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**The Seventy-Third Year of Administration
of the Lanham Act of 1946**

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The Trademark Reporter®

UNITED STATES ANNUAL REVIEW

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

INTRODUCTION

*By Theodore H. Davis Jr.***

It is a time of great reckoning in United States trademark and unfair competition law. For one thing, the Supreme Court has

* The Annual Review is a continuation of the work originated in 1948 by Walter J. Derenberg and written by him through The Twenty-Fifth Year in 1972. This Review primarily covers opinions reported between July 1, 2019, and June 30, 2020, as well as certain proceedings falling outside that twelve-month period.

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In the interest of full disclosure, the author notes his participation or that of his law firm in the following cases referenced by this Review: *Booking.com B.V. v. United States Patent & Trademark Office*, 141 S. Ct. 187 (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 Prods., Inc.*, 953 F.3d 1170 (9th Cir. 2020) (counsel for appellee on motion for rehearing), *cert. denied*, No. 20-365, 2021 WL 78111 (U.S. Jan. 11, 2021) (counsel for petitioner); *Fender Musical Instruments Corp. v. Swade*, 772 F. App'x 282 (6th Cir. 2019) (counsel for plaintiff); *Hepp v. Facebook, Inc.*, 465 F. Supp. 3d 491 (E.D. Pa. 2020) (counsel for lead defendant), *appeal docketed*, No. 20-2725 (3d Cir. Aug. 21, 2020); *Bluetooth SIG, Inc. v. FCA US LLC*, 463 F. Supp. 3d 1169 (W.D. Wash. 2020) (counsel for defendant); *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*, 460 F. Supp. 3d 1133 (D. Colo. 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); *Eng'g Arresting Sys. Corp. v. Atech, Inc.*, 451 F. Supp. 3d 1241 (N.D. Ala. 2020) (counsel for plaintiff); *Car Freshner Corp. v. Am. Covers, LLC*, 419 F. Supp. 3d 407 (N.D.N.Y. 2019) (counsel for defendants), *aff'd in part and vacated in part*, 980 F.3d 314 (2d Cir. 2020); *vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612 (D.S.C. 2019) (consultant for lead defendant), *appeal docketed*, No. 19-2112 (4th Cir. Apr. 4, 2020); *Asurion, LLC v. SquareTrade, Inc.*, 407 F. Supp. 3d 744 (M.D. Tenn. 2019) (counsel for plaintiff); *Weight Watchers Int'l, Inc. v. Noom, Inc.*, 403 F. Supp. 3d 361 (S.D.N.Y. 2019) (counsel for plaintiff); and *Reinalt-Thomas Corp. v. Mavis Tire Supply, LLC*, 391 F. Supp. 3d 1261 (N.D. Ga. 2019) (counsel for plaintiff).

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continued to accept cases bearing on the subject of the Lanham Act at a rate that would have been unthinkable during the comparatively fallow years of the second half of the Twentieth Century.¹ For another, Congress has enacted the Trademark Modernization Act (“TMA”),² one provision of which—the restoration or confirmation of the presumption of irreparable harm upon a violation of the Lanham Act—apparently became effective on December 27, 2020, a year in advance of the remainder of the TMA.³

That provision resolves a split in the circuits as to whether the presumption of irreparable harm survived the Supreme Court’s disapproval of similar presumptions in *eBay Inc. v. MercExchange, LLC*⁴ and *Winter v. Natural Resources Defense Council, Inc.*⁵ But the Court itself was active in the resolution of other consequential splits between the seventy-third and seventy-fourth anniversaries of the Lanham Act’s effective date. This was perhaps most apparent in *Romag Fasteners, Inc. v. Fossil, Inc.*,⁶ in which the Court rejected a categorical rule requiring a showing of willfulness for an

¹ Two of those opinions are introduced below; the other two, *Lucky Brand Dungarees, Inc. v. Marcel Fashions Grp.*, 140 S. Ct. 1589 (2020), and *Booking.com B.V. v. U.S. Patent & Trademark Office*, 141 S. Ct. 187 (2020), are addressed elsewhere in this Review.

² The TMA was not passed and signed into law as a standalone piece of legislation but instead as Sections 221 through 228 of the Consolidated Appropriations Act of 2021, Pub. L. No. 116-260 (2020).

³ *See id.* § 226(a).

⁴ 547 U.S. 388 (2006).

⁵ 555 U.S. 7 (2008).

Perhaps significantly, the TMA and its legislative history leave open a potentially significant issue, namely, whether the restored (or confirmed) presumption shifts the burden of proof to a defendant against which it is asserted, or, alternatively, whether it merely shifts the burden of production. Based on Congress’s failure to address the issue, it may well be that Federal Rule of Evidence 301 provides the default rule and that the shift is merely one of the burden of production. That rule provides:

In all civil actions and proceedings not otherwise provided for by Act of Congress or by these rules, a presumption imposes on the party against whom it is directed the burden of going forward with evidence to rebut or meet the presumption, but does not shift to such party the burden of proof in the sense of the risk of nonpersuasion, which remains throughout the trial upon the party on whom it was originally cast.

Fed. R. Evid. 301. If so, the presumption may ultimately prove a very weak one, as such a presumption can vanish like a bubble bursting in the face of a showing of cognizable evidence to the contrary, even if that showing is insufficient to satisfy a preponderance-of-the-evidence standard of proof. *See, e.g., A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1037 (Fed. Cir. 1992) (noting that “presumption is not merely rebuttable but completely vanishes upon the introduction of evidence sufficient to support a finding of the nonexistence of the presumed fact”); *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1043 (2d Cir. 1980) (“[A] rebuttable presumption . . . disappears in the face of contrary evidence or permits the trier to infer intent to abandon, despite contrary evidence.”).

⁶ 140 S. Ct. 1492 (2020).

accounting of profits under Section 35(a) of the Act;⁷ such a rule, the Court held, could not be reconciled with either the statute's express text or the equitable nature of the remedy. Despite abrogating well-established case law to the contrary in roughly half the regional circuits, however, the Court did not hold willfulness an irrelevant consideration. On the contrary, it observed that "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,"⁸ suggesting that, even if the extent of a defendant's willfulness is not an "inflexible precondition to recovery,"⁹ it should continue to inform the inquiry into whether an accounting is appropriate at least in some respect.

The current Court's strong preference for flexible standards, rather than bright-line rules, was equally apparent in *United States Patent & Trademark Office v. Booking.com B.V.*,¹⁰ which addressed the eligibility for protection of claimed marks comprising an allegedly generic word and a generic top-level domain. Although both the Federal Circuit and the Ninth Circuit had previously denied protection to so-called "generic.com" marks,¹¹ the Court took the side of the Fourth Circuit in holding that claimed marks in that category can potentially qualify as descriptive, rather than generic. As in *Romag Fasteners*, however, the Court expressly disclaimed any intent to adopt a strict rule mandating that outcome in every case. Instead, Booking.com's success ultimately rested on the inherently factual nature of the proper placement of any claimed mark on the spectrum of distinctiveness. As the Court explained, "[w]hether any given 'generic.com' term is generic . . . 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."¹²

As if to confirm that proposition, other tribunals found that consumers did *not*, in fact, perceive the claimed marks before them as marks. The Trademark Trial and Appeal Board led the way, finding "malai" generic for an ingredient of "ice cream, gelato, dairy-free ice cream, frozen yogurt, frozen desserts, ice cream sandwiches, sorbet, freezer pops, and ice cream sundaes,"¹³ a nonverbal packaging design generic for socks,¹⁴ and the color red generic for

⁷ 15 U.S.C. § 1117(a).

⁸ *Romag Fasteners*, 140 S. Ct. at 1497.

⁹ *Id.*

¹⁰ 140 S. Ct. 2298 (2020).

¹¹ *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).

¹² *Romag Fasteners*, 140 S. Ct. at 2040.

¹³ *See In re Twenty-Two Desserts, LLC*, 2019 U.S.P.Q.2d 292782 (T.T.A.B. 2019).

¹⁴ *See In re Odd Sox LLC*, 2019 U.S.P.Q.2d 370879 (T.T.A.B. 2019).

“cutting tools for power woodworking machines, namely, shaper cutters, saw blades, router bits and forestner [sic] bits.”¹⁵ Federal district courts followed suit in rejecting or invalidating claims of rights to “wellness shot” and “wellness shots” for dietary supplements,¹⁶ “fire cider” for an herbal dietary supplement drink¹⁷ and the “connect” component of the registered CONNECT MARKETPLACE mark for the operation of trade shows;¹⁸ indeed, even the configuration of a shower curtain with rings incorporated into it fell victim to a finding of genericness.¹⁹

The Supreme Court’s apparent interest in trademark matters was not the only trend to accelerate during the twelve months covered by this Review. For example, the Board has long affirmed refusals to register marks for cannabis or cannabis-related goods, and it took its prior holdings to that effect one step further by refusing registration to a mark for “hemp oil extracts sold as an integral component of dietary and nutritional supplements” based on those goods’ per se violation of the federal Food, Drug and Cosmetics Act.²⁰ A California federal district court went further still by holding a defendant invoking the prior-use defenses recognized by Section 15²¹ and Section 33(b)(5)²² ineligible for them because of the unlawful nature of its cannabis-infused chocolates under federal law; their lawfulness under California law was irrelevant because of the preemptive effect of the Lanham Act’s requirement of lawful use.²³

Another trend to continue unabated was the Board’s affirmance of rejections of applications on the grounds that the applied-for marks failed to function *as* marks and that specimens proffered by applicants failed to demonstrate the marks’ use in that capacity. In many prior years, the Board’s holdings on this topic have turned on specimens comprising articles of clothing with the claimed marks emblazoned across them; all too often, the goods covered by the applications at issue in those cases have been the very same articles of clothing. During the past year, however, the Board sustained the refusal of an application to register a mark for frozen confections

¹⁵ See *Milwaukee Elec. Tool Corp. v. Freud Am., Inc.*, 2019 U.S.P.Q.2d 460354 (T.T.A.B. 2019).

¹⁶ See *Threshold Enters. v. Pressed Juicery, Inc.*, 445 F. Supp. 3d 139 (N.D. Cal. 2020).

¹⁷ See *Shire City Herbals, Inc. v. Blue*, 410 F. Supp. 3d 270 (D. Mass. 2019).

¹⁸ See *Tarsus Connect, LLC v. Cvent, Inc.*, 452 F. Supp. 3d 1334 (N.D. Ga. 2020).

¹⁹ See *Focus Prods. Grp. Int’l, LLC v. Kartri Sales Co.*, 454 F. Supp. 3d 229 (S.D.N.Y.), *reconsideration denied*, No. 15 CIV. 10154 (PAE), 2020 WL 2115344 (S.D.N.Y. May 3, 2020).

²⁰ See *In re Stanley Bros. Social Enters.*, 2020 U.S.P.Q.2d 10658 (T.T.A.B. 2020).

²¹ 15 U.S.C. § 1065.

²² *Id.* § 1115(b)(5).

²³ See *Kiva Health Brands LLC v. Kiva Brands Inc.*, 439 F. Supp. 3d 1185 (N.D. Cal. 2020).

and ice cream supported by specimens showing the mark on a shirt worn by a live human or a cartoon mascot, which the Board faulted for being “not particularly noticeable, much less eye-catching.”²⁴ The Board also rejected three closely related applications, one of which covered a mark described in salient part as “the live visual and motion elements of the trade dress of a guided bus tour in which . . . an entertainer who is dressed as a banker walks normally along the street and then performs a tap dance routine dancing act when the bus stops;”²⁵ “[u]pon consideration of the entire record,” the Board found, “the tap dance will be perceived as part of the services rather than as a mark designating the source of the services.”²⁶ Finally, the Board declined to overturn a failure-to-function refusal to register composite marks consisting of a realistic-looking crab bracketed by the words ALL NATURAL and GOURMET CRABMEAT PASTEURIZED, finding that “[n]othing in the combination of wording, carriers, font and crab design in the proposed marks . . . results in a registrable composite.”²⁷

A third trend decidedly on the upswing was the practice in a variety of contexts of litigants to invoke the First Amendment’s protection of free speech. That practice was apparent in the holding of an Alabama federal district court that the heightened requirements for defamation of a public figure set forth in *New York Times v. Sullivan*²⁸ apply in false advertising actions brought by corporate public figures.²⁹ It also manifested itself in the attempt by a mark owner challenging the disapproval by a local zoning board of a sign bearing its BROKE ASS PHONE mark to bootstrap the Supreme Court’s opinion in *Iancu v. Brunetti*³⁰ into a favorable outcome.³¹ And, although a Colorado federal district court rejected the pro-defendant test for liability first set forth in *Rogers v. Grimaldi*³² in favor of an alternative test of its own making,³³ the

²⁴ *In re Yarnell Ice Cream, LLC*, 2019 U.S.P.Q.2d 265039, at *14 (T.T.A.B. 2019).

²⁵ *In re The Ride, LLC*, 2020 U.S.P.Q.2d 39644, at *4 n.17 (T.T.A.B. 2020).

The applicant’s drawings and specimens must be seen to be appreciated fully. *See id.* at *1, 2, 4.

²⁶ *Id.* at *10.

²⁷ *In re Ocean Tech., Inc.*, 2019 U.S.P.Q.2d 450686, at *8 (T.T.A.B. 2019).

²⁸ 376 U.S. 254 (1964).

²⁹ *See Coral Ridge Ministries Media, Inc. v. Amazon.com, Inc.*, 406 F. Supp. 3d 1258 (M.D. Ala. 2019), *appeal docketed*, No. 19-14125 (11th Cir. Oct. 10, 2019).

³⁰ 139 S. Ct. 2294 (2019).

³¹ *See Broke Ass Phone v. Boardman Twp. Zoning Bd. of Appeals*, 149 N.E.3d 966 (Ohio Ct. App. 2019).

³² 875 F.2d 994 (2d Cir. 1989).

³³ *See Stouffer v. Nat’l Geographic Partners, LLC*, 460 F. Supp. 3d 1133 (D. Colo. 2020), *appeal docketed*, No. 20-1208 (10th Cir. June 5, 2020).

Ninth Circuit doubled down on *Rogers* by holding it applicable to trademark uses by defendants, even those found to create a likelihood of confusion in the marketplace.³⁴

Finally, no survey purporting to address the events of any portion of 2020 would be complete if failed to reference now-former President Donald J. Trump, and this Review is no exception. Trump is no stranger to trademark and unfair competition litigation, and he figured prominently in two reported opinions, the first of which came in an action challenging the promotional strategy of the Trump Hotel in Washington, D.C.³⁵ The plaintiff owned a nearby restaurant and accused both Trump and the limited liability company operating the hotel of unfair competition consisting of the use of “the President’s surname as the Hotel’s logo and [the] promot[ion of] the Hotel during press conferences and meetings with government officials”;³⁶ those practices, the plaintiff averred, cultivated the perception that patronizing the hotel would lead to influence within the Trump Administration. Unfortunately for the plaintiff, the United States Court of Appeals for the District of Columbia Circuit declined to recognize a cause of action under the common law of the District on those facts and further declined to certify the question of the existence of one to the District of Columbia Court of Appeals based on the plaintiff’s failure to establish that the case was of “extreme public importance.”³⁷

The second notable Trump-related opinion came from the Board.³⁸ It arose from applications to register two composite marks for package openers, the salient portions of which the applicant described as “the stylized wording “TRUMP-IT” appearing in gold with the top portion of the letter “T” in “TRUMP” stylized to resemble human hair.”³⁹ The examiner assigned to the applications rejected them because the marks falsely suggested an association with Trump under Section 2(a)⁴⁰ and because they comprised Trump’s name but were unaccompanied by the written consent required by Section 2(c).⁴¹ The applicant claimed on appeal the refusals violated

The legislative history of the TMA (but not the TMA itself) contains both a ringing endorsement of the *Rogers* and a thinly veiled critique of the Colorado court’s new test. See H.R. Rep. 116-645, at 13-14 (2020).

³⁴ See *VIP Prods. LLC v. Jack Daniel’s Prods., Inc.*, 953 F.3d 1170 (9th Cir. 2020), *cert. denied*, No. 20-365, 2021 WL 78111 (U.S. Jan. 11, 2021).

³⁵ See *K&D LLC v. Trump Old Post Office LLC*, 951 F.3d 503 (D.C. Cir. 2020).

³⁶ *Id.* at 505.

³⁷ *Id.* at 510.

³⁸ See *In re ADCO Indus.—Techs., L.P.*, 2020 U.S.P.Q.2d 53786 (T.T.A.B. 2020).

³⁹ *Id.* at *1.

⁴⁰ 15 U.S.C. § 1052(a).

⁴¹ *Id.* § 1052(c).

his First Amendment right to free speech, only to have the Board conclude otherwise:

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.⁴²

The Board therefore recognized what the Ninth Circuit's expansion of *Rogers* to trademark uses did not, namely, that the First Amendment does not ordinarily protect misleading, confusingly similar, or deceptive designations of origin.⁴³ Whether the issue merits clarification by the Supreme Court in the future remains to be seen.

⁴² *ADCO Indus.*, 2020 U.S.P.Q.2d 53786, at *10 (citations omitted).

⁴³ See, e.g., *United We Stand Am., Inc. v. United We Stand, Am. N.Y., Inc.*, 128 F.3d 86, 93 (2d Cir. 1997) (rejecting First Amendment defense on ground that “[the defendant] is using the slogan as a mark, and using it to suggest the same source identification as plaintiffs”); *Te-Ta-Ma Truth Found.—Family of URI Inc. v. World Church of the Creator*, 297 F.3d 662, 667 (7th Cir. 2002) (“Trademark rights promote the aims of the first amendment by enabling producers of the spoken and written word to differentiate themselves. If multiple businesses use the same (or confusingly similar) names, the result is cacophony rather than discussion or debate.”); *Coca-Cola Co. v. Purdy*, 382 F.3d 774, 787 (8th Cir. 2004) (“The use of trademarks has not been protected where it is likely to create confusion as to the source or sponsorship of the speech or goods in question.”).

PART I. EX PARTE CASES

*By John L. Welch**

A. *United States Supreme Court*

1. Genericness

USPTO v. Booking.com B.V.

