's] statements . . . were literally false."[1503]

Finally, one court entertaining a defense motion for summary judgment adopted a restrictive approach to a false-advertising cause of action grounded in the defendants' allegedly false representations that their road-safety mobile phone application complied with National Highway Traffic Safety Administration and industry testing standards.[1504] Although the plaintiff claimed that the defendants' representations with respect to the NHTSA's standards were both literally and impliedly false, the court held that the latter theory was off limits. As the court explained, "absent an explicit claim that a product has been approved by the relevant federal agency or that the product meets federal standards, a Lanham Act plaintiff must prove that the defendant's efficacy claims are literally false, not simply that they fail to meet current federal [regulatory] standards."[1505] This was because "to allow governmental approval claims to proceed on allegations of

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1500. *Quoted in id.*

1501. *Id.*

1502. *Id.* at 1648.

1503. *Id.*

1504. *See* Mobileye, Inc. v. Picitup Corp., 928 F. Supp. 2d 759 (S.D.N.Y. 2013).

1505. *Id.* at 775 (alteration in original) (quoting Avon Prods., Inc. v. S.C. Johnson & Son, Inc., 984 F. Supp. 2d 768, 797 (S.D.N.Y. 1997)) (internal quotation marks omitted).

mere implied falsity would transform the Lanham Act from a focused consumer protection statute into a wide-ranging vehicle for private enforcement of federal regulations."[1506] Having framed the issue in this manner, the court granted the defendants' motion, concluding that "because [the plaintiff] has identified no express or unambiguous representations of compliance with any safety standards, those claims must be dismissed."[1507]

(2) Literally True but Misleading Statements of Fact

One of the relatively few reported opinions to reach an affirmative finding that the advertising at issue was literally true but nevertheless impermissibly misleading came on a motion for summary judgment brought by an association of olive oil producers.[1508] Among the allegations advanced by the plaintiff was that the defendant had inaccurately advertised a product as "100% Pure Olive Oil." According to the plaintiff—and myriad federal and industry standards supporting the plaintiff's motion for summary judgment—that designation was reserved for virgin olive oil, or, in other words, oil that had never been refined. Because there was no material dispute that the defendant's oil had, in fact, been refined in contravention of the standards, the plaintiff argued that the defendant's advertising was literally false. Noting that "only an *unambiguous* message can be literally false,"[1509] the court placed the defendant's advertising into the other category of falsity:

> [T]he Court finds it entirely plausible that a reasonable ordinary consumer would interpret the phrase "100% Pure Olive Oil" to refer simply to a product that contains olive oil—that is, oil derived from the flesh of the fruit of the olive tree—and nothing but olive oil. The consumer could very well view the phrase as simply remaining silent as to whether that olive oil is virgin or refined. Of course, based on the standards [the association] cites, olive oil industry insiders and certain regulators likely would understand [the defendant's] label to describe a blend containing at least some virgin olive oil. But in the absence of any evidence to the contrary, it is far from clear that an ordinary consumer, unfamiliar with industry lingo, would perceive those terms the same way.[1510]

1506. *Id.*

1507. *Id.* at 776.

1508. *See* N. Am. Olive Oil Ass'n v. Kangadis Food Inc., 962 F. Supp. 2d 514 (S.D.N.Y. 2014).

1509. *Id.* at 520 (quoting Time Warner Cable, Inc. v. DIRECTV, Inc., 497 F.3d 144, 158 (2d Cir. 2007) (quoting Novartis Consumer Health, Inc. v. Johnson-Merck Consumer Pharm. Co., 290 F.3d 578, 587 (3d Cir. 2002))) (internal quotation marks omitted).

1510. *Id.*

One court was receptive to a claim of literally true but misleading advertising, at least at the pleadings stage of the *qui tam* litigation before it.[1511] The parties were competitors in the document-shredding industry, and the relator's complaint alleged that the defendant had claimed to adhere to "stringent information destruction security practices."[1512] The falsity of that claim, the relator alleged, lay in the fact that the defendant farmed out a portion of its contracts to third parties that did not have the same government certification as the defendant itself but which nevertheless labeled their disposal bins with the defendant's name. On the basis of these allegations, the court declined to dismiss the relator's false-advertising cause of action for failure to state a claim.[1513]

Another court deferring resolution of the inquiry into whether the defendants' advertising was literally true but unlawfully misleading did so on a defense motion for summary judgment.[1514] The parties before that tribunal offered competing road-safety products intended to alert drivers that they were drifting from their lanes or about to collide with objects in front of them. Although dismissing a number of the plaintiff's challenges to the defendants' advertising as a matter of law, the court noted that the defendants had represented to consumers that "[s]imilar systems cost more than $1,000 while [the defendants' mobile phone app] is FREE."[1515] This representation, the court concluded, could lead a reasonable jury to find that the defendants' advertising implicitly represented that the performance of the defendants' product was equal to or better than that of the plaintiff's product. Summary judgment of nonliability therefore was inappropriate.[1516]

ii. Actual or Likely Deception

Several opinions made the point that, if a plaintiff is challenging allegedly true but misleading advertising, it must adduce evidence of consumer deception as part of its prima facie case.[1517] Two defendants availing themselves of this rule were

1511. *See* United States *ex rel.* Knisely v. Cintas Corp., 298 F.R.D. 229 (E.D. Pa. 2014).

1512. *Quoted in id.* at 243.

1513. *Id.* at 243.

1514. *See* Mobileye, Inc. v. Picitup Corp., 928 F. Supp. 2d 759 (S.D.N.Y. 2013).

1515. *Quoted in id.* at 777.

1516. *Id.*

1517. *See, e.g.*, FieldTurf USA Inc. v. TenCate Thiolon Middle E., LLC, 945 F. Supp. 2d 1379, 1386-87 (N.D. Ga. 2013) (granting defense motion for summary judgment based on absence from record of evidence of actual deception); *see also* Alpha Pro Tech, Inc. v. VWR Int'l LLC, 984 F. Supp. 2d 425, 451 (E.D. Pa. 2013); N. Am. Olive Oil Ass'n v. Kangadis Food Inc., 962 F. Supp. 2d 514, 519 (S.D.N.Y. 2013); Global Traffic Techs., LLC v. Emtrac Sys., Inc., 946 F. Supp. 2d 884, 908 (D. Minn. 2013).

companies affiliated with the clothing retailer Abercrombie & Fitch, which offered Michael Sorrentino, the star of the reality television show *The Jersey Shore*, $10,000 not to wear ABERCROMBIE & FITCH-branded clothing and then publicized the offer in a press release.[1518] There was no dispute that the press release's description of the offer was accurate: "A&F's offer of money for Sorrentino not to wear its brand is a statement of fact [that] is undisputedly true. A&F's offer was sent and received prior to the issuance of A&F's press release . . . ."[1519] That finding doomed the false-advertising claim of Sorrentino and a company he controlled, for, as the court explained, "the plaintiffs did not show any evidence of consumer deception. The defendants are entitled to judgment as a matter of law on the plaintiffs' false advertising claim."[1520]

Of course, as one opinion demonstrated, even if survey evidence is introduced in support of a claim of consumer deception, the survey must have used an acceptable methodology for its results to be admissible.[1521] The survey in question was commissioned by a plaintiff that sold digital evidence-related software to police and fire departments, as well as to other entities that need to store and retrieve photos, video, and audio files; the defendant sold directly competitive products to law-enforcement agencies. The court faulted the plaintiff's expert for having targeted members of the law enforcement community who used photographs at work, rather than those who might be potential purchasers of the plaintiff's software, as respondents. This failure was important, the court noted, because the defendant's alleged misrepresentations had appeared in response to inquiries from potential purchasers of its software and because "[the plaintiff] has made no attempt to show that mere photo users in the law enforcement community would see [those] materials."[1522] Because the survey results were the only evidence advanced by the plaintiff in support of its claim that the defendant's representations, even if literally true, were misleading in context, "[the plaintiff] has failed to show that there is a genuine dispute of fact as to whether the challenged statements are likely to mislead or confuse consumers."[1523]

1518. *See* MPS Entm't, LLC v, Abercrombie & Fitch Stores, Inc., 110 U.S.P.Q.2d 1287 (S.D. Fla. 2013).

1519. *Id.* at 1301.

1520. *Id.*; *see also* 1301-02 (applying same analysis to enter summary judgment on plaintiffs' false-advertising claim under Florida law).

1521. *See* Kwan Software Eng'g, Inc. v. Foray Techs., LLC, 110 U.S.P.Q.2d 1637 (N.D. Cal. 2014).

1522. *Id.* at 1642.

1523. *Id.*

In contrast, one plaintiff successfully escaped a defense motion for summary judgment by proffering survey evidence that respondents exposed to the defendants' advertising were confused by it.[1524] The parties disagreed as to the rate of positive responses reflected in the survey data, with the plaintiff claiming that 23 percent of respondents had concluded from the defendants' advertising that the parties' products were the same, similar, or substitutes for each other, while the defendants maintained that the actual rate was a much lower 9 percent. The court sided with the plaintiff, at least for the purpose of its disposition of the defendants' motion: "[W]hile 9.2 percent is not overwhelming, the Court cannot conclude that it is insubstantial as a matter of law. Based on the . . . [s]urvey, a reasonable jury could find that the comparison's [sic] between [the parties' products] are impliedly false and mislead a substantial percentage of consumers."[1525]

Finally, one prevailing plaintiff did not rely on survey evidence at all but instead satisfied this requirement in a jury trial by introducing evidence and testimony that "numerous" potential customers had been sufficiently concerned by the defendants' statements about the safety of the plaintiff's goods that they had contacted the plaintiff.[1526] The plaintiff may have "ultimately assuaged" those concerns, but that did not prevent the jury hearing the case from relying on them as proof of deception.[1527] Nor, for that matter, was the jury obligated to ignore survey evidence of deception proffered by the plaintiff, even if the plaintiff's survey expert had failed to include actual customers of the plaintiff in the survey's universe of respondents, and, additionally, even if she was unable to explain her statistical analysis at trial.[1528] Rather, as the court explained in declining to overturn the jury's verdict of liability, "the jury was presented with some evidence which could have supported a finding of actual deception."[1529]

iii. Materiality

Reported opinions addressed the materiality requirement for a finding of false advertising infrequently over the past year. Nevertheless, a charitable fundraising organization successfully escaped a motion to dismiss its complaint against a rival

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1524. *See* Mobileye, Inc. v. Picitup Corp., 928 F. Supp. 2d 759 (S.D.N.Y. 2013).

1525. *Id.* at 777.

1526. *See* Eastman Chem. Co. v. Plastipure, Inc., 969 F. Supp. 2d 756 (W.D. Tex. 2013), *aff'd*, 775 F.3d 230 (5th Cir. 2014).

1527. *Id.* at 762.

1528. *Id.*

1529. *Id.*

organization by relying on the averments that at least one donor had been deceived into making a contribution to the wrong group, as well as that other donors also had been confused into doing the same thing.[1530] That was enough for the court to deny the defendant's motion to dismiss: "Since the facts regarding these [allegedly confused] donors are peculiarly within the knowledge of the [defendant], the plaintiff should be allowed to engage in discovery on this issue."[1531]

An actual finding of materiality, indeed, one as a matter of law, arose largely from the defendant's own conduct.[1532] The parties were competitors in the vacuum cleaner industry, and the court found there was no material dispute that the defendant's representations concerning the ability of its products to filter allergens were literally false. Addressing the materiality of those literally false claims, the court noted evidence and testimony in the summary judgment record that the defendant had "commissioned consumer studies relating to the importance of respiratory health to better understand marketing possibilities."[1533] The placement of certain of the defendant's literally false representations on its packaging, "which is where [the defendant] highlighted the prominent selling features of its products," also was probative evidence of materiality,[1534] as was testimony by one of the defendant's witnesses that filtration efficiency was a key feature in which consumers were interested.[1535]

Another finding of materiality on the merits came on a preliminary injunction motion in a dispute between competitors in the eco-tourism industry.[1536] Having found that the defendants had engaged in literally false advertising by promoting their business using photographs of a suspension bridge and geological features located only on property owned by the plaintiffs, the court concluded that "[t]hat representation is material because it depicts attractive elements of the eco-tour experience that Defendants may not offer without Plaintiffs' permission, which will likely influence the purchasing decision of the consumer."[1537] Specifically, "Defendants placed the misleading pictures on the Internet, and through the Internet have gained clients from all over the world.

1530. *See* Alzheimer's Disease Resource Ctr. v. Alzheimer's Disease & Related Disorders Ass'n, 981 F. Supp. 2d 153 (E.D.N.Y. 2013).

1531. *Id.* at 161.

1532. *See* Dyson, Inc. v. Bissell Homecare, Inc., 951 F. Supp. 2d 1009 (N.D. Ill. 2013).

1533. *Id.* at 1032.

1534. *Id.*

1535. *Id.*

1536. *See* Veve v. Corporan, 977 F. Supp. 2d 93 (D.P.R. 2013).

1537. *Id.* at 104.

Based on those images, Plaintiffs have been injured through a direct diversion of sales . . . ."[1538] The court reached the same conclusion with respect to a false claim by the defendants to be "the only certified sustainable operation endorsed by the Puerto Rico Tourism Company":[1539] "[T]his is a second instance in which Defendants have made a false statement of material fact in a commercial advertisement, placed in interstate commerce, that will likely affect the purchasing decision of the customer through direct diversion of sales."[1540]

iv. Interstate Commerce

As between the notice-pleading principle of Rule 8 of the Federal Rules of Civil Procedure[1541] and the much stricter standard under Rule 9,[1542] allegations of false advertising are governed by the former.[1543] Although a plaintiff proceeding under Section 43(a) cannot simply ignore the requirement that its opponent's advertising have had an effect on interstate commerce,[1544] it need not go overboard in pleading the existence of such an effect. For example, one court declined to dismiss a false-advertising cause of action even though that cause of action averred only that the defendant's advertisements had been disseminated in Southern California.[1545] As it explained:

> [A]s defined in the Lanham Act, "commerce" refers to "all commerce which may lawfully be regulated by Congress." "It is well settled that so defined 'commerce' includes intrastate commerce which 'affects' interstate commerce." Plaintiff has alleged that [the parties] compete with each other in multiple states, as well as against ubiquitous online realtors such as Amazon. Defendants cite no case in which a court dismissed a complaint on similar facts. While the alleged false advertisements were limited to one state, the Court can infer, reading the complaint liberally as it must, that the advertisements could affect interstate commerce.[1546]

1538. *Id.*

1539. *Quoted in id.*

1540. *Id.*

1541. Fed. R. Civ. P. 8.

1542. Fed. R. Civ. P. 9.

1543. United States *ex rel.* Knisely v. Cintas Corp., 298 F.R.D. 229, 238-39 (E.D. Pa. 2014).

1544. *See, e.g.*, Imagine Medispa, LLC v. Transformations, Inc., 999 F. Supp. 2d 873, 881 (S.D. W. Va. 2014) (granting motion to dismiss on ground that "the plaintiffs do not allege that the [defendants'] advertisement was distributed in interstate commerce").

1545. *See* Orchard Supply Hardware, LLC v. Home Depot USA, Inc., 967 F. Supp. 2d 1347 (N.D. Cal. 2013).

1546. *Id.* at 1365 (quoting 15 U.S.C. § 1127 (2012); Thompson Tank & Mfg. Co., Inc. v. Thompson, 693 F.2d 991, 993 (9th Cir. 1982)).

v. Damage and Causation

Having demonstrated that there was no material dispute that a competitor's advertising was literally false, one plaintiff did the same with respect to its claim that it had suffered damage as a result.[1547] It accomplished that in part with an undisputed showing that the defendant was its "number one competitor . . . in terms of volume and dollar market share."[1548] Additional proof of damage and causation consisted of the undisputed material facts that the parties' goods were sold in the same outlets and that the defendant's false advertising had made its goods more appealing to consumers.[1549] As the court summarized the summary judgment record, "[b]ased on the undisputed facts in this case, no reasonable trier of fact could find other than that [the plaintiff] suffered a probable and discernable competitive injury as a result of the false . . . Statements."[1550]

A somewhat less convincing showing by a different plaintiff also met with success, at least in the context of a motion for summary judgment of nonliability.[1551] As summarized by the court, the defendants' motion was grounded in the theories that "[the plaintiff's] damages expert . . . has not calculated lost sales, lost revenues, or lost profits suffered by [the plaintiff] as a result of [the defendants'] alleged false advertising; and, according to [the defendants], [the plaintiff] has no reputation among consumers to be harmed."[1552] The plaintiff's expert *had* opined, however, that the plaintiff would be damaged by any false advertising that diminished the demand for a category of products in which the plaintiff enjoyed a 60–80 percent market share; moreover, the plaintiff claimed, its injuries were difficult to quantify and therefore irreparable. Based on the plaintiff's responsive showing, the court granted the defendants' motion for summary judgment to the extent that the plaintiff sought monetary relief. To the extent that the plaintiff sought injunctive relief, however, summary judgment was inappropriate.[1553]

d. Other Section 43(a) Claims

When the operator of an eco-tourism company issued a press release falsely accusing a competitor of violating various environmental laws, not paying taxes, and operating without

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1547. *See* Dyson, Inc. v. Bissell Homecare, Inc., 951 F. Supp. 2d 1009 (N.D. Ill. 2013).

1548. *Id.* at 1033.

1549. *Id.*

1550. *Id.*

1551. *See* Mobileye, Inc. v. Picitup Corp., 928 F. Supp. 2d 759 (S.D.N.Y. 2013).

1552. *Id.* at 777.

1553. *Id.* at 778.

required government permits or insurance, she and her company found themselves on the receiving end of a suit for commercial disparagement.[1554] Addressing the prerequisites for such a suit under Section 43(a)(1)(B),[1555] the court held:

> To prove commercial disparagement . . . , Plaintiff[s] must prove that Defendants made a representation that: "(a) constitute[d] commercial speech; (b) was made with the intent of influencing potential customers to purchase the speaker's goods or services; (c) [was made] by a" competitor, and; "(d) [was] disseminated to the consuming public in such a way as to constitute 'advertising' or 'promotion.'"[1556]

In holding that the plaintiffs were entitled to summary judgment, the court's analysis was largely limited to the first, second, and fourth of these factors. As to the first and second, it concluded that the defendants' statements "constitute commercial speech because the statements were made with the intent to influence potential customers."[1557] And, as to the fourth, because "[the parties] are competitors, and because the allegations were published on [the defendants'] website under the title 'press release,' the court finds that it was disseminated in such a way as to constitute 'advertising.'"[1558]

In contrast, however, a different court concluded that Section 43(a)(1)(A) does not reach allegedly false allegations concerning the geographic origin of a plaintiff's goods.[1559] According to the complaint before that court, the defendants had created a fictional individual named Jim Chung, who allegedly worked for the lead plaintiff and whose posts on social media were intended to convince potential customers that the plaintiffs were located in China, rather than in their actual domicile of Virginia. In entertaining a motion to dismiss the plaintiffs' Section 43(a)(1)(A) cause of action for failure to state a claim, the court contrasted the language of that statute, which applies to a defendant's false description of fact that is likely to cause confusion as to the "origin . . . of *his or her* goods, services, or commercial activities,"[1560] with the broader text of Section 43(a)(1)(B), which prohibits advertising that "misrepresents the . . . geographic origin of [the defendant's] *or another person's* goods, services, or

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1554. *See* Veve v. Corporan, 977 F. Supp. 2d 93 (D.P.R. 2013).

1555. 15 U.S.C. § 1125(a)(1)(B) (2012).

1556. *Veve*, 977 F. Supp. 2d at 104 (third, fourth, and fifth alterations in original) (quoting Podiatrist Ass'n v. La Cruz Azul de P.R., Inc., 332 F.3d 6, 19 (1st Cir. 2003)).

1557. *Id.* at 105.

1558. *Id.*

1559. *See* AvePoint, Inc. v. Power Tools, Inc., 981 F. Supp. 2d 496 (W.D. Va. 2013).

1560. 15 U.S.C. 1125(a)(1)(A) (2012) (emphasis added).

commercial activities."[1561] Based on the distinction between the two sections, the court granted the defendants' motion:

> Because § 43(a)(1)(A), by its plain terms, does not extend to misrepresentations regarding the geographic origin of another person's goods or services, the court agrees with the defendants that statements made on Twitter and in other direct communications with customers, regarding the geographic origin of [the plaintiffs'] goods and services, do not provide a basis for relief under this particular statutory provision.[1562]

e. False Endorsement and Violations of the Right of Publicity

In addition to several opinions addressing claims of false endorsement under federal law and violations of state right-of-publicity law under the rubric of the First Amendment,[1563] the past year produced a number of cases addressing claims by plaintiffs that their personas, or those of their predecessors, had been misappropriated. Some of those claims were based on state-law causes of action sounding in violations of the plaintiffs' rights of publicity, whether arising under statutes or the common law. Others, however, were based on the false endorsement prong of Section 43(a)(1)(A).

In some cases presenting both types of causes of action, the outcome was the same under each. For example, in a dispute between competitive weight-loss and skin-care clinics, an individual plaintiff (and principal of the lead corporate plaintiff) alleged that the defendants had established a fictitious Facebook page under his name on which the defendants posted content suggesting that the individual plaintiff had left the corporate plaintiff and endorsed the defendants' products.[1564] Addressing the individual plaintiff's federal cause of action in the context of a defense motion to dismiss for failure to state a claim, the court held that "[a] 'false endorsement' claim may arise under [Section 43(a)(1)(A)] of the Lanham Act if a plaintiff's identity is connected with a product or service in a way that is likely to mislead consumers into thinking that the plaintiff approves of, or sponsors [the defendant's] product or service."[1565] It then held without

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1561. *Id.* § 1125(a)(1)(B).

1562. *AvePoint*, 981 F. Supp. 2d at 518.

1563. Those opinions are addressed at *infra* notes 2245-2303 and accompanying text.

1564. *See* Imagine Medispa, LLC v. Transformations, Inc., 999 F. Supp. 2d 873 (S.D. W. Va. 2014).

1565. *Id.* at 882 (quoting AvePoint, Inc. v. Power Tools, Inc., 981 F. Supp. 2d 496, 517 (W.D. Va. 2013)).

extended analysis that, accepting the plaintiffs' factual allegations as true, "it is plausible that the fictitious Facebook Profile misled [the plaintiffs'] clients and potential customers into thinking that [the individual plaintiff] was no longer affiliated with [the corporate plaintiff], and that he instead endorsed [the defendants'] services."[1566]

The defendants' attempt to escape the individual plaintiff's right-of-publicity cause of action under West Virginia law was no more successful at the pleadings stage of the litigation. In denying the defendants' motion to dismiss that cause of action, the court held that "a plaintiff states a claim for false light invasion of privacy when he demonstrates publicity which places him in a false light before the public. . . . To be actionable, the false light must also be offensive to a reasonable person, and the subject of widespread publicity."[1567] The individual plaintiff's averments met this standard: For one thing, "[t]he plaintiffs allege that the defendants created the fictitious Facebook Profile in order to associate [the individual plaintiff's] name with [the defendants]—a competitor-business with which he has no reasonable connection—for the purpose of suggesting that [the individual plaintiff] endorsed or "liked" [the defendants];"[1568] for another, the fake profile page "existed on the Internet, making it necessarily widespread."[1569] Under these circumstances, the defendants' motion to dismiss was without merit.[1570]

Unfortunately for the plaintiffs, however, the court denied their motion for preliminary injunctive relief on the same day.[1571] Although the allegations in their complaint may have been sufficient to defeat the defendants' motion to dismiss, the court found that the preliminary injunction record "reveals a key factual dispute concerning the identity of the party responsible for the creation of the fictitious Facebook Pages."[1572] Specifically, "several individuals, largely associated with the plaintiffs, . . . believe[d] that the defendants were responsible for the fictitious Facebook pages, but none of the plaintiffs' affiants testify to having any direct knowledge that the defendants are responsible, and the defendants themselves strenuously deny any involvement."[1573] Under those circumstances, the court found, "[a]t best, the

1566. *Id.*

1567. *Id.* at 887 (internal quotation marks omitted).

1568. *Id.* at 887-88.

1569. *Id.* at 888.

1570. *Id.*

1571. *See* Imagine Medispa, LLC v. Transformations, Inc., 999 F. Supp. 2d 862 (S.D. W. Va. 2014).

1572. *Id.* at 871.

1573. *Id.*

evidence adduced thus far shows only that grave or serious questions regarding liability are presented for litigation. As a result, the plaintiffs have not clearly established that they are likely to succeed on the merits of their claims."[1574]

In contrast, a suit by hip-hop artist Curtis Jackson, better known to the world as 50 Cent, produced different results depending on the cause of action at issue.[1575] The gravamen of Jackson's statutory claims under New York law[1576] was that the defendants had used photographs of him on the masthead of a website operated by the defendants. The parties apparently agreed that, under the relevant statutes, "[a] successful right of publicity claim must show '(1) use of plaintiff's name, portrait, picture or voice (2) for advertising purposes or for the purposes of trade (3) without consent and (4) within the state of New York.'"[1577] Because of a dispute over whether Jackson was identifiable in the photographs, however, they disagreed on the issue of whether the first of the requirements was satisfied. The court resolved that dispute in Jackson's favor, determining that:

> As each picture depicts significant portions of Jackson's face, the Court concludes that they are recognizable likenesses of Jackson because someone familiar with Jackson would be able to identify him in each of the mastheads. This finding is supported by the fact that during depositions several people, most notably [the lead defendant], were able to identify Jackson on each of the mastheads.[1578]

The disposition of Jackson's cause of action for false endorsement under Section 43(a)—which was grounded in the defendants' alleged misappropriation of Jackson's image *and* of a mark used by his business—was different.[1579] The court held that cause of action to turn on the same multifactored test for likely confusion applicable to a traditional infringement claim.[1580] In an

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1574. *Id.* (internal quotation marks omitted).

1575. *See* Jackson v. Odenat, 9 F. Supp. 3d 342 (S.D.N.Y. 2014).

1576. *See* N.Y. Civil Rights Law §§ 50, 51 (2009).

1577. *Jackson*, 9 F. Supp. 3d at 353 (quoting Hoepker v. Kruger, 200 F. Supp. 2d 340, 348 (S.D.N.Y. 2002)).

1578. *Id.* (citation omitted).

1579. Jackson's mark was G-UNIT, while the defendants' website displayed the G-UNIT RADIO mark. *Id.* at 358. On this issue, the court faulted the defendants for arguing that "the Second Circuit has never recognized a trademark right in a persona," *id.* at 355; based on the nature of Jackson's claims, the more logical inquiry would have been whether the Second Circuit had ever recognized a persona right in a trademark.

1580. According to the court:

> A claim for false endorsement under section 43(a)(1)(A) must allege "that the defendant, (1) in commerce, (2) made a false or misleading representation of fact (3) in connection with goods or services (4) that is likely to cause consumer confusion as to origin, sponsorship, or approval of the goods or services."

application of that test, the court determined that the strength of Jackson's persona and mark weighed in his favor,[1581] as did the recognizable portrayals of Jackson in the photographs and the indistinguishable nature of the marks at issue,[1582] the overlapping nature of the parties' fans,[1583] anecdotal evidence of actual confusion,[1584] and evidence from which the defendants' bad-faith intent could be inferred.[1585] Although the court did not discuss the evidence and testimony adduced by the defendants in support of their own motion for summary judgment, it nevertheless declined to find that Jackson was entitled to prevail as a matter of law on his federal claim; rather, "a rational jury could conclude that there is or is not a likelihood of confusion."[1586]

Some reported opinions addressed claims under state-law right-of-publicity cause of action in the absence of a corresponding claim of false association under Section 43(a), including those arising under New York law.[1587] One such opinion reached diverging results.[1588] The plaintiff was a model who uploaded photographs of herself onto a website believing that the site would not release them without her consent. Several of the photographs later surfaced on a gossip website, where the plaintiff was incorrectly identified as the sister of a (sisterless) celebrity, Kimora Lee Simmons; when Simmons disputed the identification, a second gossip website reported the story under the headline, "Rumor Control: Kimora Lee Simmons Says 'That Lil Trashy Lingerie Wearing Heffa is NOT My Sister.'"[1589] The first gossip website moved the court to dismiss the plaintiff's cause of action against it on the theory that its story fell within a newsworthiness exception to liability, but the court declined to do so, holding instead that:

> While it is true that the use of a plaintiff's photograph to illustrate a newsworthy article may not provide a basis for liability . . . , the actionable conduct in this case includes the falsities surrounding the use of [the plaintiff's] name and likeness in the article itself—not some false implication

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Id. at 354-55 (quoting Burck v. Mars, Inc., 571 F. Supp. 2d 446, 455 (S.D.N.Y. 2008)).

1581. *Id.* at 357.

1582. *Id.* at 358.

1583. *Id.* at 358-59.

1584. *Id.* at 359.

1585. *Id.*

1586. *Id.* at 360.

1587. *See, e.g.*, Leviston v. Jackson, 980 N.Y.S.2d 716, 719-21 (Sup. Ct. 2013) (holding that factual disputes precluded resolution of plaintiff's claims as a matter of law).

1588. *See* Edme v. Internet Brands, Inc., 968 F. Supp. 2d 519 (S.D.N.Y. 2013).

1589. *Quoted in id.* at 522.

> created by the use of her photograph when juxtaposed with an otherwise newsworthy article. . . .
>
> Plaintiff's name and photographs were used in [the first gossip site's] under a fifty-word article to convey to its readers that plaintiff was the sister of Kimora Lee Simmons; a proclamation which was undisputedly false. In light of the factual errors contained in [the site's] article, it could lose the newsworthiness privilege that otherwise extends to matters of public interest if it is ultimately determined that the article was materially and substantially false.[1590]

At the same time, however, the court dismissed the plaintiff's cause of action against the second gossip site, because it had merely reported the "news" of Simmons's denial, which did qualify for exception.[1591] Similarly, the plaintiff had failed to state a claim against the website to which she had originally uploaded her photographs because her complaint was devoid of any allegations that that site's release of her photographs had been done with a commercial purpose.[1592]

No such split decision arose from an action brought by The Ohio State University to protect misuses of the name and likeness of its football coach, Urban Meyer, by a pair of defendants in the print-on-demand T-shirt business.[1593] The court's holding that the University was entitled to summary judgment of liability under the Ohio right-of-publicity statute[1594] was direct and to the point:

> The evidence indicates that Meyer assigned his rights of publicity and persona to Plaintiff, which in turn licenses the persona to authorized licensees who sell t-shirts. The evidence also indicates that Defendants are not authorized licensees but are nonetheless engaged in offering for sale t-shirts bearing Meyer's name, image, and likeness.[1595]

In an application of Georgia law, a different court concluded that there was no material dispute that the defendant's use of THE NEW JACK THE RAPPER CONVENTION as the name of musical conventions violated the post-mortem right of publicity of one Jack Gibson.[1596] Granting the plaintiffs' unopposed motion for summary judgment, the court found it undisputed that "[f]rom the late 1940s until his death on January 30, 2000, [Gibson] was well

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1590. *Id.* at 529-30.

1591. *Id.* at 530-31.

1592. *Id.* at 531.

1593. *See* Ohio State Univ. v. Skreened Ltd., 16 F. Supp. 3d 905 (S.D. Ohio 2014).

1594. Ohio Rev. Code § 2741.02(A) (2006).

1595. *Ohio State Univ.*, 16 F. Supp. 3d at 916.

1596. Bell v. Foster, 109 U.S.P.Q.2d 1249 (N.D. Ga. 2013).

known as the radio personality 'Jack the Rapper.'"[1597] It was equally undisputed that the defendant had organized conventions using Gibson's moniker over the plaintiffs' objections and, additionally, had even applied to register a mark consisting in part of that moniker. The summary judgment record therefore demonstrated the plaintiffs' entitlement to judgment as a matter of law: As the court explained, "the appropriation of another's name and likeness . . . without consent and for the financial gain of the appropriator is a tort in Georgia, whether the person whose name and likeness is used is a private citizen, entertainer, or . . . a public figure who is not a public official."[1598]

The issue of post-mortem rights also came into play in an Arizona appellate opinion.[1599] That opinion did not address the usual right-of-publicity scenario of a celebrity's estate or successor objecting to a commercial use of the celebrity's name or likeness. Instead, it arose from two online commentaries written by the defendant about the physical decline and death of her mother. Two of the defendant's siblings objected to their sister's commentaries, and the result was a putative claim by the mother's estate against the defendant under Arizona common law. The court was untroubled by two threshold issues, namely, whether the mother's right of publicity was descendible and whether that descendibility depended on the mother's exploitation of it during her lifetime, both of which the court resolved against the defendant.[1600] Nevertheless, the defendant's references to her mother in the commentaries ultimately were nonactionable because they were "on the order of an unauthorized biography, which plainly may not give rise to a claim for violation of the right of publicity."[1601] This was true even though the defendant had received a financial benefit from having published the commentaries.[1602]

Other opinions similarly limited the ability of plaintiffs to prevail under right-of-publicity causes of action. For example, a panel of the Court of Civil Appeals of Oklahoma affirmed the dismissal for failure to state a claim of a suit targeting the appearance of a character sharing the same name as the plaintiff in a fictional literary work about "vampyres."[1603] In addressing a defamation claim advanced by the plaintiff, the court concluded

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1597. *Id.* at 1251.

1598. *Id.* at 1256 (alteration omitted) (alterations in original) (quoting Martin Luther King, Jr. Ctr. for Soc. Change, Inc. v. Am. Heritage Prods., Inc., 296 S.E.2d 697, 703 (1982)) (internal quotation marks omitted).

1599. *See* Estate of Reynolds v. Reynolds, 327 P.3d 213 (Ariz. Ct. App. 2014).

1600. *Id.* at 216-17.

1601. *Id.* at 218.

1602. *Id.*

1603. *See* Bates v. Cast, 316 P.3d 246 (Okla. Ct. Civ. App. 2013).

that "[g]iven the fictitious, 'other-worldly' setting of Defendants' book and its cast of wholly fictitious vampyres, no reasonable reader of the Defendants' book would conclude the fictional character . . . depicts Plaintiff acting in the way portrayed in the book."[1604] That conclusion in turn became the basis of the court's affirmance of the dismissal of the plaintiff's cause of action under the Oklahoma right-of-publicity statute.[1605] According to the court, "[a]bsent the 'clear identification of plaintiff in the portrayal of the character . . . in the book which would prompt a rational reader to conclude that plaintiff was being described,' the name misappropriation claim must . . . fail."[1606]

Likewise, an application of the Florida right-of-publicity statute[1607] by a federal district court of that state confirmed that the statute does not apply to publications reciting a plaintiff's name if those publications do not directly promote a product or service.[1608] The publication at issue was a press release by the defendants announcing that they had offered one of the plaintiffs a five-figure payment if he promised never to wear the defendants' clothing on his reality television show. In granting a defense motion for summary judgment, the court held that "[t]he plaintiffs' claim that the press release violated [the statute] fails as a matter of law. The press release did not directly promote a product or service but, as the plaintiffs concede, responded to the [plaintiff mentioned in the press release's] wearing [the defendants'] brand."[1609]

f. Violations of Rights Under Other State-Law Causes of Action

i. Preemption of State-Law Causes of Action

Plaintiffs determined to assert state-law causes of action in cases in which the gravamen of their claims is copying by defendants are often faced with motions to dismiss grounded in the theory that those causes of action are preempted by Section 301(a) of the Copyright Act.[1610] That statute preempts "all legal or equitable rights that are equivalent to any of the exclusive rights

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1604. *Id.* at 252.

1605. 12 Okla. Stat. tit. § 1449(A) (1986).

1606. *Bates*, 316 P.3d at 254 (first alteration in original) (quoting Allen v. Gordon, 446 N.Y.S.2d 48, 50 (Sup. Ct. App. Div. 1982)).

1607. Fla. Stat. § 540.08(1) (2013).

1608. *See* MPS Entm't, LLC v. Abercrombie & Fitch Stores, Inc., 110 U.S.P.Q.2d 1287 (S.D. Fla. 2013).

1609. *Id.* at 1300.

1610. 17 U.S.C. § 301(a) (2012).

within the general scope of copyright."[1611] Preemption can be avoided, however, "if an 'extra element' is 'required instead of or in addition to the acts of reproduction, performance, distribution or display, in order to constitute a state-created cause of action . . . .'"[1612]

It was under an application of the latter principle that one plaintiff successfully defeated a motion to dismiss a cause of action for unfair competition under the New York common law alleging that the defendant had imitated the appearance of the plaintiff's "hangman" word game book.[1613] The court noted that the cause of action at issue required showings by the plaintiff of "(1) either factual confusion or a likelihood of confusion; and (2) bad faith on the part of the defendant."[1614] Because the plaintiff's complaint recited facts sufficient to satisfy each of these prongs, its cause of action was dependent on the required extra element and therefore was not preempted.[1615]

In contrast, the reliance of a different plaintiff on the North Carolina Unfair and Deceptive Trade Practices Act[1616] proved to be misplaced.[1617] That plaintiff was a designer and builder of residential homes and the owner of a copyright registration covering the plans for one of those homes. Believing that the defendants had infringed its copyright, the plaintiff filed suit under that theory, but its complaint also included a cause of action under state law. That cause of action triggered a successful motion to dismiss for failure to state a claim. As the court explained in granting the defendants' motion, the plaintiff's primary cause of action "is a classic copyright claim. Other than copying [the plaintiff's] design, the complaint does not allege that [the defendants] engaged in any additional deceptive conduct that would make [the plaintiff's state-law] claim 'qualitatively different' than [the plaintiff's] copyright claims."[1618]

1611. *Id.*

1612. Ward v. Andrews McMeel Publ'g, LLC, 963 F. Supp. 2d 222, 238 (S.D.N.Y. 2013) (quoting Computer Assocs. Int'l, Inc. v. Altai, Inc., 982 F.2d 693, 717 (2d Cir. 1992) (quoting 1 Melville B. Nimmer & David Nimmer, Nimmer on Copyright § 1.01[B] (1991))) (internal quotation marks omitted).

1613. *Id.* at 238-39.

1614. *Id.* at 239 (quoting SLY Magazine LLC v. Weider Publ'ns LLC, 529 F. Supp. 2d 425, 443 (S.D.N.Y. 2007)) (internal quotation marks omitted).

1615. *Id.*

1616. *See* N.C. Gen. Stat. § 75-1.1 (2013).

1617. *See* Logan Developers, Inc. v. Heritage Bldgs., Inc., 108 U.S.P.Q.2d 1523 (E.D.N.C. 2013).

1618. *Id.* at 1529.

ii. State-by-State Causes of Action

(A) Florida

Whether non-consumers have standing under the Florida Deceptive and Unfair Trade Practices Act (FDUTPA)[1619] is a matter of some controversy, but a Florida federal district court resolved the issue in favor of a corporate plaintiff in denying a motion to dismiss that plaintiff's cause of action under the statute.[1620] The court rested its denial of the motion on two bases, the first of which was a revision to the FDUTPA that had replaced the word "consumer" with "person" when referring to proper plaintiffs under the statute.[1621] The second was a recitation in the FDUTPA that its purpose was "[t]o protect the consuming public and legitimate business enterprises from those who engage in unfair methods of competition, or unconscionable, deceptive, or unfair acts or practices in the conduct of any trade or commerce."[1622] Because the more natural reading of that language was that it listed two independent groups eligible for the statute's protection, the plaintiff could avail itself of that protection.[1623]

(B) Georgia

The Georgia Fair Businesses Practices Act (FBPA)[1624] prohibits a broad range of conduct, but the Supreme Court of Georgia has held that only consumers have standing to bring causes of action under it.[1625] Apparently because the holding of its reviewing court was not called to the attention of a panel of the Court of Appeals of Georgia, the latter tribunal sustained an interlocutory injunction in an action between direct competitors that was brought in part under the FBPA.[1626] As the intermediate appellate court (erroneously) held, "[t]he FBPA protects *businesses* from unfair or deceptive practices in the conduct of trade or commerce, including passing off goods and services as those of another, or causing actual confusion as to the source, sponsorship, approval, or certification of goods or services . . . ."[1627]

1619. Fla. Stat. § 501.201 *et seq.* (2011).

1620. *See* Aceto Corp. v. TherapeuticsMD, Inc., 953 F. Supp. 2d 1269 (S.D. Fla. 2013).

1621. *Id.* at 1286 (citing Fla. Stat. § 501.211(2)).

1622. Fla. Stat. § 501.202(2).

1623. *Aceto*, 953 F. Supp. 2d at 1287.

1624. Ga. Code Ann. § 10-1-390 *et seq.* (2003).

1625. *See* Friedlander v. PDK Labs, Inc., 465 S.E.2d 670, 670-71 (Ga. 1996).

1626. *See* Inkaholics Luxury Tattoos Ga., LLC v. Parton, 751 S.E.2d 561 (Ga. Ct. App. 2013).

1627. *Id.* at 563 (emphasis added).

(C) Illinois

The Federal Circuit had the opportunity to address the scope of the Illinois version of the Uniform Deceptive Trade Practices Act[1628] in an action in which the plaintiff alleged a violation of that statute based on statements by the defendant that resins sold by the plaintiff were not "authorized," "approved," "licensed," or "qualified."[1629] The defendant had prevailed on a motion for summary judgment before the district court, and the Federal Circuit affirmed. According to the latter court, "[t]he allegedly wrongful statements about [the plaintiff's] resins . . . all relate to [the defendant's] licensing and approval policy. As [the defendant] points out, general statements that a company 'does not have a license or authorization' to use another company's product do not violate the UDTPA."[1630]

(D) Indiana

An Indiana appellate panel confirmed that, under the common law of that state, a showing of protectable trademark or service mark rights is not a prerequisite for liability for the broader tort of unfair competition.[1631] The occasion of that holding was a case driven by the announcement by the plaintiff that it was adopting a geographically descriptive mark, which was followed the same day by the defendants' registration of a domain name based on the mark. Reversing a bench verdict in the plaintiff's favor, the court agreed with the defendants that the short period of time between the plaintiff's announcement and the defendants' registration of the domain name precluded the plaintiff from establishing the secondary meaning of its mark prior to the defendants' registration of the domain name. At the same time, however, the court noted that "[n]one of this is to say . . . that [the defendant's] actions are necessarily beyond the reach of the law."[1632] In particular, although the trial court may have correctly found in the defendants' favor on the plaintiff's trademark-based claims, its failure to consider the plaintiff's separate and independent claim for unfair competition, which the appellate court held "does not necessarily turn on the existence of a valid and protectable trademark," constituted reversible error warranting a remand.[1633]

1628. Ill. Comp. Stat. § 510/2(a) (2008).

1629. *Quoted in* DSM Diotech Inc. v. 3D Sys. Corp., 749 F.3d 1332, 1349 (Fed. Cir. 2014).

1630. *Id.* (quoting Conditioned Ocular Enhancement, Inc. v. Bonaventure, 458 F. Supp. 2d 704, 710 (N.D. Ill. 2006)).

1631. *See* Serenity Springs v. LaPorte County Convention & Visitors & Bureau, 986 N.E.2d 314 (Ind. Ct. App. 2013).

1632. *Id.* at 327.

1633. *Id.*

(E) Minnesota

The Minnesota Deceptive Trade Practices Act authorizes injunctive relief against the disparagement of a plaintiff's "goods, services or business by false or misleading statements of fact," provided that the plaintiff can demonstrate that the misleading statements have created a likelihood of confusion among consumers.[1634] The requirements for such a demonstration came into play when a defendant accused of copyright infringement responded with a counterclaim alleging that the plaintiff's claims of copyright protection, as well as the plaintiff's statements to its affiliates that the defendant violated the plaintiff's rights, fell within the scope of the conduct prohibited by the statute.[1635] In a bid to have the defendant's counterclaim dismissed at the pleadings stage, the plaintiff argued that, even taking the defendant's allegations as true, any statements it may have made to its affiliates had not reached the general public and therefore were not actionable. The court disagreed, holding instead that "[the defendant] has adequately alleged that its services and business have been disparaged as a result of [the plaintiff's] statements. Whether these statements in fact had a disparaging effect or cause a likelihood of confusion is an issue for a later stage in the litigation."[1636]

(F) New Hampshire

In a case in which the plaintiffs sought to hold the de facto (but unpaid) manager of a flea market liable for the sale by the flea market's vendors of goods bearing counterfeit imitations of the plaintiffs' marks, a New Hampshire federal district court had the opportunity to explore the contours of that state's common-law cause of action for unfair competition.[1637] The court determined that that cause of action required a two-part showing by the plaintiffs: (1) the manager had made a material representation "likely to affect the conduct of prospective purchasers"; and (2) there was a reasonable basis for believing that the representation had caused or was likely to result in a diversion of business from the plaintiffs or to cause harm to their reputation.[1638] Applying the standard, the court concluded that the manager was entitled to summary judgment on the ground that the plaintiffs had "failed to identify any material representation made by [the manager] that

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1634. Minn. Stat. § 325D.44(1)(2) (2011).

1635. *See* Regional Multiple Listing Serv. of Minn., Inc. v. Am. Home Realty Network, Inc., 960 F. Supp. 2d 958 (D. Minn. 2013).

1636. *Id.* at 987.

1637. *See* Coach, Inc. v. Sapatis, 994 F. Supp. 2d 192 (D.N.H. 2014).

1638. *Id.* at 204.

likely deceived or misled a potential customer."[1639] It might be true, the court acknowledged, that the sale of the goods in question had given rise to an inference of consumer confusion, "but that would only support an unfair competition claim against the infringing vendors."[1640]

(G) New York

As in past years, New York federal district courts offered up reminders that the statutory unfair competition causes of action under the law of that state, namely New York General Business Law Sections 349 and 350[1641] do not reach conduct not directly affecting consumers.[1642] For example, in a dispute between two participants in the computer industry, one court noted that "[c]orporate competitors have standing to bring a Section 349 claim if 'the gravamen of the complaint [is] consumer injury or harm to the public interest.'"[1643] The court then found that the plaintiff had failed to establish this prerequisite for liability: Although the plaintiff had augmented its counterfeiting and infringement claims with the theory that "[the defendant] 'confused [the general public] as to who is the owner' of the [disputed] trademarks, such alleged harm is insufficient to state a claim under Section 349, particularly given [the plaintiff's] otherwise exclusive focus on its own bottom line."[1644]

Nevertheless, one court declined to dismiss a statutory cause of action grounded in what appeared to be a routine case of trademark infringement.[1645] The plaintiff claimed protectable rights to the GEORGE NELSON BUBBLE LAMP mark for lamps, and its complaint alleged that, among other things, the defendant's website claimed to be "the official site for the George Nelson Bubble Lamp® Collection."[1646] The court noted that the website's statement could constitute a misrepresentation that the

1639. *Id.*

1640. *Id.*

1641. *See* N.Y. Gen. Bus. Law §§ 349, 350 (McKinney 2012).

1642. *See, e.g.*, Van Praagh v. Gratton, 993 F. Supp. 2d 293, 305-06 (E.D.N.Y. 2014) (granting motion to dismiss cause of action under Section 349 on ground that plaintiff had failed to aver a "specific and substantial injury to the public interest over and above the ordinary trademark infringement" (internal quotation marks omitted)); Mobileye, Inc. v. Picitup Corp., 928 F. Supp. 2d 759, 783 (S.D.N.Y. 2013) (granting defense motion for summary judgment in absence of record evidence or testimony that defendants' product was unsafe).

1643. C=Holdings B.V. v. Asiarim Corp., 992 F. Supp. 2d 223, 247 (S.D.N.Y. 2013) (second alteration in original) (quoting Azby Brokerage, Inc. v. Allstate Ins. Co., 681 F. Supp. 1084, 1089 n.6 (S.D.N.Y. 1988)).

1644. *Id.* (second alteration in original) (citation omitted).

1645. *See* George Nelson Found. v. Modernica, Inc., 12 F. Supp. 3d 635 (S.D.N.Y. 2014).

1646. *Quoted in id.* at 654.

defendant's goods were "associated with or approved by George Nelson's successors in interest,"[1647] and, additionally, that the premium prices charged by the defendant supported a finding that "the misleading association is material because it could cause a reasonable consumer to decide to purchase the product, believing it was an authorized GEORGE NELSON lamp."[1648] Especially in light of the court's determination that "[t]his conduct is directed at the consuming public, because the allegedly misleading statements are displayed on the web page selling the allegedly infringing products," dismissal was inappropriate.[1649]

In contrast, an entirely appropriate application of Sections 349 and 350 led to a finding of liability in an action in which an individual plaintiff alleged that an individual defendant had sold the plaintiff twenty-four bottles of wine bearing counterfeit marks.[1650] A jury found that the defendant had violated both statutes, and, additionally, had engaged in fraud under New York common law. The federal district court assigned to the case declined to overturn either finding. With respect to the plaintiff's statutory causes of action, the court determined from the trial record that the jury was within its rights to have found by a preponderance of the evidence and testimony that: (1) the defendant had engaged in conduct that was deceptive or misleading in a material way; (2) the plaintiff had been injured as a result; and (3) the defendant's conduct was consumer-oriented.[1651] Likewise, addressing the plaintiff's claim of common-law fraud, the court declined to hold as a matter of law that the plaintiff had not proven by clear and convincing evidence and testimony: (1) that the defendant had represented a material fact, namely, the authenticity of the wine to the plaintiff; (2) the representation was false; (3) the defendant's scienter; (4) the plaintiff's reasonable reliance on the representation; and (5) injury suffered by the plaintiff.[1652]

1647. *Id.*

1648. *Id.*

1649. *Id.*

1650. *See* Koch v. Greenberg, 14 F. Supp. 3d 247 (S.D.N.Y. 2014).

1651. *Id.* at 261-62.

1652. *Id.* at 256-61. One basis of the defendant's post-trial attack on the jury's finding of fraud was that the plaintiff's reliance on the defendant's representation of authenticity had been unreasonable. The court rejected that argument with the following observation:

> Throughout the trial, [the defendant's] counsel emphasized that [the plaintiff] had the opportunity to inspect the bottles at issue, and, had he done so, he would have seen the indicia of inauthenticity that served as readily apparent indicators of their counterfeit status. The jury was free to credit that argument and chose not to do so—a determination that was within the province of the jury. While the record did indicate surface-level problems with the bottles of wine—aberrational labels or irregular cork striations, for example—the record also included numerous references to information that [the defendant] knew about the wine bottles, but chose not to share with . . .

(H) West Virginia

When a weight-loss and skin-care clinic and its individual principal discovered a false Facebook page purporting to be that of the principal and endorsing the services of a competitor, the clinic and the principal filed suit in a West Virginia federal court.[1653] Among other bases of their request for preliminary injunctive relief were a state statute criminalizing the use of computers, cell phones, and electronic communications devices to harass or abuse another person,[1654] as well as another one authorizing the West Virginia Board of Medicine to deny medical licenses to anyone soliciting patients through the use of fraud.[1655] The court held both statutes to be inapposite: "Neither statute is a tool designed to permit businesses and their owners to pursue civil claims for unfair or deceptive advertising and business practices, defamation, or invasion of privacy."[1656]

(I) Wisconsin

The Wisconsin Deceptive Trade Practices Act[1657] proved to be an unsatisfactory vehicle for an insulation manufacturer dissatisfied with a standard adopted by the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE).[1658] According to the plaintiff, the standard had been adopted with an intent to skew the decisions of insulation purchasers away from the plaintiff's goods. In an appeal from the entry of summary judgment in ASHRAE's favor, the Seventh Circuit noted that Wisconsin state-court interpretations of the statute at issue had held it applicable only to misleading representations made to promote the sale of a product.[1659] It therefore upheld ASHRAE's victory before the district court on the ground that "ASHRAE is not in the business of selling insulation systems such that it would benefit from [the standard]; it is merely a standards-setting organization comprised of numerous members

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> consumers. The jury chose to agree with [the plaintiff's] position that "[n]o amount of inspection would have revealed what [the defendant] knew," and the Court concludes that that choice was sufficiently supported by the evidence at trial.

Id. at 258 (citation omitted).

1653. *See* Imagine Medispa, LLC v. Transformations, Inc., 999 F. Supp. 2d 862 (S.D. W. Va. 2014).

1654. W. Va. Code § 61-3C-14a (2003).

1655. *Id.* § 30-3-14(c).

1656. *Imagine Medispa*, 999 F. Supp. 2d at 868.

1657. Wis. Stat. § 100.18 (2010).

1658. *See* Thermal Des., Inc. v. Am. Soc'y of Heating, Refrigerating & Air-Conditioning Eng'rs, Inc., 755 F.3d 832 (7th Cir. 2014).

1659. *Id.* at 837 (citing Novell v. Migliaccio, 749 N.W.2d 544, 552 (Wis. 2008); K & S Tool & Die Corp. v. Perfection Mach. Sales, Inc., 720 N.W.2d 507, 516 (Wis. 2006)).

that have an interest in the standards themselves."[1660] In the process, the court identified a practical reason for that outcome, which was that "[the plaintiff's] interpretation of the act would render liable any standards-setting organization so long as a manufacturer could show that it lost sales as a result of allegedly inaccurate technical data. Nothing in the act supports such a broad understanding."[1661]

g. Secondary Liability

i. Contributory Unfair Competition

In denying a motion to dismiss allegations of contributory infringement, a Michigan federal district court recapitulated the Supreme Court's standard in *Inwood Laboratories v. Ives Laboratories*[1662] for liability under that theory:

> Even if a manufacturer does not directly control others in the chain of distribution, it can be held responsible for their infringing activities under certain circumstances. Thus, if 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, the manufacturer or distributor is contributorily responsible for any harm done as [a] result of the deceit.[1663]

Actual findings of contributory infringement were rare, but at least some plaintiffs successfully survived the motion practice of their opponents and lived to fight another day.[1664] For example, one court denied a motion for summary judgment pursued by an individual defendant accused of contributory infringement, likely dilution, and false advertising as a result of his association with a flea market.[1665] It was undisputed that the defendant had once owned the flea market and that he had sold it to his daughter. What was disputed, however, was the extent to which the defendant had remained involved in the flea market's operations after that transaction. Although the defendant claimed to have

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1660. *Id.*

1661. *Id.*

1662. 456 U.S. 844 (1982).

1663. Elcometer Inc. v. TQC-USA Inc., 106 U.S.P.Q.2d 1588, 1591 (E.D. Mich. 2013) (quoting *Inwood*, 456 U.S. at 853-54; *accord* Hugunin v. Land O'Lakes, Inc., 110 U.S.P.Q.2d 1404, 1410 (N.D. Ill. 2014)).

1664. *See, e.g.*, Evans v. Hewlett-Packard Co., 109 U.S.P.Q.2d 1081, 1082-83 (N.D. Cal. 2013) (denying motion to dismiss allegations of contributory infringement in light of allegations in complaint that moving defendants were aware of infringing nature of challenged mark and failed to exercise ability to block its use).

1665. *See* Coach, Inc. v. Sapatis, 994 F. Supp. 2d 192 (D.N.H. 2014).

retired, the summary judgment record contained evidence and testimony that, among other things, he: (1) continued to own the land on which the flea market operated; (2) assisted his daughter and the flea market's onsite manager (who was also his girlfriend) with the flea market's operations; (3) bought supplies for the flea market; (4) maintained the grounds; (5) provided business advice to his daughter; (6) answered calls on the flea market's main telephone line; (7) kept the books for the flea market; (8) toured available space with potential vendors; (9) mediated disputes between "vendors, customers, and the police, including arguments concerning the sale of counterfeit goods"; (10) circulated throughout the flea market on days on which it was active; (11) had taken the lead in responding to the plaintiffs' demand letters; and (12) was the primary correspondent for the flea market.[1666] The court acknowledged the accuracy of the defendant's argument that all prior opinions reaching findings of contributory infringement in flea market cases had imposed liability on the flea markets' owners, rather than on volunteer workers such as the defendant. Nevertheless, it also held that "[t]he cases make abundantly clear . . . that the relevant inquiry is not whether the defendant owned the venue where trademark infringement took place, but whether the defendant had sufficient control over the individuals directly engaging in such infringement."[1667] Under these circumstances, the defendant was not entitled to summary judgment of nonliability: "Viewing the evidence in the light most favorable to [the plaintiffs], . . . [the defendant] exercised sufficient control over the Flea Market and its vendors during the time period in question for a reasonable jury to hold him contributorially liable for the vendors' conduct."[1668]

Other defendants did better in defending themselves against allegations of contributory unfair competition, and, indeed, the Ninth Circuit gave the cold shoulder to a claim of contributory cybersquatting.[1669] The appeal before that court had its origin in the registration by a third party of two domain names similar to the plaintiff's flagship mark. The third party then transferred its

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1666. *Id.* at 194-97.

1667. *Id.* at 199.

1668. *Id.* at 200; *see also id.* at 201-02 (reaching same conclusion with respect to plaintiffs' claims for contributory trade dress infringement, false advertising, and likely dilution); *id.* at 203 (reaching same conclusion with respect to plaintiffs' claims under New Hampshire law).

In contrast, the court *did* grant summary judgment of nonliability to a company owned by the defendant, which was responsible for the flea market's operations prior to the flea market's sale, on the ground that the company had been administratively dissolved and no longer existed. *Id.* at 205.

1669. *See* Petroliam Nasional Berhad (Petronas) v. GoDaddy.com, Inc., 737 F.3d 546 (9th Cir. 2013), *cert. denied*, 135 S. Ct. 55 (2014).

registration service to the defendant, GoDaddy, before using GoDaddy's domain name forwarding service to redirect those accessing the domain names to an adult website. When GoDaddy declined to address the plaintiff's concerns to the plaintiff's satisfaction, the plaintiff filed suit on the theory that GoDaddy was a contributory cybersquatter. Neither the district court assigned the case nor the Ninth Circuit thought much of the plaintiff's case, with the latter holding there were three reasons why GoDaddy was entitled to judgment as a matter of law.

The first was that "the text of the [ACPA] does not apply to the conduct that would be actionable under such a theory . . . ."[1670] Specifically, because the ACPA recognized a cause of action against those registering, trafficking in, or using domain names with a bad-faith intent to profit from them, "[t]he plain language of the statute . . . prohibits the act of cybersquatting, but limits when a person can be considered to be a cybersquatter."[1671] From this, the court concluded that:

> Extending liability to registrars or other third parties who are not cybersquatters, but whose actions may have the effect of aiding such cybersquatting, would expand the range of conduct prohibited by the statute from a bad faith intent to cybersquat on a trademark to the mere maintenance of a domain name by a registrar, with or without a bad faith intent to profit. This cuts against finding a cause of action for contributory cybersquatting.[1672]

The second reason identified by the court for its holding was that "Congress did not intend to implicitly include common law doctrines applicable to trademark infringement because the ACPA created a new cause of action that is distinct from traditional trademark infringement remedies . . . ."[1673] On this issue, the court noted that "[t]he Lanham Act . . . codified the existing common law of trademarks," which included the tort of contributory infringement;[1674] "[b]y contrast, the ACPA did not result from the codification of common law, much less common law that included a cause of action for secondary liability."[1675] Under these circumstances, the court held, "we decline to infer the existence of secondary liability into the ACPA based on common law principles."[1676]

1670. *Id.* at 550.

1671. *Id.*

1672. *Id.* at 550-51.

1673. *Id.* at 550.

1674. *Id.* at 552.

1675. *Id.*

1676. *Id.* at 553.

