

Annual Review of U.S. Federal Case Law and TTAB Developments

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* In the interest of full disclosure, the author notes his participation or that of his law firm in the following cases referenced by this outline: *Booking.com B.V. v. United States Patent & Trademark Office*, No. 18-1309, 2020 WL 3578671 (U.S. July 2, 2020) (counsel for amicus curiae American Intellectual Property Law Association in support of petitioner); *Peter v. NantKwest*, 140 S. Ct. 365 (2019) (counsel for amicus curiae American Bar Association in support of respondent); *VIP Prods. LLC v. Jack Daniel's Props., Inc.*, 953 F.3d 1170 (9th Cir. 2020), *petition for certiorari filed*, No. 20-365 (U.S. Sept. 15, 2020) (counsel for petitioner); *Galperti, Inc. v. Galperti S.r.l.*, 791 F. App'x 905 (Fed. Cir. 2019) (appellate counsel for petitioner for cancellation); *AM Gen. LLC v. Activision Blizzard, Inc.*, 450 F. Supp. 3d 467 (S.D.N.Y. 2020) (consultant for plaintiff); *Coty Inc. v. Cosmopolitan Cosmetics Inc.*, 432 F. Supp. 3d 345 (S.D.N.Y. 2020) (counsel for plaintiffs); *Stouffer v. Nat'l Geographic Partners, LLC*, No. 18-CV-3127-WJM-SKC, 2020 WL 2306854 (D. Colo. May 8, 2020), *appeal docketed*, No. 20-1208 (10th Cir. June 5, 2020) (counsel for amicus curiae Motion Picture Association of America, Inc. in support of appellees); *Levy v. adidas AG*, No. CV186542PSGMAAX, 2020 WL 1934977 (C.D. Cal. Mar. 24, 2020) (counsel for defendants).

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I. ESTABLISHING PROTECTABLE TRADEMARK AND SERVICE MARK RIGHTS

A. Proving Protectable Rights Through Federal Registrations

1. The Fourth Circuit confirmed that a registration on the Supplemental Register is not evidence of the validity of the underlying mark. *See CTB, Inc. v. Hog Slat, Inc.*, 954 F.3d 647, 666 (4th Cir. 2020) (“Because the [Plaintiff’s claimed] Trade Dress was placed on the supplemental trademark register, rather than the principal register, it is presumed functional, and Plaintiff bears the burden of proving non-functionality.”).
2. Courts took varying approaches to the evidentiary significance of registrations on the Principal Register for which declarations of incontestability had not been filed.
 - a. Consistent with the majority rule, some courts held that the “prima facie evidence” represented by a registration for which a declaration of incontestability has not yet been filed under 15 U.S.C. §§ 1057(b), 1115(a) (2018), affirmatively shifts the burden of *proof* on mark validity from the plaintiff to the defendant; the defendant therefore must establish by a preponderance of the evidence that the registered mark is not valid. *See, e.g., Royal Palm Props., LLC v. Pink Palm Props., LLC*, 950 F.3d 776, 783 (11th Cir. 2020) (“[T]o successfully challenge a registered mark on distinctiveness grounds, the challenger must overcome the presumption of validity by showing—by a preponderance of the evidence—that the mark is *not* distinctive.”); *Vietnam Reform Party v. Viet Tan - Vietnam Reform Party*, 416 F. Supp. 3d 948, 963 (N.D. Cal. 2019) (“If the plaintiff establishes that a mark has been properly registered, then the “burden shifts to the defendant to show by a preponderance of the evidence that the mark is not protectable.” (quoting *Zobmondo Entm’t, LLC v. Falls Media, LLC*, 602 F.3d 1108, 1114 (9th Cir. 2010)).
 - b. In contrast, at least some courts applied the minority rule other courts held that the prima facie evidence of mark validity represented by a not-yet-incontestable registration merely shifted the burden of production. For example, the Fourth Circuit once routinely held that the prima facie evidence of validity represented by a registration for which no declaration of incontestability has been filed shifted the burden of proof to the challenger of a registered mark. *See, e.g., McAirlaids, Inc. v. Kimberly-Clark Corp.*, 756 F.3d 307, 311 (4th Cir. 2014); *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1529 (4th Cir. 1984). For the most part, however, the Fourth Circuit’s more recent jurisprudence has trended toward the minority rule, and so it was over the past year. *See CTB, Inc. v. Hog Slat, Inc.*, 954 F.3d 647, 658 (4th Cir. 2020) (“[I]f an item of trade dress is

registered on the principal trademark register, that registration creates a rebuttable presumption that the trade dress is valid, and therefore non-functional. The burden then shifts to the party challenging the registered trade dress to produce evidence of functionality to a preponderance standard.” (citations omitted)).

- c. The “conclusive evidence” of mark validity represented by incontestable registrations under Section 33(b), 15 U.S.C. § 1115(b), received similarly mixed receptions.
 - i. On the one hand, some courts treated those registrations with respect. *See, e.g., Ezaki Glico Kabushiki Kaisha v. Lotte Int’l Am. Corp.*, No. 19-3010, 2020 WL 5951113, at *4 (3d Cir. Oct. 8, 2020) (The [plaintiff’s] trade dresses are presumptively valid because they are registered and incontestable. So [the defendant] bears the burden of proving that they are functional.” (citation omitted); *3M Co. v. Performance Supply, LLC*, No. 20CIV02949LAPKNF, 2020 WL 2115070, at *8 (S.D.N.Y. May 4, 2020) (“The [plaintiff’s] Registrations . . . are ‘incontestable’ within the meaning of 15 U.S.C. § 1065. Accordingly, the [plaintiff’s] Marks are conclusively valid and entitled to protection.” (citation omitted)); *vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612, 642 (D.S.C.) (“[W]here a mark has achieved incontestable status, as . . . here, the mark is presumed to have secondary meaning, and therefore is no longer ‘merely’ descriptive.”), *enforcement granted in part*, 429 F. Supp. 3d 175 (D.S.C. 2019), *appeal docketed*, No. 19-2112 (4th Cir. April 4, 2020); *Saxon Glass Techs., Inc. v. Apple Inc.*, 393 F. Supp. 3d 270, 301 (W.D.N.Y. 2019) (“The [plaintiff’s] mark is a registered, incontestable mark, and it is thus presumptively distinctive.”).
 - ii. On the other hand, however, the Seventh Circuit failed to recognize any distinction between “prima facie evidence” and “conclusive evidence”: In its view, even an incontestable registration shifts only the burden of production to a challenger to the mark’s validity. *See Flexible Steel Lacing Co. v. Conveyor Accessories, Inc.*, 955 F.3d 632 (7th Cir. 2020). Thus, “[u]nder the Lanham Act, [an incontestable] 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.’” *Id.* at 643 (quoting *Ga.-Pac. Consumer Prods. LP v. Kimberly-Clark Corp.*, 647 F.3d 723, 727 (7th Cir. 2011)).

B. Proving Common-Law Rights

1. Proving Use in Commerce

For the most part, use in commerce is a prerequisite for protectable rights to a trademark or service mark under the Lanham Act’s private causes of action, *see* 15 U.S.C. §§ 1114, 1125(a), 1125(c) (2018); except where non-U.S. applicants relying on foreign filings are concerned, a showing of use in commerce also is necessary to secure a federal registration. *See id.* §§ 1051(a)-(b).

- a. The Federal Circuit affirmed the rejection of a use-based application to register a mark for fabric after determining that a website submitted by the applicant as a specimen failed to demonstrate the mark’s use in commerce. *See In re Siny Corp.*, 920 F.3d 1331 (Fed. Cir. 2019). The webpage displayed a number of marks on it with an invitation to call a toll-free number “[f]or sales information.” *Id.* at 1334. In a *curt* analysis, the court affirmed the Trademark Trial and Appeal Board’s factual finding that the webpage constituted mere advertising. In doing so, it noted “the absence of information [the Board] considered essential to a purchasing decision, such as a price or range of prices for the goods, the minimum quantities one may order, accepted methods of payment, or how the goods would be shipped,” *id.* at 1336, as well as “the absence of any evidence (as opposed to attorney argument) of how sales are actually made—e.g., documentation or verified statements from knowledgeable personnel as to what happens and how.” *Id.*
- b. Consistent with those and its past opinions on the subject, the Board affirmed the USPTO’s refusal to register a mark for goods described as “hemp oil extracts sold as an integral component of dietary and nutritional supplements.” *See In re Stanley Bros. Social Enters.*, 2020 U.S.P.Q.2d 10658 (T.T.A.B. 2020). The Board held as an initial matter that:

[R]egistration generally will not be refused based on unlawful use in commerce unless either (1) a violation of federal law is indicated by the application record or other evidence, such as when a court or a federal agency responsible for overseeing activity in which the applicant is involved, and which activity is relevant to its application, has issued a finding of noncompliance under the relevant statute or regulation, or (2) when the applicant’s application-relevant activities involve a *per se* violation of a federal law.

Id. at *10 (alteration in original) (quoting *In re Brown*, 119 U.S.P.Q.2d 1350, 1351 (T.T.A.B. 2016)). Under an application of this test, it then concluded that the Office had demonstrated a per se violation of the Food, Drug & Cosmetics Act. *Id.* at *16.

- c. Defendants faced with challenges by prior users sometimes turn the tables on their adversaries by purchasing the rights of a third party to a confusingly similar mark. The successful pursuit of that strategy led the court reviewing it to observe that “The fact that an assignment of a mark was motivated by the assignee’s motivation to acquire a priority date earlier than a rival does not detract from the validity of the assignment.” *Medscrip Pharmacy, LLC v. D&D Pharma LTC, LLC*, 444 F. Supp. 3d 909, 915 (N.D. Ill.) (quoting *Archer Daniels Midland Co. v. Narula*, 2001 WL 804025, *5 (N.D. Ill. July 12, 2001)), *appeal dismissed*, No. 20-1593, 2020 WL 5959672 (7th Cir. July 13, 2020).

2. Proving Distinctiveness

- a. In one of two substantive trademark-related opinions delivered in the October 2019 term, the Supreme Court rejected the approach taken by the Ninth and Federal Circuits to the eligibility for protection of claimed marks comprising an allegedly generic word and a generic top-level domain. *See United States Patent & Trademark Office v. Booking.com B.V.*, 140 S. Ct. 2298 (2020).
 - i. Both the Federal Circuit and the Ninth Circuit have long held that the combination of a generic term and a generic top-level domain is itself generic and therefore unprotectable as a mark, regardless of any evidence of secondary meaning adduced by the claimed mark’s owner. *See, e.g., Advertise.com, Inc. v. AOL Advertising, Inc.*, 613 F.3d 974 (9th Cir. 2010); *In re Hotels.com, L.P.*, 573 F.3d 1300 (Fed. Cir. 2009).
 - ii. In *Booking.com B.V. v. United States Patent & Trademark Office*, 915 F.3d 171 (4th Cir. 2019), *as amended* (Feb. 27, 2019), *aff’d*, 140 S. Ct. 2298 (2020), the Fourth Circuit adopted a different take on the issue by affirming a factual finding that the claimed BOOKING.COM mark for hotel booking services was descriptive and therefore protectable upon a showing of secondary meaning. That outcome did not extend to all uses of the claimed mark, and it also depended heavily on the appellate court’s deferential attitude toward the district court’s reliance on the factual evidence introduced by the claimant on summary judgment, which in-

cluded the favorable results of a *Teflon* survey and the absence of popular generic uses of the claimed mark. *Id.* at 182-84.

iii. The Supreme Court affirmed, concluding that “[w]hether any given ‘generic.com’ term is generic, we hold, depends on whether consumers in fact perceive that term as the name of a class or, instead, as a term capable of distinguishing among members of the class.” 140 S. Ct. at 2040. In doing so, it rejected largely policy-based arguments advanced by the government.

(A) As summarized by the Court, one such argument was that “‘Generic.com’ . . . is like ‘Generic Company’ and is therefore ineligible for trademark protection, let alone federal registration. According to the PTO, adding ‘.com’ to a generic term—like adding ‘Company’—conveys no additional meaning that would distinguish [one provider’s] services from those of other providers.’” *Id.* at 2306. The Court disposed of that theory by pointing out “[a] ‘generic.com’ term might also convey to consumers a source-identifying characteristic: an association with a particular website.” *Id.* Thus, it concluded, “consumers could understand a given ‘generic.com’ term to describe the corresponding website or to identify the website’s proprietor. We therefore resist the PTO’s position that ‘generic.com’ terms are capable of signifying only an entire class of online goods or services and, hence, are categorically incapable of identifying a source.” *Id.*

(B) The government also argued that that extending protection would have a negative effect on competition. *See id.* at 2307 (“[T]he PTO fears that trademark protection for ‘Booking.com’ could exclude or inhibit competitors from using the term ‘booking’ or adopting domain names like ‘ebooking.com’ or ‘hotel-booking.com.’”). The Court did not share that concern, holding that it “attend[ed] any descriptive mark.” *Id.* It then elaborated on with the following observation:

[T]rademark law hems in the scope of such marks short of denying trademark protection altogether. Notably, a competitor’s use does not infringe a

mark unless it is likely to confuse consumers. In assessing the likelihood of confusion, courts consider the mark's distinctiveness: "The weaker a mark, the fewer are the junior uses that will trigger a likelihood of consumer confusion." When a mark incorporates generic or highly descriptive components, consumers are less likely to think that other uses of the common element emanate from the mark's owner. Similarly, "[i]n a 'crowded' field of look-alike marks" (*e.g.*, hotel names including the word "grand"), consumers "may have learned to carefully pick out" one mark from another. And even where some consumer confusion exists, the doctrine known as classic fair use, see *protection from liability anyone who uses a descriptive term, "fairly and in good faith" and "otherwise than as a mark," merely to describe her own goods.*

Id. at 2307-08 (quoting J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION §§ 11:76, 11:45, 11:85, 23:1.50; 15 U.S.C. § 1115(b)(4) (2018)).

- (C) So too did the court reject the government's claim that Booking.com should be disqualified from protection and registration because it had "already seized a domain name that no other website can use and is easy for consumers to find." *Id.* at 2308. "Those competitive advantages, however," the Court observed, "do not inevitably disqualify a mark from federal registration. All descriptive marks are intuitively linked to the product or service and thus might be easy for consumers to find using a search engine or telephone directory." *Id.* Instead, "[t]he Lanham Act permits registration nonetheless. And the PTO fails to explain how the exclusive connection between a domain name and its owner makes the domain name a generic term all should be free to use. That connection makes trademark protection more appropriate, not less." *Id.* (citations omitted).

(D) Finally, the Court took issue with the government’s theory that claimed mark owners such as Booking.com were adequately protected by unfair competition law’s cause of action for passing off. “[F]ederal trademark registration,” it held “would offer Booking.com greater protection. We have no cause to deny Booking.com the same benefits Congress accorded other marks qualifying as nongeneric.” *Id.* (citations omitted).

- b. As always, some courts proved reluctant to resolve the factual issue of the distinctiveness of claimed marks or trade dresses at the pleadings stage of cases. *See, e.g., Camco Mfg., Inc. v. Jones Stephens Corp.*, 391 F. Supp. 3d 515, 521-25 (M.D.N.C. 2019) (denying motion to dismiss).
- c. The Federal Circuit created something of a circuit split in an appeal arising from an unsuccessful application to register the following combination for a variety of welding tools and related products:



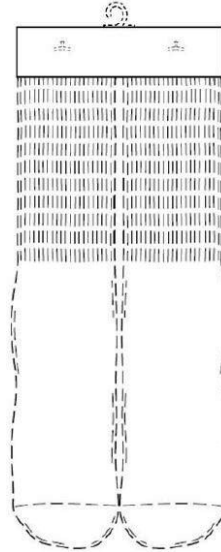
See In re Forney Indus., 955 F.3d 940 (Fed. Cir. 2020). Although the Tenth Circuit previously had held the same mark incapable of inherent distinctiveness status, *see Forney Indus. v. Daco of Mo., Inc.*, 835 F.3d 1238 (10th Cir. 2016), the Federal Circuit took a different approach, holding that “color marks can be inherently distinctive when used on product packaging, depending upon the character of the color design.” 955 F.3d at 945.

- d. Unusually, the Trademark Trial and Appeal Board found two non-traditional marks generic and therefore unregistrable.
 - i. The first claimed mark was the color red for “blades for reciprocating power saws”:



See Milwaukee Elec. Tool Corp. v. Freud Am., Inc., 2019 U.S.P.Q.2d 460354 (T.T.A.B. 2019).

- ii. The second claimed mark was the following packaging for socks:



See In re Odd Sox LLC, 2019 U.S.P.Q.2d 370879 (T.T.A.B. 2019).

- e. The Board found a conventional claimed word mark, namely, “gruyere” as a certification mark for “cheese,” generic as well. *See In re MK Diamond Prods., Inc.*, No. 86813875, slip op. (T.T.A.B. July 27, 2020) (precedential).
- f. In *In re Omniome, Inc.*, 2020 U.S.P.Q.2d 3222 (T.T.A.B. 2020), the Board affirmed the use by an examiner of the contents of a utility patent application filed by the applicant as evidence of descriptiveness.
- g. In an opinion rejecting a claim of acquired distinctiveness, the Board allowed the use of authenticated Wayback Machine search results by an opposer. *See Spiritline Cruises LLC v. Tour Mgmt. Servs., Inc.*, 2020 U.S.P.Q.2d 48324 (T.T.A.B. 2020). Especially when those results were coupled with other evidence and testimony, the Board found them convincing evidence that an applied-for mark had not acquired distinctiveness because they demonstrated the applicant’s use of that mark had not been exclusive. *Id.* at *11.