In a closely watched case—at least by trademark attorneys—the United States Supreme Court ruled that a proposed mark comprising a generic term coupled with “.com” is not automatically generic, but may be registrable provided that consumers perceive the mark as a source indicator.¹ The Court affirmed the judgment of the U.S. Court of Appeals for the Fourth Circuit,² which rejected the position of the U.S. Patent and Trademark Office (“USPTO”) that the combination of “.com” with the generic term “booking” is generic for online hotel-reservation services. The Supreme Court concluded that “[i]n circumstances like those this case presents, a ‘generic.com’ term is not generic and can be eligible for federal trademark registration.”³

The U.S. District Court for the Eastern District of Virginia had found, based on evidence of consumer perception, that BOOKING.COM (unlike the word “booking” itself) is not generic.⁴ It also found that the term had acquired distinctiveness with regard to hotel reservation services and was therefore registrable. The Fourth Circuit affirmed the district court’s judgment, “reject[ing] the PTO’s contention that the combination of ‘.com’ with a generic term like ‘booking’ is necessarily generic.”⁵

Before the Supreme Court, the parties agreed that “[e]ligibility for registration . . . turns on the mark’s capacity to ‘distinguis[h]’ goods ‘in commerce.’”⁶ And the question of whether BOOKING.COM is generic “turns on whether that term, taken as a whole, signifies to consumers the class of online hotel-reservation services.”⁷ The

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¹ USPTO v. Booking.com B.V., 591 U.S. ___ 2020 U.S.P.Q.2d 10729 (2020).

² Booking.com B.V. v. USPTO, 915 F.3d 171 (4th Cir. 2019).

³ USPTO v. Booking.com B.V., 2020 U.S.P.Q.2d 10729 at *2.

⁴ Booking.com B.V. v. Matal, 278 F. Supp. 3d 891 (E.D. Va. 2017).

⁵ USPTO v. Booking.com B.V., 2020 U.S.P.Q.2d 10729 at *4, quoting Booking.com B.V. v. USPTO, 915 F.3d at 184.

⁶ *Id.* at *5, quoting Section 2 of the Lanham Act, 15 U.S.C. § 1052, which states, in pertinent part, that “No trademark by which the goods of the applicant *may be distinguished* from the goods of others shall be refused registration on the principal register on account of its nature” (emphasis added).

⁷ *Id.*

Court pointed out that the courts below determined that “[c]onsumers do not in fact perceive the term ‘Booking.com’ that way,”⁸ and the USPTO no longer disputed that determination. “That should resolve this case. Because ‘Booking.com’ is not a generic name to consumers, it is not generic.”⁹

The USPTO contended that an inquiry into consumer perception was unnecessary because every “generic.com” term is generic, absent exceptional circumstances. The Court, noting that the USPTO has allowed other “generic.com” terms to register, found no support for the government’s view in trademark law or policy.

The USPTO relied on *Goodyear’s India Rubber Glove Mfg. Co. v. Goodyear Rubber Co.*,¹⁰ which held that “Goodyear Rubber Company” was not “capable of exclusive appropriation,” the term “Goodyear Rubber” being generic. The USPTO argued that adding “.com” to a generic term is comparable to adding “company” and so conveys no additional meaning to distinguish one provider’s goods or services from another’s. The Court disagreed.

A “generic.com” term might also convey to consumers a source-identifying characteristic: an association with a particular website. As the PTO and the dissent elsewhere acknowledge, only one entity can occupy a particular Internet domain name at a time, so “[a] consumer who is familiar with that aspect of the domain-name system can infer that BOOKING.COM refers to *some* specific entity.” Thus, consumers could understand a given “generic.com” term to describe the corresponding website or to identify the website’s proprietor.¹¹

The Court further observed that “generic.com” terms are not automatically nongeneric. Whether a given “generic.com” term is generic depends on whether consumers perceive the term as a source indicator.¹²

The majority opinion (delivered by Justice Ginsburg) addressed the concern in Justice Breyer’s dissent that providing trademark protection for a “generic.com” term would hinder competition. According to the majority, “trademark law hems in the scope” of descriptive marks because weaker marks are given less protection: “[C]onsumers are less likely to think that other uses of the common element emanate from the mark’s owner.”¹³ Moreover, the doctrine of “classic fair use” shields one who uses a descriptive term “fairly

⁸ *Id.*

⁹ *Id.*

¹⁰ 128 U.S. 598 (1888).

¹¹ USPTO v. Booking.com B.V., 2020 U.S.P.Q.2d 10729 at *6.

¹² *Id.*

¹³ *Id.* at *7.

and in good faith,” and not as a trademark, to describe her own goods.¹⁴

In addition, Booking.com conceded that BOOKING.COM would be a weak mark, accepting that close variations are not likely to infringe, and acknowledging that registration of its mark would not prevent competitors from using the word “booking” to describe their own services.

Finally, the USPTO questioned whether owners of “generic.com” marks need additional protection in addition to the competitive advantages arising from ownership of the domain name. The Court was not impressed, observing that “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.”¹⁵ Dismissing the USPTO’s argument that protection under unfair competition law would still be available if BOOKING.COM were deemed generic, the Court saw no reason to deny Booking.com the benefits provided to other marks that are not generic.

Thus, the Court rejected the USPTO’s sole ground for challenging the judgment of the court of appeals by ruling that “generic.com” terms are eligible for registration.

B. United States Court of Appeals for the Federal Circuit

1. Registrability of Color for Product Packaging

In re Forney Industries, Inc.

The U.S. Court of Appeals for the Federal Circuit (“CAFC”) weaved its way through Supreme Court precedent on the law of color marks in vacating (and remanding) the Trademark Trial and Appeal Board’s (“TTAB” or “the Board”) decision¹⁶ upholding a refusal to register a color mark for multiple colors applied to product packaging. The Board concluded that such a mark cannot be inherently distinctive, but the CAFC disagreed, holding that “color marks can be inherently distinctive when used on product packaging, depending on the character of the color design.”¹⁷

¹⁴ *Id.* at *7-8. See 15 U.S.C. § 1115(b)(4), which provides a defense to incontestability when:

[T]he use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party’s individual name in his own business, or of the individual name of anyone in privity with such party, or 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.

See also *KP Permanent Make-Up Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004) (holding that a party asserting a defense of “fair use” under Section 1115(b)(4) is not required to prove an absence of likely confusion).

¹⁵ *Id.* at *8.

¹⁶ *In re Forney Indus., Inc.*, 127 U.S.P.Q.2d 1787 (T.T.A.B. 2018).

¹⁷ *In re Forney Indus., Inc.*, 955 F.3d 940, 2020 U.S.P.Q.2d 10310, *3 (Fed. Cir. 2020).



Forney sought to register a mark comprising the colors “red into yellow with a black banner located near the top as applied to packaging” for metal hardware, welding equipment, safety goods, and marking products. The Board had relied on the Supreme Court’s rulings in *Wal-Mart*¹⁸ and *Qualitex*¹⁹ in concluding that “a particular color on a product or its packaging’ . . . can never be inherently distinctive and may only be registered on a showing of acquired distinctiveness.”²⁰

As to Forney’s mark, the Board saw “no legal distinction between a mark consisting of a single color and one, such as [Forney’s], consisting of multiple colors without additional elements, e.g., shapes or designs.”²¹

The CAFC found that the Board had erred in two ways:

- (1) [B]y concluding that a color-based trade dress mark can never be inherently distinctive without differentiating between product design and product packaging marks; and
- (2) by concluding (presumably in the alternative) that product packaging marks that employ color cannot be inherently distinctive in the absence of an association with a well-defined peripheral shape or border.²²

With regard to the first point, the CAFC disagreed with the Board that the Supreme Court had made it clear that color, whether on a product or its packaging, can never be inherently distinctive: “We do not believe that, to date, the Supreme Court has gone as far as the Board did here, where the mark is proposed for product packaging, as distinct from product design.”²³ Although “color is usually perceived as ornamentation,”²⁴ the Court concluded that “a

¹⁸ *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 54 U.S.P.Q.2d 1065 (2000).

¹⁹ *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 34 U.S.P.Q.2d 1161 (1995).

²⁰ *Forney Indus.*, 2020 U.S.P.Q.2d 10310 at *2, citing *Forney Indus.*, 127 U.S.P.Q.2d at 1792.

²¹ *Id.*

²² *Id.* at *3.

²³ *Id.*

²⁴ *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 1124 (Fed. Cir. 1985).

distinct color-based product packaging can indicate the source of the goods to a consumer, and, therefore, can be inherently distinctive.”²⁵

The CAFC observed that neither the Supreme Court nor the CAFC had directly addressed whether a multi-color mark applied to product packaging is capable of being inherently distinctive. In *Two Pesos*,²⁶ which involved the registrability of restaurant decor, the Supreme Court assumed that the trade dress was inherently distinctive. Thus, that case “stands merely for the proposition that trade dress *can be* inherently distinctive.”²⁷

In *Qualitex*, involving a single green-gold color for a press pad, the Court found no “obvious theoretical objection to the use of color alone as a trademark” when that color had attained “secondary meaning.”²⁸ *Qualitex* did not expressly hold that acquired distinctiveness is *required* to register a color mark, but in *Wal-Mart*, the Court, in discussing a product design mark, stated that, “with respect to at least one category of mark—colors—we have held that no mark can ever be inherently distinctive.”²⁹

The CAFC observed that, in *Wal-Mart*, the Supreme Court “considered the fact that ‘product design almost invariably serves purposes other than source identification.’”³⁰ But as to product packaging, the Supreme Court noted, “[t]he attribution of inherent distinctiveness to certain categories of . . . product packaging derives from the fact that the very purpose of . . . encasing [a product] in a distinctive packaging[] is most often to identify the source of the product.”³¹

Turning to Forney’s proposed mark, the CAFC concluded that its multi-color packaging is “more akin to the mark at issue in *Two Pesos* than those at issue in *Qualitex* and *Wal-Mart*.”³² “Indeed, it falls firmly within the category of marks the Court described as potential source identifiers. Supreme Court precedent simply does not support the Board’s conclusion that a product packaging mark based on color can never be inherently distinctive.”³³

²⁵ *Forney Indus.*, 2020 U.S.P.Q.2d 10310 at *4.

²⁶ *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 23 U.S.P.Q.2d 1081 (1992).

²⁷ *Forney Indus.*, 2020 U.S.P.Q.2d 10310 at *4.

²⁸ *Id.*, quoting *Qualitex*, 514 U.S. at 163.

²⁹ *Wal-Mart*, 529 U.S. at 211-12, citing *Qualitex*, 514 U.S. at 162-63. Query from author: Can *Wal-Mart* be read to refer only to a single color and not multiple colors, both for product design and product packaging?

³⁰ *Forney Indus.*, 2020 U.S.P.Q.2d 10310 at *4, quoting *Wal-Mart*, 529 U.S. at 213.

³¹ *Wal-Mart*, 529 U.S. at 212.

³² *Forney Indus.*, 2020 U.S.P.Q.2d 10310 at *5.

³³ *Id.*

As the CAFC stated in *Chippendales*,³⁴ nothing in *Wal-Mart* affected established case law that product packaging may be inherently distinctive. Therefore, the Board should have considered whether Forney’s proposed mark satisfied the *Seabrook*³⁵ criteria for inherent distinctiveness.

In determining the inherent distinctiveness of trade dress, the question to be answered is whether the trade dress “makes such an impression on consumers that they will assume” the trade dress is associated with a particular source. *Seabrook*, 568 F.2d at 1344. To assess that question, the Board must look to the following factors: (1) whether the trade dress is a “common” basic shape or design; (2) whether it is unique or unusual in the particular field; (3) whether it is a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods; or, inapplicable here, (4) whether it is capable of creating a commercial impression distinct from the accompanying words.³⁶

Next considering the Board’s alternative conclusion, the CAFC found that the Board had again not comported with the holding here and in prior CAFC case law. “Without explaining why it was doing so, the Board found that a color may only be inherently distinctive when used in conjunction with a distinctive *peripheral* shape or border.”³⁷

The CAFC agreed with Forney that the proposed mark “is not just a ‘color mark’ but also a ‘symbol.’”³⁸ Forney was not attempting to preempt all use of the colors, but only to protect particular colors arranged in a particular design. The question for the Board was whether the proposed mark is “sufficiently indicative of the source of the goods contained in that packaging”; that assessment must be made “based on the overall impression created by both the colors employed and the pattern created by those colors.”³⁹

We conclude that the Board erred in stating that a multicolor product packaging mark can never be inherently distinctive. To the extent the Board’s decision suggests that a multi-color mark must be associated with a specific peripheral shape in

³⁴ *In re Chippendales USA, Inc.*, 622 F.3d 1346, 96 U.S.P.Q.2d 1681 (Fed. Cir. 2010) (“Cuffs & Collar” costumes worn by dancers found to be trade dress that could be inherently distinctive for adult entertainment services.).

³⁵ *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*, 568 F.2d 1342, 196 U.S.P.Q. 289 (C.C.P.A. 1977).

³⁶ *Forney Indus.*, 2020 U.S.P.Q.2d 10310 at *6.

³⁷ *Id.* at *5.

³⁸ *Id.* at *6.

³⁹ *Id.*

order to be inherently distinctive, that too, was error. Accordingly, we vacate and remand for the Board to consider, whether, for the uses proposed, Forney’s proposed mark is inherently distinctive under the *Seabrook* factors, considering the impression created by an overall view of the elements claimed.⁴⁰

C. Trademark Trial and Appeal Board

1. Section 2(a) False Suggestion of a Connection

In re ADCO Industries – Technologies, L.P.

The Board affirmed two refusals to register each of the proposed marks shown below, for “utility knives,” finding that the marks falsely suggest a connection with President Trump under Section 2(a),⁴¹ and further finding that because President Trump did not consent to use of his name, the marks also violated Section 2(c).⁴² Applicant ADCO argued that Sections 2(a) and 2(c) are unconstitutional because they violate the First Amendment,⁴³ but the Board pointed out that it has no authority to rule on the constitutionality of the Trademark Act. Nevertheless, the Board considered and rejected ADCO’s claim.⁴⁴



In addition to offering protection to consumers, Section 2(a) is intended to protect a person from losing the right to control his or her identity.⁴⁵ The evidence submitted by the examining attorney

⁴⁰ *Id.* at *6-7.

⁴¹ Section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a), in pertinent part, bars registration of a mark that “[c]onsists of or comprises . . . matter which may . . . falsely suggest a connection with persons, living or dead”

⁴² Section 2(c) of the Lanham Act, 15 U.S.C. § 1052(c), in pertinent part, bars registration of a mark that “[c]onsists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent”

⁴³ The First Amendment to the U.S. Constitution states, in pertinent part, “Congress shall make no law . . . abridging the freedom of speech, or of the press”

⁴⁴ *In re ADCO Indus. – Techs., L.P.*, 2020 U.S.P.Q.2d 53786 (T.T.A.B. 2020). The Section 2(c) refusal is discussed in Part II.C.3, below.

⁴⁵ *See Univ. of Notre Dame du Lac v. J.C. Food Imps. Co.*, 703 F.2d 1372, 217 U.S.P.Q. 505, 509 (Fed. Cir. 1983) (“There may be no likelihood of such confusion as to the source of

established that “Donald Trump, the President of the United States, is a well-known figure,” and therefore his identity “is an interest that Section 2(a) of the Trademark Act is designed to protect.”⁴⁶

The fact that Donald Trump has never used the term “Trump-It” as his name or identity does not obviate the false suggestion of a connection refusal. A term may be considered the identity of a person even if the person has not used the term. All that is required is that the mark sought to be registered clearly identifies a person (in this case, Donald Trump).⁴⁷

The marks at issue include design elements that call to mind Donald Trump: Both marks display his renowned hair wave and one mark includes a play on Trump’s campaign slogan “Make America Great Again.” Moreover, Trump’s companies use the name “Trump” as a trademark for a wide variety of goods and services. He also licenses rights to the name and the “Trump” name appears on buildings that he and his companies own.

The Board found that ADCO’s marks are a close approximation of Donald Trump’s name or identity “because the marks’ design elements and wording evoke Donald Trump.”⁴⁸ As further, albeit unnecessary, support for this conclusion, the Board noted that Donald Trump is associated with numerous goods and services.⁴⁹

The Board concluded that “consumers encountering utility knives bearing Applicant’s mark . . . will perceive Applicant’s utility knives to be just one more product for which Donald Trump has licensed the use of his name.”⁵⁰

Considering all of the evidence of record before us, we find that (i) Applicant’s marks are a close approximation of Donald Trump’s name and identity; (ii) Applicant’s marks point uniquely and unmistakably to Donald Trump; (iii) Donald Trump has no connection with Applicant; and (iv) Donald Trump’s name and identity is of sufficient fame and reputation that when Applicant’s marks are used on utility knives, a connection with Donald Trump would be

goods even under a theory of ‘sponsorship’ or ‘endorsement,’ and, nevertheless, one’s right of privacy, or the related right of publicity, may be violated.”)

⁴⁶ *ADCO Indus.*, 2020 U.S.P.Q.2d 53786, at *4.

⁴⁷ *Id.*, citing *In re Nieves & Nieves LLC*, 113 U.S.P.Q.2d 1639, 1644 (T.T.A.B. 2015); *In re Urbano*, 51 U.S.P.Q.2d 1776, 1779 (T.T.A.B. 1999) (“[W]hile the general public in the United States may or may not have seen the upcoming Olympic games referred to precisely as ‘Sydney 2000,’ we have no doubt that the general public in the United States would recognize this phrase as referring unambiguously to the upcoming Olympic Games in Sydney, Australia, in the year 2000.”).

⁴⁸ *Id.* at *5.

⁴⁹ *Id.* at *5-6.

⁵⁰ *Id.* at *6.

presumed. Therefore, we find that the Examining Attorney established that Applicant’s marks for utility knives falsely suggest a connection with Donald Trump.⁵¹

Turning to the constitutionality issue, the Board observed that—as an administrative tribunal and not an Article III court—it has no power to strike down a statutory provision as unconstitutional. However, recent case law suggests that the Board may address constitutional issues. In fact, parties are required to raise constitutional issues if the issues are to be preserved for appeal.⁵² Here, ADCO claimed that refusal of a registration based on the false connection provision of Section 2(a), and on Section 2(c) constitutes an impermissible restriction of the right to freedom of speech protected under the First Amendment. The Board disagreed.