The court's third proffered explanation for its holding was that "allowing suits against registrars for contributory cybersquatting would not advance the goals of the statute."[1677] Although acknowledging some case law allowing some plaintiffs able to show "exceptional circumstances" to proceed against registrars,[1678] the court concluded that:

> This "exceptional circumstances" test has no basis in either the Act, or in the common law of trademark. Rather than attempt to cabin a judicially discovered cause of action or contributory cybersquatting with a limitation created out of whole cloth, we simply decline to recognize such a cause of action in the first place.[1679]

The district court's entry of summary judgment in GoDaddy's favor therefore had been proper.[1680]

A final notable opinion addressing claims of contributory liability split the proverbial baby.[1681] The case producing it was unusual in that the parties advancing those claims were defendants, rather than plaintiffs. Specifically, those defendants averred that a third-party defendant had given them permission to engage in the conduct challenged by the plaintiffs. The court granted the third-party's motion for summary judgment as to the primary defendants' attempt to hold him contributorily liable for any finding of infringement against the lead defendants. It did so, however, on a ground not asserted by the third-party defendant, namely, that "an infringer has no right to contribution under federal . . . trademark law";[1682] as the court explained, "[t]ellingly, all of the cases cited by [the primary defendants] have a [trademark] holder suing an infringer for contributory liability; none support[s] an infringer recovering from a third party."[1683] The outcome was different where the primary defendants' claim for contribution arising from their alleged violation of the lead plaintiff's right of publicity under New York law was concerned, for, as the court held, "[u]nlike . . . trademark law, there is a general right for a defendant to recover contribution from joint tortfeasors under New York law."[1684]

1677. *Id.* at 550.

1678. *See, e.g.*, Verizon Cal., Inc. v. Above.com Pty Ltd., 881 F. Supp. 2d 1173, 1178 (C.D. Cal. 2011); Microsoft Corp. v. Shah, No. 10-0653, 2011 WL 108954, at *2 (W.D. Wash. 2011)).

1679. *Petroliam Nasional Berhad*, 737 F.3d at 553.

1680. *Id.* at 554.

1681. *See* Jackson v. Odenat, 9 F. Supp. 3d 342 (S.D.N.Y. 2014).

1682. *Id.* at 366.

1683. *Id.*

1684. *Id.*

ii. Vicarious Liability for Unfair Competition

"'Vicarious liability' in the trademark context is essentially the same as in the tort context: [the] plaintiff seeks to impose liability based on the defendant's relationship with a third party tortfeasor."[1685] To prevail on a claim of vicarious liability, a plaintiff must prove that the defendant against which such a finding is sought and the party directly engaged in the alleged unfair competition have an apparent or actual partnership, have authority to bind one another in transactions with third parties, or, if infringement is the issue, exercise joint ownership or control over the goods or services associated with the claimed unlawful mark.[1686]

One of the few reported opinions to address a claim of vicarious liability in substantive fashion did so in the context of a motion to dismiss for failure to state a claim.[1687] That motion was filed by an individual defendant who was the president of a rogue association of alumni of a private high school operated by the plaintiff. Apparently under the impression that the plaintiff's claims against him sounded in contributory infringement and not vicarious infringement, the individual defendant argued that he had not intentionally caused or induced the alleged infringement of the alumni association. The court disabused him of the notion that the plaintiff was required to make such a showing: "Plaintiff . . . is not required to allege that [the individual defendant] acted intentionally to plead vicarious trademark infringement; instead, Plaintiff must show only that [the individual defendant] exercised joint control with [the alumni association] over the infringing conduct."[1688] Accepting as true the allegations set forth in the plaintiff's complaint, the court held that the plaintiff had successfully stated a claim for vicarious infringement:

> Plaintiff maintains that by incorporating the alumni association, [the individual defendant] exercised control over the allegedly infringing entity itself. Plaintiff alleges that [the alumni association], under [the individual defendant's] control, guidance, and advice as President and agent of [the

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1685. Potomac Conf. Corp. of Seventh-Day Adventists v. Takoma Academy Alumni Ass'n, 2 F. Supp. 3d 758, 770 (D. Md. 2014) (quoting Rosetta Stone Ltd. v. Google, Inc., 676 F.3d 144, 165 (4th Cir. 2012)) (internal quotation marks omitted).

1686. Hugunin v. Land O'Lakes, Inc., 110 U.S.P.Q.2d 1404, 1410 (N.D. Ill. 2014); *see also* Harrell v. Colonial Holdings, Inc., 923 F. Supp. 2d 813, 821 (E.D. Va. 2013) ("[A] plaintiff may assert joint liability where it is shown that 'the defendant and the infringer have an apparent or actual partnership, have authority to bind one another in transactions with third parties or exercise joint ownership or control over the infringing product.'" (quoting *Rosetta Stone*, 676 F.3d at 165)).

1687. *See Potomac Conf. Corp. of Seventh-Day Adventists*, 2 F. Supp. 3d at 770.

1688. *Id.* at 770-71.

> association], continued to use Plaintiff's marks in interstate commerce in communicating and soliciting funds from alumni, irrespective of Plaintiff's demand that [the individual association] and [the association] cease using the marks, and despite "knowing it would create a likelihood of confusion among alumni, consumers, and others."[1689]

iii. Liability for the Unfair Competition of Agents

The proposition that a defendant can be held liable for the conduct of its agents is well-established, and that proposition led a Michigan federal district court to deny a motion to dismiss claims for infringement and unfair competition against a defendant alleged to have an agency relationship with two other defendants.[1690] The moving defendant's papers acknowledged that one of the other defendants acted as a dealer for the moving defendant and that the moving defendant "warehouse[d]" "numerous rental units" for two other defendants.[1691] That concession, along with allegations in the complaint that the moving defendant had supplied goods to the other defendants despite the moving defendant's awareness that the other defendants were misusing the plaintiff's mark in the promotion of those goods, merited the denial of the moving defendant's motion.[1692]

h. Personal and Joint-and-Several Liability

An individual defendant cannot escape liability if he or she was personally involved in the acts of unfair competition alleged or proven by a plaintiff.[1693] One defendant to learn this lesson the hard way was the president of a company found liable for infringement and likely dilution as a matter of law based on its sale of kits for converting the appearance of one make of automobiles to that of another.[1694] He suffered the same fate, for as

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1689. *Id.* at 771.

1690. *See* Elcometer Inc. v. TQC-USA Inc., 106 U.S.P.Q.2d 1588 (E.D. Mich. 2013).

1691. *Id.* at 1590.

1692. *Id.* at 1591-92.

1693. *See, e.g.*, Louis Vuitton Malletier, S.A. v. Mosseri, 736 F.3d 1339, 1355 (11th Cir. 2013) ("[U]nder Florida law, [the] corporate shield doctrine is inapplicable where the corporate officer commits intentional torts."); Gentex Corp. v. Abbott, 978 F. Supp. 2d 391, 403 (M.D. Pa. 2013) (denying motion to dismiss on ground that "[t]o plead a case against a corporate officer requires only such allegations that show he *participated in* the wrongful acts"); DeNiece Design, LLC v. Braun, 953 F. Supp. 2d 765, 779 (S.D. Tex. 2013) (denying, without extended analysis, motion to dismiss filed by individual defendant on ground that "[t]he Court agrees that an officer or director who actively and knowingly causes confusion, mistake or deception can be personally liable under section [43(a)]").

1694. *See* Bentley Motors Ltd. Corp. v. McEntegart, 976 F. Supp. 2d 1297 (M.D. Fla. 2013).

the court explained, "[t]he individual liability standard does not ask whether the individual participated or engaged in some infringing act; instead, [the standard] asks whether he actively participated as a moving force in the decision to engage in the infringing acts, or otherwise caused the infringement as a whole to occur."[1695] In applying this standard, the court concluded from the summary judgment record that:

> The evidence in this case demonstrates that [the individual defendant] is the "president and CEO" of [his company], that [the individual defendant], on behalf of [his company], actively advertised the infringing kit cars, that the paint and body work for several of the infringing kit cars was performed by [the individual defendant] as [his company], and that [the individual defendant] accepted payment from customers for bodywork that he personally performed on the kit cars.
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> [The individual defendant] thus actively caused the infringement in this case "as a moving, conscious force"; the Court accordingly finds that no genuine issue exists as to [his] personal liability.[1696]

A similar degree of personal involvement led to a finding of personal liability as a matter of law for the majority owner of a business that sold print-on-demand T-shirts bearing reproductions and imitations of trademarks owned by the plaintiff, as well as the name and likeness of one of the plaintiff's employees.[1697] The court held as a threshold matter that "[a]n individual corporate officer, director, owner, or employee can be liable for trademark infringement by the corporation where the individual is either personally involved in the infringement or is willfully blind to infringing activity."[1698] It then concluded that "[t]he undisputed facts satisfy both possibilities here" based on the plaintiff's showings that the individual defendant had personally designed one of the shirts at issue and, additionally:

> that [he] understood intellectual property enough to know that infringement could occur, that he was aware of complaints by rights holders that necessitated action, that he was aware of multiple, specific communications from Plaintiff seeking to stop the infringing activities, and that although he was aware of licensing, obtaining licenses was simply not part of [the corporate defendant's] business model. Despite all of this, he

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1695. *Id.* at 1315 (second alteration in original) (quoting Chanel, Inc. v. Italian Activewear of Fla., Inc., 931 F.2d 1472, 1478 n.8 (11th Cir. 1991)) (internal quotation marks omitted).

1696. *Id.* (quoting *Chanel*, 931 F.2d at 1478) (citations omitted).

1697. *See* Ohio State Univ. v. Skreened Ltd., 16 F. Supp. 3d 905 (S.D. Ohio 2014).

1698. *Id.* at 921 (alteration in original) (quoting Coach, Inc. v. D & N Clothing, Inc., No. 10–12813, 2011 WL 2682969, at *3 (E.D. Mich. July 11, 2011)) (internal quotation marks omitted).

> owned (and, with a period of inactivity, ran) a business that included ongoing infringement while apparently, at best, keeping himself in the dark as to the scope of that infringement.[1699]

Joint-and-several liability therefore was appropriate.[1700]

In addition to reported opinions reaching findings of personal liability on the merits, at least one denied a motion for summary judgment of nonliability filed by two individual defendants, a husband and wife.[1701] The deck was stacked against the husband: In addition to being the president and owner of the lead corporate defendant, he owned a registration covering the allegedly infringing mark, and at least some portions of the summary judgment record indicated that he had been directly involved in the use of that mark.[1702] In contrast, the wife had never been a board member, shareholder, or officer of the corporate defendant, but, as the court noted, "defendants acknowledge that [she] has 'appeared at a range of promotional events to support [her husband], and has provided some minimal input in the design of some [of the lead corporate defendant's] products.'"[1703] Under those circumstances, neither of the individual defendants was entitled to summary judgment.[1704]

2. Defenses

a. Legal Defenses

i. Abandonment

Section 45 of the Lanham Act identifies two circumstances under which the rights to a mark can be deemed abandoned by the mark's owner:

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.

1699. *Id.*

1700. *Id.*

1701. *See* Lambert Corp. v. LBJC Inc., 111 U.S.P.Q.2d 1261 (C.D. Cal. 2014).

1702. *Id.* at 1264.

1703. *Id.*

1704. *Id.*

> (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.[1705]

Both types of abandonment came into play over the course of the past year.

(A) Nonuse

Several courts addressing claims of abandonment through nonuse over the past year made the self-evident point that a mark that remains in bona fide use cannot have been abandoned. One was the Ninth Circuit, which rejected a district court finding of abandonment in the context of a preliminary injunction proceeding.[1706] In that case, the plaintiff, Wells Fargo, had acquired an entity operating under the ABD INSURANCE AND FINANCIAL SERVICES service mark. Following that transaction, "Wells Fargo changed the name of ABD to 'Wells Fargo Insurance Services,' but continued to display the [ABD INSURANCE AND FINANCIAL SERVICES mark] on customer presentations and solicitations, to maintain the abdi.com website and metatags, and to accept customer payments made to ABD."[1707] When they learned that Wells Fargo had failed to renew a registration covering the mark, a group of former employees of Wells Fargo and the acquired company adopted the mark themselves and successfully convinced the district court that Wells Fargo had abandoned its rights because any lingering uses Wells Fargo was making of its mark were not bona fide.

The Ninth Circuit concluded otherwise. According the appellate court, "[t]he district court . . . abused its discretion by misapplying the law in its abandonment analysis when it considered evidence of prospective intent to abandon the mark to determine Wells Fargo's uses were bona fide and in the ordinary course of business."[1708] Because "[a]ll bona fide uses in the ordinary course of business must cease before a mark is deemed abandoned":[1709]

> The district court's abandonment findings were flawed for two significant reasons. First, prospective intent to abandon is not properly considered when examining whether bona fide uses of

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1705. 15 U.S.C. § 1127 (2012).

1706. *See* Wells Fargo & Co. v. ABD Ins. & Fin. Servs., Inc., 758 F.3d 1069 (9th Cir. 2014).

1707. *Id.* at 1071.

1708. *Id.* at 1072.

1709. *Id.*

> the mark in the ordinary course of business have ceased, and the district court erred when it considered Wells Fargo's intent to rebrand ABD in that context. Second, the district court misconstrued the breadth of uses included within the scope of a "bona fide use in the ordinary course of trade." Courts must consider the totality of the circumstances surrounding the use, and even a declining business retains, may benefit from, or may continue to build its goodwill until it shuts its doors or ceases use of its marks. In this case, Wells Fargo continued to use the mark in several ways, most notably in customer presentations and solicitations. Such uses demonstrate Wells Fargo's business calculation that it could continue to benefit from the goodwill and mark recognition associated with ABD, and we conclude that Wells Fargo continued its bona fide use of the mark in the ordinary course of business through these uses. Thus, the district court erred by concluding that Wells Fargo abandoned the ABD mark . . . .[1710]

In a separate opinion in a different case, the same court elaborated on this point:

> Although non-use for three consecutive years constitutes prima facie evidence of abandonment, the standard for nonuse is high. Non-use requires *complete* cessation or discontinuance of trademark use, where use signifies any use in commerce and includes the placement of a mark on goods sold or transported. Even a single instance of use is sufficient against a claim of abandonment of a mark if such use is made in good faith.[1711]

The ease with which a putative mark owner can escape a finding of abandonment under this standard, at least in some contexts, is reflected in the Ninth Circuit's concomitant holding that the receipt of royalty income can constitute a cognizable use in commerce of an associated mark. The disputed mark in the appeal before that court was THE PLATTERS for entertainment services. The court credited testimony in the summary judgment record supporting a finding that the plaintiff "received and continues to receive royalties from domestic and international sales" and identifying "a range of companies that pay royalties for the use of The Platters' original recordings in other compilations, television ads, movies, or other media."[1712] Of this showing by the plaintiff, the court noted that "receipt of royalties certainly

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1710. *Id.* (citation omitted) (internal quotation marks omitted).

1711. Herb Reed Enters. v. Fla. Entm't Mgmt., Inc., 736 F.3d 1239, 1248 (9th Cir. 2013) (citations omitted) (internal quotation marks omitted), *cert. denied*, 135 S. Ct. 57 (2014).

1712. *Id.*

qualifies as placement of 'The Platters' mark on goods sold, and supports the finding that there was no abandonment."[1713]

Because a finding of abandonment through nonuse therefore is dependent on a showing that nonuse has, in fact, occurred, the lapsing of a claim in the USPTO will not in and itself establish abandonment.[1714] In a case demonstrating this point, the plaintiff had applied to register the HALLOWINE mark for wine, only to abandon that application in favor of a successful one to register the DOOR COUNTY HALLOWINE mark for the same beverage.[1715] When the plaintiff later challenged the defendants' sale of wine under the HALLOWINE mark, the defendants responded by arguing that the lapsing of the plaintiff's original application had worked an abandonment of the plaintiff's rights. This theory failed to survive the plaintiff's motion for summary judgment. Quoting Rule 2.68 of the Trademark Rules of Practice, the court held that "the fact that [a trademark] application has been expressly abandoned shall not . . . affect any rights that the applicant may have in the mark in the abandoned application"[1716] Instead, because "[w]hether a mark is abandoned . . . depends on how the mark is used, rather than whether it is registered,"[1717] and because the defendants had failed to offer any evidence on that critical issue, summary judgment in the plaintiff's favor was appropriate.[1718]

Of course, even if the use of a mark has, in fact, been discontinued, that may not be sufficient to work an abandonment of the rights of its owner, even if the period of discontinuance is longer than three years.[1719] In one case proving this point, it was undisputed that the plaintiff had failed to use its mark "for more than three years" before the date of first use of the defendant's mark.[1720] That period of nonuse, the court held, meant that "[the

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1713. *Id.*

1714. *See, e.g.*, 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. There is no evidence of abandonment.").

1715. *See* C & N Beverage v. Kane, 953 F. Supp. 2d 903 (E.D. Wis. 2013), *aff'd*, 756 F.3d 1024 (7th Cir. 2014).

1716. *Id.* at 911 (alteration in original) (quoting 37 C.F.R. § 2.68 (2012)) (internal quotation marks omitted).

1717. *Id.*

1718. *Id.* at 912.

1719. *See, e.g.*, Lambert Corp. v. LBCJ Inc., 111 U.S.P.Q.2d 1261, 1270 (C.D. Cal. 2014) (denying defense motion for summary based on plaintiff's claim of discussions of "re-launch" of brand with retailers, which was "sufficient to create a genuine dispute of material fact as to whether plaintiff ever intended not to resume use of [its mark]").

1720. *See* Health & Sun Research, Inc. v. Australian Gold, LLC, 108 U.S.P.Q.2d 1904, 1907 (M.D. Fla. 2013).

defendant] enjoys the rebuttable presumption that [the plaintiff] does not intend to resume use of the [plaintiff's] mark. Thus, 'the burden of production although not the ultimate burden of persuasion, shifts to [the plaintiff]' to show [an] intent to resume use as to the . . . mark."[1721] On the subject of that intent, the plaintiff benefitted from the nature of its product, which was a tanning lotion ordered sporadically by salons: "The long shelf-life of the product combined with the fact that tanning salons purchased many bottles of the . . . product at one time demonstrate how [the plaintiff] could sustain a three year period of sales inactivity while still maintaining a market presence and use of [its] mark."[1722] Beyond that, the plaintiff's "litigation conduct," namely its suit against the defendant, constituted evidence of an intent to resume use.[1723] Under these circumstances, there was sufficient record support for the plaintiff's position that a defense motion for summary judgment could not be granted.[1724]

Nevertheless, not all claims of abandonment through nonuse failed,[1725] and, indeed, the Seventh Circuit affirmed a finding of abandonment as a matter of law under that scenario.[1726] The plaintiffs falling victim to that holding averred protectable rights to the ANDROID DATA mark for computer e-commerce software and related services. They sought to challenge the use of the ANDROID mark for Google's operating system and various goods and services based on that system, but the district court found as a matter of law that the plaintiffs had abandoned their rights prior to Google's date of first use in August 2007.

The Seventh Circuit affirmed. Addressing the significance of Section 45's three-year "clock," the appellate court held that "[a] prima facie showing of abandonment may be rebutted with

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1721. *Id.* (quoting Natural Answers, Inc. v. SmithKline Beecham, 529 F.3d 1325, 1330 (11th Cir. 2008)).

1722. *Id.* at 1908-09.

1723. *Id.* at 1909.

1724. *Id.*

The court reached the same result with respect to another claimed mark on which the plaintiff's complaint was based. The use of the second mark had not been discontinued for three years, and, in any case, the plaintiff was able to rely on an order it had placed for 1,500 bottles of lotion to be filled and sold under that mark. The defendant's motion for summary judgment therefore was without merit as to the second mark as well. *Id.* at 1909-10.

1725. *See, e.g.*, NetJets Inc. v. IntelliJet Grp., 109 U.S.P.Q.2d 1553, 1565 (S.D. Ohio 2013) (granting defense motion for summary judgment based on plaintiffs' failure ever to have used claimed mark and without consideration of intent to do so); *see also* BBW Brand Mgmt., Inc. v. Summit Entm't, LLC, 7 F. Supp. 3d 385, 403-04 (S.D.N.Y. 2014) (denying claimed mark owner's motion for summary judgment on ground that past practice of resuming use of other marks was not dispositive evidence of an intent to resume use of mark at issue in litigation).

1726. *See* Specht v. Google Inc., 747 F.3d 929 (7th Cir.), *cert. denied*, 135 S. Ct. 724 (2014).

evidence excusing the nonuse or demonstrating an intent to resume use. But the intent to resume use in commerce must be formulated within the three years of nonuse."[1727] As had the district court, the Seventh Circuit concluded there was no material dispute that the plaintiffs' formal operations had wound down "at the end of 2002."[1728] It then disposed of various showings of alleged ongoing use of their mark by the plaintiffs, including: (1) efforts to sell their assets, which the court held was "different from trading on the goodwill of a trademark to sell a business's goods or services and therefore does not constitute a use of the mark in commerce";[1729] (2) their continued maintenance of a phone number associated with the mark until 2003, which failed to do the job because the lead plaintiff "included any phone expenses from 2003 on [his business's] 2002 balance sheet precisely because, in his view, [the business] did not operate in 2003";[1730] (3) the operation of a website apparently displaying the mark which didn't qualify as ongoing use because "[the lead plaintiff] did not identify any goods or services [his business] could have provided through or in connection with the website after 2002";[1731] and (4) the lead plaintiff's undertaking two sales efforts in 2007 in connection with the mark, of which the Seventh Circuit noted that "these two efforts were isolated and not sustained; sporadic attempts to solicit business are not a use in commerce meriting the protection of the Lanham Act."[1732] Google therefore was entitled to prevail as a matter of law on the grounds that "[o]nce a mark is abandoned, it returns to the public domain, and may be appropriated anew. By adopting the abandoned mark first, Google became the senior user, entitled to assert rights to the Android mark against the world."[1733]

Prima facie evidence of abandonment in the form of three years of nonuse also helped lead to the invalidation of a claimed mark in a case not producing a reported appellate opinion.[1734] Confronted with a defense motion for summary judgment, the plaintiff owner of that mark made a feeble proffer of undated photographs of packaging bearing its mark, but the court found

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1727. *Id.* at 934 (citation omitted).

1728. As the court explained of the summary judgment record, "[t]hat [was] the year that [the business operated by the lead plaintiff] essentially shut down after losing five clients, laying off its one employee, and transferring its assets to [another business]." *Id.*

1729. *Id.*

1730. *Id.*

1731. *Id.*

1732. *Id.* at 935 (internal quotation marks omitted).

1733. *Id.*

1734. *See* Overseas Direct Imp. Co. v. Family Dollar Stores, Inc., 929 F. Supp. 2d 296 (S.D.N.Y. 2013).

deposition testimony by the plaintiff's principal that the mark's use had been discontinued "well over three years" earlier.[1735] The court noted that "the defendants have established a presumption of abandonment"[1736] and, additionally, that that presumption was "sufficient to demonstrate intent to abandon the mark."[1737] Unfortunately for the plaintiff, it failed to rebut the presumption "by offering evidence of use, intent to use the trademark, or [license] to another entity willing to promote the mark in commerce."[1738] A finding of abandonment as a matter of law was the result.[1739]

(B) Naked Licensing

Litigants relying on naked licensing as a basis for a finding of abandonment generally face an uphill battle,[1740] and a pair of plaintiffs certainly did in an appeal to the Seventh Circuit from the dismissal of their challenge to Google's ownership of the ANDROID mark.[1741] As characterized by the court, the plaintiffs' argument was that "Google never acquired any lasting right to the Android mark because Google released its operating system without retaining control over how developers or mobilephone companies like T-Mobile could use the software, giving them a so-called 'naked license.'"[1742] The court identified a number of fatal flaws in the plaintiffs' position, the first of which was that the plaintiffs had failed to assert the existence of a naked license before the district court.[1743] Beyond that, "because a naked license abandons an already-owned mark, [the plaintiffs'] argument presupposes that Google had an enforceable right to the Android mark, a position that undercuts [their] claim to be the holder of that right."[1744] Finally, the court held that "an argument about

1735. *Id.* at 307.

1736. *Id.* at 308.

1737. *Id.*

1738. *Id.*

1739. *Id.*

1740. *See, e.g.*, Fuel Clothing Co. v. Nike, Inc., 7 F. Supp. 3d 594, 605-08 (D.S.C. 2014) (denying defense motion for summary judgment after finding conflicting evidence on threshold issue of existence of licenses); Dual Groupe, LLC v. Gans-Mex LLC, 932 F. Supp. 2d 569, 574 (S.D.N.Y. 2013) (denying motion to dismiss based on existence of quality-control provisions in license).

1741. *See* Specht v. Google Inc., 747 F.3d 929 (7th Cir.), *cert. denied*, 135 S. Ct. 724 (2014).

1742. *Id.* at 935.

1743. *Id.*

1744. *Id.*

naked licensing is an argument about Google's rights against licensees, and licensees are not an issue in this case."[1745]

In a suit that forced the New York federal district court hearing it to address a claim of naked licensing more directly, the defendant was tasked with establishing the existence of a naked license by clear and convincing evidence.[1746] The summary judgment record precluded it from doing so: To the contrary, that record was "replete with compelling evidence of [the plaintiff's] supervision of [its licensees' use] of its mark."[1747] For example, the plaintiff's most recent license contained "several quality control provisions, including a requirement that [the licensee] provide [the plaintiff] with sketches, prototypes or electronic models of proposed goods prior to their production, and submit all advertisements and other proposed uses of the [licensed] Marks to [the plaintiff] for its approval."[1748] Pursuant to the same license, the plaintiff's principal visited the licensee's manufacturing facilities and approved sample goods provided by the licensee to the plaintiff. Moreover, under an earlier license with a different licensee, the plaintiff had similarly reviewed and approved goods produced by that licensee before their production, after which there was no need to do so in light of the licensee's reputation and its practice of producing the same goods over time.[1749]

ii. Prior Use

Only one reported opinion addressed a defense claim of prior use over the past year,[1750] and that opinion misconstrued the parties' respective burdens under Section 33(b)(5).[1751] That statute provides that the exclusive right to use even an incontestably registered mark is subject to the "defense[] or defect[]" that:

> the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in

1745. *Id.* The court's apparent holding that only licensees can claim the existence of naked licenses appears inconsistent with its prior holding in at least one case that the licensee estoppel doctrine precludes licensees from challenging the validity of their licenses, whatever the basis of the challenge. *See* Smith v. Dental Prods. Co., 140 F.2d 140, 148 (7th Cir. 1944) (applying doctrine to licensee that had paid royalties for years and had assigned rights to disputed mark to licensor). *But see* Eva's Bridal Ltd. v. Halanick Enters., 639 F.3d 788, 790 (7th Cir. 2011) (affirming finding of naked license as a matter of law and entry of summary judgment in licensee's favor).

1746. *See* Lifeguard Licensing Corp. v. Gogo Sports, Inc., 108 U.S.P.Q.2d 1454, 1458 (S.D.N.Y. 2013).

1747. *Id.*

1748. *Id.*

1749. *Id.*

1750. *See* MPC Franchise, LLC v. Tarntino, 19 F. Supp. 3d 456 (W.D.N.Y. 2014).

1751. 15 U.S.C. § 1115(b)(5) (2012).

> privity with him from a date prior to . . . the [registrant's priority date] of constructive use of the [registrant's] mark . . . . Provided, however, That this defense or defect shall apply only for the area in which such continuous prior use is proved.[1752]

The rights of the plaintiffs in the case arose from their licensed use of a federally registered mark. Although Section 33(b)(5) clearly is worded in the form of an affirmative defense, the court required the plaintiffs to adduce proof of their prior rights beyond the introduction into evidence of their licensor's registration. When they were unable to do so to the court's satisfaction, the court held they were not entitled to summary judgment as to the defendant's claim of prior use.[1753]

In contrast, a panel of the Court of Appeals of Georgia recognized that, properly viewed, the protection afforded by Section 33(b)(5) is in the nature of a defense.[1754] The litigation leading to that recognition was between operators of competing tattoo parlors in the metro Atlanta area. The counterclaim plaintiffs claimed to have used their marks outside of Georgia as early as 1997, as well as to own federal registrations covering the marks, which issued on November 8, 2011, and January 29, 2013.[1755] Unfortunately for the counterclaim plaintiffs, the counterclaim defendants had adopted their confusingly similar mark in 2008, apparently without knowledge of the counterclaim plaintiffs' use. As the court noted in holding that the counterclaim plaintiffs were not entitled to injunctive relief, Section 33(b)(5)'s "'limited area' defense" meant that the counterclaim defendants were entitled "(1) . . . to use [their mark] in the metro Atlanta area if evidence showed they continuously used the name and achieved secondary meaning prior to the [counterclaim plaintiffs'] federal registration, and (2) [to] enjoin the defendants from infringing on the plaintiffs' mark in that area."[1756]

iii. Descriptive Fair Use

Descriptive fair use by a defendant of either the plaintiff's trademark or the words making up the plaintiff's trademark may be justified under any of three theories. First, Section 33(b)(4) of the Act recognizes as a defense to the conclusive evidentiary

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1752. *Id.*

1753. *MPC Franchise, LLC*, 19 F. Supp. 3d at 484.

1754. *See* Inkaholics Luxury Tattoos Ga., LLC v. Parton, 751 S.E.2d 561 (Ga. Ct. App. 2013).

1755. The counterclaim plaintiffs apparently did not advise the court of the filing dates of the applications that had matured into those registrations, which should have had greater significance than the registration dates under Section 7(c), 15 U.S.C. § 1057(c) (2012).

1756. *Inkaholics*, 751 S.E.2d at 566.

presumption attaching to an incontestably registered mark that a defendant is using "otherwise than as a mark" a personal name "in his own business" or other words "fairly and in good faith only to describe the [associated] goods or services . . . or their geographic origin."[1757] 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) excludes from liability in a likelihood-of-dilution action "[a]ny fair use, including a . . . descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services."[1758]

Although the scenario of a defendant claiming the right to use his or her personal name appears before the others in the express text of Section 33(b)(4), reported opinions addressing it have been rare in recent years. The Second Circuit, however, bucked that trend in rejecting the defense in a case brought by two related financial services companies, Guggenheim Capital, LLC and Guggenheim Partners, LLC against an individual defendant named David Birnbaum.[1759] The record demonstrated that, even after having been enjoined from doing so, Birnbaum had identified himself as "David B. Guggenheim," the chairman of "Guggenheim Bank." Claiming the protection of Section 33(b)(4), Birnbaum sought to have a default judgment against him set aside, but the Second Circuit wasn't biting. The appellate court concluded that Birnbaum's conduct did not fall within the scope of the statute because he had not used the word "Guggenheim" in good faith, citing, inter alia, the district court's finding that "Birnbaum's use of the marks was 'a bad faith attempt to trade off of the goodwill and reputation of Plaintiffs' famous marks,'"[1760] as well as the fact that Guggenheim was "*not* Birnbaum's surname."[1761] Because Birnbaum did not have a meritorious defense to the plaintiffs' suit, the default judgment stood as entered.[1762]

In contrast, a New York federal district court addressed Section 33(b)(4)'s requirements in a case in which there was no dispute as to the accuracy of the lead defendant's name.[1763] The court did so in the context of a motion to dismiss, of which it

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1757. 15 U.S.C. § 1115(b)(4) (2012).

1758. *Id.* § 1125(c)(3)(A).

1759. *See* Guggenheim Capital, LLC v. Birnbaum, 722 F.3d 444 (2d Cir. 2013).

1760. *Id.* at 456.

1761. *Id.*

1762. *Id.* at 456-67.

1763. *See* JBCHoldings NY, LLC v. Pakter, 931 F. Supp. 2d 514 (S.D.N.Y. 2013).

observed that "[a]lthough fair use is an affirmative defense, it is nevertheless appropriate to grant a motion to dismiss based on this defense where the alleged conduct is fair use as a matter of law."[1764] Because the alleged conduct at issue satisfied all three prerequisites for the application of Section 33(b)(4), the Court concluded that the motion to dismiss was well-taken. Specifically, even accepting the plaintiffs' averments as true: (1) the lead defendant's name had been used only in the running text of e-mails announcing her new position, rather than as a mark; (2) the e-mails accurately stated that the defendant had taken a new position; and (3) "[n]othing whatsoever about that statement bespeaks an intention to trade on plaintiffs' good will."[1765] As a consequence, the uses of the lead defendant's name constituted fair use as a matter of law.[1766]

A different New York federal district court had the opportunity to address the issue of whether the common-law descriptive fair use defense excused the use of the lead plaintiff's persona in a right-of-publicity action brought under the law of that state.[1767] The lead plaintiff was a hip-hop artist, whose photograph had been used without his consent on the masthead of the defendants' website, at which visitors could sample music and access videos. On the parties' cross-motions for summary judgment, the court held that "[a] successful fair use defense must establish that the use of the mark was '(1) other than as a mark, (2) in a descriptive sense, and (3) in good faith.'"[1768] The court acknowledged that images could be descriptive, but it nevertheless found that the particular images at issue did not fall into that category and therefore could not satisfy the second requirement of the doctrinal test. In particular, "the images, even when viewed in the context of each masthead, do not convey to a viewer that the website contains videos of [the lead plaintiff]. The images therefore are not used in a descriptive sense and the fair use defense fails as a matter of law."[1769]

iv. Nominative Fair Use

"A nominative fair use occurs when [a] plaintiff's mark is used to describe [the] plaintiff's own product."[1770] Somewhat unusually, a Nevada federal district court found nominative fair use as a

1764. *Id.* at 530.

1765. *Id.*

1766. *Id.*

1767. *See* Jackson v. Odenat, 9 F. Supp. 3d 342 (S.D.N.Y. 2014).

1768. *Id.* at 361 (quoting Kelly–Brown v. Winfrey, 717 F.3d 295, 308 (2d Cir. 2013)).

1769. *Id.* at 362.

1770. *Id.* at 360.

matter of law on a motion to dismiss.[1771] Although the order granting the motion did not describe the plaintiffs' trademark claims in detail, those claims apparently were based on the purchase and online posting by one of the defendants of sports betting reports offered by the plaintiffs, which were described using the plaintiffs' marks. Granting the defendants' motion, the court held that the conduct alleged in the plaintiffs' complaint was beyond the reach of trademark law:

> [T]hough Plaintiffs urge comparisons to cases in which the infringer used the plaintiff's mark to identify the infringer's own products, Plaintiffs have made no such allegations here. Indeed, these comparisons illustrate the overbreadth of Plaintiffs' theory of infringement. Such a theory imperils any website that encourages user participation and features user-generated content discussing trademarked products (think ebay.com, facebook.com, and many others).[1772]

A finding of nominative fair use as a matter of law also was the result in an action brought to protect the claimed mark THE SITUATION for entertainment services.[1773] The owners of that mark were reality television show star Michael Sorrentino and a company he controlled. When Sorrentino appeared in an episode of the show *The Jersey Shore* wearing a pair of ABERCROMBIE & FITCH-branded pants, the owners of that mark swung into action by offering Sorrentino $10,000 *not* to wear their clothing in the future and by issuing a press release that both trumpeted the offer and referred to Sorrentino as "Michael 'The Situation' Sorrentino."[1774] In granting the defendants' motion for summary judgment, the court held that "[t]he use of a plaintiff's alleged trademark for purposes of expression, criticism, commentary or satire is generally protected as a matter of law unless it explicitly misleads as to source or sponsorship."[1775] As a consequence:

1771. *See* Stevo Design, Inc. v. SBR Mktg. Ltd., 968 F. Supp. 2d 1082 (D. Nev. 2013).

1772. *Id.* at 1089-90 (citations omitted).

1773. *See* MPS Entm't, LLC v. Abercrombie & Fitch Stores, Inc., 110 U.S.P.Q.2d 1287 (S.D. Fla. 2013).

1774. *Id.* at 1290. The tongue-in-cheek press release advised readers that:

> We are deeply concerned that Mr. Sorrentino's association with our brand could cause significant damage to our image. We understand that the show is for entertainment purposes, but believe this association is contrary to the aspirational nature of our brand, and may be distressing to many of our fans.
>
> We have therefore offered a substantial payment to Michael 'The Situation' Sorrentino and the producers of MTV's *The Jersey Shore* to have the character wear an alternative brand. We have also extended this offer to other members of the cast, and are urgently awaiting a response.

Quoted in id. at 1290-91.

1775. *Id.* at 1298.

> [T]he use of Michael Sorrentino's name and nickname in the press release was a non-actionable fair use under trademark law. A&F used only so much of the plaintiff's name as was reasonably necessary to respond to his wearing A&F's brand on *The Jersey Shore*, and did not do anything that would suggest Sorrentino's sponsorship or endorsement. A&F's press release expressly disassociated Sorrentino from A&F, and the plaintiffs have conceded that no third party has expressed any confusion that the press release rejecting Sorrentino's image somehow suggested sponsorship of endorsement by Sorrentino.[1776]

One court reached a split decision in a case in which the counterclaim plaintiff, the NAACP, sought to protect three verbal service marks, namely, NATIONAL ASSOCIATION OF COLORED PEOPLE, NAACP, and IMAGE AWARDS, as well as a seal consisting in part of a scales of justice design.[1777] The occasion of the parties' dispute was the counterclaim defendants' reproduction or imitation of those marks in online news stories, some of which advanced the counterclaim defendants' opposition to abortion; those stories contained references to a putative organization named the NATIONAL ASSOCIATION FOR THE ABORTION OF COLORED PEOPLE. Following a bench trial, the court found that some of the counterclaim defendants' uses qualified as nominative fair ones. Specifically, the trial record contained "[l]ittle evidence . . . to demonstrate any other use of 'Image Awards' and the Scales of Justice Seal besides in a description or reference to the NAACP's services."[1778] That was not the case with respect to the counterclaim defendants' other uses:

> [W]hile the majority of instances "NAACP" appeared in [one of the counterclaim defendants' articles] was in reference to the NAACP, "NAACP" also appeared in the title of the [article] . . . adjacent to "National Association for the Abortion of Colored People." This particular use is not nominative fair use because "NAACP: National Association for the Abortion of Colored People" neither describes nor references the NAACP's services.[1779]

Some claims of nominative fair use failed as a matter of law. For example, one Ninth Circuit opinion confirmed that, to escape liability for infringement under the nominative fair use doctrine, the defendant's use must be to refer to the plaintiff's goods and

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1776. *Id.* at 1299 (citations omitted).

1777. *See* Radiance Found. v. NAACP, 25 F. Supp. 3d 865 (E.D. Va. 2014).

1778. *Id.* at 897.

1779. *Id.*

services, rather than its own.[1780] The case before that court involved the defendant's registration of the domain names *hendrixlicensing.com* and *hendrixartwork.com*. Each was used as an address of a website at which the defendant sold Jimi Hendrix-related merchandise, but that merchandise did not originate with the plaintiff, which owned a number of registered trademarks associated with Hendrix. This distinction had proven fatal to the defendant's claim of nominative fair use before the district court, and the same result held in the Ninth Circuit's opinion affirming the district court's entry of summary judgment in the plaintiff's favor: "Nominative fair use applies where a defendant has used the plaintiff's mark to describe the *plaintiff's product*."[1781]

Finally, a defense motion for summary judgment grounded in the allegedly nominative fair use of a registered mark owned by hip-hop artist Curtis Jackson, better known as 50 Cent, failed, leaving the issue to be decided at trial.[1782] The defendants in Jackson's infringement and unfair competition suit operated a website at which samples of music, including those of Jackson, could be heard. Jackson's mark was G-UNIT, used and registered for a variety of entertainment-related goods and services, while the defendants' site displayed, in varying degrees of prominence, G-UNIT RADIO, as well as images of Jackson and some of his associates. In denying the defendants' motion, the court declined to apply a particular doctrinal test for nominative fair use, holding instead only that "a 'defendant may lawfully use a plaintiff's trademark where doing so is necessary to describe the plaintiff's product and does not imply a false affiliation or endorsement by the plaintiff of the defendant.'"[1783] The defendants' use failed to qualify as such a lawful one: "While the use of the 'G–Unit Radio' button seems necessary to identify the mixtape series of the same name, its placement on the masthead along with members of G–Unit could imply false affiliation or endorsement by Jackson, the owner of the 'G–Unit' mark."[1784] According to the court, "[t]his clearly implicates the likelihood of confusion analysis and requires an evaluation of the masthead in context. . . . [T]hat is a matter best left for the jury."[1785]

1780. *See* Experience Hendrix L.L.C. v. Hendrixlicensing.com Ltd., 742 F.3d 377 (9th Cir. 2014).

1781. *Id.* at 387 (quoting Fortune Dynamic, Inc. v. Victoria's Secret Stores Brand Mgmt., Inc., 618 F.3d 1025, 1031 (9th Cir. 2010)) (internal quotation marks omitted).

1782. *See* Jackson v. Odenat, 9 F. Supp. 3d 342 (S.D.N.Y. 2014).

1783. *Id.* at 360 (quoting Tiffany (NJ) Inc. v. eBay Inc., 60 F.3d 93, 102-03 (2d Cir. 2010)).

1784. *Id.* at 361.

1785. *Id.*

v. Innocent Printer

Section 32(2)(b) of the Act provides that plaintiff proceeding under Section 32 or Section 43(a) will be entitled only to injunctive relief if any violation of its rights the plaintiff is able to prove "is contained in or is part of paid advertising matter in a newspaper, magazine, or other similar periodical or in an electronic communication" and if the defendant is an innocent infringer or violator.[1786] Two defendants unsuccessfully invoked Section 32(2)(b) in an action in which they were accused of having sold T-shirts that violated the plaintiff's trademark rights and the right of publicity of one of the plaintiff's employees, which the employee had assigned to the plaintiff.[1787] As the court noted in holding the statute to be inapplicable and entering summary judgment in the plaintiff's favor, "all of [the lead defendant's] owners testified that the company is simply in the business of printing apparel, without mentioning being in the advertising business or serving as a provider of any sort. No reasonable juror could interpret the evidence as Defendants urge."[1788]

vi. Statutes of Limitations

The Lanham Act does not have a statute of limitations, but that did not stop a defendant in Illinois federal court from asserting that the federal claims against it were barred by such a statute.[1789] The court rather generously addressed the merits of that theory before disposing of it on the plaintiff's motion for summary judgment. In doing so, the court referred to Illinois law to conclude that the relevant time periods were three years for all analogous state-law torts.[1790] It then determined from the summary judgment record that "[t]he undisputed facts show that [the plaintiff] brought its claims within all pertinent statute of limitation periods. Therefore, [the plaintiff's] motion for summary judgment as to the statute of limitations affirmative defense is granted."[1791]

vii. Implied License

The defense that a plaintiff's conduct has given rise to an implied license was addressed and resolved in only a single

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1786. 15 U.S.C. § 1114(2)(B) (2012).

1787. *See* Ohio State Univ. v. Skreened Ltd., 16 F. Supp. 3d 905 (S.D. Ohio 2014).

1788. *Id.* at 918. The defendants' attempt to rely upon an Ohio statute to similar effect also failed as a matter of law for the same reasons. *Id.*

1789. *See* Dyson, Inc. v. Bissell Homecare, Inc., 951 F. Supp. 2d 1009 (N.D. Ill. 2013).

1790. *Id.* at 1037.

1791. *Id.*

reported opinion over the past year.[1792] In the litigation giving rise to that opinion, the defendants operated a website at which visitors could sample music and view videos and the masthead of which featured photographs of the lead plaintiff and a registered trademark he owned.[1793] The defendants' implied-license defense rested on claims that a third-party defendant had represented to them that they could display the photographs and mark, as well as the lead plaintiff's delay in demanding the removal of those items. There was no dispute between the parties that the defendants' argument depended on whether the third-party defendant had the apparent authority to bind the lead plaintiff. On that issue, the court held that "for [the third-party defendant] to have apparent authority, (1) [the lead plaintiff] 'must have been responsible for the appearance of authority' by words or conduct communicated to [the lead defendant], and (2) [the lead defendant] must have been reasonable in relying on [the third-party defendant's] representations."[1794] The defendants' showing failed to satisfy either, much less both, of these showings. Specifically: (1) the lead plaintiff's silence in the face of the defendants' conduct did not create the appearance of authority; and (2) any conversations the third-party defendant may have had with the lead defendant "could not be a reasonable basis for [the lead defendant] to conclude that [he] had obtained a license to use [the plaintiffs'] intellectual property."[1795] As a consequence, the plaintiffs were entitled to the entry of summary judgment in their favor.[1796]

viii. Communications Decency Act

Section 230(c)(1) of the Communications Decency Act (CDA) provides the provider of an "interactive computer service" who publishes information provided by others with immunity from certain types of liability.[1797] Although it can be successfully invoked in trademark disputes,[1798] the immunity recognized under the CDA is not limitless. For example, having been found liable for

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1792. For an example of an opinion concluding that factual disputes precluded the entry of summary judgment in favor of the putative issuer of an implied license, see *All Star Championship Racing, Inc. v. O'Reilly Automotive Stores, Inc.*, 940 F. Supp. 2d 850, 863-64 (C.D. Ill. 2013); see also *Rainbow Apparel Distrib. Ctr. Corp. v. Gaze U.S.A., Inc.*, 295 F.R.D. 18, 24 (E.D.N.Y. 2013) (declining to dismiss averment of implied license for failure to state a claim).

1793. *See* Jackson v. Odenat, 9 F. Supp. 3d 342 (S.D.N.Y. 2014).

1794. *Id.* at 363 (quoting FDIC v. Providence Coll., 115 F.3d 136, 140 (2d Cir. 1997)).

1795. *Id.*

1796. *Id.* at 363-64.

1797. 47 U.S.C. § 230(c)(1) (2012).

1798. *See, e.g.*, Evans v. Hewlett-Packard Co., 109 U.S.P.Q.2d 1081, 1083 (N.D. Cal. 2013) (granting motion to dismiss claim against online vendor of downloadable application based on failure of complaint to allege that defendants had produced the application in question).

counterfeiting, infringement, and violations of the plaintiff's predecessor's right of publicity,[1799] one pair of defendants fell victim to Section 230(e)(2) and Section 230(e)(3) of the CDA, which respectively recite that "[n]othing in this section shall be construed to limit or expand any law pertaining to intellectual property"[1800] and "[n]othing in this section shall be construed to prevent any State from enforcing any State law that is consistent with this section."[1801] Their invocation of the CDA therefore did not prevent summary judgment from being entered against them.[1802]

b. Equitable Defenses

i. Unclean Hands

"The doctrine of unclean hands is an equitable defense requiring [the] plaintiff to act 'fairly and without fraud or deceit as to the controversy in issue.'"[1803] As one opinion demonstrated, the difficulty in proving the defense in an infringement action is that "the fraud or deceit must relate to [the] plaintiff's 'acquisition or use' of the trademark."[1804] The alleged deceit and fraud at issue was three-fold: (1) the lead plaintiff had communicated his approval of the defendants' conduct through a third party but then had demanded that the defendants cease that conduct and had filed suit even after they complied; (2) the lead plaintiff had altered his website to make it closer in appearance to that of the defendants; and (3) the lead plaintiff had hacked the defendants' website during settlement negotiations.[1805] The court was unimpressed:

> Defendants assert this defense generally with no attempt to connect it to any of the rights at issue. None of the alleged conduct has anything to do with Plaintiffs' acquisition or use of the trademark . . . . The defense therefore fails as a matter of law, is stricken, and will not prevent the Court from entering a judgment in favor of Plaintiffs.[1806]

Judicial skepticism toward unclean hands as a defense was equally apparent in an opinion disposing of it on a motion for

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1799. *See* Ohio State Univ. v. Skreened Ltd., 16 F. Supp. 3d 905 (S.D. Ohio. 2014).

1800. 47 U.S.C. § 230(e)(2).

1801. *Id.* § 230(e)(3).

1802. *Ohio State Univ.*, 16 F. Supp. 3d at 918.

1803. Jackson v. Odenat, 9 F. Supp. 3d 342, 364 (S.D.N.Y. 2014).

1804. *Id.* (quoting Gidatex, S.r.L. v. Campaniello Imps., Ltd., 82 F. Supp. 2d 126, 131 (S.D.N.Y. 1999)).

1805. *Id.*

1806. *Id.*

judgment on the pleadings.[1807] The plaintiff in the action producing that opinion was a manufacturer of an energy drink, while the defendants were accused of misappropriating the marks and trade dress under which the plaintiff's drink was sold. Responding to the plaintiff's suit, the defendants argued that the plaintiff's mark and trade dress were unenforceable because they misled consumers into thinking that the plaintiff's drinks were "healthful" and provided an energy boost from a mix of vitamin B and amino acids.[1808] Unfortunately for the defendants, there were no affirmative claims on the plaintiff's packaging that the vitamin B and amino acids contained in its drinks were the drinks' active ingredients. Because "[t]he [plaintiff's] trade dress carries no distinct assertion that is false or misleading," the defendants' claim of unclean hands failed as a matter of law.[1809]

Not all claims of unclean hands failed, however, and, indeed, one succeeded in a false-advertising dispute.[1810] At trial, a jury credited the plaintiff's allegation that the defendants had falsely advertised the ability of the parties' respective cameras to survive a two-meter "drop test." Unfortunately for the plaintiff, however, the jury also found that the plaintiff had falsely advertised the results of drop tests conducted on its own products. Based on the latter finding, the court held that the plaintiff was precluded by its unclean hands from collecting a $103,000 award of actual damages to which it otherwise was entitled.[1811] The defendant's success on this point did not, however, preclude it from securing injunctive relief.[1812]

Another opinion accepting the doctrine, at least at the pleadings stage, observed that "the unclean hands defense 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.'"[1813] The particular invocation of the defense at issue came in a false-advertising action under Section 43(a), which forced the court to address the threshold question of whether unclean hands was a permissible defense under that statute: The court answered that affirmatively on the ground that "[t]he defense of unclean hands is applicable to all claims brought

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1807. *See* Innovation Ventures, LLC v. Pittsburg Wholesale Grocers, Inc., 107 U.S.P.Q.2d 2165 (N.D. Cal. 2013).

1808. *Quoted in id.* at 2166.

1809. *Id.* at 2168.

1810. *See* FLIR Sys., Inc. v. Sierra Media, Inc., 965 F. Supp. 2d 1184 (D. Or. 2013).

1811. *Id.* at 1197.

1812. *Id.* at 1197-98.

1813. Newborn Bros. v. Albion Eng'g Co., 299 F.R.D. 90, 98 (D.N.J. 2014) (quoting Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co., 324 U.S. 806, 814 (1945)).

under the Lanham Act."[1814] It then moved to the merits of the defendant's pleaded defense, which was grounded in the theory that the plaintiff was engaged in precisely the same type of false advertising of which the plaintiff accused the defendant.[1815] The court determined that this allegation sufficiently stated a claim of unclean hands and denied the plaintiff's motion to dismiss the defense at the pleadings stage by holding that "after careful consideration of the claims in the complaint, and the essential nature of [the defendant's] unclean hands defense, the Court is convinced that there does exist a 'set of inferable facts' relevant to the unclean hands defense that could potentially prevent recovery by [the plaintiff]."[1816]

ii. Laches

Courts differed, although not materially, in their statements of the prerequisites for the affirmative defense of laches. A Wisconsin federal district court adopted a tripartite test:

> For laches to apply in a trademark infringement case, the defendant must show that (1) the plaintiff had knowledge of the defendant's use of an allegedly infringing mark; (2) the plaintiff inexcusably delayed in taking action with respect to the defendant's use; and (3) the defendant would be prejudiced by allowing the plaintiff to assert its rights . . . .[1817]

In contrast, an Arizona federal district court applied the Ninth Circuit's two-part test: "In order to succeed on a defense of laches, a defendant must prove both: (1) an unreasonable delay by [the] plaintiff in bringing suit, and (2) prejudice to himself."[1818]

As always, many of the reported opinions to address the defense of laches over the past year focused on the issue of whether the plaintiffs had inexcusably delayed in bringing their claims.[1819]

1814. *Id.* (quoting Katiroll Co. v. Kati Roll & Platters, Inc., No. 10–3620 (GEB), 2011 WL 2294260, at *2 (D.N.J. June 8, 2011)) (internal quotation marks omitted).

1815. The plaintiff alleged that the defendant had failed to disclose that the defendant's goods were manufactured outside of the United States while the defendant accused the plaintiff of engaging in the same practice. *Id.*

1816. *Id.* (quoting FTC v. Hope Now Modifications, LLC, No. 90-1204, 2011 WL 883202, at *1 (D.N.J. Mar. 10, 2011)).

1817. C & N Kane Corp. v. Kane, 953 F. Supp. 2d 903, 911 (E.D. Wis. 2013), *aff'd*, 756 F.3d 1024 (7th Cir. 2014); *accord* George Nelson Found. v. Modernica, Inc., 12 F. Supp. 3d 635, 655 (S.D.N.Y. 2014); Hugunin v. Land O'Lakes, Inc., 110 U.S.P.Q.2d 1404, 1407 (N.D. Ill. 2014); Dyson, Inc. v. Bissell Homecare, Inc., 951 F. Supp. 2d 1009, 1036 (N.D. Ill. 2013).

1818. AFL Telecomms. LLC v. SuplusEQ.com Inc., 946 F. Supp. 2d 928, 942 (D. Ariz. 2013) (quoting Miller v. Glenn Miller Prods., Inc., 454 F.3d 975, 997 (9th Cir. 2006)) (internal quotation marks omitted); *accord* FLIR Sys., Inc. v. Sierra Media, Inc., 965 F. Supp. 2d 1184, 1202 (D. Or. 2013).

1819. *See, e.g.*, *Dyson*, 951 F. Supp. 2d at 1036 (rejecting, as a matter of law, claim of laches based in part on defendant's failure to offer evidence of unreasonable delay by

Those opinions often invoked the statute of limitations for the corresponding state-law tort in the jurisdiction in which the cases were pending. Under that approach, plaintiffs filing their claims prior to the expiration of the time period were presumed not to have delayed for an inexcusable period of time;[1820] in contrast, those plaintiffs failing to do so were presumed to have dragged their feet for impermissible periods of time, inevitably to their detriment.[1821] Some courts took the principle one step farther, holding that delays longer than those permitted under the corresponding state-law statute of limitations created a presumption of prejudice as well.[1822]

Even when these presumptions applied, however, they did not necessarily carry the day. For example, despite conflicting record evidence and testimony on the subject of the counterclaim plaintiff's knowledge of the counterclaim defendant's activities, one court assumed arguendo that the counterclaim plaintiff's delay in asserting its rights had triggered presumptions of inexcusable delay and prejudice.[1823] At the same time, however, it also held that "within the context of laches, . . . 'a reasonable businessman should be afforded some latitude to assess both the impact of another's use of an allegedly infringing trademark as well as the wisdom of pursuing litigation on the issue.'"[1824] Especially in light of the counterclaim plaintiff's showing that the parties had initially been able to resolve their differences through a written

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plaintiff); *AFL Telecomms.*, 946 F. Supp. 2d at 942 (declining to grant defense motion for summary judgment based on defendants' failure to establish plaintiff's awareness of their activities).

1820. *See, e.g.*, *George Nelson Found.*, 12 F. Supp. 3d at 655 (citing without applying six-year statute of limitations under New York law); Turfgrass Grp. v. Carolina Fresh Farms Inc., 106 U.S.P.Q.2d 1483, 1486 (D.S.C. 2013) (applying four-year statute of limitations under Georgia law to deny defense motion for summary judgment on ground that "it is undisputed that Plaintiffs commenced their Lanham Act claim well within the four-year limitations period").

1821. As one court explained in invoking the four-year statute of limitations applicable to unfair competition claims under California law, "[i]f suit is filed outside of the analogous period, courts often have presumed that laches is applicable." DC Comics v. Towle, 989 F. Supp. 2d 948, 971 (C.D. Cal. 2013).

1822. *See* Hugunin v. Land O'Lakes, Inc., 110 U.S.P.Q.2d 1404, 1407 (N.D. Ill. 2014) ("Where the length of the delay exceeds the applicable state limitations period (which is three years in this case), prejudice is presumed, and the plaintiff bears the burden of identifying evidence that creates a genuine issue of fact as to whether the delay prejudiced the defendant."); FLIR Sys., Inc. v. Sierra Media, Inc., 965 F. Supp. 2d 1184, 1203-10 (D. Or. 2013) (applying two-year statute of limitations under Oregon law to recognize presumption of inexcusable delay and prejudice, although also considering counterclaim defendant's factual showings on those issues); Kehoe Component Sales Inc. v. Best Lighting Prods., 933 F. Supp. 2d 974, 1010 (S.D. Ohio 2013) (applying two-year statute of limitations under Ohio law to recognize presumption of inexcusable delay and prejudice).

1823. *See Kehoe Component Sales*, 933 F. Supp. 2d at 1010.

1824. *Id.* at 1010-11 (quoting Tandy Corp. v. Malone & Hyde, Inc., 769 F.2d 362, 366 (6th Cir. 1985)).

agreement, the counterclaim defendant "had reason to think that any litigation was unnecessary."[1825] As a consequence, the laches clock properly started only after the counterclaim plaintiff discovered that the counterclaim defendant was in breach of the earlier agreement.[1826]

A presumption of prejudice proved insufficient as a matter of law for another defendant, despite a knowing eleven-year delay by the defendant's adversary.[1827] The counterclaim defendant's factual showing of prejudice independent of the presumption was two-fold. On the one hand, he claimed that he had not been able to secure investors following his receipt of a demand letter from the counterclaim plaintiffs. On the other hand, however, he claimed to have received investments later, but, as the court noted, his supporting paperwork contained "no information about when the investments were made, under what circumstances they were made, or any documentation to verify the amounts listed."[1828] Whatever the truth might be, the court concluded, "[b]ased on this record, a reasonable trier of fact could conclude that [the counterclaim defendant] would not suffer even a modest amount of economic prejudice if [the counterclaim plaintiffs] were permitted to assert [their] rights."[1829]

That court was not the only tribunal to find defendants' averments of prejudice wanting.[1830] For example, one court declined to dismiss a complaint by a plaintiff that, according to the defendant's moving papers, had knowingly failed to file suit for fourteen years after the defendant's adoption of the marks at issue and for five years after the defendant applied to register them.[1831] Whatever that delay might mean to the first two prongs of the relevant analysis, the court held that it did not in and of itself show prejudice. Rather:

> [E]ven if this Court could accept Defendant's representations regarding knowledge and duration, Defendant does not point to any facts showing it was prejudiced by Plaintiff's failure to act sooner. There is no evidence Defendant expanded its

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1825. *Id.* at 1011.

1826. *Id.*

1827. *See* Hugunin v. Land O'Lakes, Inc., 110 U.S.P.Q.2d 1404, 1407-08 (N.D. Ill. 2014).

1828. *Id.* at 1408.

1829. *Id.*

1830. *See, e.g.*, C & N Kane Corp., 953 F. Supp. 2d 903, 912 (E.D. Wis. 2013) (discounting showing that the defendants had "boldly continued" to invest resources into their mark during the plaintiff's delay on ground that they had done so after losing an earlier Trademark Trial and Appeal Board proceeding between the parties), *aff'd*, 756 F.3d 1024 (7th Cir. 2014).

1831. *See* George Nelson Found. v. Modernica, Inc., 12 F. Supp. 3d 635, 656 (S.D.N.Y. 2014).