3. Proving Nonfunctionality

a. Utilitarian Functionality

- i. The Ninth Circuit has occasion proven an inhospitable jurisdiction in which to assert claims of trade dress protection. Nevertheless, it affirmed a jury finding of utilitarian nonfunctionality for the following office chairs:



See Blumenthal Distrib., Inc. v. Herman Miller, Inc., 963 F.3d 859 (9th Cir. 2020).

- (A) One argument advanced by the defendant was that the configurations of the chairs included some functional elements, which the court disposed of by confirming that “a product’s overall appearance is necessarily functional if *everything* about it is functional, not merely if *anything* about it is functional.” *Id.* at 866. Equally to the point:

[The defendant’s] proposed rule would wipe out trademark protection for all, or at least virtually all, consumer products’ overall appearances. For instance, every chair’s appearance is affected by having a backrest, as opposed to having no backrest, which serves the utilitarian function of providing back support. But that does not mean that every chair’s overall appearance is functional as a matter of law.

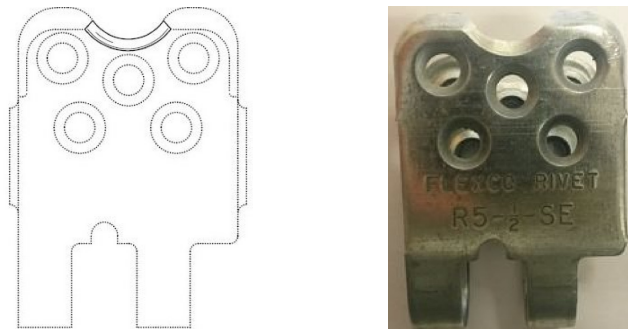
Id.

- (B) At the same time, however, the court rejected the plaintiff’s argument that “because the examination

must be holistic, the functionality of individual features is irrelevant.” *Id.* “Rather,” it held, “to examine a product ‘as a whole’ is to examine all of its features, including the ways in which its various parts are combined or arranged, and to recognize that non-functional combinations or arrangements of functional parts can create an overall appearance that should be deemed nonfunctional.” *Id.*

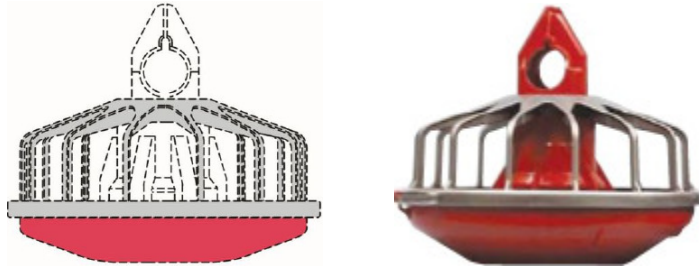
- (C) Ultimately, the court found the jury within its rights to find the configurations nonfunctional in the utilitarian sense. For one thing, “images of the [plaintiff’s] chairs, from which it could have reasonably inferred that the chairs were designed largely to be distinctive and/or beautiful, even at some expense to their ‘utilitarian advantage.’” *Id.* at 867 (quoting *Disc Golf Ass’n v. Champion Discs, Inc.*, 158 F.3d 1002, 1006 (9th Cir. 1998)). For another, “the jury could have reasonably concluded that the metal trapezoidal design of the [plaintiff’s] armrests was motivated by design considerations, at the expense of the comfort that a softer surface could have provided.” *Id.* at 868 Finally, the court credited the plaintiff’s showings of the availability of alternative designs, of the need for “specialized technical equipment” to produce its own chairs, and of the lack of utilitarian purpose of many of the chairs’ features. *Id.*

- ii. The Seventh Circuit characteristically affirmed a finding of functionality for the configuration of a fastener shown below on the right, even though it was covered by an incontestable registration with the drawing shown on the left:



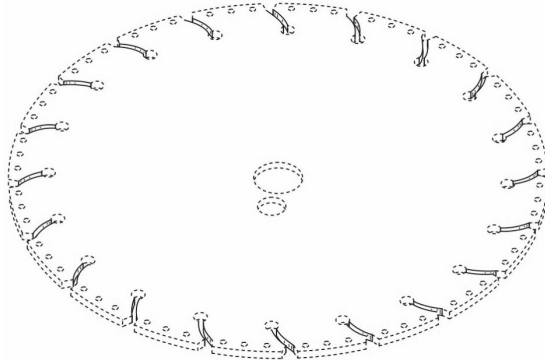
See Flexible Steel Lacing Co. v. Conveyor Accessories, Inc., 955 F.3d 632 (7th Cir. 2020). The key consideration underlying that disposition was the disclosure of a related utility patent owned by the plaintiff, despite its attempted proffer of alternative designs. *Id.* at 645-51.

- iii. The Fourth Circuit was equally unreceptive to a claim of trade dress protection in the appearance of a mechanized chicken feeder, shown below on the left, with the specimen supporting a registration of the design on the Supplemental Register shown on the right:



See CTB, Inc. v. Hog Slat, Inc., 954 F.3d 647, 653 (4th Cir. 2020). The primary problem for the plaintiff was the disclosure of a related utility patent, in which the plaintiff had claimed the shape of its feeder allowed chickens to exit the feeder more readily than they could enter it. Another was testimony by the named inventor on the patent that chickens were attracted to shiny metallic objects. In the face of that evidence and testimony, the court was in no mood to entertain the plaintiff's evidence of alternative designs in the industry. *Id.* at 665-69.

- iv. The Trademark Trial and Appeal Board continued to be an inhospitable forum for claims of trade dress protection to product designs in finding the following claimed mark functional for “circular saw blades for power operated saws”:



In re MK Diamond Prods., Inc., 2020 U.S.P.Q.2d 10882 (T.T.A.B. 2020).

b. Aesthetic Functionality

- i. The Ninth Circuit vacated a jury finding that the following configuration of an office chair was aesthetically functional:



See Blumenthal Distrib., Inc. v. Herman Miller, Inc., 963 F.3d 859, 864 (9th Cir. 2020). This was less the fault of the jury than that than that of the district court, which had instructed the jury that “[i]f the feature is part of the actual benefit that consumers wish to purchase when they buy the product, the feature is functional. *Id.* at 868. As the court explained, “we have stated that ‘the mere fact that [a] mark is the benefit that the consumer wishes to purchase will *not* suffice to establish its functionality.’” *Id.* at 869 (quoting *Automotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1069 (9th Cir. 2006)).

- ii. Not surprisingly, a federal court in Brooklyn rejected a defense claim that the following marks, registered for a wide range of merchandise, were aesthetically functional:



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See City of New York v. Blue Rage, Inc., 435 F. Supp. 3d 472, 477-78 (E.D.N.Y. 2020). Accused of using imitations of the marks on many of the same goods for which the marks were registered, the defendants claimed the marks were

“functional decoration[s],” *id.* at 491, which the court interpreted as a claim of aesthetic functionality. In rejecting that argument in the context of a motion for a preliminary injunction, the court held that the marks were “clearly source-identifying.” *Id.* at 491. “By Defendants’ reasoning,” it explained, “any logo or emblem would be precluded from trademark protection once it was used to ‘decorate’ or provide ‘ornamentation’ to an item of merchandise. [Defendants] provide no case law to support such an expansive interpretation of aesthetic functionality.” *Id.*

II. PROVING INFRINGEMENT AND UNFAIR COMPETITION

A. Proving Likelihood of Confusion

1. One of the more notable opinions finding confusion likely came from a New York federal district court in an action by the 3M Company to protect its flagship mark, which it had registered for facemasks, respirators, and personal protective equipment. *See 3M Co. v. Performance Supply, LLC*, 458 F. Supp. 3d 181 (S.D.N.Y. 2020). The defendant claimed to be an authorized distributor of N95-compliant respirator masks bearing that mark, which it offered at grossly inflated prices. In granting the plaintiff’s motion for a preliminary injunction, the court neglected to reach a clear finding that the goods promoted by the defendant were not genuine (albeit diverted) masks, but it appeared to have assumed that fact. Based on that assumption, the case easily supported a finding of liability after 3M demonstrated to the court’s satisfaction that: (1) the 3M mark was both conceptually and commercially strong, *id.* at 193-94; (2) the parties’ respective uses were identical, *id.* at 194; (3) the goods offered by the defendant were identical to those sold by 3M under its mark, *id.* at 194-95; (4) there was no gap between the parties’ uses to bridge, *id.* at 195; (5) the defendant had actually confused New York City officials into believing it was an authorized 3M agent, *id.*; and (6) the defendant had acted in bad faith. *Id.* These were perhaps foregone conclusions, but the court also reached two additional factual findings of consequence, the first of which was that the defendant’s price-gouging rendered its goods of inferior quality. *Id.* at *196. The second was that:

In the current pandemic, purchasers of N95 respirators are government entities and hospitals and healthcare providers. These customers are sophisticated and prone to exercise high degrees of care; however, the current state of emergency has stymied the ability of customers to take the time and conduct the diligence necessary to show extensive care. For example, to obtain purported 3M-brand N95 respirators as quickly as possible, one New York City procurement official offered to

drive an unknown distance, late at night, to inspect the respirators. Accordingly, in this unique environment, the . . . factor [of consumer sophistication] favors 3M.

Id. (citations omitted).

2. An Eleventh Circuit opinion addressed the question of what deference is due an examining attorney's determination of likely confusion, albeit in a highly unusual context. *See Royal Palm Props., LLC v. Pink Palm Props., LLC*, 950 F.3d 776 (11th Cir. 2020).

- a. In the litigation underlying it, the counterclaim defendant secured a federal registration of ROYAL PALM PROPERTIES in standard-character format for residential real estate brokerage services. It subsequently attempted to reregister that verbal mark as a component of the following composite mark, only to have the USPTO reject its application based on a likelihood of confusion between that mark and prior registrations of the ROYALE PALMS and ROYALE PALMS AT KINGSTON SHORES for similar services:



When, years later, the counterclaim defendant challenged the counterclaim plaintiff's use of PINK PALM PROPERTIES by a luxury real-estate brokerage agency, the Eleventh Circuit improbably recognized the counterclaim plaintiff's standing to seek the cancellation of the counterclaim defendant's registration under Section 2(d) based on the alleged prior rights of the two third-party registrants. The gravamen of the counterclaim plaintiff's attack on the counterclaim plaintiff's was that, because the USPTO has refused registration to the counterclaim defendant's composite mark, confusion necessarily between its standard-character format mark and the two third-party registered marks.

- b. The Eleventh Circuit rejected that argument in no uncertain terms:

[T]his argument isn't the clincher that [the counterclaim plaintiff] seems to think it is. True, federal courts have consistently held that, when considering whether one mark is likely to be confused with another, we should pay the PTO's confusingly-similar determination some attention—ranging from “great

weight,” to “respectful consideration,” to “not . . . much weight,” The federal courts have been unanimous, however, in holding that we are not bound by the PTO’s confusingly-similar analysis. And our obligation to defer to the PTO is especially weak here, where the PTO failed to weigh many of the considerations that this Court has deemed relevant to deciding the “likelihood of confusion” question So although the PTO’s . . . rejection [of the composite mark application] is perhaps *some* evidence that “Royal Palm Properties” is confusingly similar to the “Royale Palms” marks, it certainly isn’t conclusive.

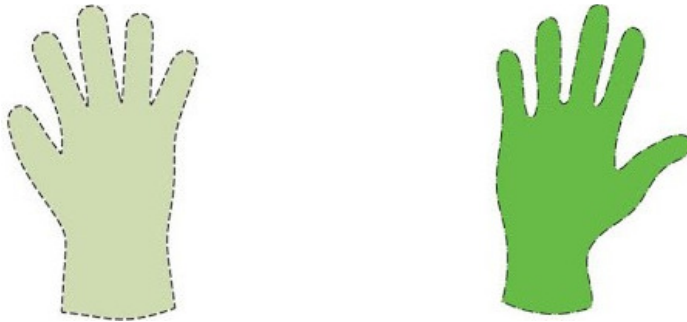
Id. at 789 n.9 (second alteration in original) (quoting *Syntex Labs. v. Norwich Pharmacal Co.*, 437 F.2d 566, 569 (2d Cir. 1971); *Carling Brewing Co. v. Philip Morris Inc.*, 297 F. Supp. 1330, 1337 (N.D. Ga. 1968); *Progressive Distrib. Servs. Inc. v. United Parcel Serv., Inc.*, 856 F.3d 416, 427 (6th Cir. 2017)). Because the counterclaim plaintiff had proffered little other evidence on the issue of likely confusion, its challenge to the counterclaim defendant’s registration fell short.

3. Despite an earlier opinion from the Federal Circuit apparently mandating its consideration of an applicant’s sworn testimony of an absence of actual confusion, *see In re Guild Mortg. Co.*, 912 F.3d 1376, 1381 (Fed. Cir. 2019), the Board declined to do so for all practical purposes on remand. *See In re Guild Mort. Co.*, 2020 U.S.P.Q.2d 10279 (T.T.A.B. 2020). The reason? The applicant had failed to establish that it and the owner of the prior registration cited against its application operated in the same geographic area:

While the evidence indicates that both Applicant and Registrant conduct business in California, there is no indication that they operate in the same city or metropolitan area. We take judicial notice that the distance between the respective addresses of Applicant and Registrant is 126.3 miles. . . . We find, therefore, that Applicant and Registrant are separated both by a noticeable driving distance, and by a separate consumer base, and that Applicant has not presented evidence to the contrary. In particular, while both San Diego and Los Angeles may be generally characterized as being located in “Southern California,” there is no evidence of record that there is any actual, meaningful overlap in the markets for the services offered by Applicant and those offered by Registrant in these two distinct, non-adjacent cities.

Id. at *7.

4. In a rare opinion (from it or any other tribunal) addressing the likelihood of confusion between two color marks, the Board found no conflict between the following shades of green, both used in connection with surgical gloves:



See In re Medline Indus., 2020 U.S.P.Q.2d 10237 (T.T.A.B. 2020). According to the Board, “[b]ecause the drawings of the marks at issue here show the particular shades of green and both descriptions use Pantone designations to identify a specific shade of green, in comparing the claimed marks, we cannot simply read one color claim to encompass the other claimed color” *Id.* at *11. In particular, it found, “the claimed marks would be viewed and remembered, at most, as distant relatives in the green family.” *Id.* at *13.

B. Proving Passing Off and Reverse Passing Off

As the Supreme Court has explained, “Passing off (or palming off, as it is sometimes called) occurs when a producer misrepresents his own goods or services as someone else’s. “Reverse passing off,’ as its name implies, is the opposite: The producer misrepresents someone else’s goods or services as his own.” *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 28 (2003). The Court’s understanding of the two torts, however, did not necessarily extend to litigants before the lower federal courts.

1. Passing Off

- a. One court granted a motion to dismiss after concluding that “apart from the allegation of copying trade dress, [Plaintiff’s] amended complaint lacks any factual allegation that either Defendant misrepresented its products as [Plaintiff’s] or made any false suggestion that [Plaintiff] produced them.” *Camco Mfg., Inc. v. Jones Stephens Corp.*, 391 F. Supp. 3d 515, 527 (M.D.N.C. 2019).
- b. The same result transpired in an action brought by a jewelry manufacturer against accused of marketing similar pieces. *See Adina’s Jewels, Inc. v. Shashi, Inc.*, No. 19 CIV. 8511 (AKH), 2020 WL 950752 (S.D.N.Y. Feb. 27, 2020). The plaintiff asserted a cause of action for passing off under New York common law, but, because that cause of action failed to aver anything beyond the defendant’s

sale of “knock offs,” it fell victim to a holding of preemption under the Copyright Act. *See id.* at *3-4.

2. Reverse Passing Off

- a. Although the plaintiff in an action before a Nevada federal district court asserted a cause of action for reversing passing off, it did so unsuccessfully. *See FNA Grp. v. Jiangsu Longteng-Pengda Elec. Mech. Co.*, No. 218CV00812RFBVCF, 2020 WL 2840154 (D. Nev. May 31, 2020). According to the court, “Plaintiff has alleged a ‘reverse passing off’ claim, asserting that Defendant misused Plaintiff’s confidential information by, essentially, copying it to manufacture, ship, and sell [competitive goods] of its own based on Plaintiff’s technology and know-how.” *Id.* at *7. The court dismissed the plaintiff’s cause of action for failure to state a claim, explaining that “the ‘origin’ of the offending goods . . . is [Defendant], not Plaintiff, and as such, Plaintiff cannot make a prima facie case against [Defendant] under this claim.” *Id.*
- b. Another court reached the same conclusion in a case in which the plaintiffs accused the defendants of copying the plaintiffs’ test-preparation materials and using them in the defendants’ competitive business. *See Siler v. Lejarza*, 415 F. Supp. 3d 687 (M.D.N.C. 2019). In granting the defendants’ motion to dismiss the plaintiffs’ reverse confusion cause of action, the court properly invoked *Dastar* to hold that the plaintiffs had failed to state a claim of reverse passing off. *Id.* at 702 (“[U]nder *Dastar*, because Defendants are the origin of their own prep materials, which incorporate Plaintiffs’ copyrighted content, Plaintiffs cannot prove that the work at issue originated with Plaintiffs, nor can they plausibly state a claim for false designation of origin.”). Nevertheless, the court improbably also held that the plaintiffs had stated a claim for false endorsement under Section 43(a), thereby allowing an end run around *Dastar*.

C. Proving Actual and Likely Dilution

1. Proving Eligibility for Dilution Protection

- a. A South Carolina federal district court reached findings of fame as a matter of law for a number of marks for religious services, including THE PROTESTANT EPISCOPAL CHURCH IN THE UNITED STATES, THE EPISCOPAL CHURCH, THE EPISCOPAL CHURCH WELCOMES YOU, LA IGLESIA EPISCOPAL, and the following composite mark:



See vonRosenberg v. Lawrence, 412 F. Supp. 3d 612, 658 (D.S.C.), enforcement granted in part, No. CV 2:13-587-RMG, 2019 WL 6888439 (D.S.C. Dec. 18, 2019), appeal docketed, No. 19-2112 (4th Cir. April 4, 2020).