The Board pointed out that Section 2 does not prevent an applicant from *using* any slogan it chooses on its merchandise or in its advertising. It provides only that the mark itself must meet certain criteria in order to be registrable.

While the Supreme Court recently struck down provisions in Section 2(a) on the grounds that they were viewpoint discriminatory, the Supreme Court pointedly refrained from extending its holdings to any provisions of the Lanham Act that do not discriminate based on the applicant’s viewpoint. *See, e.g.*, *Iancu v. Brunetti*, 139 S. Ct. 2294, 2302 n.*, 2019 U.S.P.Q.2d 232043, ___ (2019) (“Nor do we say anything about how to evaluate viewpoint-neutral restrictions on trademark registration.”); *see also id.* at 2303 (Alito, J., concurring) (emphasizing that the Court’s holding turned entirely on the conclusion that the invalidated provision was viewpoint discriminatory and noting that Congress could adopt a more narrowly tailored restriction that rendered certain types of content ineligible for registration).⁵³

The Board pointed out that the provisions challenged in this case are viewpoint neutral. Moreover, even if considered a restriction on speech, these two provisions withstand constitutional review because (unlike the restrictions in *Tam*⁵⁴ and *Brunetti*⁵⁵) they

⁵¹ *Id.* at *7.

⁵² *See In re DBC*, 545 F.3d 1373, 89 U.S.P.Q.2d 1123, 1127-28 (Fed. Cir. 2008) (requiring a party to raise a constitutional challenge to the agency “gives [the] agency an opportunity to correct its own mistakes . . . before it is haled into federal court,” and “it promotes judicial efficiency, as [c]laims generally can be resolved much more quickly and economically in proceedings before [the] agency than in litigation in federal court”) (alterations in original) (quoting *Woodford v. Ngo*, 548 U.S. 81, 89 (2006)).

⁵³ *ADCO Indus.*, 2020 U.S.P.Q.2d 53786, at *10.

⁵⁴ *Matal v. Tam*, 137 S. Ct., 1744, 122 U.S.P.Q.2d 1757 (2017) (striking down the disparagement provision of Section 2(a) as unconstitutional).

⁵⁵ *Iancu v. Brunetti*, 139 S. Ct. 2294, 2019 U.S.P.Q.2d 232043 (2019) (deeming the scandalous and immoral provision of Section 2(a) unconstitutional).

further the goal of preventing consumer deception in source-identifiers and fall within Congressional authority.⁵⁶

2. Section 2(b) Simulation of United States Flag

In re Alabama Tourism Department

Upholding a Section 2(b) refusal to register the mark shown below, for tourism promotional services, the TTAB concluded that the mark incorporates a simulation of the flag of the United States.⁵⁷ The Board found that the U.S. flag and Alabama Tourism’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.”⁵⁸ Alabama Tourism pointed in vain to various flag-containing registered marks, but the Board found them distinguishable and, in any case, reiterated that each application to register must be considered on its own merits.⁵⁹



Section 2(b) bars registration of a mark that “[c]onsists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.”⁶⁰ The Board explained that this bar to registration “reflects the sentiment that such insignia are symbols of government authority that ought to be reserved for signifying the government.”⁶¹

The word “comprises” in Section 2(b) means “includes.”⁶² “[T]he word ‘simulation’ . . . is used in its usual and generally understood meaning, namely, to refer to something that gives the appearance

⁵⁶ *ADCO Indus.*, 2020 U.S.P.Q.2d 53786 at *10-11.

⁵⁷ *In re Alabama Tourism Dep’t*, 2020 U.S.P.Q.2d 10485 (T.T.A.B. 2020).

⁵⁸ *Id.* at *5.

⁵⁹ *Id.* at *5-7.

⁶⁰ Section 2(b) of the Lanham Act, 15 U.S.C. § 1052(b).

⁶¹ *Alabama Tourism*, 2020 U.S.P.Q.2d 10485, at *1, citing *In re Dist. of Columbia*, 101 U.S.P.Q.2d 1588, 1597 n.14 (T.T.A.B. 2012), *aff’d sub nom In re City of Houston*, 731 F.3d 1326, 108 U.S.P.Q.2d 1226 (Fed. Cir. 2013).

⁶² *Id.* at *2, citing *In re Family Emergency Room LLC*, 121 U.S.P.Q.2d 1886, 1887 n.2 (T.T.A.B. 2017).

or effect or has the characteristics of an original item.”⁶³ The question, simply put, is “whether consumers will perceive matter in the mark as a flag.”⁶⁴

The TMEP instructs examining attorneys to consider the following factors that the Board found in *Family Emergency Room* to be appropriate in determining whether consumers will perceive matter in the mark as a flag: “(1) color; (2) presentation of the mark; (3) words or other designs on the drawing; and (4) use of the mark on the specimen(s).” TMEP § 1204.01(a) (citing *Family Emergency Room*, 121 U.S.P.Q.2d at 1888 (discussing these factors in the context of the Swiss flag)).⁶⁵

According to Trademark Manual of Examining Procedure (“TMEP”) Section 1204.01(a), these factors should be applied to both color and black-and-white drawings. TMEP Section 1204.01(b) lists five scenarios under which registration should not be refused under § 2(b) (and includes seven examples of registrable stylized designs of the American flag):

- The flag design is used to form a letter, number, or design.
- The flag is substantially obscured by words or designs.
- The design is not in a shape normally seen in flags.
- The flag design appears in a color different from that normally used in the national flag.
- A significant feature is missing or changed.

“Although the [TMEP] does not have the force of law, it ‘sets forth the guidelines and procedures followed by the examining attorneys at the’ USPTO. *In re Int’l Flavors & Fragrances, Inc.*, 183 F.3d 1361, 51 U.S.P.Q.2d 1513, 1516 (Fed. Cir. 1999) (quoting *W. Fla. Seafood, Inc. v. Jet Rests., Inc.*, 31 F.3d 1122, 31 U.S.P.Q.2d 1660, 1664 n.8 (Fed. Cir. 1994)). As in *Family Emergency Room*, we hold that both sets of the “above standards, as set forth in the TMEP, are appropriate under the statute” to consider in determining whether consumers will perceive a mark as consisting of or comprising a flag. *Family Emergency Room*, 121 U.S.P.Q.2d at 1888.⁶⁶

Alabama Tourism argued that the flag design in the subject mark “(i) is missing significant features of the American flag, (ii) forms another design, (iii) is substantially obscured by other

⁶³ *Family Emergency Room*, 121 U.S.P.Q.2d at 1887, quoting *In re Advance Indus. Sec., Inc.*, 194 U.S.P.Q. 344, 346 (T.T.A.B. 1977).

⁶⁴ *Id.* at 1888.

⁶⁵ *Alabama Tourism*, 2020 U.S.P.Q.2d 10485 at *2.

⁶⁶ *Id.* at *3.

designs in [its] mark, and (iv) is not in a shape normally seen in the U.S. flag.”⁶⁷ It maintained that the USPTO’s registration of many marks that contain obvious flag elements justifies registration of its mark. The examining attorney contended that none of the five scenarios of TMEP Section 1204.01(b) applied here, that the flag depicted in the mark will be perceived as a simulation of a U.S. flag, and that, notwithstanding prior registrations, each application must be examined on its own merits.⁶⁸

The Board’s determination of whether the mark is a prohibited simulation of the U.S. flag requires a “visual comparison of the [design] and the actual flag.”⁶⁹ The Board found that the proposed mark contains “unmistakable features of the flag.”⁷⁰ In fact, in its original description of the mark, Alabama Tourism stated that “the man in front [is] holding a stick bearing the U.S. flag over his shoulder.”⁷¹

Alabama Tourism’s argument that a number of features of the flag are missing missed the mark. The fact that the flag is displayed in this particular manner is not uncommon, and “no reasonable observer of that flag would believe that features are missing or changed, or view it as something other than the U.S. flag.”⁷² The mark is not incorporated into wording or into another design, nor is the flag “substantially obscured” by other elements in the mark, nor is the flag “not in the normal flag shape.” It is not “artificially elongated or strangely shaped,” as in some of the examples in TMEP Section 1204.01(b). In short, “Applicant’s design would be perceived as the U.S. flag or a simulation thereof.”⁷³

Alabama Tourism vigorously maintained that, considering other registered flag marks, the refusal in this case is “clearly inconsistent with what this applicant had come to expect from the United States Patent and Trademark Office over the past decade of prosecuting several similar applications.”⁷⁴ It further asserted that “the Examining Attorney’s refusal to address this need for consistent treatment at the Trademark Office is surely not an oversight as indeed, it would be impossible for the Examining Attorney to reconcile his decision to deny registration here with the decision to register or allow these other marks.”⁷⁵ The Board was unmoved:

⁶⁷ *Id.*

⁶⁸ *Id.* at *3-4.

⁶⁹ *Id.* at *4, quoting *Family Emergency Room*, 121 U.S.P.Q.2d at 1887.

⁷⁰ *Id.*, quoting Trademark Manual of Examining Procedure (“TMEP”) Section 1204.01(a) (Oct. 2018).

⁷¹ *Id.* at *5.

⁷² *Id.* at *6.

⁷³ *Id.* at *9.

⁷⁴ *Id.* at *10.

⁷⁵ *Id.*

[The Examining Attorney] properly determined that the mark was unregistrable under the statute, and neither he nor we have any obligation “to reconcile his decision to deny registration here with the decision to register or allow . . . other marks. . .” In addition, Applicant’s evidentiary submission almost certainly presents an incomplete picture of USPTO practice, as it omits marks in applications that were refused registration under § 2(b) in a manner likely to be highly consistent with the action in this case.”⁷⁶

Moreover, as stated by the CAFC in *Nett Designs*,⁷⁷ “the Board . . . must assess each mark on the record of public perception submitted with the application.”⁷⁸

The Board recently reiterated that “[w]hile we recognize that ‘consistency is highly desirable,’ . . . consistency in examination is not itself a substantive rule of trademark law, and a desire for consistency with the decisions of prior examining attorneys must yield to proper determinations under the Trademark Act and rules.” *In re Am. Furniture Warehouse Co.*, 126 U.S.P.Q.2d 1400, 1407 (T.T.A.B. 2018) (quoting *In re Omega SA*, 494 F.3d 1362, 83 U.S.P.Q.2d 1541, 1544 (Fed. Cir. 2007) and citing *In re Cordua Rests.*, 823 F.3d 594, 118 U.S.P.Q.2d 1632, 1635 (Fed. Cir. 2016)). We do not believe that our decision here is inconsistent with the registration of the third-party marks cited by Applicant, but to the extent that it is, it is the decision required under the statute on the record before us.⁷⁹

3. Section 2(c) Consent of Living Individual

In re ADCO Industries – Technologies, L.P.

As discussed above, the Board affirmed two refusals to register each of two word-plus-design marks containing the term “TRUMP-IT,” for “utility knives,” finding that the marks falsely suggest a connection with President Trump under Section 2(a), and further finding that, because President Trump did not consent to use of his name, the marks violated Section 2(c) of the Trademark Act.⁸⁰

Section 2(c) bars registration of a mark that consists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent.⁸¹ Whether consent

⁷⁶ *Id.* at *11.

⁷⁷ *In re Nett Designs, Inc.*, 236 F.3d 1339, 57 U.S.P.Q.2d 1564 (Fed. Cir. 2001).

⁷⁸ *Id.* at 1342.

⁷⁹ *Alabama Tourism*, 2020 U.S.P.Q.2d at *11.

⁸⁰ *ADCO Indus.*, 2020 U.S.P.Q.2d 53786 at *7-11. The Section 2(a) refusal and the issue of the constitutionality of Sections 2(a) and 2(c) are discussed in Part II.C.1, above.

⁸¹ Section 2(c) of the Lanham Act, 15 U.S.C. § 1052(c).

is required depends on “whether the public would recognize and understand the mark as identifying a particular living individual.”⁸² A “name” does not have to be a full name, but can be a first name, surname, shortened name, pseudonym, stage name, title, or nickname.⁸³

While with lesser-known figures there may have to be evidence showing that the consuming public connects them with the manufacturing or marketing of the goods at issue, well-known individuals such as celebrities and world-famous political figures are entitled to the protection of Section 2(c) without having to evidence a connection with the involved goods or services.⁸⁴

As ADCO admitted, Donald Trump is a well-known political figure and a celebrity. Therefore, the Board found that because ADCO’s marks include Donald Trump’s name and likeness, his consent to register was required.

4. Section 2(d) Likelihood of Confusion

a. Likelihood of Confusion Found

In re Country Oven, Inc.

The TTAB clarified the “something more” requirement for showing the relatedness of goods and services in this decision affirming a Section 2(d)⁸⁵ refusal of COUNTRY OVEN for “Self-serve retail bakery shops; Retail bakery shops; bakery services, namely, online retail bakery shops” and “Bakery services, namely, the manufacture of bakery products to the order and/or specification of others.” The Board found a likelihood of confusion with the identical mark registered for “bread buns.” Applicant Country Oven argued that “something more” than the fact that bakeries sell

⁸² *ADCO Indus.*, 2020 U.S.P.Q.2d 53786 at *8.

⁸³ *Id. See, e.g., In re Hoefflin*, 97 U.S.P.Q.2d 1174, 1177-78 (T.T.A.B 2010) (holding registration of the marks OBAMA PAJAMA, OBAMA BAHAMA PAJAMAS, and BARACK’S JOCKS DRESS TO THE LEFT barred under Section 2(c) in the absence of consent to register, because they create a direct association with President Barack Obama).

⁸⁴ *Id. See Hoefflin*, 97 U.S.P.Q.2d at 1177 (because Barack Obama was the President of the United States, the purchasing public would reasonably assume that marks consisting of the names BARACK and OBAMA identify him).

⁸⁵ Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d), in pertinent part, bars registration of a mark that:

Consists 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.

bakery products is required to prove the relatedness of the involved goods and services, but the Board ruled otherwise.⁸⁶

Because the involved marks are identical, a lesser degree of similarity between the involved goods and services is necessary to support a finding of likely confusion.⁸⁷ The Board observed that it is “common knowledge that retail bakery shops sell bakery products.”⁸⁸ Moreover, the examining attorney submitted third-party use-based registrations for marks covering both Country Oven’s identified services, and goods that encompass bakery products. Such third-party registrations “are relevant to show that the goods and services are of a type that may emanate from a single source under one mark.”⁸⁹

Country Oven argued that “bread buns” are a specific type of product like hamburger buns or hot dog buns, and thus are not covered by the third-party registrations for “bakery goods.” The Board pointed out, however, that “a registration that describes goods broadly is presumed to encompass all goods or services of the type described,”⁹⁰ and it found that the terms “bakery goods,” “bakery products,” and “buns” in the third-party registrations encompass “bread buns.” The examining attorney also provided several examples of use of the same mark for bakery shops and bakery products. In addition, Country Oven’s website uses the mark COUNTRY OVEN in connection with bakery products.

Country Oven next contended that more evidence other than that bakeries sell bakery products is needed to support a finding of likelihood of confusion, pointing to the “something more” requirement in *In re Coors Brewing Co.*,⁹¹ and *In re St. Helena Hospital*.⁹² The Board, however, concluded that *Coors* and *St. Helena* support a finding that bakery services and bakery products are related because those decisions recognized that there can be a clear relationship between services and products even without additional evidence.⁹³

⁸⁶ *In re Country Oven, Inc.*, 2019 U.S.P.Q.2d 443903 (T.T.A.B. 2019).

⁸⁷ *In re i.am.symbolic, llc*, 116 U.S.P.Q.2d 1406, 1411 (T.T.A.B. 2015) (citing *In re Shell Oil Co.*, 992 F.2d 1204, 26 U.S.P.Q.2d 1687, 1689 (Fed. Cir. 1993)), *aff’d*, 866 F.3d 1315, 123 U.S.P.Q.2d 1744 (Fed. Cir. 2017).

⁸⁸ *Country Oven*, 2019 U.S.P.Q.2d 443903 at *5.

⁸⁹ *Id.* at *8. *See, e.g., In re Detroit Athletic Co.*, 903 F.3d 1297, 128 U.S.P.Q.2d 1047, 1051 (Fed. Cir. 2018); *In re Albert Trostel & Sons Co.*, 29 U.S.P.Q.2d 1783, 1785-86 (T.T.A.B. 1993); *In re Mucky Duck Mustard Co.*, 6 U.S.P.Q.2d 1467, 1470 n.6 (T.T.A.B. 1988).

⁹⁰ *Id.* at *9, citing *Stone Lion Capital Partners, L.P. v. Lion Capital, LLP*, 746 F.3d 1317, 110 U.S.P.Q.2d 1157, 1161 (Fed. Cir. 2014).

⁹¹ 343 F.3d 1340, 68 U.S.P.Q.2d 1059 (Fed. Cir. 2003) (restaurant services and beer).

⁹² 774 F.3d 747, 113 U.S.P.Q.2d 1082 (Fed. Cir. 2014) (stating that the “something more” requirement applies whenever “the relatedness of the goods and services is not evident, well-known or generally recognized.” *Id.* at 1087).

⁹³ *Country Oven*, 2019 U.S.P.Q.2d 443903 at *12-13.

Here, because the relationship between baked goods, including bread buns, and bakeries is the opposite of obscure, unknown, or generally unrecognized, the relevant line of case law holds that confusion may be likely to occur from the use of the same or similar marks for goods, on the one hand, and for services involving those goods, on the other. *See, e.g., Detroit Athletic*, 128 U.S.P.Q.2d at 1052 (“[W]e have held that confusion is likely where one party engages in retail services that sell goods of the type produced by the other party . . .”).⁹⁴

The Board found the evidence of record sufficient to show that Country Oven’s services and the goods of the cited registration are “clearly related.”⁹⁵ Moreover, the evidence demonstrated that bread buns are sold through retail bakery shops, and so the third *du Pont*⁹⁶ factor also weighed in favor of a finding of likelihood of confusion.

The Board concluded that the identical nature of the marks, the closely related nature of the goods and services, and the overlapping channels of trade and classes of consumers required affirmance of the Section 2(d) refusal to register.

In re Guild Mortgage Co.