> business or increased its promotion of [its] products because Plaintiff failed to assert its rights earlier . . . .[1832]

Finally, even if a defendant can establish that it otherwise is entitled to avail itself of a plaintiff's laches, it still can be tripped up by the equitable nature of that defense.[1833] One defendant learning this lesson the hard way was a manufacturer of custom vehicles with appearances deliberately similar to that of the Batmobile; he additionally pressed his luck by marketing his vehicles using the BATMAN, BATMOBILE, and a number of stylized bat design marks, all of which were owned by DC Comics.[1834] In opposition to DC's motion for summary judgment, the defendant successfully proffered evidence and testimony that DC had knowingly failed to challenge his conduct for a long enough period of time to create a presumption of laches. That success, however, was not enough to ward off a finding of liability, for, as the court held, "the defense of laches is barred where defendants purposefully committed the infringing conduct."[1835] In particular, "Defendant intentionally copied Plaintiff's trademarks, including the Batmobile and Batman word mark and symbols, so as to associate his products with the Batman films and television show. Defendant's bad faith deprives him from asserting laches as a defense to Plaintiff's trademark claim."[1836]

iii. Acquiescence

One court evaluating an affirmative defense of acquiescence held that "[t]o prove acquiescence, a defendant must show: '(1) the plaintiff knew or should have known about the defendant's use of the trademark; (2) the plaintiff made implicit or explicit assurances to the defendant that it would not assert a claim; and (3) the defendant relied on the assurances.'"[1837] The defense is distinguished from that of laches by the second of these requirements. As a consequence, in the absence of evidence or testimony that the plaintiff expressly or impliedly communicated its consent to the defendant's conduct, the defense will fail.[1838]

1832. *Id.*

1833. *See, e.g.*, Vaad L'Hafotzas Sichos, Inc. v. Kehot Publ'n Soc'y, 935 F. Supp. 2d 595, 602-03 (W.D.N.Y. 2013) (holding that factual dispute on issue of whether counterclaim defendant had acted in good faith precluded recognition of laches as a matter of law).

1834. *See* DC Comics v. Towle, 989 F. Supp. 2d 948 (C.D. Cal. 2013).

1835. *Id.* at 971.

1836. *Id.* at 972.

1837. Reservoir, Inc. v. Truesdell, 1 F. Supp. 3d 598, 612 (S.D. Tex. 2014) (alteration in original) (quoting RE/MAX Int'l, Inc. v. Trendsetter Realty, LLC, 655 F. Supp. 2d 679, 709 (S.D. Tex. 2009)).

1838. *See, e.g.*, Dyson, Inc. v. Bissell Homecare, Inc., 951 F. Supp. 2d 1009, 1035-36 (N.D. Ill. 2013).

For example, one claim of acquiescence fell short for that very reason in a bench trial of the case in which it was asserted.[1839] The defendants' showing of the plaintiffs' alleged consent to their conduct was based on the plaintiffs' alleged failure to mount a timely challenge to the defendants' directly competitive use of marks identical or virtually identical to those of the plaintiffs. That showing, the court found, was fatally deficient for several reasons, including that the plaintiffs had neither actively consented to the defendants' conduct nor had they otherwise assured the defendants of their lack of objection; moreover, the trial record also demonstrated that the defendants had undertaken their unlawful acts on their own initiative and not in reliance on the plaintiffs' inaction.[1840]

Two courts declined to reach findings of acquiescence as a matter of law on motions to dismiss for failure to state a claim. The first applied the usual doctrinal test for the defense, holding that a defendant invoking it "must prove (1) the senior user actively represented that it would not assert a right or a claim; (2) the delay between the active representation and assertion of the right or claim was not excusable; and (3) the delay caused the defendant unde prejudice."[1841] It was the first of these requirements that proved the downfall of the defendant's motion. The defendant argued that the plaintiff's knowing failure to object to the defendant's conduct constituted the required active representation, and the court agreed that such a result might be appropriate in some circumstances. Those circumstances, however, included that the plaintiff was under a duty to speak up, which the defendant's moving papers failed to establish: "[T]here is no communication alleged between Plaintiff and Defendant, let alone conduct on which Defendant could reasonably rely that Plaintiff would not assert its rights."[1842]

The second court cast doubt on the propriety of resolving the acquiescence inquiry as a matter of law at the pleadings stage altogether.[1843] It observed that:

> It is not appropriate . . . to consider what is essentially an estoppel by acquiescence affirmative defense at this time. An affirmative defense, such as estoppel by acquiescence, is not ordinarily considered on a motion to dismiss because the plaintiff is not required to negate it in its complaint. The

1839. *Reservoir*, 1 F. Supp. 3d at 612-13.

1840. *Id.* at 613.

1841. George Nelson Found. v. Modernica, Inc., 12 F. Supp. 3d 635, 656 (S.D.N.Y. 2014) (internal quotation marks omitted).

1842. *Id.* at 658.

1843. *See* Potomac Conf. Corp. of Seventh-Day Adventists v. Takoma Acad. Alumni Ass'n, 2 F. Supp. 3d 758 (D. Md. 2014).

> purpose of a motion to dismiss under Rule 12(b)(6) is to test the legal adequacy of the complaint, and not to address the merits of any affirmative defenses. A court may consider defenses on a 12(b)(6) motion only when the face of the complaint clearly reveals the existence of a meritorious affirmative defense.[1844]

iv. Estoppel

"The doctrine of equitable estoppel 'requires the defendant to prove intentional deception through concealment or inaction or gross negligence amounting to constructive fraud.'"[1845] Two courts rejected defense claims of estoppel grounded in the alleged failure of plaintiffs to pursue their cases diligently. Because the first, a Texas federal district court, lacked the benefit of controlling authority directly on point, it turned to the test for estoppel applied by the Fifth Circuit in copyright litigation:

> The Fifth Circuit's test for equitable estoppel in the context of copyright infringement requires that "(1) the plaintiff must know the facts of the defendant's infringing conduct; (2) the plaintiff must intend that its conduct shall be acted on or must so act that the defendant has a right to believe that it is so intended; (3) the defendant must be ignorant of true facts; and (4) the defendant must rely on the plaintiff's conduct to its injury."[1846]

The defendants were unable to satisfy this test in a bench trial. Not only was it undisputed that the plaintiffs had never communicated to the defendants their agreement to the defendants' conduct, the trial record was devoid of evidence or testimony that the defendants had relied on such a communication. "Accordingly," the court concluded, "Defendants have not met their burden to prove any common law equitable estoppel defense."[1847]

The second court required a defendant appearing before it to make three showings in support of the defendant's claim that the plaintiff was estopped from pursuing its infringement and unfair competition claims: "(1) a misrepresentation by the plaintiff, (2) reasonable reliance by the defendant, and (3) prejudice."[1848] In

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1844. *Id.* at 769-70.

1845. Reservoir, Inc. v. Truesdell, 1 F. Supp. 3d 598, 612 (S.D. Tex. 2014) (quoting Source, Inc. v. SourceOne, Inc., No. 3:05-CV-1414-G, 2006 WL 2381594, at *8 (N.D. Tex. Aug. 16, 2006)).

1846. *Id.* (quoting Carson v. Dynegy, Inc., 344 F.3d 446, 453 (5th Cir. 2003)).

1847. *Id.*

1848. George Nelson Found. v. Modernica, Inc., 12 F. Supp. 3d 635, 656 (S.D.N.Y. 2014) (quoting Veltri v. Bldg. Serv. 32B-J Pension Fund, 393 F.3d 318, 326 (2d Cir. 2004)) (internal quotation marks omitted).

an attempt to satisfy the first of these requirements, the defendant argued in response to the plaintiff's motion for summary judgment that the plaintiff's failure to object to the defendant's conduct rose to the level of an affirmative representation that it would never mount an objection. The court agreed with the defendant that "[s]ilence may in some cases be sufficient to establish a misrepresentation,"[1849] but that was as far as it was willing to go. Instead, because the defendant was unable to identify any prior communications between the parties that might have created an affirmative duty on the plaintiff's part to challenge the defendant, the defendant's claim of estoppel was without merit.[1850]

The application of a closely similar tripartite test led to a rejection of an estoppel defense as a matter of law.[1851] That test held estoppel applicable only if: "(1) an act or misrepresentation [is] made by the opposing party; (2) another party reasonably relies on the act or misrepresentation; and (3) the latter party thereby changes his position for the worse."[1852] Granting the plaintiff's motion for summary judgment, the court invoking this standard held that "[t]he undisputed facts show that [the plaintiff] acted in a timely manner in raising its claims in this case."[1853] In the court's estimation, this meant that "[the defendant] has not pointed to sufficient evidence to indicate any express or implied misrepresentation by [the plaintiff], in words or by conduct, upon which [the defendant] could have reasonably relied to its detriment."[1854]

v. Waiver

"Waiver is the intentional relinquishment of a right actually known, or intentional conduct inconsistent with claiming that right."[1855] In rejecting a defense claim of waiver as a matter of law, a Texas federal district court held that "[t]o establish waiver, a defendant must show: (1) that the plaintiff held an existing right, benefit, or advantage; (2) the plaintiff's actual knowledge of the existence of that right, benefit, or advantage; and (3) the plaintiff's 'actual intent to relinquish that right, or intentional conduct

1849. *Id.*

1850. *Id.*

1851. *See* Dyson, Inc. v. Bissell Homecare, Inc., 951 F. Supp. 2d 1009 (N.D. Ill. 2013).

1852. *Id.* at 1036 (quoting Persis Int'l, Inc. v. Burgett, Inc., No. 09 C 7451, 2011 WL 4361544, at *3 (N.D. Ill. Sept. 19, 2011)) (internal quotation marks omitted).

1853. *Id.*

1854. *Id.*

1855. Reservoir, Inc. v. Truesdell, 1 F. Supp. 3d 598, 611 (S.D. Tex. 2014) (quoting Tesco Corp. v. Weatherford Int'l, Inc., 632 F. Supp. 2d 654, 658 (S.D. Tex. 2009)) (internal quotation marks omitted).

inconsistent with that right.'"[1856] The defendants proved unable to satisfy the last of these requirements:

> Defendants have failed to establish that Plaintiffs "intentionally relinquished" their right in the [disputed marks]. [The lead plaintiff's principal] never explicitly stated that [the lead defendant] had a right to use the [marks]. Nor did [the lead defendant] ask . . . for permission to use them. At most, [the lead plaintiff's principal] failed to properly and timely object when he learned about [the lead defendant's] use of the mark. This evidence is insufficient to establish waiver.[1857]

3. Remedies

a. Injunctive Relief

In *eBay Inc. v. MercExchange, LLC*,[1858] the Supreme Court identified four showings a plaintiff must make to be entitled to permanent injunctive relief:

> (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.[1859]

In *eBay*'s wake, the Court subsequently held in *Winter v. Natural Resources Defense Council, Inc.*[1860] that the same factors applied in the preliminary injunction context.[1861] 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,[1862] injunctive relief is generally the rule, rather than the

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1856. *Id.* (quoting *Tesco Corp.*, 632 F. Supp. 2d at 658).

1857. *Id.* (footnote omitted).

1858. 547 U.S. 388 (2006).

1859. *Id.* at 391.

1860. 555 U.S. 7 (2008).

1861. *Id.* at 18.

1862. A party unable to demonstrate either success on the merits of its claims (or, in the preliminary injunction context, a likelihood of success on the merits) is in a uniquely poor position to claim irreparable harm for purposes of injunctive relief. *See, e.g.*, KIND LLC v. Clif Bar & Co., 111 U.S.P.Q.2d 1795, 1807 (S.D.N.Y. 2014) ("[The plaintiff] argues that if the Court does not enjoin the [defendant's] trade dress, [the plaintiff] will suffer real and

exception. In substantial part, this results from the tendency of courts to conclude that plaintiffs will suffer irreparable harm once they have demonstrated a likelihood of confusion or that a defendant has engaged in false advertising.[1863] One court applying that rule explained that "it is well settled that injuries arising from Lanham Act violations are presumed to be irreparable, even if the plaintiff fails to demonstrate a business loss."[1864] Another relied on pre-*eBay* and pre-*Winter* case law to hold that "[i]t is generally recognized in trademark infringement cases that . . . infringement by its nature causes irreparable harm."[1865]

As always, some plaintiffs successfully invoking the presumption did not rely exclusively on it, but also mounted independent factual showings of irreparable harm.[1866] Thus, for

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irreparable harm in the form of lost goodwill and market share as customers are confused into buying [the defendant's] bars when they mean to buy [the plaintiff's] bars. In light of the Court's finding that [the plaintiff] has failed to establish likelihood of confusion, [the plaintiff's] claim of potential lost goodwill and market share resulting from consumer confusion also fails." (citation omitted) (internal quotation marks omitted)); Imagine Medispa, LLC v. Transformations, Inc., 999 F. Supp. 2d 862, 872 (S.D. W. Va. 2014) (concluding that plaintiffs' failure to demonstrate a likelihood of success on the merits of their claims rendered it "unnecessary" to address the remaining prerequisites for preliminary injunctive relief).

1863. *See, e.g.*, E.A. Sween Co. v. Deli Express of Tenafly, LLC, 19 F. Supp. 3d 560, 576 (D.N.J. 2014) ("[T]rademark infringement amounts to irreparable injury as a matter of law." (internal quotation marks omitted)); AARP v. Sycle, 991 F. Supp. 2d 224, 230 (D.D.C. 2013) ("Generally, trademark infringement, by its nature, carries a presumption of harm." (quoting Hanley-Wood LLC v. Hanley Wood LLC, 783 F. Supp. 2d 147, 151 (D.D.C. 2011)) (internal quotation marks omitted)); Am. Auto. Ass'n v. Dickerson, 995 F. Supp. 2d 753, 758 (E.D. Mich. 2014) (entering permanent injunctive relief against defendant based in part on conclusion that "[t]he Court finds that Plaintiff has suffered an irreparable injury: there is a likelihood of confusion"); TracFone Wireless, Inc. v. Washington, 978 F. Supp. 2d 1225, 1234 (M.D. Fla. 2013) ("As to the second requirement for the issuance of a preliminary injunction, '[t]he law is well settled that the existence of a likelihood of confusion constitutes irreparable injury, as a matter of law, sufficient to satisfy the requirements' for issuing the injunction." (quoting BellSouth Adver. & Publ'g Corp. v. Real Color Pages, Inc., 792 F. Supp. 2d 775, 784 (M.D. Fla. 1991))); Entrepreneur Media, Inc. v. JMD Entm't Grp., 958 F. Supp. 2d 588, 596 (D. Md. 2013) ("[I]rreparable injury regularly follows from trademark infringement."); Choice Hotels Int'l, Inc. v. Patel, 940 F. Supp. 2d 532, 542 (S.D. Tex. 2013) ("When a likelihood of confusion exists, the plaintiff's lack of control over the quality of the defendant's goods or services constitutes an immediate and irreparable injury, regardless of the actual quality of those goods or services." (quoting Quantum Fitness Corp. v. Quantum LifeStyle Ctrs., L.L.C., 83 F. Supp. 2d 810, 831 (S.D. Tex. 1999) (citations omitted) (internal quotation marks omitted))).

1864. Unity Health Plans Ins. Co. v. Iowa Health Sys., 995 F. Supp. 2d 874, 895 (W.D. Wis. 2014) (alteration omitted) (quoting Prometek Indus. v. Equitrac Corp., 300 F.3d 808, 813 (7th Cir. 2002)) (internal quotation marks omitted).

1865. Bentley Motors Ltd. Corp. v. McEntegart, 976 F. Supp. 2d 1297, 1318 (M.D. Fla. 2013) (alterations in original) (quoting Tally-Ho, Inc. v. Coast Cmty. Coll. Dist., 889 F.2d 1018, 1029 (11th Cir. 1989) (quoting Processed Plastic Co. v. Warner Commc'ns, 675 F.2d 852, 858 (17th Cir. 1982))) (internal quotation marks omitted).

1866. *See, e.g.*, 7-Eleven, Inc. v. Kapoor Bros., 977 F. Supp. 2d 1211, 1226-27 (M.D. Fla. 2013) (applying presumption in order entering preliminary injunction against terminated franchisees but also relying on "numerous post-termination customer complaints made

example, one court issued a preliminary injunction against former franchisees in the plaintiffs' restaurant chain after concluding that "[a] finding of irreparable harm usually follows a finding of unlawful use of a trademark and a likelihood of confusion."[1867] The court did not stop there, however. Instead, it concluded from the preliminary injunction record that "[the] loss of control of [the defendants'] restaurant, the threat to [the plaintiffs'] reputation and goodwill with customers and other franchisees, and the loss of profits are irreparable harm."[1868]

Other courts concluded that the viability of the presumption was sufficiently in doubt that they chose not to rely upon it, albeit in opinions that avoided declaring the presumption dead.[1869] These included a Texas federal district court entering a preliminary injunction.[1870] Surveying the state of affairs in the Fifth Circuit, it observed that:

> The case law suggests that in this circuit, in a Lanham Act case, the presumption is somewhere between shaky and reaffirmed. It is also unclear whether the presumption applied in a patent infringement case such as *eBay* may be distinguishable from presuming harm in a case based on unfair competition under the Lanham Act. Under the Lanham Act, the presumed irreparable harm arises primarily from the plaintiff's lack of control over the quality of the defendant's confusingly similar goods or services, regardless of their actual quality. Confusion gives rise to a different type of harm than the infringement the court addressed in *eBay*.[1871]

Despite the court's defense of the presumption, it ultimately did not rely upon the presumption when reaching a finding of

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against Defendants' stores"); Tory Burch LLC v. Partnerships & Unincorporated Ass'ns, 107 U.S.P.Q.2d 1345, 1353 (N.D. Ill. 2013) (citing presumption favorably but also finding that "as long as Defendants continue to use [the plaintiff's] marks, logos, and product descriptions to sell products purporting to be authentic . . . products, Plaintiffs will have no control over the quality of goods that enter the market bearing [the plaintiff's] marks").

1867. Ledo Pizza Sys., Inc. v. Singh, 983 F. Supp. 2d 632, 639 (D. Md. 2013).

1868. *Id.* at 640.

1869. *See, e.g.*, Well Care Pharmacy II, LLC v. W'Care, LLC, 108 U.S.P.Q.2d 1695, 1702 n.3 (D. Nev. 2013) (finding irreparable harm as a factual matter after observing that "[b]ecause of the uncertain status of this presumption, the Court declines to rely on such a presumption in determining whether Plaintiff will suffer irreparable harm without the requested injunctive relief"); N. Am. Olive Oil Ass'n v. Kangadis Food Inc., 962 F. Supp. 2d 514, 518 (S.D.N.Y. 2013) (declining to take position on viability of presumption and finding irreparable harm based on summary judgment record); Boldface Licensing + Branding v. By Lee Tillett, Inc., 940 F. Supp. 2d 1178, 1196 (C.D. Cal. 2013) (noting that viability of presumption was "doubtful" but also holding that "[t]he Court need not decide whether a presumption of irreparable harm still exists in trademark cases because [the plaintiff] has shown actual irreparable harm here").

1870. *See* T-Mobile US, Inc. v. AIO Wireless LLC, 991 F. Supp. 2d 888 (S.D. Tex. 2014).

1871. *Id.* at 928.

irreparable harm based on the preliminary injunction record before it:

> The court is *not* ruling that finding a likelihood of confusion automatically results in finding irreparable injury and issuing an injunction unless the defendant shows that the case is exceptional. The narrow ruling is that based on the record evidence, the likelihood of confusion over source and affiliation in [the] market for no-contract wireless telecommunications services creates a substantial likelihood of injury that money damages cannot remedy. The products and services sold are fundamentally the same. What separates the companies is their brand identity. The evidence shows that color is a critical part of that brand identity. On this record, without presuming injury, this court finds and concludes that [the plaintiffs] [have] shown a likelihood of irreparable injury absent an injunction . . . .[1872]

The Seventh Circuit tackled the issue of irreparable harm in an opinion affirming the entry of a preliminary injunction but not expressly referring to *eBay* or *Winter*.[1873] Rather than looking to the factual record to determine the extent of any damage that might be suffered by the plaintiff in the absence of an injunction, the court appeared to recognize a de facto presumption of that damage based on the plaintiff's loss of control over its reputation:

> If a significant number of consumers confused the names and thought [the defendant's] products were made by [the plaintiff], [the plaintiff] could be badly hurt. A trademark's value is the saving in search costs made possible by the information that the trademark conveys about the quality of the trademark owner's brand. The brand's reputation for quality depends on the owner's expenditures on product quality and quality control, service, advertising, and so on. Once the reputation is created, the firm will obtain greater profits because repeat purchases and word-of-mouth endorsements will add to sales and because consumers will be willing to pay a higher price in exchange for a savings in search costs and an assurance of consistent quality. These benefits depend on the firm's ability to maintain that consistent quality. When a brand's quality is inconsistent, consumers learn that the trademark does not enable them to predict their future consumption experiences from their past ones. The trademark does not then reduce their search costs. They become unwilling to pay more for the branded than for

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1872. *Id.* at 929.

1873. *See* Kraft Foods Grp. Brands LLC v. Cracker Barrel Old Country Store, Inc., 735 F.3d 725 (7th Cir. 2013).

> the unbranded good, and so the firm no longer earns a sufficient return on its expenditures on promoting the trademark to justify them.[1874]

In contrast, other courts affirmatively concluded that the presumption of irreparable harm was a dead (or dying) letter.[1875] That conclusion did not necessarily mean that the prevailing plaintiffs before those courts were out of luck where injunctive relief was concerned. Thus, for example, some courts choosing not to rely on the presumption applied an analysis consistent with that of the Seventh Circuit to hold that the plaintiffs before them successfully had established irreparable harm as a factual matter through testimony or through documentary evidence that they had been deprived of control over their reputations.[1876] And, after initially determining that "[t]he court's decision in *eBay* . . . that a finding of patent infringement does not automatically entitle a patentee to an injunction certainly casts doubt on prior case law suggesting that trademark or trade dress infringement constitutes irreparable injury as a matter of law,"[1877] one court found that the defendants' continued infringement following an adverse jury

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1874. *Id.* at 739.

1875. *See, e.g.*, ITT Corp. v. Xylem Grp., 963 F. Supp. 2d 1309, 1327 n.13 (N.D. Ga. 2013) ("The Court notes that the granting of an injunction is not automatic upon a showing of infringement."); *see also* Koch v. Greenberg, 14 F. Supp. 3d 247, 283-84 (S.D.N.Y. 2014) ("In light of the Supreme Court's teachings on presumptions of equitable relief, it cannot be that a prevailing plaintiff under [N.Y. Gen. Bus. Law §§ 349, 350] will automatically receive a permanent injunction, unlimited in scope so long as that plaintiff had the foresight to pray for injunctive relief in its original complaint.").

1876. *See, e.g.*, Radiance Found. v. NAACP, 25 F. Supp. 3d 865, 902 (E.D. Va. 2014) ("The Court recognizes irreparable harm through the evidence of reputational harm and actual confusion caused by [the counterclaim defendants'] use of the [counterclaim plaintiff's] Marks."); CFE Racing Prods., Inc. v. MBF Wheels, Inc., 2 F. Supp. 3d 1029, 1033 (E.D. Mich. 2014) ("The plaintiff produced evidence that the confusion deprived it of the right to control its own business reputation. The value of a company's reputation cannot be measured in damages; only an order to cease the infringing conduct can remedy that harm."); Select Comfort Corp. v. Tempur Sealy Int'l, Inc., 988 F. Supp. 2d 1047, 1054 (D. Minn. 2013) (finding, in order entering temporary restraining order against defendant's false advertising, that "loss of goodwill and reputation can constitute irreparable harm" and "misleading comparisons can diminish a product's value in the minds of a consumer"); Choice Hotels Int'l, Inc. v. Patel, 940 F. Supp. 2d 532, 542 (S.D. Tex. 2013) ("Here, [the plaintiff's] loss of control over its . . . brand is not only hypothetical, but had been shown to exist through customer complaints. Accordingly, [the plaintiff] has met its burden of demonstrating irreparable injury."); Juicy Couture, Inc. v. Bella Int'l Ltd., 930 F. Supp. 2d 489, 503 (S.D.N.Y. 2013) ("Irreparable harm exists in a trademark case when the party seeking the injunction shows it will lose control over the reputation of its trademark . . . because loss of control over one's reputation is neither calculable nor precisely compensable." (quoting U.S. Polo Ass'n v. PRL USA Holdings Inc., 800 F. Supp. 2d 515, 540 (S.D.N.Y. 2011)) (internal quotation marks omitted).

1877. Clearline Techs. Ltd. v. Cooper B-Line, Inc., 948 F. Supp. 2d 691, 715 (S.D. Tex. 2013).

verdict established the irreparable harm necessary to support a permanent injunction.[1878]

Much the same result held in a false-advertising action heard by a Texas federal district court.[1879] Surveying the judicial pronouncements of its reviewing court, that tribunal concluded that "the Fifth Circuit's false advertising precedent[] . . . explicitly requires a plaintiff to prove irreparable injury '[i]n addition to' proving falsity. The Court therefore declines to presume irreparable injury simply because [the plaintiff] prevailed on the merits."[1880] That determination, however, did not stop the court from accepting the plaintiff's factual showing that it would be irreparably harmed in the absence of a permanent injunction. That showing included evidence and testimony that one of the plaintiff's "top ten customers" had fallen from that status after encountering the defendants' advertising, that the advertising had been widely disseminated at a trade show, and that the plaintiff had "expended roughly half a million dollars to pay for corrective advertising."[1881] Based on those considerations, the court held that "[a]lthough it is difficult to measure the precise damage [Plaintiff] has or will suffer as a result of Defendants' statements, there is certainly evidence in the record to support the jury's finding of injury and suggest an injunction is appropriate."[1882]

An opinion from a New York federal district court was to similar effect.[1883] Quoting *eBay*, that court held that "[t]o apply a . . . presumption of entitlement to an injunction would be 'a major departure from the long tradition of equity practice [that] should not be lightly implied.'"[1884] That did not, however, prevent a finding that the defendants' breach of a license agreement threatened to cause the plaintiff irreparable harm in the absence of a permanent injunction. Not the least of the evidence supporting that finding were multiple acknowledgments by the defendants in the license that any breach of the license would cause the plaintiff irreparable harm that would be "difficult to measure" and that the plaintiff "should not be expected to suffer."[1885] And, although the plaintiff might be entitled to an accounting of the defendants'

1878. *Id.* at 716.

1879. *See* Eastman Chem. Co. v. Plastipure, Inc., 969 F. Supp. 2d 756 (W.D. Tex. 2013), *aff'd*, 775 F.3d 230 (5th Cir. 2014).

1880. *Id.* at 767-78 (third alteration in original) (citations omitted) (quoting Seven–Up Co. v. Coca–Cola Co., 86 F.3d 1379, 1390 (5th Cir. 1996)).

1881. *Id.* at 768.

1882. *Id.*

1883. *See* Fresh Del Monte Produce Inc. v. Del Monte Foods Co., 933 F. Supp. 2d 655 (S.D.N.Y. 2013).

1884. *Id.* at 660 (second alteration in original) (quoting *eBay*, 547 U.S. at 391).

1885. *Quoted in id.* at 664.

profits, the inexact nature of the accounting remedy meant that "[t]here is simply no way to know what the precise effect of [the defendants'] Lanham Act violations were, or precisely what harm future violations would cause."[1886] As a consequence, "[the plaintiff's] injuries are 'irremediable, [and] irreparable, for many reasons,' most prominently that the extent of the injuries is 'difficult to measure.'"[1887]

Nevertheless, the potentially deleterious significance of *eBay* and *Winter* to plaintiffs' bids for injunctive relief was driven home by the Ninth Circuit, which held *eBay* applicable to a preliminary injunction motion.[1888] Based on the court's past precedent, that development was not particularly noteworthy, but the court's skepticism toward the plaintiff's factual showing of irreparable harm independent of the presumption was. In particular, the court took a hard line toward the district court's factual finding of irreparable harm based on the specter of the plaintiffs' loss of control over their reputation:

> Evidence of loss of control over business reputation and damage to goodwill could constitute irreparable harm. Here, however, the [district] court's pronouncements are grounded in platitudes rather than evidence, and relate neither to whether "irreparable injury is *likely* in the absence of an injunction, nor to whether legal remedies, such as money damages, are inadequate in this case. . . .
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> The practical effect of the district court's conclusions, which included no factual findings, is to reinsert the now-rejected presumption of irreparable harm based solely on a strong case of trademark infringement.[1889]

The Third Circuit followed suit in an action sounding in false advertising, rather than trademark infringement.[1890] 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

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1886. *Id.*

1887. *Id.* at 664-65 (alteration in original) (quoting Salinger v. Colting, 607 F.3d 68, 81 (2d Cir. 2010)).

1888. *See* Herb Reed Enters. v. Fla. Entm't Mgmt., Inc., 736 F.3d 1239, 1249 (9th Cir. 2013) ("Following *eBay* and *Winter*, we [have] held that likely irreparable harm must be demonstrated to obtain a preliminary injunction in a copyright infringement case and that actual irreparable harm must be demonstrated to obtain a permanent injunction in a trademark infringement action. Our imposition of the irreparable harm requirement for a permanent injunction in a trademark case applies with equal force in the preliminary injunction context."), *cert. denied*, 135 S. Ct. 57 (2014).

1889. *Id.* at 1250 (quoting *Winter*, 555 U.S. at 22).

1890. *See* Ferring Pharma., Inc. v. Watson Pharma., Inc., 765 F.3d 205 (3d Cir. 2014).

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 . . . ."[1891] The court grounded this conclusion in part on the text of Section 35, of which it held that:

> 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.[1892]

The Supreme Court's holding in *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 . . . ."[1893] 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."[1894] 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."[1895]

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 Circuit credited the defendant's showing that the challenged advertising had been discontinued and that it no longer was available to consumers.[1896] It also was unconvinced by declaration

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1891. *Id.* at 214.

1892. *Id.* quoting *eBay*, 547 U.S. at 391-92 (internal quotation marks omitted)).

1893. *Id.* at 217.

1894. *Id.* (quoting *Winter*, 555 U.S. at 22 (emphasis added)).

1895. *Id.*

1896. *Id.* at 218.

On this issue, the court rejected the plaintiff's assertion that the defendant's reform be irrefutable and total, holding instead that:

> [W]hether a case should be dismissed on mootness grounds is a materially distinct inquiry from a determination as to whether a plaintiff has demonstrated irreparable harm. Whether a defendant's conduct has ceased is certainly a relevant consideration is making the latter determination, and the District Court did not err in considering

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 other 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."[1897] 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."[1898]

The absence of the presumption and inadequate factual showings of irreparable harm also came into play in the denial of injunctive relief by trial courts.[1899] A California federal district court anticipated the Ninth Circuit's rejection of the presumption by several months by holding in response to a motion for a preliminary injunction that "this Court will not assume the existence of irreparable injury."[1900] The court then turned to the plaintiff's factual showing on the issue, which consisted of declaration testimony by two witnesses of actual confusion involving the parties' marks and, additionally, of the plaintiff's descent in the organic results of searches for its name using Google's search engine. The court rejected the former showing on the ground that "[the plaintiff] has failed to submit probative, nonspeculative evidence that [the plaintiff] has lost, or likely will lose, prospective customers or goodwill due to [the defendant's] use of the [challenged] mark."[1901] And, with respect to the latter, it concluded that:

> [The plaintiff] has presented no evidence indicating that [the plaintiff] has suffered, or likely will suffer, irreparable injury caused by [the defendant's] internet presence, including [the plaintiff's] positioning in search engine results. [The plaintiff]

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and crediting [the defendant's] certifications that the allegedly false statements would not be repeated.

Id. at 219.

1897. *Id.*

1898. *Id.*

1899. *See, e.g.*, Buzz Bee Toys, Inc. v. Swimways Corp., 20 F. Supp. 3d 483, 513-14, 517-18 (D.N.J. 2014) (rejecting presumption and, additionally, finding no irreparable harm as a factual proposition); IT Strategies Grp. v. Allday Consulting Grp., 975 F. Supp. 2d 1267, 1280 (S.D. Fla. 2013) (denying plaintiff's motion for preliminary injunction based on absence of factual evidence of irreparable harm and without discussion of presumption).

1900. Spiraledge, Inc. v. SeaWorld Entm't, Inc., 109 U.S.P.Q.2d 1774, 1777 (S.D. Cal. 2013).

1901. *Id.* at 1778.

> has cited no authority indicating that irreparable injury may be found or presumed based upon positioning in Google searches. [The plaintiff] has presented no evidence indicating that it has lost sales or it likely will lose sales due to [the defendant's] positioning in Google searches or that the amount of those lost sales could not be remedied by monetary damages.[1902]

A final nail in the coffin of the plaintiff's claim of irreparable harm was the plaintiff's thirteen-month delay in seeking a preliminary injunction, which the court held was not excused by negotiations between the parties because those negotiations had focused on the defendant's request for the plaintiff's consent to the registration of the defendant's mark, rather than on any request by the plaintiff for the discontinuance of that mark's use.[1903]

Another comprehensive treatment of the issue at the trial-court level came in a case in which the plaintiffs sought preliminary injunctive relief against the alleged violation of their design patent and trade dress rights.[1904] After surveying post-*eBay* developments in other areas of the law, the court concluded that:

> [T]he Supreme Court's rationale in *eBay* is applicable in the context of trade dress infringement cases. This conclusion is supported by the decisions of other courts that apply *eBay*'s rationale to preliminary injunctions under both the patent and copyright laws. This conclusion permits the court to apply a uniform equitable standard to plaintiffs' patent and trade dress claims, which further comports with the principles of equity enunciated in *eBay*. To the extent, therefore, that [the presumption] predate[s] the Supreme Court's decision in *eBay*, this court is obligated to follow the most recent Supreme Court precedent, and will therefore not apply a presumption of irreparable harm to plaintiffs' trade dress and design patent infringement claims.[1905]

Without the benefit of the presumption, the plaintiffs' claims of irreparable harm grounded in alleged decreasing market share and a loss of control over their reputations were not

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1902. *Id.*

1903. *Id.* at 1779 ("There is no evidence that, prior to the filing of the Complaint . . . , any . . . attorney or representative [of the plaintiff] asserted that [the plaintiff] had been suffering irreparable injury from [the defendant's] use of its . . . mark. Even accepting [the plaintiff's] explanation of the delay, the Court finds that [the plaintiff's] delay . . . further supports the conclusion that [the plaintiff] has failed to demonstrate that irreparable injury is likely in the absence of an injunction.").

1904. *See* Am. Beverage Corp. v. Diageo N. Am., Inc., 936 F. Supp. 2d 555 (W.D. Pa. 2013).

1905. *Id.* at 614.

well-received,[1906] nor was the court sympathetic to e-mail messages documenting the plaintiffs' intent to increase the case's settlement value by deliberately deferring a lawsuit. Reviewing the content of those messages, the court found that "[t]hese statements suggest that plaintiffs' delay was not simply a benign neglect, but was instead a tactic calculated to inflict substantial harm on defendants vis-à-vis waiting to file suit until sales increased in anticipation of the peak season for [the parties' goods]."[1907] As a consequence, "plaintiffs' delay precludes a finding of irreparable harm."[1908]

Another possibly strategic delay backfired with equal force in a different case.[1909] On June 28, 2011, Google announced the release of a video-response platform under the HANGOUTS mark. Slow to anger, the owner of the HANGINOUT mark for a similar platform filed suit twenty-nine months later on November 16, 2013, and then failed to pursue a preliminary injunction until January 22, 2014. Rejecting the argument that the delay was excusable in light of the plaintiff's uncertainty over whether Google would actually roll out its platform under the announced mark, the court concluded that the plaintiff's lack of urgency weighed against a finding of irreparable harm.[1910] Beyond that, it found, the plaintiff had failed to proffer "any evidence that it has experienced a decline in customers or goodwill that occurred as a result of actual customer confusion. Allegations that the plaintiff has invested resources in developing its brand and that the alleged infringing conduct is denying the plaintiff the benefit of its investment is insufficient."[1911]

Finally, although a defendant's discontinuance of a challenged practice may not necessarily render moot a request for injunctive

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1906. With respect to the former issue, the court noted that "[e]vidence confirms that [the [plaintiffs'] market share decreased after [the defendants'] . . . products entered the market. Evidence also indicates, however, that [the plaintiffs'] sales . . . increased exponentially during that same time, which makes it difficult to assess plaintiffs' claims of irreparable harm," *id.* at 614; it also credited the defendants' showing that the lead defendant was "a worldwide, multibillion dollar corporation that is more than capable of paying any amount of damages awarded to plaintiffs." *Id.* at 615. And, with respect to the latter, the court was unconvinced by the plaintiffs' reliance on two allegedly defective goods sold by the defendants in light of the "enormous number" of those goods the defendants had sold. *Id.*

1907. *Id.* at 612.

1908. *Id.*

1909. *See* Hanginout, Inc. v. Google, Inc., 111 U.S.P.Q.2d 1931 (S.D. Cal. 2014).

1910. *Id.* at 1946.

1911. *Id.* at 1947.

relief,[1912] it can do so in appropriate cases.[1913] This proposition was apparent in a Federal Circuit opinion applying Ninth Circuit law confirmed that the existence of irreparable harm in the abstract may not be enough to support the entry of injunctive relief.[1914] That opinion arose out of Apple's successful assertion before a California federal district court of a federal dilution cause of action against Samsung's sale of smartphones inspired by Apple's iPHONE devices. The district court concluded that Apple's showing of likely dilution was sufficient, in and of itself to demonstrate irreparable harm,[1915] but it nevertheless denied Apple's request for permanent injunctive relief on the ground that the challenged Samsung devices no longer were on the market. The Federal Circuit declined to disturb that disposition as an abuse of discretion. It might be true, the appellate court noted, that "Ninth Circuit precedent indicates that ongoing diluting behavior is not necessary to obtain an injunction under [Section 43(c)]," [1916] but "it does not follow that a court commits legal error if, in following an injunction analysis, it considers a defendant's voluntary cessation of diluting behavior as a reason to deny

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1912. *See, e.g.*, T-Mobile US, Inc. v. AIO Wireless LLC, 991 F. Supp. 2d 888, 930 (S.D. Tex. 2014) ("Mootness does not prevent this court from issuing a properly tailored injunction. [The defendant] has not pointed to evidence showing that the challenged conduct could not recur."); It's a 10, Inc. v. Beauty Elite Grp., 110 U.S.P.Q.2d 1116, 1128 (S.D. Fla. 2013) (denying defense motion for summary judgment on ground that "Defendant . . . has not met its burden of establishing with absolute clarity that all infringement has ceased such that Plaintiff's request for a permanent injunction would be moot"); Eastman Chem. Co. v. Plastipure, Inc., 969 F. Supp. 2d 756, 768 (W.D. Tex. 2013) ("In this case, although Defendants represent they have removed the press release and brochure from their website and do not plan to redistribute them, there is undoubtedly a possibility Defendants will make similar statements in the future."), *aff'd*, 775 F.3d 230 (5th Cir. 2014); Fresh Del Monte Produce Inc. v. Del Monte Foods Co., 933 F. Supp. 2d 655, 660-62 (S.D.N.Y. 2013) (rejecting defense claim that plaintiff's request for injunctive relief was moot in light of defendants' failure to discontinue unlawful conduct until after finding of liability at trial).

1913. *See, e.g.*, FLIR Sys., Inc. v. Sierra Media, Inc., 965 F. Supp. 2d 1184, 1211-12 (D. Or. 2013) ("As [the defendant] appropriately notes in opposition to [the plaintiff's] request for permanent injunctive relief with regard to the drop test video, a defendant's voluntary cessation of its alleged unlawful conduct moots the need for a permanent injunction, so long as the defendant's reform is irrefutably demonstrated and total.").

1914. *See* Apple Inc. v. Samsung Elecs. Co., 735 F.3d 1352 (Fed. Cir. 2013).

1915. As the Federal Circuit explained:

> The district court interpreted [Section 43(c)] as permitting injunctive relief without any additional showing of irreparable harm beyond the harm of dilution itself. This interpretation was premised on the language in [Section 43(c)(1)] authorizing injunctions "regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury."

Id. at 1373 (quoting 15 U.S.C.§ 1125(c)(1) (2012)).

1916. *Id.* at 1374 (citing Polo Fashions, Inc. v. Dick Bruhn, Inc., 793 F.2d 1132, 1135-36 (9th Cir. 1986)).

injunctive relief."[1917] It therefore affirmed the district court's denial of the requested permanent injunction.[1918]

A West Virginia federal district court reached much the same outcome in a case in which the gravamen of the plaintiffs' claims was that the defendants had created a false Facebook page and profile attributed to an individual plaintiff and on which that individual plaintiff allegedly "liked" products offered for sale by the defendants, who were direct competitors of the plaintiffs.[1919] In denying the plaintiffs' motion for a preliminary injunction, the court identified two reasons why, even if the individual plaintiff was likely to succeed on the merits of his federal false-endorsement and state right-of-publicity claims,[1920] his claim of irreparable harm failed to hold water. The first was the agreement among the parties that the page and profile had been taken down months earlier.[1921] The second was that, although at least some clients had received friend requests from the page, they had recognized the deception and either had informed the plaintiffs of it or attributed the page to the defendants.[1922]

Similarly, having found a group of defendants liable for infringement and likely dilution after a bench trial, a Texas federal district court nevertheless declined to issue injunctive relief to the prevailing plaintiffs based on the defendants' discontinuance of their unlawful conduct.[1923] According to the court, "Defendants voluntarily ceased using the [disputed marks] . . . during the course of this lawsuit, and there is no evidence in the record indicating Defendants will resume (or have any incentive to resume) use of the [marks] in the future."[1924] Moreover, it continued, based on the court's findings of liability, "Defendants now know they have no claim to the [disputed marks]."[1925]

(B) Inadequacy of Legal Remedies

The requirement for injunctive relief that a prevailing plaintiff in a trademark or service mark infringement case cannot be made whole through the legal remedy of an award of actual damages did

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1917. *Id.*

1918. *Id.* at 1375.

1919. *See* Imagine Medispa, LLC v. Transformations, Inc., 999 F. Supp. 2d 862 (S.D. W. Va. 2014).

1920. In fact, because of an absence of evidence tying the defendants to the Facebook activity in question, the court concluded that the individual plaintiff was *not* likely to prevail on the merits of his claims. *Id.* at 871.

1921. *Id.* at 873.

1922. *Id.*

1923. *See* Reservoir, Inc. v. Truesdell, 1 F. Supp. 3d 598 (S.D. Tex. 2014).

1924. *Id.*

1925. *Id.*

not present much of an obstacle over the past year.[1926] One court explained why: "Denying [the plaintiff] an injunction would leave it in the untenable position of continuously suing for past damages."[1927] A different explanation was equally cursory and consisted of the court's observation that "where there is a potential for future harm from continuing infringement, there is no adequate remedy at law."[1928] Another court apparently thought even those basic explanations were unnecessary, concluding in cursory fashion that "[i]t is generally recognized in trademark infringement cases that . . . there is no[] adequate remedy at law to redress infringement . . . ."[1929]

The same principle generally applies where requests for injunctive relief against false advertising are concerned, although one court undertook a more reasoned analysis of the issue.[1930] It held that "[w]hile some of [Plaintiff's] injuries would be easily compensable (e.g., its corrective advertising costs), others are not easily reduced to a damages figure. This is especially true of the ongoing potential harm if Defendants continue making similar statements through difficult-to-monitor channels, such as direct advertising via emails to customers."[1931] Furthermore, the court observed, "[b]ecause the jury found Defendants' statements were literally false, the ability of those statements to impact consumers' purchasing decisions is presumed."[1932] The likely impossibility of quantifying the harm suffered by the plaintiff therefore weighed in favor of the entry of a permanent injunction.[1933]

In contrast, however, the past year did produce occasional findings that prevailing plaintiffs could be made whole through

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1926. *See, e.g.*, Entrepreneur Media, Inc. v. JMD Entm't Grp., 958 F. Supp. 2d 588, (D. Md. 2013) ("[M]onetary damages are inadequate to compensate for [the plaintiff's] injury. The . . . Defendants' utter lack of response signals a threat of continued infringement."); HTS, Inc. v. Boley, 954 F. Supp. 2d 927, 960 (D. Ariz. 2013) ("Injunctive relief is the preferred remedy in trademark cases because 'there is no adequate remedy at law for the injury caused by a defendant's continuing infringement.'" (quoting Century 21 Real Estate Corp. v. Sandlin, 846 F.2d 1175, 1180 (9th Cir. 1988))); Choice Hotels Int'l, Inc. v. Patel, 940 F. Supp. 2d 532, 543 (S.D. Tex. 2013) (Because [the plaintiff's] goodwill and reputation cannot be easily quantified, there is no adequate monetary remedy.").

1927. Clearline Techs. Ltd. v. Cooper B-Line, Inc., 948 F. Supp. 2d 691, 716 (S.D. Tex. 2013).

1928. Am. Auto. Ass'n v. Dickerson, 995 F. Supp. 2d 753, 758 (E.D. Mich. 2014).

1929. Bentley Motors Ltd. Corp. v. McEntegart, 976 F. Supp. 2d 1297, 1318 (M.D. Fla. 2013) (alterations in original) (quoting Tally-Ho, Inc. v. Coast Cmty. Coll. Dist., 889 F.2d 1018, 1029 (11th Cir. 1989) (quoting Processed Plastic Co. v. Warner Commc'ns, 675 F.2d 852, 858 (17th Cir. 1982))) (internal quotation marks omitted).

1930. *See* Eastman Chem. Co. v. Plastipure, Inc., 969 F. Supp. 2d 756 (W.D. Tex. 2013), *aff'd*, 775 F.3d 230 (5th Cir. 2014).

1931. *Id.* at 768.

1932. *Id.*

1933. *Id.* at 768-69.

legal remedies.[1934] These included one determination that a prevailing plaintiff had been adequately compensated by an award of his actual damages, despite having fallen victim to a counterfeiting scheme.[1935] That outcome, however, may have been driven by the unusual nature of the case, which turned on private causes of action based on the individual plaintiff's purchase from the defendant of wine in bottles bearing counterfeit marks. A jury awarded the plaintiff compensatory damages for what was apparently a one-off transaction between the parties, and that led the court to conclude that "the remedies available at law for the injury suffered here—monetary damages, both compensatory and exemplary—are adequate to make [the plaintiff] whole. Here, [the plaintiff] has received the value of the counterfeit wine consigned by [the defendant], as well as $24,000 in statutory damages under [New York law]."[1936]

(C) Balance of Hardships

For plaintiffs able to prove actual or likely success on the merits and irreparable harm, the required balancing of the hardships rarely proved to be an obstacle to the entry of injunctive relief,[1937] especially if the defendants at issue already had taken

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1934. *See, e.g.*, Reservoir, Inc. v. Truesdell, 1 F. Supp. 3d 598, 617 (S.D. Tex. 2014) (finding, in cursory analysis, that "monetary damages can adequately compensate Plaintiffs for past injury they prove they have suffered").

1935. *See* Koch v. Greenberg, 14 F. Supp. 3d 247 (S.D.N.Y. 2014).

1936. *Id.* at 284.

1937. *See, e.g.*, 7-Eleven, Inc. v. Kapoor Bros., 977 F. Supp. 2d 1211, 1227 (M.D. Fla. 2013) ("When faced with similar factual situations in which the franchisee has breached the terms of its franchise agreement, courts regularly find that a franchisee cannot then be heard to complain of harm from an injunction preventing further use of the franchisor's trademarks. In this light, weighing Defendants' essentially self-inflicted injuries against the immeasurable losses to Plaintiff's goodwill, the Court finds that the balance of harms 'weighs decisively in favor of granting the requested injunctive relief.'" (citations omitted) (quoting Dunkin' Donuts Franchised Rests., LLC v. KEV Enters., 634 F. Supp. 2d 1324, 1336 (M.D. Fla. 2009)); Am. Auto. Ass'n v. Dickerson, 995 F. Supp. 2d 753, 758 (E.D. Mich. 2014) ("[I]t does not appear that Defendant would face any hardship in restraining [sic] from trademark infringement while Plaintiff faces the possibility of the loss of goodwill."); Stark Carpet Corp. v. Stark Carpet & Flooring Installations Corp., 954 F. Supp. 2d 145, 163-64 (E.D.N.Y. 2013) ("In cases in which courts have found that infringement occurred, courts have essentially argued that the only hardship to the defendant from the injunction would be to prevent the defendant from engaging in further illegal activity. Given that Plaintiff has offered evidence that the loss of control over its mark would cause it significant harm while there is no evidence from Defendant on this point, the balance of hardships favors Plaintiff." (citations omitted)); Boldface Licensing + Branding v. By Lee Tillett, Inc., 940 F. Supp. 2d 1178, 1197-98 (C.D. Cal. 2013) ("[T]he Court is well-aware of the impact an injunction will have on [the counterclaim defendant's] business, which could amount to millions of dollars in losses. But the Court is also fully convinced that withholding an injunction will destroy [the plaintiff's] business, which it has built over a decade, causing losses of hundreds of thousands (and perhaps millions) of dollars in past investment and future revenue. The difference between the two is that [the counterclaim plaintiff] has superior rights to [the counterclaim defendant]."); Choice Hotels Int'l, Inc. v. Patel, 940 F.

steps to remedy their unlawful conduct.[1938] The resolution of the issue by one court on a successful motion for a temporary restraining order against the defendant's false advertising was characteristic: "[A] narrow restraining order with respect to any false advertising and/or false comparisons being made by [the defendant] will not harm [the defendant]."[1939] Specifically, "a letter or e-mail to its stores does not require unreasonable efforts and . . . , if what [the defendant] claims is true (that [it does] not engage in such conduct and [has] already asked [its] employees to stop any such conduct if it exists), then such an order will not harm [it] in any way."[1940]

A different court undertook a more detailed analysis of the issue in the context of its grant of a preliminary injunction motion, but the outcome was the same.[1941] The defendant claimed to have a vested interest in the use of a mark found to infringe that of the plaintiff, but that claim was weakened by the fact that the defendant had not introduced the mark. According to the court:

> [T]he potential impact [on the defendant of an injunction] seems minimal and, even if it delays certain expenditures and rebranding, this short term interruption does not preclude the [defendant's] branding strategy from ultimately being rolled out should [the defendant] ultimately prevail. The same cannot be said if [the plaintiff] ultimately prevails after [the defendant] has caused confusion and ill-will in its market.[1942]

The court was equally dismissive of two additional arguments by the defendant, namely that: (1) the defendant's inability to rebrand itself in the plaintiff's geographic market "would damage its reputation in [that market] and would be perceived by the public as a sign of inconsistency and instability," which the court rejected in part because the defendant did not yet have such a reputation;[1943] and (2) an affiliate of the defendant would be

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Supp. 2d 532, 543 (S.D. Tex. 2013) ("The hardship [the defendant] would face with the entry of a permanent injunction—namely complying with state and federal law—pales in comparison with the irreparable harm that [the plaintiff] would face if [the defendant] once again began displaying the [plaintiff's] marks . . . .").

1938. *See, e.g.*, Eastman Chem. Co. v. Plastipure, Inc., 969 F. Supp. 2d 756, 769 (W.D. Tex. 2013) ("Defendants have already taken down the brochure and press releases [containing statements found to constitute false advertising], and indicate they have no intention to redistribute them. An injunction putting legal force behind their commitment is a minimal burden."), *aff'd*, 775 F.3d 230 (5th Cir. 2014).

1939. Select Comfort Corp. v. Tempur Sealy Int'l, Inc., 988 F. Supp. 2d 1047, 1055 (D. Minn. 2013).

1940. *Id.*

1941. *See* Unity Health Plans Ins. Corp. v. Iowa Health Sys., 995 F. Supp. 2d 874 (W.D. Wis. 2014).

1942. *Id.* at 896.

1943. *Id.*

unable to market that affiliation, of which the court remarked that "this potential harm is somewhat mitigated by the fact that [the affiliate] has not yet taken any action to promote the affiliation, nor has it expended any resources on doing so beyond sending a letter to its customers and holding . . . two, free press events."[1944]

The absence of a challenged use from the marketplace similarly played a role in the balancing analysis in a case in which the defendant had begun rebranding itself in response to the plaintiffs' preliminary injunction motion.[1945] That ongoing effort led the court to discount the defendant's showing of the harm that would befall it if the plaintiffs' motion were to be granted; according to the court's reading of the preliminary injunction record, "[the defendant] has implemented the lion's share of the changes it initially argued were too costly to require. The projections are now overstated."[1946] Particularly because the injunction ultimately entered by the court did not require the defendant to abandon all of the conduct underlying the parties' dispute, the court found that "[t]he harm to [the plaintiffs'] brand, which [the plaintiffs have] spent billions of dollars and over ten years creating, substantially outweighs the remaining harms that [the defendant] would suffer [if enjoined]."[1947]

In contrast, however, the results of a balancing of the parties' respective hardships weighed in favor of the *defense* in some cases.[1948] One falling into this category was a trade dress dispute between two manufacturers of energy bars.[1949] In response to the plaintiff's assertion of reputational harm in the absence of preliminary injunctive relief, the defendant adduced evidence and testimony that its sunk costs for the packaging challenged by the plaintiff were "approximately $13.9 million."[1950] Beyond that, the court found:

> [The defendant] estimates that it would cost it approximately $500,000 and take eight months to develop and manufacture new packaging. During that eight-month redesign period, [the defendant] estimates that it would lose $10 million in revenue, and also lose a "window of opportunity to meet consumer

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1944. *Id.* at 897.

1945. *See* T-Mobile US, Inc. v. AIO Wireless LLC, 991 F. Supp. 2d 888 (S.D. Tex. 2014).

1946. *Id.* at 929.

1947. *Id.*

1948. *See, e.g.*, Hanginout, Inc. v. Google, Inc., 111 U.S.P.Q.2d 1931, 1947 (S.D. Cal. 2014) (denying preliminary injunction based on plaintiff's failure to prove likelihood of success on the merits but additionally noting that "[the plaintiff] has expended substantial time and resources to develop and market [its] mark, and requiring [the defendant] to re-brand the product on the evidence presented now would be unjust").

1949. *See* KIND LLC v. Clif Bar & Co., 111 U.S.P.Q.2d 1795 (S.D.N.Y. 2014).

1950. *Id.* at 1807.

> demand and develop brand loyalty." [The defendant] alleges that it would also suffer reputational harm due to its inability to fulfill commitments to the industry and consumers.[1951]

Under these circumstances, "[e]ven if [the plaintiff] is correct that [the defendant's] losses are not as high as it claims and that it could design new packaging in three months, it is [the plaintiff's] burden to show that the balance of hardships decidedly tips in its favor. [The plaintiff] has failed to do so."[1952]

(D) Public Interest

The issue of whether injunctive relief is in the public interest once findings of infringement have been made[1953] is not one often discussed in reported opinions, in substantial part because, as one court explained, "the public interest is always served by requiring compliance with Congressional statutes such as the Lanham Act and by enjoining the use of infringing marks."[1954] A different court reached much the same conclusion by holding that "[a]nti-infringement injunctions serve the public interest by preventing consumer confusion and allowing a more efficient marketplace to operate by virtue of the availability to consumers of a clear identification of products, services, and vendors."[1955] And still

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1951. *Id.* at 1808 (citations omitted).

1952. *Id.*

1953. As always, there was no question among reported opinions addressing the issue that the public interest would not be served in infringement actions in which plaintiffs failed to prove that confusion was likely. *See, e.g.*, *id.* ("In light of the Court's finding that [the plaintiff] has failed to establish likelihood of consumer confusion, the Court finds that the public interest would not be served by issuing a preliminary injunction in this case.").

1954. Clearline Techs. Ltd. v. Cooper B-Line, Inc., 948 F. Supp. 2d 691, 715 (S.D. Tex. 2013) (quoting Quantum Fitness Corp. v. Quantum LifeStyle Ctrs., L.L.C., 83 F. Supp. 2d 810, 832 (S.D. Tex. 1999)) (internal quotation marks omitted).

1955. Stark Carpet Corp. v. Stark Carpet & Flooring Installations Corp., 954 F. Supp. 2d 145, 164 (E.D.N.Y. 2013); *see also* Unity Health Plan Ins. Co. v. Iowa Health Sys., 995 F. Supp. 2d 874, 897 (W.D. Wis. 2014) ("Given that the court has found some likelihood of confusion among consumers . . . the court finds that the public would be best served by entering some form of preliminary injunction minimizing the likelihood of confusion until trial."); Am. Auto. Ass'n v. Dickerson, 995 F. Supp. 2d 753, 758 (E.D. Mich. 2014) ("[P]reventing consumer confusion is in the public's interest."); Well Care Pharmacy II, LLC v. W'Care, LLC, 108 U.S.P.Q.2d 1695, 1703 (D. Nev. 2013) ("Because the Court has determined that the consuming public is likely to be confused between Plaintiff's mark and Defendants' mark, the public interest weighs in favor of issuing the requested injunction."); Entrepreneur Media, Inc. v. JMD Entm't Grp., 958 F. Supp. 2d 588, 596 (D. Md. 2013) ("[T]here is greater public benefit in securing the integrity of [a] Plaintiffs's mark than in allowing [a] Defendant to continue to use the mark in violation of [that] Plaintiff['s] rights." (second, fourth, and fifth alterations in original) (quoting Innovative Value Corp. v. Bluestone Fin., LLC, No. DKC 2009–0111, 2009 WL 3348231, at *3 (D. Md. Oct. 15, 2009))); Tory Burch LLC v. Partnerships & Unincorporated Ass'ns, 107 U.S.P.Q.2d 1345, 1353 (N.D. Ill. 2013) ("In trademark infringement cases such as this 'the public interest is served by [an] injunction because enforcement of the trademark laws prevents consumer confusion.'" (alteration in original) (quoting Eli Lilly & Co. v. Natural Answers, Inc., 233 F.3d 456, 469

another court noted in the context of a false-advertising action that "[i]t is in the public's interest to enjoin . . . false advertising or comparisons."[1956]

Nevertheless, at least some courts bucked that trend over the past year by engaging in more detailed analyses of this factor. In some cases, it was resolved against plaintiffs who were unable to prove a likelihood of success on the merit of their claims,[1957] but not always. Thus, for example, one court reached a finding of trade dress and design patent infringement but then interpreted *eBay* to hold that "no one factor in the equitable relief calculus is presumed to be satisfied merely because another factor was satisfied. Consequently, the court will not presume that the public interest favors granting injunctive relief in the present case."[1958] It therefore ultimately held that, in light of consumers' interest in having a greater choice of products in the marketplace, "the public interest weighs slightly in favor of denying plaintiffs' [preliminary injunction] motion."[1959]

ii. Terms of Injunctive Relief

Some courts chose to enter injunctive relief far narrower than that sought by prevailing plaintiffs.[1960] One court doing so acted on a jury finding that the defendants had marketed a product with a black-and-yellow color scheme that was likely to cause confusion with a similar scheme used by the plaintiff in connection with directly competitive products.[1961] Not surprisingly, the plaintiff

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(7th Cir. 2000))); Boldface Licensing + Branding v. By Lee Tillett, Inc., 940 F. Supp. 2d 1178, 1197-98 (C.D. Cal. 2013) ("The public interest favors an injunction to prevent likely confusion in this case. This is particularly true here because [the plaintiff] has presented evidence that confusion is already occurring, suggesting it will continue to occur absent an injunction." (citation omitted)); Choice Hotels Int'l, Inc. v. Patel, 940 F. Supp. 2d 532, 543 (S.D. Tex. 2013) ("[A] permanent injunction would serve the public interest by protecting consumers from deception or confusion.").