- b. In contrast, the Ninth Circuit rejected as a matter of law a claim of mark fame. *Blumenthal Distrib., Inc. v. Herman Miller, Inc.*, 963 F.3d 859 (9th Cir. 2020). There were three marks at issue in the appeal before that court, namely, the configurations of the following office chairs:



Although a jury found the configurations famous under Section 43(c)(2)(A), the appellate court held that determination clearly erroneous. It did so by harkening back to pre-2006 law, under which it had required plaintiffs availing themselves of Section 43(c) to demonstrate their marks were “household name[s].” *Id.* at 870 (citing *Thane Int’l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 908, 911 (9th Cir. 2002)). Referencing the 2006 enactment of the Trademark Dilution Revision Act, *id.* at 870, the court expressed skepticism that that legislation had loosened the relevant standard. Then, having concluded that the plaintiff’s showing of fame compared unfavorably to one it had rejected as a matter of law in a prior case, it reversed the plaintiff’s victory below. *See id.* (“Because there was legally insufficient evidence to find that the claimed . . . trade dresses were famous under 15 U.S.C. § 1125(c)(2)(A), the judgment against [the defendant] for [its] dilution must be reversed.”).

- c. Another opinion rejecting a claim of mark fame did so on a motion for summary judgment, albeit for another reason. *See City of New York v. Blue Rage, Inc.*, 435 F. Supp. 3d 472 (E.D.N.Y. 2020). The court denying that motion confirmed that a plaintiff must do more

than merely establish mark fame; rather, Section 43(c)(1) requires the fame in question to exist prior to the defendant's challenged use. Although otherwise opposing the plaintiff's motion, the defendants failed to contest the assertion that the plaintiff's marks were "among the most famous in the world." *Id.* at 492. As the court noted, however, "[t]here is no evidence, however, regarding *when* the marks became famous and without such evidence, it is impossible to determine whether Defendants' use of a mark [owned by the plaintiff] predated its fame." *Id.* at 492-93 The plaintiff therefore was not entitled to judgment on the issue, at least as a matter of law. *Id.* at 493.

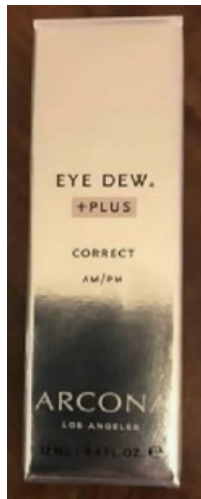
2. Proving Liability

- a. In a pro-defendant opinion, one court confirmed that the New York dilution statute recognizes a cause of action for likely dilution only if the parties' marks are substantially similar. *See Car Freshner Corp. v. Am. Covers, LLC*, 419 F. Supp. 3d 407, 448-49 (N.D.N.Y. 2019), *appeal docketed*, No. 19-2750 (2d Cir. Aug. 30, 2019).
- b. Another court approaching a claim of dilution by tarnishment under Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c), skeptically declined to grant a default judgment of liability in light of the plaintiff's failure to aver that the plaintiff's goods were of inferior quality. *See Deep Foods Inc. v. Deep Foods Inc.*, 419 F. Supp. 3d 569, 585-86 (W.D.N.Y. 2019).
- c. Finally, another claim of likely dilution by tarnishment under Section 43(c) failed as a matter of law after the Ninth Circuit concluded that the defendant's use qualified for the noncommercial use "exclusion" from liability recognized by Section 43(c)(3)(C), 15 U.S.C. § 1125(c)(3)(C). *See VIP Prods. LLC v. Jack Daniel's Prods., Inc.*, 953 F.3d 1170 (9th Cir. 2020). The use in question appeared on a dog chew toy produced by the counterclaim defendants that featured scatologically themed imitations of the counterclaim plaintiff's marks and trade dress. Having found the chew toy an expressive work falling within the scope of the First Amendment's protection as a matter of law on appeal while evaluating the counterclaim plaintiff's likelihood-of-confusion-based causes of action, the court concluded with respect to its Section 43(c) cause of action that "[w]hen the use of a mark is 'noncommercial,' there can be no dilution by tarnishment. Speech is noncommercial 'if it does more than propose a commercial transaction' and contains some 'protected expression.' Thus, use of a mark may be 'noncommercial' even if used to 'sell' a product." *Id.* at 1176 (quoting *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1017 (9th Cir. 2004); *Mattel, Inc. v. MCA Records*, 296 F.3d 894, 906 (9th Cir. 2002)). The court then reached the same conclusion with respect to the Arizona dilution

statute, ARIZ. REV. STAT. § 44-1448.01, which similarly provides that noncommercial uses by defendants are “not actionable.” *VIP Prods.*, 953 F.3d at 1176.

D. Proving Counterfeiting

1. To be an actionable counterfeit under federal law, a challenged mark must be a “spurious” copy of one covered by a federal register, which means it must be “identical [to], or substantially indistinguishable from, a registered mark.” 15 U.S.C. § 1127 (2018). Perhaps the most significant opinion of the year bearing on that definition came from the Ninth Circuit in a case in which the plaintiff owned a federal registration of the EYE DEW mark for various skin-care cosmetic creams, including an eye cream that it sold in the following packaging:



See Arcona, Inc. v. Farmacy Beauty, LLC, No. 19-55586, 2020 WL 5834748, at *1 (9th Cir. Oct. 1, 2020). The defendant also sold an eye cream featuring the words “eye dew” on its packaging:



Id. The district court granted the defendants’ motion for summary judgment, and the Ninth Circuit affirmed after concluding that no reasonable jury could find the parties’ respective uses confusingly similar. Although the

plaintiff urged the appellate court to recognize a presumption of likely confusion based on their concurrent use of the words comprising the plaintiff's mark, the court declined to do so. Instead, it held, "even assuming the marks are identical, there may be no presumption of consumer confusion if the products themselves are not identical. Put another way, a court must review the product as a whole in determining whether an allegedly counterfeit product will likely cause confusion." *Id.* at *4. Then, addressing that question, it observed that:

[N]o reasonable consumer would be confused by these two products because the packaging, size, color, shape, and all other attributes — other than the term "EYE DEW" — are not remotely similar. For example, [the defendants'] packaging looks distinct from [the plaintiff's] because it features (i) multiple pictures of the Echinacea green envy plant used in the product, (ii) a picture of the farmers, and (iii) a description of the company.

Id. at *5. Beyond that, the court found it "implausible that a consumer would be deceived because the products had their respective housemarks . . . prominently on the packaging," *id.*, that evidence of third-party use "eye dew" rendered the plaintiff's mark weak and entitled to only a limited scope of protection, *id.*, and that the absence of a bad-faith intent by the defendants also weighed in their favor. *Id.* at *6. The plaintiff's counterfeiting cause of action therefore was fatally deficient as a matter of law. *Id.*

2. In contrast, the Federal Circuit addressed the definition of a counterfeit mark in a manner favoring mark owners in the context of a suit contesting a decision by U.S. Customs and Board Protection to order the redelivery of imported butane canisters bearing what the agency deemed counterfeit imitations of a certification mark. *See ICCS Corp. v. United States*, 952 F.3d 1325 (Fed. Cir. 2020). Although the plaintiff conceded the mark's owner had not authorized the plaintiff to use the mark at the time the mark was affixed to the goods, it maintained it had received approval after the fact. The court disagreed, and it therefore affirmed entry of summary judgment to the agency, holding in the process that:

The record shows that [the plaintiff's] use of [the] certification mark on the date of entry falsely communicated to consumers that the imported . . . merchandise had already passed [the certifier's] safety standards and requirements, and that [the certifier] had already given its safety certification to the [merchandise]—when that certification had not, in fact, happened. That is a misleading use of [the] certification mark and renders the mark a "spurious" mark.

Id. at 1332. Although the plaintiff received authorization to use the mark after the fact, that authorization was of “no moment” because “the counterfeiting analysis is focused on the time of importation.” *Id.* at 1333.

3. A New York federal district court concluded that a group of mark owners had stated a claim for counterfeiting despite the mark owners having themselves introduced the goods at the heart of their challenge into commerce. *See Coty Inc. v. Cosmopolitan Cosmetics Inc.*, 432 F. Supp. 3d 345 (S.D.N.Y. 2020). The gravamen of the plaintiffs’ cause of action was that the defendants had “decoded” the goods by removing, mutilating, or obscuring their production codes. Denying the defendants’ motion to dismiss the plaintiffs’ complaint for failure to state a claim, “a product which was originally manufactured by the trademark holder but is materially different may become a counterfeit product, ‘despite the use of the true manufacturer’s mark.’” *Id.* at 353 (quoting *Tiffany & Co. v. Costco Wholesale Corp.*, 13-CIV-1041 (LTS) (DCF), 2019 WL 120765, at *8 (S.D.N.Y. Jan. 7, 2019)).
4. Not surprisingly, another New York federal district court rejected the argument that point-of-sale disclaimers cured any potential confusion caused by the defendants’ counterfeit imitations of the plaintiff’s federally registered marks. *See City of New York v. Blue Rage, Inc.*, 435 F. Supp. 3d 472 (E.D.N.Y. 2020). On the contrary, the court concluded, the defendants’ disclaimers were evidence of the defendants’ bad faith. *Id.* at 490.

E. Proving Cybersquatting

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

1. On its face, Section 43(d) of the Lanham Act, *id.* § 1125(d), does not require prior use in commerce as a prerequisite for the bringing of a cybersquatting claim; rather, it expressly references only prior distinctiveness by providing that “[a] person shall be liable in a civil action by the owner of a mark . . . if . . . that person . . . uses a domain name that . . . in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark” *Id.* § 1125(d)(1)(A)(ii)(I). Nevertheless, consistent with the statutory definition of a “mark” under the Act, which requires prior use in commerce, one court addressing a claim of cybersquatting arising from the defendants’ incorporation of an allegedly distinctive, but yet-to-be-used, mark into a domain name, granted a motion to

dismiss for failure to state a claim. *See Thompson v. Does 1-5*, 376 F. Supp. 3d 1322, 1327 (N.D. Ga. 2019) (“[E]ven if the [claimed mark] was inherently distinctive . . . because it fit[s] the parameters of a suggestive trademark, no actionable ACPA claim arises unless, at the time of registration, [the plaintiff] had an enforceable trademark right created by use.”).

2. Although claims of cybersquatting in state courts are rare, one made an appearance in an appeal to an intermediate New York panel. *See Ideal You Weight Loss Ctr. v. Zillioux*, 106 N.Y.S.3d 495 (App. Div. 2019). The resulting opinion was largely a non-event, however, as the court merely affirmed the trial court’s holding that the plaintiff had sufficiently stated a claim under the ACPA by accusing the defendants of having registered two domain names based on the plaintiff’s mark and using them to direct traffic to the defendants’ own website. *Id.* at 497.
3. One of the statutory factors for evaluating a domain name registrant’s alleged bad faith intent to profit from its registration is “the person’s prior use, if any, of the domain name in connection with the bona fide offering of any goods or services.” 15 U.S.C. § 1125(d)(1)(B)(i)(III) (2018). Following a jury trial in which a registrant adduced evidence and testimony that he had used his domain name in connection with not one, but two, successful businesses, the court accepted the jury’s finding that the registrant had not acted with the impermissible bad-faith intent to profit required for a finding of liability. *See Black v. Irving Materials, Inc.*, 398 F. Supp. 3d 592, 612 (N.D. Cal. 2019).
4. A rare attempt to hold one defendant liable for the cybersquatting of another failed in *Pinnacle Advert. & Mktg. Grp. v. Pinnacle Advert. & Mktg. Grp.*, 418 F. Supp. 3d 1143 (S.D. Fla. 2019), after the plaintiff’s evidence failed to justify piercing the veil between the two defendants. Although the first defendant had hired the second as a consultant, the summary judgment record established that the second defendant had acted on his own initiative and not under the direction of the first defendant. *Id.* at 1058.

III. PROVING FALSE ADVERTISING

- A. Most courts applied the standard five-part test for false advertising over the past year, requiring plaintiffs to show: (1) a false or misleading description of fact or representation of fact by the defendant in a commercial advertisement about its own or another’s good or service; (2) the materiality of the misrepresentation; (3) actual or likely deception of a substantial segment of its audience; (4) placement of the misrepresentation in interstate commerce; and (5) actual or likely injury of the plaintiff, either by direct diversion of sales or by a lessening of goodwill associated with its products. *See, e.g., Compulife Software Inc. v. Newman*, 959 F.3d 1288, 1316 (11th Cir. 2020); *Evoqua Water Techs., LLC v. M.W. Watermark, LLC*, 940 F.3d 222, 235 (6th Cir. 2019), *cert. denied*, 140 S. Ct. 2762 (2020); *Pegasystems, Inc. v. Appian Corp.*, 424 F. Supp. 3d 214, 221 (D. Mass. 2019). *But see Geiger v.*

C&G of Groton, Inc., 424 F. Supp. 3d 276, 292 (D. Conn. 2019) (applying substantively identical four-part test for liability); *GOJO Indus. v. Innovative Biodefense, Inc.*, 407 F. Supp. 3d 356, 362 n.4 (S.D.N.Y. 2019) (same).

- B. Whatever the test for liability might be, one court held that allegations of false advertising must be pleaded with particularity under Rule 9 of the Federal Rules of Civil Procedure. *See, e.g., N. Bottling Co. v. Henry's Foods, Inc.*, No. 1:19-CV-021, 2020 WL 4208526, at *7 (D.N.D. July 22, 2020).
- C. A threshold issue in any false advertising action is whether the defendant has made an actionable objectively verifiable statement of fact, or, alternatively, set forth an opinion or mere puffery, neither of which is actionable.
 - 1. The Ninth Circuit reached a finding of puffery as a matter of law at the pleadings stage, as another example in a lawsuit against Google, the parent of YouTube. *See Prager Univ. v. Google LLC*, 951 F.3d 991 (9th Cir. 2020). The plaintiff styled itself as a nonprofit educational and media organization with a goal of providing politically conservative viewpoints on issues of public interest. Objecting to the availability of certain of its videos only in YouTube's Restricted Mode, the plaintiff challenged as false advertising YouTube's statements that "everyone deserves to have a voice," that "the world is a better place when we listen, share and build community through our stories," that "people should be able to speak freely, share opinions, foster open dialogue, and that creative freedom leads to new voices, formats and possibilities," and that YouTube's platform will "help [one] grow," "discover what works best," and "giv[e] [one] tools, insights and best practices" for using YouTube's products." *Id.* at 1000 (alterations in original). Affirming the dismissal of the plaintiff's complaint for failure to state a claim, the court held YouTube's "braggadocio about its commitment to free speech" "impervious to being 'quantifiable,' and thus . . . non-actionable 'puffery.'" *Id.* (quoting *Newcal Indus. v. Ikon Office Sols.*, 513 F.3d 1038, 1053 (9th Cir. 2008)).
 - 2. In contrast, another court declined to dismiss a challenge to a "No Flakes" representation appearing on the packaging of a hair gel product as nonactionable puffery: "The 'no flakes' statement is a specific and testable representation that the Product will not cause flaking in a user's hair. It falls easily within the realm of statements that can be proven true or false." *Duran v. Henkel of Am., Inc.*, No. 19 CIV. 2794 (PAE), 2020 WL 1503456, at *5 (S.D.N.Y. Mar. 30, 2020).
- D. Courts generally agreed on the two ways in which challenged advertising could be false: (1) it could be literally false; or, alternatively, (2) it could be literally true but misleading in context. *See, e.g., Weight Watchers Int'l, Inc. v. Noom, Inc.*, 403 F. Supp. 3d 361, 369 (S.D.N.Y. 2019); *De Simone v. VSL Pharm., Inc.*, 395 F. Supp. 3d 617, 623 (D. Md. 2019).

1. As always, some plaintiffs advancing claims of false advertising successfully demonstrated their opponents had disseminated literally false claims, or, alternatively, literally true but misleading ones. For example, although liability for false advertising typically requires a showing of a false factual statement in the first instance, one court reached a finding of literal falsity based on a finding that the defendants had continued to use the plaintiffs' marks following a break between the parties. *See vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612, 662-64 (D.S.C.), *enforcement granted in part*, No. CV 2:13-587-RMG, 2019 WL 6888439 (D.S.C. Dec. 18, 2019), *appeal docketed*, No. 19-2112 (4th Cir. April 4, 2020).
 2. Some courts were less impressed with accusations of falsity.
 - a. For example, in *Belcher Pharm., LLC v. Hospira, Inc.*, 419 F. Supp. 3d 1292 (M.D. Fla. 2020), *appeal docketed*, No. 20-10497 (11th Cir. April 21, 2020), the plaintiff argued that the defendant had falsely represented that the defendant's pharmaceutical preparation was the generic equivalent of the plaintiff's own preparation. Although the plaintiff adduced some evidence suggesting that consumers held that belief, it failed to identify any representations by the defendant that might have produced it. *Id.* at 1297-98. Summary judgment in the defendant's favor was the outcome.
 - b. A similar outcome held in an opinion concluding that "a retail or wholesale store cannot be found liable for false information appearing on the packages of the products that they sell." *In re Outlaw Lab., LP Litig.*, 424 F. Supp. 3d 973, 981 (S.D. Cal. 2019).
- E. Courts generally tied the prerequisite of actual or likely deception to the type of falsity demonstrated by plaintiffs.
1. Some held that a finding of literal falsity creates a presumption of actual or likely deception. *See, e.g., Pegasystems, Inc. v. Appian Corp.*, 424 F. Supp. 3d 214, 222 (D. Mass. 2019); *De Simone v. VSL Pharm., Inc.*, 395 F. Supp. 3d 617, 623 (D. Md. 2019).
 2. Others drove home the point that plaintiffs claiming literally true but misleading advertising by defendants were required to demonstrate deception through extrinsic evidence or, alternatively, a deliberate intent to deceive. *See, e.g., Belcher Pharm., LLC v. Hospira, Inc.*, 419 F. Supp. 3d 1292, 1296 (M.D. Fla. 2020) ("A plaintiff attempting to establish the second kind of falsehood, that an advertisement is literally true but misleading, must 'present evidence of deception' in the form of consumer surveys, market research, expert testimony, or other evidence."), *appeal docketed*, No. 20-10497 (11th Cir. April 21, 2020); *see also Clorox Co. v. Reckitt Benckiser Grp.*, 398 F. Supp. 3d 623, 635-36 (N.D. Cal. 2019).