On remand from the CAFC, the Board again affirmed a Section 2(d) refusal to register the mark GUILD MORTGAGE COMPANY & Design for “mortgage banking services, namely, origination, acquisition, servicing, securitization and brokerage of mortgage loans” [MORTGAGE COMPANY disclaimed] in view of the registered mark GUILD INVESTMENT MANAGEMENT for “investment advisory services” (INVESTMENT MANAGEMENT disclaimed).⁹⁷ In January 2019, the CAFC vacated the Board’s earlier decision because the Board had “failed to consider relevant evidence and argument directed to *DuPont* factor 8,”⁹⁸ which requires consideration of “the length of time during and conditions under which there has been concurrent use without evidence of actual confusion.”⁹⁹

⁹⁴ *Id.* at *13.

⁹⁵ *Id.* at *14.

⁹⁶ *In re E.I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 U.S.P.Q. 563, 567 (C.C.P.A. 1973). The *du Pont* decision sets forth the principal factors that “must be considered” in determining likelihood of confusion. The third *du Pont* factor is “the similarity or dissimilarity of established, likely-to-continue trade channels.”

⁹⁷ *In re Guild Mortg. Co.*, 2020 U.S.P.Q.2d 10279 (T.T.A.B. 2020).

⁹⁸ *In re Guild Mortg. Co.*, 912 F.3d 1376, 129 U.S.P.Q.2d 1160, 1161 (Fed. Cir. 2019).

⁹⁹ *Id.* at 1162, quoting *Stone Lion Capital Partners*, 110 U.S.P.Q.2d at 1159 (citing *du Pont*, 177 U.S.P.Q. 567).



The Board found that the similarities between the marks in connotation and overall commercial impression outweighed the differences in sight and sound, and so the first *du Pont* factor favored a finding of likelihood of confusion. It deemed insufficient the applicant's evidence that the cited mark is conceptually weak due to some "specific significance" to consumers with regard to registrant's investment advisory services.¹⁰⁰

Third-party registrations covering both mortgage banking and investment advisory services convinced the Board that the involved services are related. Furthermore, the same consumers may seek mortgage banking and investment advisory services, and therefore the channels of trade and classes of consumers overlap.

As to the degree of purchaser care, the Board must make its determination based on the least sophisticated consumer.¹⁰¹ Nonetheless, it found that "consumers may exercise a certain degree of care in investing money, if not perhaps in seeking a mortgage loan for which they simply wish to get funded."¹⁰² Therefore, consumer sophistication weighed slightly against a finding of likely confusion.

Turning to the eighth *du Pont* factor, the CAFC had concluded that the Board "erred by failing to address Guild's argument and evidence,"¹⁰³ stating that:

Guild . . . presented evidence of concurrent use of the two marks for a particularly long period of time—over 40 years—in which the two businesses operated in the same geographic market—southern California—without any evidence of actual confusion. Further, the Board has found that Guild's and Registrant's services are similar and move in the same channels of trade, which is relevant when assessing whether the absence of actual confusion is indicative of the likelihood of confusion.¹⁰⁴

¹⁰⁰ *Guild Mortgage*, 2020 U.S.P.Q.2d 10279 at *3.

¹⁰¹ *Id.* at *5, citing *Stone Lion Capital*, 110 U.S.P.Q.2d at 1163.

¹⁰² *Id.*

¹⁰³ *Guild Mortg.*, 129 U.S.P.Q.2d at 1162.

¹⁰⁴ *Id.* at 1163-64.

The Board first noted that, as to the second, third, and fourth *du Pont* factors, the analysis must be based on the recitations of services **as set forth** in the application and the cited registration, and it may not consider evidence of how Applicant and Registrant are **actually rendering** their services in the marketplace. The eighth *du Pont* factor, however, requires consideration of the **actual market conditions**.¹⁰⁵

In this regard, the Board considered the affidavit of Guild Mortgage's president and CEO, stating that the company has used its mark since 1960, beginning in San Diego, California, and has since "expanded its mortgage lending business nationwide."¹⁰⁶ Guild claimed to be currently licensed in 46 states and the District of Columbia, with more than 250 offices and satellites. However, it did not provide specifics as to use of its mark in any particular geographic area, although it did submit some evidence regarding the registrant and its use of the cited mark.

In summary, the evidence demonstrates that Applicant has been doing business in San Diego, California for over forty years, and from a more recent (unspecified) date, nationwide. The evidence further indicates that Registrant has been conducting business from its principal location in Los Angeles, California for much of that time. While both Applicant and Registrant apparently conduct business in various states, the evidence does not indicate any specific geographical areas of overlap between the consumer markets for the business conducted by Applicant and the business conducted by Registrant.¹⁰⁷

The Board took judicial notice that the addresses of Guild Mortgage and the registrant are 126.3 miles apart and that San Diego has a population of 1,426,976 and Los Angeles a population of 3,990,456. The Board therefore found that Guild and the registrant "are separated both by a noticeable driving distance, and by a separate consumer base."¹⁰⁸ It observed that, although these cities may generally be characterized as being located in Southern California, there was "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."¹⁰⁹

Finally, the Board observed that in an *ex parte* context there is no opportunity to hear from the registrant as to whether it is aware of any reported instances of confusion. "We therefore are getting

¹⁰⁵ *Guild Mortg.*, 2020 U.S.P.Q.2d 10279 at *6.

¹⁰⁶ *Id.*

¹⁰⁷ *Id.* at *7.

¹⁰⁸ *Id.*

¹⁰⁹ *Id.*

only half the story.”¹¹⁰ Consequently, the Board must give limited probative value to evidence bearing on the eighth *du Pont* factor in an *ex parte* appeal, unlike in an *inter partes* proceeding in which the adverse party has an opportunity to present its argument and evidence.

Thus, while we note again the evidence that both Applicant and Registrant conduct their business in California and possibly in some of the same other states nationwide, there is a lack of evidence that **in the actual marketplace**, the **same** consumers have been exposed to **both** marks for the respective services, such that we could make a finding as to the “length of time during and conditions under which there has been concurrent use without evidence of actual confusion.” Upon full consideration, we find the eighth *du Pont* factor to be neutral.¹¹¹

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

In re St. Julian Wine Co.

Venturing into the seldom-visited realm of geographic certification marks¹¹² (sometimes called a certification mark of regional origin), the Board affirmed a Section 2(d) refusal of the mark REAL MICHIGAN for hard cider (MICHIGAN disclaimed), finding it likely to cause confusion with the two registered geographic certification marks shown below, for apples.¹¹³ Although in a typical Section 2(d) analysis, a geographic term is usually accorded less weight, that is not appropriate when considering a geographic certification mark.

¹¹⁰ *Id. See, e.g., In re Opus One, Inc.*, 60 U.S.P.Q.2d 1812, 1817 (T.T.A.B. 2001).

¹¹¹ *Id.* at *8.

¹¹² Section 45 of the Lanham Act, 15 U.S.C. § 1127, defines a certification mark as follows:

The term “certification mark” means any word, name, symbol, or device, or any combination thereof— (1) used by a person other than its owner, or (2) which its owner has a bona fide intention to permit a person other than the owner to use in commerce and files an application to register on the principal register established by this [Act], to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person’s goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.

¹¹³ *In re St. Julian Wine Co.*, 2020 U.S.P.Q.2d 10595 (T.T.A.B. 2020).



The Board explained that “certification marks indicate that goods or services provided by persons other than the mark owner adhere to specified standards set by the mark owner, whereas trademarks indicate the source of the goods or services.”¹¹⁴ Geographic certification marks certify that an authorized user’s goods or services originate in a specific geographic region. Here, the certification statement in each of the cited registrations reads as follows: “[t]he Certification mark, used by persons authorized by certifier, certifies that the goods bearing the mark consist of apples grown in the State of Michigan.”¹¹⁵

As to the involved goods, the Board noted that apples are a necessary component of hard cider, and hard cider could be made from apples certified with registrant’s mark. The Board therefore found “a commercial relationship between Applicant’s ‘hard cider’ and Registrant’s identified goods and that the goods are related, meaning that this *du Pont* factor weighs in favor of finding a likelihood of confusion.”¹¹⁶

As to the marks, the Board observed that “[s]pecial considerations apply with regard to the first *du Pont* factor and geographic certification marks.”¹¹⁷ A registered certification mark containing a geographic designation that functions to certify regional origin is not considered geographically descriptive under Section 2(e)(2).¹¹⁸

Rather, a geographic certification mark is deemed distinctive because it serves to designate and certify the particular geographic origin of the relevant goods or services. Consequently, a registered geographic certification mark should not be considered “weak” or subject to a narrower

¹¹⁴ *Id.* at *2, quoting *In re Nat’l Ass’n of Veterinary Technicians in Am., Inc.*, 2019 U.S.P.Q.2d 269108, at *15 (T.T.A.B. 2019).

¹¹⁵ *Id.* at *1.

¹¹⁶ *Id.* at *4.

¹¹⁷ *Id.* at *5.

¹¹⁸ *Id.* at *2. See *Cmty. of Roquefort v. William Faehndrich Inc.*, 303 F.2d 494, 133 U.S.P.Q. 633, 635 (2d Cir. 1962) (“[S]ection 1052(e)(2), which prohibits registration of names primarily geographically descriptive, specifically excepts ‘indications of regional origin’ registrable under section 1054. Therefore, a geographical name may be registered as a certification mark even though it is primarily geographically descriptive.”)

scope of protection . . . Thus, we consider the “Michigan” component of the phrase MICHIGAN APPLES in the involved marks as inherently distinctive because it indicates the certification of the geographic source of the apples.¹¹⁹

Applicant St. Julian argued that the dominant portion of its mark is the initial word “REAL,” which serves to distinguish the marks. It contended that REAL MICHIGAN “suggests a geographical area and a product that is not artificial” whereas the cited certification marks “suggest a geographical area and a fleshy round fruit (apple or apple-flavored) product.”¹²⁰ Not surprisingly, the Board found that the involved marks convey a similar connotation and commercial impression: designating goods from the State of Michigan. The Board acknowledged that the marks differ in sound and appearance, but those differences were outweighed by the similarities in connotation and commercial impression.

In re Information Builders Inc.

One stylized letter in the word “INFORMATION” led to the TTAB’s affirmance of a Section 2(d) refusal of the mark INFORMATION BUILDERS and Design shown below left, for database software and related design services, in view of the design mark shown below right, for overlapping software and services. The Board found that even if, as the applicant argued, INFORMATION BUILDERS were considered the dominant portion of the mark, “the design functioning as the letter ‘O’ is nonetheless a salient, distinctive feature of Applicant’s mark which must be given due consideration.”¹²¹



Because the involved goods and services are in part legally identical, the Board is required to presume that those overlapping goods and services travel in the same channels of trade to the same classes of consumers.¹²² The applicant argued that its customers are

¹¹⁹ *Id.* at *5.

¹²⁰ *Id.* at *6.

¹²¹ *In re Information Builders Inc.*, 2020 U.S.P.Q.2d 10444, at *6 (T.T.A.B. 2020).

¹²² *In re Viterra Inc.*, 671 F.3d 1358, 101 U.S.P.Q.2d 1905, 1908 (Fed. Cir. 2012) (finding that the Board is entitled to rely on this legal presumption in determining likelihood of confusion); *In re Yawata Iron & Steel Co.*, 403 F.2d 752, 159 U.S.P.Q. 721, 723 (C.C.P.A.

sophisticated information technology professionals, but there was no such limitation in the identifications of goods and services. Thus the relevant consumers may include some who are not proficient in information technology.¹²³ Moreover, even sophisticated purchasers may not distinguish between similar trademarks for similar goods and services.¹²⁴ Nonetheless, in light of the inherent nature of the involved goods and services, some degree of care may be exercised by customers, and so this factor tipped slightly in the applicant's favor.

As to the marks, the examining attorney maintained that because the design of the letter "O" in the applicant's mark is highly similar to the entirety of registrant's mark, the marks may be easily confused. Furthermore, the individual words "INFORMATION" and "BUILDER" are highly descriptive of the applicant's goods and services relating to building business intelligence applications and systems.

The applicant contended that the phrase "INFORMATION BUILDERS" is the dominant portion of its mark because it is the verbal portion of a mark that is most likely to indicate the origin of the goods and services. Furthermore, it urged that the stylized letter "O" in its mark is distinguishable from the cited mark due to the vertical alignment and thickness of the identical bars in the cited design versus the thinner, unequal and misaligned bars in Applicant's stylized letter "O."¹²⁵

The Board was unmoved. It acknowledged that greater weight is often given to the wording in a mark since that is what purchasers use in ordering or requesting the goods or services. However, in appropriate circumstances the Board may give greater weight to the design element of a composite mark.¹²⁶

Moreover, the Board found that even if "INFORMATION BUILDERS" constitutes the dominant portion of the applicant's mark, the design of the letter "O" is a distinctive element that must be given appropriate consideration.

The design in Applicant's mark forms an integral part of the mark. It functions as the letter "O" but in a way that would

1968) (when there are legally identical goods, the channels of trade and classes of purchasers are considered to be the same).

¹²³ See *Stone Lion*, 110 U.S.P.Q.2d at 1163 (when the purchaser class is mixed, the Board considers the likelihood of confusion from the perspective of "the least sophisticated potential purchasers").

¹²⁴ *Information Builders*, 2020 U.S.P.Q.2d 10444 at *4.

¹²⁵ *Id.* at *5.

¹²⁶ *Id.* at *7. Cf. *Jack Wolfskin Ausrüstung Fur Draussen GmbH & Co. KGAA v. New Millennium Sports, S.L.U.*, 797 F.3d 1363, 116 U.S.P.Q.2d 1129, 1135 (Fed. Cir. 2015); see also *In re Electrolyte Labs. Inc.*, 913 F.2d 930, 16 U.S.P.Q.2d 1239, 1240 (Fed. Cir. 1990) ("There is no general rule as to whether letters or design will dominate in composite marks.").

be viewed by consumers as a distinct design and not simply as a stylized letter “O”. When comparing the design which functions as the letter “O” in Applicant’s mark with the cited mark, we are of the opinion that the two designs have substantial visual similarities.¹²⁷

Although one may discern differences between the two designs when placed side-by-side, purchasers in the marketplace “would not usually have the opportunity for a careful examination of these marks in minute detail, even if such consumers are sophisticated as suggested by Applicant.”¹²⁸

The Board saw “important resemblances in the overall design format and especially in the commercial impression which they convey to customers.”¹²⁹ The record, including a disclaimer of INFORMATION and BUILDERS, demonstrated that those two words are each descriptive in relation to the applicant’s good and services, and fail to create “a meaningful, distinguishable overall commercial impression to avoid a finding of likelihood of confusion.”¹³⁰

Concluding that the marks are similar in appearance and highly similar in commercial impression, the Board found that the first *du Pont* factor favored a finding of likely confusion.

The applicant pointed out that it already owns a registration for the mark shown below for goods identical to those of the involved application. The Board, however, found that the design element that functions as the letter “O” in that registered mark is sufficiently dissimilar from that of the cited mark so that both registrations may exist on the Principal Register.

Information Builders

Balancing the relevant *du Pont* factors, and emphasizing the similarity of the marks and the overlap in goods and services, the Board ruled that confusion is likely and it affirmed the Section 2(d) refusal.

¹²⁷ *Id.* at *6.

¹²⁸ *Id.* See *Grandpa Pidgeon’s of Mo., Inc. v. Borgsmiller*, 477 F.2d 586, 177 U.S.P.Q. 573, 574 (C.C.P.A. 1973) (differences in marks not likely to be recalled by consumers at spaced intervals; purchasers do not engage in trademark dissection).

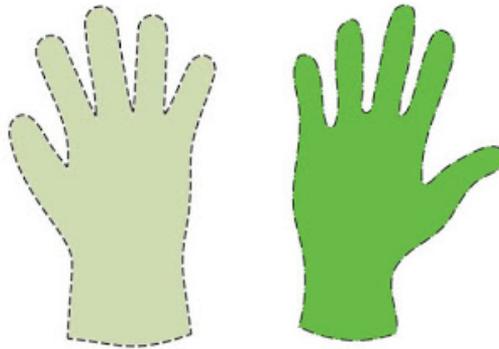
¹²⁹ *Id.* at *7.

¹³⁰ *Id.*

b. Likelihood of Confusion Not Found

In re Medline Industries, Inc.

In an rare Section 2(d) appeal involving color marks, the Board overturned a refusal to register, on the Supplemental Register, the color green (below left) as applied to “medical examination gloves” in view of the registered mark shown below right (also on the Supplemental Register), for the color green as applied to the exterior of “gloves for medical use” and “protective gloves for medical use.”¹³¹ Applicant Medline described its proposed mark as “the color green (Pantone 2274C),” while the cited registration refers to another shade, “the color green Pantone 7488U.” The examining attorney maintained that the marks should have been described in ordinary language as the color “green,” but the Board disagreed. The Board then found that the two shades of green “would be viewed and remembered, at most, as distant relatives in the green family” and it concluded that confusion as to source is “not likely.”¹³²



The Board observed that this case is “unusual” because the TTAB has issued only one precedential decision involving the issue of likelihood of confusion between two single-color marks in the nearly twenty-five years following the Supreme Court’s seminal decision in *Qualitex*:¹³³ namely, *In re Cook Medical Technologies LLC*.¹³⁴

Medline argued that many third parties “use different shades of green for medical gloves,” that more than forty different green medical gloves are available, and that many of those are more similar in color to the cited mark than its mark.¹³⁵ Therefore, it

¹³¹ *In re Medline Indus., Inc.*, 2020 U.S.P.Q.2d 10237 (T.T.A.B. 2020).

¹³² *Id.* at *13.

¹³³ 34 U.S.P.Q.2d 1161 (1995).

¹³⁴ 105 U.S.P.Q.2d 1377 (T.T.A.B. 2012) (finding “teal” for applicant’s medical devices confusable with registrant’s “blue” for catheters).

¹³⁵ *Medline Indus.*, 2020 U.S.P.Q.2d 10237 at *4.

asserted, “[i]n such a crowded field, ‘customers will not likely be confused between any two of the crowd and may have learned to carefully pick out one from the other.’”¹³⁶ The examining attorney asserted that these third-party uses were not probative because there was no showing that any of the manufacturers or providers of those gloves use the color green as an identifier of source. The Board sided with the examining attorney.