1956. Select Comfort Corp. v. Tempur Sealy Int'l, Inc., 988 F. Supp. 2d 1047, 1055 (D. Minn. 2013); *see also* Eastman Chem. Co. v. Plastipure, Inc., 969 F. Supp. 2d 756, 769 (W.D. Tex. 2013) ("[T]he public has a strong interest in the enforcement of the Lanham Act's prohibition on false advertisements . . . ."), *aff'd*, 775 F.3d 230 (5th Cir. 2014).

1957. *See, e.g.*, IT Strategies Grp. v. Allday Consulting Grp., 975 F. Supp. 2d 1267, 1284-85 (S.D. Fla. 2013) ("In light of the weakness of the Plaintiff's . . . asserted claims, together with the public policy of promoting free competition, the undersigned finds that the issuance of a preliminary injunction in this case would be adverse to the public interest.").

1958. Am. Beverage Corp. v. Diageo N. Am., Inc., 936 F. Supp. 2d 555, 617 (W.D. Pa. 2013).

1959. *Id.*

1960. *See, e.g.*, Fresh Del Monte Produce Inc. v. Del Monte Foods Co., 933 F. Supp. 2d 655, 663 (S.D.N.Y. 2013) ("In crafting an appropriately narrow injunction, the Court cannot fairly enjoin practices found not to violate the Lanham Act.").

1961. *See* Clearline Techs. Ltd. v. Cooper B-Line, Inc., 948 F. Supp. 2d 691 (S.D. Tex. 2013).

sought a permanent injunction that would have prevented the defendants from using *any* black-and-yellow scheme in the future. The court found that request overbroad, especially because the jury had found the color yellow on a stand-alone basis to be functional and because "the record contains evidence that the color black was functional."[1962] It therefore held that the defendants were "immediately and permanently enjoined from using the particular black and yellow color scheme [they have] been using . . . , and any other black and yellow color scheme that would be confusingly similar to the black and yellow scheme [the plaintiff] has been using."[1963]

A second court finding a requested injunction overbroad balked at a request that the defendant be enjoined from "using in any manner any of the Plaintiffs' Marks, including the [actual mark in dispute], or any other mark which so resembles said trademark as to be likely to cause confusion, deception, or mistake, on or in connection with [the] sale of any goods or services not emanating from Plaintiffs," as well as from "otherwise competing unfairly with Plaintiffs in any manner."[1964] Citing to Federal Rule of Civil Procedure 65(d)(1), the court noted that the specificity requirement of that rule was "designed to prevent uncertainty and confusion on the part of those faced with injunctive orders, and to avoid the possible founding of a contempt citation on a decree too vague to be understood."[1965] It therefore prohibited the defendant from using or causing to be used the plaintiff's mark in the industries in which the parties competed, "as well as [with] associated services and merchandise";[1966] in addition, the defendant was ordered to withdraw a federal application he had filed to register a mark based on the plaintiffs' mark.[1967]

Yet another court chose to enter somewhat restricted preliminary injunctive relief in a case in which the similarity between the parties' marks was limited to a single word.[1968] The salient portion of the resulting injunction therefore barred the defendant from using that word on a stand-alone basis; moreover, it also required the defendant to use the house mark of one of the defendant's affiliates. Because the defendant had not yet launched any advertising inconsistent with the injunction's terms, the court

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1962. *Id.* at 717.

1963. *Id.*

1964. *Quoted in* Bell v. Foster, 109 U.S.P.Q.2d 1249, 1254 (N.D. Ga. 2013).

1965. *Id.* (quoting Schmidt v. Lessard, 414 U.S. 473, 476 (1974)) (internal quotation marks omitted).

1966. *Id.*

1967. *Id.*

1968. *See* Unity Health Plan Ins. Co. v. Iowa Health Sys., 995 F. Supp. 2d 874 (W.D. Wis. 2014).

reasoned, the defendant would not suffer any harm from the injunction's terms, while the "extremely close" nature of the case justified the absence of a prohibition on the use of the disputed word altogether.[1969]

Finally, one court took a very solicitous approach toward a pair of defendants whose BMF mark for automotive wheels had been found to infringe the plaintiff's BMF mark for automotive cylinder heads.[1970] Based in substantial part on its findings that the defendants had not adopted their mark in bad faith and, additionally, that the parties' goods were not competitive and that the plaintiff therefore had not suffered any monetary harm, the court chose not to enjoin the defendants from using their mark altogether. Instead, the permanent injunction it entered prohibited the defendants from: (1) using logos found by a jury to infringe those of the plaintiff; (2) using the letters "BMF" "*except* when used in the phrase 'BMF Wheels,' and then only when accompanied by a disclaimer that the product and [the lead defendant] is [sic] not affiliated in any way with BMF cylinder heads, [the plaintiff], or any of [the plaintiff's] product lines"; (3) using the letters "BMF" on any product except wheels and rims; (4) producing any products bearing the infringing logos after a date approximately four months after the court's order; and (5) from using "any websites, domain names, or social media that contain the letters 'BMF' within the domain name or website address unless the letters are included in the phrase 'BMF Wheels' and accompanied by the disclaimer stated above."[1971] The injunction also imposed two affirmative obligations on the defendants: (1) to dispose of all products bearing the infringing logos within approximately seven months; and (2) to withdraw all advertising featuring the infringing logos.[1972]

In contrast, other courts gave plaintiffs what they wanted,[1973] with one taking the conventional approach of broadly enjoining the further dissemination of advertising a jury had found to be literally false.[1974] In doing so, it rejected the defendants' rather perplexing alternative remedy, which was to allow them to continue to make their advertising available but to use disclaimers

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1969. *Id.* at 898.

1970. *See* CFE Racing Prods., Inc. v. MBF Wheels, Inc., 2 F. Supp. 3d 1029 (E.D. Mich. 2014).

1971. *Id.* at 1036.

1972. *Id.*

1973. *See, e.g.*, Tory Burch LLC v. Partnerships & Unincorporated Ass'ns, 107 U.S.P.Q.2d 1345, 1353-54 (N.D. Ill. 2013) (entering temporary restraining order prohibiting the use of imitations of plaintiff's mark, requiring the transfer of domain names from the defendants to the plaintiff, and barring the fraudulent transfer of assets by defendants).

1974. *See* Eastman Chem. Co. v. Plastipure, Inc., 969 F. Supp. 2d 756 (W.D. Tex. 2013), *aff'd*, 775 F.3d 230 (5th Cir. 2014).

in association with it. Unfortunately for the defendants, their proposal was unaccompanied by any factual showing that the disclaimers would be effective. This led the court to view the proposal with a jaundiced judicial eye:

> Defendants' disclaimers seek to render the publications non-misleading, but there is no basis for concluding the modifications would remove the potential for harm other than Defendants' attorney argument. It makes sense to place at least some burden on the infringing party to show their disclaimer would effectively remedy the false or misleading statements and render them unobjectionable.[1975]

The court did, however, reject the plaintiff's request for an order requiring the defendants to engage in corrective advertising prepared by the plaintiff.[1976]

iii. Security

Rule 65(c) of the Federal Rules of Civil Procedure prohibits the entry of a preliminary injunction unless and until the party seeking that remedy "gives security in an amount that the court considers proper to pay the costs and damages sustained by any party found to have been wrongfully restrained."[1977] Seeking to ward off the entry of interlocutory relief after having been found liable for infringement, the operators of a pharmacy argued that a bond of no less than $500,000 was necessary to protect them against the risk of being wrongfully enjoined. The court balked at this figure based on the defendants' failure to substantiate their claim that they would be put out of business by the plaintiff's requested relief. It noted that the plaintiff's challenge was limited to the defendants' use of a word mark, and that there was nothing in the proposed injunction requiring the defendants to change anything other than that mark. Nevertheless, because the defendants would need to replace their signage, obtain a new

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1975. *Id.* at 770.

1976. According to the court:

> While courts have on occasion included forced corrective advertising as a part of the remedy in false advertising cases, there is no suggestion such relief is mandatory, or even presumed appropriate. In this case, [Plaintiff] itself has already engaged in significant amounts of corrective advertising, and it is unclear what additional effect a digital billboard written by [Plaintiff] and posted on Defendants' website will have. Based on the record in this case, the Court is convinced requiring Defendants to stop making the statements the jury found to be false is sufficient to protect [Plaintiff's] interests and honor the spirit of the Lanham Act's protective provisions.

Id. at 771 (citation omitted).

1977. Fed. R. Civ. P. 65(c).

business license, and "incur expenditures on advertising and other types of re-branding," the court set a bond of $20,000.[1978]

In a different case, a defendant found liable for infringement in the context of a preliminary injunction motion asked the court to set a bond of "millions of dollars, far surpassing an amount [the plaintiff] could pay."[1979] The court found the defendant's position to be overstated on the ground that "that amount—or anything approaching it—is inappropriate because it would essentially deny [the plaintiff] the benefit of the injunction."[1980] Better, the court concluded, to set the required security at only $50,000, a decision influenced by its finding that the plaintiff had demonstrated "a strong likelihood of success on the merits, which 'tips in favor of a minimal bond or no bond at all.'"[1981]

A different plaintiff had an easier time with things, albeit in the context of an unopposed motion for a preliminary injunction.[1982] The court hearing that motion held that "it is well-established that the amount of security required by [Rule 65(c)] is a matter within the discretion of the trial court, and the court may elect to require no security at all."[1983] The court then did just that, concluding on the basis of the plaintiff's showing that the defendants had used the plaintiff's registered marks to sell goods directly competitive to those of the plaintiff, that "[b]ecause the Court has determined that [the plaintiff] has a high probability of succeeding on the merits of its Lanham Act claims, and because Defendants have no legitimate interest in the continued use of the [plaintiff's] Trademarks, the Court will not require [the plaintiff] to post a bond."[1984]

iv. Contempt

One pair of defendants learned the hard way that ignoring the terms of a permanent injunction entered by a federal district court doesn't pay.[1985] Those defendants previously had been held liable

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1978. *Well Care Pharmacy II*, 108 U.S.P.Q.2d at 1703.

1979. Boldface Licensing + Branding v. By Lee Tillet, Inc., 940 F. Supp. 2d 1178, 1200 (C.D. Cal. 2013).

1980. *Id.*

1981. *Id.* (quoting Cal. *ex rel.* Van de Kamp v. Tahoe Regional Planning Agency, 766 F.2d 1319, 1325 (9th Cir.), *amended on other grounds*, 775 F.2d 998 (9th Cir. 1985)).

1982. *See* TracFone Wireless, Inc. v. Washington, 978 F. Supp. 2d 1225, 1230 (M.D. Fla. 2013).

1983. *Id.* at 1235 (quoting BellSouth Telecomms., Inc. v. MCImetro Access Transmission Servs., LLC, 425 F.3d 964, 971 (11th Cir. 2005)) (alteration in original) (internal quotation marks omitted).

1984. *Id.*

1985. *See* TracFone Wireless, Inc. v. GCA Elecs., LLC, 950 F. Supp. 2d 1326 (N.D. Ga. 2013).

for having diverted and sold the plaintiff's TRACFONE-branded prepaid mobile phones, as well as the unauthorized "solutions" used to "unlock" the phones, and the resulting final judgment contained a broadly worded injunction against that conduct. Things went rapidly downhill for the defendants after the court granted the plaintiff's motion to reopen the proceedings in light of evidence that the defendants were violating the injunction. According to the court, "[d]espite the clear and unambiguous terms of the Final Judgment, Defendants began advertising and selling TracFone/NET10 Unlocking Solutions. . . . In addition, Defendants also violated the Final Judgment by selling at least 4 TracFone/NET10 PrePaid Phones. Defendants admitted that they knowingly violated the Final Judgment."[1986] The plaintiff therefore was entitled to the fees and costs it had incurred in successfully convincing the court to hold the defendants in contempt.[1987]

Another finding of contempt came in a case in which the parties also previously had reached a settlement agreement contemplating the entry of a consent judgment.[1988] The evidence submitted in support of the plaintiff's motion to have the defendants held in contempt demonstrated that, although the defendants themselves may not have violated the terms of the consent judgment, a third party (who may well have been fictitious) closely affiliated with the defendants had undertaken a variety of actions inconsistent with the consent agreement, not the least of which was the filing with the USPTO of three applications "virtually identical" to ones the defendants had been required to abandon.[1989] The plaintiff demonstrated to the court's satisfaction that, rather than complying with the consent judgment's mandate that they assign certain domain names to the plaintiff, the defendants instead had redirected the domains to websites associated with domain names registered by the same putative third party.[1990] Worse still, the record demonstrated that the defendants had engineered a separate lawsuit against themselves involving the very same marks and domain names and aimed at further delaying their compliance with the consent judgment.[1991] Finally, the defendants had assigned an ownership interest in twenty-four marks in direct violation of the consent judgment's terms.[1992] The result was a foregone conclusion: A finding of

1986. *Id.* at 1329.

1987. *Id.* at 1330.

1988. *See* Blanco GmbH+Co. KG v. Vlanco Indus., 992 F. Supp. 2d 1225 (S.D. Fla. 2014).

1989. *Id.* at 1231.

1990. *Id.* at 1332.

1991. *Id.* at 1332-33.

1992. *Id.* at 1333.

contempt and an award of $600,000 in liquidated damages, exclusive of attorneys' fees and costs.[1993]

b. Monetary Relief

i. Damages

(A) Actual Damages

(1) Eligibility of Prevailing Plaintiffs for Awards of Actual Damages

A New York federal district court offered up the following restatement of Second Circuit doctrine governing the eligibility of prevailing plaintiffs for awards of their actual damages: "To recover damages . . . a plaintiff must show either 'actual consumer confusion or deception resulting from the violation,' or 'or that the defendant's actions were intentionally deceptive thus giving rise to a rebuttable presumption of consumer confusion.'"[1994] The occasion for this summary was a defense motion for summary judgment on the issue. Although the summary judgment record was apparently devoid of evidence or testimony of actual confusion, that was not enough to entitle the counterclaim defendant to summary judgment on the issue. Rather, because there was a dispute of fact as to whether the counterclaim defendant's actions were intentionally deceptive, that disposition was inappropriate.[1995]

One federal district court addressed the apparent question of first impression under the Lanham Act of whether the prevailing plaintiff before it was entitled to an award of supplemental damages arising from the defendants' continued use of an infringing trade dress following an adverse jury verdict.[1996] Turning to interpretations of Section 284 of the Patent Act[1997] for guidance, the court concluded that "patent case law makes clear that supplemental damages for post-verdict infringement are required as *compensation*."[1998] The imposition of new damages therefore was not punitive in nature, and the plaintiff's request for that remedy was well-taken.[1999]

1993. *Id.* at 1233-34.

1994. Vaad L'Hafotzas Sichos, Inc. v. Kehot Publ'n Soc'y, 935 F. Supp. 2d 595, 603 (E.D.N.Y. 2013) (quoting George Basch Co. v. Blue Coral, Inc., 968 F.2d 1532, 1537 (2d Cir. 1992)).

1995. *Id.*

1996. *See* Clearline Techs. Ltd. v. Cooper B-Line, Inc., 948 F. Supp. 2d 691 (S.D. Tex. 2013).

1997. 35 U.S.C. § 284 (2012).

1998. *Clearline Techs.*, 948 F. Supp. at 711.

1999. *Id.*

Another court addressed a defense motion for summary judgment grounded in the theory that, because the plaintiff was merely an exclusive licensee of the mark allegedly infringed by the defendants, the plaintiff was entitled to only an award of actual damages commiserate with the territory in which it was licensed to use the mark.[2000] In particular, because that territory consisted of the United States, the defendants argued that the plaintiff was not entitled to recover damages arising from the defendants' sale of goods that were shipped outside of the United States. The court disagreed, holding instead that "[a] commercial interest, not an ownership interest, is necessary for standing under the Lanham Act. Defendants have failed to establish that [the plaintiff] cannot recover under the Lanham Act for these sales."[2001]

At least some plaintiffs, however, came away empty-handed. One had prevailed as a matter of law on its infringement and ACPA claims, but it was unable to convince the court that the defendant should bankroll a corrective advertising campaign.[2002] According to the court, an award of corrective advertising costs was appropriate only if the plaintiff could demonstrate, through non-speculative evidence, that the goodwill associated with its mark had suffered real harm.[2003] The showing before the court failed to satisfy that standard:

> Here, plaintiff has offered only speculative evidence as to the potential loss of goodwill or business reputation that it has suffered, inferring from the nature of its products, the relevant marketplace, and defendant's three-month period of advertising that its brand has suffered significant harm. From this entirely inferential showing, plaintiff extrapolates that it is "now burdened with the overwhelming task of combating the extensive damage to [its] good will." However, plaintiff's speculation as to the harm that it has suffered as a result of defendant's conduct is insufficient to support an award of compensatory damages for corrective advertising costs. As the record presently stands, defendant did not obtain even the slightest measure of commercial success, and plaintiff offers no evidence as to how its brand has been harmed. Accordingly, the Court denies plaintiff's request for the costs of corrective advertising.[2004]

2000. *See* AFL Telecomms. LLC v. SurplusEQ.com Inc., 946 F. Supp. 2d 928 (D. Ariz. 2013).

2001. *Id.* at 944-45.

2002. *See* Int'l Oddities v Record, 109 U.S.P.Q.2d 1373 (C.D. Cal. 2013).

2003. *Id.* at 1385.

2004. *Id.* (alteration in original).

(2) Calculation of Actual Damages

A request for actual damages in the form of a hypothetical reasonable royalty was received favorably by a Georgia federal district court, at least in the context of a defense motion for summary judgment.[2005] The Eleventh Circuit previously had recognized unpaid royalties as a basis for the calculation of actual damages, but only in cases in which the parties had a preexisting contractual relationship,[2006] and that led the counterclaim defendants to argue that the proposed remedy was available only to mark owners that had licensed their marks in the past.[2007] Citing favorably to Supreme Court authority in the utility patent and copyright contexts,[2008] the court read those cases to "compel the conclusion that the 'reasonable royalty' theory of damages is a viable, if not necessary, measure of protecting the property rights afforded a trademark holder under the Lanham Act."[2009] The court therefore rejected the counterclaim defendants' argument to the contrary on the ground that, if adopted, it would lead to the "illogical result that the value added to a product by an infringed trademark could not be recovered. This result is unreasonable because it would deny to the holder of this type of intellectual property a recovery while allowing the infringer to unwarrantedly capitalize on its infringing conduct."[2010]

The court then turned its attention to competing expert witness reports proffered by the parties in support of their respective proposed royalty rates. In the absence of comparable licensing arrangements that might be used for comparison, a report by an expert retained by the counterclaim plaintiff "'reversed engineer[ed]' a range of 'implied royalty rates' for a hypothetical licensing of [the counterclaim plaintiff's] trademark to [the counterclaim defendants], assuming that the hypothetical transaction would be comparable to [the counterclaim plaintiff's] previous acquisitions of three other trademarks."[2011] In contrast, a

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2005. *See* ITT Corp. v. Xylem Grp., 963 F. Supp. 2d 1309 (N.D. Ga. 2013).

2006. *See, e.g.*, Ramada Inns, Inc. v. Gadsden Motel Co., 804 F.2d 1562, 1565 (11th Cir. 1986); Boston Prof'l Hockey Ass'n v. Dallas Cap & Emblem Mfg., 597 F.2d 71, 76 (5th Cir. 1979).

2007. As the court summarized it, the counterclaim defendants' argument was that "the royalty claimed in this case is too speculative and is based only on a hypothetical royalty rate that cannot be verified based on an established, historical royalty rate." *ITT*, 963 F. Supp. 2d at 1329.

2008. *See* Sheldon v. Metro-Goldwyn Pictures Corp., 309 U.S. 390, 408 (1940) (recognizing reasonable royalty as measure of actual damages for copyright infringement); Dowagiac Mfg. Co. v. Minn. Moline Plow Co., 235 U.S. 641, 649 (1915) (recognizing reasonable royalty as measure of actual damages for utility patent infringement).

2009. *ITT*, 963 F. Supp. 2d at 1320.

2010. *Id.* at 1331.

2011. *Id.* at 1332 (first alteration in original).

report commissioned by the counterclaim defendants based its proposed rate "on [the counterclaim plaintiff's] total equity value and an actual licensing agreement [the lead counterclaim defendant] entered into with [a third party] regarding [an unrelated mark]."[2012] Although the parties took issue with various aspects of the reports proffered by their opponents, the court declined to strike either report, holding instead that the reports' alleged flaws were relevant to their weight, not their admissibility.[2013]

The counterclaim plaintiff was not wholly unsuccessful in its challenges to the counterclaim defendants' expert reports, however. In addition to its proposed reasonable royalty rate, the counterclaim plaintiff advanced the theory that it was entitled to an award based on the reasonable value of a hypothetical coexistence agreement between the parties, in response to which the counterclaim defendants responded with another expert report. The relevant portion of that document was based on a coexistence agreement between the lead counterclaim defendant and a third party, pursuant to which $250,000 apparently had changed hands. Based on his determination that the mark of the senior party to the earlier transaction was "much stronger" than the mark to which the counterclaim plaintiff asserted rights,[2014] the expert opined that any coexistence agreement the parties might have struck with respect to the latter mark would have been valued "significantly less than $250,000."[2015] Granting the counterclaim plaintiff's motion to strike that portion of the report, the court did not question the qualifications of the expert (a former Assistant Commissioner for Trademarks) on the issue of mark strength; nevertheless, "having considered the opinion and the basis of it," the court held that "it would not be helpful to the trier of fact and would tend to mislead the jury."[2016]

Other bids for awards of actual damages fared less well. Ninth Circuit case law has for years conflated the legal remedy of an award of a plaintiff's actual damages with the equitable remedy of an accounting of a defendant's profits,[2017] so it was perhaps

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2012. *Id.* at 1333.

2013. *Id.* at 1332-33, 1333.

2014. *Quoted in id* at 1334.

2015. *Quoted in id.*

2016. *Id.*

2017. The Ninth Circuit is hardly alone in referring to the accounting remedy under the rubric of "damages," rather than the more proper "monetary relief." For representative opinions from other courts over the past year making the same linguistic error, see *Reservoir, Inc. v. Truesdell*, 1 F. Supp. 3d 598, 617 (S.D. Tex. 2014); *IT Strategies Grp. v. Allday Consulting Grp.*, 975 F. Supp. 2d 1267, 1279 (S.D. Fla. 2013); *Bell v. Foster*, 109 U.S.P.Q.2d 1249, 1253 (N.D. Ga. 2013); *ITT Corp. v. Xylem Grp.*, 963 F. Supp. 2d 1390, 1328

understandable that a pair of prevailing plaintiffs before a Washington federal district court suffered from confusion over the proof necessary to support their claim for actual damages in the form of lost profits.[2018] In a jury trial, the plaintiffs introduced evidence of their lost *revenues*, but did not go beyond that showing because they believed that it was the defendants' burden to present evidence on the plaintiffs' expenditures that was necessary to determine the plaintiffs' lost *profits*. The Ninth Circuit noted of the plaintiffs' mistaken belief that "[t]he Lanham Act applies this burden-shifting framework to proof of the *defendant infringer's lost profits*. But the burden remained with . . . the plaintiff[s] to prove [their] actual damages, including *[their] own lost profits*."[2019] The plaintiffs' failure to grasp the distinction between the two remedies did not necessarily prevent them from successfully defending the jury's award of actual damages to them against an attack under Rule 50(b)(3) of the Federal Rules of Civil Procedure;[2020] instead, because "[n]otwithstanding [the plaintiffs'] confusion as to the burdens of proof, there was sufficient evidence before the jurors from which they could calculate the profits [the plaintiffs'] lost to [the defendants'] infringing conduct,"[2021] the court of appeals reversed the district court's grant of a defense motion to strike the jury's award under that Rule.[2022]

The Ninth Circuit took the same action with respect to the district court's dismissal of the jury's award of $750,000 in damages for the harm to the plaintiffs' reputation caused by the defendants, as well as $300,000 for the loss of goodwill. On that issue, the court explained that "[t]here was significant evidence to support the jury's finding of the fact that "[the defendants'] deceptive trade practices injured [the plaintiffs'] reputation and

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(N.D. Ga. 2013); *Entrepreneur Media, Inc. v. JMD Entm't Grp.*, 958 F. Supp. 2d 588, 597 (D. Md. 2013); *Los Defensores, Inc. v. Gomez*, 166 Cal. Rptr. 3d 899, 920 (Ct. App. 2014).

2018. *See* Experience Hendrix L.L.C. v. Hendrixlicensing.com Ltd., 762 F.3d 829 (9th Cir. 2014).

2019. *Id.* at 843 (citation omitted).

2020. That rule authorizes district courts to "direct the entry of judgment as a matter of law" following a jury verdict. Fed. R. Civ. P. 50(b)(3).

2021. *Experience Hendrix*, 762 F.3d at 843. The plaintiffs' showing included: (1) "undisputed evidence that, at the same time that [the defendants] [were] licensing [their] infringing goods, [the plaintiffs] suffered a significant decline in [their] own licensing revenue earned from products similar to [the defendants'] infringing merchandise"; (2) "testimony describing the nature of the licensing revenue generally as a licensee's payment to the licensor of a percentage of the licensee's revenue in return for the use of the licensor's intellectual property"; (3) documentary evidence referring to the plaintiffs' licensing revenue "as 'total income,' 'gross profits,' 'net ordinary income,' and 'net income,' without reflecting any deductions from the licensing revenue for expenses"; and (4) "[t]estimony describing licensing revenues generally [that] further suggested that there were no incremental costs saved in connection with the loss of that revenue attributed to [the defendants]." *Id.* at 843-44.

2022. *Id.* at 844.

goodwill."[2023] In particular, the trial record "indicated that [the plaintiffs'] overall licensing revenue declined by $1,022,351.70 during 2009, the period during which [the defendants] [were] infringing [the plaintiffs'] trademarks."[2024] According to the court, this showing "provided a legally sufficient basis for the jury's award of a total of $1,050,000 in damages for harm to [the plaintiffs'] reputation and goodwill, and thus permitted these damage awards to survive [the defendants'] Rule 50(b)(3) motion."[2025]

Unfortunately for the plaintiffs, however, their luck ran out when the court turned to the district court's conditional vacatur of both jury awards under Federal Rules of Civil Procedure 50(c)(1) and 59[2026] in favor of a new trial. With respect to the plaintiffs' claim for an award of actual damages in the form of lost profits, the Ninth Circuit held that the district court had not abused its discretion in holding that references in the plaintiffs' showing to "total income," "gross profits," "net ordinary income," and "net income" were not equivalent to profits "without further evidence indicating that there were, in fact, no expenses that should be deducted from [the plaintiffs'] licensing revenue before it [was] deemed a measure of lost profits";[2027] although that conclusion might not in and of itself merit a new trial, the district court disbelieved testimony proffered by the plaintiffs that the decline in their revenues during 2009 was attributable to the defendants' conduct rather than the economic turndown that year.[2028] The jury's award of actual damages for harm to the plaintiffs' reputation *and* loss of goodwill met the same fate, both because the jury apparently had been confused over an instruction by the district court that the two concepts were one and the same and because the evidence supporting both components of the award was "minimal."[2029] Finally, deference to the district court's decision to grant a new trial was appropriate in light of the Ninth Circuit's concerns about the overlapping nature of the jury's awards.[2030]

2023. *Id.* at 845.

2024. *Id.*

2025. *Id.* (footnote omitted).

2026. Rule 59(a)(1)(A) provides that "[t]the court may . . . grant a new trial on all or some of the issues . . . after a jury trial, for any reason for which a new trial has heretofore been granted in an action at law in federal court . . . ." Fed. R. Civ. P. 59(a)(1)(A). Rule 50(c) provides that "[i]f the court grants a . . . motion for judgment as a matter of law, it must also conditionally rule on any motion for a new trial by determining whether a new trial should be granted if the judgment is later vacated or reversed." Fed. R. Civ. P. 50(c)(1).

2027. *Experience Hendrix*, 762 F.3d at 846.

2028. *Id.*

2029. *Id.* at 847.

2030. On this issue, the court held that:

The musical group The Beastie Boys and its members also suffered a partial setback in their attempt to recover actual damages allegedly arising from the unauthorized use of their songs in a promotional video disseminated by the defendant.[2031] In support of their claim, the plaintiffs relied on the report of an expert witness, who based the figures set forth in her report on three celebrity endorsement deals in which she had participated. She declined to provide meaningful details of those deals in a deposition, however, which led the defendants to move for the exclusion of her report. The court was sympathetic, but only to a point. On the one hand, it held that "[t]he court will not permit [the expert] to testify on the basis of the value of endorsement deals that she has negotiated for other clients if she is not prepared to disclose the precise value of those deals. Estimates and general ranges, and broad assertions of comparability, will not do."[2032] On the other hand, however, the court gave the plaintiffs the opportunity to provide the details of the past deals if they intended to rely on the expert's opinion at trial.[2033]

Another opinion made the point that a defendant's failure to participate in a case does not obviate the need for the plaintiff to adduce documentary evidence and testimony in support of an allegation of actual damage.[2034] The plaintiffs learning that lesson the hard way were the owners of the JACK THE RAPPER mark for music convention services, and they successfully demonstrated on an unopposed motion for summary judgment that the defendant's use of THE NEW JACK THE RAPPER CONVENTION mark for identical services constituted

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> Those apparent duplicative awards include damages, under the Lanham Act, for both [the defendants'] profits earned from infringing [the plaintiffs'] trademarks and [the plaintiffs'] profits lost due to [the defendants'] infringing activity; an award of [the plaintiffs'] lost profits under both the Lanham Act and [Washington state law]; and an award of lost licensing revenue specifically for [the plaintiffs'] goods that are similar to [the defendants'] infringing merchandise, which appears to have been double-counted as part of the total award for lost reputation and goodwill. The district court instructed jurors to consider and award each measure of damages to which [the plaintiffs] [were] entitled, without regard to the duplicative nature of any of the awards, because the trial court would later eliminate any duplication. Here, however, other than the two identical lost profit awards under the Lanham Act and [Washington law], the district court did not address any possible duplication of remedies. While we have discretion to remand for the district court to correct duplicative awards, we conclude that doing so here would still not address all of the concerns about the damages awards that the district court raised, and that we share. We, therefore, defer to the district court's determination that a new trial on damages is warranted.

Id. at 847-48 (citation omitted).

2031. *See* Beastie Boys v. Monster Energy Co., 983 F. Supp. 2d 369 (S.D.N.Y. 2014).

2032. *Id.* at 378.

2033. *Id.*

2034. *See* Bell v. Foster, 109 U.S.P.Q.2d 1249 (N.D. Ga. 2013).

infringement as a matter of law. The plaintiffs claimed to be entitled to $25,000 in lost profits from a convention they would have held except for the defendant's conduct, but the court was unmoved, holding instead that "there is no evidence indicating that they would have made $25,000. There also is no argument for why they were prohibited from holding [the] conference and no evidence indicating that—due to [the defendant's] infringement—they would have made less money if they had held it."[2035] The plaintiffs' claim that the defendant had cost them $10,000 in lost licensing revenue suffered the same disposition for the same reason.[2036]

(B) Statutory Damages

Substantive discussions of awards of statutory damages in reported opinions were rare over the past year,[2037] but the plaintiff owner of the COMMODORE marks for computers and related items struck gold after demonstrating its opponent had: (1) advertised eight unauthorized COMMODORE-branded products for sale on its website; and (2) negotiated two agreements (one of which was executed) licensing third parties to use the plaintiff's marks.[2038] The plaintiff advised the court that the maximum award of statutory damages was $4 million, but the court disagreed. Instead, it held the maximum potential award was $20 million, which the court calculated by multiplying what it considered to be ten separate willful acts of counterfeiting by the potential $2 million award per act provided for by Section 35(c)(2).[2039] Nevertheless, the distinction between the plaintiff's methodology and that of the court ultimately proved to be moot: Although it might be true that "[the defendant's] egregious misconduct must be both punished and deterred,"[2040] the plaintiff's inability to prove anything more than $22,000 in lost revenues weighed in favor of a total award of $1 million.[2041]

Consistent with that outcome, plaintiffs generally did not come away with the relief to which they claimed themselves

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2035. *Id.* at 1254.

2036. *Id.*

2037. For a federal appellate opinion referencing, but otherwise not discussing, an award of $1.25 million in statutory damages made by the district court, see *Guggenheim Capital, LLC v. Birnbaum*, 722 F.3d 444, 449 (2d Cir. 2013). For a district court opinion entering an award of $15,000 in statutory damages without extended discussion, see *Schatzki v. Weiser Capital Mgmt., LLC*, 995 F. Supp. 2d 251, 253-54 (S.D.N.Y. 2014).

2038. *See* C=Holdings B.V. v. Asiarim Corp., 992 F. Supp. 2d 223 (S.D.N.Y. 2013).

2039. 15 U.S.C. § 1117(c)(2) (2012).

2040. *C=Holdings*, 992 F. Supp. 2d at 249.

2041. *Id.*

entitled.[2042] For example, one plaintiff prevailed on its ACPA claim on a motion for summary judgment, but, despite the defendant's clear liability for cybersquatting, came up short when requesting the maximum award of $100,000 in statutory damages for each of the domain names at issue.[2043] The court explained why:

> [B]ased on the evidence in the record thus far, the Court is not convinced that plaintiff is entitled to the substantial statutory damages that it seeks under the ACPA. As best as can be discerned, defendant's website was only active for a limited amount of time, and defendant did not achieve even a modicum of commercial success, legitimate or otherwise. And while defendant has not participated in this action in good faith at all times, awarding plaintiff the statutory damages that it seeks would amount to a substantial windfall, based on the evidence before the Court. Accordingly, the Court finds that the appropriate amount of statutory damages for plaintiff's ACPA claims is $1,000 per violation, the statutory minimum.[2044]

Likewise, although successfully establishing its entitlement to an award of statutory damages in the first place, one counterfeiting plaintiff failed to convince the court that the defendants targeted for that remedy were vulnerable as a matter of law to the upper limit of $2 million per willfully infringed mark under Section 35(c)(2).[2045] There might be no material dispute as to the defendants' liability for having trafficked in goods bearing counterfeit imitations of the plaintiff's marks, but that did not necessarily mean that the defendants had engaged in the willful misconduct required by the statute. In particular, the court was unwilling to accord dispositive significance to evidence that the defendants had taken down a website on which they promoted their goods and were "just layin [sic] low" prior to the plaintiff's suit against them.[2046] According to its reading of the summary judgment record, "[t]he undisputed facts in the present case might 'support an inference of knowledge or willful blindness[,] [b]ut they do not so clearly compel that conclusion as a matter of law.'"[2047]

2042. *See, e.g.*, AARP v. Sycle, 991 F. Supp. 2d 224, 230-34 (D.D.C. 2013) (finding evidentiary basis of plaintiff's request for maximum award of statutory damages "clearly lacking" but allowing supplemental briefing on issue).

2043. *See* Int'l Oddities v. Record, 109 U.S.P.Q.2d 1373 (C.D. Cal. 2013).

2044. *Id.* at 1384.

2045. *See* Bentley Motors Ltd. Corp. v. McEntegart, 976 F. Supp. 2d 1297 (M.D. Fla. 2013).

2046. *Quoted in id.* at 1317.

2047. *Id.* (second and third alterations in original) (quoting Chanel, Inc. v. Italian Activewear of Fla., Inc., 931 F.2d 1472, 1476 (11th Cir. 1991)).

The quantum of the plaintiff's recovery therefore remained to be determined at trial.[2048]

(C) Punitive Damages

The Lanham Act does not authorize awards of punitive damages,[2049] but they may be available under state law. One of the few such awards over the past year came in a lawsuit brought by an individual plaintiff, who successfully convinced the jury hearing the case that the defendant had sold him twenty-four bottles of wine bearing counterfeit marks.[2050] The purchase price of the wine was $355,811, but the jury awarded $12 million in punitive damages under New York law, and the disparity between those two numbers attracted the court's attention as it weighed the defendant's post-trial challenge to the jury's verdict. The court did not disturb the jury's finding that the defendant's conduct justified an award of punitive damages in the first place,[2051] especially in light of evidence that the defendant had engaged in similar conduct in the past.[2052] Nevertheless, it otherwise held that "the award is excessive under New York law, [because] an award of punitive damages greater than two times compensatory damages is so exorbitant that it is motivated by passion rather than reason."[2053] The resulting award therefore was limited to $711,622, with a new trial to take place if the plaintiff failed to accept that amount.[2054]

(D) Liquidated Damages

Awards of liquidated damages arising from trademark-based contracts generally make infrequent appearances in reported

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2048. *Id.*

2049. Bell v. Foster, 109 U.S.P.Q.2d 1249, 1255 (N.D. Ga. 2013).

2050. *See* Koch v. Greenberg, 14 F. Supp. 3d 247 (S.D.N.Y. 2014).

2051. The court offered the following summary of New York law on this threshold issue:

> It is not essential that the plaintiff allege a pattern of conduct directed at the public in general to assert a claim for punitive damages. However, it is necessary to allege fraud that is founded upon such moral indifference as to be aggravated by evil or to be demonstrative of a criminal indifference to civil obligations. In sum, the conduct for which courts generally award punitive damages is that which is close to criminality, being variously described as utter recklessness, reckless and of a criminal nature, wanton or malicious, and gross and outrageous.

Id. at 273 (alteration omitted) (citations omitted) (internal quotation marks omitted).

2052. *Id.* ("[E]ven if a single incident is ordinarily insufficient to warrant punitive damages—a principle that the parties dispute—there was evidence from which the jury could find that this auction was not the first time [the defendant] had sold counterfeit wine.").

2053. *Id.* at 275.

2054. *Id.* at 279.

opinions, but several reported opinions addressed that remedy over the past year.[2055] One was from the First Circuit, which affirmed an award of liquidated damages in an application of Massachusetts law.[2056] The contract at issue was a settlement agreement that had resolved two lawsuits, one in the United States and one in the United Kingdom, against a defendant who had been reselling genuine, but diverted, goods bearing the plaintiff's trademark. When the plaintiff discovered resumed sales by the defendant that violated the agreement, it sought to recover liquidated damages in the amount of $50,000 for each of the defendant's violations.

The district court assigned to the plaintiff's breach-of-contract action held that the plaintiff was entitled to the requested liquidated damages as a matter of law, and the First Circuit affirmed. The appellate court held that "Massachusetts law allows enforcement of a liquidated damages clause 'so long as it is not so disproportionate to anticipated actual damages as to constitute a penalty.'"[2057] Although acknowledging that the defendant's appeal presented a "close[] question,"[2058] the court concluded that the clause was enforceable because: "(1) the actual damages would have been difficult to ascertain at the time of drafting, and (2) the amount was a reasonable forecast of damages that would actually occur in a breach."[2059] As to the first of these issues, the court held that the defendant had failed to place into dispute the plaintiff's showings "that [the defendant's] actions threatened [the plaintiff's] goodwill and brand integrity, which [the plaintiff] calls its 'most important asset,' and . . . that damage to goodwill and brand equity is inherently difficult to quantify."[2060] And, as to the second, it held that "[the plaintiff] articulated a series of harms showing that the liquidated damages clause is reasonable in this case"[2061]

2055. *See, e.g.* Blanco GmbH+Co. KG v. Vlanco Indus., 992 F. Supp. 2d 1225, 1233-34 (S.D. Fla. 2014) (awarding $600,000 in liquidated damages based on defendants' myriad violations of consent judgment).

2056. *See* Bose Corp. v. Ejaz, 732 F.3d 17 (1st Cir. 2013).

2057. *Id.* at 24 (quoting TAL Fin. Corp. v. CSC Consulting, Inc., 844 N.E.2d 1085, 1093 (Mass. 2006)).

2058. *Id.*

2059. *Id.* at 25 (internal quotation marks omitted).

2060. *Id.*

2061. *Id.* at 26. The court summarized the plaintiff's proffered series of harms in the following manner:

> [The plaintiff] identified as its potential harms: loss of revenue from each sale ([the plaintiff's] retail price for each unit was approximately $6500 (Australian)); harm to [the plaintiff's] brand name; downstream effects of harm to the brand name, such as interrupting [the plaintiff's] distribution chain and discouraging purchases by third parties; enforcement costs due to the possibility that [the defendant] could, perhaps successfully, evade legal process, thereby increasing [the plaintiff's] costs ([the defendant] had explicitly told [the plaintiff's] lawyers that he "will run away from the

and that "[the defendant] has not introduced any evidence to rebut [the plaintiff] and show that $50,000 for each of [the] . . . violations was an unreasonable forecast."[2062] The defendant therefore remained bound by the liquidated damages clause.[2063]

A considerably larger award of liquidated damages came courtesy of a Georgia federal district court.[2064] Earlier litigation between the parties had produced a permanent injunction that prohibited the defendants from trafficking in prepaid phones bearing the plaintiff's mark, as well as the "solutions" used to unlock the phones. The injunction also provided for liquidated damages in the amounts of $5,000 per unlocked phone and $20,000 per unlocking solution sold by the defendants in the future. The plaintiff demonstrated to the court's satisfaction that the defendants had sold "at least 4 . . . Prepaid Phones and at least 386 . . . Unlocking Solutions,"[2065] and the results of that showing did not favor the defendants: After concluding that the liquidated damages recited in the permanent injunction were "reasonable sanctions," the court entered a new judgment against the defendants for $7,740,000, in addition to the fees and costs incurred by the plaintiff in prosecuting its motion to have the defendants held in contempt.[2066]

ii. Accountings of Profits

(A) Eligibility of Prevailing Plaintiffs for Accountings of Profits

Courts continued to differ on whether bad-faith conduct by a defendant is a prerequisite for an accounting of that defendant's profits. On the one hand, some applied the traditional rule that a showing of bad faith is indeed necessary.[2067] On the other hand, however, other courts were less inclined to adhere to that bright-line rule. They included three Texas federal district courts, which,

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country if they come after me for any money"); and the possibility that [the plaintiff] would not be able to prove all of [the defendant's] sales in court (in this very case, [the plaintiff] relies on proof of seven violations but asserts that there may have been many more).

Id.

2062. *Id.*

2063. *Id.*

2064. *See* TracFone Wireless, Inc. v. GCA Elecs., LLC, 950 F. Supp. 2d 1326 (N.D. Ga. 2013).

2065. *Id.* at 1330.

2066. *Id.*

2067. *See, e.g.*, Los Defensores, Inc. v. Gomez, 166 Cal. Rptr. 3d 899, 919 (Ct. App. 2014) ("Generally, under the common law, an accounting of the defendant's wrongful profits is available for unfair competition when the defendant intended to cause consumer confusion.").

applying Fifth Circuit authority, held that the inquiry into whether a prevailing plaintiff was entitled to an accounting was governed by the consideration of six factors: (1) whether the defendants had an intent to confuse or to deceive; (2) whether sales had been diverted from the plaintiff to the defendants; (3) the adequacy of other remedies; (4) any delay by the plaintiff in asserting its rights; (5) the public interest in making the misconduct unprofitable; and (6) whether the defendants had engaged in palming off.[2068] One of the three courts applying this test allowed a jury's accounting to stand without extended comment.[2069] A second concluded after a bench trial that an accounting was inappropriate as to one bar operated by the defendants under marks found to violate the plaintiffs' rights but not as to a second bar using the same marks.[2070] And the third concluded that factual disputes concerning the issue of the lead defendant's intent precluded a finding as a matter of law that the plaintiff was entitled to an accounting.[2071]

Independent of the issue of the significance of bad-faith conduct by a defendant, a Connecticut federal district court delivered a scholarly analysis of other possible prerequisites for an accounting.[2072] The case before that court arose from the defendants' alleged incorporation into handbags of magnetic snap fasteners bearing counterfeit imitations of the plaintiff's registered marks. To frame the issue for its disposition of the defendants' motion for summary judgment, the court initially observed that:

> [T]he Second Circuit [has] summed up the three independent rationales, well-settled through prior Second Circuit holdings, upon which an accounting of a defendant's profits has been based:

2068. Reservoir, Inc. v. Truesdell, 1 F. Supp. 3d 598, 618 (S.D. Tex. 2014); Clearline Techs. Ltd. v. Cooper B-Line, Inc., 948 F. Supp. 2d 691, 707 (S.D. Tex. 2013); Choice Hotels Int'l, Inc. v. Patel, 940 F. Supp. 2d 532, 544 (S.D. Tex. 2013).

2069. *Clearline Techs.*, 948 F. Supp. 2d at 707.

2070. According to that court, an accounting of the profits of the defendants' first location was inappropriate based on: (1) the defendants' belief (however incorrect it turned out to be) that they were entitled to use the marks in question; (2) the absence of any evidence of diverted sales; and (3) the plaintiffs' delay of "two or more years" in challenging the defendants' conduct. *Reservoir*, 1 F. Supp. 3d at 618-19. The public interest in making the defendants' conduct unprofitable did not mandate a contrary result. *Id.* at 619.

In contrast, the court found with respect to the defendants' second location that: (1) at least some sales had indeed been diverted; (2) the court's decision not to issue permanent injunctive relief counseled "in favor of a damages award [sic] here"; (3) the plaintiffs had delayed only five months before challenging that location; (4) the defendants' advertisements for the second location implied an affiliation with the plaintiffs; and (5) "[t]here is a public interest in avoiding customer confusion and thus making Defendants' conduct (in opening [the second location]) unprofitable." *Id.* at 619-20.

2071. *Choice Hotels Int'l*, 940 F. Supp. 2d at 544-46.

2072. *See* Romag Fasteners, Inc. v. Fossil, Inc., 979 F. Supp. 2d 264 (D. Conn. 2013).

> (1) unjust enrichment of the defendant,
>
> (2) damages sustained by the plaintiff from the trademark infringement, and
>
> (3) the necessity to deter a willful infringer from future acts of infringement.
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> The defendants here are therefore entitled to summary judgment only if they can demonstrate that sufficient evidence is before the Court with respect to all of these three rationales that would arguably render [the plaintiff's] claim for an accounting of profits unmeritorious.[2073]

The court then turned its attention to two arguments underlying the defendants' motion, the first of which was that "uncontroverted evidence, and common sense," established that purchasers of the defendants' handbags were not motivated by the presence of the spurious copies of the plaintiff's mark on the snap fasteners,[2074] and the second of which was that "only in a competitive relationship will loss of one party's profits equate to profits made by the other party."[2075] The court rejected these arguments as a matter of law because they did not preclude an accounting under either an unjust enrichment or deterrence rationale. As to the former, the court noted that:

> [W]here a plaintiff is able to prove consumer confusion, the defendant has to disprove that injury resulted from that confusion, otherwise injury will be inferred and a profits analysis is warranted. The appropriateness of a profits award based on unjust enrichment is judged on a case-by-case basis and this decision cannot hinge on the level of competition between the parties. This avoids the unsatisfying result of a mechanical windfall to the infringer whenever an indirect competitor cannot show injury because there was no diversion of sales.[2076]

And, as to the latter, "the policy reasons behind trademark protection, namely protection of the trademark owner's investment in the mark, and protection of the public's trust in established marks, are not adequately served when an accounting of profits is granted only where the parties directly compete."[2077]

Finally, a California appellate court addressed the statutory perquisites for an accounting in an action in which the plaintiff had secured a default judgment holding the defendants liable for

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2073. *Id.* at 274 (citations omitted) (quoting George Basch Co. v. Blue Coral, Inc., 968 F.2d 1532, 1537 (2d Cir. 1992)).

2074. *Quoted in id.* at 275.

2075. *Id.*

2076. *Id.* at 281.

2077. *Id.* at 282.

both statutory and common-law unfair competition.[2078] Appealing the trial court's holding that the plaintiff was entitled to an accounting of $691,280, the defendants claimed that they had not received adequate notice under state law of the amount the plaintiff intended to seek. The appellate court rejected this argument, because the bare request for disgorgement in the plaintiff's prayer for relief was sufficient notice of the plaintiff's intentions and, additionally, because the plaintiff had served a predefault notice expressly identifying the quantum of the accounting to which it believed it was entitled.[2079]

(B) The Accounting Process

Section 35 provides that "[i]n assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed,"[2080] but the statute on its face does not explain whether "sales" means "gross sales" or "infringing sales." That led one set of defendants found by a jury to have engaged in both trademark and trade dress infringement to argue that the prevailing plaintiff bore the burden of proving that the defendants' sales were attributable to their infringement.[2081] The court was unconvinced, and it instead placed the burden of apportionment on the defendants based on "the well-established principle that profits may be presumed to be attributable to infringement unless the defendant proves otherwise."[2082]

Other opinions were to similar effect.[2083] For example, the same result was reached in a Wisconsin case in which the issue of infringement had been resolved by the court granting the plaintiff's motion for summary judgment.[2084] In addressing the plaintiff's request for an accounting, the court teed the ball up by holding that:

> The defendant bears the burden to show which portions of its gross income were not attributable to its infringing uses. "There may well be a windfall to the trade-mark owner where it is impossible to isolate the profits which are attributable to

2078. *See* Los Defensores, Inc. v. Gomez, 166 Cal. Rptr. 3d 899 (Ct. App. 2014).

2079. *Id.* at 918.

2080. 15 U.S.C. § 1117(a) (2012).

2081. *See* Clearline Techs. Ltd. v. Cooper B-Line, Inc., 948 F. Supp. 2d 691 (S.D. Tex. 2013).

2082. *Id.* at 707-08.

2083. *See, e.g.*, Entrepreneur Media, Inc. v. JMD Entm't Grp., 958 F. Supp. 2d 588, 597 (D. Md. 2013) (awarding entirety of defaulting defendants' estimated revenues); Purepecha Enters. v. El Matador Spices & Dry Chiles, 109 U.S.P.Q.2d 1944, 1948 (N.D. Ill. 2013) (same).

2084. *See* C & N Corp. v. Kane, 953 F. Supp. 2d 903 (E.D. Wis. 2013), *aff'd*, 756 F.3d 1024 (7th Cir. 2014).

> the use of the infringing mark. But to hold otherwise would give the windfall to the wrongdoer."[2085]

Because the defendants failed to carry their twin burdens to apportion their revenues between infringing and noninfringing sources or to prove deductible expenses, the court held the plaintiff entitled to an accounting in the amount of the defendants' entire revenues.[2086]

California state law proved to be to similar effect in an appeal from a default judgment ordering an accounting.[2087] Before the trial court, the plaintiff argued that the defendants had received $689,520 during the period of their infringement. That figure apparently undershot the mark, because the trial court concluded that the plaintiff was entitled to $691,280. The discrepancy between these figures did not trouble the California Court of Appeal because its own review of the record disclosed that the defendants had enjoyed $691,288 in revenue, which the court considered "effectively the amount of damages [sic] awarded in the judgment."[2088] Although the plaintiff was entitled to only the defendants' net profits, it was the defendants' burden to prove any permissible costs or deductions from their gross revenue,[2089] which they had failed to do.[2090]

Of course, a defendant's proffer of evidence and testimony bearing on its deductible expenses and on the apportionment inquiry does not guarantee that the evidence and testimony will be accepted. For example, one group of defendants sought to reduce the quantum of an accounting by submitting evidence of expenditures styled as "payouts."[2091] According to the defendants, the payouts comprised tips collected and distributed to bar tenders and servers, but the defendants' documentation did not identify the recipients of those distributions. Based on that failure, the court found that "one-third of the payouts reflect profits realized by [the defendants' business] and were payments to its owners . . . ."[2092] Despite that finding, however, the court credited the defendants' showing that the cash value of the bank account of the defendant's business had declined during the relevant time period, and it therefore allowed the defendants to deduct that

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2085. *Id.* at 915-16 (citation omitted) (quoting Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co., 316 U.S. 203, 206-07 1942)).

2086. *Id.* at 916.

2087. *See* Los Defensores, Inc. v. Gomez, 166 Cal. Rptr. 3d 899 (Ct. App. 2014).

2088. *Id.* at 920-21.

2089. *Id.* at 920.

2090. *Id.* at 921.

2091. *See* Reservoir, Inc. v. Truesdell, 1 F. Supp. 3d 598, 621 (S.D. Tex. 2014).

2092. *Id.*

decline in value from the profits realized by the business's owners.[2093]

An attempted apportionment of revenues fell short in another case, at least for purposes of a defense motion for summary judgment.[2094] The defendants filing that motion were manufacturers of handbags, into which were incorporated snap fasteners bearing allegedly counterfeit imitations of the plaintiff's mark. This argument was supported by declarations by wholesale buyers of the defendants' handbags, who testified that neither their purchasing decisions nor those of end consumers would be influenced by the appearance of the plaintiff's mark on the fasteners; the defendants' showing on that issue also included expert witness testimony to similar effect and the results of a consumer survey indicating that no respondents had identified the plaintiff's mark as one they wanted to see on handbags.[2095] However probative those considerations might be at trial, the court held that they did not mandate entry of summary judgment in the defendants' favor. Instead, it concluded that:

> [The plaintiff's] argument that branded components may play a subliminal role in the choice of a high quality fashion accessory, resonates with the Court. [The plaintiff] draws the analogy to a car purchase, where consumers would certainly expect the tires of a high-quality car to be of no lesser quality than the overall product. Sturdy tires may be a motivating factor in the purchase even if the particular tire manufacturer is completely unknown to the purchaser. Using branded components exudes confidence in the overall quality of the product which may motivate the ultimate purchase.[2096]

These generally pro-plaintiff outcomes contrasted with that in a case in which the counterclaim plaintiff successfully established the counterclaim defendants' liability for infringement and likely dilution.[2097] Although the counterclaim defendants' unlawful conduct took place in January 2013, the counterclaim plaintiff inexplicably sought an accounting of the counterclaim defendants' revenues from 2012. Not surprisingly, the court balked at that request,[2098] and it additionally placed the burden of apportionment

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2093. *Id.*

2094. *See* Romag Fasteners, Inc. v. Fossil, Inc., 979 F. Supp. 2d 264 (D. Conn. 2013).

2095. *Id.* at 284.

2096. *Id.* at 285 (citation omitted).

2097. *See* Radiance Found. v. NAACP, 25 F. Supp. 3d 865 (E.D. Va. 2014).

2098. *Id.* at 900 ("The [counterclaim plaintiff] has not demonstrated how [the counterclaim defendants'] use of the [counterclaim plaintiff's] Marks in 2013 can be compensated by an award based on [the counterclaim defendants'] revenue in 2012.").

on the counterclaim plaintiff.[2099] The result was that the counterclaim plaintiff's request for an accounting failed to bear fruit.

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 that "[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";[2100] the same provision also recites that "[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."[2101] 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
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> (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.[2102]

Despite the availability of these mechanisms, courts typically were reluctant to grant plaintiffs' requests for augmented monetary relief.[2103] One falling into this category noted that a jury

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2099. *Id.* ("[T]he [counterclaim plaintiff] has not presented a reasonably certain accounting of any [revenues] traceable to [the counterclaim defendants'] unlawful activity . . . .").

2100. 15 U.S.C. § 1117(a) (2012).

2101. *Id.*

2102. *Id.* § 1117(b).

2103. *See, e.g.*, Entrepreneur Media, Inc. v. JMD Entm't Grp., 958 F. Supp. 2d 588, 598 (D. Md. 2013) (declining to augment accounting of profits on ground that "the . . . Defendants

hearing the plaintiff's claims of trademark and trade dress infringement had heard the testimony of the parties' experts before awarding less than what the plaintiff claimed were its actual damages.[2104] Not only did the court see "no reason to question the jury's weighing of competing expert calculations," it also found that "this is not a case where damages calculations are imprecise because of stonewalling by [the defendants]."[2105] In addition, although nothing barred it "from enhancing damages when the imprecision stems from something other than a defendant's obstruction, this Court declines to use its discretion to further enhance an already substantial damages award based on nothing more than Plaintiff's own assertions that he suffered additional, un-quantified damages."[2106]

iv. Restitution

The California constitution gives crime victims a right to restitution and therefore requires wrongdoers convicted under the criminal laws of that state to make their victims whole for any losses.[2107] Particularly because a provision of the California penal code independently mandates restitution in cases involving criminal counterfeiting,[2108] a California appellate court had little difficulty affirming the imposition of restitution as a condition of the parole of two defendants convicted of trafficking in goods bearing spurious imitations of various registered marks.[2109] The court also rejected the defendants' challenge to the trial court's determination that the required restitution include investigative costs incurred by the victimized trademark owners: Not only was it well-established that "a victim may recover out-of-pocket expenses for assisting with the investigation and prosecution of the victim's case as these expenses clearly constitute economic loss incurred as a result of the defendant's criminal conduct,"[2110] but "the record

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are small businesses facing financial hardship"); Purepecha Enters. v. El Matador Spices & Dry Chiles, 109 U.S.P.Q.2d 1944, 1948 (N.D. Ill. 2013) (denying plaintiff's request for trebled award of damages against defaulting defendants on ground that, in light of parties' dispute over priority, "there are extenuating circumstances supporting the Court's denial of treble damages"); Choice Hotels Int'l, Inc. v. Patel, 940 F. Supp. 2d 532, 547 (S.D. Tex. 2014) (declining to treble monetary relief sought by plaintiff in light of factual disputes regarding scienter of lead defendant and "whether extenuating circumstances exist such that equitable principles would favor a trebling").

2104. *See* Clearline Techs. Ltd. v. Cooper B-Line, Inc., 948 F. Supp. 2d 691 (S.D. Tex. 2013).

2105. *Id.* at 710.

2106. *Id.*

2107. Cal. Const., art. I, § 28(b)(13)(B).

2108. Cal. Penal Code § 35(i) (West 2014 & Supp. 2015).

2109. *See* People v. Sy, 166 Cal. Rptr. 3d 778, 794-95 (Ct. App. 2014).

2110. *Id.* at 795.

does not show the [defendants] presented any evidence the investigative company billed for work it did not actually perform or charged above-market rates for its services."[2111] Moreover, this was true even with respect to the restitution ordered for the owners of certain of the marks at issue, the registrations of which the prosecution apparently had not introduced into evidence.[2112]

v. Pre-Judgment Interest

Section 35 of the Act does not address the issue of pre-judgment interest, but that did not stop one court from concluding that it was appropriate for at least a portion of the monetary relief found by a jury to be due the prevailing plaintiff.[2113] The jury determined that the plaintiff had suffered actual damages in the form of lost revenues and, additionally, that it was entitled to an accounting of the defendants' profits. In response to the plaintiff's request for an application of pre-judgment interest to both remedies, the court split the baby. As the actual damages award, it held that "[w]here a plaintiff proves lost profits, pre-judgment interest should be awarded as a matter of course; but for the infringement, the plaintiff would have had his lost profits, and interest from being able to invest those profits."[2114] In contrast, however, it held with respect to the accounting that "such interest should not be provided for any amount of [the defendants'] profits the jury awarded. But for the infringement, [the plaintiff] would not have possessed any portion of [the defendants'] profits that was not duplicative of its own lost profits."[2115]

2111. *Id.*

2112. The defendants argued that they had failed to receive adequate notice of their potential liability to the mark owners falling into this category, but the court concluded otherwise:

> Here, the [trial] court stated in its orders granting probation that the [defendants] would be required to make restitution for the actual damages they caused all of their victims in an amount to be determined at a restitution hearing. The [defendants] had notice of their potential victims' identities from the merchandise law enforcement officers seized from their store. They also had notice from the People's restitution memo, which identified the trademark holder victims and their claimed losses and was supported by the [defendants'] sales receipts. The record does not show the [defendants] presented any evidence challenging any company's status as a victim, whether because the company did not hold a registered mark or because the company had authorized the [defendants] to use its mark. We, therefore, cannot conclude the court's restitution award was arbitrary, capricious, or exceeded the bounds of reason under the circumstances.