- F. Consistent with other authority arising in the Second Circuit, a New York federal district court declined to recognize a presumption of harm incurred by the plaintiff in the absence of comparative advertising. *See Dependable Sales & Serv., Inc. v. TrueCar, Inc.*, 394 F. Supp. 3d 368, 375 (S.D.N.Y. 2019).
- G. Some courts viewed plaintiffs' claims of materiality with skepticism. One was the Fifth Circuit, which entertained an appeal in a case in which a jury had found false a claim that a preparation applied to windshields would repel water and other substances for over 100 car washes. *See Ill. Tool Works, Inc. v. Rust-Oleum Corp.*, 955 F.3d 512 (5th Cir. 2020). Despite its success in demonstrating falsity, the plaintiff fell short where materiality was concerned. Seeking to defend its victory on appeal, the plaintiff argued that the challenged claim: (1) related to an inherent characteristic of the defendant's product; (2) was important to the defendant's marketing strategy; and (3) had led to at least one actually confused consumer. *Id.* at 517. The court rejected each theory seriatim, concluding that: (1) in contrast to the rule extant in other circuits, it had never held that representations about products' inherent characteristics were necessarily material, *id.*; (2) it has similarly never ratified the proposition that "a defendant's advertising campaign—no matter how aggressive or how much the defendant believed that the advertising would affect consumers—is itself evidence of materiality," *id.* at 518; and (3) the trial record was devoid of evidence that the allegedly confused consumer had been deceived into purchasing the defendant's product as a result of his confusion. *Id.* Under these circumstances, the court held, the jury's finding of materiality was "legally unsupportable." *Id.*

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

- A. Courts rarely certify class certification in cases presenting persona-based causes of action, and the Seventh Circuit did not buck that tendency. *See Dancel v. Groupon, Inc.*, 949 F.3d 999 (7th Cir. 2019).
 - 1. The gravamen of the complaint before that court was the proposed lead plaintiff had posted a picture of herself and her boyfriend dining at a restaurant on Instagram. The online marketplace Groupon then linked the photograph to the restaurant, in the process referencing the plaintiff's Instagram username. After initially attempting in state court to vindicate the rights of a class of Illinois residents under that state's right of publicity statute, 765 ILL. COMP. STAT. 1075/5, 3, the plaintiff sought certification for a class comprising "[a]ll persons who maintained an Instagram Account and whose photograph (or photographs) from such account was (or were) acquired and used on a groupon.com webpage for an Illinois business," *Dancel*, 949 F.3d at 1002 (alteration in original), which itself had a subclass consisting of "[a]ll members of the Instagram Class whose likeness appeared in any photograph acquired and used by Groupon." *Id.*

2. The plaintiff's new putative class led to the removal of the action to the United States District Court for the Northern District of Illinois, which denied certification under Federal Rule of Civil Procedure 23(b)(3). Affirming, the Seventh Circuit noted that the rule in question required a finding that "the questions of law or fact common to class members predominate over any questions affecting only individual members." FED. R. CIV. P. 23(b)(3). The court held the possibility of such a finding to turn on the answer to the following question: "Must identity be proven through 'evidence that varies from member to member' (the username's content) or can 'the same evidence' (its being a username) 'suffice for each member to make a prima facie showing'?" *Dancel*, 949 F.3d at 1007 (quoting *Tyson Foods, Inc. v. Bouaphakeo*, 136 S. Ct. 1036, 1045 (2016)). It then opted for the first of the question's two formulations, explaining that, although an Instagram user name identified an Instagram *account*, more was necessary to identify an *individual*, as required by the relevant statute. Thus, "[t]he common evidence that [the plaintiff] proposes she will provide . . . does nothing to answer the question whether any given username identifies that specific individual who is behind that username and its associated account." *Id.* at 1009. Because "[the] individualized evidentiary burden [mandated by the statute] prevents identity from being a predominating common question under Rule 23(b)(3)," *id.* at 1010, the district court properly had declined to certify the plaintiff's proposed class.
- B. An application of New York law led a federal district court in that state to dismiss a right-of-publicity claim based on the plaintiff's failure to assert it within with the one-year statute of limitations the court held applicable to it. *See Trombetta v. Novocin*, 414 F. Supp. 3d 625, 633 (S.D.N.Y. 2019).
- C. Two courts addressed claims that the online platform Fortnite had violated various persona-based rights of the plaintiffs before those tribunals. Each case arose from Fortnite's alleged misappropriation of a "signature move" originating with the plaintiffs, and each led to a motion to dismiss for failure to state a claim.
 1. In *Brantley v. Epic Games, Inc.*, No. 8:19-CV-594-PWG, 2020 WL 2794016 (D. Md. May 29, 2020), the court held that Fornite's conduct was not actionable under Maryland common-law right-of-privacy, unfair competition, and unjust enrichment causes of action, because the Copyright Act preempts those causes of action on the facts alleged by the plaintiffs. *Id.* at *7-8.
 2. The court in *Pellegrino v. Epic Games, Inc.*, 451 F. Supp. 3d 373 (E.D. Pa. 2020), reached a similar result to the extent it determined that Fortnite's conduct was not actionable under a Pennsylvania right-of-publicity theory, because the challenged use in question was transformative. *Id.* at 381-82. Nevertheless, it declined to dismiss the plaintiff's federal cause of action for false endorsement under Section 43(a) of the Lanham Act, 15 U.S.C.

§ 1125(a) (2018), because “courts have allowed a plaintiff’s false endorsement claim to proceed . . . where a complaint alleges that the defendant used the plaintiff’s identity or likeness to deceive the public into believing that the plaintiff endorsed the defendant’s product.” *Id.* at 373.

V. DEFENSES

A. Legal Defenses

1. Abandonment

Trademark law contemplates two scenarios in which a mark owner can lose the rights to its mark through abandonment: (1) a discontinuance of use coupled with an intent not to resume use; and (2) conduct by the mark owner that causes the mark to lose its significance as an indicator of source, *e.g.*, the grant of so-called “naked licenses,” under which the mark owner does not control the nature and quality of the goods and services provided under the licensed mark.

a. Abandonment Through Nonuse

- i. A precedential opinion from the Board in a cancellation action confirmed that a party alleging abandonment must do more than prove nonuse of the mark in question; instead, it also must demonstrate an absence of an intent to resume the mark’s use. *See Wirecard AG v. Striatum Ventures B.V.*, 2020 U.S.P.Q.2d 10086 (T.T.A.B. 2020). The registrant in that case was domiciled in the Netherlands and had secured its registration by relying on a foreign registration, meaning that it had used its mark in commerce prior to the registration’s issuance. Although the petitioner successfully established a prima facie showing of abandonment under Section 45 of the Lanham Act, 15 U.S.C. § 1127 (2018), through a showing the respondent had not used its mark for over three years, that showing did not lead the Board to cancel the respondent’s registration. On the contrary, the respondent successfully demonstrated an intent to begin using its mark and therefore rebutted the petitioner’s prima facie showing of abandonment.
- ii. Likewise, a Michigan federal district court found that the maintenance of a website featuring marks alleged to have been abandoned constituted evidence of an intent to resume the marks’ use. *See Cernelle v. Graminex, L.L.C.*, 437 F. Supp. 3d 574, 598 (E.D. Mich. 2020) (“[T]he plaintiff has demonstrated a continuing interest in its marks by maintaining a website in the United States; it claims, credibly, that its

website raises awareness of its brands, with an eye on reentry into the United States.”).

- iii. In contrast, a Utah federal district court rejected a putative mark owner’s claim of an intent to resume use of its mark. *See Equitable Nat’l Life Ins. Co., Inc. v. AXA Equitable Life Ins. Co.*, 434 F. Supp. 3d 1227(D. Utah 2020). The court noted a number of considerations weighing against such an intent, including: (1) the lapsing of registrations covering the disputed mark; (2) a change of the putative mark owner’s corporate name to one that did not include its claimed mark; and (3) an investment of “tens of millions of dollars” into the rebranding. The court found the last of these points particularly convincing, noting that “few acts show a stronger intent to abandon a mark than a concerted campaign to convince consumers to stop referring to the company by its previous name.” *Id.* at 1244-45. Although the putative mark owner resumed its commitment to the mark after four years of discontinuance, it was too late: “[T]he evidence shows that by the time [the putative mark owner] formed an intent to resume use of the . . . mark, it had already abandoned the mark.” *Id.* at 1245.

b. Abandonment Through Naked Licensing

- i. Courts addressing claims of naked licenses often excuse the absence of written quality-control provisions if the parties to a license have a close relationship allowing the licensor to rely on the familiarity of its licensees with its operations; indeed, such an outcome is the usual result if the licensee has a familial relationship with the licensor. The Eighth Circuit, however, took this proposition one step further in a case in which, rather than members of a happy family, the parties’ principals were a divorced couple whose post-breakup relations were marked with acrimony. *See Lawn Managers, Inc. v. Progressive Lawn Managers, Inc.*, 959 F.3d 903 (8th Cir. 2020). Their divorce settlement gave the ex-husband control over the lawn-care business they had jointly operated for seventeen years, with the ex-wife’s business receiving a license to use a closely similar mark. When the license expired, and the wife’s business continued to use the licensed mark, the ex-husband’s business filed an infringement action, to which the ex-wife’s business responded with a claim of naked licensing.

- (A) The district court found the license not impermissibly nude, and the Eight Circuit affirmed. As an initial matter, the appellate court held:

To determine whether a licensor exercises sufficient control, and so may enforce the terms of the trademark's use, courts evaluate whether the licensor (1) retained contractual rights to control the quality of the use of its trademark; (2) actually controlled the quality of the trademark's use; or (3) reasonably relied on [the licensee] to maintain the quality.

Id. at 908.

- (B) In applying this standard, the court noted that “[t]he district court found, and the parties do not dispute, that the licensing agreement in this case contained no express contractual right of control and that there was no evidence of actual control by [the ex-husband’s company].” *Id.* at 909. That consideration was not dispositive, however, because “[c]ourts have found that a licensor may reasonably rely on a licensee for quality control where the parties have enjoyed a long-term professional association, often termed a ‘special relationship.’” *Id.* Although the ex-husband and ex-wife had repeatedly found themselves at odds following the divorce, the court identified a number of considerations in the trial record supporting the district court’s finding of just such a special relationship, including: (1) the ex-wife’s familiarity with the operations of the ex-husband’s company; (2) a “carryover” of workers from that company to the ex-wife’s company; (3) the ex-wife’s company’s emulation of the ex-husband’s company, including an inaccurate representation that the ex-wife’s company had been in business as long as the ex-husband’s company; (4) a geographic overlap between the parties’ customers, which allowed employees of the ex-husband’s company to monitor the work being done by the ex-wife’s company; and (5) the “long, close, and successful relationship” between the ex-husband and the ex-wife while running their original company in better times. *Id.* at 910-11. The ex-wife’s company

therefore had not carried its stringent burden of proving a naked license.” *Id.* at 911.

- ii. Claims of naked licenses fell short on more conventional facts. Applying Ninth Circuit law, one opinion held that “[t]o determine whether a naked license exists, the [court] looks to whether (1) the license contained express contractual control over the licensee’s operations, (2) the licensor had actual control over the licensee’s quality control measures, and (3) the licensor was unreasonable in relying on the licensee’s own quality control measures.” *SinCo Techs. Pte Ltd. v. SinCo Elecs. (Dongguan) Co.*, No. 17-CV-05517-EMC, 2020 WL 906721, at *2 (N.D. Cal. Feb. 25, 2020). The court issuing that opinion held that the circumstances of the parties’ long-standing working relationship created myriad factual disputes precluded a finding of a naked license as a matter of law. *Id.* at *3.
- iii. Consistent with that outcome, the Trademark Trial and Appeal Board rejected a claim of abandonment through naked licensing based on evidence of the licensees’ familiarity with the licensor’s operations. *See Great Treats, Inc. v. Bigger Than Bill, Inc.*, No. 91231322, 2020 WL 919237 (T.T.A.B. Feb. 4, 2020) (nonprecedential). Not only was one of the licensee a former employee of the licensor, but the licensor was entitled to rely upon “the parties’ familiarity with one another in [the] small-town setting” in which they lived. *Id.* at *11.

2. Descriptive Fair Use

- a. On its face, the affirmative defense of descriptive fair use codified in Section 33(b)(4), 15 U.S.C. § 1115(b)(4) (2018), requires a defendant invoking it to prove, *inter alia*, that its use is “otherwise than as a mark” of “a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin.” In *Tiffany & Co. v. Costco Wholesale Corp.*, 971 F.3d 74 (2d Cir. 2020), the Second Circuit entertained an appeal from a finding as a matter of law on Tiffany’s motion for summary judgment that the following uses of the word “Tiffany” by Costco, a discount retailer of jewelry, did not qualify for the defense:



In contrast to the district court, the court of appeals found a factual dispute with respect to each of the three prerequisites of the defense.

- i. The court began its analysis by faulting the district court's finding as a matter of law that Costco had used the TIF-FANY mark *as* a mark, rather than a merely descriptive reference to the way diamonds were mounted on its rings. For one thing, it noted, "Costco produced hundreds of examples of signs for its engagement rings, *none* of which began with the word 'Tiffany' or any other brand name." *Id.* at 93. For another, "Costco's evidence demonstrates that it displayed the word "Tiffany" in the exact same manner (including typeface, size, color, and relative location on the signs) that

it displayed setting information for other engagement rings.” *Id.* Finally, “Costco also proffered evidence that the word ‘Tiffany’ did not appear on any of its rings or ring packaging, and that the rings actually bore the logo of a *different* manufacturer.” *Id.*

- ii. Moving to the second prerequisite of the defense, the court arguably expanded the statutory “descriptive of” language by holding that:

Whether a phrase is descriptive refers to its tendency to describe the goods in question in a broad sense, including not only “words that describe a characteristic of the goods[] such as size or quality,” but also words or images that more abstractly identify some information about the goods in question.

Id. at 93 (quoting *Cosmetically Sealed Indus. v. Chesebrough-Pond’s USA Co.*, 125 F.3d 28, 30 (2d Cir. 1997)). In doing so, the court held that “‘Tiffany’ has a descriptive meaning independent of Tiffany’s brand” and in particular that a reasonable jury could find the challenged uses described the “Tiffany-style” mounting of the diamonds on them. *Id.* As it explained, “the simple fact that a defendant has trademarked a term for use in a particular industry does not preclude a jury’s finding that the term has some descriptive use within the same industry.” *Id.* at 94.

- iii. The court’s holding with respect to the defense’s third prerequisite was to similar effect, namely, that the appellate court held that a reasonable jury could find that Costco had acted with the required good faith, despite its prior knowledge of Tiffany’s rights. According to the court, “where the allegedly infringing mark is identical to the registered mark, and its use began subsequent to the plaintiff’s trade-mark registration, the defendant must carry the burden of explanation and persuasion.” *Id.* at 88 (quoting *Kiki Undies Corp. v. Promenade Hosiery Mills, Inc.*, 411 F.2d 1097, 1101 (2d Cir. 1969)). Nevertheless, “the intent to compete by imitating the successful features of another’s product is vastly different from the intent to deceive purchasers as to the source of [one’s own] product.” *Id.* (alterations in original) (quoting *Nora Beverages, Inc. v. Perrier Grp. of Am., Inc.*, 269 F.3d 114, 123 (2d Cir. 2001)). Finally, the court held, “the district court overlooked substantial evidence that

Costco did *not* attempt to sow confusion among its customers,” including declaration testimony that “Costco inventory control personnel took the term ‘Tiffany’ directly from vendor descriptions, that the representatives understood Tiffany as a ‘generic style name,’ and that indeed it was ‘the only name . . . used to denote [that] type of pronged setting.’” *Id.* at 89 (alterations in original).

- b. Likewise, another court declined to reach a finding of descriptive fair use as a matter of law, at least at the pleadings stage of the case before it. *See Chooseco LLC v. Netflix, Inc.*, 439 F. Supp. 3d 308 (D. Vt. 2020). As it explained, “generally ‘fair use . . . requires consideration of facts outside of the complaint and thus is inappropriate to resolve on a motion to dismiss.’” *Id.* 321 (quoting *Kelly-Brown v. Winfrey*, 717 F.3d 295, 308 (2d Cir. 2013)).