In *Cook Medical*, the Board found the absence of evidence of use or registration of color marks in the medical field tended to show that the mark there cited (the color “blue” for catheters) “is unique or at least not coexisting with similar marks in the field.”¹³⁷ In short, there was “no evidence to indicate that medical professionals who are likely to purchase the involved goods are accustomed to distinguishing between marks based on color, and particularly subtle differences in color.”¹³⁸

Thus, *Cook Medical* teaches that “what is relevant, under the sixth *du Pont* factor in single-color cases, is evidence of the existence of third-party **marks**, not simply the presence in the marketplace of third-party goods bearing some shade of the color at issue.”¹³⁹

The Board’s treatment of this factor in *Cook Medical* is consistent with the Federal Circuit’s analysis of the sixth *du Pont* factor in cases involving more traditional forms of marks such as words and designs. *See, e.g., Omaha Steaks Int’l Inc. v. Greater Omaha Packing Co.*, 908 F.3d 1315, 128 U.S.P.Q.2d 1686, 1693 (Fed. Cir. 2018) (“[t]he purpose of introducing evidence of third-party use is to show that customers have become so conditioned by a plethora of such similar marks that customers have been educated to distinguish between different [such] marks on the bases of minute distinctions.”).¹⁴⁰

The Board observed that none of the third-party green medical gloves proffered by Medline were displayed in a way that identifies or refers to green or a particular shade of green as a trademark, and so “it is thus very unlikely that the colors or shades of green used by

¹³⁶ *Id.*, quoting J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 11:85 (5th ed. 2018).

¹³⁷ *Cook Medical*, 105 U.S.P.Q.2d at 1383.

¹³⁸ *Id.*

¹³⁹ *Medline Indus.*, 2020 U.S.P.Q.2d 10237 at *5 (emphasis added).

¹⁴⁰ *Id.* (internal quotations and quotation marks omitted).

third parties on medical gloves would be perceived as marks.”¹⁴¹ The Board therefore found the sixth *du Pont* factor¹⁴² to be neutral.

Nonetheless, under the catch-all thirteenth *du Pont* factor, the Board may consider “[a]ny other established fact probative of the effect of use.”¹⁴³ Noting that the cited registration resides on the Supplemental Register, the Board found that “the third-party non-trademark uses of shades of green on medical gloves tend to impair the cited Supplemental Register mark’s ability to acquire distinctiveness, and to limit its scope of protection if it did acquire distinctiveness.”¹⁴⁴ Therefore, the evidence of third-party use of the color green by third parties “corroborates the weakness of the cited mark and its limited potential scope of protection,” and “weighs against a likelihood of confusion.”¹⁴⁵

Although the examining attorney asserted that the “applied-for mark is the color green” and the “cited mark is the color green,” neither the cited registration nor the application describes the claimed color simply by a general term. The registration describes the claimed mark as “the color green Pantone 7488U,” while Medline’s application states that its mark is “the color green (Pantone 2274C).” The examining attorney maintained that the colors should have been described in ordinary language—as the color “green”—and that each mark is simply a shade of green. The Board disagreed.

“[M]arks designating commercial color identification systems, such as PANTONE . . . may appear in connection with a color identifier in the description of the mark, because greater precision in identifying the color may be critical in accurately describing the mark and such third-party use is an intended use of commercial color identification-system terminology.”¹⁴⁶

Because the drawings in the application and cited registration are in color and show the particular shades of green claimed, and because both refer to Pantone designations to identify a specific shade of green, the Board concluded that it “cannot simply read one

¹⁴¹ *Id.* at *6-7. *See, e.g., Kohler Co. v. Honda Giken Kogyo K.K.*, 125 U.S.P.Q.2d 1468, 1516-17 (T.T.A.B. 2017) (absence of “look-for” advertising significantly contributed to the applicant’s failure to establish that its claimed trade dress had acquired distinctiveness).

¹⁴² The sixth *du Pont* factor considers “the number and nature of similar marks in use on similar goods.” *du Pont*, 177 U.S.P.Q. at 567.

¹⁴³ *Id.*

¹⁴⁴ *Medline Indus.*, 2020 U.S.P.Q.2d 10237 at *7.

¹⁴⁵ *Id. See, e.g., Milwaukee Elec. Tool Corp. v. Freud Am., Inc.*, 2019 U.S.P.Q.2d 460354, at *25 (T.T.A.B. 2019) (ordering cancellation of registrations of the color red for cutting tools due to lack of sufficient evidence of acquired distinctiveness where record showed 20 third-party uses of red for such goods).

¹⁴⁶ *Id.* at *11, quoting TMEP § 808.02.

color claim to encompass the other claimed color, as in *Cook Medical*.¹⁴⁷

Against the backdrop of the prominent display of the claimed marks on the goods, and acknowledging the inherent subjectivity of our determination, we find that there are significant differences in visual appearance between Registrant's shade of green and Applicant's shade of green. As shown in the registration drawing, Registrant's claimed shade is a bright, attention-grabbing hue that is squarely within the green color family and would be perceived and recalled as such. . . . Even when not viewed in proximity (or in comparison) to Registrant's mark, Applicant's claimed mark, as shown in the application drawing, appears as a subdued, pale shade that would be perceived as somewhere on the outer periphery of the green color family.¹⁴⁸

Observing that *Cook Medical* referred to the issue of the similarity of two color marks as "really nothing more than a subjective 'eyeball test,'"¹⁴⁹ the Board found that the marks at issue "would be viewed and remembered, at most, as distant relatives in the green family."¹⁵⁰

[C]onsumers with an imperfect or even dim recollection of Registrant's bright shade, and who have been exposed to the use of multiple other shades of green on medical gloves and are then exposed to Applicant's pale shade, are not likely to view the two shades as similar, or to view gloves bearing them as being the product of one and the same producer.¹⁵¹

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

In re Yarnell Ice Cream, LLC

An ice cream-dispensing mascot named "Scoop" got the cold shoulder from the TTAB in this mind-numbing appeal. The Board affirmed three refusals to register the proposed mark SCOOP for "frozen confections and ice cream promoted and distributed by a mascot named SCOOP at product promotions and distributions of the frozen confections and ice cream," finding that the term is merely descriptive of ice cream and lacks acquired distinctiveness,

¹⁴⁷ *Id.*

¹⁴⁸ *Id.* at *13.

¹⁴⁹ *Id.* at *11, quoting *Cook Medical*, 105 U.S.P.Q.2d at 1381 (quoting McCarthy § 7:45).

¹⁵⁰ *Id.* at *13.

¹⁵¹ *Id.*

that it fails to function as a source indicator, and that Applicant Yarnell's specimens of use were unacceptable.¹⁵²

Yarnell claimed that the examining attorney had engaged in what it called "goods mutilation" because she considered the involved goods to be "ice cream," ignoring the additional language, "as promoted or distributed by a mascot named SCOOP, at product promotions and distributions of Applicant's ice cream and frozen confection."¹⁵³ The Board therefore first determined the import of that additional language, finding guidance in the CAFC's decision in *In re i.am.symbolic*.¹⁵⁴ There, the applicant included in its identification of its various goods the phrase "associated with William Adams, professionally known as 'will.i.am.'" The CAFC agreed with the Board that:

The will.i.am restriction does not: (1) limit the goods "with respect to either trade channels or class of purchasers"; (2) "alter the nature of the goods identified"; or (3) "represent that the goods will be marketed in any particular, limited way, through any particular, limited trade channels, or to any particular class of customers."¹⁵⁵

Similarly, Yarnell's additional language "at most" specifies that the goods will be marketed in a particular manner but it does not alter the nature of the goods in any meaningful way, or restrict the nature or type of the goods, or limit the classes of consumers.¹⁵⁶ The identification of goods specifies that SCOOP is the name of Yarnell's mascot, but Yarnell sought to register the mark for "frozen confections and ice cream," not live performances by a mascot. Accordingly, the Board "must assess the registrability of Applicant's proposed mark for 'frozen confections and ice cream' consumed by members of the general public."¹⁵⁷

In light of a dictionary definition of "scoop," third-party usage, media references, and webpages discussing how to scoop ice cream, the Board concluded that the word means "a serving portion of ice cream and frozen confections."¹⁵⁸ The word "scoop" has been disclaimed in a number of third-party registrations for marks for ice cream or frozen confections. Yarnell itself uses the word "scoop," or its pictorial equivalent, to identify the serving portion of its goods.

¹⁵² *In re Yarnell Ice Cream, LLC*, 2019 U.S.P.Q.2d 265039 (T.T.A.B. 2019). The failure-to-function and unacceptable specimen refusals are discussed in Part I.C.10, below.

¹⁵³ *Id.* at *3.

¹⁵⁴ 866 F.3d 1315, 123 U.S.P.Q.2d 1744 (Fed. Cir. 2017).

¹⁵⁵ *Id.* at 1750, quoting the TTAB's decision in *i.am.symbolic*, 116 U.S.P.Q.2d at 1410.

¹⁵⁶ *Yarnell*, 2019 U.S.P.Q.2d 265039 at *5.

¹⁵⁷ *Id.*

¹⁵⁸ *Id.* at *7.

On the basis of the record as a whole, including Applicant's and third parties' uses of "scoop," we find that the applied-for mark describes "a feature, quality, or characteristic of the goods . . . for which registration is sought," *In re N.C. Lottery*, 866 F.3d 1363, 123 U.S.P.Q.2d 1707, 1709, namely, that they are traditionally provided in a "scoop"-sized serving portion.¹⁵⁹

The Board rejected Yarnell's contention that SCOOP is a double entendre that also refers to "information of [sic] Yarnell products" or a "news 'scoop,'" and therefore does not merely describe the goods.¹⁶⁰ The Board pointed out that the second meaning of a double entendre must be "apparent upon seeing the mark in connection with the [goods]."¹⁶¹ Yarnell provided no evidence that the interpretation of the mark as a "news 'scoop'" is one "that the public would make fairly readily" because it is "readily apparent from the mark itself."¹⁶² Here, in the context of Yarnell's goods as identified in the application, "the applied-for mark describes a serving size, not hot news."¹⁶³

The Board therefore found that SCOOP is merely descriptive of the goods under Section 2(e)(1).¹⁶⁴

Turning to Yarnell's claim of acquired distinctiveness under Section 2(f),¹⁶⁵ the Board observed that the more descriptive a term, the more evidence is required to establish acquired distinctiveness.¹⁶⁶ Concluding that the applied-for mark has "little, if any, source-identifying capacity" for the identified goods, the Board agreed with the examining attorney that SCOOP is "highly descriptive of ice cream and frozen confections."¹⁶⁷

Yarnell argued that its five years of use of the mark entitles it to a presumption of acquired distinctiveness under Section 2(f),¹⁶⁸

¹⁵⁹ *Id.* at *7.

¹⁶⁰ *Id.* at *6.

¹⁶¹ *Id.* at *7, quoting *In re Ethnic Home Lifestyles Corp.*, 70 U.S.P.Q.2d 1156, 1159 (T.T.A.B. 2003); *see also* TMEP § 1213.05(c).

¹⁶² *Id.* at *7-8, quoting *In re Calphalon Corp.*, 122 U.S.P.Q.2d 1153, 1163 (T.T.A.B. 2017).

¹⁶³ *Id.* at *8.

¹⁶⁴ Section 2(e)(1) of the Lanham Act, 15 U.S.C. § 1052(e)(1), in pertinent part, bars registration of a mark that "when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them."

¹⁶⁵ Section 2(f) of the Lanham Act, 15 U.S.C. § 1052(f), provides in pertinent part that "[e]xcept as expressly excluded in subsections (a), (b), (c), (d), (e)(3), and (e)(5) of this section, nothing [herein] shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce."

¹⁶⁶ *See, e.g.*, *Royal Crown Cola Co. v. Coca-Cola Co.*, 892 F.3d 1358, 127 U.S.P.Q.2d 1041, 1047 (Fed. Cir. 2018); *In re Steelbuilding.com*, 415 F.3d 1293, 75 U.S.P.Q.2d 1420, 1424 (Fed. Cir. 2005).

¹⁶⁷ *Yarnell*, 2019 U.S.P.Q.2d 265039 at *9.

¹⁶⁸ Section 2(f) of the Lanham Act, 15 U.S.C. § 1052(f) states that:

but the Board pointed out that Section 2(f) provides no such presumption. Rather, it states that the USPTO *may* accept five years of substantially exclusive and continuous use as prima facie evidence of acquired distinctiveness. It is not required to do so.¹⁶⁹ “The USPTO and the Board have discretion to find such a use claim insufficient, especially where, as here, the mark at issue is highly descriptive.”¹⁷⁰

Moreover, there was little evidence of Yarnell’s use of SCOOP to identify the source of its ice cream at the public appearances of the mascot, and its mascot wore the SCOOP name tag only at some events. There were no details as to the number of people viewing the events, and no evidence that the mascot or the mark has been featured in advertising. The Board concluded that Yarnell had failed to provide sufficient evidence to prove acquired distinctiveness, and so the Board rejected its Section 2(f) claim.

*In re National Ass’n of Veterinary Technicians
in America, Inc.*

TTAB decisions concerning certification marks are about as common as a traffic cop in Boston. Here, the Board affirmed a refusal to register the proposed certification mark VETERINARY TECHNICIAN SPECIALIST for “veterinary medicine services,” finding the term merely descriptive of the services and lacking acquired distinctiveness.¹⁷¹

Certification marks are subject to the same statutory bars to registration as other marks, including mere descriptiveness under Section 2(e)(1) of the Trademark Act.¹⁷²

The Board first considered the descriptiveness or genericness of the component terms “veterinary technician” and “specialist.”

The evidence established that “veterinary technician” is the recognized name for an individual who provides veterinary medicine services. The applicant’s promotional material repeatedly referred

The Director may accept as prima facie evidence that the mark has become distinctive, as used on or in connection with the applicant’s goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made.

¹⁶⁹ *Yarnell*, 2019 U.S.P.Q.2d 265039 at *9, citing *In re La. Fish Fry Prods., Ltd.*, 797 F.3d 1332, 116 U.S.P.Q.2d 1262, 1265 (Fed. Cir. 2015).

¹⁷⁰ *Id.* at *11.

¹⁷¹ *In re Nat’l Ass’n of Veterinary Technicians in Am., Inc.*, 2019 U.S.P.Q.2d 269108 (T.T.A.B. 2019).

¹⁷² *Id.* at *1. See, e.g., *In re Council on Certification of Nurse Anesthetists*, 85 U.S.P.Q.2d 1403 (T.T.A.B. 2007) (affirming refusal to register merely descriptive certification mark “CRNA” on the ground that it lacked acquired distinctiveness); *In re Nat’l Ass’n of Legal Secretaries (Int’l)*, 221 U.S.P.Q. 50, 52 (T.T.A.B. 1983) (certification marks subject to “the Section 2 qualifications and bans, including those of Section 2(e)”).

to “veterinary technicians” in a descriptive or generic manner, as do third parties in the same field.

The term “specialist” is defined as “one who specializes in a particular occupation, practice, or branch of learning.”¹⁷³ The evidence submitted by the examining attorney included the applicant’s own certification statement and promotional materials, which use the terms “specialty” and “specialization” in a descriptive or generic manner in connection with its services, and third-party registrations that included disclaimers of SPECIALIST in the context of medical services, including several certification mark registrations. Most of the registrations reside on the Supplemental Register,¹⁷⁴ and so the disclaimers reflect the treatment of SPECIALIST as a generic term.¹⁷⁵

The applicant pointed to 25 third-party registrations that do not include disclaimers of SPECIALIST, some for medical services, but the Board noted that 21 of them were issued based upon acquired distinctiveness under Section 2(f). “Thus, the record shows that in this context, the term SPECIALIST describes or refers to a person who specializes in a particular type of veterinary medicine. Like the component VETERINARY [sic] TECHNICIAN, the component SPECIALIST on its own is not inherently distinctive for veterinary medicine services.”¹⁷⁶

The question, then, was whether the combination of these two descriptive terms engenders a “new and different commercial impression.”¹⁷⁷

The evidence established that the combination of terms produces no new meaning. “The terms retain their ordinary meanings, and when combined, the entire proposed mark VETERINARY TECHNICIAN SPECIALIST refers to a veterinary technician who has become a specialist in a particular field of veterinary medicine.”¹⁷⁸ Therefore, the proposed mark is merely descriptive of the services under Section 2(e)(1).

¹⁷³ *Id.* at *3.

¹⁷⁴ Section 23(e) of the Lanham Act, 15 U.S.C. § 1091(e), permits registration on the Supplemental Register of a mark that “may consist of any . . . configuration of goods . . . that as a whole is not functional . . . but such mark must be capable of distinguishing the applicant’s goods or services.”

¹⁷⁵ *Veterinary Technicians*, 2019 U.S.P.Q.2d 269108 at *4. *See* TMEP § 1213.03(a) (“If a mark is comprised in part of matter that, as applied to the goods or services, is generic or does not function as a mark, the matter must be disclaimed to permit registration on the Principal Register (including registration under § 2(f) of the Act) or on the Supplemental Register.”).

¹⁷⁶ *Id.*

¹⁷⁷ *Id.*

¹⁷⁸ *Id.* at *4-5. *See, e.g., In re Petroglyph Games Inc.*, 91 U.S.P.Q.2d 1332, 1337 (T.T.A.B. 2009) (BATTLECAM merely descriptive for computer game software); *In re Phoseon Tech., Inc.*, 103 U.S.P.Q.2d 1822, 1823 (T.T.A.B. 2012) (SEMICONDUCTOR LIGHT

The Board further found, based on the “nature and volume of evidence,” that the proposed mark is “not only merely descriptive of the identified services but highly descriptive as well.”¹⁷⁹

Turning to the issue of acquired distinctiveness under Section 2(f), the Board pointed out that, for certification marks, “the focus of the evidentiary showing differs from that for trademarks because certification marks indicate that goods or services provided by persons other than the mark owner adhere to specified standards set by the mark owner, whereas trademarks indicate the source of the goods or services.”¹⁸⁰ “[W]hen an applicant seeks registration of a certification mark, it is the use by persons other than the owner of the mark, subject to the owner’s control, which is the primary consideration in determining how members of the relevant public will perceive the mark.”¹⁸¹

Because the proposed mark is highly descriptive, applicant faced a “high” evidentiary burden to establish acquired distinctiveness.¹⁸²

The types of evidence to be assessed and weighed in determining acquired distinctiveness of a certification mark are for the most part the same as those for trademarks and include: (1) actual purchasers’ association of the mark with indicating certification; (2) length, degree, and exclusivity of use; (3) amount and manner of advertising; (4) amount of sales and number of customers; (5) intentional copying; and (6) unsolicited media coverage.¹⁸³

The Board found that the applicant’s evidence does not show that “users of veterinary medicine services have come to recognize the applied-for mark as indicating that the person performing the services has met certain standards set by Applicant (*i.e.*, that the person ‘has completed the required curriculum of a defined body of veterinary technology knowledge pertinent to that particular

MATRIX merely descriptive of light and UV curing systems composed primarily of light-emitting diodes for industrial and commercial applications).