Id. at 796.

2113. *See* Clearline Techs. Ltd. v. Cooper B-Line, Inc., 948 F. Supp. 2d 691 (S.D. Tex. 2013).

2114. *Id.* at 713.

2115. *Id.*

In contrast, a different court declined to exercise its discretion and award pre-judgment interest under the Lanham Act to a plaintiff that had secured a favorable jury verdict on some, but not all, of its trademark infringement and breach of contract claims.[2116] The split decision rendered by the jury was one basis of the court's decision, as was its conclusion that the plaintiff already had been adequately compensated by an accounting of profits and an award of actual damages made by the jury.[2117] The court did, however, award prejudgment interest under New York law on an award of actual damages made by the jury as compensation for the defendants' breach of a trademark license agreement between the parties.[2118]

vi. Attorneys' Fees

Awards of attorneys' fees to prevailing parties[2119] 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.[2120] It is possible in some jurisdictions for prevailing parties to secure awards of fees under state law,[2121] 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,"[2122] 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.[2123] The Federal Rules of Appellate Procedure authorize awards of fees to

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2116. *See* Fresh Del Monte Produce Inc. v. Del Monte Foods Co., 933 F. Supp. 2d 655 (S.D.N.Y. 2013).

2117. *Id.* at 666.

2118. *Id.* at 666-67.

2119. A party obviously must prevail on the merits before being in a position to seek an award of fees. *See, e.g.*, Jackson v. Odenat, 9 F. Supp. 3d 342, 367 (S.D.N.Y. 2014) ("Having not disposed of all the claims in the third-party complaint, it is not yet clear whether [the third-party defendant] is a 'prevailing party' under . . . the . . . trademark act[]. It is thus premature for the Court to consider his request for attorney's fees.").

2120. 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).

2121. *See, e.g.*, Purepecha Enters. v. El Matador Spices & Dry Chiles, 109 U.S.P.Q.2d 1944, 1949 (N.D. Ill. 2013) (awarding fees to prevailing plaintiffs under Illinois law); Ross v. Roberts, 166 Cal. Rptr. 3d 359, 369 (Ct. App. 2013) (affirming award of fees to prevailing defendants under California law).

2122. 15 U.S.C. § 1117(a) (2012).

2123. *Id.* § 1117(b).

reimburse the expenses of frivolous appeals,[2124] and federal district courts also may award fees if a litigant has "unreasonably and vexatiously" multiplied the proceedings in a case.[2125] Federal courts likewise have the inherent power to award fees if bad-faith litigation practices by the parties justify them[2126] and also may impose awards of fees in the form of sanctions under Rule 11 of the Federal Rules of Civil Procedure,[2127] or, in the case of discovery violations, under Rule 37.[2128] Finally, as one applicant for federal registration discovered to its detriment over the past year, Section 21(b)(3) of the Act[2129] 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.[2130]

(A) Eligibility of Prevailing Parties for Awards of Attorneys' Fees

(1) Fee Requests by Prevailing Plaintiffs

Some courts based their fee awards solely on the pre-litigation conduct of the defendants before them.[2131] They included a Georgia federal district court, which noted that "[w]hile Congress has not . . . defined 'exceptional,' the legislative history of the Act suggests that exceptional cases are those where the infringing party acts in a 'malicious,' 'fraudulent,' 'deliberate,' or 'willful' manner."[2132] The court found this standard to be met based on the defendant's adoption of his infringing mark after unsuccessfully seeking permission to use it from the plaintiffs: "Here, attorneys' fees are appropriate. [The defendant] used the [infringing]

2124. Fed. R. App. P. 38.

2125. 28 U.S.C. § 1927 (2012).

2126. *See, e.g.*, San Juan Prods., Inc. v. San Juan Pools, Inc., 849 F.2d 468, 476 (10th Cir. 1988).

2127. Fed. R. Civ. P. 11.

2128. Fed. R. Civ. P. 37.

2129. 15 U.S.C. § 1071(b)(3) (2012).

2130. *See* Shammas v. Focarino, 109 U.S.P.Q.2d 1320, 1322-24 (E.D. Va. 2014).

2131. *See, e.g.*, AARP v. Sycle, 991 F. Supp. 2d 224, 234 (D.D.C. 2013) (awarding fees based on defendant's failure to contest allegations of counterfeiting against him); FLIR Sys., Inc. v. Sierra Media, Inc., 965 F. Supp. 2d 1184, 1200-01 (D. Or. 2013) (awarding fees based on literal falsity of defendant's advertising and without reference to litigation-related misconduct).

2132. Bell v. Foster, 109 U.S.P.Q.2d 1249, 1255 (N.D. Ga. 2013) (quoting Burger King v. Pilgrim's Pride Corp., 15 F.3d 166, 168 (11th Cir. 1994) (citing H.R. Rep. 93-524, at 2, *reprinted in* 1974 U.S.C.C.A.N. 7132, 7133)) (internal quotation marks omitted).

mark . . . knowing that it was the distinctive alias of the [the plaintiffs' predecessor]. That is precisely why he used it."[2133]

An opinion from an Ohio federal district court was to similar effect.[2134] The defendants in the litigation producing it were found liable as a matter of law for their violations of the trademark rights of The Ohio State University, as well as of the right of publicity of the University's head football coach, which the coach had assigned to the University. The summary judgment record contained evidence and testimony that the defendants had affixed unauthorized imitations of the University's marks and of the coach's name and likeness to T-shirts, and, additionally, that they had continued to do so after becoming aware of the University's objections. That was enough for the court, which, without any express consideration of any misconduct by the defendants during the proceeding, held that:

> A defendant can be said to be willful when the defendant has ignored actual notice of ongoing infringing activity. Additionally, the use of counterfeit marks supports an award of attorneys' fees.
>
> This is an exceptional case that warrants attorneys' fees. Plaintiff provided Defendants repeated actual notice of much of the infringement involved, and even if they had not received such notice, no reasonable person would have thought that selling t-shirts with identical marks to those licensed and held by Plaintiff was reasonable. Defendants thus knew or had reason to know that they were selling counterfeit, infringing goods. The Court in its discretion awards attorneys' fees under [Section 35].[2135]

Other courts granting the fee awards of prevailing plaintiffs did so because of litigation-related misconduct by defendants. For example, one court concluded that a colorable dispute in a parallel proceeding before the Trademark Trial and Appeal Board over which party enjoyed priority of rights precluded an award of fees to the prevailing plaintiffs under the "exceptional case" standard of Section 35.[2136] With respect to fee awards under Illinois law, however, the court concluded that "a plaintiff, as the prevailing party need not make a threshold showing of bad faith to recover attorney's fees."[2137] The distinction between the two fee-shifting mechanisms worked to the defendants' disadvantage:

2133. *Id.*

2134. *See* Ohio State Univ. v. Skreened Ltd., 16 F. Supp. 3d 905 (S.D. Ohio 2014).

2135. *Id.* at 920-21 (citations omitted).

2136. *See* Purepecha Enters. v. El Matador Spices & Dry Chiles, 109 U.S.P.Q.2d 1944, 1948 (N.D. Ill. 2013).

2137. *Id.* at 1949.

> [A]lthough first use was at issue during the relevant time period and cancellation proceedings are still pending in the Trademark Trial and Appeal Board, Defendants . . . failed to secure counsel and attend status hearings for over six months. This failure caused unnecessary delay and a needless increase in the cost of this litigation. Accordingly, the Court, in its discretion, grants [the plaintiffs'] request for attorney's fees for its [Illinois-law] claim.[2138]

Some defendants made it easy for courts to award fees against them by engaging in egregious pre-litigation misconduct *and* dubious litigation strategies.[2139] One that did so was found liable for "willful infringement" based on its having advertised computers for sale using counterfeit imitations of the plaintiff's marks; that finding was damning enough in and of itself, but, in an attempt to ward it off, the defendant had engaged in what the court considered to be "outrageously deceptive litigation tactics."[2140] As described in various places in the court's opinion, those tactics included the defendant's practice of "seiz[ing] upon every opportunity to avoid its discovery obligations, providing increasingly dubious explanations for its conduct,"[2141] its "assertions of fact [that] border on the preposterous,"[2142] its reliance on "implausible" testimony,[2143] its refusal to produce essential witnesses,[2144] and its "convoluted and ham-fisted effort to concoct post-facto evidence."[2145] An award of the prevailing plaintiff's fees therefore was appropriate.

As always, mere success on the merits did not guarantee that fee petitions by prevailing plaintiffs would be granted,[2146] even in

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2138. *Id.*

2139. *See, e.g.*, HTS, Inc. v. Boley, 954 F. Supp. 2d 927, 960-61 (D. Ariz. 2013) (finding that defendant's default established accuracy of plaintiff's averments of willful misconduct and additionally holding that "[w]illfulness can also be inferred from a defendant's failure to defend").

2140. C=Holdings B.V. v. Asiarim Corp., 992 F. Supp. 2d 223, 251 (S.D.N.Y. 2013).

2141. *Id.* at 231.

2142. *Id.* at 232.

2143. *Id.* at 235.

2144. *Id.*

2145. *Id.*

2146. *See, e.g.*, CFE Racing Prods., Inc. v. BMF Wheels, Inc., 2 F. Supp. 3d 1029, 1037 (E.D. Mich. 2014) (declining to award fees to prevailing plaintiff under Section 35 based on plaintiff's failure to prove that defendants' infringement was malicious, fraudulent, willful, or deliberate); *see also id.* at 1037-38 (declining to award fees under Michigan Consumer Protection Act, Mich. Comp. Laws Ann. § 445.911(2) (West 2011), based on plaintiff's failure to prove actual damages); Fresh Del Monte Produce Inc. v. Del Monte Foods Co., 933 F. Supp. 2d 655, 665 (S.D.N.Y. 2013) (declining to award fees on ground that "[i]n the view of the Court, this case was a close one in several respects, with a [jury] verdict that in part favored [the plaintiff] and in part favored [the defendants]"); Entrepreneur Media, Inc. v. JMD Entm't Grp., 958 F. Supp. 2d 588, 598 (D. Md. 2013) (declining to award fees to

the face of showings that defendants' unlawful conduct was willful. In one case proving this point, the plaintiff successfully convinced a jury that the defendants had willfully infringed the plaintiff's trade dress.[2147] Holding that "[t]he prevailing party has the burden to demonstrate the exceptional nature of a case by clear and convincing evidence,"[2148] the court declined to give dispositive effect to the jury's finding of willfulness. It might be true that the defendants had intentionally copied the plaintiff's trade dress, but there was "sufficient evidence" that the components of that trade dress were functional.[2149] Consequently, "[a]lthough the Court does not find indefensible the jury's determination . . . , it does believe that, at most, there was only enough evidence to support a finding of willfulness by a preponderance, and not by clear and convincing evidence."[2150]

Findings of liability for infringement and likely dilution after a bench trial also failed to carry the day for a group of plaintiffs seeking reimbursement of their fees.[2151] The lead defendant had once been affiliated with the plaintiffs and, during the period of that affiliation, had assisted in the development of the marks at issue in the litigation. Based largely on that circumstance, the court found that "[t]hough Defendants infringed on Plaintiffs' Marks, the evidence reflects that Defendants believed, in good faith, that they had a right to use the Marks . . . . None of the witnesses . . . have testified otherwise."[2152] Especially in light of the plaintiffs' failure to demonstrate lost revenues in a particular amount, the court then held that "[b]ecause the evidence of record does not suggest that Defendants' actions were 'malicious, fraudulent, deliberate, or willful,' the Court will not award Plaintiffs any attorneys' fees."[2153]

Another court declined to award fees against a pair of counterclaim defendants whose infringement and likely dilution of marks belonging to the prevailing counterclaim plaintiff—the

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prevailing plaintiff "because the . . . Defendants are small businesses facing financial hardship"); Purepecha Enters. v. El Matador Spices & Dry Chiles, 109 U.S.P.Q.2d 1944, 1948 (N.D. Ill. 2013) (concluding that priority dispute between parties precluded cases from being considered "exceptional" under Section 35).

2147. *See* Clearline Techs. Ltd. v. Cooper B-Line, Inc., 948 F. Supp. 2d 691 (S.D. Tex. 2013).

2148. *Id.* at 717 (quoting Seven-Up Co. v. Coca-Cola Co., 86 F.3d 1379, 1390 (5th Cir. 1996) (internal quotation marks omitted)).

2149. According to the court, "[t]he evidence suggests that [the defendants] may have infringed on a nonfunctional combination of these functional features unintentionally, out of a desire to obtain the benefits of the individual functional features." *Id.* at 718.

2150. *Id.*

2151. *See* Reservoir, Inc. v. Truesdell, 1 F. Supp. 3d 598 (S.D. Tex. 2014).

2152. *Id.* at 622.

2153. *Id.* (quoting Seven-Up Co. v. Coca-Cola Co., 86 F.3d 1379, 1390 (5th Cir. 1996)).

NAACP—had been motivated by the counterclaim defendants' opposition to abortion.[2154] The court faulted the counterclaim defendants for refusing to negotiate with the NAACP, for renewing their unlawful conduct after receiving the NAACP's demand letter, and for using the parties' dispute as a fundraising tool.[2155] Nevertheless, the court ultimately declined to award fees to the NAACP on the ground that:

> [S]uch conduct on the part of [the counterclaim defendants] does not constitute the sort of willful infringement necessary to support a finding of bad faith and the award of attorney fees. It is not apparent from the facts in the record that [the counterclaim defendants'] claims were totally groundless or that Plaintiffs did not believe its use of the NAACP Marks was protected by the First Amendment.[2156]

Finally, an otherwise successful action brought by an individual plaintiff for common-law fraud and deceptive trade practices under New York law after the plaintiff discovered that he had purchased wine bearing counterfeit marks from the defendant failed to yield an award of fees.[2157] The court articulated three reasons for its denial of the plaintiff's fee petition, the first of which was that the fees incurred by both parties bore no relationship to the plaintiff's actual damages.[2158] The second was that the jury's award of compensatory damages adequately reflected the plaintiff's success at trial, which precluded the case from being "within the heartland of the types of cases animating the fee-shifting provisions" of the statutes under which the plaintiff had brought his case.[2159] Finally, because the plaintiff had continued to prosecute his claims after having been offered a refund by the defendant, the court found that "there is a real sense, reinforced by the amount of attorney's fees and [the plaintiff's] rejection of the refund offers, in which this was a

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2154. *See* Radiance Found. v. NAACP, 25 F. Supp. 3d 865 (E.D. Va. 2014).

2155. *Id.* at 901.

2156. *Id.*

2157. *See* Koch v. Greenberg, 14 F. Supp. 3d 247 (S.D.N.Y. 2014).

2158. According to the court's review of the trial record and the docket sheet:

> [T]he attorney's fees incurred in this case—by extraordinarily talented trial lawyers on both sides—bore no relationship to the amount of actual damages at issue. The legal teams in this case have aggressively fought a battle royale for six years, incurring millions of dollars in fees on each side. Yet the compensatory damages ultimately sought and awarded were only $355,811. In terms of the attorney's fees incurred, the case was litigated in a manner more typical of a nine-figure case than a six-figure case.

Id. at 280 (footnote omitted).

2159. *Id.*

litigation of choice and of principle, rather than of necessity or monetary recompense."[2160]

(2) Fee Requests by Prevailing Defendants

As in the context of fee requests by prevailing plaintiffs, prevailing defendants can recover their fees based on litigation-related misconduct. One case producing that result was a declaratory judgment action by the operator of a satirical website directed toward an attorney and accessible at a domain name based on the attorney's personal name, which he had registered as a service mark.[2161] The court found that the attorney's pre-litigation claims against the website's operator "were not 'exceptional' at the outset of [the] case,"[2162] but it also found that "[the attorney's] actions throughout the litigation certainly transformed this case into an 'exceptional' matter, deserving of an award of attorney fees."[2163] Those actions included the attorney's apparent attempt to evade service of the complaint and summons following his refusal to waive service, as well as his refusal to pay the costs of service when it was finally effected.[2164] They also included the attorney's meritless arguments that: (1) the absence of a fee-shifting mechanism from the Declaratory Judgment Act trumped that found in Section 35; (2) only mark owners were eligible for fee awards under Section 35; and (3) his conduct was protected by a litigation privilege under California law. Particularly because the attorney also had used the discovery process to force a "mini-trial" on the website operator's fee petition, the court found that:

> Evidence supports a finding of malicious conduct during the course of this case. [The attorney] first went to great lengths, imposing unnecessary costs on plaintiff, to avoid service. Then, in response to this motion for attorney fees under the Lanham Act, [he] engaged in unnecessary, vexatious, and costly tactics in preparation of his opposition to the motion. . . . [The attorney] has failed to show that his additional discovery efforts led to anything other than additional frustration for plaintiff and his attorneys. Accordingly, [the website

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2160. *Id.* at 281.

2161. *See* Recouvreur v. Carreon, 940 F. Supp. 2d 1063 (N.D. Cal. 2013).

2162. *Id.* at 1069.

2163. *Id.*

2164. He did, however, later submit an offer of judgment covering those costs, and it was on that basis that the court deemed the website operator to be the prevailing party. *Id.* at 1067.

> operator's] efforts to respond to [the attorney's] litigation tactics merit the imposition of a fee award.[2165]

Despite this outcome, other courts were less inclined to fault plaintiffs for having brought unsuccessful cases, especially in the absence of litigation-related misconduct.[2166] One falling into this category had granted a defense motion for summary judgment after concluding that the plaintiffs had abandoned their rights by failing ever to use their claimed mark.[2167] The court did so, however, by relying on a Federal Circuit opinion issuing during the pendency of the case, which the court found to be "highly persuasive."[2168] Requiring the prevailing defendant to prove that the plaintiffs had brought "a suit that could be fairly described as oppressive,"[2169] the court held that the intervening nature of the Federal Circuit's decision precluded that standard from being satisfied.[2170]

In contrast, the failure of a motion for an award of fees filed by a group of defendants that had successfully established they were not subject to an exercise of specific personal jurisdiction in the District of Columbia failed not because of an intervening opinion but instead because of the vagaries of the local long-arm statute.[2171] In particular, the plaintiff had failed to appreciate that the defendants' interactions with the federal government did not count as cognizable ties to the District for purposes of the statute:

> Whatever the precise contours of the phrase ["exceptional case"], it does not encompass this case. [The plaintiff] misunderstood an unsettled area of D.C. personal jurisdiction

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2165. *Id.* at 1069.

2166. *See, e.g.*, FLIR Sys., Inc. v. Sierra Media, Inc., 965 F. Supp. 2d 1184, 1191 (D. Or. 2013) ("[T]the court cannot say that [the plaintiff's] false advertising claim was legally groundless or that it rested on 'absurd' or 'just short of frivolous' contentions of law. In fact, at the summary judgment stage, [the plaintiff] cited several cases that provided some support for its position, even though the cases were distinguishable from the present case."); Action Ink, Inc. v. Anheuser-Busch, Inc., 959 F. Supp. 2d 934, 949 (E.D. La. 2013) (declining to award fees to prevailing defendant on ground that "[a]lthough plaintiff abandoned the Mark by failing to use it or demonstrate an intent to resume use, its claims are not so implausible as to necessitate an inference of bad faith" (internal quotation marks omitted)), *aff'd*, 576 F. App'x 321 (5th Cir. 2014).

2167. *See* NetJets Inc. v. IntelliJet Grp., 109 U.S.P.Q.2d 1553 (S.D. Ohio 2013).

2168. *Id.* at 1562 (citing Lens.com, Inc. v. 1-800-Contacts, Inc., 686 F.3d 1376 (Fed. Cir. 2012)).

2169. *Id.* at 1565 (quoting Eagles, Ltd. v. Am. Eagle Found., 356 F.3d 724, 728 (6th Cir. 2004)) (internal quotation marks omitted).

2170. *Id.* ("[E]ven if the Court were inclined to decide that Plaintiffs did not have a colorable argument in light of the [Federal Circuit's] holding . . . , the Court is unable to conclude as a matter of law that Plaintiffs brought an 'oppressive' suit in this case when Plaintiffs did not have the benefit of the Federal Circuit's decision . . . at the time they sued Defendant in this case.").

2171. *See* Hayes v. FM Broad. Station WETT(FM), 930 F. Supp. 2d 145 (D.D.C. 2013).

> law; because of the government contacts doctrine, his case must be dismissed. As the discussion above should demonstrate, to misconstrue that doctrine is nearer the rule than the exception. Moreover, the defendants have not shown that the case was brought in the District of Columbia for the purpose of harassing them. Nor have they demonstrated "economic coercion" on the part of the plaintiff, nor that litigating in the District "entailed not merely inconvenience but hardship" for them.[2172]

Under these circumstances, the court concluded, "[t]his is a run-of-the-mill case, brought in an arguably—though not actually—appropriate jurisdiction. The defendants' motion for attorney fees will therefore be denied."[2173]

(B) Calculation of Attorneys' Fees

As always, most courts addressing the proper quantum of fee awards to prevailing parties did so by using the lodestar method, "in which the number of hours reasonably spent on the litigation is multiplied by a reasonable attorney fee, determined by the market in which the . . . court sits."[2174] The first step in this analysis is often an evaluation of the propriety of the hourly rates charged by counsel for the prevailing party. One of the more notable—if not particularly conclusive—treatments of this issue came in a case in which the fee award in question was made under Rule 37 of the Federal Rules of Civil Procedure as a sanction for the violation of a scheduling order.[2175] The twist presented by the case was that the prevailing party was the USPTO, which in addition to winning on the merits of an ex parte appeal to the U.S. District Court of the Eastern District of Virginia under Section 21(b), had successfully challenged the applicant's untimely submission of evidence. In a petition to recover the "expenses" it had incurred in defeating the merits of the applicant's appeal under Section 21(b)(3), the USPTO based the proposed hourly rates of its attorneys and paralegals on their annual salaries. In contrast, when pursuing an award of its fees under Rule 37(b)(2)(C),[2176] the agency relied on prevailing market rates for those personnel. Commenting in dictum on the latter approach, the court observed that "[a] plausible argument can be made that, because an award of attorney's fees under Rule 37(b)(2)(C), Fed. R. Civ. P., is compensatory, not punitive, the

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2172. *Id.* at 153.

2173. *Id.*

2174. Recouvreur v. Carreon, 940 F. Supp. 2d 1063, 1070 (N.D. Cal. 2013); HTS, Inc. v. Boley, 954 F. Supp. 2d 927, 961 (D. Ariz. 2013).

2175. *See* Shammas v. Focarino, 109 U.S.P.Q.2d 1320 (E.D. Va. 2014).

2176. Fed. R. Civ. P. 37(b)(2)(C).

actual government salaries should be used in that context as well."[2177] In the final analysis, though, there was no need to resolve the issue, both because the unsuccessful applicant did not object to the USPTO's proposed methodology and, additionally, because that methodology produced lower requested hourly rates than the annual-salary alternative.[2178]

Although at least some other opinions accepted the hourly rates proffered by prevailing parties,[2179] disagreements over the propriety of those rates more often than not forced judicial substantive discussions of the issue. In a case in which a prevailing declaratory judgment plaintiff was represented by both a private attorney and by a public-interest one, a California federal district court held that:

> For lawyers in private practice, the hourly rate is generally the normal billing rate. For lawyers in public service or public interest practice, the Supreme Court has stated that reasonable fees "are to be calculated according to the prevailing market rates in the relevant community." The Supreme Court recognized the difficulty of determining a market rate, and explained that a party must submit evidence that the fee requested is comparable to that charged by lawyers of similar skill, experience and reputation.[2180]

Applying these guidelines, the court ultimately approved rates of $300 per hour for the plaintiff's private-practice counsel and $700 for his public-interest counsel.[2181]

2177. *Shammas*, 109 U.S.P.Q.2d at 1324.

2178. *Id.* The hourly rates proposed by the USPTO (and accepted by both the court and the applicant) using the prevailing-market approach were $380 for the agency's attorneys and $118.90 for its attorneys. *Id.* at 1325.

2179. *See, e.g.*, HTS, Inc. v. Boley, 954 F. Supp. 2d 927, 942 (D. Ariz. 2013) (finding, in context of default judgment, that "the rates charged by [the plaintiff's] counsel . . . are reasonable considering each attorney's expertise and level of experience").

2180. Recouvreur v. Carreon, 940 F. Supp. 2d 1063, 1070 (N.D. Cal. 2013) (citation omitted) (quoting Blum v. Stenson, 465 U.S. 886, 895 (1984)).

2181. The credentials of the plaintiff's private-practice counsel went undescribed by the opinion, but the court found with respect to his public interest counsel that:

> [The public-interest counsel] only represents clients pro bono, and has proposed an hourly rate of $700. [He] declares he has worked at the Public Citizen Litigation Group for over twenty years, with a focus on Internet free speech cases. He has spoken at several law schools and bar meetings, and has served as lead counsel on a number of trademark cases. [A witness], a lawyer familiar with [his] work and the market rates declares $700 is a reasonable hourly rate.

Id. The court identified two additional bases for approving the proposed $700 hourly rate: (1) the same rate recently had been approved for another attorney with comparable credentials in a Freedom of Information Act case; and (2) the rate was consistent with that suggested by the Adjusted Laffey Matrix, a benchmark for determining appropriate billing rates maintained by the United States Attorney's Office for the District of Columbia. *Id.*

Once appropriate billing rates have been determined, the second step in the lodestar analysis is an evaluation of the time invested into the matter by counsel for the prevailing party, which includes inquiries into whether time entries were duplicative or not justified by the tasks at issue. Thus, for example, in an order otherwise granting the USPTO's request for an award of fees after the agency successfully challenged the untimely submission of evidence by an opponent, one court balked at the claim that it had taken twenty-nine hours of attorney time to prepare a motion to strike and reply brief, especially because those documents cited to only two cases between them.[2182] Because "the discovery order was clear and unambiguous, and [the sanctioned party's] violation of that order was equally clear, and indeed, uncontested," the court approved a fee award based on only six hours of attorney time.[2183] As it held, "[g]iven that the facts were neither disputed nor complicated, and given that no novel legal issue was presented, there is simply no reason for experienced attorneys to have spent 29 hours on this matter."[2184] Moreover, "[a]lthough thoroughness is a virtue, attorneys must exercise sound judgment to avoid devoting more time to a problem or issue than is warranted."[2185]

In at least one other case, however, a requested award was pared down based on the court's determination that the litigation had become "exceptional" within the meaning of Section 35 only when the defendant opposed the prevailing plaintiff's fee petition.[2186] The court therefore disallowed the time invested into the preparation of the motion, but it credited the plaintiff's counsel for those hours they had spent preparing a reply brief once the meritless nature of the defendant's opposition had become apparent. The court also approved reimbursement of the fees incurred by the plaintiff in responding to discovery the court had allowed the defendant to take in connection with that motion.[2187] In the process, it rejected the defendant's unsubstantiated claim that any award should be limited to the $200 investment the defendant claimed was necessary for the preparation of the complaint.[2188]

2182. *See* Shammas v. Focarino, 109 U.S.P.Q.2d 1320 (E.D. Va. 2014).

2183. *Id.* at 1325.

2184. *Id.*

2185. *Id.*

2186. *See* Recouvreur v. Carreon, 940 F. Supp. 2d 1063 (N.D. Cal. 2013).

2187. *Id.* at 1070.

2188. *Id.* at 1069-70.

vii. Taxation of Costs

Although the prevailing party in litigation under the Lanham Act is ordinarily entitled to taxation of its costs as a matter of right under Section 35, that issue did not figure prominently in many trademark and unfair competition opinions over the past year. The Seventh Circuit, however, stepped up to the plate in an action in which the plaintiffs, having lost their case on a defense motion for summary judgment, objected to the district court's award of costs to the defendants on the ground that the summary judgment order "was silent about whether the losing party was to bear the costs of the litigation."[2189] The court made short work of that theory, holding that "[t]his argument is frivolous. A judgment silent about costs is a judgment allowing costs to the prevailing party."[2190]

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 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.

The standard of review properly applicable to Board findings in the first of these scenarios is one that has led to widely diverging approaches, and, indeed, the Supreme Court agreed to resolve them by accepting for review an Eighth Circuit opinion that declined to order the admission into evidence of a prior Board determination of likely confusion.[2191] Prior to that development, however, the Fourth Circuit tackled the issue in the context of an appeal under Section 21(b)[2192] from a Board decision to a federal

2189. Specht v. Google Inc., 747 F.3d 929, 936 (7th Cir.), *cert. denied*, 135 S. Ct. 724 (2014).

2190. *Id.*

2191. *See* B & B Hardware, Inc. v. Hargis Indus., 716 F.3d 1020 (8th Cir. 2013), *cert. granted*, 134 S. Ct. 2899 (2014).

2192. 15 U.S.C. § 1071(b) (2012).

district court.[2193] The district court reversed the Board's finding that confusion was likely between the parties' marks, but it did so by applying the Administrative Procedure Act's "substantial evidence" standard "in some instances."[2194] This prompted a remonstrance from the court of appeals, which found persuasive the Supreme Court's interpretation of Section 145 of the Patent Act[2195] in *Kappos v. Hyatt*.[2196] Specifically:

> *Kappos* . . . explicitly defines the only situation where consideration of [a] TTAB decision is permitted. The Court adopted the . . . rule that "the district court may, in its discretion, consider the proceedings before and findings of the Patent Office in deciding what weight to afford an [appellant's] newly-admitted evidence." In sum, where new evidence is submitted, de novo review of the entire record is required because the district court "cannot meaningfully defer to the PTO's factual findings if the PTO considered a different set of facts."[2197]

In a less momentous decision, a Massachusetts federal district court faced the third scenario when determining where on the spectrum of distinctiveness to place the plaintiffs' claimed mark.[2198] The parties agreed that the mark was geographically descriptive, but the court additionally relied on the USPTO's disposition of the plaintiffs' application to register their mark when ratifying that agreement. As it explained, "Courts have frequently 'accorded weight' to the PTO's determination of where marks fall on the spectrum of distinctiveness. Given the parties' agreement that the [disputed] mark is descriptive, this Court will also defer to the PTO's categorization of the mark."[2199]

The same court did *not*, however, defer to the USPTO's determination that the plaintiffs' mark had acquired distinctiveness under Section 2(f).[2200] Under the court's reading of that statute:

> Section [2(f)] . . . only applies to [the] trademark registration [process] and allows the PTO to presume that a mark has secondary meaning with proof of five years' "substantially

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2193. *See* Swatch AG v. Beehive Wholesale, LLC, 739 F.3d 150 (4th Cir. 2014).

2194. *Id.* at 158.

2195. 35 U.S.C. § 145 (2012).

2196. 132 S. Ct. 1690 (2012).

2197. *Swatch*, 739 F.3d at 156 (citation omitted) (footnote omitted) (quoting *Kappos*, 132 S. Ct. at 1700) (internal quotation marks omitted).

2198. *See* Lyons v. Am. Coll. of Veterinary Sports Med. & Rehabilitation, Inc., 997 F. Supp. 2d 92 (D. Mass. 2014).

2199. *Id.* at 101 n.4 (quoting Boriquen Biscuit Corp. v. M.V. Trading Corp., 443 F.3d 112, 119 (1st Cir. 2006)).

2200. 15 U.S.C. § 1052(f) (2012).

> exclusive and continuous use." In contrast, in other contexts, the First Circuit has listed various factors that are relevant to deciding whether a trademark has acquired secondary meaning; the length and manner of a mark's use is only one factor that a court ought consider. . . .[2201]

Although the USPTO's determination of acquired distinctiveness might be entitled to "some weight," that determination did not have dispositive effect.[2202]

2. Judicial Authority Over Federal Registrations and Applications

Section 37 of the Act provides that "[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."[2203] As in past years, some Section 37 claims addressed in reported opinions were brought by litigants averring prior use of marks likely to be confused with those underlying their opponents' registrations.[2204] That theory led one court to issue an injunction requiring the abandonment of an application to register a mark found to be confusingly similar to that of the plaintiffs bringing the action[2205] and another to order the USPTO to limit the goods covered by a defendant's registration in the interest of reducing the risk of confusion between the registered mark and a similar one owned by the plaintiff.[2206] A different court similarly ordered the USPTO to deem abandoned three applications found to have been filed in violation of a prior settlement agreement between the parties.[2207] And a fourth ordered a pair of registrations cancelled after concluding that the marks covered by them were either generic or descriptive and lacking secondary meaning.[2208]

2201. *Lyons*, 997 F. Supp. 2d at 102.

2202. *Id.* at 102-03.

2203. 15 U.S.C. § 1119 (2012).

2204. *See, e.g.*, MPC Franchise, LLC v. Tarntino, 19 F. Supp. 3d 456, 483-84 (W.D.N.Y. 2014) (deferring action on plaintiffs' request for cancellation based on dispute over parties' respective claims of priority); Reservoir, Inc. v. Truesdell, 1 F. Supp. 3d 598, 615-16 (S.D. Tex. 2014) (cancelling registration owned by junior users of mark found likely to be confused with identical mark owned by senior users).

2205. *See* Bell v. Foster, 109 U.S.P.Q.2d 1249, 1254 (N.D. Ga. 2013).

2206. *See* CFE Racing Prods., Inc. v. BMF Wheels, Inc., 2 F. Supp. 3d 1029, 1036-37 (E.D. Mich. 2014).

2207. *See* Blanco GmbH+Co. KG v. Vlanco Indus., 992 F. Supp. 2d 1225, 1234 (S.D. Fla. 2014).

2208. *See* Nola Spice Designs, LLC v. Haydel Enters., 969 F. Supp. 2d 688, 699 (E.D. La. 2013).

An additional factual scenario making an appearance was that of abandonment,[2209] and the Seventh Circuit affirmed an order requiring the cancellation of a registration covering a mark found to have been abandoned as a matter of law.[2210] In addition to appealing that holding on the merits, the registrant took issue with the district court's citation of Section 14,[2211] rather than Section 37, as the basis of its order to the USPTO. That failure, however, did not trouble the Seventh Circuit, which rejected the registrant's challenge with the explanation that "[t]he district court's citation to the incorrect statutory provision does not invalidate its authority to cancel the mark [sic]. And cancellation in this case was proper."[2212]

Some federal district courts addressed claims that registrations had been either procured or maintained (or both) through fraudulent filings, and they generally proved to be unreceptive audiences.[2213] For example, the predecessor of the lead defendant in one case was alleged to have had "knowingly made a false and material representation that it had a bona fide intention to use [its] mark in commence [sic] . . . on or in connection with . . . fruits, spirits, honey drink, peppermint nastoyka, sake, rice spirit, gin, rum, bitter nastoyka, liqueurs, whiskey, brandy or aperitifs" when registering its mark.[2214] That representation was fraudulent, the plaintiff claimed, because the predecessor had in fact intended to use the applied-for mark only in connection with vodka and because the predecessor had intended to deceive the USPTO by averring otherwise. That was not enough for the court, which held the plaintiff to the strict pleading requirements of Rule 9. It noted that "[m]issing from [the plaintiff's] exhaustive recitation of the elements of its cause of action are any supporting facts suggesting knowledge or intent on the part of [the predecessor]."[2215]

2209. *See, e.g.*, Action Ink, Inc. v. Anheuser-Busch, Inc., 959 F. Supp. 2d 934, 949 (E.D. La. 2013) (ordering cancellation of registration covering mark found to have been abandoned), *aff'd*, 576 F. App'x 321 (5th Cir. 2014).

2210. *See* Specht v. Google Inc., 747 F.3d 929, 936 (7th Cir.), *cert. denied*, 135 S. Ct. 724 (2014).

2211. 15 U.S.C. § 1064 (2012).

2212. *Specht*, 747 F.3d at 936.

2213. *See, e.g.*, S & H Indus. v. Selander, 932 F. Supp. 2d 754, 761 (N.D. Tex. 2013) (entering summary judgment in registrant's favor on ground that "[o]ther than his naked assertions, . . . Defendant offers nothing neither admissible evidence nor authority to support his fraud argument").

2214. *Quoted in* ZAO Odessky Konjatschnyi Zawod v. SIA "Baltmark Invest," 109 U.S.P.Q.2d 1680, 1685 (E.D. Va. 2013). By the time the application matured into a registration, its identification of goods had been amended to cover "alcoholic beverages; namely distilled spirits; distilled rice spirits; aperitif wines; alcoholic aperitif bitters; alcoholic honey drink; peppermint schnapps; alcoholic fruit-based beverages; sake; gin; run [sic]; liqueurs; whiskey; brandy; [and] vodka." *Quoted in id.*

2215. *Id.*

Specifically, "[w]hile [the plaintiff] provides the factual circumstances surrounding the presentation of these statements to the USPTO, these allegations are insufficient with regards to [the predecessor's] state of mind."[2216]

The court also dismissed for failure to state a claim the plaintiff's assertion that the lead defendant's predecessor had fraudulently failed to disclose its awareness of the plaintiff's alleged rights to a closely similar mark during the application process. As a threshold matter, the court held that:

> [W]hen an applicant avers that it has the exclusive right to use the [applied-for] mark, a fraud claim against the applicant will not lie unless the applicant knew that another person "possess[ed] a superior or clearly established right to use the same or substantially identical mark" for the same or substantially the same goods or services.[2217]

The plaintiff's attempt to satisfy this standard rested on the theory that the lead defendant's predecessor had been aware of the applicant's pending application at the time that the predecessor bootstrapped a Russian application into a United States application under Section 44(d).[2218] Because the predecessor's Russian application predated the defendant's application, the predecessor's priority of rights should have disposed of plaintiff's allegations of fraud as a matter of law, but the court chose instead to address the issue under the rubric of the predecessor's scienter: "Here, [the plaintiff] has not pled any facts indicating that [the predecessor] believed that [the plaintiff] had superior rights in the mark. [The plaintiff's] pleading indicates only that [the plaintiff] itself believed that its rights were superior; this is insufficient to suggest [the predecessor's] specific intent."[2219]

The plaintiff's argument that the lead defendant fraudulently had maintained the registration suffered the same fate. Following the lead defendant's acquisition of the registration, the lead defendant was merged into another company and dissolved before a Section 8 declaration was filed in the lead defendant's name averring that litigation between the parties and the Russian government's shut-down of the lead defendants' manufacturing facilities had prevented it from marketing goods under the registered mark in the United States. Not so, argued the plaintiff: According to it, the mark's use was in part attributable to the lead defendant's undisclosed-to-the-USPTO merger and dissolution; moreover, because the declaration had been filed after the merger,

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2216. *Id.*

2217. *Id.* at 1686 (quoting Intellimedia Sports Inc. v. Intellimedia Corp., 43 U.S.P.Q.2d 1203, 1207 (T.T.A.B. 1997)).

2218. 15 U.S.C. § 1126(d) (2012).

2219. *ZAO Odessky Konjatschnyi Zawod*, 109 U.S.P.Q.2d at 1686.

any representations made on behalf of the lead defendant necessarily were false and fraudulent. Even if those allegations were true, however, the court held that they failed to state a claim for the cancellation of the lead defendant's registration. Rather, "[the plaintiff] has provided the Court with no facts suggesting that [the lead defendant] made a deliberate choice to withhold its change in corporate status from the USPTO. The failure to inform the USPTO of [the defendant's] merger . . . does not equate to knowledge of wrongdoing."[2220]

In contrast, a different defendant and federal registrant was found as a matter of law to have submitted a fraudulent claim of mark ownership and a fraudulent claim that no other party enjoyed the right to use the registered mark in question.[2221] The defendant was one of a number of family members involved in the historically peacefully coexisting use the PUDGIE'S mark for restaurant services in either adjacent or overlapping geographic markets in western New York. When the family's ties began to unravel, the defendant sought and received an unrestricted federal registration of the mark based upon his alleged use of it as early as 1980. The summary judgment record demonstrated that the defendant had been only eight years old as of that claimed date but that consideration did not lead to the invalidation of the defendant's registration. Rather, the court was more concerned with the undisputed fact that the defendant had not himself used the mark at any date. Instead, he had at most been a one-third shareholder in a company that had; indeed, after receiving his registration, he attempted to sell his interest in that company to his siblings. Worse still, he had failed to disclose both his own company's use of the applied-for mark and that of numerous other family members, including those suing him for infringement and unfair competition. Finding fraud as a matter of law, the court held that:

> [T]he record indicates that [the defendant] had no good faith basis whatsoever to claim that he owned the Pudgie's mark. Instead, [the defendant] was well aware that he was merely a one-third owner of [his company]. [The defendant's] misstatement of ownership was not a mistake, but instead, was part of his long-term plan to sell his interest in [his company] and begin his own franchising business. To be clear on that point, [the defendant] was not attempting to register the mark on behalf of the corporation in which he was a part owner; he registered it for himself. Nor did [the defendant] have any good faith basis for failing to disclose that his close family members had been using the Pudgie's mark for

2220. *Id.* at 1687.

2221. *See* MPC Franchise, LLC v. Tarntino, 19 F. Supp. 3d 456 (W.D.N.Y. 2014).

> decades, or that he was already engaged in a dispute with them over the use of the mark in [the city of] Elmira Heights. In that regard, the Court observes that [the] . . . use of the Pudgie's mark [by the plaintiffs' family-owned company] was in fact senior to that of the [defendant's company], and that even if [the defendant] did not fully understand that fact, he still had no good faith basis to believe that he had any superior rights to the mark. [The defendant] also knew that Plaintiffs were already franchising pizzerias, using the very same mark that he was attempting to register for that same purpose. For these reasons, the Court finds that [the defendant] has failed to raise a triable issue of fact as to his intent, or to any other element of Plaintiffs' fraud claim.
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> [The defendant] cannot defeat summary judgment merely by claiming, in conclusory fashion, that he believed he owned the mark, without offering any evidence to support such a belief.[2222]

Finally, although Section 37 on its face refers only to actions involving registered marks, one court blew past the express statutory language in ordering the USPTO to reject an application for registration on the Principal Register covering a mark the parties agreed was geographically descriptive and that the court had found as a matter of law lacked acquired distinctiveness.[2223] The lead plaintiff previously had registered the mark on the Supplemental Register, and that proved to be the ticket for the court to address her second application on the theory that:

> [T]he . . . mark's place on the supplemental register satisfies the requirement that this action involve a registered mark, thereby empowering this court to rule on [the lead plaintiff's] application[] to the principal register. Such an interpretation not only complies with the plain reading of the statute but also enables the functional considerations of expediency and efficiency encouraging this Court's resolution of registration-related issues.[2224]

The court then held that "the pendency of a proceeding [between the parties] before the PTO's Trademark Trial and Appeal Board ought not discourage this Court from ruling on the propriety of registration."[2225] In particular, "the dispositive issues are identical because both the success of [the lead plaintiff's] infringement claim and her eligibility for principal registration turn on proof of

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2222. *Id.* at 480-81 (footnote omitted) (citations omitted).

2223. *See* Lyons v. Am. Coll. of Veterinary Sports Med. & Rehabilitation, Inc., 997 F. Supp. 2d 92 (D. Mass. 2014).

2224. *Id.* at 116 n.16 (citation omitted).

2225. *Id.* at 116 (citation omitted).

acquired distinctiveness. Thus, the PTO ought . . . reject [the] application."[2226] Properly noting that the registration of the lead plaintiff's mark on the Supplemental Register was not dependent on a showing of acquired distinctiveness, the court did not, however, disturb that registration.[2227]

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.[2228] According to the Supreme Court in *MedImmune, Inc. v. Genentech, Inc.*,[2229] whether a particular dispute rises to this level properly should turn on "whether the facts alleged, under all the circumstances, show that there is a substantial controversy . . . of sufficient immediacy and reality to warrant the issuance of a declaratory judgment."[2230] As usual, applications of this standard produced varying results.

The Ninth Circuit traditionally has been receptive to claims by declaratory judgment plaintiffs of actionable cases and controversies, and one opinion from the court adhered to that pattern, albeit on facts making such an adherence easy.[2231] The claim at issue was a constitutional challenge to the Washington Personality Rights Act (WPRA),[2232] brought by defendants charged with infringing "a number of trademarks associated with Jimi Hendrix, including the names 'Hendrix' and 'Jimi Hendrix' and Jimi Hendrix's signature, as well as logos incorporating a 'headshot' of Hendrix."[2233] The plaintiffs' complaint lacked a claim under the WPRA, but that did not prevent the defendants from pursuing a declaratory judgment for nonliability under the statute. According to the Ninth Circuit, the WPRA's enactment during the pendency of the litigation created the possibility that the plaintiffs would assert Hendrix's post-mortem right of publicity against the defendants, especially in light of the defendants' allegations that the plaintiffs previously had relied "on rights that go beyond its

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2226. *Id.*

2227. *Id.* at 117.

2228. U.S. Const. art. III, § 2, cl. 1; 28 U.S.C. § 2201 (2012).

2229. 549 U.S. 118 (2007).

2230. *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).

2231. *See* Experience Hendrix L.L.C. v. Hendrixlicensing.com Ltd., 762 F.3d 829 (9th Cir. 2014).

2232. Wash. Rev. Code Ann. §§ 63.60.010-63.60.080 (West 2012).

2233. *Experience Hendrix*, 762 F.3d at 833.

federally protected trademarks" to interfere with sales of goods licensed by the defendants.[2234] Under these circumstances, the defendants had demonstrated a sufficient case and controversy to support their bid for declaratory relief.[2235]

A dispute over a generic top-level domain also produced a holding of an actionable case and controversy.[2236] The parties each owned rights to the DEL MONTE mark for fruits and vegetables, albeit in different countries, and the plaintiff additionally held licenses to use that mark in still other countries. They came to judicial blows when the plaintiff applied to the Internet Corporation for Assigned Names and Numbers (ICANN) for the *.delmonte* domain and that application was successfully opposed by the defendant, which, among other things, asserted that the plaintiff's licenses to use the DEL MONTE mark did not authorize the plaintiff to register the mark as a gTLD. The plaintiff argued that the defendant's challenge gave it Article III standing to pursue an appeal under the ACPA, and the court agreed. The court therefore denied a defense motion to dismiss on this basis (although ultimately granting it on another).[2237]

Although not casting its opinion as one addressing the requirements of Article III or the Declaratory Judgment Act, a different court declined to dismiss a suit seeking declaratory relief and brought after the plaintiff received a demand letter from the defendant.[2238] According to the defendant, the plaintiff had rushed into court simply to divest the defendant of the defendant's preferred forum for its second-filed lawsuit against the plaintiff. In denying the defendant's motion to dismiss, the court identified two

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2234. *Id.* at 835.

2235. *Id.*

2236. *See* Del Monte Int'l GmbH v. Del Monte Corp., 995 F. Supp. 2d 1107, 1115 (C.D. Cal. 2014).

2237. As the court explained:

> To the extent that Plaintiff requests this Court to determine the validity of its actions — namely applying to ICANN for the gTLD <.delmonte> — under its licenses with Defendant, it is clear that there exists a case or controversy between the Parties. There is a case or controversy if Plaintiff is requesting that this Court determine its bona fide rights under the DEL MONTE Mark to apply for the <.delmonte> gTLD. This is so because Defendant challenged Plaintiff's gTLD registration on the ground that Plaintiff's licenses do not confer upon Plaintiff the right to use the DEL MONTE Mark as a gTLD. Defendant's act of filing the LRO caused Plaintiff's injury of not being awarded <.delmonte>. A determination as to the validity of Plaintiff's actions would certainly touch upon the legal rights of both Parties. Such a declaration issued by this Court would settle, at least to a certain degree, the disputes of the two Parties with respect to <.delmonte>.

Id. (citation omitted).

2238. *See* Foreign Candy Co. v. Promotion in Motion, Inc., 953 F. Supp. 2d 934 (N.D. Iowa 2013).

"red flags"[2239] that might establish a plaintiff had engaged in such gamesmanship: "(1) when the plaintiff filing the first case had notice of an imminent lawsuit and (2) when the first-filed action seeks [a] declaratory judgment."[2240] Although the circumstances of the case could support a finding that both red flags were present, the court nevertheless held that the plaintiff was "using the declaratory judgment statute for its proper purpose."[2241] To begin with:

> When the Plaintiff became aware of a potential issue with [its] trademark . . . , it filed a declaratory judgment action to pro-actively ensure that the expense of developing [its goods] would not go to waste. The economy flourishes on the backs of companies developing new products and innovating. If the courts denied entrepreneurs the ability to wait until after they received notice of a potential trademark issue to file for declaratory judgment, the courts would burden those entrepreneurs with the prohibitive cost of ruling out all competing trademarks before they began research and development on new products. Such a rule would certainly have a chilling impact on many aspects of the economy.[2242]

Moreover, the plaintiff was "not suffering an imminent threat of litigation," for, as the court found, "[a]s parties are aware, cease and desist letters are sometimes sent with no real intention to follow through."[2243] Because "[t]he Plaintiff sought, as any reasonable business would, to deal with the conflict in the most direct way possible," dismissal was inappropriate.[2244]

2. The First Amendment

The past year produced a bumper crop of reported opinions addressing the relationship between free-speech principles, on the one hand, and unfair competition causes of action, on the other, with an unusually large number of cases raising the issue in the context of right-of-publicity claims by athletes. Those receiving the greatest attention involved challenges to the content of video games,[2245] especially those featuring football-playing avatars that

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2239. *Id.* at 942 (quoting Nw. Airlines, Inc. v. Am. Airlines, Inc., 989 F.2d 1002, 1005 (8th Cir. 1993)) (internal quotation marks omitted).

2240. *Id.*

2241. *Id.* at 943.

2242. *Id.*

2243. *Id.*

2244. *Id.*

2245. *See, e.g.*, Novalogic, Inc. v. Activision Blizzard, No. CV 12-4011-JFW (SHx), 2013 WL 8845232, at *9-14 (C.D. Cal. June 18, 2013) (granting defense motion for summary judgment on ground that alleged imitations of plaintiff's mark in video game were constitutionally protected free speech).

were recognizable as former professional and collegiate players. One such challenge, which led to an appeal to the Ninth Circuit, was brought by Cleveland Browns great Jim Brown, who sought redress under Section 43(a) against the appearance of an avatar recognizable as himself in a game produced and sold by Electronic Arts, Inc. (EA).[2246] The district court dismissed Brown's Lanham Act cause of action for failure to state a claim on the ground that the game was protected speech under the First Amendment, and that disposition was affirmed on appeal.

As had the district court, the Ninth Circuit held that the proper framework for evaluating EA's eligibility for free-speech protection was that first set out by the Second Circuit's 1989 opinion in *Rogers v. Grimaldi*[2247] and applied to video games by the Ninth Circuit itself nearly two decades later in *E.S.S. Entertainment 2000, Inc. v. Rock Star Videos, Inc.*[2248] As interpreted by the Ninth Circuit in *E.S.S. Entertainment*, *Rogers* protects the titles and content of expressive works against likelihood-of-confusion-based challenges unless one of two circumstances is present: (1) the challenged use has no artistic relevance to the underlying work whatsoever; or (2) if the challenged use does have some artistic relevance, it is explicitly misleading as to the source or content of the work.[2249] With respect to the first of these inquiries, the court held that "[g]iven the acknowledged centrality of realism to EA's expressive goal, and the importance of including Brown's likeness to realistically recreate one of the teams in the game, it is obvious that Brown's likeness has at least some artistic relevance to EA's work."[2250] It then rejected seriatim four arguments advanced by Brown as to why the unauthorized use of his avatar constituted an explicit misrepresentation sufficient to satisfy the second prong of the *Rogers* test, namely, that: (1) "a consumer survey [had] demonstrate[ed] that a majority of the public believes that identifying marks cannot be included in products without permission," which the court dismissed because "[t]o be relevant, evidence must relate to the nature of the behavior of the identifying material's user, not the impact of the use";[2251] (2) EA's game described Brown as one of the fifty greatest players in NFL

2246. *See* Brown v. Elec. Arts, Inc., 724 F.3d 1235 (9th Cir. 2013). EA had secured licenses to identify avatars corresponding to current NFL players by the players' names, but not for those corresponding to former players: Where the latter were concerned, "no names are used . . . , but these players are recognizable due to the accuracy of their team affiliations, playing positions, ages, heights, weights, ability levels, and other attributes." *Id.* at 1240.

2247. 875 F.2d 994 (2d Cir. 1989).

2248. 547 F.3d 1095 (9th Cir. 2008).

2249. *Id.* at 1100.

2250. *Brown*, 724 F.3d at 1243.

2251. *Id.* at 1245-46.

history, which failed to make the grade because "Brown needs to prove that EA explicitly misled consumers about Brown's endorsement of the game, not that EA used Brown's likeness in the game; nothing in EA's promotion suggests that the fifty NFL players [in question] endorse EA's game";[2252] (3) EA had made certain changes to Brown's avatar (including giving it a new number), of which the court concluded that "[i]f these changes had any impact on whether consumers believed that Brown endorsed the game . . . , surely they made consumers *less* likely to believe that Brown was involved";[2253] (4) EA's attorneys had inaccurately represented to Brown's counsel that Brown's avatar had been discontinued, something that the court deemed to be "irrelevant" because the representations "were not made to consumers, and they do not say anything about Brown's endorsement of the game";[2254] and (5) EA officials had stated at academic conference that EA had secured approval for its games "from both the NFL players and the NFL," which was similarly held to be wanting on the ground that "the statement was made to a limited audience, not to consumers."[2255] In the final analysis, the court held, "[t]he *Rogers* test tells us that, in this case, the public interest in free expression outweighs the public interest in avoiding confusion."[2256]

Surprisingly, the same three-judge panel of the same court took a different approach in an opinion issued on the same day on similar facts.[2257] The litigation producing that opinion was a class action suit brought by former collegiate athletes led by Samuel Keller against EA's use of their likenesses in a video game licensed by the NCAA.[2258] EA and the NCAA unsuccessfully moved the district court to dismiss the plaintiffs' claims under California's anti-SLAPP statute,[2259] which the Ninth Circuit held required a

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2252. *Id.* at 1246.

2253. *Id.* at 1246-47.

2254. *Id.* at 1247.

2255. *Id.*

2256. *Id.* at 1248.

2257. *See In re* NCAA Student-Athlete Name & Likeness Licensing Litig., 724 F.3d 1268 (9th Cir. 2013), *cert. dismissed*, 135 S. Ct. 42 (2014).

2258. Keller was the starting quarterback for Arizona State University in 2005 before transferring to the University of Nebraska on whose team he played during the 2007 season. The court summarized the facts underlying Keller's claims in the following manner:

> In the 2005 version of the game, the virtual starting quarterback for Arizona State wears number 9, as does Keller, and the same height, weight, skin tone, hair color, hair style, handedness, home state, play style (pocket passer), visor preference, facial features, and school year as Keller. In the 2008 edition, the virtual quarterback for Nebraska has these same characteristics, though the jersey number does not match, presumably because Keller changed his number right before the season started.

Id. at 1272.

2259. Cal. Civ. Proc. Code § 425.16(b)(1) (West 2004 & Supp. 2015).

threshold two-step inquiry into the merits of the plaintiffs' claims: (1) whether the plaintiffs' suit arose from conduct by the defendants in furtherance of their First Amendment right to express themselves; and (2) whether there was a reasonable probability that the plaintiffs would prevail.[2260] Because there was no dispute under Ninth Circuit law that the video games in question were protected speech, the court's opinion focused on the second prong of this analysis.

In contrast to the outcome in Jim Brown's suit against EA, the court held that the plaintiffs had a reasonable probability of success, in substantial part because, unlike Brown, they were asserting common-law and statutory right-of-publicity causes of action under California state law. Drawing upon the opinion of the Supreme Court of California in *Comedy III Productions, Inc. v. Gary Saderup, Inc.*,[2261] the court held that the proper rubric for evaluating the merits of those causes of action was that of transformative use, or, in other words, "whether the work in question adds significant creative elements so as to be transformed into something more than a mere celebrity likeness or imitation."[2262] It then held that the plaintiffs' complaint sufficiently averred an absence of transformative use to defeat the defendants' motion to dismiss both because EA was alleged to have replicated Keller's physical characteristics and to have portrayed him engaged in the same activity for which he was known in real life.[2263] The fact that users of the game had the opportunity to alter players' characteristics on a post-purchase basis did not mandate the contrary result.[2264]

Following this conclusion, the court tackled the defendants' argument that the proper framework for addressing their First Amendment claims was that from *Rogers*. On that issue, the court held that "[a]lthough we acknowledge that there is some overlap between the transformative use test formulated by the California Supreme Court and the *Rogers* test, we disagree that the *Rogers* test should be imported wholesale for right-of-publicity claims."[2265] It then explained that:

> As the history and development of the *Rogers* test makes [sic] clear, it was designed to protect consumers from the risk of consumer confusion [in the context of a claim of false

2260. *Id.* at 1272-73.

2261. 21 P.3d 797 (Cal. 2001).

2262. *In re NCAA Student-Athlete Name & Likeness Licensing Litig.*, 724 F.3d at 1273 (quoting *Comedy III Prods.*, 21 P.3d at 799) (internal quotation marks omitted).

2263. *Id.* at 1276.

2264. *Id.* at 1276-79. This consideration did make a difference where a dissenting opinion was concerned. *See id.* at 1285-87 (Thomas, J., dissenting).

2265. *Id.* at 1280.

> association under Section 43(a)]—the hallmark element of a Lanham Act claim. The right of publicity, on the other hand, does not primarily seek to prevent consumer confusion. Rather, it primarily "protects a form of intellectual property [in one's person] that society deems to have some social utility."[2266]

Because "[t]he right of publicity protects the *celebrity*, not the *consumer*,"[2267] and because the defendants did not qualify for any other defenses to the plaintiffs' claim,[2268] "EA's use of the likenesses of college athletes like Samuel Keller in its video games is not, as a matter of law, protected by the First Amendment."[2269]

That disposition did not resolve all First Amendment-related issues presented by the litigation, however, because on remand the district court was forced to address the question of whether broadcasts of college football games were immune from right-of-publicity-based challenges under the First Amendment.[2270] That question arose in the context of the plaintiffs' antitrust-based claim that, in the absence of the NCAA's restrictions, a market would exist for group licenses to student-athletes' names, images, and highlight footage. Weighing the parties' cross-motions for summary judgment, the court concluded that:

> [T]he First Amendment does not guarantee media organizations an unlimited right to broadcast entire college football and basketball games. Indeed, if the First Amendment did guarantee such a right, then it would cast doubt on the NCAA's ability to issue exclusive licenses to specific broadcasters. There is no principled reason why the First Amendment would allow the NCAA to restrict press access to college football and basketball games (via exclusive licensing

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2266. *Id.* (second alteration omitted) (quoting *Comedy III Prods.*, 21 P.3d at 804) (citations omitted).

2267. *Id.* at 1281.

2268. Two additional bases for the defendants' motion to dismiss were that their game was protected by the First Amendment because the game merely reported factual information (a defense to the plaintiff's common-law cause of action) and that the game merely used the plaintiffs' likenesses in connection with a "news, public affairs, or sports broadcast or account" (a defense to the plaintiffs' statutory cause of action under Cal. Civ. Code § 3344(d)). The Ninth Circuit noted as a threshold matter that "California courts have generally analyzed the common law defense and the statutory defense separately, but it is clear that both defenses protect only the act of publishing or reporting." *Id.* at 1282. After surveying California case law on the subject, it ultimately concluded that "[p]ut simply, EA's interactive game is not a publication of facts about football; it is a game, not a reference source. These state law defenses, therefore, do not apply." *Id.* at 1283.