3. Nominative Fair Use

- a. The Ninth Circuit applied its long-standing rule that, to qualify as a nominative fair one, a challenged use must be identical to that of the plaintiff. *See VIP Prods. LLC v. Jack Daniel’s Props., Inc.*, 953 F.3d 1170 (9th Cir. 2020). It therefore affirmed the rejection of a nominative fair use claim following a trial on the merits. *Id.* at 1174.
- b. Although nominative fair use is usually treated as a question of fact, a New York federal district court granted a motion to dismiss claims of infringement and unfair competition after crediting a defense argument that the appearance of the plaintiff’s flagship mark in the defendant’s advertising was for purposes of comparison. *See Weight Watchers Int’l, Inc. v. Noom, Inc.*, 403 F. Supp. 3d 361, 380 (S.D.N.Y. 2019).
- c. In contrast, another court in the same district rejected a claim of nominative fair use as a matter of law in a case brought against the sculptor of the notable *Fearless Girl* statue by the company that had commissioned it. *See State St. Glob. Advisors Tr. Co. v. Visbal*, 431 F. Supp. 3d 322 (S.D.N.Y. 2020). A license between the parties granted the sculptor the right to use the name of the statue as a trademark for two- and three-dimensional reproductions of the statue but was silent as to her right to incorporate the mark into domain names for websites promoting the sale of those reproductions. When the sculptor registered just such a domain name, the plaintiff filed suit and successfully defeated the sculptor’s invocation of the nominative fair use doctrine. As the court explained while granting the plaintiff’s motion for summary judgment on the issue, “Defendant’s argument is not persuasive because the Second Circuit has held in a similar circumstance that use of a trademark like *Fearless Girl* in a

URL is ‘not simply an adjectival use’ but rather is a use ‘as a mark.’” *Id.* at 342 (quoting *TCPIP Holding Co. v. Haar Commc’ns Inc.*, 244 F.3d 88, 100-04 (2d Cir. 2001)).

B. Equitable Defenses

1. Laches

- a. Courts applied tests for the affirmative defense of laches over the past year that differed in form, although not in substance.
 - i. For example, some adopted a two-part definition: “Ordinarily, a party asserting laches must show ‘(1) lack of diligence by the party against whom the defense is asserted, and (2) prejudice to the party asserting it.’” *Cernelle v. Graminex, L.L.C.*, No. 03-10291, 2020 WL 549088, at *19 (E.D. Mich. Feb. 4, 2020) (quoting *Kehoe Component Sales Inc. v. Best Lighting Prods., Inc.*, 796 F.3d 576, 584 (6th Cir. 2015)); *see also Kiva Health Brands LLC v. Kiva Brands Inc.*, No. 19-CV-03459-CRB, 2020 WL 759409, at *4 (N.D. Cal. Feb. 14, 2020); *Khan v. Addy’s BBQ LLC*, 419 F. Supp. 3d 538, 563 (E.D.N.Y. 2019); *Maduka v. Tropical Naturals, Ltd.*, 409 F. Supp. 3d 337, 362 (E.D. Pa. 2019).
 - ii. Others, however, adopted a three-part test. According to one court taking this approach, “[t]hrough the doctrine [of laches] is an equitable doctrine that should be applied flexibly, a defendant must demonstrate the presence of three elements in order to successfully assert laches as a defense: (1) a delay in asserting a right or a claim; (2) that the delay was not excusable; and (3) that there was undue prejudice to the party against whom the claim is asserted.” *Pinnacle Advert. & Mktg. Grp. v. Pinnacle Advert. & Mktg. Grp.*, 418 F. Supp. 3d 1143, 1149 (S.D. Fla. 2019) (quoting *Kason Indus. v. Comp. Hardware Grp.*, 120 F.3d 1199, 1203 (11th Cir. 1997)), *appeal docketed*, No. 19-15167 (11th Cir. Dec. 30, 2019).
 - iii. Finally, without otherwise identifying the defense’s requirements, in determining the merit of a laches argument, one court held that “the Court considers the good faith of the junior user.” *Traeger Pellet Grills, LLC v. Dansons US, LLC*, 421 F. Supp. 3d 876 (D. Ariz. 2019), *appeal dismissed*, No. 19-17211, 2020 WL 470307 (9th Cir. Jan. 8, 2020); *see also Cernelle v. Graminex, L.L.C.*, No. 03-10291, 2020 WL

549088, at *21 (E.D. Mich. Feb. 4, 2020) (holding that “particularly egregious” conduct by defendants barred successful invocation of laches).

- b. As always, federal courts entertaining claims of laches by defendants referred to statutes of limitations for corresponding state-law torts as benchmarks for determining whether plaintiffs had delayed too long in bringing suit: If they did for longer than the applicable statute of limitations, their claims were presumptively barred by laches; otherwise, the contrary was true. *See, e.g., Cernelle v. Graminex, L.L.C.*, No. 03-10291, 2020 WL 549088, at *20 (E.D. Mich. Feb. 4, 2020) (three years); *Pinnacle Advert. & Mktg. Grp. v. Pinnacle Advert. & Mktg. Grp.*, 418 F. Supp. 3d 1143, 1152 (S.D. Fla. 2019) (four years), *appeal docketed*, No. 19-15167 (11th Cir. Dec. 30, 2019); *vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612, 664 (D.S.C.) (three years), *enforcement granted in part*, No. CV 2:13-587-RMG, 2019 WL 6888439 (D.S.C. Dec. 18, 2019); *Maduka v. Tropical Naturals, Ltd.*, 409 F. Supp. 3d 337, 362 (E.D. Pa. 2019) (six years); *Delta Forensic Eng’g, Inc. v. Delta V Biomechanics, Inc.*, 402 F. Supp. 3d 902, 912 (C.D. Cal. 2019) (four years).
- c. One pair of plaintiffs escaped a possible application of the laches doctrine by disavowing any request for monetary relief. *See vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612 (D.S.C.), *enforcement granted in part*, No. CV 2:13-587-RMG, 2019 WL 6888439 (D.S.C. Dec. 18, 2019), *appeal docketed*, No. 19-2112 (4th Cir. April 4, 2020). According to the court, even in equity under the Lanham Act, laches does not bar a claim for prospective injunctive relief. *Id.* at 665.

2. Acquiescence

- a. Some courts adopted the usual tripartite standard for acquiescence by holding that “[t]o establish an acquiescence defense, a defendant must show: ‘(1) the senior user actively represented that it would not assert a right or a claim; (2) the delay between the active representation and assertion of the right or claim was not excusable; and (3) the delay caused the defendant undue prejudice.’” *Monster Energy Co. v. Beastup LLC*, No. 217CV01605KJMEFB, 2019 WL 3803679, at *18 (E.D. Cal. Aug. 13, 2019) (quoting *Seller Agency Council, Inc. v. Kennedy Ctr. for Real Estate Educ., Inc.*, 621 F.3d 981, 988 (9th Cir. 2010)); *accord Khan v. Addy’s BBQ LLC*, 419 F. Supp. 3d 538, 563 (E.D.N.Y. 2019); *BPI Lux S.a.r.l. v. Bd. of Managers of Setai Condo. Residence at 40 Broad St.*, No. 18 CIV. 1621 (NRB), 2019 WL 3202923, at *9 (S.D.N.Y. July 16, 2019).

- b. Another court adopted a simpler test: “The trademark owner must have ‘actively represented that it would not assert a right or a claim.’” *Oasis Legal Finance Operating Co. v. Chodes*, No. 17 C 358, 2020 WL 1874097, at *11 (N.D. Ill. Apr. 15, 2020) (quoting *Hyson USA, Inc. v. Hyson 2U, Ltd.*, 821 F.3d 935, 941 (7th Cir. 2016)). Not surprisingly, it then rejected the argument by a group of defendants that the failure of the plaintiff suing them to register its mark established the plaintiff’s acquiescence to the defendants’ use of their mark. *Id.* at *11.

3. Unclean Hands

- a. According to one court, “[t]he doctrine [of unclean hands] bars relief to a plaintiff who has violated conscience, good faith or other equitable principles in his prior conduct, as well as to a plaintiff who has dirtied his hands in acquiring the right presently asserted.’ ‘To prevail on an unclean hands defense, the defendant must demonstrate that the plaintiff’s conduct is inequitable and that the conduct relates to the subject matter of its claims.’” *Monster Energy Co. v. Beastup LLC*, 395 F. Supp. 3d 1334, 1368 (E.D. Cal. 2019) (second alteration in original) (quoting *Dollar Sys., Inc. v. Avcar Leasing Sys., Inc.*, 890 F.2d 165, 173 (9th Cir. 1989); *Brother Records, Inc. v. Jardine*, 318 F.3d 900, 909 (9th Cir. 2003)).
- b. The past year produced the usual opinions rejecting claims of unclean hands by defendants came in an Eighth Circuit opinion in a dispute between competing lawn-care companies operated by a divorced couple. *See Lawn Managers, Inc. v. Progressive Lawn Managers, Inc.*, 959 F.3d 903 (8th Cir. 2020). During their marriage, the ex-husband and ex-wife had jointly operated a single company, and their divorce settlement divided that company’s customers between the two companies they operated in competition with each other on a going-forward basis. The same settlement precluded each company from signing up the other’s customers for a two-year period. When the ex-husband’s company filed an infringement action against the ex-wife’s company, the latter responded by accusing the former of unclean hands based on its solicitation of the latter’s customers. That claim fell short of the mark, however, based on the court’s conclusion that the parties’ agreement permitted the solicitation of customers, provided none was signed up. The district court therefore had not erred in rejecting the defense. *Id.* at 912-13.
- c. A Michigan federal district court applied the doctrine of unclean hands to block a defendant’s claim of laches. *See Cernelle v. Graminex, L.L.C.*, No. 03-10291, 2020 WL 549088 (E.D. Mich. Feb. 4, 2020). Although the plaintiff had delayed in accusing the defendants of breaching a prior settlement agreement by continuing to distribute

goods bearing the plaintiff's mark, the court found the defendants' conduct "particularly egregious," and it therefore allowed the plaintiff's claims to go forward. *Id.* at *21.

VI. REMEDIES

A. Injunctive Relief

1. Prerequisites for Injunctive Relief

- a. Courts differed in the proof of irreparable harm they required of plaintiffs seeking injunctive relief.
 - i. Some courts applied the traditional presumption that "[a] finding of irreparable harm usually follows a finding of unlawful use of a trademark and a likelihood of confusion." *George Sink, P.A. Injury Lawyers v. George Sink II Law Firm LLC*, 407 F. Supp. 3d 539, 559 (D.S.C. 2019) (quoting *Ledo Pizza Sys., Inc. v. Singh*, 2013 WL 5604339, at *3 (D. Md. Oct. 10, 2013) (alteration in original)), *modified*, No. 2:19-CV-01206-DCN, 2019 WL 6318778 (D.S.C. Nov. 26, 2019), *appeal dismissed*, No. 19-2359, 2019 WL 9042869 (4th Cir. Dec. 18, 2019); *see also* *Life After Hate, Inc. v. Free Radicals Project, Inc.*, 410 F. Supp. 3d 891, 909 (N.D. Ill. 2019) ("[I]t 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." (alteration in original) (quoting *Promatek Indus. v. Equitrac Corp.*, 300 F.3d 808, 813 (7th Cir. 2002), as amended (Oct. 18, 2002))); *USA-Halal Chamber of Commerce, Inc. v. Best Choice Meats, Inc.*, 402 F. Supp. 3d 427, 437 (N.D. Ill. 2019) ("The Seventh Circuit has 'repeatedly held that damage to a trademark holder's goodwill can constitute irreparable injury for which the trademark owner has no adequate legal remedy.'" (quoting *Re/Max N. Cent., Inc. v. Cook*, 272 F.3d 424, 432 (7th Cir. 2001))).
 - ii. In contrast, some courts held the presumption no longer available after *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), and *Winter v. Natural Resources Defense Council*, 555 U.S. 7 (2008), a view that resulted in the denial of injunctive relief in more than one case. *See, e.g., BioTE Med., LLC v. Jacobsen*, 406 F. Supp. 3d 575, 582 (E.D. Tex. 2019) (denying preliminary injunction in false advertising litigation with explanation that "[s]ince the *Ebay* decision [sic], numerous Circuit Courts have expressed concerns of the appropriateness of categorical rules—such as presumptions of

irreparable harm—in requests for injunctive relief brought under the Lanham Act”); *Kiva Health Brands LLC v. Kiva Brands Inc.*, 402 F. Supp. 3d 877, 896 (N.D. Cal. 2019) (holding that presumption of irreparable harm “is not the law”).

- iii. Nevertheless, even in jurisdictions in which the presumption is no longer available, some plaintiffs managed to demonstrate irreparable harm as a factual matter. *See, e.g., 3M Co. v. Performance Supply, LLC*, No. 20CIV02949LAPKNF, 2020 WL 2115070, at *7 (S.D.N.Y. May 4, 2020) (“No amount of money could repair the damage to [the plaintiff’s] brand and reputation if it is associated with the crime of price-gouging at the expense of healthcare workers and other first responders in the midst of the COVID-19 crisis.”); *Fletcher’s Original State Fair Corny Dogs, LLC v. Fletcher-Warner Holdings LLC*, 434 F. Supp. 3d 473, 496 (E.D. Tex. 2020) (entering preliminary injunction after finding that “[the plaintiff] has shown that it has experienced a loss of control of reputation, a loss of goodwill, and a loss of trade”).
- iv. Of course, even if a plaintiff otherwise demonstrates the existence of irreparable harm, that showing can be rendered moot by the plaintiff’s delay in seeking injunctive relief, especially in the preliminary injunction context. For example, in *Rumfish y Vino Corp. v. Fortune Hotels, Inc.*, 403 F. Supp. 3d 1227 (M.D. Fla. 2019), the court found that plaintiffs’ approximately six-month delay in challenging defendants’ uses of disputed service mark after learning of defendants’ applications to register the mark for the same services prevented issuance of temporary restraining order. *Id.* at 1232.
- b. When weighing the parties’ respective interests in securing or receiving injunctive relief, most courts held that the balance of the hardships favored plaintiffs. *See, e.g., Equitable Nat’l Life Ins. Co., Inc. v. AXA Equitable Life Ins. Co.*, 434 F. Supp. 3d 1227, 1254 (D. Utah 2020) (entering preliminary injunction after finding that “[a]lthough the injunction will substantially disrupt some of [the defendant’s] plans, the harms [the defendant’s] identifies either do not apply to the specific injunction the court is issuing or are self-inflicted”); *Fletcher’s Original State Fair Corny Dogs, LLC v. Fletcher-Warner Holdings LLC*, 434 F. Supp. 3d 473, 497 (E.D. Tex. 2020) (“Defendants’ alleged hardship merits little consideration because it results directly from Defendants’ decision to build their business around confusingly similar marks and to continue their efforts to do so after they received [Plaintiff’s] cease-and-desist letter.”).

- c. Likewise, courts also generally held that the public interest favored the entry of injunctive relief in cases in which plaintiffs successfully demonstrate liability for infringement or unfair competition. *See, e.g., Equitable Nat'l Life Ins. Co., Inc. v. AXA Equitable Life Ins. Co.*, 434 F. Supp. 3d 1227, 1255 (D. Utah 2020) (holding trademark infringement “inherently contrary to the public interest”); *Fletcher's Original State Fair Corny Dogs, LLC v. Fletcher-Warner Holdings LLC*, 434 F. Supp. 3d 473, 497 (E.D. Tex. 2020) (“The public interest is always served by requiring compliance with Congressional statutes such as the Lanham Act and by enjoining the use of infringing marks.” (quoting *Sparrow Barns & Events, L.L.C. v. Ruth Farm Inc.*, No. 4:19-CV-00067, 2019 WL 1560442, at *10 (E.D. Tex. Apr. 10, 2019))).

2. Terms of Injunctive Relief

- a. The past year produced a bumper crop of opinions from the Seventh Circuit addressing challenges to the terms of injunctive relief entered by district courts. In one appeal to that appellate tribunal, a defendant permanently enjoined from selling genuine, but stolen, goods bearing the plaintiff's mark challenged that portion of the injunction on the ground that the district court had erred in finding that the defendant knew some of the disputed goods were, in fact, stolen. *See Quincy Bioscience, LLC v. Ellishbooks*, 957 F.3d 725 (7th Cir. 2020). The court made short work of that contention, in substantial part because the defendant had defaulted in response to the plaintiff's complaint: Because that pleading averred the defendant's knowledge, the defendant's default left it unable to claim the contrary on appeal. *Id.* at 731. Moreover, the Seventh Circuit held, because the district court had entered the relief in question only in response to the plaintiff's motion to amend the judgment under Rule 59, the defendant's failure to oppose the motion also precluded it from objecting to the injunction's terms. *Id.* at 730.
- b. In another case before the Seventh Circuit, the district court had issued an order purporting to “modify” a preliminary injunction during the pendency of an appeal of the earlier order. *See MillerCoors LLC v. Anheuser-Busch Cos.*, 940 F.3d 922 (7th Cir. 2019) (per curiam). In doing so, however, the district court failed to comply with Federal Rule of Civil Procedure 65(d)(1)(C), which requires every injunction to be set forth without referring to any other document. It then compounded that error by modifying the preliminary injunction two more times, again without complying with Rule 65(d)(1)(C); moreover, the district court also failed to adhere to the requirements of neither Rule 61.1, which governs relief pending an appeal, nor Rule 62(d)(2), which conditions modification of an injunction in the plaintiff's favor on the posting of security. Having identified these

myriad problems with the district court’s various orders, the Seventh Circuit vacated and remanded the action with the observation that “[w]hile we recognize that a district court is in the best position to address urgent issues and changes in circumstance related to a preliminary injunction, the court must nonetheless comply with the procedures for doing so in order to avoid creating potential complications on review.” 940 F.3d at 922

- c. In an opinion otherwise favorable to the prevailing plaintiff below, the Seventh Circuit affirmed the refusal by a Wisconsin federal district court to enter a permanent injunction against the use of a mark found infringing after a jury trial. *See Fabick, Inc. v. JFTCO, Inc.*, 944 F.3d 649 (7th Cir. 2019). Instead, the relief entered below required the defendant to use a disclaimer “clarifying that it is a different company from [the plaintiff].” *Id.* at 659. The appellate court observed that “[the plaintiff] presented a great deal of evidence of people confusing it for [the defendant], but not otherwise causing harm, irreparable or otherwise.” *Id.* Thus, although “[t]he district court recognized that [the plaintiff] was, indeed, harmed by the infringement even though it could not show any loss of business or reputation to date, . . . it was appropriate for the court to evaluate the nature of the infringement and harm in crafting its injunctive remedy.” *Id.* at 660. Agreeing with the district court that a broad permanent injunction would have been “overkill,” it held that “[t]he ordered disclaimers are reasonably designed to notify any and all of the people whose confusion could cause an issue for [the plaintiff] for five years. It is tailored to remedy the infringement; it does not constitute an abuse of discretion.” *Id.* at 660-61.
- d. A plaintiff demonstrating infringement, likely dilution, false advertising, or another variety of unfair competition typically holds the upper hand where the public interest is concerned, and the 3M Company was no exception in a case in which the defendant claimed to be able to deliver authorized 3M-branded respirator masks (but only at significantly inflated prices). *See 3M Co. v. Performance Supply, LLC*, No. 20CIV02949LAPKNF, 2020 WL 2115070 (S.D.N.Y. May 4, 2020). In finding irreparable harm sufficient to support the entry of a preliminary injunction, the New York federal district court assigned to the case leaned heavily on 3M’s showing that it had responded to the COVID-19 pandemic by prioritizing distribution of its masks to healthcare workers. It observed that:

[C]onsumers and government officials, including those here in New York City, understandably lack the time and resources they would have in normal purchasing environments to ensure that sellers are who they purport to be (*e.g.*, authorized distributors

of 3M-brand products), and that products are what sellers claim they are (*e.g.*, genuine 3M-brand products). Accordingly, when the public sees purported 3M-brand N95 respirators available for sale, they are relying on the 3M Marks and 3M Slogan and standards associated with the 3M brand now, more than ever, to indicate that the respirators offered for sale are, in fact, genuine and adhere to the 3M brand's rigorous standards.