¹⁷⁹ *Id.* at *5. See *Royal Crown*, 127 U.S.P.Q.2d at 1045 (instructing Board to first determine whether a proposed mark is highly descriptive rather than merely descriptive before assessing acquired distinctiveness).

¹⁸⁰ *Id.* See Section 45 of the Lanham Act, 15 U.S.C. § 1127 (defining “trademark” and “certification mark”); see also TMEP § 1306.01(b) (“[T]he purpose of a certification mark is to inform purchasers that the goods or services of a person possess certain characteristics or meet certain qualifications or standards established by another person. A certification mark does not indicate origin in a single commercial or proprietary source the way a trademark or service mark does”).

¹⁸¹ *Id.*

¹⁸² *Id.* at *6. See, e.g., *Council on Certification of Nurse Anesthetists*, 85 U.S.P.Q.2d at 1415 (initialism CRNA for “Certified Registered Nurse Anesthetist” found to be highly descriptive, increasing “the evidentiary burden on the user to establish acquired distinctiveness”).

¹⁸³ *Id.* at *5-6. See *Converse, Inc. v. Int’l Trade Comm’n*, 907 F.3d 1361, 128 U.S.P.Q.2d 1538, 1546 (Fed. Cir. 2018).

specialty’)”¹⁸⁴ The applicant’s use of the term since 1995, the existence of sixteen certified users, and webpages and promotional materials that refer to the proposed mark did not suffice to vault the proposed mark over the Section 2(e)(1) mere descriptiveness hurdle.¹⁸⁵

In re Omniome, Inc.

Ruling, not surprisingly, that statements made in patent filings by a trademark applicant (and by third parties) are probative evidence as to the descriptiveness of a term, the TTAB affirmed a Section 2(e)(1) mere descriptiveness refusal of SEQUENCING BY BINDING for goods and services relating to the analysis of biological analytes.¹⁸⁶ Dictionary definitions, industry articles, the applicant’s patents and patent applications, and statements in its appeal briefs left the Board with no doubt that the proposed mark “immediately conveys information to the relevant target audience, microbiologists, concerning features and characteristics of Applicant’s reagents, analyzers, biological analysis devices and biological analysis services, *i.e.*, a DNA sequencing process that relies on identifying binding sites to determine the sequence of DNA molecular structure.”¹⁸⁷

A mark is “merely descriptive” under Section 2(e)(1) “if it immediately conveys information concerning a feature, quality, or characteristic of the goods or services for which registration is sought.”¹⁸⁸ Any doubt as to the mere descriptiveness of a proposed mark is resolved in favor of the applicant.¹⁸⁹

Omniome’s own use of the proposed mark is relevant evidence of its descriptiveness, including descriptive usage in its patent filings.¹⁹⁰ Likewise, U.S. patents or patent applications of third parties may provide relevant evidence of descriptiveness.¹⁹¹ The

¹⁸⁴ *Id.* at *6.

¹⁸⁵ *See, e.g., Council on Certification of Nurse Anesthetists*, 85 U.S.P.Q.2d at 1414-15 (although there was no evidence of third-party use of the same or similar highly descriptive designation, nearly 50 years of use deemed insufficient to establish acquired distinctiveness where the applicant failed to establish its recognition by consumers as a certification mark).

¹⁸⁶ *In re Omniome, Inc.*, 2020 U.S.P.Q.2d 3222 (T.T.A.B. 2019).

¹⁸⁷ *Id.* at *11.

¹⁸⁸ *Id.* at *3. *See In re N.C. Lottery*, 866 F.3d 1363, 123 U.S.P.Q.2d 1707, 1709 (Fed. Cir. 2017) (FIRST TUESDAY merely descriptive of lottery cards (citing *In re Bayer A.G.*, 488 F.3d 960, 82 U.S.P.Q.2d 1828, 1831 (Fed. Cir. 2007) (ASPIRINA merely descriptive of analgesics))).

¹⁸⁹ *Id.* *See In re Fat Boys Water Sports LLC*, 118 U.S.P.Q.2d 1511, 1512 (T.T.A.B. 2016).

¹⁹⁰ *Id.* at *4.

¹⁹¹ *Id.* at *4-5. *See, e.g., In re Empire Tech. Dev. LLC*, 123 U.S.P.Q.2d 1544, 1546, 1551 (T.T.A.B. 2017) (in affirming a refusal to register COFFEE FLOUR on the Supplemental Register, the Board relied in part on the applicant’s published U.S. patent application

Board underscored the possible pertinence of patent-related evidence:

[W]e pause here to specifically add such evidence to the list (that is, dictionaries, newspapers, surveys, websites, publications, advertising material directed to the goods or services, and the textual matter contained in an applicant's own specimen of use) of the types of evidence from which mere descriptiveness may be obtained.¹⁹²

Turning to the proposed mark SEQUENCING BY BINDING, the Board found, based on industry articles made of record and on the identification of goods and services in the subject application, that microbiologists are the relevant consumers for purposes of determining the descriptiveness of the proposed mark.

Omniome argued that SEQUENCING BY BINDING is a coined term that has no recognized meaning other than as the applicant's mark, that it does not describe the goods and services with any degree of particularity, and that there was no evidence of third-party descriptive use or of the need of competitors to use SEQUENCING BY BINDING descriptively. The Board, however, found that the term "immediately describes the function and purpose of Applicant's goods and services."¹⁹³

That is, the identified goods and services are used to sequence DNA by the process of binding. Applicant's goods and services are identified broadly and are presumed to encompass goods and services of all types, including those for use in DNA sequencing by binding or conducting of analysis of biological analytes via DNA sequencing by binding.¹⁹⁴

Finally, the Board observed once again that even if an applicant is the first or only user of a term, that does not *ipso facto* render the term distinctive.¹⁹⁵

which explained in detail the claimed invention for obtaining "coffee flour" from sub-products of coffee production).

¹⁹² *Id.* at *5.

¹⁹³ *Id.* at *10.

¹⁹⁴ *Id.*

¹⁹⁵ *Id.* at *11. See *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 72 U.S.P.Q.2d 1833, 1838 (2004) (trademark law does not countenance someone obtaining "a complete monopoly on use of a descriptive term simply by grabbing it first") (citing *Canal Co. v. Clark*, 13 Wall. 311, 323-24, 327 (1872)).

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

In re Colors in Optics, Ltd.

Adding an initial or two to a surname may or may not avoid a Section 2(e)(4) surname refusal.¹⁹⁶ It depends on how relevant consumers perceive the proposed mark. Here, the Board upheld a refusal to register J HUTTON for “Eyewear, eyewear frames and sunglasses,” finding the mark to be primarily merely a surname.¹⁹⁷ Applicant Colors in Optics argued that J HUTTON is not a surname but rather a reference to a specific individual because of the inclusion of the initial “J” in the mark. It submitted third-party registrations for various marks consisting of surnames preceded by one or more initials, which registrations issued without a Section 2(f) claim of acquired distinctiveness.

Colors in Optics did not dispute that HUTTON is primarily merely a surname, and it admitted that Hutton is the surname of a person associated with the company, Jade Hutton. It contended that the mark, as a whole, refers to and identifies Jade Hutton. The Board, however, observed that “[p]erhaps that was Applicant’s intention, but the question is not what J HUTTON means to Applicant. The question is what it means to relevant consumers.”¹⁹⁸

The Board distinguished the J.J. YELEY decision,¹⁹⁹ involving a well-known NASCAR driver who sought to register his name as a trademark for a host of goods. Mr. Yeley submitted a declaration explaining how the mark J. J. YELEY was used, noting that many other NASCAR drivers used their names as trademarks. The evidence established that J. J. YELEY had a recognized meaning as a mark due to his popularity, and so the Board reversed the surname refusal, concluding that “the primary significance of J. J. YELEY is a personal name and the identity of the race car driver.”²⁰⁰

Here, there was no evidence that consumers identify Jade Hutton as “J Hutton.” The Board found this case to be indistinguishable from *In re I. Lewis Cigar Mfg. Co.*,²⁰¹ in which S. SEIDENBERG & CO’S was found to be primarily merely a surname, the court stating: “It seems to us that ‘Seidenberg’ is clearly a surname which can have no other meaning or significance

¹⁹⁶ Section 2(e)(4) of the Lanham Act, 15 U.S.C. § 1052(e)(4), bars registration of a mark that “is primarily merely a surname.”

¹⁹⁷ *In re Colors in Optics, Ltd.*, 2020 U.S.P.Q.2d 53784 (T.T.A.B. 2020).

¹⁹⁸ *Id.* at *2, citing *In re Kahan & Weisz Jewelry Mfg. Corp.*, 508 F.2d 831, 184 U.S.P.Q. 421, 422 (C.C.P.A. 1975) (“a correct resolution of the issue can be made only after the primary significance of the mark to the purchasing public is determined”).

¹⁹⁹ *In re J.J. Yeley*, 85 U.S.P.Q.2d 1150 (T.T.A.B. 2007).

²⁰⁰ *Id.* at 1154. See also *In re P.J. Fitzpatrick, Inc.*, 95 U.S.P.Q.2d 1412, 1413 (T.T.A.B. 2010) (P.J. FITZPATRICK, INC. found to be “an entire personal name, not ‘merely’ a surname”).

²⁰¹ 205 F.2d 204, 98 U.S.P.Q. 265 (C.C.P.A. 1953).

than that of a surname. Nor do we believe that the addition of the single initial is sufficient to remove it from that category.”²⁰²

In some cases, adding one initial to a surname may lead consumers to perceive the mark as a personal name, while in others even adding two initials may not create such an impression. “In all cases involving a surname preceded by one or more initials, it is the factual record that matters most, because only from such a record can we make reliable findings about consumer perception.”²⁰³

As the Board noted in *Fitzpatrick*, “if a mark consists of two initials (or more) coupled with a surname, it typically will convey a commercial impression of a personal name, and thus generally will not be primarily merely a surname.” 95 U.S.P.Q.2d at 1413. As the Board further explained however, “there is no per se rule” regarding the addition of initials to surnames. *Yeley*, 85 U.S.P.Q.2d at 1154; *see also Fitzpatrick*, 95 U.S.P.Q.2d at 1413 (noting *I. Lewis* did not set out a per se rule).²⁰⁴

The examining attorney made a prima facie showing that J HUTTON is primarily merely a surname, while Applicant Colors in Optics provided no evidence of consumer perception of the proposed mark. The third-party registration evidence submitted by Colors in Optics showed that:

[T]he combination of one or more initials with a surname may be found, depending on the evidence in the case, to indicate that the public would not perceive such a designation as primarily merely a surname, but those registrations are not evidence of how consumers will perceive the mark at issue in this appeal.²⁰⁵

Concluding that Colors in Optics had failed to overcome the examining attorney’s prima facie case, the Board affirmed the refusal to register.

7. Section 2(e)(5) Functionality

In re OEP Enterprises, Inc.

In view of Applicant OEP’s own utility patent, the Board had no hesitation in affirming a Section 2(e)(5)²⁰⁶ functionality refusal of the product configuration shown below, for umbrellas. Although Section 2(e)(5) is an absolute bar to registration, the Board also

²⁰² *Id.* at 267.

²⁰³ *Colors in Optics*, 2020 U.S.P.Q.2d 53784 at *3.

²⁰⁴ *Id.*

²⁰⁵ *Id.* at *4.

²⁰⁶ Section 2(e)(5) of the Lanham Act, 15 U.S.C. § 1052(e)(5), bars registration of a mark that “comprises any matter that, as a whole, is functional.”

considered OEP's claim of acquired distinctiveness under Section 2(f) but found its proofs inadequate.²⁰⁷



Acknowledging that the application drawing “depicts the mark to be registered,” and that unclaimed matter must be shown in broken lines,²⁰⁸ the Board nonetheless concluded that the assessment of functionality must take into account the entire configuration of the umbrella and not, as OEP contended, just the “mesh lower canopy of a double canopy umbrella.”²⁰⁹

OEP did not dispute that the handle, shaft, runner, and ribs of the umbrella are functional, nor that the upper canopy “blocks the rain or sunlight from the user.”²¹⁰ The question, then, was “whether the mesh canopy is also functional or, if it is not, whether its non-functionality makes the applied-for mark as a whole non-functional.”²¹¹

OEP owned a design patent on the umbrella design and the Board agreed that this is evidence of non-functionality. “Our law recognizes that the existence of a design patent for the very design for which trademark protection is sought ‘presumptively . . . indicates that the design is not de jure functional.’”²¹² However, the existence of a design patent is not dispositive of the functionality issue.²¹³

OEP also owned a now-expired utility patent that depicted a dual-canopy umbrella.²¹⁴ The patent specification stated that, in

²⁰⁷ *In re OEP Enters, Inc.*, 2019 U.S.P.Q.2d 309323 (T.T.A.B. 2019).

²⁰⁸ *Id.* at *2, quoting *In re Heatcon, Inc.*, 116 U.S.P.Q.2d 1366, 1379 (T.T.A.B. 2015).

²⁰⁹ *Id.*

²¹⁰ *Id.* at *4.

²¹¹ *Id.*

²¹² *Id.* at *6, citing *In re Becton, Dickinson & Co.*, 675 F.3d 1368, 102 U.S.P.Q.2d 1372, 1377 (Fed. Cir. 2012). In this author’s view, the existence of a design patent should have no bearing on the issue of whether the proposed mark is functional in a trademark sense because the respective standards for functionality are different. See Sarah Burstein, *Faux Amis in Design Law*, 105 TMR 1455 (2015).

²¹³ *Id.* at *7.

²¹⁴ U.S. Patent No. 5,890,506, entitled “Umbrella and Umbrella Canopy.”

contrast to some prior designs that utilize die cut holes, the mesh material **“provides strength to the entire first canopy portion 22, helping to keep the first canopy portion taut.”**²¹⁵ Moreover, the mesh portions are **“easier to sew along the panel seams,”**²¹⁶ and there is less waste of material as compared to die cut vent holes. And, according to the patent, **“the present invention has significantly greater airflow than the prior art designs.”**²¹⁷ The Board observed that the inclusion of these statements in the specification of the patent rather than in the claims “does not matter.”²¹⁸

Moreover, several dependent claims of the patent “teach all elements of the applied-for mark, including the lower mesh canopy on which Applicant focuses on appeal. The fact that the mesh element also appears in the claims confirms what the Specification makes explicit: the mesh element has utilitarian benefits.”²¹⁹

The strong and explicit evidence from the ‘506 Utility Patent that the applied-for mark as a whole is functional rebuts any initial presumption of non-functionality resulting from the existence of the ‘125 Design Patent. In fact, we view the disclosures in the ‘506 Utility Patent as so strong as to be sufficient, by themselves, to sustain the functionality refusal without consideration of the other *Morton-Norwich* categories of evidence. See *Grote Indus., Inc. v. Truck-Lite Co., LLC f/k/a/ Truck-Lite Co., Inc.*, 126 U.S.P.Q.2d 1197, 1203 (T.T.A.B. 2018).²²⁰

For the sake of completeness, the Board went on to discuss the other *Morton-Norwich* factors.²²¹

In its advertising, Applicant OEP referred to its “[p]atented double canopy mesh system,” thus reflecting OEP’s view that the patented design was an improvement over previous designs (particularly with regard to preventing inversion of the umbrella). It generally claimed that its patented umbrellas are superior to

²¹⁵ *OEP Enters.*, 2019 U.S.P.Q.2d 309323 at *7.

²¹⁶ *Id.*

²¹⁷ *Id.*

²¹⁸ *Id.* at *9, citing *Becton, Dickinson*, 102 U.S.P.Q.2d at 1377 (“*Traffix* [58 U.S.P.Q.2d at 1006] teaches that statements in a patent’s specification illuminating the purpose served by a design may constitute equally strong evidence of functionality”).

²¹⁹ *Id.*

²²⁰ *Id.* at *10-11.

²²¹ *Morton-Norwich* identifies four nonexclusive categories of evidence that may be helpful in determining whether a particular design is functional: (1) the existence of a utility patent disclosing the utilitarian advantages of the design; (2) advertising materials in which the originator of the design touts the design’s utilitarian advantages; (3) the availability to competitors of functionally equivalent designs; and (4) facts indicating that the design results in a comparatively simple or cheap method of manufacturing the product.

other umbrellas. The Board found that these materials provided “some additional support for a finding of . . . functionality.”²²²

As to alternative designs, OEP contended that there are many other types of “air transmissible lower canopies on the market, including various cutouts (e.g., circles, irregular shapes, etc.), no material at all, and other types of air transmissible materials.”²²³ The Board noted, however, that there was no showing that these designs “work as well as Applicant’s design.”²²⁴

Competitors are now free to produce the umbrellas taught in the ‘506 Utility Patent because it has expired, and competition would be inhibited if Applicant could use trademark law to prevent production of what Applicant claimed in the expired ‘506 Utility Patent to be a superior two-canopy umbrella design. *See Qualitex*, 34 U.S.P.Q.2d at 1163-64.²²⁵

Finally, as to cost of manufacture, the Board observed that “evidence that a design costs more, or has no impact on cost, is irrelevant if the design is found to work better.”²²⁶ In any case, in light of the “clear statements about cost savings in the ‘506 Utility Patent,” the Board found that the proposed mark has “at least some cost-related benefits in addition to use-related ones.”²²⁷ Thus, this factor also provided support for the finding of functionality.