2269. *Id.* at 1284.

2270. *See In re* NCAA Student-Athlete Name & Likeness Litig., 111 U.S.P.Q.2d 1339 (N.D. Cal. 2014).

> agreements) but, at the same time, prohibit student-athletes from doing the same (via right-of-publicity actions).[2271]

As a consequence, "the First Amendment does not create a right to broadcast an entire athletic performance without first obtaining a license or consent from all the parties who hold valid ownership rights."[2272]

A more conventional First Amendment analysis came in a case in which former NBA star Michael Jordan took issue with an advertisement in "a special commemorative issue of *Sports Illustrated Presents* devoted exclusively to Jordan's remarkable career."[2273] The advertisement in question was placed by the operator of the Chicago-based Jewel-Osco chain of supermarkets, which was named as the lead defendant in the action. Considering the ad to be noncommercial speech, the district court entered summary judgment in the lead defendant's favor, but this outcome failed to withstand appellate scrutiny. As a threshold matter, the Seventh Circuit noted that, "[i]t's clear that the textual focus of Jewel's ad is a congratulatory salute to Jordan on his induction into the Hall of Fame. If the literal import of the words were all that mattered, this celebratory tribute would be noncommercial."[2274] At the same time, however:

> [E]valuating the text requires consideration of its context, and this truism has special force when applying the commercial-speech doctrine. . . .
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> . . . .
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> Jewel's ad served two functions: congratulating Jordan on his induction into the Hall of Fame and promoting Jewel's supermarkets. The first is explicit and readily apparent. The

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2271. *Id.* at 1350.

2272. *Id.* at 1351.

The court was less impressed with two fallback arguments advanced by the plaintiffs, the first of which was that broadcasts of athletic events were commercial speech. In rejecting that argument, the court held that:

> [I]t is clear that broadcasts of entire Division I football and basketball games do not constitute commercial speech. To the extent that these broadcasts propose commercial transactions, they do so largely during commercial breaks or other stoppages in game play. This is analogous to a newspaper or magazine setting aside certain pages for advertisements and is not sufficient to render the entire broadcast commercial. Although many game broadcasts also feature corporate logos and slogans during the course of play, these elements of the broadcast are not sufficient to convert the entire broadcast into commercial speech.

Id. at 1351 (citation omitted). The second fallback argument was that the sale of clips and highlight footage from those games constituted commercial speech, as to which the court concluded that there was a factual dispute that precluded resolution of the issue on summary judgment. *Id.* at 1352.

2273. Jordan v. Jewel Food Stores, Inc., 743 F.3d 509, 511 (7th Cir. 2014).

2274. *Id.* at 517.

> ad contains a congratulatory message remarking on Jordan's record-breaking career and celebrating his rightful place in the Basketball Hall of Fame. Jewel points to its longstanding corporate practice of commending local community groups on notable achievements, giving as examples two public-service ads celebrating the work of Chicago's Hispanocare and South Side Community Services. The suggestion seems to be that the Jordan ad belongs in this "civic booster" category: A praise-worthy "fellow Chicagoan" was receiving an important honor, and Jewel took the opportunity to join in the applause.
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> But considered in context, and without the rose-colored glasses, Jewel's ad has an unmistakable commercial function: enhancing the Jewel–Osco brand in the minds of consumers. This commercial message is implicit but easily inferred, and is the dominant one.[2275]

The court therefore reversed the district court's First Amendment analysis and remanded the action for consideration of the merits of Jordan's false endorsement claim.[2276]

A federal district court rejecting a claim to First Amendment protection had before it a challenge by The Ohio State University to the sale by a pair of defendants of T-shirts bearing counterfeit and infringing imitations of the University's marks, as well as the name and likeness of the University's head football coach.[2277] Despite the presence on some of the defendants' T-shirts of images of marijuana leafs, the court found that there was no material dispute that the defendants' uses of the University's marks were not protected parodies. As the court explained in granting the University's motion for summary judgment, "context matters."[2278] Specifically:

> [A]n allegation of parody is but one consideration to be considered in the larger context of possible infringement. The evidence here does not in turn suggest that Defendants are seeking to be ironic commentators on academia or college athletic culture; the only evidence before this Court is that Defendants are trying to make a buck by appropriating marks for commercial use.[2279]

The court found equally meritless what it described as the defendants' "larger point that the purchase of their wares is to express fan identification with and support for The Ohio State University, so that the individual marks employed are

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2275. *Id.* at 517-18.

2276. *Id.* at 522.

2277. *See* Ohio State Univ. v. Skreened Ltd., 16 F. Supp. 3d 905 (S.D. Ohio 2014).

2278. *Id.* at 917.

2279. *Id.* at 917-18.

inconsequential means to that end."[2280] This argument, the court held, did not necessarily help the defendants "because it is the marks that create the identification and demonstration of support. In other words, the marks are not used to describe Defendants' products, but to embody Defendants' products with meaning that trades on the goodwill and promotion that Plaintiff has and licenses out for profit."[2281]

Not all athletes were as successful before district courts when it came to the First Amendment, however, and, indeed, one court dismissed at the pleadings stage a claim that the defendants had violated the plaintiff's common-law right of publicity.[2282] Accepting the facts in the plaintiff's complaint as true, the court noted that they established that the plaintiff was "a highly successful professional wrestler," who "has worked under the name and persona '"Pretty Boy" Doug Somers,' and . . . has invested years of his life developing and maintaining this persona."[2283] The gravamen of the plaintiff's complaint was that the defendants, led by the World Wrestling Entertainment (WWE), had posted on their websites fictional narratives about the plaintiff, a representative example of which read, "[i]n 1986, Rose [a third-party wrestler] returned to Minneapolis, and . . . he and his tag team partner Pretty Boy Doug Somers had an intense rivalry against the young, upstart team of Shawn Michaels and Marty Jannetty, then known as The Midnight Rockers."[2284]

After concluding that the plaintiff was a public figure for purposes of the First Amendment,[2285] the court held that he had failed to state a claim upon which relief could be granted. "The right to publicity," it noted, "is in tension with freedoms of speech and the press guaranteed by the First Amendment to the U.S. Constitution as well as Georgia's state constitution";[2286] as a consequence, "to carefully balance these rights against the right of publicity, the Georgia courts have adopted a 'newsworthiness' exception to the right of publicity."[2287] The applicability of that exception turned on three factors, namely: "(1) 'the depth of the intrusion into the plaintiffs [sic] private affairs'; (2) 'the extent to which the plaintiff voluntarily pushed himself into a position of

2280. *Id.* at 918.

2281. *Id.*

2282. *See* Somerson v. World Wrestling Entm't, Inc., 956 F. Supp. 2d 1360 (N.D. Ga. 2013).

2283. *Id.* at 1364.

2284. *Quoted in id.* at 1365.

2285. *Id.* at 1366.

2286. *Id.*

2287. *Id.*

public notoriety'; and (3) 'whether the information is a matter of public record.'"[2288]

The court held that each of the factors weighed in the defendants' favor. "Under the first and third factors, the information on the websites does not intrude into plaintiff's private affairs and is a matter of public record. The information is essentially a timeline of plaintiff's wrestling activities."[2289] Beyond that, "[t]he second factor—the extent to which the plaintiff voluntarily pushed himself into a position of public notoriety—weighs against plaintiff," because "[p]laintiff voluntarily pushed himself into a position of public notoriety by investing years of his life in developing and maintaining the 'Pretty Boy' persona. Thus, the facts about the wrestling activities of 'Pretty Boy' Doug Somers are part of plaintiff's public image and matters of public interest."[2290]

The plaintiff's last-gasp argument that the commercial nature of the defendants' uses precluded their eligibility for the newsworthiness exception similarly failed:

> After a review of the websites alleged in plaintiff's amended complaint, the Court finds that WWE's use of plaintiffs [sic] identity is not for a commercial transaction or a commercial use. WWE is not using plaintiff's identity to advertise WWE's goods or services or in connection with such goods and services. With regard to the websites, plaintiff has not alleged that WWE has placed his identity on merchandise. Plaintiff's identity is not being used to sell a product in an advertisement, but instead, is referred to as part of the historical events of professional wrestling.[2291]

Dismissal therefore was appropriate because "[t]here is no link between plaintiff and a product, so as to attract the public's attention to the product and give WWE a commercial advantage through the use of the plaintiff's identity."[2292]

Of course, some right-of-publicity cases presenting disputes over the scope of the First Amendment did not involve professional athletes. As is perhaps fitting in light of its origin in California state-court case law, the transformative use doctrine played a significant role in the disposition by a panel of the California Court of Appeal of a right-of-publicity claim.[2293] The plaintiff advancing that claim was Rick Ross, the former principal of a "vast cocaine-

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2288. *Id.* at 1367 (quoting Toffoloni v. LFP Publ'g Grp., 572 F.3d 1201, 1208 n.2 (11th Cir. 2009)) (internal quotation marks omitted).

2289. *Id.*

2290. *Id.*

2291. *Id.* at 1369.

2292. *Id.* at 1371.

2293. *See* Ross v. Roberts, 166 Cal. Rptr. 3d 359 (Ct. App. 2013).

dealing enterprise," who also had played "a peripheral role in the Iran-Contra scandal."[2294] The source of Ross's ire was a professional rap musician who used the stage name Rick Ross and whose lyrics, the court found, "frequently include fictional stories about running large-scale cocaine operations."[2295] According to Ross, the defendant's moniker violated his statutory right of publicity, but Ross could not fend off the defendant's motion for summary judgment. In affirming the grant of that motion, the court held that "[a]pplying the transformative test to the facts of this case, we find that the First Amendment provides a complete defense to all of [the] plaintiff's claims."[2296] In particular, the court determined:

> [The defendant] created a celebrity identity, using the name Rick Ross, of a cocaine kingpin turned rapper. He was not simply an imposter seeking to profit solely off the name and reputation of Rick Ross. Rather, he made music out of fictional tales of dealing drugs and other exploits—some of which related to the plaintiff. Using the name and certain details of an infamous criminal's life as basic elements, he created original artistic works.[2297]

Because "[the defendant's] work clearly added new expression," summary judgment in his favor had been appropriate.[2298]

A case appealed to the Ninth Circuit addressed the relationship between the First Amendment and California right-of-publicity doctrine outside the context of artistic works.[2299] That case originated in the defendants' broadcast of a documentary television series on gang-related prison violence in which the identity of the plaintiff, a former gang member, was allegedly disclosed despite earlier commitments by the defendants that it would not be. Moving to dismiss the plaintiff's right-of-publicity cause of action, the defendants initially had no better luck invoking the California anti-SLAPP statute than had Electronic Arts and the NCAA, but their luck changed on appeal. The Ninth Circuit began its review of the district court's denial of the defendants' motion to dismiss by holding that "Plaintiff's claims are based on Defendants' acts of interviewing Plaintiff for a documentary television show and broadcasting that interview. These acts were in furtherance of Defendants' right of free speech."[2300] It then concluded both that the general topics of the

2294. *Id.* at 363.

2295. *Id.*

2296. *Id.* at 367.

2297. *Id.* 368.

2298. *Id.*

2299. *See* Doe v. Gangland Prods., Inc., 730 F.3d 946 (9th Cir. 2013).

2300. *Id.* at 953.

defendants' documentary were issues of public interest and that the defendants were not required to demonstrate an independent public interest in the plaintiff's identity.[2301] Finally, the defendants were eligible for a statutory exception to the plaintiff's statutory right-of-publicity cause of action because their documentary qualified as either (or both) news or commentary on public affairs.[2302] With the plaintiff unable to demonstrate a reasonable probability of success on the merits of his right-of-publicity claim, the defendants were properly entitled to the protection of the anti-SLAPP statute.[2303]

The Ninth Circuit was not the only appellate court to address the scope of an anti-SLAPP statute over the past year,[2304] and, indeed, the Fifth Circuit had the opportunity to do so as well.[2305] The statute addressed by the Fifth Circuit was the Texas Citizen's Participation Act (TCPA),[2306] and it came into play in an action brought by a dental practice against a group of attorneys and their law firm based on their alleged acts of defamation, business disparagement, and "trade name and service mark dissolution."[2307] The gravamen of the plaintiffs' claim was that "[a]s part of [a promotional] campaign, [the defendants] ran television, radio, and internet advertisements, and developed a website that strongly implied, or even accused, [the plaintiffs] of performing unnecessary, and at times harmful, dental work on children to obtain government reimbursements."[2308] In response to the plaintiffs' complaint, the defendants sought the protection of the TCPA, which, as summarized by the court, provided that "[i]f a legal action is based on, relates to, or is in response to a party's exercise of the right of free speech, right to petition, or right of association, that party may file a motion to dismiss the legal action."[2309]

The court had little trouble affirming the district court's conclusion that the TCPA was unavailable. The problem for the defendants was that the TCPA did not apply to any legal action "brought against a person primarily engaged in the business of

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2301. *Id.* at 955.

2302. *Id.* at 961.

2303. *Id.*

2304. *See, e.g.*, Roger Cleveland Golf Co. v. Krane & Smith, APC, 170 Cal. Rptr. 431, 448-52 (Ct. App. 2014) (applying California anti-SLAPP statute to affirm dismissal of malicious prosecution action brought by prevailing party in earlier trademark infringement litigation between the parties).

2305. *See* NCDR, L.L.C. v. Mauze & Bagby, P.L.L.C., 745 F.3d 742 (5th Cir. 2014).

2306. Tex. Civ. Prac. & Rem. Code Ann. §§ 27.001-27.011 (West 2008).

2307. *Quoted in NCDR, L.L.C.*, 745 F.3d at 746.

2308. *Id.* at 745.

2309. *Id.* at 746.

selling or leasing goods or services, if the statement or conduct arises out of the sale or lease of goods, services, . . . or a commercial transaction in which the intended audience is an actual or potential buyer or customer."[2310] Applying this language, the court determined that "the language in [the law firm's] ads and website arose directly from the solicitation of the services it provides. The solicitation of a service or good is inherent in the sale of the service."[2311] The court's subsequent conclusion that "[the law firm's] intended audience is its potential customers—potential legal clients,"[2312] proved fatal for defendants: "[The firm's] ads and other client solicitation[s] are exempted from the TCPA's protection because [the firm's] speech arose from the sale of services where the intended audience was an actual or a potential customer."[2313]

Another notable rejection of a claim to First Amendment protection came in a declaratory judgment action brought against the NAACP by a nonprofit organization purporting to "educat[e] the public about social issues from a Christian perspective" and its founder;[2314] in response to the suit, the NAACP advanced likelihood-of-confusion-based claims for infringement and unfair competition based on three news articles by the counterclaim defendants critiquing the NAACP's position and using the phrase "National Association for the Abortion of Colored People."[2315] A key to the NAACP's victory was the court's determination that "[t]he NAACP has no formal or official position or policy regarding abortion because such a position may create problems within its diverse membership and constituency, who embrace a wide range of views on the controversial issue of abortion."[2316] Having found that the counterclaim defendants' conduct created a likelihood of confusion,[2317] the court concluded that their articles lacked "elements of a successful parody [that might] undermine a finding of a likelihood of confusion, including jokes, mockery, irrelevance, critique on seller or buyer, and presence of other parodied goods and services."[2318] The near-identity of the counterclaim defendants' use to the NAACP's mark played a role in that conclusion,[2319] as did the court's finding that "'National Association for the Abortion

2310. Tex. Civ. Prac. & Rem. Code Ann. § 27.010(b) (West 2008).

2311. *NCDR*, 745 F.3d at 754.

2312. *Id.* at 755.

2313. *Id.*

2314. *See* Radiance Found. v. NAACP, 25 F. Supp. 3d 865, 871 (E.D. Va. 2014).

2315. *Id.*

2316. *Id.* at 873.

2317. *Id.* at 878-79, 885-90.

2318. *Id.* at 891.

2319. *Id.* at 892.

of Colored People' appears to be the name of a real organization."[2320] Most importantly, however:

> "National Association for the Abortion of Colored People" does not clearly convey two simultaneous and contradictory messages — that it is the NAACP, but also that it is not the NAACP. The [third of the counterclaim defendants' three articles] does not attempt to convey that it is the original organization because it did not poke fun, imitate or mock the NAACP. To the extent articulable elements of ridicule, joking or amusement exist, they are difficult to ascertain. Instead, the article implies that "NAACP" stands for "National Association for the Abortion of Colored People" without satire or irreverent representation. The article simply criticizes the NAACP without pretending to be the NAACP.
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> Furthermore, even if the [article's] title itself is assumed to be a parody, a likelihood of confusion nonetheless exists because Internet users looking for webpages related to or sponsored by the NAACP may initially encounter [the counterclaim defendants'] website and article by mistake upon entering "NAACP" into a Google search.[2321]

Finally, one court rejected a claim to First Amendment protection in a false-advertising dispute.[2322] Having been found liable for disseminating literally false statements that the plaintiff's goods were harmful to human health because of their chemical characteristics, the defendants argued that the statements were consistent with the conclusions of a peer-reviewed scientific article. Whatever constitutional protection might have attached to the article, the court concluded, it did not reach the defendants' conduct:

> [Plaintiff] did not sue Defendants over [the] scientific paper, which was . . . published in a peer-reviewed scientific journal. Instead, [Plaintiffs'] false advertising claims are based on non-scientific materials, such as an advertising brochure, press releases, and Defendants' website, none of which included the full context of the scientific paper, and some of which pre-dated the publication of [the] paper. The "scientific debate" in this case moved from the pages of academic journals to commercial advertisements targeted at consumers.[2323]

2320. *Id.*

2321. *Id.* at 892-93.

2322. *See* Eastman Chem. Co. v. Plastipure, Inc., 969 F. Supp. 2d 756 (W.D. Tex. 2013), *aff'd*, 775 F.3d 230 (5th Cir. 2014).

2323. *Id.* at 761 (footnote omitted). The court elaborated on this point in another part of its opinion:

3. The Due Process Clause and the Full Faith and Credit Clause

A dispute over the post-mortem rights to musician Jimi Hendrix's name, image, and likeness led to an unusual intersection of state unfair competition law, on the one hand, and the Constitution's Due Process and Full Faith and Credit Clauses,[2324] on the other hand.[2325] The occasion of that intersection was the enactment of the Washington Personality Rights Act (WPRA),[2326] which, inter alia, allowed the putative successor to Hendrix to assert a claim under the WPRA. As the court summarized matters, the statute was available, "notwithstanding that 1) [Hendrix] died in 1970, before Washington . . . enacted the WPRA; 2) he was domiciled in New York at the time of his death; and 3) New York does not recognize a post-mortem right of publicity that would survive Jimi Hendrix's death and descend to his heir."[2327]

The district court granted a defense motion for summary judgment after determining that the WPRA violated both the Due Process Clause and the Full Faith and Credit Clauses, but the Ninth Circuit concluded otherwise on appeal. The appellate court acknowledged that "Washington's approach to post-mortem personality rights raises difficult questions regarding whether another state must recognize the broad personality rights that Washington provides."[2328] At the same time, though, and unlike the district court, it also determined that "the limited controversy before us . . . involves only [the plaintiff's] interference with the sale in Washington of [defendants]-licensed, unofficial but non-infringing goods bearing Hendrix's likeness, as well as [the defendants'] 'reasonable apprehension' that [the plaintiff] will attempt to stop such targeted sales in Washington in the future."[2329] Under these circumstances, "Washington has

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> This lawsuit is not about [the] scientific paper. It is about statements made in commercial advertisements or promotions, not statements made in a peer-reviewed journal. It is about statements made to consumers, not scientists. It is about statements 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.

Id. at 764.

2324. U.S. Const. amend. XIV; U.S. Const., art. IV, § 1.

2325. *See* Experience Hendrix L.L.C. v. Hendrixlicensing.com Ltd., 762 F.3d 829 (9th Cir. 2014).

2326. Wash. Rev. Code Ann. §§ 63.60.010-63.60.080 (West 2012).

2327. *Experience Hendrix*, 762 F.3d at 835.

2328. *Id.* at 836.

2329. *Id.*

sufficiently significant contacts with the actual, non-speculative controversy at issue here, which involves the loss of sales in Washington of [defendants]-licensed goods."[2330] "[T]hese contacts," the court concluded, "are sufficient to give Washington an interest in applying its own law in this controversy," which in turn meant that "it is not arbitrary or unfair to apply the WPRA here."[2331]

4. The Dormant Commerce Clause

The Commerce Clause of the Constitution gives Congress plenary power to "regulate Commerce with foreign Nations, and among the several States, and with the Indian tribes,"[2332] and it has long been recognized that this plenary power limits the states' ability to impose significant burdens on interstate commerce through the operation of the unwritten Dormant Commerce Clause.[2333] Reviewing a district court's conclusion that the attempted nationwide enforcement of a Washington state-law cause of action[2334] would violate the Dormant Commerce Clause, the Ninth Circuit reached the contrary conclusion. Because only the defendant's sales of allegedly unlawful goods in Washington were at stake, the appellate court concluded that "the limited, non-speculative controversy at issue here[] does not affect transactions occurring wholly outside Washington."[2335] As a consequence, allowing the plaintiff to proceed with its state-law cause of action would not impermissibly burden interstate commerce.[2336]

D. Procedural Matters

1. Standing

a. Opinions Finding Standing

Longstanding disagreement among the federal circuit courts of appeal on the requirements for standing to bring a false-advertising claim under Section 43(a) led the Supreme Court to intervene in *Lexmark International, Inc. v. Static Control Components, Inc.*[2337] The counterclaim defendant in the action, Lexmark, sold laser printers and toner cartridges compatible with those printers. To discourage the refilling of its cartridges by

2330. *Id.*

2331. *Id.*

2332. U.S. Const., art. I, § 8, cl. 3.

2333. *See generally* Maine v. Taylor, 477 U.S. 131, 138, (1986); Philadelphia v. New Jersey, 437 U.S. 617, 624 (1978).

2334. Wash. Rev. Code Ann. §§ 63.60.010-63.60.080 (West 2012).

2335. *Experience Hendrix*, 762 F.3d at 837.

2336. *Id.*

2337. 134 S. Ct. 1377 (2014).

parties other than itself, Lexmark equipped them with a chip that disabled the cartridges unless Lexmark replaced the chip. The counterclaim plaintiff, Static Control, did not compete directly with Lexmark; rather, it produced replacement computer chips to be used by third-party refillers of Lexmark's cartridges. Static Control asserted two bases of a counterclaim for false advertising under Section 43(a): (1) Lexmark had misled end users of Lexmark-produced cartridges into believing that they were required to return the cartridges to Lexmark after a single use; and (2) Lexmark had sent letters to the trade representing that both the resale of its cartridges and the use of Static Control's chips was illegal. The district court dismissed Static Control's counterclaim for want of prudential standing, but the Sixth Circuit reversed, holding that Static Control had established its standing by alleging a cognizable "reasonable interest" in its business reputation and sales and harm to that interest arising from Lexmark's false statements.

Accepting the case for review, the Supreme Court took a dim view of the use by the Third, Fifth, Eighth, and Eleventh Circuits of the prudential standing doctrine to limit the category of plaintiffs afforded protection under Section 43(a):[2338] "Just as a court cannot apply its independent policy judgment to recognize a cause of action that Congress has denied, it cannot limit a cause of action that Congress has created merely because 'prudence' dictates."[2339] The Court also disapproved of the rule extant in the Seventh, Ninth, and Tenth Circuits that direct competition between the parties was a prerequisite for standing.[2340] This did not, however, mean that all potential plaintiffs enjoyed standing under the statute, because consumers clearly did not do so.[2341] It

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2338. *See* Phoenix of Broward, Inc. v. McDonald's Corp., 489 F.3d 1156, 1162-64 (11th Cir. 2007); Procter & Gamble Co. v. Amway Corp., 242 F.3d 539, 562-63 (5th Cir. 2001); Conte Bros. Auto., Inc. v. Quaker State-Slick 50, Inc., 165 F.3d 221, 223-24 (3d Cir. 1998); Gilbert/Robinson, Inc. v. Carrie Beverage-Mo., Inc., 989 F.2d 985, 990-91 (8th Cir. 1993).

For examples of pre-*Lexmark* applications of now-defunct prudential standing doctrine to dismiss claims of false advertising over the past year, compare *Nature's Products, Inc. v. Natrol, Inc.*, 990 F. Supp. 2d 1307, 1323 (S.D. Fla. 2013) (finding no prudential standing) and *FieldTurf USA Inc. v. TenCate Thiolon Middle East, LLC*, 945 F. Supp. 2d 1379, 1387-89 (N.D. Ga. 2013) (same) with *Eastman Chemical Co. v. Plastipure, Inc.*, 969 F. Supp. 2d 756, 765-66 (W.D. Tex. 2013) (finding prudential standing), *aff'd*, 775 F.3d 230 (5th Cir. 2014) and MedImport S.R.L. v. Cabreja, 929 F. Supp. 2d 1302, 1313-15 (S.D. Fla. 2013) (same).

2339. *Lexmark,* 134 S. Ct. at 1388 (citation omitted).

2340. *See* Stanfield v. Osborne Indus., 52 F.3d 867, 873 (10th Cir. 1995); L.S. Heath & Son v. AT & T Info. Sys., Inc., 9 F.3d 561, 565 (7th Cir. 1993); Waits v. Frito-Lay, Inc., 978 F.2d 1093, 1108-09 (9th Cir. 1992).

2341. *Lexmark*, 134 S. Ct. at 1390. As the Court noted in rejecting this approach:

> [T]he direct-competitor test provides a bright-line rule; but it does so at the expense of distorting the statutory language. To be sure, a plaintiff who does not compete with the defendant will often have a harder time establishing proximate causation. But a

also did not mean that the Court was convinced by the Sixth Circuit's "reasonable interest" test for standing, which the Court concluded suffered from "substantial" theoretical difficulties.[2342]

Rather, the Court ultimately held that "a plaintiff suing under [Section 43(a)] ordinarily must show economic or reputational injury flowing directly from the deception wrought by the defendant's advertising; and . . . that [economic or reputational injury] occurs when deception of consumers causes them to withhold trade from the plaintiff";[2343] consequently, "a direct application of the zone-of-interests test and the proximate-cause requirement supplies the relevant limits on who may sue."[2344] In the case at hand, there were two reasons why Static Control had standing to bring its Section 43(a) claim:

> To begin, Static Control's alleged injuries—lost sales and damage to its business reputation—are injuries to precisely the sorts of commercial interests the Act protects. Static Control is suing not as a deceived consumer, but as a "perso[n] engaged in" "commerce within the control of Congress" whose position in the marketplace has been damaged by Lexmark's false advertising. There is no doubt that it is within the zone of interests protected by the statute.
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> Static Control also sufficiently alleged that its injuries were proximately caused by Lexmark's misrepresentations. This case, it is true, does not present the "classic Lanham Act false-advertising claim" in which "'one competito[r] directly injur[es] another by making false statements about his own goods [or the competitor's goods] and thus inducing customers to switch.'" But although diversion of sales to a direct competitor may be the paradigmatic direct injury from false advertising, it is not the only type of injury cognizable under [Section 43(a)].[2345]

> rule categorically prohibiting all suits by competitors would read too much into the Act's reference to "unfair competition" in [Section 43(a)]. By the time the Lanham Act was adopted, the common-law tort of unfair competition was understood not to be limited to actions between competitors. . . . It is thus a mistake to infer that because the Lanham Act treats false advertising as a form of unfair competition, it can protect *only* the false-advertiser's direct competitors.

Id. at 1392.

2342. *Id.* at 1393.

2343. *Id.* at 1391.

2344. *Id.*

2345. *Id.* at 1393 (alterations in original) (quoting 15 U.S.C. 1125(a); Harold H. Huggins Realty, Inc. v. FNC, Inc., 634 F.3d 787, 799 n.24 (5th Cir. 2011)).

> With respect to the issue of proximate cause, the Court observed that:
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> Static Control alleged that Lexmark disparaged its business and products by asserting that Static Control's business was illegal. When a defendant harms a plaintiff's reputation by casting aspersions on its business, the plaintiff's injury flows directly

Static Control's cause of action therefore was allowed to proceed past the pleadings stage, although, as the Court noted, "Static Control . . . cannot obtain relief without *evidence* of injury proximately caused by Lexmark's alleged misrepresentations. We hold only that Static Control is entitled to a chance to prove its case."[2346] The requirement of direct competition between the parties to a Section 43(a) action therefore fell by the wayside.[2347]

Claims of standing to bring infringement (as opposed to false-advertising) actions were addressed infrequently in reported opinions.[2348] Indeed, the most substantive discussion of the issue occurred in an opinion that focused less on the issue of the plaintiff's standing itself than it did on the related question of whether, as a licensee, the plaintiff had the obligation to join its

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> from the audience's belief in the disparaging statements. Courts have therefore afforded relief under [Section 43(a)] not only where a defendant denigrates a plaintiff's product by name, but also where the defendant damages the product's reputation by, for example, equating it with an inferior product. Traditional proximate-causation principles support those results: . . . [A] defendant who seeks to promote his own interests by telling a known falsehood to *or about* the plaintiff *or his product* may be said to have proximately caused the plaintiff's harm.
>
> The District Court emphasized that Lexmark and Static Control are not direct competitors. But when a party claims reputational injury from disparagement, competition is not required for proximate cause; and that is true even if the defendant's aim was to harm its immediate competitors, and the plaintiff merely suffered collateral damage. Consider two rival carmakers who purchase airbags for their cars from different third-party manufacturers. If the first carmaker, hoping to divert sales from the second, falsely proclaims that the airbags used by the second carmaker are defective, both the second carmaker and its airbag supplier may suffer reputational injury, and their sales may decline as a result. In those circumstances, there is no reason to regard either party's injury as derivative of the other's; each is directly and independently harmed by the attack on its merchandise.
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> In addition, Static Control adequately alleged proximate causation by alleging that it designed, manufactured, and sold microchips that both (1) were necessary for, and (2) had no other use than, refurbishing Lexmark toner cartridges. It follows from that allegation that any false advertising that reduced the remanufacturers' business necessarily injured Static Control as well. Taking Static Control's assertions at face value, there is likely to be something very close to a 1:1 relationship between the number of refurbished . . . cartridges sold (or not sold) by the remanufacturers and the number of . . . microchips sold (or not sold) by Static Control. Where the injury alleged is so integral an aspect of the violation alleged, there can be no question that proximate cause is satisfied.

Id. at 1393-94 (alteration omitted) (footnote omitted) (citations omitted) (internal quotation marks omitted).

2346. *Id.* at 1395.

2347. For an example of an opinion anticipating the Supreme Court's holding in *Lexmark*, see *Animal Legal Defense Fund v. HVFG LLC*, 939 F. Supp. 2d 992, 997-1001 (N.D. Cal. 2013) (holding nonprofit animal rights organization had both constitutional and statutory standing to challenge foie gras producer's advertising of its product as "the humane choice").

2348. *See, e.g.*, MPC Franchise, LLC v. Tarntino, 19 F. Supp. 3d 456, 476-77 (W.D.N.Y. 2014) (recognizing, in cursory analysis, standing of nonexclusive licensees to bring Section 43(a) cause of action to protect licensed mark).

licensor as another plaintiff in the litigation.[2349] En route to answering that question negatively, the court observed that "[a]n exclusive licensee may have a property interest in the trademark and standing to enforce it."[2350] Still, however, it granted the defendants' motion to dismiss the plaintiff's Section 43(a) cause of action with leave to file an amended complaint that either averred the plaintiff was "an assignee, or the legal equivalent of an assignee of the trademark," or, alternatively, joined the licensor as a party.[2351] The plaintiff's claims for likely dilution under federal and Florida law suffered the same fate.[2352]

Of course, when the plaintiff is the record owner of registrations covering its claimed marks, resolution of the standing issue is considerably easier. In one case demonstrating this point, DC Comics confronted the imitation of a number of marks related to the fictional Batman character by a defendant who produced and sold replica vehicles based on versions of the Batmobile.[2353] At the time it filed its complaint, DC owned numerous registrations of its marks, but none that covered automobiles or the custom manufacturing of automobiles. According to the defendant, these gaps precluded DC from having standing to challenge its conduct. The court quite properly rejected this contention, holding instead on DC's motion for summary judgment that:

> Plaintiff only needs to demonstrate that it is the registered owner of a mark for any class of products, even one that does not compete directly with Defendant's products. "The question of whether the products on which the allegedly infringing mark appears are sufficiently related to goods sold by the plaintiff such that the defendant's actions qualify as infringement is, by contrast, a merits question."[2354]

Finally, one opinion recognizing the standing of a pair of plaintiffs to assert a claim to an unregistered mark turned more on a procedural, rather than a substantive, issue.[2355] It arose in the context of a motion to dismiss the plaintiffs' complaint for failure to state a claim, which the defendants supported with a letter agreement between the plaintiffs and a third party that the defendants argued was the real owner of the mark at issue. Unfortunately for the defendants, the letter agreement was

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2349. *See* Aceto Corp. v. TherapeuticsMD, Inc., 953 F. Supp. 2d 1269 (S.D. Fla. 2013).

2350. *Id.* at 1279.

2351. *Id.* at 1284.

2352. *Id.* at 1285.

2353. *See* DC Comics v. Towle, 989 F. Supp. 2d 948 (C.D. Cal. 2013).

2354. *Id.* at 956 (citation omitted) (quoting Halicki Films, LLC v. Sanderson Sales & Mktg., 547 F.3d 1213, 1225–26 (9th Cir. 2008)).

2355. *See* Kaplan, Inc. v. Yun, 16 F. Supp. 3d 341 (S.D.N.Y. 2014).

neither attached to the plaintiffs' complaint nor had the plaintiffs "heavily relied" on it when pleading their claims.[2356] This meant that, under Rule 12(d) of the Federal Rules of Civil Procedure,[2357] "without converting the present motion into one for summary judgment, which the Court has declined to do, the Court cannot consider the letter agreement in adjudicating this motion to dismiss."[2358] The plaintiffs' claim of standing therefore withstood scrutiny.

b. Opinions Declining to Find Standing

On its face, the private cause of action for infringement under Section 32 of the Lanham Act is available only to a plaintiff that is a "registrant."[2359] Nevertheless, Section 45 complicates the issue of standing under Section 32 by providing that "[t]he term[] 'registrant' embrace[s] the legal representatives, predecessors, successors and assigns of such . . . registrant."[2360] Two federal appellate opinions sought to clarify the meaning of "assigns" in the latter statute.

The first opinion came from the Seventh Circuit.[2361] That court was faced with the issue of whether, having assigned away his rights to a registered mark, a former registrant still could claim standing to enforce rights to the mark. The former registrant argued that, because Section 45 included the language "and assigns" in its definition of "registrant," the conjunctive nature of that language meant that the former registrant's rights were not necessarily exhausted once a transaction resulted in another party becoming the record owner of the registration. The Seventh Circuit affirmed the dismissal for failure to state a claim of the former

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2356. *Id.* at 349.

2357. Fed. R. Civ. P. 12(d).

2358. *Kaplan*, 16 F. Supp. 3d at 349.

2359. Section 32(1) provides that:

> Any person who shall, without the consent of the registrant—
>
> (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or
>
> (b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,
>
> shall be liable in a civil action by the registrant for the remedies hereinafter provided.

15 U.S.C. § 1114(1) (2012).

2360. *Id.* § 1127.

2361. *See* Specht v. Google Inc., 747 F.3d 929 (7th Cir.), *cert. denied*, 135 S. Ct. 724 (2014).

registrant's Section 32 cause of action. As it explained, "the Lanham Act transfers standing to assignees, even if that party is not the registrant, to ensure that only the current owner of the mark can claim infringement."[2362]

The second opinion came from the Second Circuit in an action to protect several registered marks consisting in whole or in part of the STOLICHNAYA mark for vodka.[2363] The registrant of record was the Russian Federation, but the plaintiffs were a state-chartered entity of that country and a licensee of that entity. To establish their standing to bring an action under Section 32 as assignees of the Russian Federation, the plaintiffs introduced into evidence: (1) the lead plaintiff's charter from the Russian Federation; (2) a Russian Federation decree governing the lead plaintiff's rights to various marks; and (3) a second Russian Federation decree addressing the lead plaintiff's ability to prosecute suits in foreign courts. None of these documents proved convincing to the district court, and it therefore dismissed the plaintiffs' Section 32 cause of action—which apparently was the only one left standing after earlier orders by the district court—for want of standing.

The Second Circuit affirmed. The appellate court noted that "in none of [the lead plaintiff's] complaints has it expressly alleged that it is either an assign or a legal representative" of the registrant of record, the Russian Federation; rather, it was the plaintiffs' theory that their three proffered documents established that the lead plaintiff was the only entity with the right to use and dispose of the registered marks.[2364] Even if that allegation was true, however, the court held that it did not render the lead plaintiff an assignee of the Russian Federation's rights to the marks at issue. To begin with, the documents lacked "[a]t least two requisites . . . inherent in the concept of assignment under the Act: (1) the need for the relevant assigning document to be effected 'by instrument[ ] in writing duly executed'; and (2) the need for the assignment to transfer an ownership interest in the marks at issue."[2365] Beyond that concern, the plaintiffs' proffered documents "leave the Russian Federation with not only ownership, but simply too great an operational interest in the Marks for us to consider the Federation as having assigned the Marks to [the lead plaintiff] for purposes of the Act."[2366]

2362. *Id.* at 933.

2363. *See* Fed. Treasury Enter. Sojuzplodoimport, SPI Spirits Ltd., 726 F.3d 62 (2d Cir. 2013), *cert. denied*, 134 S. Ct. 1291 (2014).

2364. *Id.* at 73.

2365. *Id.* (alteration in original) (quoting 15 U.S.C. § 1060(a)(3) (2012)).

2366. *Id.* at 75.

The court was equally unsympathetic to the fallback argument that the lead plaintiff was an exclusive licensee of the marks and enjoyed standing for that reason:

> Congress could easily have included "licensee" or "exclusive licensee" among the terms in 15 U.S.C. § 1127 that define a "registrant." It chose instead to limit standing to parties having a more specific set of interests in the registered mark. A plaintiff therefore must show that its "license" amounts, in fact, to an assignment to establish entitlement to sue under Section 32(1). . . . [P]laintiffs' allegations fall short here. As defined by United States law, [the lead plaintiff] is not, in fact, the "assign" of the Marks, and therefore may not sue under Section 32(1) on that basis.[2367]

The court then rejected the lead plaintiffs' claim to be a "legal representative" of the Russian Federation. As to that issue, the court held that "to serve as a 'legal representative' entitled to bring suit under Section 32(1) on behalf of a trademark holder, a putative plaintiff must demonstrate *both* its legal authority to represent the owner and that the trademark owner is legally incapable of representing itself."[2368] In an application of that rule, it observed that "in neither the original nor the operative complaint did [the lead plaintiff] allege that the Russian Federation was incapable of bringing this suit on its own behalf"[2369]; worse still, "on appeal, [the lead plaintiff] appears to acknowledge that the Russian Federation *could* appear in this suit; it now argues that the District Court should have permitted the Russian Federation 'to join or be substituted into this action.'"[2370]

Finally, the court disposed of the plaintiffs' argument that the Russian Federation had ratified the lead plaintiff's assertion of rights to the disputed marks under Federal Rule of Civil Procedure 17(a). As an initial matter, the court held, "plaintiffs cannot deploy Rule 17 to bypass the standing requirement of Section 32(1), which permits only 'registrants' to bring actions for infringement of registered marks."[2371] Moreover:

> To enlarge standing in this way would extend the entitlement to sue to a new party that is otherwise unauthorized under the statute at issue to bring suit to enforce whatever rights it may claim. Indeed, it would endow [the lead plaintiff] with a right that is not now available *at all* to non-registrants under

2367. *Id.* at 78 (citations omitted).

2368. *Id.* at 82.

2369. *Id.*

2370. *Id.*

2371. *Id.* at 83.

> Section 32(1). Such a decision would amount to an improper expansion of the substantive rights provided by the Act.[2372]

The district court therefore had properly dismissed the plaintiffs' complaint at the pleadings stage.[2373]

Not surprisingly in light of the Second Circuit's suggestion that not even exclusive licensees have standing under Section 32, one New York federal district court concluded that nonexclusive licensee standing under that statute was a dead letter.[2374] The license at issue expressly authorized the licensees to enforce rights to the licensed mark in the event that the licensor declined to do so. Nevertheless, that authorization did not rise to the level of an assignment within the meaning of Section 4 because, as the court noted, the license "clearly indicates that [the licensor] retains ownership of the mark."[2375] Summary judgment in the defendant's favor therefore was appropriate on the ground that "[the licensees] do not gain statutory standing merely because [the licensor] has agreed, as part of their licensing agreement, that they can pursue this action on [the licensor's] behalf."[2376]

2. Personal Jurisdiction

An evaluation of the propriety of an exercise of personal jurisdiction over a nonresident defendant by the courts of a particular state traditionally has turned on whether: (1) the forum state's long-arm statute confers personal jurisdiction over the defendant; and (2) an exercise of jurisdiction would comport with the Due Process Clauses of the Fifth and Fourteenth Amendments.[2377] If the reach of the state long-arm statute in question is coextensive with due process, then only the constitutional analysis need take place.[2378] That analysis itself

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2372. *Id.*

2373. *Id.* at 84.

2374. *See* MPC Franchise, LLC v. Tarntino, 19 F. Supp. 3d 456 (W.D.N.Y. 2014).

2375. *Id.* at 475.

2376. *Id.* at 476.

2377. *See generally* Advanced Tactical Ordnance Sys., LLC v. Real Action Paintball, Inc., 751 F.3d 796, 800 (7th Cir. 2014); Louis Vuitton Malletier, S.A. v. Mosseri, 736 F.3d 1339, 1350 (11th Cir. 2013); RMS Titanic, Inc. v. Zaller, 978 F. Supp. 2d 1275, 1299 (N.D. Ga. 2013); Rice v. PetEdge, Inc., 975 F. Supp. 2d 1364, 1368 (N.D. Ga. 2013).

2378. *See, e.g.*, *Advanced Tactical Ordnance Sys.*, 751 F.3d at 800 (Indiana long-arm statute coextensive with due process); Wood v. Kapustin, 992 F. Supp. 2d 942, 944 (D. Minn. 2014) (Minnesota long-arm statute coextensive with due process); Match.Com LLC v. Fiesta Catering Int'l, Inc., 108 U.S.P.Q.2d 1112, 1115 (E.D. Va. 2013) (Virginia long-arm statute coextensive with due process); Gentex Corp. v. Abbott, 978 F. Supp. 2d 391, 395 (M.D. Pa. 2013) (Pennsylvania long-arm statute coextensive with due process); Goya Foods, Inc. v. Golla Oy, 959 F. Supp. 2d 206, 212-13 (D.P.R. 2013) (Puerto Rico long-arm statute coextensive with due process); Foreign Candy Co. v. Promotion in Motion, Inc., 953 F. Supp. 2d 934, 938-39 (N.D. Iowa 2013) (Iowa long-arm procedural rule coextensive with due process); Foreign Candy Co. v. Tropical Paradise, Inc., 950 F. Supp. 2d 1017, 1025 n.3 (N.D.

turns on the two factors 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 and substantial justice.[2379] There are two ways in which these standards may be satisfied:

> General personal jurisdiction is based on a defendant's substantial activity in [the forum] without regard to where the cause of action arose.
>
> On the other hand, specific personal jurisdiction authorizes jurisdiction over causes of action arising from or related to the defendant's actions within [the forum] and concerns a nonresident defendant's contacts with the forum only as those contacts relate[] to the plaintiff's cause of action.[2380]

In cases in which specific personal jurisdiction is at issue, the due process inquiry properly turns on: (1) whether the plaintiff's claims arise or relate to at least one of the defendant's contacts with the forum; (2) whether the defendant purposefully availed itself of the privilege of conducting activities within the forum state; and (3) whether the exercise of personal jurisdiction comports with traditional notions of fair play and substantial justice.[2381] "The plaintiff bears the burden of establishing the first two prongs, and if the plaintiff does so, a defendant must make a compelling case that the exercise of jurisdiction would violate traditional notions of fair play and substantial justice."[2382]

a. Opinions Exercising Personal Jurisdiction

A number of opinions exercising specific personal jurisdiction over nonresident defendants did so in part on the basis of those

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Iowa 2013) (same); Int'l Oddities v. Record, 109 U.S.P.Q.2d 1373, 1378 n.1 (C.D. Cal. 2013) (California long-arm statute coextensive with due process); PEOPLE Express Airlines, Inc. v. 200 Kelsey Assocs., 922 F. Supp. 2d 536, 544 (E.D. Va. 2013) (Virginia long-arm statute coextensive with due process); Rhapsody Solutions LLC v. Cryogenic Vessel Alternatives Inc., 106 U.S.P.Q.2d 1219, 1222 (S.D. Tex. 2013) (Texas long-arm statute coextensive with due process); *see also* Hayes v. FM Broad. Station WETT(FM), 930 F. Supp. 2d 145, 151 (D.D.C. 2013) (District of Columbia long-arm statute coextensive with due process "with limited exceptions"). *But see RMS Titanic*, 978 F. Supp. 2d at 1299 (Georgia long-arm statute not coextensive with due process); Rice v. PetEdge, Inc., 975 F. Supp. 2d 1364, 1368 n.1 (N.D. Ga. 2013) (same).

2379. *See generally Advanced Tactical Ordnance Sys.*, 751 F.3d at 800-01.

2380. *Louis Vuitton Malletier*, 736 F.3d at 1352; *see also Wood*, 992 F. Supp. 2d at 945; Vision Motor Cars, Inc. v. Valor Motor Co., 981 F. Supp. 2d 464, 473 (M.D.N.C. 2013); Rainbow Apparel Distrib. Ctr. Corp. v. Gaze U.S.A., Inc., 295 F.R.D. 18, 26 (E.D.N.Y. 2013); *Rice*, 975 F. Supp. 2d at 1368-69; *Promotion in Motion*, 953 F. Supp. 2d at 939; *Tropical Paradise*, 950 F. Supp. 2d at 1025 n.3; *Rhapsody Solutions*, 106 U.S.P.Q.2d at 1222.

2381. *Louis Vuitton Malletier*, 736 F.3d at 1352; *see also RMS Titanic*, 978 F. Supp. 2d at 1300-01; *Int'l Oddities*, 109 U.S.P.Q.2d at 1378.

2382. *Louis Vuitton Malletier*, 736 F.3d at 1355 (internal quotation marks omitted).

defendants' sales of goods or services under allegedly infringing marks in the forum jurisdiction.[2383] This traditional scenario underlay a determination that a Finnish company could be haled into federal court in Puerto Rico,[2384] although the plaintiffs also benefitted from evidence that the Finnish company also had reached out to a distributor of its goods in Puerto Rico to find out how those goods were selling[2385] and that it maintained a website accessible in the territory.[2386] Beyond these factors, the court relied on a less conventional consideration, which was that the Finnish company had filed (and then abandoned) three applications to register its mark with the Puerto Rico State Department. Concluding that the applications were "deliberate efforts to serve the Puerto Rican market,"[2387] the court concluded that the sum total of the Finnish company's activities were sufficiently related to the plaintiffs' claims,[2388] constituted a purposeful availment of the privilege of doing business in Puerto Rico,[2389] and rendered an exercise of personal jurisdiction consistent with the requirements of due process.[2390]

2383. *See, e.g.*, Match.Com LLC v. Fiesta Catering Int'l, Inc., 108 U.S.P.Q.2d 1112, 1118 (E.D. Va. 2013) (exercising specific personal jurisdiction over nonresident defendant based in part on plaintiff's showing of "8,895 paying subscribers in Virginia"); Gentex Corp. v. Abbott, 978 F. Supp. 2d 391, 397-99 (M.D. Pa. 2013) (exercising specific personal jurisdiction over nonresident defendant under Pennsylvania long-arm statute in part because "the Defendant produced records of at least seventeen (17) separate orders from Pennsylvania over the previous three years, and alluded to an unspecified number of orders prior to this period").

2384. *See* Goya Foods Inc. v. Golla Oy, 959 F. Supp. 2d 206, 210, 215 (D.P.R. 2013).

2385. *Id.* at 215. But for that contact, the court might not have accorded any significance to sales in Puerto Rico through that distributor: "To be sure, [the defendant's] placement of its products into the stream of commerce (sales to nationwide retailers, such as Best Buy or K-Mart) by itself is insufficient to constitute purposeful availment, since the unilateral actions of [the defendant's] distributors caused those products to arrive in Puerto Rico." *Id.* at 214 (citation omitted).

2386. *Id.* at 214-15. The court's treatment of the website was somewhat inconsistent. On the one hand, it found that "[the defendant's] website, by itself, is . . . insufficient to satisfy the requirements of due process." *Id.* at 214. On the other hand, however, it ultimately cited the site as evidence that an exercise of specific personal jurisdiction over the defendant was not constitutionally unfair. *Id.* at 215.

2387. *Id.*

2388. *Id.* at 213-14.

2389. *Id.* at 214-15.

2390. *Id.* at 215-17.

In a less detailed analysis, the court reached the same conclusion with respect to an United States subsidiary of the Finnish company. The subsidiary's ties to Puerto Rico were more limited and apparently consisted of the sale of goods to national distributors, who then sold them in the territory, and its provision of assistance to its corporate parent when that company filed its territorial trademark applications, and two contacts with representatives of a potential distributor. That was enough for the court, however, which denied the affiliate's motion to dismiss as well. *Id.* at 213-14, 215, 216.

The reach of the Florida long-arm statute proved too long for a defendant seeking to escape a federal suit filed in the Southern District of Florida by luxury goods manufacturer Louis Vuitton.[2391] Having initially respond to Vuitton's allegations, the defendant belatedly sought to have the resulting default judgment vacated on the ground that the district court lacked specific personal jurisdiction over him. The gravamen of Vuitton's claims was that the defendant operated a website on which goods bearing counterfeit imitations of Vuitton's registered marks were sold, and both the district court and the Eleventh Circuit, which affirmed the entry of a default judgment against the defendant, held that the defendant had failed to place his affiliation with the website in dispute.[2392] It was downhill for the defendant from there, as the Eleventh Circuit concluded as a threshold matter that the defendant had committed a tortious injury within the meaning of the state long-arm statute by selling the challenged goods in Florida.[2393] From there, the court affirmed the district court's holding that an exercise of specific personal jurisdiction did not offend the requirements of the Due Process Clause because: (1) "[the defendant's] ties to Florida all involve the advertising, selling, and distributing of alleged counterfeit and infringing Louis Vuitton goods into the state and accepting payment from Florida customers for such goods";[2394] (2) the defendant had purposefully availed himself of the privilege of doing business in Florida though his operation of an interactive website accessible from that state and his sale and distribution of goods bearing infringing marks to Florida consumers;[2395] and (3) an exercise of personal jurisdiction would comport with fair play and substantial justice in light of the defendant's failure to offer "any evidence of his finances or any other limitations on him to show that he would be burdened by having to litigate the case in Florida,"[2396] as well as Florida's "strong interest in hearing the case and protecting consumers from confusion that results from trademark infringement.[2397]

Whatever the limits of due process may be, a Georgia federal district court similarly confirmed that an exercise of specific personal jurisdiction over a defendant that has shipped goods bearing an allegedly infringing mark into a forum is unlikely to exceed those limits.[2398] In addition to those shipments, which

2391. *See* Louis Vuitton Malletier, S.A. v. Mosseri, 736 F.3d 1339 (11th Cir. 2013).

2392. *Id.* at 1351-52.

2393. *Id.* at 1352-54.

2394. *Id.* at 1356.

2395. *Id.* at 1358.

2396. *Id.*

2397. *Id.*

2398. *See* Rice v. PetEdge, Inc., 975 F. Supp. 2d 1364 (N.D. Ga. 2013).

represented "between 1 and 2%" of the defendant's sales during the previous five years,[2399] the defendant in question also operated an interactive website accessible in Georgia. Rejecting the defendant's argument that its website was not targeted toward Georgia residents, the court observed that:

> If defendant wished to avoid litigation in Georgia, it could have organized its web site so that it wasn't selling its products in this state. Having instead opened itself up for business in Georgia through its website, defendant cannot now argue that its low level of sales or lack of ads in the state negates purposeful availment of the state's benefits and privileges. . . . Defendant's act of making sales through its website directly to Georgia customers more than compensates for the lack of any targeted ads or marketing.[2400]

It then held that an exercise of personal jurisdiction would be consistent with fair play and substantial justice under an application of five "fairness factors," which played out in the following manner: (1) any burden on the Massachusetts-based defendant of having to litigate the case in Georgia was balanced out by the convenience to the plaintiff of doing so;[2401] (2) "Georgia has a strong interest in protecting its citizens from the sale of products that potentially infringe their trademark rights or raise unfair competition concerns";[2402] (3) likewise, the plaintiff had "a strong interest in obtaining relief to ensure that he can maximize his ability to sell his products in Georgia";[2403] (4) "[p]resumably Georgia and Massachusetts have an equally strong interest in ensuring that commercial actors abide by their statutory and common law rules regarding trade practices";[2404] and (5) "there is no reason to believe that the litigation would be resolved more efficiently in Massachusetts than in Georgia."[2405]

A variation on this general theme occurred in a case in which an individual nonresident defendant did not himself sell goods bearing the disputed mark into the forum state of New York: Instead, a company he controlled and that used the disputed mark under his authority did so pursuant to a contract governed by New York law with the New York-based plaintiffs, whom the individual defendant also had authorized to use the mark.[2406] As a threshold

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2399. *Id.* at 1371.

2400. *Id.* at 1371-72 (citation omitted).

2401. *Id.* at 1372-73.

2402. *Id.* at 1373.

2403. *Id.*

2404. *Id.*

2405. *Id.*

2406. *See* Rainbow Apparel Distrib. Ctr. Corp. v. Gaze U.S.A., Inc., 295 F.R.D. 18 (S.D.N.Y. 2013).

matter, the court concluded that the requirements of the New York long-arm statute were satisfied because "[p]laintiffs have shown a close connection between their causes of action and [the individual defendant's company's] New York contacts, which are imputed to [the individual defendant] on an agency theory."[2407] Then, with respect to the individual defendant's constitutional argument, it held that:

> [P]laintiffs have made a prima facie showing that [the individual defendant] transacted business with New York through the acts of his putative agent, [his company]. [His company] purposefully directed itself to New York by contracting to supply goods here and by substantial shipments to New York pursuant to the contract. Plaintiffs' suit arises from these activities. Minimum contacts are achieved.[2408]

Not all exercises of personal jurisdiction were grounded in the sale by a defendant of goods bearing infringing marks in the forum state. Instead, some courts relied on the so-called "effects test" found in the Supreme Court's opinion in *Calder v. Jones*,[2409] which allows a finding that a defendant has purposefully directed its activities to the forum if the defendant has allegedly committed an intentional act aimed at the forum that causes harm the defendant knows is likely to be suffered in the forum.[2410] Thus, for example, *Calder* proved to be the downfall for an Idaho resident who had purchased A'HIA-branded smoking buds from a California-based company.[2411] When the defendant began selling competitive goods using the A'HIA mark,[2412] the plaintiff filed suit in the Central District of California and then successfully defeated the defendant's claim that he could not be haled into court in California. The defendant's case was not helped by the use on his website of a disclaimer of affiliation with the plaintiff, which demonstrated his knowledge of the plaintiff's rights and, additionally, that his violation of those rights would harm the plaintiff in California. Those circumstances shifted the burden to the defendant to prove that forcing him to defend the action in California would be constitutionally unfair, which, despite allegedly being insolvent, he was unable to do.[2413]

2407. *Id.* at 27.

2408. *Id.* at 28.

2409. 465 U.S. 783 (1984).

2410. *Id.* at 788-89.

2411. *See* Int'l Oddities v. Record, 109 U.S.P.Q.2d 1373 (C.D. Cal. 2013).

2412. In addition to using the plaintiff's mark on his own goods, the defendant also used AHIA FACTORY as a service mark and registered the *ahiabuds.com* and *ahiabud.com* domain names. *Id.* at 1379.

2413. *Id.* The court held the constitutional fair play and substantial justice inquiry to be governed by the following factors:

Finally, one opinion served up a cautionary tale of the wisdom of sending demand letters into jurisdictions in which the sender has a commercial presence.[2414] The litigation producing that opinion was a declaratory judgment action brought in Iowa by the Iowa-based recipient of just such a letter. Having responded to the letter with its lawsuit, the plaintiff successfully demonstrated that the defendant was subject to an exercise of specific personal jurisdiction. The defendant sold goods in Iowa and had one employee located there; in addition, "the business the Defendant does in Iowa is proportional to its business anywhere in the United States, based upon population."[2415] There was also the matter of the defendant's transmittal of its letter into Iowa. The court did not necessarily consider the letter to dispose of the issue,[2416] but, at the same time, "in this case, [the] Defendant sent a letter into Iowa, hoping to discourage the development and sale of [the Plaintiff's goods] in Iowa because the Defendant believed that [those goods] would conflict with its sale of [the Defendant's goods] in Iowa (and elsewhere)."[2417] Under the circumstances, "there is a significant relationship between the Defendant's contacts with Iowa and the cause of action currently before the Court. More succinctly put, but for the Defendant's actions in Iowa, this case would not exist."[2418] An exercise of specific personal jurisdiction over the defendant therefore did not violate due process requirements, especially because "Iowa has an interest in allowing an Iowa company to bring forth an action seeking to pro-actively protect a product from a trademark suit, when Iowa resources were (allegedly) used to develop the product, the product would be

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> (1) the extent of the defendant['s] purposeful injection into the forum state's affairs; (2) the burden on the defendant of defending in the forum; (3) the extent of the conflict with the sovereignty of the defendant's state; (4) the forum state's interest in adjudicating the dispute; (5) the most efficient judicial resolution of the controversy; (6) the importance of the forum to the plaintiff's interest convenient and effective relief; and (7) the existence of an alternative forum.

Id. at 1379 (quoting CollegeSource, Inc. v. AcademyOne, Inc., 653 F.3d 1066, 1079 (9th Cir. 2011)). In an application of those factors, the court acknowledged that "the burden on defendant of defending in California is not insubstantial, and that defendant's 'injection' into California's affairs is not overwhelming." *Id.* Nevertheless, it also found that "California has a strong interest in protecting the intellectual property rights of its citizens, and plaintiff has a strong interest in vindicating those rights in an expeditious fashion." *Id.*

2414. *See* Foreign Candy Co. v. Promotion in Motion, Inc., 953 F. Supp. 2d 934 (N.D. Iowa 2013).

2415. *Id.* at 940.

2416. *See id.* ("It is true that sending a cease and desist letter into the forum probably would not be a sufficient relationship to establish personal jurisdiction absent other facts.").

2417. *Id.*

2418. *Id.*

sold in Iowa (and elsewhere) and the profits would return to Iowa."[2419]

b. Opinions Declining to Exercise Personal Jurisdiction

The Seventh Circuit looked unfavorably upon an Indiana district court opinion holding an exercise of specific personal jurisdiction appropriate over a pair of nonresident defendants.[2420] The district court had identified five bases for that exercise, namely that the defendants: (1) had fulfilled several orders of goods bearing an allegedly infringing mark in Indiana; (2) were aware that the plaintiff was an Indiana company and therefore would suffer harm in that state; (3) had sent two allegedly misleading e-mail blasts to a distribution list that included Indiana residents; (4) operated an interactive website accessible to Indiana residents; and (5) added customers to their distribution list when those customers made purchases. Each, however, fell short on appeal.