Id. at *13. Of equal significance:

Unquestionably, the protection of healthcare professionals who are putting their lives on the line in the fight against COVID 19 is in the public interest. Those brave and selfless professionals deserve trustworthy supply lines of authentic PPE, including N95 respirators, that are free of misrepresentations, false designations of origin, and unscrupulous profiteering.

....

... When lives are at stake and time is of the essence, as is clearly the case in this crisis, the public interest demands accountability.

Id. at *13-14.

- e. Although entering a preliminary injunction, a South Carolina federal district court neglected to require the plaintiff to post the security required by Federal Rule of Civil Procedure 65(c). *See George Sink PA Injury Lawyers v. George Sink II Law Firm LLC*, No. 2:19-CV-01206-DCN, 2019 WL 6318778 (D.S.C. Nov. 26, 2019), *appeal dismissed*, No. 19-2359, 2019 WL 9042869 (4th Cir. Dec. 18, 2019). Despite the pendency of the defendant's appeal, the court granted the plaintiff's motion to revised the injunction to require a nominal bond of \$500. *Id.* at *4.

B. Monetary Relief

1. Actual Damages

- a. Awards of actual damages to fund corrective advertising campaigns are rare, and the outcome of one appeal to the Fifth Circuit demonstrated why. *See Ill. Tool Works, Inc. v. Rust-Oleum Corp.*, 955 F.3d 512 (5th Cir. 2020). Having convinced a jury to find a competitor liable for false advertising, the plaintiff received an award of \$925,617 for prospective corrective advertising, which the district court reduced to \$329,505.75 on the theory that the resulting number

was 25% of the defendant’s advertising budget. That remittitur was not enough for the court of appeals, which noted that the plaintiff had neither invested in past corrective advertising nor presented any evidence to the jury of plans to mark such an investment. Although the court saw no reason to prohibit prospective awards altogether, it noted that the plaintiff “has never even asserted that it plans to run corrective advertising. It did not say what the advertising might consist of, offer a ballpark figure of what it might cost, or provide even a rough methodology for the jury to estimate the cost.” *Id.* at 516. Especially because of the absence from the trial record of any evidence of either reputational damage suffered by the plaintiff in the first instance, “an award for prospective corrective advertising is neither compensatory nor equitable—it is a windfall.” *Id.* In the final analysis, “[i]f [the plaintiff] did not show a loss for which it needs compensation, it cannot receive a compensatory award.” *Id.*

- b. In contrast, the Eighth Circuit affirmed a corrective advertising award of \$71,346 based on the trial testimony of an expert witness. *See Lawn Managers, Inc. v. Progressive Lawn Managers, Inc.*, 959 F.3d 903 (8th Cir. 2020). According to the expert, that figure was necessary to finance a mailing to households in the geographic area in which the defendant used its infringing mark. On appeal, the defendant argued that the expert had failed to account for households that had neither availed themselves of the defendant’s services nor been exposed to the defendant’s mark, but the court was unmoved. It therefore sustained the award against the defendant’s challenge with the observation that “[m]ere difficulty in calculating damages is not sufficient reason to deny relief, as we have repeatedly stressed that some uncertainty in damages should not work to bar a plaintiff from recovering from a proved wrongdoer.” *Id.* (quoting *WWP, Inc. v. Wounded Warriors Family Support, Inc.*, 628 F.3d 1032, 1044 (8th Cir. 2011)).

2. Statutory Damages

- a. For the most part, requests for awards of statutory damages by prevailing plaintiffs failed to produce the desired results. Thus, for example, in *Laddawn, Inc. v. Bolduc*, No. CV 4:17-11044-TSH, 2020 WL 488541 (D. Mass. Jan. 30, 2020), the court entered a finding of cybersquatting as a terminating sanction for the defendant’s chronic disregard of discovery deadlines. In the process, however, it disagreed with the plaintiffs’ argument that the defendant’s conduct merited an award of \$50,000 per disputed domain name; instead, the court found, a more appropriate award was \$3,000 per domain name. *Id.* at *2.

- b. Another court declining to give a prevailing plaintiff the full statutory damages it had requested, despite the absence of a response to the plaintiff's motion for a default judgment, held that a seven-factor test governed the relevant inquiry:

In making a determination of appropriate statutory damages awards, courts typically consider the following factors: “(1) the expenses saved and the profits reaped by defendant; (2) the revenues lost by plaintiff; (3) the value of the mark; (4) the scale of defendant's infringement; (5) whether defendant's conduct was innocent or willful; (6) whether defendant has cooperated in providing particular records from which to assess the value of the infringing material produced; and (7) the potential for discouraging the defendant and others.”

Spin Master Ltd. v. 158, No. 18-CV-1774 (LJL), 2020 WL 2766104, at *13 (S.D.N.Y. May 28, 2020) (quoting *Streamlight, Inc. v. Gindi*, 2019 WL 6733022, at *11-12 (E.D.N.Y. Oct. 1, 2019), *report and recommendation adopted*, 2019 WL 6726152 (E.D.N.Y. Dec. 11, 2019). Faulting the plaintiff for failing to distinguish adequately between particular defendants, the court observed that “[i]t is appropriate on a motion for a default judgment to hold Defaulting Defendants liable for statutory damages for acts of infringement they are alleged to have committed. It is not appropriate to base an award of statutory damages on acts they might have committed but are not alleged to have committed.” *Id.* at *14. It ultimately found that “an award of statutory damages against each of the six Defaulting Defendants equal to three times the amount of lost revenues based on the most expensive Counterfeit Products is appropriate.” *Id.* at *16.

3. Accountings of Profits

- a. The Supreme Court resolved a question that has long split the lower federal courts, namely, whether willful misconduct is a prerequisite to the equitable remedy of an accounting of the defendant's profits under Section 35(a) of the Lanham Act, 15 U.S.C. § 1117(a) (2018), and the common law. *See Romag Fasteners, Inc. v. Fossil, Inc.*, 140 S. Ct. 1492 (2020).
 - i. The split leading to that development was reflected in several opinions.
 - (A) The Second and Eighth Circuits held that willfulness is indeed a prerequisite for an accounting. *See Safeway Transit LLC v. Disc. Party Bus, Inc.*, 954 F.3d

1171, 1181 (8th Cir. 2020); *4 Pillar Dynasty LLC v. New York & Co.*, 933 F.3d 202, 212-14 (2d Cir. 2019).

- (B) In contrast, the Fifth Circuit reiterated its test for an accounting, under which willfulness is only one of six nonexclusive factors:

(1) whether the defendant had the intent to confuse or deceive, (2) whether sales have been diverted, (3) the adequacy of other remedies, (4) any unreasonable delay by the plaintiff in asserting his rights, (5) the public interest in making the misconduct unprofitable, and (6) whether it is a case of palming off.

Retractable Techs., Inc. v. Becton Dickinson & Co., 919 F.3d 869, 876 (5th Cir. 2019) (quoting *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 554 (5th Cir. 1998), *abrogated on other grounds by Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001)). In doing so, it affirmed the district court’s heavy emphasis on the second factor, namely, whether the defendant’s misconduct (false advertising, in this case) diverted sales to the defendant. *Id.* at 879-81.

- (C) Finally, an Eleventh Circuit opinion suggested that willfulness might be a prerequisite only if the plaintiff pursued that theory under one of three available theories: “An accounting of a defendant’s profits is appropriate where: (1) the defendant’s conduct was willful and deliberate, (2) the defendant was unjustly enriched, or (3) it is necessary to deter future conduct.” *PlayNation Play Sys., Inc. v. Velez Corp.*, 924 F.3d 1159, 1170 (11th Cir. 2019). In the process, the court held that the mere continuation of challenged conduct in the face of a plaintiff’s objections does not necessarily constitute willfulness. *Id.* at 1170-71.

- ii. The split in the circuits concerning the proper role of willfulness in the accounting inquiry described above led the Supreme Court to review the issue in *Romag Fasteners*, a case brought by a manufacturer of magnetic snap fasteners, which

accused the defendant of manufacturing handbags with fasteners bearing imitations of the plaintiff's mark.

- (A) Following trial on the plaintiff's claims, an advisory jury recommended an accounting of \$90,759 of the defendant's profits under an unjust enrichment theory and \$6,704,046.00 of the defendant's profits under a deterrence theory. In its recommendation, the jury found that, although the lead defendant had acted with "callous disregard" of the plaintiff's rights, it had not acted willfully. Based solely on the second of these findings, the Federal Circuit held in an application of Second Circuit law that the plaintiff was not entitled to an accounting.
- (B) After twice agreeing to review the question presented by the plaintiff's petition for a writ of certiorari—" [w]hether, under section 35 of the Lanham Act, 15 U.S.C. § 1117(a), willful infringement is a prerequisite for an award of an infringer's profits"—the Supreme Court finally answered that question in the negative. It cited several bases for its holding.
- (C) The Court first quoted the express text of Section 35(a), which provides in relevant part that:

When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section [43(a)] or [43(d)] of this title, or a willful violation under section [43(c)] of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, . . . and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.

15 U.S.C. § 1117(a) (2018). Referencing the express requirement of willfulness for monetary relief in an action for likely dilution under Section 43(c) of the Act, the Court noted that "[the plaintiff] alleged and proved a violation of [Section 43(a)], a provision establishing a cause of action for the false or mislead-

ing use of trademarks. And in cases like that, the statutory language has *never* required a showing of willfulness to win a defendant's profits." 140 S. Ct. at 1495. It further observed that it did not "usually read into statutes words that aren't there. It's a temptation we are doubly careful to avoid when Congress has (as here) included the term in question elsewhere in the very same statutory provision." *Id.* That was not the defendants' only problem from a statutory interpretation perspective, however. Instead, the Court held, "[t]he Lanham Act speaks often and expressly about mental states," which it concluded made "[t]he absence of any such standard in the provision before us . . . seem[] all the more telling." *Id.*

- (D) The Court was equally unsympathetic to the defendant's argument that the traditional practice of courts of equity requiring showings of willfulness rose "to the level of a 'principle of equity' the Lanham Act carries forward." *Id.* The Court rejected that "curious suggestion" because "it would require us to assume that Congress intended to incorporate a willfulness requirement here obliquely while it prescribed *mens rea* conditions expressly elsewhere throughout the Lanham Act" and because "[t]he phrase 'principles of equity' doesn't readily bring to mind a substantive rule about *mens rea* from a discrete domain like trademark law." *Id.* at 1496. Of equal significance, the Court questioned the premise of the argument itself, concluding that "[f]rom the record the parties have put before us, it's far from clear whether trademark law historically required a showing of willfulness before allowing a profits remedy." *Id.*
- (E) In the final analysis, the Court held, "the most we can say with certainty is this. *Mens rea* figured as an important consideration in awarding profits in pre-Lanham Act cases. This reflects the ordinary, transsubstantive principle that a defendant's mental state is relevant to assigning an appropriate remedy." *Id.* at 1497. Thus, "[g]iven these traditional principles, we do not doubt that a trademark defendant's mental state is a highly important consideration in determining whether an award of profits is appropriate. But acknowledging that much is a far cry from insisting on the inflexible precondition to recovery [the defendant] advances." *Id.* Although it might be true that

“stouter restraints on profits awards are needed to deter ‘baseless’ trademark suits,” it was up to Congress to enact those restraints. *Id.*

- (F) Of course, even in jurisdictions historically not requiring willfulness as a bright-line prerequisite for an accounting, that remedy has never been automatic. For example, the Seventh Circuit, which disposed of that prerequisite years before *Romag*, e.g., *Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 941 (7th Cir. 1989), affirmed a district court’s refusal on summary judgment to allow an eventually-successful-on-the-merits plaintiff asserting reverse confusion to pursue the disgorgement of its opponent’s profits. *See Fabick, Inc. v. JFTCO, Inc.*, 944 F.3d 649 (7th Cir. 2019). That result held below because of the plaintiff’s failure to establish “any theory” on which it might be entitled to the remedy. *Id.* at 658. As the appellate court characterized its argument, the plaintiff asserted that “the Lanham Act explicitly allows the recovery of a defendant’s profits and that recovery of profits should be the assumed remedy where infringement is found.” *Id.* Citing the “broad discretion in fashioning remedies for trademark infringement” accorded to district courts, *id.*, the Seventh Circuit disagreed. “As the district court found that no evidence (such as bad faith or unjust enrichment) supported an award of profits,” it held, “it was consistent with the statutory language to deny [the plaintiff] such an award.” *Id.* at 659.
- b. Although *Romag Fasteners* resolved one dispute over the prerequisites for an accounting of profits, it left intact another one, namely, whether a prevailing plaintiff must demonstrate actual confusion.
 - i. Clarifying its past authority on the subject, the Second Circuit held that a showing of actual confusion is not a prerequisite for an accounting. *See 4 Pillar Dynasty LLC v. New York & Co.*, 933 F.3d 202, 212 (2d Cir. 2019).
 - ii. In contrast, the Eighth Circuit appears to have reached the opposite conclusion. *See Safeway Transit LLC v. Disc. Party Bus, Inc.*, 954 F.3d 1171, 1179-80 (8th Cir. 2020) (identifying absence of actual confusion as basis for affirmance of denial of accounting).

- c. Assuming the remedy is appropriate, a recurring issue in the accounting process is the proper allocation of the parties' respective burdens. On that issue, Section 35(a) provides "[i]n assessing profits the plaintiff shall be required to prove defendant's sales only; [the] defendant must prove all elements of cost or deduction claimed." 15 U.S.C. § 1117(a) (2018). Most interpretations of Section 35(a) place the burden of apportioning a defendant's revenues between lawful and unlawful sources, and the Eighth Circuit appeared to apply that rule in an opinion that both affirmed an accounting of 25% of a defendant's profits and mistakenly referred to the remedy as a "damages award." See *Lawn Managers, Inc. v. Progressive Lawn Managers, Inc.*, 959 F.3d 903, 913 (8th Cir. 2020). The court's semantic confusion did not end there, for it also held that "in a trademark case, the *defendant* bears the burden of proving any claimed deductions from total profits," *id.*; this was, of course, true, but the burden under consideration actually was that of apportionment of the defendant's revenues between infringing and noninfringing sources. In the end, however, affirmed the district court's 75% discount of the defendant's revenues based on the defendant's showings that: (1) any diversion of revenues from the plaintiff to the defendant could have arisen from a two-year license granted by the plaintiff to the defendant before the outbreak of hostilities between the parties; and (2) following the license's termination, the parties had operated under a non-compete agreement, which prevented the defendant from poaching the plaintiff's customers, even if the defendant used an infringing mark. *Id.* at 914.
- d. In contrast, the Fifth Circuit diverged from Section 35(a)'s express text in a false advertising action, namely, that "[t]o show attribution, a plaintiff must 'present evidence that the defendant benefitted from the alleged false advertising.'" *Ill. Tool Works, Inc. v. Rust-Oleum Corp.*, 955 F.3d 512, 515 (5th Cir. 2020) (quoting *Logan v. Burgers Ozark Cty. Cured Hams Inc.*, 263 F.3d 447, 465 (5th Cir. 2001)). Unlike the district court, which had sustained an accounting undertaken by a jury, the appellate court concluded that the plaintiff had failed to make the required showing:

[The plaintiff] cites nothing that links [the defendant's] false advertising to its profits, that permits a reasonable inference that the false advertising generated profits, or that shows that even a single consumer purchased [the defendant's product] because of the false advertising. [The plaintiff] therefore failed to show attribution. This failure is fatal to the disgorgement award.

Id.

4. Attorneys' Fees

a. Determination of the Prevailing Party

- i. An obvious initial inquiry for courts considering requests for attorneys' fees is the determination of the prevailing party. Addressing that question in a case in which the plaintiff had successfully sought leave from the district court to dismiss its action without prejudice, the Eighth Circuit concluded that neither party had prevailed within the meaning of Section 35 of the Lanham Act, 15 U.S.C. § 1117(a) (2018). As the court explained in affirming the rejection of a defense fee petition:

[The defendants'] argument that they suffered legal prejudice is premised on their belief that, but for [the] voluntary dismissal, [the defendants] would have prevailed in the action and then, as prevailing parties, been able to seek and potentially recover attorney fees under the Lanham Act. [The defendants'] contention that they would have prevailed in the action, however, is pure speculation. The lawsuit was still in its infancy at the time of dismissal; thus, the record is sparse, consisting mostly of the pleadings, briefings on the motions to dismiss, an order to show cause regarding mediation, and some very limited initial discovery. The record contains no substantive rulings or significant factual developments to indicate which party would have prevailed had the action continued. Accordingly, it is pure speculation to contend that [The defendants'] would have been the "prevailing parties" and thus been able to seek—let alone, recover—attorney fees under the Lanham Act.