The Board concluded that the proposed mark as a whole is functional, and it therefore affirmed the refusal to register.

Even though a finding of functionality under Section 2(e)(5) precludes registration of a proposed mark,²²⁸ the Board went on to discuss OEP’s claim of acquired distinctiveness.

The burden of proving acquired distinctiveness for a product configuration is heavier than for word marks because consumers are not predisposed to view product shapes as source indicators.²²⁹ Moreover, “[w]here, as here, many third parties are using similarly-

²²² *OEP Enters.*, 2019 U.S.P.Q.2d 309323 at *12.

²²³ *Id.* at *13.

²²⁴ *Id.*

²²⁵ *Id.* at *14.

²²⁶ *Id.*

²²⁷ *Id.* at *15.

²²⁸ *Id.* See 15 U.S.C. §§ 1052(e)(5) and 1052(f); *In re Change Wind Corp.*, 123 U.S.P.Q.2d 1453, 1467 (T.T.A.B. 2017) (a “finding of functionality under Section 2(e)(5) precludes registration regardless of any showing of acquired distinctiveness under Section 2(f)”).

²²⁹ *Id.* at *16, citing *Kohler Co. v. Honda Giken Kogyo K.K.*, 125 U.S.P.Q.2d 1468, 1504 (T.T.A.B. 2017) (“While there is no fixed rule for the amount of proof necessary to demonstrate acquired distinctiveness, the burden is heavier in this case because it involves product configuration[.]”).

shaped [umbrellas], ‘a registration may not issue except upon a substantial showing of acquired distinctiveness.’”²³⁰

OEP submitted direct evidence in the form of declarations from its founder and president, from four sellers of its umbrellas, and from one of its competitors, all of whom claimed to be experts in the umbrella business. Its president offered his opinion on the ultimate question of acquired distinctiveness, and all declarants opined on consumer perception of OEP’s umbrella. The Board found that, although the declarants are experts in the umbrella business, they are not experts as to how consumers perceive the design in question.

The Board gave no weight to the president’s opinion on the ultimate issue and very little weight regarding consumer perception. All of the declarations lacked specificity as to the basis for the stated opinions. Moreover, the third-party declarants were not representative of all categories of end users of the product, and the use of form declarations lessened their probative value. In sum, the Board found the declarations to be non-probative.

As to OEP’s circumstantial evidence of acquired distinctiveness, the Board noted that the purported mark has been in use since 1998, but long use of a mark “is not necessarily conclusive or persuasive” on the issue.²³¹ However, in this case OEP’s long use supports its claim because there was no evidence of competitor use of a double canopy design from 1998 to 2017.

OEP’s sales figures were “substantial in the umbrella industry,” but large sales and advertising figures do not always compel a finding of acquired distinctiveness.²³² OEP’s advertising did “nothing to encourage readers to associate the shape of the umbrella with Applicant.”²³³ The failure to do so was particularly important because a significant portion of OEP’s wholesale business comprises promotional products that are branded with the marks and logos of other companies, such as Cadillac and Lexus.²³⁴ In short, OEP did not provide any evidence that its advertising efforts focused on the trademark significance of the design at issue, rather than on the utilitarian benefits of the product.

Finally, OEP pointed to its policing efforts regarding the design, having successfully challenged three other entities, all of whom stopped selling their umbrellas. The Board, however, was not convinced from the scanty evidence that these entities had copied

²³⁰ *Id.* quoting *Kohler*, 125 U.S.P.Q.2d at 1504. *See also Wal-Mart*, 54 U.S.P.Q.2d at 1069.

²³¹ *Id.* at *22, citing *Kohler*, 125 U.S.P.Q.2d at 1515.

²³² *Id.*, *cf. In re Hikari Sales USA, Inc.*, 2019 U.S.P.Q.2d 111514, 15-16 (T.T.A.B. 2019).

²³³ *Id.* at *23.

²³⁴ *Id. See, e.g., In re Hillerich & Bradsby Co.*, 204 F.2d 287, 97 U.S.P.Q. 451, 454 (C.C.P.A. 1953) (bat manufacturer’s claim that oval design on baseball bats had acquired distinctiveness was undercut by the fact that the manufacturer permitted other companies to use their own marks and names within the oval on private label bats).

the product in order to trade on the asserted distinctiveness of the design.

Considering the evidence in its entirety, the Board concluded that OEP had failed to meet “its burden of making a substantial showing that the applied-for product configuration mark has acquired distinctiveness.”²³⁵

8. Genericness

In re Twenty-Two Desserts, LLC

Finding that relevant consumers would understand the term “MALAI” to refer to a key aspect of “ice cream, gelato, dairy-free ice cream, frozen yogurt, frozen desserts, ice cream sandwiches, sorbet, freezer pops, and ice cream sundaes,” the Board affirmed a refusal to register on the ground of genericness.²³⁶ The Board agreed with Applicant Twenty-Two Desserts that there is no per se rule that the name of an ingredient in a product will necessarily be generic; but where, as here, the public understands the ingredient name “to refer to a key aspect or subcategory of the genus of the goods, it is generic for those goods.”²³⁷

The Board applied its standard two-part test for determining whether a term is generic: (1) what is the genus (class or category) of the goods or services at issue; and (2) does the relevant public understand the term primarily to refer to that genus.²³⁸ “Any term that the relevant public uses or understands to refer to the genus of goods, or a key aspect or subcategory of the genus, is generic.”²³⁹ The USPTO must present “clear evidence” of genericness to support such a refusal.²⁴⁰

²³⁵ *Id.* at *26.

²³⁶ *In re Twenty-Two Desserts, LLC*, 2019 U.S.P.Q.2d 292782 (T.T.A.B. 2019).

²³⁷ *Id.* at *5. *See, e.g., Empire Tech.*, 123 U.S.P.Q.2d 1544 (T.T.A.B. 2017) (COFFEE FLOUR generic for flour made from coffee berries); *In re Demos*, 172 U.S.P.Q. 408, 409 (T.T.A.B. 1971) (CHAMPAGNE merely names a principal ingredient of applicant’s salad dressing and is unregistrable); *In re Hask Toiletries, Inc.*, 223 U.S.P.Q. 1254 (T.T.A.B. 1984) (HENNA ‘N’ PLACENTA generic for hair conditioner because “henna” and “placenta” referred to the two key ingredients of the product and the combination created no new significance).

²³⁸ *Id.* at *2, citing *Princeton Vanguard, LLC v. Frito-Lay N. Am., Inc.*, 786 F.3d 960, 114 U.S.P.Q.2d 1827, 1830 (Fed. Cir. 2015).

²³⁹ *Id.* at *2, citing *Royal Crown*, 127 U.S.P.Q.2d at 1046-47; *Cordua Rests.*, 118 U.S.P.Q.2d at 1638 (holding CHURRASCOS, a word that is generic for a type of grilled meat, to be generic for restaurant services because it referred to a key aspect of those services).

²⁴⁰ *In re Nordic Naturals, Inc.*, 755 F.3d 1340, 111 U.S.P.Q.2d 1495 (Fed. Cir. 2014); *In re Merrill Lynch, Pierce, Fenner, & Smith Inc.*, 828 F.2d 1567, 4 U.S.P.Q.2d 1141, 1143 (Fed. Cir. 1987). “Clear evidence” is equivalent to “clear and convincing evidence,” which is a heavier burden than preponderance of the evidence. *In re Hotels.com, LP*, 573 F.3d 1300, 91 U.S.P.Q.2d 1532, 1534 (Fed. Cir. 2009) (citing *Am-Pro Protective Agency, Inc. v. U.S.*, 281 F.3d 1234, 1239-40 (Fed. Cir. 2002)).

There was no dispute that the identification of goods adequately defined the genus at issue. The relevant consuming public comprises ordinary consumers who purchase and eat ice cream products. The question, then, was how does the relevant public perceive the term “MALAI” in the context of the applicant’s goods?²⁴¹

The examining attorney relied on a dictionary definition of “malai” (an Indian cooking ingredient) and a Wikipedia entry for “Ras malai” as a type of dessert, in maintaining that the word “malai” “is commonly used in the English language as a genus of rich, high-fat creams commonly used in Indian and South Asian culinary dishes, especially dishes with a sweet taste.”²⁴² He also submitted articles, recipes, and material from several Internet sources that identify “malai” as a cream.

The Board agreed with the examining attorney that the evidence showed that “‘malai’ has an independent meaning in English for a specific cooking ingredient, cream.”²⁴³ Moreover, “malai” has been used to identify a creamy food principally made from malai, including items that fall within—i.e., are a sub-group or type of—the goods broadly identified in the subject application: for example, “malai kulfi,” a type of Indian ice cream. “The record contains clear evidence that consumers would understand the proposed mark MALAI to refer to a type of ice cream made principally with malai. Applicant’s proposed mark MALAI is thus incapable of distinguishing the source of the products.”²⁴⁴

Applicant Twenty-Two Desserts argued that the doctrine of foreign equivalents should not be applied to the term “MALAI” because consumers would not stop and translate it. The Board pointed out, however, that the examining attorney did not rely on that doctrine, but rather on evidence that the word “malai” itself has a meaning in English that is relevant to the goods at issue.²⁴⁵

Twenty-Two Desserts also contended that the primary meaning of “malai” is “the best or choicest part of a thing—i.e., the cream of the crop.” The Board saw nothing in the record to support the contention that consumers will apply that meaning to “malai” with regard to the goods at issue. Moreover, because Twenty-Two Desserts was seeking registration on the Supplemental Register, it conceded that that the term is merely descriptive of the goods, and

²⁴¹ *Twenty-Two Desserts*, 2019 U.S.P.Q.2d 292782 at *2.

²⁴² *Id.*

²⁴³ *Id.* at *3.

²⁴⁴ *Id.* at *4.

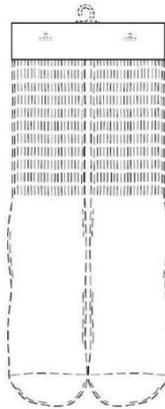
²⁴⁵ *Id.* See, e.g., *Cordua*, 118 U.S.P.Q.2d at 1637 (noting that the USPTO found that “churrasco” is used in English to refer to grilled meat).

therefore “arguments regarding other meanings for [MALAI] and double entendre are inapplicable.”²⁴⁶

The Board therefore affirmed the refusal to register on the Supplemental Register under Section 23 of the Lanham Act.²⁴⁷

In re Odd Sox LLC

The TTAB has held that a product configuration may be generic if it is “so common in the industry that it cannot be said to identify a particular source.”²⁴⁸ Here it ruled that this same standard applies to product packaging. The TTAB affirmed a refusal to register the packaging design shown below, for “socks,” finding the design to be generic for the goods because consumers would primarily regard the design as a common type of packaging rather than as a source indicator.²⁴⁹ The Board also considered and upheld an alternative refusal that the proposed mark consists of a non-inherently distinctive packaging configuration. (Odd Sox did not contend that the design had acquired distinctiveness.)



The subject application described the alleged mark as a “three-dimensional configuration of product packaging for displaying a

²⁴⁶ *Id.* at *5.

²⁴⁷ Section 23 of the Lanham Act, 15 U.S.C. § 1091, in pertinent part, provides that:

All marks *capable of distinguishing applicant’s goods or services* and not registrable on the principal register [herein provided], except those declared to be unregistrable under subsections (a), (b), (c), (d), and (e)(3) of section 1052 of this title, which are in lawful use in commerce by the owner thereof, on or in connection with any goods or services may be registered on the supplemental register

(Emphasis added).

²⁴⁸ *Stuart Spector Designs, Ltd. v. Fender Musical Instruments Corp.*, 94 U.S.P.Q.2d 1549, 1555 (T.T.A.B. 2009).

²⁴⁹ *In re Odd Sox LLC*, 2019 U.S.P.Q.2d 370879 (T.T.A.B. 2019).

single pair of socks hanging side by side.” The socks, two fasteners, and the hook are shown in dashed lines and so are not considered part of the mark.

The CAFC in *Sunrise Jewelry Manufacturing Corp. v. Fred S.A.*, held that the term “generic name” in Section 14(3) of the Lanham Act must be read broadly “to encompass anything that has the potential but fails to serve as an indicator of source, such as names, words, symbols, devices, or trade dress.”²⁵⁰ The Board deemed it appropriate to apply a two-step approach to the determination of genericness similar to the approach applied for word marks: first, determine the genus of goods at issue; second, determine whether the relevant consumers regard the matter sought to be registered as a category or type of trade dress for the goods.²⁵¹

There was no dispute that the genus at issue is defined by the identification of goods: “socks.” The relevant consumers are “those who purchase or wear socks.”²⁵²

As to the primary significance of the design, the Board observed that competitor use is evidence of genericness.²⁵³ Closely reviewing the evidence submitted by the examining attorney, the Board found it clear that:

Rectangular packaging enabling the hanging of socks from front-to-back and side-by-side is so common in the industry that such packaging is not capable of indicating source, and rectangular packaging enabling the hanging of a **single** pair of socks side-by-side is at most a minor variation of the common form of packaging.²⁵⁴

Moreover, the fact that the “possibilities for the trade dress are limited” provides an additional basis for finding that consumers will not likely view the subject packaging as indicating source.²⁵⁵ The evidence showed that the placement of socks side-by-side and front-to-back may be useful to sellers and appealing to consumers. For example, the socks may be placed together to form a single image.

The Board found that consumers of socks would primarily regard the applicant’s design as a common type of packaging rather than as a source indicator, and therefore the design is generic.²⁵⁶

²⁵⁰ 175 F.3d 1322, 50 U.S.P.Q.2d 1532, 1535 (Fed. Cir. 1999).

²⁵¹ *Odd Sox*, 2019 U.S.P.Q.2d 370879 at *6, citing *Sunrise Jewelry*, 50 U.S.P.Q.2d at 1536; *H. Marvin Ginn Corp. v. Int’l Ass’n of Fire Chiefs, Inc.*, 782 F.2d 987, 228 U.S.P.Q. 528, 530 (Fed. Cir. 1986).

²⁵² *Id.* at *7. Query from author: Why not include those who both purchase *and* wear socks?

²⁵³ *Id.*, citing *Stuart Spector Designs*, 94 U.S.P.Q.2d at 1555.

²⁵⁴ *Id.* at *8.

²⁵⁵ *Id.*, citing *Mana Prods., Inc. v. Columbia Cosmetics Mfg., Inc.*, 65 F.3d 1063, 36 U.S.P.Q.2d 1176, 1180 (2d Cir. 1995).

²⁵⁶ In the author’s view, failure-to-function would seem to be a more appropriate refusal than genericness.

For the sake of completeness, the Board also considered the alternative refusal that the proposed mark is not inherently distinctive.

Although product design can never be inherently distinctive, product packaging can be.²⁵⁷ The Board applied the four-part *Seabrook* test to determine whether the Odd Sox design is inherently distinctive:

- 1) whether it is a “common” basic shape or design;
- 2) whether it is unique or unusual in the particular field;
- 3) whether it is a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods; or
- 4) whether it is capable of creating a commercial impression distinct from the accompanying words.²⁵⁸

The evidence convinced the Board that the proposed mark is a common basic shape or design for sock packaging and therefore is not inherently distinctive.

[T]he record includes multiple examples of rectangular packaging of varying lengths with toes flattened facing forward and heels flattened facing backward. The evidence establishes that an elongated rectangle from which to hang a pair or pairs of socks is a common shape in the socks industry, and Applicant’s particular packaging is not unique or unusual in the field of socks.²⁵⁹

The Board added that even if applicant were the only user of this packaging design, it still would not be inherently distinctive because “[t]his is not a circumstance where the packaging’s ‘intrinsic nature serves to identify a particular source of the product.’”²⁶⁰

In re James Haden, M.D., P.A.

Applicant Haden’s proposed service mark had just enough distinctiveness to clear the low hurdle for registration on the Supplemental Register. The Board reversed a refusal to register his word-plus-design mark (shown below) for “medical and health care services, namely, medical treatment of allergies, asthma, immune disorders, and shortness of breath.” The Board understandably agreed with the examining attorney that the term “ALLERGY CARE” is generic for the recited services, but it concluded that the

²⁵⁷ *Wal-Mart*, 54 U.S.P.Q.2d at 1068, 1069-70.

²⁵⁸ *Seabrook Foods*, 196 U.S.P.Q. at 291.

²⁵⁹ *Odd Sox*, 2019 U.S.P.Q.2d 370879 at *9.

²⁶⁰ *Id.* at *10, quoting *Two Pesos*, 23 U.S.P.Q.2d at 1083.

mark as a whole is sufficiently distinctive to merit registration on the Supplemental Register with a disclaimer of ALLERGY CARE.²⁶¹



Because Applicant Haden sought registration on the Supplemental Register, he conceded that the proposed mark is “at best merely descriptive” of his services.²⁶² The question was, is it generic?

The generic name by which a [service] is known is not a mark which can be registered on the Supplemental Register under section 23 because such a name is incapable of distinguishing applicant’s [services] from [services] of the same name . . . by others. *Clairol, Inc. v. Roux Distrib. Co.*, 280 F.2d 863, 126 U.S.P.Q. 397, 398 (C.C.P.A. 1960).²⁶³

As usual, the Board found that applicant’s recitation of services adequately defined the genus at issue. The relevant consuming public consists of “consumers seeking medical and health care services regarding allergies, asthma, immune disorders, and shortness of breath.”²⁶⁴

Dictionary definitions and Internet webpages convinced the Board that “ALLERGY CARE is a phrase commonly used by medical professionals in their advertising to refer to their practices that care for patients with allergies.”²⁶⁵ The Board had no doubt that consumers “would readily understand the term ALLERGY CARE to refer to the genus of services defined by Applicant’s recitation of services.”²⁶⁶

The next question for the Board was whether the proposed mark, as a whole, is registrable on the Supplemental Register (i.e., “whether, given the background design, color, and stylization, the entire mark is capable of distinguishing Applicant’s services . . .”²⁶⁷

²⁶¹ *In re James Haden, M.D., P.A.*, 2019 U.S.P.Q.2d 467424 (T.T.A.B. 2019).