To begin with, the Seventh Circuit held, "[w]hile it is true that [the defendants] fulfilled a few orders after putting [an] allegedly infringing message on its website and in emails, [the plaintiff] provides no evidence that those sales had any connection with this litigation."[2421] As the court explained, even had the plaintiff adduced that evidence, "it is unlikely that those few sales alone, without some evidence linking them to the allegedly tortious activity, would make jurisdiction proper. To hold otherwise would mean that a plaintiff could bring suit in literally any state where the defendant shipped at least one item."[2422]

The court took a similarly dim view of the theory that the defendants' actions had inflicted a personal-jurisdiction-worthy injury on the plaintiff in Indiana. That issue, the court admitted, was a "more complex" one.[2423] Nevertheless, it was unwilling to hold that the mere fact that a defendant's conduct affected a plaintiff in the plaintiff's home state was a basis for the exercise of specific personal jurisdiction over that defendant; rather, "[t]he relation between the defendant and the forum 'must arise out of contacts that the 'defendant *himself*' creates with the forum

2419. *Id.* at 940-41.

2420. *See* Advanced Tactical Ordnance Sys., LLC v. Real Action Paintball, Inc., 751 F.3d 796 (7th Cir. 2014).

2421. *Id.* at 801.

2422. *Id.* (citation omitted).

2423. *Id.* at 802.

State."[2424] Consequently, "the plaintiff cannot be the only link between the defendant and the forum."[2425]

The court next took aim at the reliance by the district court on the addresses found in the distribution list for the defendants' e-mail blasts:

> The fact that [the defendants] maintain[] an email list to allow [them] to shower past customers and other subscribers with company-related emails does not show a relation between the company and Indiana. Such a relation would be entirely fortuitous, depending wholly on activities out of the defendant's control. As a practical matter, email does not exist in any location at all; it bounces from one server to another, it starts wherever the account-holder is sitting when she clicks the "send" button, and it winds up wherever the recipient happens to be at that instant. The connection between the place where an email is opened and a lawsuit is entirely fortuitous. We note as well that it is exceedingly common in today's world for a company to allow consumers to sign up for an email list. We are not prepared to hold that this alone demonstrates that a defendant made a substantial connection to each state (or country) associated with those persons' "snail mail" addresses. It may be different if there were evidence that a defendant in some way targeted residents of a specific state, perhaps through geographically-restricted online ads. But in such a case the focus would not be on the users who signed up, but instead on the deliberate actions by the defendant to target or direct itself toward the forum state. [The plaintiff] introduced no such evidence in the district court and makes no such argument on appeal.[2426]

Finally, the court proved unwilling to allow the putatively interactive nature of the defendants' website to alter its decision to reverse the district court's exercise of personal jurisdiction over the defendants, concluding that "[t]he interactivity of a website is . . . a poor proxy for adequate in-state contacts."[2427] This was because "the operation of an interactive website does not show that the *defendant* has formed a contact with the forum state. And, without the defendant's creating a sufficient connection (or 'minimum contacts') with the forum state itself, personal jurisdiction is not proper."[2428] As the court concluded, "[h]aving an 'interactive website' (which hardly rules out anything in 2014) should not open

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2424. *Id.* at 802 (quoting Walden v. Fiore, 134 S. Ct. 1115, 1118 (2014) (quoting Burger King Corp. v. Rudzewicz, 471 U.S. 462, 475 (1985))).

2425. *Id.* (quoting *Walden*, 134 S. Ct. at 1122) (internal quotation marks omitted).

2426. *Id.* at 803 (citations omitted).

2427. *Id.*

2428. *Id.*

a defendant up to personal jurisdiction in every spot on the planet where that interactive website is accessible. To hold otherwise would offend traditional notions of fair play and substantial justice."[2429]

Consistent with that outcome, the accessibility of a nonresident's website in a particular forum typically was an insufficient basis for an exercise of specific personal jurisdiction.[2430] This was particularly true with respect to a reasonably non-interactive site that failed to get the job in litigation brought in a Minnesota federal district court.[2431] The plaintiff was an attorney, who, having set up a website to collect information on the defendants in connection with an otherwise unrelated proceeding, found herself targeted by a similar website accessible at domain names based on her personal name.[2432] The website featured the address and the logo of the plaintiff's practice and invited visitors to "investigate" the plaintiff's "Blackmailer Lawyers" by submitting comments to an e-mail address incorporating her name.[2433] Although initially entering a preliminary injunction, the court subsequently granted a motion to dismiss filed by the defendants, who were nonresident Russian nationals. The court was unconvinced that the ability of visitors to submit information concerning the plaintiff through the website in question rendered the website sufficiently interactive to warrant haling the defendants into court in Minnesota; rather, it found, "[f]or a website to trigger personal jurisdiction . . . , a higher degree of interactivity is required."[2434] It then rejected the plaintiff's reliance on the *Calder* "effects" after concluding that the defendants' alleged comments concerning the plaintiff and the inclusion of her Minnesota address on the site were "not uniquely or expressly aimed" at Minnesota.[2435] The plaintiff's complaint therefore was dismissed without prejudice to allow her to refile it in a more appropriate forum.[2436]

2429. *Id.* (internal quotation marks omitted).

2430. *See, e.g.*, Hayes v. FM Broad. Station WETT(FM), 930 F. Supp. 2d 145, 151 (D.D.C. 2013) ("The theory that 'mere accessibility of the defendants' websites establishes the necessary 'minimum contacts' with this forum . . . simply cannot hold water' because 'under this view, personal jurisdiction in Internet-related cases would almost always be found in any forum in the country.'" (alteration in original) (quoting GTE New Media Servs. Inc. v. BellSouth Corp., 199 F.3d 1343, 1349 (D.C. Cir. 2000))).

2431. *See* Wood v. Kapustin, 992 F. Supp. 2d 942 (D. Minn. 2014).

2432. The plaintiff practiced under the name Nadia Wood. One of the defendants had registered the domain names *nadiawoodblackmailer.com* and *nadiawoodlaw.com*, both of which redirected to the anonymously registered address *nadiawood.net*. *Id.* at 944.

2433. *Quoted in id.*

2434. *Id.* at 945.

2435. *Id.* at 946 (internal quotation marks omitted).

2436. *Id.*

Proffered *Calder*-style analyses failed to bear fruit in other cases as well,[2437] included one lodged in federal court in North Carolina.[2438] The North Carolina-based plaintiff got off to a bad start when the court found that none of the defendants was domiciled in that state or had any personal or commercial presence there; as a consequence, the plaintiff was forced to rely upon the theory that the lead defendant operated a "semi-interactive" website featuring the allegedly infringing mark and that was therefore calculated to cause harm to the plaintiff in North Carolina. The court proved to be an unreceptive audience:

> [T]here is . . . no evidence that [the lead defendant] had the manifest intent of targeting people in North Carolina. [The] website does not show any particular focus on North Carolina, and there have been no transactions or even inquiries with anyone from North Carolina through the website or as a result of the website. Plaintiff points to a blog entry on [the] website that mentions a North Carolina tax credit for natural gas vehicles. However, this single sentence is one example in a broader discussion of financial incentives for natural gas vehicles in the United States.[2439]

The fact that the defendants had broad ambitions to sell goods under their mark in all fifty states, including North Carolina, did not mandate a contrary result in the absence of evidence that they had done so.[2440]

A website-based claim similarly proved not up to the task of establishing the priority of an exercise of personal jurisdiction in Iowa, despite the intent of that state to give its courts the broadest possible reach under the Due Process Clause.[2441] In disposing of that claim on a motion to dismiss, the court granting the motion found that:

2437. *See, e.g.*, Buccellati Holding Italia SPA v. Laura Buccellati, LLC, 935 F. Supp. 2d 615, 615-28 (S.D.N.Y. 2013) (dismissing action for want of personal jurisdiction despite defendant's sale of single product in New York and accessibility of defendant's website in New York); Artful Color, Inc. v. Hale, 928 F. Supp. 2d 859, 862 (E.D. Va. 2013) ("[P]laintiff contends that personal jurisdiction over defendant exists because defendant intentionally directed tortious conduct toward the forum state knowing that harm would be caused to a forum resident, the Court is not inclined to agree that defendant's alleged conduct in contacting a television news station regarding plaintiff's activities and the [defendant's claimed] mark, as well as his contact of Facebook and internet service providers, was in fact tortious.").

2438. *See* Vision Motor Cars, Inc. v. Valor Motor Co., 981 F. Supp. 2d 464 (M.D.N.C. 2013).

2439. *Id.* at 476 (internal quotation marks omitted).

2440. *Id* at 477.

2441. *See* Foreign Candy Co. v. Tropical Paradise, Inc., 950 F. Supp. 2d 1017 (N.D. Iowa 2013).

> [The defendant's] website falls at the "passive" end of the . . . scale, in terms of the nature and quality of the commercial activity it permits, because it does not allow a visitor to enter into a contract or to make a purchase, or even allow for an exchange of information with the host computer, but does little more than allow [the defendant] to post information, even if it allows visitors to leave contact information (a one-way transfer of information, not an exchange) and is accessible to visitors from a foreign jurisdiction.[2442]

The fact that an Iowa resident had purchased one of the defendant's branded goods from a third-party retailer unaffiliated with the defendant also failed to do the job,[2443] as did the plaintiff's claims that the state of Iowa had an interest in the resolution of the matter by a court within its borders[2444]and that the defendant had intentionally caused an injury to the plaintiff in Iowa.[2445]

Finally, one Virginia-based plaintiff struck out in an attempt to parlay a demand from a nonresident defendant that the plaintiff take a license to use a disputed mark into an exercise of specific personal jurisdiction over that defendant in the Commonwealth of Virginia.[2446] Having had an application to register its version of the mark blocked by a prior-filed application owned by the defendant, the plaintiff approached the defendant to discuss the matter. After the defendant refused to consider any resolution other than that of a license from it to the plaintiff, the plaintiff filed a declaratory judgment action in its home forum. It did so unsuccessfully, however: Especially because the complained-of conduct took place entirely outside of Virginia, the court found that "[the defendant's] alleged contacts are simply too attenuated to support this Court's exercise of specific personal jurisdiction over [the defendant] in this case. [The plaintiff] cannot, through its own unilateral inquiry and solicitation of information, support a finding to the contrary."[2447]

2442. *Id.* at 1031.

2443. *Id.* at 1032-34.

2444. *Id.* at 1034.

2445. *Id.* at 1035. As the court explained, "nothing here suggests that [the defendant's] allegedly infringing activity was 'uniquely or expressly aimed at the forum state,' where [the defendant] does not, itself, conduct any business and has had no direct sales in or other contacts with Iowa." *Id.* (quoting Viasystems, Inc. v. EBM–Papst St. Georgen GmbH & Co., KG, 646 F.3d 589, 594 (8th Cir. 2011)).

2446. *See* PEOPLE Express Airlines, Inc. v. 200 Kelsey Assocs., 922 F. Supp. 2d 536, 544 (E.D. Va. 2013).

2447. *Id.* at 549. The court also rejected an additional putative basis for an exercise of specific personal jurisdiction, namely, that the defendant had offered to sell the plaintiff two domain names based on the disputed mark on the ground that the plaintiff had failed to plead any facts establishing the existence of such an offer. *Id.* at 549-50.

c. Opinions Deferring Resolution of the Personal-Jurisdiction Inquiry

A trial court faced with a difficult personal jurisdiction-related issue has the option of deferring its resolution of that issue by allowing the plaintiff an opportunity to conduct discovery on the extent of its adversary's contacts with the forum in which the action is pending. That was the approach taken by a Georgia federal district court weighing the merits of a motion to dismiss filed by a Singapore-based company whose principal was an individual Georgia resident (and also a named defendant).[2448] According to the plaintiffs, an exercise of personal jurisdiction over the company was appropriate because there was no question that its principal could be haled into court in Georgia, and, additionally, because the company was nothing more than the alter ego of the principal. Although rejecting that particular theory,[2449] the court nevertheless allowed the plaintiffs limited discovery to determine whether the Singapore company had any additional ties to Georgia that might render it subject to an exercise of personal jurisdiction.[2450]

3. Federal Subject-Matter Jurisdiction

Unusually, the past year produced opinions by three federal appellate courts holding that no federal subject-matter jurisdiction existed over the claims presented by the appeals before them. One was the Ninth Circuit, which addressed the issue of whether Section 37 of the Act[2451] creates an independent, stand-alone cause of action for the cancellation of a federal registration.[2452] That issue arose in a case in which the plaintiff challenged the validity of eight registrations owned by the defendant based on the plaintiff's prior use of a mark confusingly similar to those underlying the registrations. Based on the plaintiff's failure adequately to aver facts supporting its claim of priority, the district court dismissed the plaintiff's complaint for failure to state a claim. The plaintiff did not appeal the district court's assessment of its allegations of prior use, but it did seek appellate review of the concomitant holding that the district court lacked subject-

2448. *See* RMS Titanic, Inc. v. Zaller, 978 F. Supp. 2d 1275 (N.D. Ga. 2013).

2449. As the court explained, "[h]ere, Plaintiffs are asserting a 'reverse alter ego' theory, in which a subsidiary corporation would be subject to personal jurisdiction because the controlling parent (in this case, [the principal]) is subject to personal jurisdiction. There is little support in the law for this theory of personal jurisdiction." *Id.* at 1302.

2450. *Id.* at 1302-03.

2451. 15 U.S.C. § 1119 (2012).

2452. *See* Airs Aromatics, LLC v. Opinion Victoria's Secret Stores Brand Mgmt., Inc., 744 F.3d 595 (9th Cir. 2014).

matter jurisdiction over the plaintiff's attack on the defendants' registrations.

The Ninth Circuit proved to be unreceptive. It noted that "[t]he plain language of Section 37 states that cancellation is available in 'any action involving a registered mark.'"[2453] From this, it concluded that "[t]his language specifies that cancellation may only be sought if there is already an ongoing action that involves a registered mark; it does not indicate that a cancellation is available as an independent cause of action."[2454] Beyond the statute's express terms, the court observed, "[t]his interpretation also helps preserve the use of actions before the USPTO Trademark Board as the primary vehicle for cancellation."[2455] Because "Section 37 of the Lanham Act does not provide an independent basis for federal jurisdiction," the district court's disposition of the plaintiff's complaint was well-taken.[2456]

The second federal appellate court to mix it up on the issue of federal subject-matter jurisdiction was the District of Columbia Circuit.[2457] That court entertained an appeal from the vacatur of a default judgment entered against the Republic of Iran in a trade dress infringement action based on the alleged imitation by an Iranian helicopter factory of the design of a helicopter sold by the plaintiff. The issue presented for the court's review was whether the Foreign Sovereign Immunities Act (FSIA)[2458] precluded the plaintiff's suit. That legislation creates "a presumption of immunity, which the plaintiff bears the initial burden to overcome by producing evidence that an exception applies, and once shown, the sovereign bears the ultimate burden of persuasion to show the exception does not apply."[2459]

The plaintiff invoked the commercial activity exception to the presumption of immunity, pursuant to which a foreign state is not immune when the challenged action "is based . . . upon an act outside the territory of the United States in connection with a commercial activity of the foreign state elsewhere and that act causes a direct effect in the United States."[2460] The plaintiff claimed several such direct effects within the meaning of the statute, one of which, as characterized by the court, was "the invasion of its exclusive right to reap the financial reputation-

2453. *Id.* at 599 (quoting 15 U.S.C. § 1119 (2012)).

2454. *Id.*

2455. *Id.*

2456. *Id.*

2457. *See* Bell Helicopter Textron, Inc. v. Islamic Rep. of Iran, 734 F.3d 1175 (D.C. Cir. 2013).

2458. Pub. L. No. 94-583, 90 Stat. 2891 (1976) (codified in scattered sections of 28 U.S.C.).

2459. *Bell Helicopter Textron*, 734 F.3d at 1183 (citations omitted).

2460. 28 U.S.C. § 1605(a)(2) (2012).

related rewards associated with its desirable product, which is essentially a financial effect";[2461] others included "the harm to [the plaintiff's] reputation as a producer of safe aircraft, the loss of the ability of [the plaintiff's] 'trade dress' to serve as a unique identifier, and the diminishment of [the plaintiff's] incentive to product [sic] a quality product[, which] are basically reputational effects."[2462] Faulting the plaintiff for failing to demonstrate, inter alia, that the offending helicopter model had been sold or advertised in the United States, or "that any of its current or potential customers were likely to encounter [that helicopter] in the regular course of business,"[2463] the court affirmed the district court's conclusion that the commercial activity exception was inapplicable. Not only was the plaintiff unable to claim lost revenues, but "[t]o the extent [the plaintiff] hypothesizes the loss of the incentive to create quality products, the effect in the United States is too attenuated to meet the requirement . . . that the effect be immediate."[2464]

Finally, the Second Circuit also had the opportunity to conclude that federal subject-matter jurisdiction did not exist over the case that had been appealed to it.[2465] The dispute producing that appeal was one over the enforcement of an agreement between the parties settling a prior action alleging, among other things, a violation of the ACPA. The district court found that the appellant had violated the agreement and imposed sanctions against him. Unfortunately for the appellee, however, the order dismissing the original action did not expressly provide for the district court's retention of jurisdiction over future disputes arising from it, and that omission led the Second Circuit to conclude that the district court lacked subject-matter jurisdiction over the appellee's subsequent enforcement action. This was true even though the appellant himself previously had asked the district court to enforcement the agreement's terms: "The order of dismissal unambiguously [fails] to retain jurisdiction [over,] or to incorporate the terms of the settlement. After-the-fact statements and actions of the parties, and even of the district court, cannot create ancillary jurisdiction where such jurisdiction was not retained upon dismissal."[2466]

Apart from these appellate holdings, several federal district courts addressed the issue of federal subject-matter jurisdiction

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2461. *Bell Helicopter Textron*, 734 F.3d at 1184.

2462. *Id.*

2463. *Id.* at 1185.

2464. *Id.* at 1185-86 (citation omitted) (internal quotation marks omitted).

2465. *See* StreetEasy, Inc. v. Chertok, 752 F.3d 298 (2d Cir. 2014).

2466. *Id.* at 306.

and reached diverging results.[2467] The plaintiff in the case before the one court was a seller of structured derivative notes seeking to bring a federal false-advertising claim against several defendants that allegedly had misrepresented the nature of the investments on which the notes were based.[2468] The defendants moved the court to stay discovery on the issues raised by the plaintiff's complaint pending the disposition of their motion to dismiss, and the court obliged. The court noted that Section 43(a)(1)(B) "applies to 'goods, services, or commercial activities' but not specifically to securities."[2469] Furthermore, beyond the statutory language, "[t]he only cases that have considered this issue have found that securities are not 'goods' within the meaning of the Lanham Act."[2470] An order staying discovery therefore was appropriate on the ground that "defendants' argument that [the plaintiff's] Lanham Act claim fails to state a cause of action—and thus that this Court lacks jurisdiction over any of the claims in this matter—is a substantial one."[2471]

Another court entertained a suit brought by the operators of a private high school against an alumni association and its members, who were using a mark that incorporated the school's own registered mark.[2472] The defendant association moved to dismiss the plaintiff's complaint, arguing that the parties' dispute was a matter of corporate governance under state law, rather than one properly resolved under federal law. The court rejected this contention, holding instead that the possible need to refer to state law on some issues did not defeat the existence of federal subject-matter jurisdiction over the plaintiff's claims under the Lanham Act: "Specifically, Plaintiff alleges a violation of the Lanham Act because Defendants use the marks over which Plaintiff asserts ownership—via registration of the [Plaintiff's] mark with the USPTO and common law use; Plaintiff also argues that Defendants' use of the marks creates a likelihood of confusion."[2473] Because the plaintiff therefore had stated claims under federal

2467. *See, e.g.*, Schreiber v. Dunabin, 938 F. Supp. 2d 587, 595 (E.D Va. 2013) (granting motion to dismiss for want of subject-matter jurisdiction on ground that "[the defendant's] alleged infringing acts occurred outside the United States and concern marks that have not been used or registered in the United States").

2468. *See* Hong Leong Fin. Ltd. (Singapore) v. Pinnacle Performance Ltd., 297 F.R.D. 69 (S.D.N.Y. 2013).

2469. *Id.* at 74.

2470. *Id.*

2471. *Id.*

2472. *See* Potomac Conf. Corp. of Seventh-Day Adventists v. Takoma Acad. Alumni Ass'n, 2 F. Supp. 3d 758 (D. Md. 2014).

2473. *Id.* at 767.

law, dismissal of those claims for want of subject-matter jurisdiction was inappropriate.[2474]

4. Federal Appellate Jurisdiction

Having successfully defeated allegations of infringement against it in a bench trial, one defendant was not content with that victory, but instead took issue with the district court's finding that the plaintiff owned a valid trademark.[2475] According to the defendant, the district court had improperly opined on the mark's validity in light of its finding that the mark was not infringed. The basis of this argument was *Electrical Fittings Corp. v. Thomas & Betts Co.*,[2476] in which the Supreme Court held that the prevailing defendant in a utility patent infringement action was entitled to a vacatur of a finding of patent validity because it had successfully fended off the plaintiff's allegations of infringement.[2477] The defendant before the Eleventh Circuit apparently neglected to raise the issue of the applicability of *Electrical Fittings* in its opening brief, but that did not bar it from doing so in a reply brief: "[O]n the facts of this case, the Supreme Court in *Electrical Fittings* clearly prescribes vacatur of the district court's judgment on the question of validity as the legal consequence of an appeal by an otherwise-successful defendant in an infringement suit on the merits of that question."[2478]

5. Venue

Venue in a federal court action will properly lie in a district in which "any defendant resides, if all defendants are residents of the State in which the district is located," "in which a substantial part of the events or omissions giving rise to the claim occurred," or in which any defendant may be found, "if there is no district in which an action may otherwise be brought."[2479] 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,"[2480] and which is arguably a codification

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2474. *Id.*

2475. *See* Unique Sports Prods., Inc. v. Ferrari Imp. Co., 720 F.3d 1307 (11th Cir. 2013).

2476. 307 U.S. 241 (1939).

2477. *Id.* at 242.

2478. *Unique Sports Prods.*, 720 F.3d at 1310-11.

2479. 28 U.S.C. § 1391(b) (2012).

2480. *Id.* § 1406(a).

of the common-law doctrine of *forum non conveniens*.[2481] A venue challenge can also include a motion to transfer under 28 U.S.C. § 1404(a), which provides that "[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. . . ."[2482]

a. Opinions Finding Venue Proper

A number of defense challenges to plaintiffs' choices of venue fell short.[2483] One came in an action brought by a pro se Georgia resident against a Massachusetts-based defendant that sought to have the proceeding transferred to the District of Massachusetts.[2484] The defendant's prosecution of its motion got off to a rocky start, with the court holding that "[i]n ruling on the transfer motion, the Court must afford plaintiff's chosen forum a substantial degree of deference. This is particularly so where, as here, the plaintiff has brought suit in his home state."[2485] Things did not improve for the defendant when the court considered its argument that Massachusetts was a more convenient forum because the defendant's witnesses and documents were located there: To the contrary, "a transfer of venue would subject plaintiff's witnesses to the same inconveniences of travel that defendant seeks to avoid,"[2486] and "[t]he cost of moving documents and the ease of obtaining witnesses is an equal inconvenience for both parties."[2487] Moreover, "[w]hile Massachusetts has some interest in ensuring that its companies do not sell infringing products, Georgia likely has more of an interest in protecting its citizens from such infringement."[2488] In the final analysis, "defendant's motion is a plea to transfer the inconvenience of

2481. *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").

2482. 28 U.S.C. § 1404(a).

2483. *See, e.g.*, RMS Titanic, Inc. v. Zaller, 978 F. Supp. 2d 1275, 1303 (N.D. Ga. 2013) (holding venue appropriate in lawsuit filed against defendants in their home forum); Int'l Oddities v. Record, 109 U.S.P.Q.2d 1373, 1380 (C.D. Cal. 2013) (denying motion to transfer filed at summary judgment stage of litigation on ground that "[p]laintiff's choice of forum is owed great deference, particularly where defendant requests a transfer late in litigation, after substantial time and expense have already been incurred in litigating this action here"); Healthpoint, Ltd. v. Derma Scis., Inc., 939 F. Supp. 2d 680, 684-695 (W.D. Tex. 2013) (denying motion to transfer based in part on deference due to plaintiff's choice of forum).

2484. *See* Rice v. PetEdge, Inc., 975 F. Supp. 2d 1364 (N.D. Ga. 2013).

2485. *Id.* at 1374 (citation omitted).

2486. *Id.*

2487. *Id.*

2488. *Id.*

litigation onto the plaintiff,"[2489] something the court held was "not a valid basis for a transfer under § 1404(a)."[2490]

A decision to file suit in the District of Puerto Rico similarly survived procedural attacks by the defendants.[2491] Having found the defendants subject to an exercise of specific personal jurisdiction, the court disposed of the defendants' motion to dismiss by invoking 28 U.S.C. § 1391(c)(2), which provides that a corporate defendant is deemed to reside "in any judicial district in which such defendant is subject to the court's personal jurisdiction with respect to the civil action in question."[2492] That disposition also was supported by the plaintiffs' allegation that goods bearing the defendants' allegedly infringing mark were sold and advertised in Puerto Rico on the ground that a substantial part of the events giving rise to the plaintiffs' claims had arisen in the territory.[2493]

The court then turned its attention to a motion in the alternative by one of the defendants to transfer the action to the Northern District of Illinois, the home forum of that defendant. Applying a presumption in favor of the plaintiffs' choice of forum, the court found that the defendant had failed to overcome the presumption. Although a transfer might be more convenient to that defendant, the remaining defendants were located outside of that forum, and that prevented the transfer from being necessarily more convenient for the parties, especially because, as the court noted, "the case will ultimately center on factual issues concerning local channels of trade, methods of advertising, classes of purchasers, and actual confusion in this district."[2494] The location of potential witnesses also weighed against a transfer in light of the defendants' failure to identify more than one witness (a party witness, at that) in the Northern District of Illinois.[2495] Finally, the interests of justice also weighed against a transfer because, according to the court, "[a] jury will have to determine whether trademark confusion in fact occurs in this district. And [the defendant] has failed to explain why a Chicago jury should be burdened with contemplating what Spanish-speaking consumers in Puerto Rico think about [the parties' marks]."[2496]

2489. *Id.*

2490. *Id.*

2491. *See* Goya Foods Inc. v. Golla Oy, 959 F. Supp. 2d 206 (D.P.R. 2013).

2492. 28 U.S.C. § 1391(c)(2) (2012).

2493. *Goya Foods*, 959 F. Supp. 2d at 217 (citing 28 U.S.C. § 1391(c)(2)).

2494. *Id.* at 218.

2495. *Id.* at 219.

2496. *Id.*

b. Opinions Declining to Find Venue Proper

Although an exercise of venue in any federal district in which an exercise of personal jurisdiction is appropriate over the defendant is proper,[2497] the converse of this proposition is equally true. Having determined that the defendant before it was not subject to an exercise of specific personal jurisdiction under an application of the Iowa long-arm procedural rule, a federal court located in that state predictably reached a second finding that venue was inappropriate as well.[2498] As it explained, "[the defendant] is not subject to personal jurisdiction in this district, so that this district is not one in which Tropical Paradise 'resides,' within the meaning of [28 U.S.C.] § 1391(c)(2). Thus, venue is not proper in this district under [28 U.S.C.] § 1391(b)(1)."[2499]

Claims of proper venue were rejected for other reasons as well. One such rejection came in a dispute over the rights to a service mark used by competing bands, in which the plaintiff filed suit in the United States District Court for the Northern District of Texas.[2500] The defendants argued that the case should be transferred to the Central District of California, and the court agreed. The primary basis of the plaintiff's opposition to the defendants' motion to transfer was that the defendants had given a concert under their allegedly infringing name in the Northern District of Texas, but the defendants convinced the court that the concert had never taken place and that they had planted an announcement of it merely to antagonize the plaintiff.[2501] An additional theory advanced by the plaintiff was that he had been damaged in the Northern District of Texas by acts of infringement taking place "in Texas," which were not expressly identified by the complaint but were apparently a concert and the sale of merchandise in the Southern District of Texas. That theory was similarly deficient on the ground that "[t]here is no evidence that any performance, sales, or shipments occurred in this district."[2502] Finally, the court held, the accessibility of the defendants' website in the Northern District of Texas, "without more, is insufficient to venue in the Northern District."[2503]

Of course, some courts rejecting plaintiffs' claims of proper venue ordered the transfer of the cases before them under 28

2497. 28 U.S.C. § 1391 (2012).

2498. *See* Foreign Candy Co. v. Tropical Paradise, Inc., 950 F. Supp. 2d 1017 (N.D. Iowa 2013).

2499. *Id.* at 1037.

2500. *See* Nutall v. Juarez, 984 F. Supp. 2d 637 (N.D. Tex. 2013).

2501. *Id.* at 643-45.

2502. *Id.* at 646.

2503. *Id.*

U.S.C. § 1404(a). A notable example of such an order came in a suit brought a licensor against its former licensee and two successors in interest to that licensee.[2504] The plaintiff filed its action in the Southern District of New York, and the court acknowledged that "a plaintiff's choice of forum is accorded considerable weight in the § 1404(a) balancing test;"[2505] beyond that, the license had been executed in New York and was governed by New York law.[2506] These considerations, however, were insufficient to outweigh the defendants' showing in support of their motion to have the action transferred to the District of Kansas. That showing included evidence and testimony that: (1) "the pertinent witnesses are overwhelmingly based in or near Kansas, and not New York";[2507] (2) the two successors in interest to the licensee "would be substantially inconvenienced—practically and financially—by having to defend this suit in New York";[2508] (3) the breach of the agreement had taken place in Kansas;[2509] (4) the relative means of the parties favored a transfer;[2510] and (5) the licensee had filed for bankruptcy protection in the District of Kansas.[2511] A transfer therefore was in order.[2512]

In an additional case in which a transfer was found to be appropriate, the plaintiff had responded to a suit against it by filing its own declaratory judgment action for nonliability.[2513] That scenario rarely ends well for the plaintiff in the second-filed suit, and it did not do so in that case. In particular, the court concluded, "the presence of a related action in the transferee forum is such a powerful reason to grant a transfer that courts do so even where . . . the convenience of the parties and witnesses, would suggest the opposite;"[2514] indeed, "[o]nly under "rare or extraordinary circumstances" should a district court deviate from the application of the first-filed rule. Such circumstances include 'inequitable conduct, bad faith, or forum shopping,' among others."[2515] Because no such circumstances existed and because

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2504. *See* Everlast World's Headquarters Corp. v. Ringside, Inc., 928 F. Supp. 2d 735 (S.D.N.Y. 2013).

2505. *Id.* at 748.

2506. *Id.* at 739, 747-48.

2507. *Id.* at 743-44.

2508. *Id.* at 744-45.

2509. *Id.* at 745-46.

2510. *Id.* at 746-47.

2511. *Id.* at 747.

2512. *Id.*

2513. *See* D & L Distrib., LLC v. Agxplore Int'l, LLC, 959 F. Supp. 2d 757 (E.D. Pa. 2013).

2514. *Id.* at 766 (quoting Villari Brandes & Kline, P.C. v. Plainfield Specialty Holdings II, Inc., No. 09–2552, 2009 WL 1845236 at *5 (E.D. Pa. June 26, 2009)).

2515. *Id.* (quoting EEOC v. Univ. of Pa., 850 F.2d 969, 972 (3d Cir. 1988)).

"the subject matter, namely the allegedly infringing trademarks, of both . . . actions are identical,"[2516] a transfer of the second-filed action was appropriate.[2517]

6. Extraterritorial Applications of the Lanham Act

The Lanham Act can be applied on an extraterritorial basis, but only one reported opinion over the past year did so, and even that was as to only some of the defendants in the action.[2518] The lead plaintiff in the case was the salvor-in-possession of the *RMS Titanic*, and, along with a business partner (and co-plaintiff), presented "museum-style exhibitions of artifacts that it recovered . . . from the wreckage of the Titanic."[2519] The lead defendant was a Georgia resident and former employee of the lead plaintiff; he also was the CEO of four businesses that had been named as additional defendants, three of which were organized under Georgia law and the last of which was domiciled in Singapore. The gravamen of the plaintiffs' claims was that, having been given access to the plaintiffs' confidential information to stage an authorized exhibition in Singapore, the defendants had then misused that information to produce an unauthorized exhibition in Macau that featured a trade dress confusingly similar to that of the plaintiffs.

Weighing the defendants' motion to dismiss, the Georgia federal district court assigned to the case considered the popular *Vanity Fair* factors for determining whether an extraterritorial application of the Act was appropriate,[2520] but it ultimately adopted the "disaggregated" version of those factors found in the First Circuit's opinion in *McBee v. Delica Co.*[2521] According to the court:

> The *McBee* analytical framework . . . requires a court to ask first whether the defendant is an American citizen or has engaged in conduct within the United States. If not, the court

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2516. *Id.* at 770.

2517. *Id.* at 771.

2518. *See* RMS Titanic, Inc. v. Zaller, 978 F. Supp. 2d 1275 (N.D. Ga. 2013).

2519. *Id.* at 1284.

2520. *See* Vanity Fair Mills, Inc. v. T. Eaton Co., 234 F.2d 633, 642 (2d Cir. 1956). As summarized by the Georgia court:

> The *Vanity Fair* test indicates that extraterritorial application of the Lanham Act is allowed when: 1) the defendant is a United States citizen; 2) there is no conflict between the plaintiff's trademark rights under the law of the United States and the foreign jurisdiction where the alleged infringement occurs; and 3) the defendant's conduct has a "substantial effect on United States commerce." These three factors are balanced, with the weight to be given to each determined on a case-by-case basis.

RMS Titanic, 978 F. Supp. 2d at 1288 (quoting *Vanity Fair*, 234 F.2d at 642).

2521. 417 F.3d 107 (1st Cir. 2005).

> must apply the "substantial effects on United States commerce" test[] as the "sole touchstone to determine jurisdiction."[2522]

The defendants domiciled in the United States fared poorly under the *McBee* test. Beyond their averments of trade dress infringement occurring in Macau, the plaintiffs "also have alleged that Defendants marketed their infringing exhibition in the United States, both on the internet and by targeting Plaintiffs' customers at trade shows, creating consumer confusion about the origination, sponsors and operators of the competing Titanic exhibits offered by Plaintiffs and Defendants."[2523] Because the plaintiffs had "thus alleged that United States citizens have engaged in infringing activity in the United States in violation of the Lanham Act," subject-matter jurisdiction existed over the plaintiffs' claims against those defendants.[2524]

Whether the same was true of the remaining defendant, which was a Singapore corporation, was a different matter. Based on the *McBee* framework, the court noted that it could "only exercise jurisdiction over [the defendant] if its conduct outside the United States had a substantial effect on United States commerce."[2525] On that issue, the plaintiffs' complaint failed to allege that the Singapore corporation "marketed [the defendants'] exhibition in the United States, had any interaction with domestic consumers, caused consumer confusion in the United States, or damaged Plaintiffs' reputation in the United States."[2526] Especially because "financial gain by an infringing defendant alone is insufficient to show a substantial effect on United States commerce"[2527] and because the Macau exhibition had run its course, "Plaintiffs' allegations are insufficient to support an extraterritorial application of the Lanham Act."[2528]

2522. *Id.* at 1289 (quoting *McBee*, 417 F.3d at 121).

2523. *Id.* at 1290.

2524. *Id.*

2525. *Id.*

2526. *Id.*

2527. *Id.*

2528. *Id.* at 1291.

In addition to this broad holding, the court disposed of a Georgia law-specific argument advanced by the plaintiffs, which was that the Singapore corporation was subject to an application of United States trademark law because it was the mere alter ego of the lead defendant. The court faulted this theory for several reasons, the first of which was "Plaintiffs do not cite any case law or authority supporting the extraterritorial application of a United States statute to a foreign defendant on the basis of an alter ego theory." *Id.* at 1291. Another was that, by seeking to hold a corporation responsible for the misconduct of its principal, the plaintiffs were invoking the alter ego doctrine in reverse, something that the court considered "odd." *Id.* Finally, the court faulted the plaintiffs for failing to "offer well-pleaded facts to support a claim that [the lead defendant] used [the Singapore

This split decision was the exception to the rule over the past year, as other courts looked unfavorably at plaintiffs' bids for extraterritorial applications of the Lanham Act in their entireties.[2529] For example, a California federal district court granted a defense motion for summary judgment in a case brought by the owner of a federal registration covering a guitar configuration.[2530] The gravamen of the plaintiff's complaint was that the defendant, which was based in the United Kingdom, had sold ukuleles incorporating the plaintiff's design. According to the defendant, it had not sold any of the ukuleles in question in the United States, and it therefore moved to dismiss the action for failure to state a claim. The court applied the Ninth Circuit's three-part test to determine whether an exercise of jurisdiction was appropriate:

> [F]irst, there must be some effect on American foreign commerce; second, the effect must be sufficiently great to present a cognizable injury to plaintiffs under the federal statute; and third, the interests of and links to American foreign commerce must be sufficiently strong in relation to those of other nations to justify an assertion of extraterritorial authority.[2531]

Comparing these requirements to the allegations in the plaintiff's complaint, the court found that the requirements had not been satisfied. With respect to the first, the plaintiff alleged that seven ukuleles had made their way into the United States, but each instrument had been sold to U.S. purchasers by third parties, and the plaintiff otherwise failed to advance any factual averments supporting its claim that the defendant's conduct had affected U.S. commerce.[2532] That determination produced an equally negative one under the second requirement, notwithstanding the plaintiff's arguments that it would suffer monetary harm in the United States arising from the importation of the defendant's ukuleles by consumers purchasing them abroad, as well as from the online resale of the ukuleles; both arguments, the court found, were "too attenuated to constitute cognizable theories of injuries."[2533] Finally, the court concluded that a number of considerations precluded the third requirement from being satisfied, namely:

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company's] corporate form for fraudulent or improper purposes, sufficient to ignore it as an entity." *Id.* at 1291-92.

2529. *See, e.g.*, Juicy Couture, Inc. v. Bella Int'l Ltd., 930 F. Supp. 2d 489, 505-08 (S.D.N.Y. 2013).

2530. *See* Gibson Brands Inc. v. Viacom Int'l Inc., 109 U.S.P.Q.2d 1507 (C.D. Cal. 2013).

2531. *Id.* at 1509 (quoting Star-Kist Foods, Inc. v. P.J. Rhodes & Co., 769 F.2d 1393, 1395 (9th Cir. 1985)).

2532. *Id.* at 1510.

2533. *Id.* at 1511.

(1) the possibility of a conflict between U.S. and U.K. law; (2) the defendant's status as a U.K. entity; (3) the difficulty in securing compliance with any injunctive relief from the third-party retailers selling the ukuleles to U.S. citizens; (4) the relatively greater significance of sales of the ukuleles in countries outside the United States; (5) the absence of any intent by the defendant to harm the plaintiff in the U.S.; and (6) the absence of any evidence that the defendant had engaged "in any significant activity within or having a connection with the United States."[2534] Under these circumstances, "the weight of the evidence and authority leans against the exercise of extraterritorial jurisdiction in this case," and dismissal therefore was appropriate.[2535]

The Ninth Circuit's three-part test for the extraterritorial application of the Lanham Act also led to the dismissal for failure to state a claim of a challenge by Trader Joe's to the purchase of branded goods in the United States by Canadian defendants, who then resold them in their home country at an establishment operating under the PIRATE JOE'S mark.[2536] The Washington federal district court hearing the case noted that extraterritorial jurisdiction could exist "where all challenged transactions occurred abroad, and where the injury is limited to deception of consumers abroad, so long as there is monetary injury in the United States to an American plaintiff."[2537] Based on the complaint before it, however, "all alleged infringement takes place in Canada and Trader Joe's cannot show economic harm."[2538] In particular, the court held, "[e]ven if Canadian consumers are confused and believe they are shopping at Trader Joe's or an approved affiliate when shopping at Pirate Joe's, there is no economic harm to Trader Joe's because the products were purchased at Trader Joe's at retail price."[2539] Moreover, and beyond the absence of that harm, the interests of and links to American foreign commerce were not

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2534. *Id.* at 1511-12. Based on the defendant's failure to comply with a cease-and-desist letter, the court did identify one factor in the calculus favoring the plaintiff, namely, the foreseeability of the defendants' conduct harming the plaintiff in the United States. *Id.* at 1512.

2535. *Id.*

2536. *See* Trader Joe's Co. v. Hallat, 981 F. Supp. 2d 972 (W.D. Wash. 2013).

2537. *Id.* at 977.

2538. *Id.*

2539. *Id.* The argument by Trader Joe's that it had suffered cognizable damage because it competed directly with the defendant for Canadian customers who might purchase goods in the United States did not sway the court:

> Trader Joe's has not cited, and this Court has not found, circumstances where the Lanham Act was applied to alleged infringement happening entirely abroad on the grounds foreign customers will buy the infringing product in their home country and not cross into the United States to purchase the legitimate product here. Such an application would stretch the jurisdictional reach of the Lanham Act too far.

Id. at 978.

sufficiently strong in relation to those of Canadian commerce to justify an assertion of extraterritorial authority.[2540]

Another court similarly rejected in its entirety an invitation to apply the Lanham Act on an extraterritorial basis, albeit on a motion for summary judgment rather than one to dismiss.[2541] The summary judgment record demonstrated that the defendant had sold goods bearing an allegedly infringing mark in Asia to customers who then resold goods to manufacturers of computer servers that ultimately were sold in the United States. The undisputed fact that the defendant's goods were incorporated into the servers before the servers' importation into the United States was an insufficient basis for an exercise of jurisdiction under a three-factor test applied by the court, which took into account: "(1) whether the defendant is a United States citizen; (2) whether there exists a conflict between the defendant's trademark rights under foreign law and the plaintiff's rights under United States law; and (3) whether the defendant's conduct has a substantial effect on United States commerce."[2542] The court determined that there was no material dispute that the first two factors favored the defendant's position,[2543] and the same was true of the third factor as well. With respect to it, the court concluded that "there is no evidence that the presence of [the defendant's goods] confuses purchasers of [those] servers or cause[s] consumers to look less favorably upon [the plaintiff's] mark. Indeed, there is no evidence that those who buy [the] servers are even [the plaintiff's] consumers."[2544] Although "[a]n American company's lost sales abroad because of trademark infringement can be considered . . . in the substantial effect analysis,"[2545] that proposition generally applied only if "there are additional effects in the United States beyond the diverted sales,"[2546] and no such effects were alleged by

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2540. The court's holding on this issue was based on its determinations that: (1) the alleged infringement at issue took place in Canada, where Trader Joe's had applications pending to register its mark, which raised the risk of a conflict between United States and Canadian law, *id.* at 978-79; (2) the defendants' residency in Canada could make securing the defendants' compliance with any judgment difficult, *id.* at 979; (3) "[t]he impact on Canadian consumers and Canadian commerce is more significant than the impact on the United States, even if the Court were to assume there is some diversion of business or reputational impact," *id.*; (4) any harm suffered by Trader Joe's was not foreseeable, *id.*; and (5) "Pirate Joe's lawfully purchases food in the U.S. from Trader Joe's; the alleged infringement occurs when the food is re-sold in Canada." *Id.* at 980. Weighing in favor of Trader Joe's, but not enough to make a difference in the outcome, were the lead defendant's ties to the United States, which included his status as a Permanent Resident Alien. *Id.*

2541. *See* Southco, Inc. v. Fivetech Tech. Inc., 982 F. Supp. 2d 507 (E.D. Pa. 2013).

2542. *Id.* at 512.

2543. *Id.* at 513.

2544. *Id.*

2545. *Id.* at 514.

2546. *Id.*

the plaintiff. The record therefore did not support an extraterritorial application of the Act, and the defendant was entitled to summary judgment.[2547]

7. Claim and Issue Preclusion

a. 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.[2548] As the Ninth Circuit confirmed, the requirement that it was possible for an allegedly precluded claim to have been raised in earlier litigation is not mere window dressing.[2549] That court therefore held the doctrine inapplicable to a claim made available through the operation of an "escape clause" contained in a settlement agreement in the earlier litigation at issue: Because that escape clause had yet to be triggered at the time of the earlier litigation, the claim arising from it was not barred.[2550]

An allegation of claim preclusion also fell short in an action before a panel of the Court of Appeal of Louisiana.[2551] Following a jury verdict of trade dress infringement and misappropriation of trade secrets, the trial court entered a judgment, but one that did not address the plaintiff's request for attorney's fees and injunctive relief, even though the amount of the fees was not disputed between the parties. That judgment was modified on appeal and remanded, after which the plaintiff successfully renewed its request for an award of fees and the entry of injunctive relief before the trial court. The defendants argued that res judicata barred the plaintiff's renewed request, but the trial court disagreed and so did the appellate court. In an application of the Louisiana claim preclusion statute,[2552] the latter tribunal concluded that the plaintiff's renewed request qualified for an exception to any claim-preclusion principles that otherwise might apply. Specifically:

> The attorney fees were never a subject of disagreement, and the parties could not have anticipated that they would be omitted from the trial court's judgment on the jury verdict. The interests of justice would not be served by employing a technical and expansive application of res judicata to bar an

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2547. *Id.*

2548. *See generally* Federated Dep't Stores, Inc. v. Moitie, 452 U.S. 394, 398 (1981).

2549. *See* Herb Reed Enters. v. Fla. Entm't Mgmt., Inc., 736 F.3d 1239 (9th Cir. 2013), *cert. denied*, 135 S. Ct. 57 (2014).

2550. *Id.* at 1245-46.

2551. *See* Siemens Water Techs. Corp. v. Revo Water Sys., LLC, 130 So. 3d 473 (La. Ct. App. 2014).

2552. La. Rev. Stat. § 13:4231 (1991).

> attorney fees award which [the defendants] themselves acknowledged that they owed in the judgment they presented to the trial court. Accordingly, we find exceptional circumstances exist such that an exception to res judicata is met regardless of whether res judicata would otherwise bar the granting of [the plaintiff's] motion to execute judgment.[2553]

In contrast, an assertion of claim preclusion succeeded in the California court system.[2554] That assertion originated in the two marriages of entertainer Bing Crosby and involved a trust established by the will of his first wife to distribute her community property to the four sons she had with Crosby; it also involved a company formed to administer Crosby's right of publicity, which was part of the corpus of a marital trust established by Crosby's will for the benefit of his second wife. In earlier litigation, the first wife's trust had asserted various causes of action against the second wife's trust, but those causes of action did not stake a claim to any revenues that might be enjoyed through the licensing of the right to Crosby's persona, which at the time was non-descendible under California law. The settlement agreement in the earlier case contained two provisions of interest. The first was a release reciting that the settlement was "in complete and final settlement of all claims from any source whatsoever of royalties, income or monies due [the first wife's Trust] and all beneficiaries of the Trust, arising from property interests acquired by [the first wife], as a result of her marriage to Bing Crosby, through the date of this Agreement,"[2555] while the second recited that "[s]hould other income derived from works or performances of Bing Crosby during [his first marriage] be discovered in the future, . . . [t]he [first wife's] Trust is entitled to its share. . . ."[2556]

Following the settlement, in 2008, the California State Assembly passed legislation expressly recognizing a post-mortem right of publicity, which led the first wife's trust to file suit again on the theory that its possible claim under that right had just been "discovered." The first wife's trust prevailed before a California trial court, but that victory did not hold up on appeal. Instead, because the language relied upon by the first wife's trust referred to income discovered in the future, it necessarily applied only to income of which the parties were unaware at the time of the settlement.[2557] According to the appellate court, "the right of publicity was not such an undiscovered asset generating income unbeknownst to the parties; nor does it constitute undiscovered

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2553. *Siemens Water Techs.*, 130 So. 3d at 477.

2554. *See* Crosby v. HLC Props., Ltd., 167 Cal. Rptr. 3d 354 (Cal. Ct. App. 2014).

2555. *Quoted in id.* at 357.

2556. *Quoted in id.* (second and fifth alterations in original).

2557. *Id.* at 360.

income that existed at the time of the . . . settlement agreement."[2558] This was especially true in light of the court's conclusion that the 2008 amendment did not actually *change* California law but instead merely *clarified* it.[2559] Specifically:

> [T]he amendment did not create any new rights that fell outside of the . . . settlement's release of all claims to community property, the argument . . . that Bing's right of publicity did not exist [at the time of the settlement] and thus could not have been the subject the settlement agreement must fail. The petition of [the first wife's] Estate is clearly barred by res judicata.[2560]

b. Issue Preclusion (Collateral Estoppel)

"Collateral estoppel, also known as issue preclusion, bars "'successive litigation of an issue of fact or law actually litigated or resolved in a valid court determination essential to the prior judgment," even if the issue[] recurs in the context of a different claim.'"[2561] With the Supreme Court having accepted the question for review,[2562] a Wisconsin federal district court addressed the circumstances under which a determination of likely confusion between two marks by the Trademark Trial and Appeal Board can have preclusive effect in later infringement litigation between their owners.[2563] Referring to the Seventh Circuit's test for issue preclusion,[2564] the court held that:

> Collateral estoppel will apply if: (1) the issue sought to be precluded is the same as that involved in a prior litigation; (2) the issue was actually litigated; (3) the determination of the issue was essential to the final judgment; and (4) the party against whom estoppel is invoked was fully represented in the prior action.[2565]

The defendants, who had fallen victim to the plaintiff's motion for summary judgment in a prior opposition proceeding, did not help their case before the court by failing to contest the Board's findings

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2558. *Id.*

2559. *Id.* at 363-64.

2560. *Id.* at 364.

2561. Action Ink, Inc. v. Anheuser-Busch, Inc., 959 F. Supp. 2d 934, 942 (E.D. La. 2013) (quoting Taylor v. Sturgell, 553 U.S. 880, 892 (2008) (quoting New Hampshire v. Maine, 532 U.S. 742, 748-49 (1990))), *aff'd*, 576 F. App'x 321 (5th Cir. 2014).

2562. *See* B & B Hardware, Inc. v. Hargis Indus., 716 F.3d 1020 (8th Cir. 2013), *cert. granted*, 134 S. Ct. 2899 (2014).

2563. *See* C & N Corp. v. Kane, 953 F. Supp. 2d 903 (E.D. Wis. 2013), *aff'd*, 756 F.3d 1024 (7th Cir. 2014).

2564. *See* Matrix IV, Inc. v. Am. Nat'l Bank & Trust Co., 649 F.3d 539, 547 (7th Cir. 2011).

2565. *C & N Corp.*, 953 F. Supp. 2d at 912.

of a conflict between the parties' marks and that the plaintiff enjoyed priority of rights; rather, they focused instead on an unsuccessful argument that the plaintiff had abandoned the rights to its mark. Consequently, although "the undisputed facts support the TTAB decision and further establish the validity of the [plaintiff's] mark," the plaintiff was additionally entitled to summary judgment under issue preclusion principles.[2566]

In a case not involving a prior judgment by the Board, prior litigation between the plaintiff and a third party had resulted in a finding that the plaintiff had abandoned the rights to its mark.[2567] The defendant argued that that outcome had preclusive effect in the case against it, and the court agreed. In granting the defendant's motion for summary judgment, the court framed the issue in the following manner:

> To establish collateral estoppel, a party must show "(1) that the issue at stake [is] identical to the one involved in the prior litigation; (2) that the issue has been actually litigated in the prior litigation; and (3) that the determination of the issue in the prior litigation has been a critical and necessary part of the judgment in that earlier action." Litigants who were not parties to the earlier proceeding may nonetheless assert collateral estoppel based on that proceeding, as long as the party against whom collateral estoppel applies had a full and fair opportunity to litigate the issue in the previous suit.[2568]

The court then went on to hold that "[a]ll three of the requirements . . . are met in this case."[2569] Specifically, "[t]he issue of whether [the plaintiff] has abandoned the Mark is the same in both this case and the [earlier] case, and it was fully briefed on the defendants' motion for summary judgment in the [earlier] case";[2570] beyond that "[the prior court's] conclusion on the abandonment issue was a necessary predicate—indeed, it was the only predicate—to [the] dismissal of [the plaintiff's] claims."[2571]

8. Judicial Estoppel

Having filed an intent-to-use application to register their claimed mark, a pair of plaintiffs found themselves in the position of needing to establish their priority of rights as of a date earlier

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2566. *Id.* at 914.

2567. *See* Action Ink, Inc. v. Anheuser-Busch, Inc., 959 F. Supp. 2d 934 (E.D. La. 2013), *aff'd*, 576 F. App'x 321 (5th Cir. 2014).

2568. *Id.* at 942 (quoting Rabo Agrifinance, Inc. v. Terra XXI, Ltd., 583 F.3d 348, 353 (5th Cir. 2009)).

2569. *Id.* at 943.

2570. *Id.*

2571. *Id.*

than the filing date of their application.[2572] The intent-to-use basis of their application proved to be no obstacle to such a showing, for, as the court noted, "[i]t is well-established that a party is not prohibited from filing an intent-to-use application for a mark that the party has actually used in the past; nor is an intent-to-use applicant precluded from relying upon actual use prior to the intent-to-use application in establishing priority.[2573] Specifically:

> Even if the plaintiffs had taken a different position before the PTO, to the extent that the defendants argue that the plaintiffs are prevented from taking an inconsistent position in this case, no estoppel applies here. Although statements made to administrative bodies including the PTO may create judicial estoppel, "in general, courts do not bind parties to their statements made or positions taken in ex parte [trademark] application proceedings in front of the PTO." Moreover, judicial estoppel is applicable only if the prior inconsistent position is "adopted" by the tribunal in some way. No records from the PTO show that the PTO adopted the proposition that the plaintiffs did not use [their claimed] mark prior to [their filing date]. Accordingly, the plaintiffs are not estopped from making the assertion that they started using the . . . mark before the defendants' allegedly infringing activity.[2574]

9. Admissibility of Expert Witness Testimony

Outside of the contexts of survey evidence of confusion, many litigants' attempts to rely upon expert witness testimony came to grief over the past year.[2575] For example, one counterclaim plaintiff sought to ward off the entry of summary judgment in its opponent's favor by proffering an expert witness report from an English professor "explain[ing], at great length and with reference to numerous authorities on linguistics and psychology, why the [parties'] marks . . . are similar in sight, sound, and meaning."[2576] The district court presented with the report declined to find that it placed the dissimilarity of the parties' mark in dispute, and the Tenth Circuit affirmed. As the appellate court explained, "[a]lthough we do not doubt [the expert's] credentials as a scholar,

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2572. *See* Kaplan, Inc. v. Yun, 16 F. Supp. 3d 341 (S.D.N.Y. 2014).

2573. *Id.* at 348 (citation omitted).

2574. *Id.* (quoting Perfect Pearl Co. v. Majestic Pearl & Stone, Inc., 887 F. Supp. 2d 519, 534–35 (S.D.N.Y. 2012)) (citations omitted).

2575. *See, e.g.*, Netjets Inc. v. IntelliJet Grp., 109 U.S.P.Q.2d 1553, 1558 (S.D. Ohio 2013) (declining to allow expert testimony on issue of validity of plaintiffs' mark but considering same testimony on issue of likelihood of confusion); Louangel Inc. v. Darden Rests. Inc., 106 U.S.P.Q.2d 1809, 1815 (S.D. Tex. 2013) (discounting attempted reliance on expert witness testimony in tacking inquiry).

2576. Water Pik, Inc. v. Med-Sys., Inc., 726 F.3d 1136, 1156 (10th Cir 2013).

the report covers a matter on which the trier of fact does not need expert advice."[2577]

Exclusion also was the fate of an expert witness report introduced to demonstrate the quantum of actual damages to which the plaintiffs were allegedly entitled.[2578] The action was one for false advertising and was based on the contents of charts comparing the parties' respective software products. One of the assumptions on which the plaintiffs' expert relied was that every consumer who read the defendants' charts made a purchasing decision based on the charts. The plaintiffs gamely sought to defend the assumption by arguing that if the charts were not effective, the defendants would not have disseminated them in the first place. The court was unsympathetic:

> There is a large unsupported leap . . . from evidence that an advertisement is effective to concluding all customers who read it exclusively relied on it in making a purchasing decision. Thus, [the expert's] conclusion that plaintiffs suffered a specific percentage loss of market share is based upon speculative assumptions not supported by the record and should be excluded.[2579]

The plaintiffs were marginally more successful in relying on a second proffered expert witness report addressing the issues of whether the defendants' advertising was false and the resulting quantum of harm suffered by the plaintiffs. Tackling the first of these issues, the court focused on the "several hours" spent by the witness familiarizing himself with the functionality of the plaintiffs' software before drafting his report. The court concluded of that groundwork that "[w]here . . . a person with no special expertise in software can determine that plaintiffs' software products have certain functionalities after only a brief opportunity to use them, plaintiff[s] [have] undermined [their] contention that a jury needs expert assistance in order to understand whether the products have those functions."[2580] Still, however, the witness's background in econometrics and his consideration of variables not taken into account by the first expert proffered by the plaintiffs salvaged the admissibility of his testimony at least as to some (but not all) aspects of the plaintiffs' claim to monetary relief.[2581]

2577. *Id.*

2578. *See* SMD Software, Inc. v. EMove, Inc., 945 F. Supp. 2d 628 (E.D.N.C. 2013).

2579. *Id.* at 637.

2580. *Id.* at 640.

2581. *Id*. at 640-42.

The court's disposition of the plaintiffs' challenges to expert testimony proffered by the defendants produced similarly split decisions. *See id.* at 644-4 (sustaining admissibility of testimony by a "management consultant with over thirty (30) years experience in the self-storage industry" on subject of falsity of defendants' advertising in [that] industry but

Some proffers of expert witness testimony enjoyed better luck overall.[2582] For example, one court weighing the merits of a summary judgment motion admitted into evidence a report from a defense expert with "specialized knowledge in brand marketing, new product development, production, and merchandise for companies in numerous fields, including food and restaurants."[2583] The plaintiff was the operator of a chain of restaurants, while the defendant sold a line of flatbread products. The defendant had retained the expert in question to respond to the plaintiff's allegation that the plaintiff was likely to expand from its core business to the sale of stand-alone goods bearing its mark at retail, and this strategy paid off: As the court noted in rejecting the plaintiff's challenge to the admissibility of the expert's report, the expert "relied on specific facts to reach the conclusion that 'Plaintiff lacks preparation to enter the retail channel.'"[2584]

A proffer of opinion testimony from two witnesses concerning the authenticity of bottles of wine ultimately found to bear counterfeit marks received even more favorable treatment.[2585] The witnesses apparently had not been formally qualified as experts, but the court nevertheless held in the context of a post-trial challenge to a jury verdict of liability that "[l]ay testimony may encompass those areas with which the witness has familiarity without subjecting that witness to the strictures of Federal Rule of Evidence 702, so long as that testimony is not based on 'scientific, technical, or otherwise specialized knowledge.'"[2586] The court stuck to this holding in the face of the defendant's fallback argument that the trial testimony of one of the two experts was contradicted by his report and deposition testimony: "[I]t is not as if [the witness] originally concluded the wine was authentic and later changed his mind on the eve of trial. Instead, [he] stated that he had completed additional research since the advent of the trial, which bolstered his prior conclusions that the wine was inauthentic."[2587]

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excluding testimony on issue of monetary relief); *id.* at 646-47 (sustaining admissibility of testimony of professor emeritus of economics as to monetary relief but not as to liability).