SnugglyCat, Inc. v. Opfer Commc'ns, Inc., 953 F.3d 522, 527-28 (8th Cir. 2020).

- ii. Having had a jury find against it in the liability inquiry, one defendant nevertheless argued the plaintiff was not the prevailing party because the jury awarded nominal actual damages of only one dollar and the district court declined to enter

injunctive relief. *See Monster Energy Co. v. Integrated Supply Network, LLC*, No. EDCV17548CBMRAOX, 2019 WL 6721630 (C.D. Cal. Oct. 8, 2019). The court disagreed, instead holding that the jury’s finding of infringement rendered the plaintiff entitled to a fee award. *Id.* at *2.

b. Eligibility of Prevailing Parties for Awards of Attorneys’ Fees

- i. Section 21(b)(3) of the Act, 15 U.S.C. § 1071(b)(3) (2018), provides for an automatic award of the USPTO’s reasonable “expenses,” if an unsuccessful ex parte appeal from a Trademark Trial and Appeal Board decision is taken to the U.S. District Court for the Eastern District of Virginia, a provision the Fourth Circuit has held includes the Office’s attorneys’ fees and paralegal costs. *See Booking.com B.V. v. U.S. Patent & Trademark Office*, 915 F.3d 171, 187-88 (4th Cir.), *as amended* (Feb. 27, 2019), *vacated and remanded*, No. 18-1309, 2020 WL 3578671 (U.S. July 2, 2020). That interpretation, however, is almost certainly now bad law in light of the Supreme Court’s rejection in *Peter v. NantKwest, Inc.*, 140 S. Ct. 365 (2019), of automatic fee awards under the substantively worded Section 145 of the Patent Act, 25 U.S.C. § 145 (2018). Indeed, the Supreme Court has ordered the Fourth Circuit to revisit the issue in light of *NantKwest*. *See Booking.com*, 2020 WL 3578671, at *1.
- ii. The Supreme Court’s interpretations of the test for awards of attorneys’ fees under Section 285 of the Patent Act, 35 U.S.C. § 285 (2018), in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014), continued to play a significant role in interpretations of Section 35(a), which, like Section 285, codifies an “exceptional case” standard.
 - (A) For example, the Seventh Circuit abandoned its cumbersome framework for evaluating fee petitions under Section 35’s “exceptional case” standard, which required differing showings depending on which party sought reimbursement. The proper standard, the court held, is that articulated by the Supreme Court in *Octane Fitness*. *See LHO Chicago River, L.L.C. v. Perillo*, 942 F.3d 384, 388-89 (7th Cir. 2019); *see also 4SEMO.com Inc. v. S. Ill. Storm Shelters, Inc.*, 939 F.3d 905, 913-14 (7th Cir. 2019) (invoking *Octane Fitness* and reversing refusal to award fees), *cert. denied*, 140 S. Ct. 2642 (2020).

- (B) Likewise, having dodged the issue on several prior occasions, the Sixth Circuit adopted *Octane Fitness* with open arms in affirming the denial of a fee petition by two prevailing defendants. *See Evoqua Water Techs., LLC v. M.W. Watermark, LLC*, 940 F.3d 222, 235 (6th Cir. 2019), *cert. denied*, 140 S. Ct. 2642 (2020).
- (C) The Eighth Circuit affirmed the denial of a fee petition in an unusual case in which the losing defendants were the prior users of the disputed marks but had discontinued their use of them prior to the plaintiffs' first use. *See Safeway Transit LLC v. Disc. Party Bus, Inc.*, 954 F.3d 1171 (8th Cir. 2020). The defendants then had resumed their use of the marks, only to have their claim of prior rights fall victim to a finding of abandonment. On these facts, the Eighth Circuit held that the district court had not abused its discretion in finding the case an unexceptional one under *Octane Fitness*. Not only had the defendants genuinely (if wrongly) believed they continued to own the marks, the plaintiffs had deliberately poached upon the defendants' goodwill when adopting them. That result held even though the defendants had applied to register the marks and also secured domain names based on them. *Id.* at 1182-83.
- (D) Whether before or after courts began applying *Octane Fitness* in their interpretations of Section 35(a), successful fee petitions by prevailing defendants have been the exception to the rule. That rule was apparent in a Federal Circuit opinion reversing a fee award to such a defendant as an abuse of discretion under Ninth Circuit law. *See Munchkin, Inc. v. Luv n' Care, Ltd.*, 960 F.3d 1373 (Fed. Cir. 2020). The plaintiff in the action asserted rights in a mark for a spillproof drinking container, as well as in the container's configuration. After the plaintiff dismissed its claims with prejudice, the district court granted the defendants' motion for an award of their fees, citing the dismissal, dissimilarities between the parties' respective marks, and the defendants' assertion that many of the container's features were commonly used prior to the plaintiff's date of first use. The Federal Circuit reversed. With respect to the plaintiff's trademark claim, it first noted that the district court had granted the plaintiff leave to assert the claim in

the first place; “[i]n light of this,” the court observed, “[the plaintiff] cannot be faulted for litigating a claim it was granted permission to pursue.” *Id.* at 1381. Faulting the district court’s acceptance of the defendants’ characterization of third-party uses, the appellate court then held that “even assuming that unsubstantiated assertion is true, the fact that different cups share several features does not, by itself, demonstrate that the alleged trade dress lacks secondary meaning or is otherwise not protectable.” *Id.* at 1382. Finally, the plaintiff’s dismissal of its claims was not dispositive because:

[D]ismissal of . . . claims with prejudice also does not establish, by itself, a finding that the merits were so substantively weak as to render the claims exceptional. There are numerous reasons, including [the plaintiff’s] asserted desire to streamline the litigation, to drop a claim, not just substantive weakness. We decline to adopt a categorical rule that a party’s litigating position is presumptively so meritless as to stand out from the norm whenever it dismisses its claims with prejudice. Rather, the fee movant must still make a fact-based case for why the opposing party’s position was unreasonable.

Id. at 1381. The district court’s fee award therefore failed to survive appellate scrutiny.

- (E) The Sixth Circuit proved similarly unreceptive to a claim that the unsuccessful prosecution of a false advertising cause of action warranted an award of defense fees. See *Evoqua Water Techs., LLC v. M.W. Watermark, LLC*, 940 F.3d 222 (6th Cir. 2019), *cert. denied*, No. 19-1079, 2020 WL 2515510 (U.S. May 18, 2020). With respect to the alleged weakness of the plaintiff’s case on the merits, it held that “both parties presented evidence on whether [the defendants’] advertisement . . . was deceptive, and the success of the claim at trial came down to a credibility contest between the parties’ respective witnesses.” *Id.*

at 235. Turning to the question of whether the plaintiff had engaged in litigation-related misconduct warranting a finding of an exceptional case, it rejected seriatim the defendants' arguments that: (1) the plaintiff had continued to press its cause of action after the defendants had discontinued the challenged advertising ("as the district court noted, [the plaintiff] could still reasonably pursue the claim if the false advertising had caused it damage or if it believed [the defendants] would falsely advertise in this way again"), *id.*; (2) the plaintiff had known it could not present evidence of damages at trial ("[the plaintiff] presented evidence that [the defendant's conduct] could tend to deceive consumers and that the misrepresentation harmed [the plaintiff's] goodwill and reputation," and "[the plaintiff] could pursue an injunction even if damages were hard to quantify"), *id.* at 235-36; and (3) the plaintiff's litigation tactics were beyond the pale ("the district court reasonably found that those requests did not increase [the defendants'] fees because they simply refused to comply with those requests"). *Id.* at 236.

VII. CONSTITUTIONAL ISSUES

A. The First Amendment

1. As always, the test for liability first set forth in *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), played a significant role in trademark-based challenges to the titles and content of creative works. Although applications of that test vary from court to court, the test generally requires plaintiffs to demonstrate that challenged uses either have no artistic relevance to the underlying creative work or, if they *do* have any artistic relevance, they are explicitly misleading. *Id.* at 999.
 - a. For example, in *VIP Prods. LLC v. Jack Daniel's Props., Inc.*, 953 F.3d 1170 (9th Cir. 2020), the Ninth Circuit vacated a finding of infringement in a declaratory judgment action in which the producer of JACK DANIEL'S whiskey asserted counterclaims challenging the imitation of its mark and trade dress by the manufacturer of novelty pet products, including dog chews. For comparison, the parties' are shown here:



According to the court, the district court erred by finding that the counterclaim defendant's product was not a creative expressive good eligible for the protection of *Rogers*. *Id.* at 1176-77. Because the district court had reached a finding of likely confusion under the Ninth Circuit's standard multifactor test without first deciding whether the plaintiff could meet either prong of *Rogers*, the appellate remanded the matter for a determination of that issue. *Id.* at 1177.

- b. Although the Ninth Circuit merely vacated and remanded the finding of infringement before it, other defendants successfully pursued the *Rogers* analysis to successful ends. That result held in a suit by the manufacturer of the HUMVEE military vehicle shown below on the left against a pair of videogame producers of the *Call of Duty* videogame, which incorporated imitations of the vehicle such as those shown below on the right:



See *AM Gen. LLC v. Activision Blizzard, Inc.*, 450 F. Supp. 3d 467, 489-90 (S.D.N.Y. 2020). In granting the defendants' motion for summary judgment, the court observed that "an artistically relevant use will outweigh a moderate risk of confusion where the contested

user offers a ‘persuasive explanation’ that the use was an ‘integral element’ of an artistic expression rather than a willful attempt to garnish the trademark owner’s goodwill for profit.” *Id.* at 479. In light of the plaintiff’s perceived failure to “present admissible evidence that Defendants’ invocation of the First Amendment was pre-textual,” the defendants were entitled to prevail as a matter of law. *Id.* at 437.

c. An Arizona federal district court held that nonfiction works can qualify as expressive works for purposes of the *Rogers* analysis. See *IOW, LLC v. Breus*, 425 F. Supp. 3d 1175, 1193 (D. Ariz. 2019). That determination led directly to the court granting a defense motion for summary judgment in a case in which the plaintiff challenged the title of the defendant’s nonfiction self-help book. *Id.* at 1393-94.

2. In contrast, a Colorado federal district court rejected the *Rogers* analysis in a case challenging the titles of a television nature documentary series. See *Stouffer v. Nat’l Geographic Partners, LLC*, No. 18-CV-3127-WJM-SKC, 2020 WL 2306854 (D. Colo. May 8, 2020), *appeal docketed*, No. 20-1208 (10th Cir. June 5, 2020). After surveying three decades’ worth of opinions applying *Rogers*, the court eschewed reliance on that test, holding instead that “the [proper] question [is], ‘Did the junior user have a genuine artistic motive for using the senior user’s mark or other Lanham Act-protected property right?’” *Id.* at *5. It then examined six factors to assist it in answering that question, namely:

- a. whether the plaintiff and the defendant used their marks to identify the same kind, or similar kinds of goods or services;
- b. the extent to which the defendant had added creative expression to its work beyond the challenged mark;
- c. whether the timing of the defendant’s use suggested a motive to capitalize on the popularity of the plaintiff’s mark;
- d. in what way was the defendant’s use relevant to the underlying work, service, or product;
- e. whether the defendant had made any statement to the public, or engaged in any conduct known to the public, suggesting a non-artistic motive; and
- f. whether the defendant had made any statement in private or engaged in any conduct in private suggesting a non-artistic motive.

Id. at *4-5. An application of these factors led the court to dismiss the plaintiffs’ complaint for failure to state a claim.

3. Not all invocations of the First Amendment transpired in the context of disputes over the titles or content of creative or expressive works. Having had a local zoning board withdraw permission to display signage bearing its registered BROKE ASS PHONE mark for cell phone repair services, one mark owner invoked the Supreme Court’s opinion in *Iancu v. Brunetti*, 139 S. Ct. 2294 (2019), to argue that the zoning board’s targeting of his allegedly offensive mark violated the First Amendment. *See Broke Ass Phone v. Boardman Twp. Zoning Bd. of Appeals*, 149 N.E.3d 966 (Ohio Ct. App. 2019). Without undertaking a determination or whether the Board’s action constituted viewpoint discrimination—a finding of which would have triggered strict scrutiny under *Brunetti* and the Supreme Court’s closely related opinion in *Matal v. Tam*, 137 S. Ct. 1744 (2017)—the court instead rolled out the intermediate scrutiny test found in *Central Hudson Gas & Elec. Corp. v. Public Service Comm’n of New York*, 447 U.S. 557 (1980). As summarized by the Ohio court, *Central Hudson* requires courts to consider “(1) whether the regulated commercial speech concerns a lawful activity and is not misleading; (2) whether the restriction seeks to implement a substantial governmental interest; (3) whether the restriction directly advances that interest; and (4) whether the restriction is no more extensive than is necessary to achieve that interest.” *Broke Ass Phone*, 149 N.E.3d at 971 (quoting *Tipp City v. Dakin*, 929 N.E.2d 484, 490 (Ohio Ct. App. 2010)). Noting that “[t]he zoning board and the trial court agreed that the sign in question concerns a lawful activity and is not misleading,” *Id.* at 971, the court concluded under the second prong of the *Central Hudson* analysis that “[i]t seems clear that there is a legitimate governmental interest in preventing the township’s residents from being exposed to obscene, pornographic, or immoral signs and billboards.” *Id.* at 972. Ultimately, however, it ruled in the mark owner’s favor after rejecting the zoning board’s argument that the sign was offensive in the first instance:

[T]he [mark] must be taken in context. Consider if instead of “Broke Ass Phone” the sign referred to the word “ass” as part of the body with some type of lewd or sexual connotation. In this context, the term “ass” could be construed as obscene or immoral. But in the “Broke Ass Phone” context, the sign is simply advertising that the company will fix your “really badly broken phone.”

Id.

4. The Trademark Trial and Appeal Board declined to extend the Supreme Court’s opinions in *Matal v. Tam*, 137 S. Ct. 1744 (2017), and *Iancu v. Brunetti*, 139 S. Ct. 2294 (2019), to the prohibition in Section 2(a) on the registration of marks falsely suggesting an association with another party, 15 U.S.C. § 1052(a), and to the prohibition on the registration of another party’s personal name without written consent under Section 2(c), *id.*

§ 1052(d). *See In re ADCO Indus. — Techs., L.P.*, 2020 U.S.P.Q.2d 53786 (T.T.A.B. 2020). According to the Board:

Congress acts well within its authority when it identifies certain types of source-identifiers as being particularly susceptible to deceptive use and enacts restrictions concerning them [as in Section 2(a)].

The same goes for Section 2(c).... [Section 2(c)’s] prohibition, not on use, but only on registration, is comfortably within Congress’s authority to protect the public against misleading or deceptive source-identifiers, and thus stands outside the speech rights protected by the First Amendment.

Id. at *10 (citations omitted).

5. An Alabama federal district court held that the First Amendment barred the efforts of a church to recover for false advertising after a non-profit group labeled the church a hate group. *See Coral Ridge Ministries Media, Inc. v. Amazon.com, Inc.*, 406 F. Supp. 3d 1258 (M.D. Ala. 2019). According to the averments in the church’s complaint, that designation had caused Amazon to exclude the church from a list of charities eligible for donations through an Amazon program. Although the court determined on a motion to dismiss that the absence of a definitive definition of “hate group” prevented the nonprofit organization’s characterization of the plaintiff from being found false, *id.* at 1286, it went beyond that to hold the plaintiff unable to recover unless it could prove both falsity *and* actual malice. *Id.* at 1283-84. It did so based on the heightened requirements for defamation of a public figure set forth in *New York Times v. Sullivan*, 376 U.S. 254 (1964).

B. The Appointments Clause

The Appointments Clause of the United States Constitution, Art. II, § 2, cl. 2 of the United States Constitution, provides that:

[The President] shall nominate, and by and with the Advice and Consent of the Senate, shall appoint Ambassadors, other public Ministers and Consuls, Judges of the supreme Court, and all other Officers of the United States, whose Appointments are not herein otherwise provided for, and which shall be established by Law: but the Congress may by Law vest the Appointment of such inferior Officers, as they think proper, in the President alone, in the Courts of Law, or in the Heads of Departments.

The clause has become the unlikely subject of challenges in recent years to the constitutionality of the appointment of administrative law judges to the Trademark Trial and Appeal Board and the Patent Trial and Appeal Board.

1. In *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019), , *cert. granted*, No. 19-1434, 2020 WL 6037026 (U.S. Oct. 13, 2020), the Federal Circuit concluded that, because of the perceived lack of control by the Director of the U.S. Patent and Trademark Office over the administrative law judges of the Patent Trial and Appeal Board, they qualified as “Officers of the United States” and therefore were unconstitutionally appointed. *Id.* at 1335. To address that constitutional defect, the invalidated the portion of the Patent Act preventing the Secretary of Commerce from removing APJs from service without cause. *Id.* at 1338-40.
2. Emboldened by *Arthrex*, two unsuccessful litigants before the Trademark Trial and Appeal Board have asserted in pending appeals before the Federal Circuit that the ALJs of that tribunal also are unconstitutionally because they are appointed by the Director of the USPTO (rather than the President) and not subject to Senate confirmation. See *Schiedmayer Celesta GmbH v. Piano Factory Grp.*, No. 92061215, slip op. (T.T.A.B. Sept. 11, 2019) (nonprecedential), *appeal docketed*, No. 2020-1196 (Fed. Cir. Nov. 8, 2019); *Coca-Cola Co. v. Somohano-Soler*, No. 91232090, slip op. (T.T.A.B. Oct. 19, 2019) (nonprecedential), *appeal docketed*, No. 2020-1245 (Fed. Cir. Nov. 27, 2019).