2582. For an example of a courts rejecting a challenge to expert witness testimony on the issue of survey evidence of actual confusion, see *Stonefire Grill, Inc. v. FGF Brands, Inc.*, 987 F. Supp. 2d 1023, 1038 (C.D. Cal. 2013).

2583. Stonefire Grill, Inc. v. FGF Brands, Inc., 987 F. Supp. 2d 1023, 1038 (C.D. Cal. 2013).

2584. *Id.*

2585. *See* Koch v. Greenberg, 14 F. Supp. 3d 247 (S.D.N.Y. 2014).

2586. *Id.* at 268 (quoting Fed. R. Evid. 702(c)).

2587. *Id.* (citation omitted).

10. Discovery-Related Matters

Having discovered in the marketplace goods bearing counterfeit imitations of their marks, a pair of plaintiffs filed suit against the suspected perpetrators and sought expedited discovery from them.[2588] The court granted the plaintiffs' motion as to some of the defendants but not as to others. It noted there were two possible frameworks in which to evaluate the motion's merits, the first of which was a flexible standard of reasonableness and good cause.[2589] The second was a four-part test requiring consideration of: (1) irreparable injury to the moving party; (2) some probability of success on the merits; (3) a nexus between the expedited discovery and avoidance of the irreparable injury; and (4) some evidence that the injury to the movant in the absence of expedited discovery "looms greater than the injury that the [nonmovant] will suffer if the expedited relief is granted."[2590]

The court chose not to apply either test, holding instead that "[t]he prudent course here appears to be to blend the two tests, the . . . four-factor test and the reasonableness and good cause standard."[2591] It found that the plaintiffs were entitled to expedited discovery from those defendants tied directly to the alleged counterfeiting of their marks, in part because "Plaintiffs' contention that counterfeiters in general may hide or destroy relevant evidence comports with common sense."[2592] The court did not grant the plaintiff's motion as to other defendants lacking the same demonstrated nexus, however,[2593] and it also was unwilling to approve the particular written requests for production proposed by the plaintiffs. It therefore extended the plaintiffs' proposed response time from seven to ten days, limited the period covered by the requests to the immediately preceding twelve months, and otherwise modified several requests to make them less onerous.[2594] Finally, it denied the plaintiffs' request for leave to serve a third-party subpoena prior to the scheduling conference required by Rule 26(f) of the Federal Rules of Civil Procedure[2595] on the ground that the plaintiffs had not "demonstrated a need for third-party

2588. *See* N. Atl. Operating Co. v. Evergreen Distribs., LLC, 293 F.R.D. 363 (E.D.N.Y. 2013).

2589. *Id.* at 367.

2590. *Id.* (quoting Notaro v. Koch, 95 F.R.D. 403, 405 (S.D.N.Y. 1982)) (internal quotation marks omitted).

2591. *Id.* at 368.

2592. *Id.* at 370 (citation omitted).

2593. *Id.* at 369-70.

2594. *Id.* at 371-72.

2595. Fed. R. Civ. P. 26(f).

discovery concurrent with the considerable opportunities for expedited discovery being granted by this Order."[2596]

Whether in the context of expedited discovery or otherwise, if a litigant served with requests for admission fails either to object to the requests or to serve substantive responses, Rule 36(a)(3) of the Federal Rules of Civil Procedure provides that the requests will be deemed admitted.[2597] That rule did not, however, prevent a group of defendants accused of counterfeiting, infringement, and likely dilution from escaping what might otherwise have been the case-dispositive effect of their failure to respond to a set of requests for admission until a month after the deadline for doing so had elapsed.[2598] The mechanism they used to do so was Rule 36(b), which allows an admission to be withdrawn "if it would promote the presentation of the merits of the action and if the court is not persuaded that it would prejudice the requesting party in maintaining or defending the action on the merits."[2599] As to the first of these requirements, the court found that "[n]o meaningful 'presentation of the merits' of this action concerning infringement of intellectual property rights would be possible unless [the] admissions are withdrawn and amended by the [defendant's untimely] [r]esponses."[2600] And, as to the second, "[t]he mere fact that plaintiffs will bear the burden of proving their claims—that is, the bare fact that plaintiffs must win on the merits—does not establish prejudice to their ability to 'maintain . . . the action on the merits.'"[2601] Especially because the defendants previously had denied in their answer many of the same factual assertions covered by the requests for admission, "[t]he court will not exercise its discretion to protect such deemed admissions."[2602]

A final noteworthy opinion to address a discovery-related issue arose out of a district court appeal in the District of Columbia of a Board decision under Section 37.[2603] The defendant was located in Mexico, and it responded to a notice of deposition of its corporate witnesses to take place in the United States by moving for a protective order either requiring the depositions to occur in Mexico or, alternatively, to reimburse it for the witnesses' travel costs. The motion failed. Although the court noted the general rule that "[i]n considering where the deposition of a corporate agent is to take

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2596. *N. Atlantic Operating Co.*, 293 F.R.D. at 373.

2597. Fed. R. Civ. P. 36(a)(3).

2598. *See* River Light V, L.P. v. Lin & J Int'l, Inc., 299 F.R.D. 61 (S.D.N.Y. 2014).

2599. Fed. R. Civ. P. 36(b).

2600. *River Light V*, 299 F.R.D. at 64.

2601. *Id.* at 65 (alteration in original) (quoting Fed. R. Civ. P. 36(b)).

2602. *Id.*

2603. *See* Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de. C.V., 292 F.R.D. 19 (D.D.C. 2013).

place, there is a general presumption that the deposition will occur at the corporation's principal place of business,"[2604] it also held that "[t]his presumption is rebuttable and the Court can focus on several factors to determine if it would be inappropriate to have the deposition at the foreign defendant corporation's principal place of business."[2605] The factors the court determined were most relevant to its holding that the deposition should take place in the United States were the location of all lead counsel in California,[2606] the size of the defendant and the frequency with which its witnesses traveled to the United States,[2607] and the fact that the plaintiff "initiated litigation in the United States and asserts additional affirmative federal and D.C. causes of action before this Court."[2608]

11. Sanctions

Several appellate courts affirmed the entry of default judgments as sanctions for misconduct during discovery or other manifestations of disregard for the judicial process. One was the Second Circuit, which entertained an appeal from an individual defendant, who, despite being named David Birnbaum, had identified himself as "David B. Guggenheim" while hawking investment opportunities and who, through an affiliated company, had even applied to register GUGGENHEIM as a service mark for various financial services.[2609] The appellate record demonstrated that Birnbaum had repeatedly violated discovery orders of the district court by failing to provide timely responses to the plaintiffs' written discovery requests, had inappropriately invoked the Fifth Amendment as a blanket objection to those requests, and had refused to answer questions during his deposition; beyond these transgressions, the Second Circuit noted, "[n]otwithstanding the issuance of [a] temporary restraining order and preliminary injunction, Birnbaum continued using the 'Guggenheim' name and mark."[2610]

On these facts, the Second Circuit held that the district court had not abused its discretion by entering a default judgment under Rule 37(b)(2)(A)(vi) of the Federal Rules of Civil Procedure.[2611]

2604. *Id.* at 22-23.

2605. *Id.* at 23.

2606. *Id.*

2607. *Id.*

2608. *Id.* at 23-24.

2609. *See* Guggenheim Capital, LLC v. Birnbaum, 722 F.3d 444 (2d Cir. 2013).

2610. *Id.* at 448.

2611. As summarized by the court, that rule provides that "'[i]f a party . . . fails to obey an order to provide or permit discovery,' the district court may impose sanctions, including

According to the court, "[c]ertain Rule 37 remedies—dismissing a complaint or entering judgment against a defendant—are severe sanctions, but they may be appropriate in 'extreme situations,' as 'when a court finds willfulness, bad faith, or any fault on the part of the noncompliant party.'"[2612] Birnbaum's "sustained recalcitrance" was evidence of his willful disobedience of the district court's discovery orders,[2613] and, although the district court's warnings to Birnbaum of the potential consequences of his actions may not have been detailed, "it warned Birnbaum regularly and often; throughout the case, Birnbaum received six separate warnings."[2614] Under these circumstances, the default judgment was consistent with Rule 37's requirements.

It was additionally consistent with an alternative basis identified by the district court for its order, namely, Rule 55(a) of the Federal Rules of Civil Procedure.[2615] Addressing Birnbaum's challenge to that basis of the default judgment under Rule 55(c),[2616] the court noted that the "good cause" standard of that rule required consideration of "(1) the willfulness of default, (2) the existence of any meritorious defenses, and (3) prejudice to the non-defaulting party."[2617] As to the first of these factors, the court concluded that "Birnbaum does not deny that he received the complaint, the district court's orders, or the notice of default judgment, or that he never answered the complaint. Likewise, he does not contend that his non-compliance was due to circumstances beyond his control."[2618] And, with respect to the second, Birnbaum's claim of a meritorious fair use defense under Section 33(b)(4) was meritless because there was no record evidence that "Guggenheim" was his real surname and, in any case, because he had not used it in good faith.[2619] The issue of the possible prejudice to the plaintiffs from a reopening of the proceeding went unaddressed.

A panel of the California Court of Appeal similarly affirmed the entry of a default judgment against a pair of defendants alleged to have engaged in unfair competition and passing off

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'rendering a default judgment against the disobedient party.'" *Id.* at 450 (quoting Fed. R. Civ. P. 37(b)(2)(A)(vi)).

2612. *Guggenheim Capital*, 722 F.3d at 450-51 (quoting Bobal v. Rennsselaer Polytechnic. Inst., 916 F.2d 759, 764 (2d Cir. 1990)).

2613. *Id.* at 451.

2614. *Id.* at 452.

2615. That rule provides in relevant part that a default judgment is appropriate if a party "has failed to plead or otherwise defend" a case. Fed. R. Civ. P. 55(a).

2616. Fed. R. Civ. P. 55(c).

2617. *Guggenheim Capital*, 722 F.3d at 455.

2618. *Id.*

2619. *Id.* at 455-47.

under the law of that state.[2620] The trial court entered the default against the defendants after they failed to produce a variety of business records in response to the plaintiff's discovery requests. The appellate court affirmed. It noted not only that the defendants' production was deficient but also that the defendants' deposition testimony contradicted their claim that no responsive records existed. There was thus "sufficient evidence that [the defendants] willfully violated the [trial court's] orders in several ways, [and] the trial court did not abuse its discretion in imposing terminating sanctions."[2621]

A federal district court's imposition of sanctions may be reviewed under the deferential abuse of discretion standard, but that did not prevent the Second Circuit from vacating in part a sanctions order entered against a pro se appellant.[2622] The district court concluded that the appellant had violated Rule 11 of the Federal Rules of Civil Procedure in three respects: (1) he had inaccurately represented to the district court that he was unaware of the existence of certain documents; (2) he had argued to the district court that he was not obligated to execute certain other documents under a prior settlement agreement despite clear language in that agreement to the contrary; and (3) he had claimed to the district court that the prior settlement agreement was not binding despite a prior holding by a magistrate judge that it was. The Second Circuit professed to "share the district court's desire to check [the appellant's] less-than-straightforward conduct,"[2623] but it still held with respect to the first of the district court's bases for sanctions that the appellant had merely represented to the district court that he had not received executed versions of the documents in question and not, as the district court believed, that he was unaware of the documents' existence;[2624] moreover, it held with respect to the third basis that the district court had failed to give the appellant adequate notice that his representations could expose him to sanction.[2625] Nevertheless, it sustained the second basis of the district court's sanctions award on the ground that "[the appellant's] contention that the settlement agreement did not require him to execute . . . [the] documents [in question] is flatly contradicted by the record."[2626]

2620. *See* Los Defensores, Inc. v. Gomez, 166 Cal. Rptr. 3d 899 (Ct. App. 2014).

2621. *Id.* at 911.

2622. *See* StreetEasy, Inc. v. Chertok, 752 F.3d 298 (2d Cir. 2014).

2623. *Id.* at 307.

2624. *Id.* at 307-08.

2625. *Id.* at 309-11.

2626. *Id.* at 309.

E. Trademark- and Service Mark-Related Transactions

1. Interpretation and Enforcement of Trademark and Service Mark Assignments

Actions to enforce the rights to a mark that has been purchased by its owner often produce litigation over whether the purchase was an invalid assignment in gross, or, in other words, "a purported transfer of a trademark divorced from its goodwill [that] is generally deemed invalid under U.S. law."[2627] One plaintiff faced with such an argument successfully defeated it as a matter of law based in significant part on the identities of the parties involved in the transactions that eventually led to it acquiring its marks.[2628] With the exception of the marks' original owner, those parties included either the same individual or companies owned by either him or his brother. This led the court to reject the defendants' claim that valid title to the marks had been interrupted by one or more assignments in gross. To the contrary, the summary judgment record demonstrated that the transactions at issue were such that the assignees, including the plaintiff, could "go on in real continuity with the past."[2629]

A rather leaky corporate umbrella led to litigation over the validity of a pair of transactions between entities under that umbrella.[2630] The first of those transactions took place on November 7, 2011, when the plaintiff, a former subsidiary of the defendant, emerged from a share transfer agreement as a separate and unaffiliated company. Both before and after that share-transfer agreement, the plaintiff was the record owner of a portfolio of registrations covering the once-famous COMMODORE marks for gaming computers and associated goods; moreover, after the share-transfer agreement, the plaintiff licensed the use of those marks to a subsidiary of the defendant. In response, the defendant attempted to avoid the effect of the share-transfer agreement by arguing that it had assigned the mark and registrations at issue to another of its subsidiaries on November 2, 2011, which, according to the defendant, meant that it continued to own the marks and registrations through the other subsidiary.

2627. Lifeguard Licensing Corp. v. Gogo Sports, Inc., 108 U.S.P.Q.2d 1454, 1457 (S.D.N.Y. 2013) (alteration in original) (footnote omitted) (quoting Topps Co. v. Cadbury Stani S.A.I.C., 526 F.3d 63, 70 (2d Cir. 2008)) (internal quotation marks omitted).

2628. *See id.* at 1457-58.

2629. *Id.* at 1458 (quoting Dial-A-Mattress Operating Corp. v. Mattress Madness, Inc., 841 F. Supp. 1339, 1350 (E.D.N.Y. 1994) (quoting Merry Hull & Co. v. Hi-Line Co., 243 F. Supp. 45, 51-52 (S.D.N.Y. 1965))) (internal quotation marks omitted).

2630. *See* C=Holdings B.V. v. Asiarim Corp., 992 F. Supp. 2d 223 (S.D.N.Y. 2013).

Following a bench trial, the court rejected the defendant's prior-assignment argument for multiple reasons. To begin with, the court noted, a Dutch court previously had confirmed the plaintiff's ownership of the marks and registrations in a proceeding arising from the bankruptcy of the subsidiary of the defendant that the plaintiff had licensed to use the marks.[2631] Independent of that consideration, the defendant had failed to rebut the significance of the plaintiff's federal registrations, which were evidence of the plaintiff's ownership of any mark covered by them.[2632] Specifically, the multiple deficiencies in the defendant's showing included: (1) the "implausible testimony" of its witnesses;[2633] (2) the absence of "a single contemporaneous document" associated with the purported November 2, 2011 assignment;[2634] (3) the defendant's "refusal to produce witnesses essential to verifying the existence of the asserted transaction—including . . . two of the alleged signatories";[2635] (4) a November 2, 2011 e-mail between representatives of the defendant discussing the licensing, not the transfer, of the marks;[2636] and (5) the fact that "it was not until February 3, 2012, that the [defendant and its remaining subsidiary] actually exchanged a draft of the purported November 2, 2011 transfer agreement."[2637] Not surprisingly, the court found that the defendant's claimed assignment was "a convoluted and ham-fisted effort to concoct post-facto evidence of the purported transfer."[2638] It therefore confirmed the plaintiff's ownership of the marks and registrations.[2639]

Finally, one court declined to resolve questions concerning the scope of an asset purchase agreement that did not expressly identify the marks that might be conveyed by it.[2640] Under the

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2631. *Id.* at 233.

2632. As the court noted:

> "A certificate of registration with the PTO is prima facie evidence that the mark is registered and valid (i.e., protectible), that the registrant owns the mark, and that the registrant has the exclusive right to use the mark in commerce." As such, when a plaintiff sues for infringement of its registered mark, the defendant bears the burden of production and persuasion to rebut the presumption of ownership. [The plaintiff] is the current registered holder of the Commodore trademarks with the PTO, and is therefore the presumed owner of the marks.

Id. at 239 (citations omitted) (quoting Lane Capital Mgmt., Inc. v. Lane Capital Mgmt., Inc., 192 F.3d 337, 345 (2d Cir. 1999)).

2633. *Id.* at 235.

2634. *Id.*

2635. *Id.*

2636. *Id.*

2637. *Id.* at 236.

2638. *Id.* at 235.

2639. *Id.* at 238.

2640. *See* JBCHoldings NY, LLC v. Pakter, 931 F. Supp. 2d 514 (S.D.N.Y. 2013).

APA, a company controlled by the lead defendant conveyed to the plaintiffs "everything from goodwill, customer lists, post closing accounts receivable, personal property owned by [Seller] and [Seller's] lease, to intellectual property, amongst other things."[2641] When the parties had a falling out and the lead defendant went into competition with the plaintiffs under her personal name, the plaintiffs filed suit based in part on the theory that they had acquired the service mark rights to the lead defendant's name as part of the APA. Based on the ambiguous definition of "Intellectual Property Assets" contained in the APA—"unregistered trademarks and service marks owned or used by Seller in respect of the Business and all business names and trading names currently used by Seller, including, but not limited to, Seller's corporate name"[2642]—the court denied the defendants' motion to dismiss that aspect of the plaintiffs' cause of action:

> [The lead defendant's] personal name is neither expressly included within nor excluded from the list of intellectual property assets sold to plaintiffs. . . . Had the APA simply enumerated the marks to be transferred, this issue would not have arisen. But as the APA is currently written, the marks transferred are defined by reference to those marks that were owned or in use by [the lead defendant's company] at the time of the agreement. That in turn calls for a factual inquiry, the outcome of which the Court cannot assume on a motion to dismiss. The Court instead must accept plaintiffs' allegation that [the lead defendant's] name was among those marks.[2643]

2. Interpretation and Enforcement of Trademark and Service Mark Licenses

Although the owner of a mark can abandon its rights through the issuance of a naked license, that theory of abandonment presupposes the existence of a license in the first instance. One opinion turning on that proposition addressed a defense claim that three agreements between the plaintiff and third parties constituted licenses to use the FUEL mark that failed to give the plaintiff the ability to control the nature and the quality of the goods covered by those putative licenses.[2644] The court declined to reach such a result, at least as a matter of law on the defendant's motion for summary judgment. The first agreement at issue was one resolving an infringement action between the plaintiff and a third party that prohibited the third party from using "fuel" except

2641. *Quoted in id.* at 518.

2642. *Quoted in id.* at 527.

2643. *Id.* at 529.

2644. *See* Fuel Clothing Co. v. Nike, Inc., 7 F. Supp. 3d 594 (D.S.C. 2014).

as a component of the FUEL TELEVISION and FUEL TV marks. Although the agreement required the third party to pay the plaintiff a fee for any goods the third party sold bearing those marks, and although the parties to that agreement had referred to it on occasion as a "license," that was not enough to render it one; rather, "[b]ased on the terms of the settlement agreement, the court finds that a reasonable jury could interpret the agreement to restrict [the third party's] use of the 'Fuel' mark and thus prevent an infringing use of the mark."[2645] The court reached the same conclusion with respect to the second agreement, which required the third party at issue to phase out its use of the FUEL mark entirely,[2646] as well as the third agreement, which restricted use of the FUEL mark by the third party entering into it to motorcycle helmets and related products for on-road use.[2647]

3. Interpretation and Enforcement of Settlement Agreements

One defendant entered into a settlement agreement only to regret doing so later.[2648] That defendant resolved the claims against him by agreeing not to continue trafficking in genuine, but diverted, goods bearing the plaintiff's trademarks. The settlement agreement, which arose out of litigation in both the United States and the United Kingdom, barred the defendant from selling the plaintiff's goods anywhere without the plaintiff's permission. The validity of the agreement took center stage after the defendant was caught selling the plaintiff's goods in Australia.

The defendant's initial attack on the agreement was that it lacked consideration because it purported to release the defendant from claims in the United Kingdom that already had been dismissed, but, as the court pointed out, the defendant also received the benefit of the dismissal of the plaintiff's claims in the United States. The defendant's claim that he had thought the settlement prohibited him only from reselling the plaintiff's goods in the United States and the United Kingdom similarly fell short based on the court's holding that "[the defendant's] subjective belief is insufficient to invalidate the contract. Absent fraud, an individual who signs a written agreement is bound by its terms whether he reads and understands them or not."[2649] The defendant was unable to escape an application of this rule because of his

2645. *Id.* at 607.

2646. *Id.* at 607-08.

2647. *Id.* at 608.

2648. *See* Bose Corp. v. Ejaz, 732 F.3d 17 (1st Cir. 2013).

2649. *Id*. at 22 (internal quotation marks omitted).

failure to aver fraud as an affirmative defense,[2650] but he had asserted duress. That claimed basis of the agreement's invalidity failed like the others because the defendant had failed to demonstrate that the plaintiff or its counsel had in any way "deprived him of his free or unfettered will";[2651] indeed, to the contrary, "the facts show that [the defendant] was able to review the proposed agreement at his own pace, was free to seek advice from others (and actually did seek advice from his wife), and voluntarily signed and returned it."[2652]

Of course, as one opinion demonstrated, an action to enforce a settlement agreement will not lie if, in fact, no settlement agreement exists.[2653] The parties to the litigation producing that result had earlier reached an agreement in principle, and the plaintiff assumed responsibility for reducing it to writing. That memorialization never occurred, and, when the parties later came to blows, the plaintiff included a claim for breach of contract in its complaint. On the parties' cross-motions for summary judgment, the court concluded as a matter of law that no binding settlement had been reached. For one thing, the defendant had responded to the plaintiff's pre-litigation demands by indicating that it was *willing* to comply with them in exchange for a release, rather than that it *would* do so; according to the court, "[s]ince it included new terms, [the defendant's] response was a rejection and counter-offer, rather than an acceptance of [the plaintiff's] initial offer."[2654] For another, "even assuming *arguendo* that the exchange of letters, was an offer and acceptance, '[p]arties who do not intend to be bound until the agreement is reduced to a signed writing are not bound until that time.'"[2655] And, finally, correspondence between the parties post-dating their putative agreement reflected uncertainty as to the material issue of how the defendant should dispose of its inventory of goods bearing the allegedly infringing mark.[2656] In the final analysis, therefore, "the parties never

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2650. As the court explained, "[f]raud is an affirmative defense that must be pleaded with particularity, and [the defendant] failed to do so." *Id.* (citation omitted)). In any case, it held, "the evidence in the record shows that [the defendant] . . . knew what he was signing . . . ." *Id.*

2651. *Id.* at 24 (quoting Happ v. Corning, Inc., 466 F.3d 41, 44 (1st Cir. 2006)) (internal quotation marks omitted).

2652. *Id.*

2653. *See* Lifeguard Licensing Corp. v. Gogo Sports, Inc., 108 U.S.P.Q.2d 1454 (S.D.N.Y. 2013).

2654. *Id.* at 1462.

2655. *Id.* (alteration in original) (quoting Powell v. Omnicom, 497 F.3d 124, 129 (2d Cir. 2007)).

2656. *Id.* at 1463.

[progressed] beyond preliminary discussions. There was no contract."[2657]

F. Liability of Trademark and Service Mark Licensors for Torts of Licensees

After a worker at a franchised DENNY'S restaurant was killed during the course of an armed robbery, the defendants in the wrongful-death suit brought by her estate included the restaurant's franchisor, Denny's Inc.[2658] Denny's, Inc. moved for summary judgment of nonliability, but, in an application of New Mexico law, the federal district court hearing the case declined to grant the motion. The court observed that:

> A franchisor may be vicariously liable for the franchisee's torts, depending on the degree of control the franchisor exercises or has a right to exercise over the franchisee. Whether the franchisee is the franchisor's agent centers primarily on whether the franchisor has right to control the day-to-day operations of the franchisee. The analysis distinguishes controlling the "result to be procured" from controlling "the means to be used in reaching that result," as the latter indicates control over the day-to-day operations.
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> . . . Franchise agreements may provide a franchisor with control over a franchisee's day-to-day operations, but exercising control to protect the franchisor's trademark [from a finding of a naked license] is insufficient to lead to vicarious liability.[2659]

Reviewing the summary judgment record, the court then concluded there was sufficient evidence and testimony on which a reasonable jury might base a finding that the franchisor had exercised the required day-to-day control over its franchisee.[2660] Based on that

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2657. *Id.*

2658. *See* Estate of Anderson v. Denny's, Inc., 987 F. Supp. 2d 1113 (D.N.M. 2013).

2659. *Id.* at 1142 (citations omitted).

2660. As the court summarized the plaintiff's showing on this point:

> A number of facts potentially demonstrate Denny's, Inc.'s control over the day-to-day operations of the franchisee restaurant: (i) [the franchisee] must pay Denny's, Inc. franchise fees and other consideration, measured by a percentage of weekly gross sales; (ii) [the franchisee] must send a cumulative cash register tape to show weekly sales; (iii) [the franchisee] must strictly adhere to the standards, policies, procedures, and requirements for the operation, maintenance or improvement of Denny's restaurants, using the Denny's System and Denny's Marks; (iv) Denny's, Inc. must approve restaurant site development, construction, and remodeling; (v) Denny's, Inc. can enter the premises to make modifications necessary to protect the Denny's marks and related proprietary rights; (vi) [the franchisee] must comply with Denny's operations manual, food service standards, restaurant maintenance and repair, hours of operation, personnel standards, inspections, and training; (vii) Denny's, Inc.

evidence and testimony, it held that "the Supreme Court of New Mexico, if confronted with the facts of this case, would not decide as a matter of law there is no control . . . . Accordingly, the Court concludes that the Supreme Court of New Mexico would deny summary judgment and submit the issue of control to the jury."[2661]

G. The Relationship Between the Lanham Act and Other Statutes

1. The Food, Drug and Cosmetic Act

Federal false-advertising lawsuits have increasingly required courts to address the relationship between the Lanham Act, on the one hand, and the administration by the Food and Drug Administration (FDA) of the federal Food, Drug, and Cosmetic Act (FDCA),[2662] on the other. In *POM Wonderful LLC v. Coca-Cola Co.*,[2663] the Supreme Court clarified that relationship in the context of FDA regulations governing food and beverage labels. In doing so, it held that compliance with those regulations does not immunize the content of those labels from a false-advertising-based challenge under Section 43(a) of the Lanham Act.[2664]

The alleged false advertising at issue was the Coca-Cola Company's promotion of a "Pomegranate Blueberry Flavored Blend Of 5 Juices,"[2665] of which only three-tenths of one percent consisted of pomegranate juice and only one two-tenths of one percent consisted of blueberry juice. Challenging the accuracy of

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> requires certain standards for food quality, timing, and service; (viii) [the franchisee] and its managers must attend training to learn the Denny's System; (ix) [the franchisee's] personnel may attend refresher or additional training; (x) Denny's, Inc. performs inspections for quality control, hazard analysis, and hospitality, including whether employees wash their hands before putting on a new pair of gloves; (xi) Denny's, Inc. requires training on food handling; (xii) Denny's, Inc. must approve the vendors from whom [the franchisee] purchases food; (xiii) Denny's, Inc. mandates a system for preparation of the food; (xiv) Denny's, Inc. may terminate the agreement if [the franchisee] fails to comply with the Denny's, Inc. requirements, including failing to remodel; (xv) upon terminating the agreement, Denny's, Inc. may purchase the franchisee restaurant at fair market value; (xvi) Denny's, Inc. requires [the franchisee] to obtain liability insurance; (xvii) Denny's, Inc. requires that [the franchisee's] employees are neat, clean, and adequately trained and supervised, that they wear neat, clean, and uniform attire, and that they provide service to the public in a courteous, efficient, and skilled manner; and (xviii) [the franchisee] must operate twenty-four hours a day and seven days a week, or receive permission from Denny's, Inc. to deviate from that schedule.

Id. at 1152.

2661. *Id.* at 1160.

2662. Pub. L. No. 75-717, §§ 1-902, 52 Stat. 1040 (1938) (codified as amended at 21 U.S.C. §§ 301-397 (2012)).

2663. 134 S. Ct. 2228 (2014).

2664. 15 U.S.C. § 1125(a) (2012).

2665. *Quoted in POM Wonderful*, 134 S. Ct. at 1177.

the prominent "pomegranate" reference on Coca-Cola's label, POM Wonderful brought suit in part on the theory that the label's content was actionable false advertising under Section 43(a). The district court granted Coca-Cola's motion for summary judgment, and the Ninth Circuit affirmed.[2666]

After granting POM Wonderful's petition for a writ of certiorari, the Supreme Court reversed. The Court summarized its holding in the following manner:

> The ruling that POM's Lanham Act cause of action is precluded by the FDCA was incorrect. There is no statutory text or established interpretive principle to support the contention that the FDCA precludes Lanham Act suits like the one brought by POM in this case. Nothing in the text, history, or structure of the FDCA or the Lanham Act shows the congressional purpose or design to forbid these suits. Quite to the contrary, the FDCA and the Lanham Act complement each other in the federal regulation of misleading food and beverage labels. Competitors, in their own interest, may bring Lanham Act claims like POM's that challenge food and beverage labels that are regulated by the FDCA.[2667]

Elaborating on its statutory text point, the Court noted that "neither the Lanham Act nor the FDCA, in express terms, forbids or limits Lanham Act claims challenging labels that are regulated by the FDCA."[2668] For one thing, it held, Section 43(a)'s "comprehensive imposition of liability [for false advertising] extends, by its own terms, to misrepresentations on labels, including food and beverage labels. No other provision in the Lanham Act limits that understanding or purports to govern the relevant interaction between the Lanham Act and the FDCA."[2669] And, for another, "the FDCA, by its terms, does not preclude Lanham Act suits. In consequence, food and beverage labels regulated by the FDCA are not, under the terms of either statute, off limits to Lanham Act claims."[2670]

In addition to the express texts of the statutes, the Court also was swayed by congressional inaction in the nearly seven decades during which the Lanham Act and the FDA had coexisted. On this issue, the Court explained that "[i]f Congress had concluded, in light of experience, that Lanham Act suits could interfere with the FDCA, it might well have enacted a provision addressing the issue

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2666. *See* POM Wonderful LLC v. Coca-Cola Co., 679 F.3d 1170, 1175-76 (9th Cir. 2012), *rev'd*, 134 S. Ct. 2228 (2014).

2667. *POM Wonderful*, 134 S. Ct. at 2233.

2668. *Id.* at 2237.

2669. *Id.*

2670. *Id.*

during these 70 years."[2671] According to the Court, this failure to "enact a provision addressing the preclusion of other federal laws that might bear on food and beverage labeling" was "'powerful evidence that Congress did not intend FDA oversight to be the exclusive means' of ensuring proper food and beverage labeling."[2672]

The Court also found it significant that "[w]hen two statutes complement each other, it would show disregard for the congressional design to hold that Congress nonetheless intended one federal statute to preclude the operation of the other."[2673] Addressing the statutes before it, the Court then determined that "[t]he Lanham Act and the FDCA complement each other in major respects, for each has its own scope and purpose. Although both statutes touch on food and beverage labeling, the Lanham Act protects commercial interests against unfair competition, while the FDCA protects public health and safety."[2674] Moreover:

> The two statutes complement each other with respect to remedies in a more fundamental respect. Enforcement of the FDCA and the detailed prescriptions of its implementing regulations is largely committed to the FDA. The FDA, however, does not have the same perspective or expertise in assessing market dynamics that day-to-day competitors possess. Competitors who manufacture or distribute products have detailed knowledge regarding how consumers rely upon certain sales and marketing strategies. Their awareness of unfair competition practices may be far more immediate and accurate than that of agency rulemakers and regulators. Lanham Act suits draw upon this market expertise by empowering private parties to sue competitors to protect their interests on a case-by-case basis. . . . Allowing Lanham Act suits takes advantage of synergies among multiple methods of regulation. This is quite consistent with the congressional design to enact two different statutes, each with its own mechanisms to enhance the protection of competitors and consumers.[2675]

Those differing mechanisms were particularly appropriate, the Court suggested, because "[u]nlike other types of labels regulated by the FDA, such as drug labels, it would appear the FDA does not preapprove food and beverage labels under its regulations and instead relies on enforcement actions, warning letters, and other

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2671. *Id.*

2672. *Id.* (quoting Wyeth v. Levine, 555 U. S. 555, 563 (2009)).

2673. *Id.* at 2238.

2674. *Id.*

2675. *Id.* at 2238-39.

measures."[2676] From this, the Court concluded, "[i]t is unlikely that Congress intended the FDCA's protection of health and safety to result in less policing of misleading food and beverage labels than in competitive markets for other products."[2677]

Finally, the Court rejected a series of arguments advanced by Coca-Cola and the Solicitor General in support of the Ninth Circuit's dismissal of POM Wonderful's false-advertising cause of action. Allowing a Section 43(a) challenge to Coca-Cola's labels would not jeopardize national uniformity in labeling, the Court held, because "[t]he centralization of FDCA enforcement authority in the Federal Government does not indicate that Congress intended to foreclose private enforcement of other federal statutes."[2678] Such a challenge also would not undermine the FDCA's preemption of state-law causes of action, because "the preemption provision by its plain terms applies only to certain state-law requirements, not to federal law."[2679] The argument that "the FDCA, and particularly its implementing regulations, addresses food and beverage labeling with much more specificity than is found in the provisions of the Lanham Act" was similarly without merit on the ground that "this greater specificity would matter only if the Lanham Act and the FDCA cannot be implemented in full at the same time."[2680] And the theory that "the FDCA and its regulations are at least in some circumstances a ceiling on the regulation of food and beverage labeling" could not withstand scrutiny because, to reiterate, "Congress intended the Lanham Act and the FDCA to complement each other with respect to food and beverage labeling."[2681]

On a going-forward basis, the most obvious likely effect of the Court's opinion will be an increase in the number of federal false-advertising challenges to food and beverage labels regulated by the FDA. What is less certain, however, is the decision's significance to Section 43(a) claims bearing on other products falling within the FDCA's scope. This is especially true for products such as prescription pharmaceuticals and medical devices, as to which the FDA's activities are far more extensive than the mere promulgation of regulations that, in an environment of budgetary constraints, often leave compliance up to industry participants themselves.[2682] So too is it an open question whether *POM*

2676. *Id.* at 2239 (citation omitted).

2677. *Id.*

2678. *Id.*

2679. *Id.*

2680. *Id.* at 2240.

2681. *Id.*

2682. For representative pre-*POM Wonderful* examples of judicial reluctance to allow false-advertising claims in the other areas within the FDA's jurisdiction, see *PhotoMedex,*

Wonderful will influence the availability of Section 43(a) in other industries in which product labels are subject to similar or more stringent federal scrutiny.[2683] The long-term implications of the Court's holding therefore remain to be seen.

2. The Sherman Act and Clayton Act

The Sherman Act recognizes a cause of action against "[e]very person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations,"[2684] while the Clayton Act bars additional anticompetitive practices.[2685] In litigation over these prohibitions, a key issue often is the definition of the relevant market: According to one court addressing that issue, "[a] plaintiff must delineate a relevant market and show that the defendant plays enough of a role in that market to impair that market significantly."[2686] That observation occurred in a case in which the allegedly anticompetitive conduct was by the National Football League, its member teams, and Reebok International, Inc. According to the plaintiff, who purported to represent a class of consumers, the NFL's issuance of an exclusive license for apparel to Reebok violated both the Sherman Act and Clayton Act.

The defendants moved the court to dismiss the plaintiff's antitrust causes of action for failure to state a claim but did so unsuccessfully. According to the plaintiff, there were two markets adversely affected by the defendants' conduct, the first of which was "the United States market for the licensing of the trademarks, logos, and other emblems (collectively 'the Intellectual Property') of individual NFL teams for use in [sic] apparel," and the second of which was "the United States retail market for apparel bearing the Intellectual Property of any NFL team."[2687] Addressing these definitions, the court concluded that the plaintiff successfully had alleged "a market consisting of the intellectual property of at least

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Inc. v. Irwin, 601 F.3d 919, 930 (9th Cir. 2010) (dismissing Section 43(a) claim grounded in allegedly false advertising of medical device); *Schering-Plough Healthcare Prods., Inc. v. Schwarz Pharma., Inc.*, 586 F.3d 500, 513 (7th Cir. 2009) (dismissing Section 43(a) claim without prejudice in deference to FDA's ongoing investigation into whether claim that defendant's pharmaceutical preparation was available by prescription only rendered preparation misbranded).

2683. To give but two examples, alcoholic beverage labels must be pre-approved by the Alcohol Tobacco Tax and Trade Bureau before being introduced into the marketplace, *see* 27 U.S.C. 204(e) (2012); similarly, labels for pesticides and related products must be registered with the Environmental Protection Agency. *See* 7 U.S.C. § 136a (2012).

2684. 15 U.S.C. § 2 (2012); *see also id.* § 4.

2685. *Id.* §§ 13-19.

2686. Dang v. S.F. Forty Niners, 964 F. Supp. 2d 1097, 1104 (N.D. Cal. 2013).

2687. *Quoted in id.*

thirty different and competing professional football teams as well as the intellectual property owned by the NFL itself."[2688] Moreover, although antitrust doctrine required the existence of a market composed of reasonably interchangeable products, that requirement was satisfied by competition among the NFL's individual teams in areas in which no team was located, as well as by competition among teams sharing geographic markets and competition "for fans among persons who were previously not fans of professional football, as well as fans who move from one region of the country to another."[2689] A final reason for the denial of the defendants' motion to dismiss was the court's acceptance of the plaintiff's argument that "the market consisting solely of apparel bearing NFL-related logos is unique enough so that products bearing non-NFL-related logos would not suffice as a reasonable substitute."[2690]

The problem of defining the relevant market took center stage in another case as well.[2691] It was brought by current and former Division I student-athletes, who alleged that the NCAA had violated the Sherman Act by conspiring with two licensees to restrict the commercial use of the plaintiffs' names, images, and likenesses. As the court characterized their cause of action, "the NCAA's prohibition on student-athlete compensation for the use of their names, images, and likenesses harms competition in . . . two markets . . . namely, the 'college education' market and the 'group licensing' market."[2692] In moving for summary judgment, the NCAA questioned the existence of both markets, but the court rejected its arguments on the issue.[2693] The NCAA also fumbled its other contentions regarding the other prerequisites for a finding of an unlawful conspiracy by failing to counter the plaintiffs' showings that the NCAA's conduct had had anti-competitive effects in the two markets at issue,[2694] that the plaintiffs had interests in those markets,[2695] and that there were no procompetitive justifications for the NCAA's conduct.[2696]

2688. *Id.* at 1106.

2689. *Id.* at 1107 (citation omitted).

2690. *Id.*

2691. *See In re* NCAA Student-Athlete Name & Likeness Licensing Litig., 111 U.S.P.Q.2d 1339 (N.D. Cal. 2014).

2692. *Id.* at 1347.

2693. *Id.* at 1348-52.

2694. 1347-48.

2695. *Id.* at 1352-53.

2696. 1353-58.

3. The Bankruptcy Code

Section 548(a)(1)(A) of the Bankruptcy Code recognizes a two-year period in which a bankruptcy trustee may avoid any transfer of property by the debtor if the transfer was made with an actual intent to hinder, delay, or defraud creditors.[2697] This provision was successfully invoked by the trustee in a proceeding involving a number of marks originally owned and registered by the producer of the *Girls Gone Wild* and *Guys Gone Wild* line of videos but subsequently assigned from their initial owner in a Byzantine series of transactions before that owner and several of its affiliated companies sought bankruptcy protection.[2698] There was no dispute that the transactions had occurred within the two-year period, and, as it turned out, no material dispute that they had been made with an actual intent to hinder, delay, or defraud creditors, either. Record evidence on the latter issue included the trustee's showings that, inter alia: (1) the debtors had retained an attorney specializing in asset protection, whose engagement letter recited that "[w]e will form a foreign trust in a jurisdiction that is friendly to you and hostile to your creditors";[2699] (2) there were threatened and pending lawsuits against the debtors at the time of the assignments;[2700] (3) notwithstanding the fact that the debtors' business depended on their ability to use the trademarks, they had assigned the marks to the assignees for no consideration;[2701] (4) even after transferring the marks, the assignees continued to use them as if the transfer had never occurred;[2702] (5) the debtors and the assignee were under common control;[2703] and (6) the debtors continued to pay for the maintenance of the registrations covering the marks.[2704] The trustee therefore was entitled to summary judgment on the issue of avoidance under Section 548(a)(1)(A).[2705]

In addition to relying on Section 548(a)(1)(A), the trustee sought to avoid two other transactions based on Section 548(a)(1)(B) of the Code.[2706] Transfers of property may be avoided under Section 548(a)(1)(B) if a debtor receives less than reasonably

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2697. 11 U.S.C. § 548(a) (2012).

2698. *See In re* GGW Brands, LLC, 504 B.R. 577 (Bankr. C.D. Cal. 2013).

2699. *Quoted in id.* at 588; *see also id.* at 627 (citing testimony by the debtors' counsel that he had organized the assignee of the marks in Nevis because that made it "[j]ust more difficult for a creditor to be able to access the assets" (alteration in original)).

2700. *Id.* at 627.

2701. *Id.*

2702. *Id.*

2703. *Id.* at 628.

2704. *Id.*

2705. *See also id.* at 630-31 (reaching identical conclusion with respect to different transaction).

2706. 11 U.S.C. § 548(a)(1)(B) (2012).

equivalent value in exchange for the property and is insolvent at the time of the transfer.[2707] The trustee had an easy time satisfying the first of these requirements with respect to both transactions,[2708] but he enjoyed only partial success as to the second requirement: Although there was no material dispute that the debtors were insolvent at the time of one transaction,[2709] that was not the case where the other was concerned.[2710] As a consequence, the trustee's motion for summary judgment under Section 548(a)(1)(B) was granted only in part.[2711]

H. State Taxation of Intellectual Property Holding Companies

The viability of intellectual property holding companies as mechanisms for shielding corporate income from state income tax liability has become an increasingly open question as state revenue departments have successfully challenged the raison d'être of those entities. The latest to do so is the Arizona Department of Revenue, which took on The Home Depot and a subsidiary of that company, Homer TLC, Inc., the latter of which owned a variety of marks and licensed their use to its corporate parent.[2712] An Arizona appellate court described this arrangement in the following manner: "According to the Department, Homer's reported income over the tax years in question totaled about $4.7 billion. Over the same time period, Home Depot reported total income of about $3.8 billion. During the years in question, Homer had only four employees: A lawyer, a paralegal and two administrative assistants."[2713]

A tax court held that the parent and the subsidiary were required to file combined returns, which meant that the consolidated income of both companies could be apportioned between them in a manner that would undoubtedly result in greater tax liability. In affirming, the appellate court held that "[w]hen a group of affiliated corporations does business in multiple states and one of them has income from Arizona, we apply the 'unitary-business principle' to determine whether a member of the group 'has the requisite minimal state connection to include its

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2707. *Id.*

2708. *GGW Brands*, 504 B.R. at 628, 631.

2709. *Id.* at 632-33.

2710. *Id.* at 628-30.

2711. *Id.* at 633.

2712. *See* Home Depot U.S.A., Inc. v. Ariz. Dept. of Revenue, 314 P.3d 576 (Ariz. Ct. App. 2013).

2713. *Id.* at 578 n.1.

income in the [state] tax base.'"[2714] Although acknowledging that the two companies were "separate organizations,"[2715] the court also identified a number of reasons why the two companies should be treated as being just such a unitary business. One was that "Home Depot would not be 'Home Depot' without the trademarks it licenses from Homer for its retail stores, advertising and website."[2716] Others were that "without Home Depot's continuing efforts to promote its brand, the trademarks that constitute Homer's only assets would be worthless"[2717] and that "[m]ore fundamentally, the marks at issue have value to Homer only to the extent that customers value the Home Depot brand."[2718] Finally, the court observed, "[a]lthough Home Depot argues that Homer is in the distinct business of licensing trademarks, the only trademarks it licenses are those it acquired from Home Depot";[2719] indeed, the operational integration between the companies was such that "Homer conducted 97 percent of its business with Home Depot" during the years in dispute.[2720] As a consequence, the tax court properly had required the inclusion of Homer's income on The Home Depot's tax return.[2721]

I. Insurance

1. Opinions Ordering Coverage

In many reported opinions in which the eligibility for insurance coverage of a defendant accused of unfair competition is at issue, the resolution of that issue often turns on the meaning of "advertising injury" as used in the defendant's policy. In a case presenting a relatively straightforward example of that proposition, the disassociation of the Episcopal Church of South Carolina from the Protestant Episcopal Church in the United States of America led to a suit between those parties in which the latter accused the former of service mark infringement under South Carolina law.[2722] The Episcopal Church of South Carolina sought coverage for the defense of that underlying action under its general liability policy, which defined an "advertising injury" as,

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2714. *Id.* at 578 (citations omitted) (quoting R.R. Donnelley & Sons Co. v. Ariz. Dep't of Revenue, 229 P.3d 266, 269 (Ariz. Ct. App. 2010)).

2715. *Id.* at 579.

2716. *Id.*

2717. *Id.* at 580.

2718. *Id.*

2719. *Id.*

2720. *Id.* at 582.

2721. *Id.*

2722. *See* Episcopal Church in S.C. v. Church Ins. Co. of Vt., 993 F. Supp. 2d 581 (D.S.C. 2014).

among other things, "infringement of copyright, title, slogan, trademark, or trade name."[2723] The court had no difficulty concluding as a matter of law that the allegations in the underlying action alleged just such an injury,[2724] and it also rejected the carrier's argument that, because the only monetary relief sought by the plaintiff was an award of attorneys' fees, which the carrier asserted were available only in cases presenting intentional infringement, a "knowing falsity" exclusion applied. As to the exclusion, the court noted that the relevant South Carolina statute recognized the possibility of an award of fees "according to the circumstances of the case."[2725] Because "it is clear that the statute contemplates an award of attorneys' fees based on some reason other than that a party committed the wrongful act with knowledge or in bad faith," the court was unwilling to hold that the allegations in the underlying complaint clearly fell within the exclusion.[2726]

A different insured secured a favorable reading of the phrase "advertising injury" from the Court of Special Appeals of Maryland after the insured was sued by a former affiliate that claimed the insured had breached a contract between the parties by, inter alia, using a mark jointly developed by the affiliate and the insured.[2727] The court's analysis did not begin in promising fashion for the insured's two carriers, which had successfully pursued a motion for summary judgment in a declaratory judgment action against the insured. For one thing, the court noted, "under general principles of contract construction, if an insurance policy is ambiguous, it will be construed liberally in favor of the insured and against the insurer *as drafter of the instrument*";[2728] and, for another, "an insurer is obligated to defend *all* claims, notwithstanding alternative allegations outside the policy's coverage, until all potentially covered claims are resolved."[2729]

From there, the court looked to the definition of "advertisement" found in the insured's policy, namely "a notice that is broadcast or published to the general public or specific market segments about [the insured's] goods, products or services for the purpose of attracting customers or supporters . . . includ[ing] material placed on the Internet or on similar electronic

2723. *Quoted in id.* at 585.

2724. *Id.* at 590.

2725. S.C. Code Ann. § 39-15-1170(A) (2010).

2726. *Episcopal Church in S.C.*, 993 F. Supp. 2d at 591.

2727. *See* Blackstone Int'l Ltd. v. Md. Cas. Co., 88 A.3d 792 (Md. Ct. Spec. App.), *cert. granted*, 96 A.3d 143 (Md. 2014).

2728. *Id.* at 798 (quoting Dutta v. State Farm Ins. Co., 769 A.2d 948, 957 (Md. 2001)) (internal quotation marks omitted).

2729. *Id.*

means of communication[.]"[2730] The court credited the insured's argument that the plaintiff in the underlying action had accused the insured of disseminating four categories of advertisements falling within the scope of that definition, namely: "1) a product website; 2) product packaging and instructions; 3) [an] advertisement in a trade publication and third-party catalogs; and 4) sales sheets, informational offerings, and marketing presentations to large retailers, including Wal-Mart."[2731] It then rejected the carriers' argument that, as summarized by the court, "wherever an insurance agreement defines 'advertising injury' as 'any injury arising out of the use of another's advertising idea in your advertisement,' this definition excludes—by default—all injuries arising from intentional conduct or breach of contract."[2732] The problem with that argument, the court pointed out, was that "the Insurers carved exactly those kinds of injuries out of 'advertising injury' by drafting express exclusions"—which they had waived—"to that term's definition."[2733] The insured therefore was entitled to coverage as a matter of law on the ground that "had intentional conduct and breaches of contract *not* been excluded, they would fall *within* the agreement's broad and unambiguous definition of 'advertising injury.'"[2734]

Similar principles under Illinois law worked to the advantage of a different policy holder.[2735] That insured had been accused of misleadingly advertising a pain-relief patch as having properties identical to those of another patch, the manufacturer of which was not expressly identified. The key language in the insured's policy obligated the carrier to cover the defense of actions involving "personal and advertising injuries" arising from "[o]ral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products, or services."[2736] According to the carrier, the underlying action did not fall within the scope of this language because the insured's advertising merely promoted its own product and did not contain any misleading statements about the product to which it was compared. The court disagreed, in part because "[i]n a duty-to-defend action, we begin with the deck heavily stacked in favor of the insured."[2737] Equally to the point, the court

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2730. *Quoted in id.* (second, third, and fourth alterations in original).

2731. *Id.*

2732. *Id.* at 802.

2733. *Id.*

2734. *Id.*

2735. *See* JAR Labs. v. Great Am. E & S Ins. Co., 945 F. Supp. 2d 937 (N.D. Ill. 2013).

2736. *Quoted in id.* at 943 (alteration in original).

2737. *Id.* at 942 (quoting Del Monte Fresh Produce N.A. v. Transp. Ins. Co., 500 F.3d 640, 634 (7th Cir. 2007)) (internal quotation marks omitted).

held it undisputed that the complaint in the underlying action alleged that the product comparisons contained in the insured's advertising "can reasonably be read to identify [the plaintiff's product] explicitly, if not by name."[2738] The court then credited the insured's argument that "that a statement equating a competitor's product with an allegedly inferior one is logically indistinguishable from, and no less disparaging than, a statement describing one's own product as 'superior' to the competitors'"[2739] before turning to the carrier's arguments that the insured's conduct fell within three exclusions from coverage contained in the policy.

The first such exclusion was styled as "Exclusion of Claims and 'Suits' Alleging Infringement of Intellectual Property" and contained the words "unfair competition," which led the carrier to claim that coverage was precluded by the assertion of a Section 43(a) false-advertising cause of action against the insured in the underlying action: Addressing that exclusion, the court concluded that "Illinois policy, legal authority, and the language of the exclusion itself all militate in favor of construing the 'unfair competition' exclusion as targeting a narrow subset of intellectual property violations that does not include [the] false advertising and related claims [asserted against the insured]."[2740] The second exclusion, which addressed coverage for suits "arising out of the failure of goods, products, or services to conform with any statement of quality or performance made in your 'advertisement,'"[2741] was similarly inapplicable, even though the insured's product was never actually sold.[2742] Finally, a "prior publication" exclusion[2743] did not apply because "[n]othing in the underlying complaint similarly suggests that the covered statements were merely the continuation of a defamatory scheme that began before coverage incepted [sic]."[2744] The insured therefore was entitled to summary judgment.[2745]

2738. *Id.* at 943.

2739. *Id.*at 944.

2740. *Id.* at 946.

2741. *Quoted in id.* at 940.

2742. According to the court, the complaint in the underlying action alleged "injuries flowing directly from plaintiff's advertisements, not from consumers' discovery that the advertisements were false." *Id.* at 947.

2743. As summarized by the court, "[t]his exclusion eliminates coverage for 'Personal and advertising injury' arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.'" *Id.*

2744. *Id.* at 948.

2745. *Id.* at 949.

2. Opinions Declining to Order Coverage

Just as it did in the context of opinions ordering insurance coverage, the definition of "advertising injury" played a role in court decisions that no coverage was warranted.[2746] Such was the outcome in a New York appellate opinion in which the definition in question swept in the "[o]ral or written publication of material that violates a person's right of privacy."[2747] The plaintiff in the underlying action was a corporation, rather than a person, and that allowed for the swift disposition of the insured's bid for coverage. Although acknowledging the insured's argument that there were some situations in which a corporation could fall within the scope of the word "person," the court rejected that possibility under the policy at issue because the salient language was "sandwiched between two other offenses in [the] policy that make express reference to misdeeds perpetuated against either a person *or* an organization, thereby suggesting that the omission of any reference to an organization from the subject offense was intentional."[2748] The "historically personal nature of privacy rights in general" was merely an additional reason why summary judgment in the carrier's favor had been proper.[2749]

Likewise, two substantively identical definitions of "advertising injury" as an injury arising from the dissemination of "material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services" led to a joint victory by the carriers issuing the policies containing those definitions.[2750] In the underlying case ultimately producing that victory, the owner of those policies had been tagged with two separate jury findings of liability grounded in its having: (1) misrepresented the characteristics of its products; and (2) allegedly engaged in a variety of other activities. The court concluded as a matter of law that the first jury verdict did not trigger coverage on the ground that there was nothing in the trial record indicating that the insured's misrepresentations had disparaged the plaintiff's products.[2751] The same result held with respect to the second jury verdict: Although that jury had had before it evidence

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2746. *See, e.g.*, All Class Constr., LLC v. Mut. Benefit Ins. Co., 3 F. Supp. 3d 409, 422 (D. Md. 2014) (finding no coverage as a matter of law on the ground that "[n]owhere in the Underlying Complaint is there an allegation of an 'advertisement,' as that term is defined in [the policy]").

2747. *Quoted in* Sportsfield Specialties, Inc. v. Twin City Fire Ins. Co., 984 N.Y.S.2d 447, 450 (Sup. Ct. App. Div. 2014).

2748. *Id.*

2749. *Id.* at 451.

2750. *Quoted in* Charter Oak Ins. Co. v. Maglio Fresh Food, 979 F. Supp. 2d 581, 593 (E.D. Pa. 2013).

2751. *Id.* at 594.

and testimony that the insured had, in fact, disparaged the plaintiff's products, it was not possible to attribute the verdict to that evidence and testimony, as opposed to evidence and testimony of other misconduct engaged in by the insured.[2752]

In other cases, it was the presence of one or more exclusions in the policies at issue that led to unsuccessful bids for coverage.[2753] For example, a prior-publication exclusion proved to be the downfall of the insured in an appeal to the Ninth Circuit.[2754] The exclusion in question disclaimed coverage for "'[p]ersonal and advertising injury' arising out of oral or written publication of material whose first publication took place before the beginning of the policy period."[2755] As the court explained of this language under California law:

> In the context of advertising injury coverage, an allegedly wrongful advertisement published before the coverage period triggers application of the prior publication exclusion. If this threshold showing is made, the exclusion bars coverage of injuries arising out of republication of that advertisement, or any substantially similar advertisement, during the policy period, because such later publications are part of a single, continuing wrong that began before the insurance policy went into effect. If a later advertisement is not substantially similar to the pre-coverage advertisement, however, it constitutes a distinct, or "fresh," wrong that does not fall within the prior publication's scope.[2756]

The court then turned its attention to the issue of whether a prior publication of the STREET SURFING mark for skateboards at issue in the underlying action had, in fact, occurred prior to the effective date of the policy in August 2005. Because that question could not be answered from the four corners of the complaint in that action, the court, like the district court before it, turned to extrinsic evidence in the form of a recitation in the insured's application for the policy, "filed before coverage began," that all of the insured's products at that time displayed the challenged mark.[2757] Although it was apparently undisputed that the insured had advertised accessories for its skateboard as "Lime Green

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2752. *Id.* at 595.

2753. *See, e.g.*, Liberty Corporate Capital Ltd. v. Security Safe Outlet, Inc., 937 F. Supp. 2d 891, 903-08 (E.D. Ky. 2013) (holding that breach-of-contract exclusion precluded coverage for defense of allegations of infringement arising from breach of licensing agreement), *aff'd*, 577 F. App'x 399 (6th Cir. Nov. 14, 2014).

2754. *See* Street Surfing, LLC v. Great Am. E & S Ins. Co., No. 12–55351, 2014 WL 5904922 (9th Cir. Nov. 14, 2014).

2755. *Quoted in id.* at *4 (alteration in original).

2756. *Id.* at *5 (citations omitted).

2757. *Id.* at *6.

Street Surfing Wheels" and the "New Ultimate Street Surfer Wheel Set" during the policy period, the court rejected the insured's argument that the advertising was insufficiently similar to what had taken place before the policy's effective date that it fell outside the scope of the policy. Instead, it held, "[t]o assess substantial similarity, courts have not considered *all* differences between pre-coverage and post-coverage publications, but have focused on the relationship between the alleged *wrongful acts* manifested by those publications. A post-coverage publication is 'substantially similar' to a pre-coverage publication if both publications carry out the same alleged wrong."[2758] Summary judgment in the carrier's favor therefore had been appropriate on the ground that "if [the insured's] post-coverage publications were wrongful, that would be so for the same reason its pre-coverage advertisement was allegedly wrongful: they used [the plaintiff in the underlying action's] advertising idea in an advertisement."[2759] In particular, [w]hether that idea was manifested specifically as 'Street Surfing,' or as 'Street Surfer' is not a meaningful differentiation, because the alleged wrong arose out of each term's similarity to [the plaintiff's] advertising idea, 'Streetsurfer.'"[2760]

3. Opinions Deferring Resolution of the Coverage Inquiry

A California federal district court addressing a claim for coverage chose to stay the proceedings before it pending disposition of the underlying action, which had been filed in California state court by actress Reese Witherspoon.[2761] As summarized by the federal court, Witherspoon's complaint asserted causes of action for "violation of common law right of publicity, violation of common law right of privacy, common law trademark/trade name infringement, common law trade dress infringement, and common law slogan infringement."[2762] The federal-court complaint in turn had been filed by the issuer of a policy sold to the defendant in the underlying action, and that complaint sought a declaratory judgment that certain exclusions in the policy rendered the defendant ineligible for coverage. Rather than resolve the merits of that assertion, the court identified a number of reasons to defer action on its part, including: (1) "[a] decision [on] [the carrier's] declaratory relief claims will necessarily involve application of California insurance law, and the

2758. *Id.* at *7.

2759. *Id.*

2760. *Id.*at *9.

2761. *See* Md. Cas. Co. v. Witherspoon, 993 F. Supp. 2d 1178 (C.D. Cal. 2014).

2762. *Id.* at 1184.

only reason [the carrier] is in federal court is on diversity grounds, suggesting that the federal interest in this matter is at its nadir";[2763] (2) "exercising jurisdiction over this Action will result in entanglement between the federal and state court systems, as the state court is currently adjudicating the issue of trade dress and slogan infringement in the Underlying Action";[2764] and (3) the coverage question was "not logically unrelated to the issues of consequence in the underlying case; in fact, it appears that the coverage question here squarely raises the issues in the Underlying Case—specifically, whether . . . Witherspoon has stated a claim for infringement of trade dress or slogan."[2765]

2763. *Id.* at 1183.

2764. *Id.* at 1185.

2765. *Id.* at 1186.

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