VIII. USPTO PRACTICE

A. Substantive Questions of Registrability

1. Even after the Federal Circuit’s opinion in *In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009), both the Trademark Trial and Appeal Board and courts alike have been called upon to address claims that applicants have pursued or maintained registrations of their marks through fraudulent filings.
 - a. As is has been since *Bose*, the Board was generally hostile to claims of fraud, and it held several such claims deficient as a matter of law. See, e.g., *Audemars Piquet Holding S.A. v. Tenegroup Ltd.*, No. 91244316, 2020 WL 1469495, at *2 (T.T.A.B. Mar. 24, 2020) (nonprecedential) (“Pleadings of fraud that rest solely on allegations that the trademark applicant or registrant made material representations of fact in connection with its application or registration that it ‘knew or should have known’ to be false or misleading are an insufficient pleading of fraud, because it implies mere negligence, which is not sufficient to infer fraud or dishonesty.”); *Undefeated, Inc. v. Williams*, No. 92058609, 2020 WL 1303849, at *16 (T.T.A.B. Mar. 17, 2020) (nonprecedential) (rejecting claim of fraudulent procurement after trial); *Doc Mooney Ltd v. Mooney*, No. 91240299, 2019 WL 4440238, at *5 (T.T.A.B. Sept. 13, 2019) (nonprecedential) (holding allegation of fraudulent procurement deficient as a matter of law based on absence from notice of opposition of allegations of intent and materiality).

- b. The situation was different where at least some federal courts were concerned.
 - i. For the most part, courts were just as hostile to claims of fraudulent procurement as the Board. *See, e.g., Switch, Ltd. v. Uptime Inst., LLC*, 426 F. Supp. 3d 636, 645 (D. Nev. 2019) (granting motion to dismiss cause of action for fraudulent procurement grounded in theory that defendants’ prior procurement of registration of certification mark precluded accurate representation of trademark usage in subsequent trademark application).
 - ii. Others, however, were more receptive to fraud-based challenges to claims in the USPTO. *See, e.g., Galperti, Inc. v. Galperti S.r.l.*, 791 F. App’x 905, 909–10 (Fed. Cir. 2019) (vacating Board finding of no fraudulent procurement and remanding for determination of accuracy of registrant’s averment of substantially exclusive use of mark under Section 2(f), 15 U.S.C. § 1052(f)); *Khan v. Addy’s BBQ LLC*, 419 F. Supp. 3d 538, 568 (E.D.N.Y. 2019) (denying motion to dismiss claim of fraudulent procurement based on alleged failure to disclose other party or parties using allegedly confusingly similar mark).
2. Of course, not all attacks on applications and registrations taking place in courts rested on allegations of fraud. For example, the Eleventh Circuit affirmed a district court’s order mandating the cancellation of a registration after concluding that the underlying mark was confusingly similar to that of the plaintiff. *See PlayNation Play Sys., Inc. v. Velex Corp.*, 924 F.3d 1159, 1171 (11th Cir. 2019). As the court explained, prior to its fifth anniversary, a registration on the Principal Register can be cancelled for any reason that would have prevented its issuance in the first place. *Id.*
3. In an unusual outcome, the Board found in a cancellation action that an individual registrant had not had a bona fide intent to use its mark when it applied to register it. *See Hole In 1 Drinks, Inc. v. Lajtay*, 2020 U.S.P.Q.2d 10020 (T.T.A.B. 2020). The reason was that the registrant had planned to use the mark with a partner, rather than as an individual. *See id.* at *9 (“Considering the evidence discussed above, we find that Respondent and [the partner] jointly had a bona fide intention to use the [registered] mark . . . at the time Respondent filed the underlying application. Accordingly, the . . . trademark application should have been filed only in the names of Respondent and [the partner] as joint applicants.”).
4. In a case with more conventional facts, the Board served up a reminder that an applicant requesting an extension of protection to the United States under

Section 66(a) must be able to substantiate the required averment in the application under Section 44(d)(2) that it have a bona fide intent to the applied-for mark in commerce. *See Société des Produits Nestlé S.A. v. Cándido Viñuales Taboada*, 2020 U.S.P.Q.2d 10893 (T.T.A.B. 2020).

5. In a relatively rare refusal to register under Section 2(b) of the Act, 15 U.S.C. § 1052(b) (2018), the Board found that the following mark included an unregistrable simulation of the United States flag:



See In re Ala. Tourism Dept., 2020 U.S.P.Q.2d 10485 (T.T.A.B. 2020). According to the Board:

[W]hen we view Applicant’s flag design against the backdrop of the “words or other designs on the drawing,” and in the context of the intended use of Applicant’s mark in “promoting travel and tourism related to historical information on civil rights in the United States,” we find that the U.S. flag and Applicant’s flag design are highly similar and that the average member of the public would perceive Applicant’s flag design to be a simulation of an actual U.S. flag.

Id. at *5 (quoting T.M.E.P. § 1204.01(a)).

6. In a case in which the ownership of an applied-for mark was at issue, the Board concluded that an oral intra-family license qualified the licensee as a related company within the meaning of Section 5 of the Lanham Act, 15 U.S.C. § 1065 (2018). *See Sock It To Me, Inc. v. Aiping Fan*, 2020 U.S.P.Q.2d 10611 (T.T.A.B. 2020). That was true although evidence of the putative licensor’s control over its licensee’s goods was less than compelling. As the Board explained, “[a]n informal, rather than formal, system of quality control may suffice,” “especially where the licensor and licensee have a close working relationship, such as a familial relationship,” which was the case. *Id.* at *5.
7. The Board’s opinion in *In re UST Global (Singapore) Pte. Ltd.*, 2020 U.S.P.Q.2d 10435 (T.T.A.B. 2020), created an unusual discrepancy between the holding of that case and the *Trademark Manual of Examining Procedure*. Although T.M.E.P. § 1213 provides that “[a] disclaimer may be limited to pertain to only certain classes, or to only certain goods or services,” the examiner assigned to the application at issue declined to reject the applicant’s attempt to disclaim a portion of its mark with respect to some of

its services in particular classes but not others. The Board sided with the examiner, invoking “the well-settled principle that a ‘[i]f a mark is descriptive of any of the services in a class for which registration is sought, it is proper to refuse registration as to the entire class.’” *Id.* at *9 (alteration in original) (quoting *In re Chamber of Commerce of the U.S.*, 675 F.3d 1297, 1300 (Fed. Cir. 2012)).

8. In *Société des Produits Nestlé S.A. v. Taboada*, 2020 U.S.P.Q.2d 10893 (T.T.A.B. 2020), the Board sustained an opposition to an application filed under the Madrid Protocol for want of a bona fide intent to use the applied-for NESPORT mark for the sprawling list of goods covered by the application. The Board observed the following of the record:

[M]indful that Applicant’s Trademark Act Section 66(a) application was filed in early 2016, we turn to his discovery responses served in 2017 indicating: no product sales, no advertising or promotional expenditures, no advertising or promotional materials, no assignees, licensees or authorized users of the NESPORT mark, no agreements or communications with potential manufacturers, distributors or suppliers for his NESPORT branded products, no commitments from U.S. retailers to carry his products, no materials demonstrating attempts to obtain regulatory approval for his products (e.g., his pharmaceutical and alcoholic beverage products), no documentation showing his attendance at trade shows, expositions or competitions, and no materials showing designs for anticipated packaging or labeling.

Id. at *13-14. It also credited the opposer’s showing of an absence of any online references to the applied-for mark, as well as the applicant’s failure “to make any real effort until [two years] after [his filing date] to commercialize the NESPORT mark and products in commerce with a business plan, cost estimates to further his business, and mass e-mails to U.S. manufacturers and distributors.” *Id.* at 14. Especially because the applicant’s business plan was “full of hopeful assertions with only vague plans for implementation,” its application was fatally flawed. *Id.*

9. In a straightforward opinion, the Board confirmed that a concurrent use registration is appropriate only if the parties do not occupy overlapping geographic markets. See *Hanscomb Consulting, Inc. v. Hanscomb Ltd.*, 2020 U.S.P.Q.2d 10085 (T.T.A.B. 2020).
10. Not surprisingly, the Board confirmed that the USPTO was within its rights to deny registration to an applicant unwilling to pay the filing fees required for its multi-class application. See *In re Carlton Cellars, LLC*, 2020 U.S.P.Q.2d 10150 (T.T.A.B. 2020).

11. Likewise, in *In re Rainier Enterprises*, 2019 U.S.P.Q.2d 463361 (T.T.A.B. 2019), the Board affirmed a refusal to register based on the applicant's failure to comply with a drawing requirement and to amend a color claim in the application.

B. Procedural Issues

1. Federal courts sometimes reach the wrong outcomes when answering registration-related questions, but rarely as wrong as the Eleventh Circuit in *Royal Palm Properties, LLC v. Pink Palm Properties, LLC*, 950 F.3d 776 (11th Cir. 2020).

- a. In that case, a counterclaim plaintiff accused of infringement responded to the lawsuit against it by counterclaiming for cancellation of the plaintiff's registrations under Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d). That section authorizes the cancellation of a registration less than five years old if the registered mark

[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.

Id. Interpretations of this ground for cancellation typically historically have required the party challenging a registration to establish its own priority of rights to either the registered mark itself or a confusingly similar mark. *See, e.g., Baroid Drilling Fluids Inc. v. Sun Drilling Prods.*, 24 U.S.P.Q.2d 1048, 1052 (T.T.A.B. 1982) ("A plaintiff asserting a cause of action under Section 2(d) essentially can rely upon any mark or marks as to which it can assert its prior use (or its ownership of a registration), coupled with an allegation of likelihood of confusion that is not wholly without merit."). In other words, only if the challenger has the right to exclude the registrant from the use of the registered mark will the challenger have standing to pursue the registration's cancellation.

- b. Although the Eleventh Circuit itself has recognized that rule in the past, *see, e.g., Coach House Rest., Inc. v. Coach & Six Rests., Inc.*, 934 F.2d 1551 (11th Cir. 1991), it lost its way in *Royal Palm Properties*. Although the counterclaim plaintiff did not enjoy the prior use of its own mark, it asserted that the counterclaim defendant's registered mark was confusingly similar to prior-registered marks owned by two third parties. Not surprisingly, the counterclaim defendant objected to the counterclaim plaintiff's bid to vindicate the

third parties' rights, but it did so unsuccessfully. In rejecting the counterclaim defendant's standing-based argument, the court held that "[w]e think it's clear that [the counterclaim plaintiff] has the requisite direct, personal interest in the outcome of this litigation. Were the [counterclaim defendant's] trademark [registration] cancelled, [the counterclaim plaintiff] would be free to use the mark in its promotional materials, without fear of another lawsuit." 950 F.3d at 788.

- c. The court's error on this point extended beyond its failure to recognize that common-law rights can exist in the absence of registration.
 - i. For one thing, although the court found Federal Circuit authority more persuasive than its own, it fundamentally misread the significance of that authority. For example, although citing favorably to *Herbko Int'l, Inc. v. Kappa Books, Inc.*, 308 F.3d 1156 (Fed. Cir. 2002), the court failed to note the actual test for standing applied in that case, namely, that "a party petitioning for cancellation under section 2(d) must show that *it* had priority and that registration of the mark creates a likelihood of confusion." *Id.* at 1162 (emphasis added). Likewise, it leaned heavily on *Ritchie v. Simpson*, 170 F.3d 1092 (Fed. Cir. 1999), without recognizing that the claim of standing in *Ritchie* rested not only on an application of a different prohibition on registration, but one invalidated by the Supreme Court in *Iancu v. Brunetti*, 139 S. Ct. 2294 (2019).
 - ii. For another, the court's holding effectively resurrects the long-discredited doctrine of *jus tertii*, pursuant to which a defendant can escape liability by arguing the plaintiff's mark violates the rights of a third party. *See, e.g., Warren Publ'g Co. v. Spurlock*, 645 F. Supp. 2d 402 (E.D. Pa. 2009) ("A party makes a *jus tertii* argument in a trademark case when the '[d]efendant in effect argues that "Somebody has a right to sue me, but it's not you.'" (alteration in original) (quoting *Gen. Cigar Co. v. G.D.M. Inc.*, 988 F. Supp. 647, 661 (S.D.N.Y. 1997)). If the Eleventh Circuit is correct, the inevitable result—at least in litigation in which plaintiffs assert the rights to marks that are either unregistered or covered by registrations less than five years old—will be an interminable series of mini-trials in which defendants trot out the prior rights of third parties to prove the ineligibility of plaintiffs' marks for registration under Section 2(d) and Section 43(c), 15 U.S.C. § 1052(d). Such a result "would expand many trademark disputes far beyond a mere two-party conflict. Before [a] plaintiff could prevail, it would have to prove that it

was not an infringer of one or more third parties that the defendant can conjure up. . . . A case could be expanded beyond reasonable bounds and effectively slowed to a crawl.”

6 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 31:160 (4th ed.).

2. In *In re Ox Paperboard, LLC*, No. 87847482, slip op. (T.T.A.B. Aug. 5, 2020) (precedential), the Trademark Trial and Appeal Board rejected the attempt by an applicant to amend its identification of services on appeal to escape a descriptiveness-based refusal. In doing so, the Board identified three strategies the applicant should (and should) have pursued instead:
 - a. it could have sought an amendment as early as possible during prosecution;
 - b. it could have requested reconsideration after the final refusal but before the deadline for noticing an appeal ; and
 - c. it could have requested the Board to suspend the appeal and remand the action, ideally before the filing of an appeal brief.
3. Whatever the advantages of an early motion for summary judgment may be, a significant disadvantage is the availability of Rule 56(d) of the Federal Rules of Civil Procedure. In *Chavakula v. Praise Broad.*, 2020 U.S.P.Q.2d 10855 (T.T.A.B. July 28, 2020), a respondent sandbagged with such a motion declined to respond on the merits but instead invoked Rule 56(d), which provides that if a party served with a motion for summary judgment shows by affidavit or declaration that, for specified reasons, it cannot present facts essential to justify its opposition, the Board may: (1) defer considering the motion or deny it; (2) allow time to obtain affidavits or declarations or to take discovery; or (3) issue any other appropriate order. Finding that the respondent had adequately identified in detail the discovery it required to
4. The Board took an unusually strong (for it) stand against obstructionist tactics in the discovery process. See *Hewlett Packard Enter. Dev. LP v. Arroware Indus.*, 2019 U.S.P.Q.2d 158663 (T.T.A.B. 2019). In addition to dismissing the respondent’s boilerplate objections to the petitioner’s written requests, the Board held that the respondent had failed to interpose a proper objection to the number of those requests because the respondent had not served a general objection at the time of its initial responses, but had instead refused to supplement those responses. The result was that “Respondent has therefore waived its right to object to Petitioner’s first set of interrogatories and first set of requests for production on the ground that they exceed the number permissible under the Board’s rules.” *Id.* at *3.
5. In *Flanders v. DiMarzio, Inc.*, 2020 U.S.P.Q.2d 10671 (T.T.A.B. 2020), the respondent, a corporation, had a primary place of business in New York

City, even though its founder and principal resided in Bozeman, Montana. When the petitioner noticed the deposition of a Rule 30(b)(6) witness in New York, the respondent designated its founder and sought a protective order requiring the deposition to take place in Montana. Weighing a number of considerations, including the locations of the parties' counsel and a prior demand by the respondent to have the deposition in New York City, the Board concluded that it would not "depart from the general practice that Respondent should be deposed in the location of its principal place of business." *Id.* at *5.

6. Having reached the ten-deposition limit set by Fed. R. Civ. P. 30(a)(2)(A)(i), one opposer requested leave from the Board to take still more. *See Spliethoff's Bevrachtingskantoor B.V. v. United Yacht Transport LLC*, 2020 U.S.P.Q.2d 10605 (T.T.A.B. 2020). The Board was unsympathetic:

Absent a stipulation or Board order authorizing additional depositions, it was incumbent upon Opposer to proceed according to the presumptive deposition limit set forth in the federal rules. There was no basis for Opposer to believe that it would not be held to that limit. A party should not use depositions on its own witnesses or those whom other means are available to obtain discoverable information and then approach the Board for leave to exceed the deposition limit because more important witnesses, including Rule 30(b)(6) representative(s) or the other party's officers, have not been deposed. That Opposer chose to take unnecessary depositions while foregoing important ones was an unfortunate strategic decision, but not a basis for granting the relief sought.

Id. at *10.

7. Federal Rule of Civil Procedure 56(d) allows a party served with an early summary judgment motion to show it cannot present essential facts in opposition to the motion; if it makes such a showing, the tribunal entertaining the action may defer consideration of the motion pending the discovery requested by the nonmovant. In *Chavakula v. Praise Broadcasting AKA Praise FM*, 2020 U.S.P.Q.2d 10855 (T.T.A.B. 2020), a petitioner for cancellation successfully invoked Rule 56(d) by stating the specific reasons why it needed discovery and identifying the specific areas of discovery it sought. That showing was made easier by the petitioner's earlier refusal to respond to written discovery requests served upon it by the respondent. *See id.* at *6.
8. Metadata associated with documents covered by discovery requests may be fair game in discovery, but only if litigants actually request it. One opposer discovered that the hard way in *Chix Gear, LLC v. Princess Race Wear*

Corp., 2019 U.S.P.Q.2d 455321 (T.T.A.B. 2019), in which the Board declined to grant a motion to compel after concluding that metadata was not implicit or inherent in discovery requests that did not mention it.