²⁶² *Id.* at *1, citing *Quaker State Oil Refining Corp. v. Quaker Oil Corp.*, 453 F.2d 1296, 172 U.S.P.Q. 361, 363 (C.C.P.A. 1972).

²⁶³ *Id.* at *2.

²⁶⁴ *Id.*

²⁶⁵ *Id.* at *3.

²⁶⁶ *Id.*

²⁶⁷ *Id.* at *4-5.

If, so, a disclaimer of the generic term “ALLERGY CARE” would be required.²⁶⁸

The examining attorney argued that “[s]tylized descriptive or generic wording is registrable only if the stylization creates a commercial impression separate and apart from the impression made by the wording itself,” and that background designs comprised of common shapes are registrable only upon a showing that the design itself is distinctive.²⁶⁹

The Board pointed out, however, that the examining attorney’s argument concerned only applications to register a mark on the Principal Register, where distinctiveness is required. For the Supplemental Register, an applicant need only show that the mark is *capable of indicating source*, the question being “whether the stylization of the wording and the background design are capable of ever functioning as a mark.”²⁷⁰

Applicant’s mark contains a combination of colors, borders, and stylized generic wording making it more than an ordinary geometric shape or stylization alone with no ability to indicate source. Indeed, common geometric shapes with simple embellishments have registered with adequate showings of acquired distinctiveness. *See, e.g., In re Raytheon Co.*, 202 U.S.P.Q. 317, 319-20 (T.T.A.B. 1979) (evidence of record sufficient to establish acquired distinctiveness of a light-colored oval within a black rectangular carrier).²⁷¹

The Board concluded that applicant’s combination of colors, borders, and stylization is capable of distinguishing the source of his services, and therefore it was eligible for registration on the Supplemental Register, with a disclaimer of ALLERGY CARE.

9. Disclaimer Practice

In re UST Global (Singapore) Pte. Ltd.

Section 1213 of the TMEP states (without cited authority) that “[a] disclaimer may be limited to pertain to only certain classes, or to only certain goods or services.” Not so, according to the Board in this precedential ruling. Applicant UST Global applied to register the mark INFINITY LABS for various services in five international

²⁶⁸ *Id.* at *5. *See In re Wella Corp.*, 565 F.2d 143, 196 U.S.P.Q. 7 (C.C.P.A. 1977) (Section 6 of the Trademark Act is equally applicable to the Supplemental Register.); *In re Carolyn’s Candies, Inc.*, 206 U.S.P.Q. 356, 360 (T.T.A.B. 1980) (“Section 6 of the Trademark Act of 1946, which provides for the disclaimer of ‘unregistrable matter,’ does not limit the disclaimer practice to marks upon the Principal Register.”).

²⁶⁹ *Id.*

²⁷⁰ *Id.* at *6.

²⁷¹ *Id.*

classes, but the examining attorney required disclaimer of the word “LABS” as to all. UST Global agreed to the disclaimer as to the services in Class 35 and some of those in Class 42, but declined to do so as to the remaining services in Class 42 and all the services in Classes 36, 40, and 41. The Board affirmed the refusal in its entirety, extending to disclaimers “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.”²⁷²

Under Section 6(a) of the Lanham Act,²⁷³ the USPTO “may require an applicant to disclaim an unregistrable component of a mark otherwise registrable,” such as a component that is merely descriptive under Section 2(e)(1). Failure to comply with the requirement is a basis for refusing registration.²⁷⁴

The examining attorney submitted dictionary definitions of “incubation,” “labs,” and “laboratory,” while applicant provided a definition of “think tank.” The examining attorney also made of record twenty-three use-based third-party registrations containing a disclaimer of the term “LABS.”

Class 36: The Board found that LABS is not merely descriptive of “incubation services, namely, providing financing to freelancers, start-ups, existing businesses and non-profits,” since none of the evidence regarding the meaning of LABS related to the provision of financial services. As to the applicant’s “think tank services in the nature of consultation services in the field of digital finance,” however, the Board found that consumers “would immediately understand ‘LABS’ to convey information about the services, namely that they are provided within a place, situation, or set of conditions conducive to experimentation, investigation, and/or observation.”²⁷⁵ Therefore, LABS is merely descriptive of these think tank services.

Class 40: As to the applicant’s “think tank services in the nature of consultation services in the field of additive manufacturing,” the Board again found LABS to be merely descriptive, focusing particularly on the “consultation services” portion of the recitation.

Class 41: These educational services related to retail, software design, technology research and development, and one-on-one mentoring. The Board pointed to a dictionary definition of a

²⁷² *In re UST Global (Singapore) Pte. Ltd.*, 2020 U.S.P.Q.2d 10435, *9 (T.T.A.B. 2020).

²⁷³ Section 6(a) of the Lanham Act, 15 U.S.C. § 1056(a) states that: “The Director may require the applicant to disclaim an unregistrable component of a mark otherwise registrable. An applicant may voluntarily disclaim a component of a mark sought to be registered.”

²⁷⁴ *UST Global*, 2020 U.S.P.Q.2d 10435 at *2, citing *In re Slokevage*, 441 F.3d 957, 78 U.S.P.Q.2d 1395, 1399-1400 (Fed. Cir. 2006); *In re Stereotaxis, Inc.*, 429 F.3d 1039, 77 U.S.P.Q.2d 1087, 1089 (Fed. Cir. 2005).

²⁷⁵ *UST Global*, 2020 U.S.P.Q.2d 10435 at *5.

laboratory as “[a] place for practice, observation, or testing,” finding that this “clearly describes Applicant’s educational services, provided virtually or otherwise.”²⁷⁶ Two third-party registrations corroborated this conclusion. Therefore, the Board found “LABS” to be merely descriptive of these services.

Class 42: The Board also found LABS to be merely descriptive of “think tank services in the nature of **technical** consultation services” and “collaborative computer programming for others in the nature of hackathons,” because collaboration is “akin to consultation” and consultation falls within the definition of LABS.²⁷⁷

In summary, we find that “LABS” is merely descriptive of all services in Classes 40 and 41, and a portion of the services in Classes 36 and 42. We need not find “LABS” to be merely descriptive of all services in Classes 36 and 42 to require a disclaimer for all of the services in those classes. Regarding descriptiveness refusals under Section 2(e)(1) of the Trademark Act, we apply the well-settled principle that a [sic] “[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.” *In re* Chamber of Commerce of the U.S., 675 F.3d 1297, 102 USPQ2d 1217, 1219 (Fed. Cir. 2012); *In re* Positec Grp. Ltd., 108 USPQ2d 1161, 1171 (T.T.A.B. 2013) (“If the Board affirms a refusal of an entire class based on the descriptiveness of the mark for one or more goods in the class, then the entire class will fail.”). We hold that the same principle applies to disclaimer refusals.²⁷⁸

10. Failure-to-Function/Unacceptable Specimens

In re Yarnell Ice Cream, LLC

In addition to deeming the proposed mark SCOOP to be merely descriptive of “frozen confections and ice cream promoted and distributed by a mascot named SCOOP at product promotions and distributions of the frozen confections and ice cream,” the Board ruled that SCOOP fails to function as a source indicator for the identified goods and that Applicant Yarnell’s specimens of use were unacceptable.²⁷⁹

In Yarnell’s specimens, the word “SCOOP” appeared only on the shirt worn by a live human or by a cartoon mascot appearing on an

²⁷⁶ *Id.* at *7-8.

²⁷⁷ *Id.* at *9.

²⁷⁸ *Id.*

²⁷⁹ *Yarnell*, 2019 U.S.P.Q.2d 265039 (T.T.A.B. 2019). The Section 2(e)(1) mere descriptiveness refusal is discussed in Part I.C.5, above.

ice cream truck parked at product promotions and distributions. Yarnell argued that this usage constituted a display associated with the goods and therefore qualified as proper trademark use.²⁸⁰

As to the human mascot, Yarnell cited no case in which a live person was found to be a display associated with goods, and the Board found none. Yarnell acknowledged that typical displays are point-of-sale materials like shelf-talkers or banners.²⁸¹ The Board did not “foreclose the possibility that a human being making a live personal appearance at an event or in a venue can qualify as a ‘display associated’ with the goods within the meaning of Section 45,” but it found that neither the live mascot nor the cartoon version so qualified.²⁸²

An important factor in determining whether a specimen is an acceptable display is whether the mark “is displayed in . . . such a way that the customer can easily associate the mark with the goods.”²⁸³ The Board found Yarnell’s use of the proposed mark to be “not particularly noticeable, much less eye-catching” when it appears on its trucks, and when used on the mascot’s uniform it was likely to be perceived as the name of the mascot rather than as a source-identifier for the goods.²⁸⁴

Concluding that Yarnell’s specimens of use were inadequate, the Board affirmed the refusal to register under Sections 1 and 45.

Finally, the examining attorney maintained that because consumers are accustomed to seeing the term “scoop” as indicating the size of an ice cream serving, the term fails to function as a source indicator because it would be perceived as merely conveying an informational message. The Board agreed, relying on its findings as to the highly descriptive nature of SCOOP and the nature of Yarnell’s specimens of use: “SCOOP also fails to function as a mark for the identified goods because, at most, it merely informs purchasers of the serving size of the goods.”²⁸⁵

²⁸⁰ Section 45 of the Lanham Act, 15 U.S.C. § 1127 provides, in pertinent part, that:

[A] mark shall be deemed to be in use in commerce –

(1) on goods when –

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce

²⁸¹ See TMEP Section 904.03(g), entitled “Display Associated with Goods.”

²⁸² *Yarnell*, 2019 U.S.P.Q.2d 265039 at *14.

²⁸³ *Id.*, quoting *In re Kohr Bros., Inc.*, 121 U.S.P.Q.2d 1793, 1795 (T.T.A.B. 2017).

²⁸⁴ *Id.*

²⁸⁵ *Id.* at *18.

In re Ocean Technology, Inc.

In yet another in a stream of failure-to-function rulings, the Board affirmed the USPTO's refusals to register the word-plus-design marks shown immediately below, for "crabmeat," on the ground that the proposed marks fail to function as trademarks under Sections 1, 2, and 45 of the Lanham Act. The Board also upheld refusals based on Ocean Technology's failure to comply with a Rule 2.61(b)²⁸⁶ requirement that it provide information about the identified goods.²⁸⁷



As to the Rule 2.61(b) refusals, the examining attorney requested information and documents in order to determine whether Applicant Ocean Technology's goods were in fact all natural, 100% real *Callinectes* crabmeat from North America (i.e., whether the proposed marks are deceptive under Section 2(a), or alternatively deceptively misdescriptive under Section 2(e)(1)). The Board found these requests to be "reasonably necessary to the proper examination of the applications, as stated in Trademark Rule 2.61(b)," and so the Board affirmed these refusals, noting that Ocean's failure to comply with the Rule 2.61(b) requirements "is a sufficient basis, in itself, for affirming the refusals to register Applicant's proposed marks."²⁸⁸ Nonetheless, the Board went on to consider the failure-to-function refusals.

A failure-to-function refusal is based on a determination as to how the proposed mark would be perceived by the relevant public.²⁸⁹ To make that assessment, the Board looks at the specimens of use and other evidence showing how the terms are actually used in the

²⁸⁶ Trademark Rule 2.61(b), 37 C.F.R. § 2.61(b), provides that: "The Office may require the applicant to furnish such information, exhibits, affidavits or declarations, and such additional specimens as may be reasonably necessary to the proper examination of the application."

²⁸⁷ *In re Ocean Technology, Inc.*, 2019 U.S.P.Q.2d 450686 (TTAB 2019).

²⁸⁸ *Id.* at *2, 3. See *In re AOP LLC*, 107 U.S.P.Q.2d 1644, 1651 (T.T.A.B. 2013) (affirming a Rule 2.61(b) refusal based on an evasive response to an information requirement that was relevant to potential descriptiveness and misdescriptiveness refusals).

²⁸⁹ *Id.* at *3, citing *In re Eagle Crest, Inc.*, 96 U.S.P.Q.2d 1227, 1229 (T.T.A.B. 2010); *In re Aerospace Optics, Inc.*, 78 U.S.P.Q.2d 1861, 1862 (T.T.A.B. 2006).

marketplace.²⁹⁰ “The more commonly a [term or expression] is used, the less likely that the public will use it to identify only one source and the less likely that it will be recognized by purchasers as a trademark.”²⁹¹

The examining attorney contended that the proposed marks would not be perceived as source indicators because they are “presented in an informational manner and consist of terms that are commonly used in Applicant’s trade or industry to denote the purity, quality, [and] ingredients . . . of crabmeat and other food products.”²⁹² She provided evidence of third-party use of “the same or effectively synonymous terms to inform purchasers of the quality, [and] ingredients . . . of the products.”²⁹³

The Board found that the minimal stylization of the wording in the proposed marks did not create a commercial impression separate from the words themselves, and the photographic depiction of a crab merely reinforced the informational nature of the wording. Moreover, the Board agreed with the examining attorney that the proposed marks, as displayed on the specimen of use, “just convey [] the contents of the package to consumers, and do [] not show any indication of source that may be perceived by the general public.”²⁹⁴

The specimen displays the proposed marks on the side of the product container in a manner that simply informs purchasers that the package contains all-natural, gourmet, pasteurized, 100% pure *Callinectes* crabmeat (from North America, as to application Serial No. 87405233). Nothing in the combination of wording, carriers, font and crab design in the proposed marks . . . results in a registrable composite. Rather, this evidence supports a finding that the proposed marks, as a whole, fail to function as trademarks for the identified goods.²⁹⁵

Ocean Technology attempted to claw its way around this refusal by amending to the Supplemental Register, by claiming acquired distinctiveness, and by asserting inherent distinctiveness. However, the Board pointed out, matter that does not indicate source cannot be registered because it does not meet the statutory definition of a mark.²⁹⁶

The Board then considered four declarations submitted by Ocean—not as proof of distinctiveness, but only on the issue of

²⁹⁰ *Id.*, citing *In re Hulting*, 107 U.S.P.Q.2d 1175, 1177 (T.T.A.B. 2013).

²⁹¹ *Id.*, quoting *Hulting*, 107 U.S.P.Q.2d at 1177.

²⁹² *Id.*

²⁹³ *Id.* at *4.

²⁹⁴ *Id.* at *7.

²⁹⁵ *Id.* at *7-8.

²⁹⁶ *Id.* at *8. See Sections 1, 2, and 45 of the Lanham Act, 15 U.S.C. §§ 1051, 1052, and 1027.

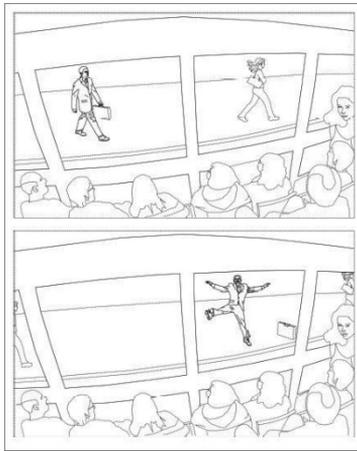
whether the proposed mark functions as a trademark—finding the declarations to be of limited probative value because, among other reasons, they did not reflect the viewpoint of ordinary consumers.

The Board concluded that the proposed marks would not be perceived as identifying a particular source.

While we have given careful consideration to Applicant’s evidence of alleged consumer perception (i.e., the four declarations) solely to determine whether the proposed marks function as trademarks, the evidence is insufficient to demonstrate that the relevant consumers recognize the proposed marks as indicating the source of the identified goods rather than as merely informational. *See Eagle Crest*, 96 U.S.P.Q.2d at 1229. Accordingly, Applicant’s proposed marks fail to function as trademarks for Applicant’s goods.²⁹⁷

In re The Ride, LLC

This applicant’s attempt to register a motion mark hit a TTABrick wall when the Board upheld three refusals to register same for “conducting sightseeing travel tours by bus.” The Board found that the proposed mark fails to function as a service mark, the specimens of use do not display the mark in connection with the services, and Applicant Ride’s description of the mark is incomplete.²⁹⁸



Sections 1, 2, 3, and 45 of the Lanham Act provide the statutory basis for refusing to register a proposed mark that fails to function as a service mark.²⁹⁹ The USPTO is constrained to register marks

²⁹⁷ *Id.* at *10.

²⁹⁸ *In re The Ride, LLC*, 2020 U.S.P.Q.2d 39644 (T.T.A.B. 2020).

²⁹⁹ *Id.* at *5.

that “identify and distinguish the services of one person . . . from the services of others and . . . indicate the source of the services”³⁰⁰ The key issue to be determined, then, is “the commercial impression it makes on the relevant public (e.g., whether the term sought to be registered would be perceived as a mark identifying the source of the services).”³⁰¹

In attempting to show that the proposed mark is perceived as a source indicator, Ride submitted the results of two surveys, but the Board found the survey expert’s methodology flawed and his conclusions regarding inherent or acquired distinctiveness unsupported. The Board noted that the expert did not conduct a “mini-course” to test the understanding of the survey participants as to whether something functions as a mark, and so the Board could not “determine whether the survey respondents understand or can identify a mark.”³⁰² The Board therefore discounted the value of the survey results due to “the lack of proper foundation for their introduction.”³⁰³

Moreover, the survey was based on a biased and underinclusive universe, since it included only consumers who had already utilized Ride’s services rather than customers for any tour bus company. The questions were leading and failed to capture “the actual and exact motion mark or trade dress that applicant seeks to register.”³⁰⁴ And none of the survey questions asked whether the respondents associated the proposed mark with Applicant Ride as a source indicator.

In sum, the Board found no basis for the expert’s conclusion that the results supported a finding of distinctiveness, either inherent or acquired.

The evidence showed that Ride’s promotional material “displays various images of a tap dancer . . . along with other identifiers, principally, The Ride and The RideNYC.com.”³⁰⁵ The Board concluded that it “cannot infer . . . that consumers will perceive the proposed mark, amid these other more traditional designations, as a source indicator.”³⁰⁶

If anything, the applied-for mark appears to be part of one of several street performances offered during sightseeing bus

³⁰⁰ *Id.* at *5-6, quoting Section 45 of the Lanham Act, 15 U.S.C. § 1027.

³⁰¹ *Id.* at *6, citing *Aerospace Optics*, 78 U.S.P.Q.2d at 1862.

³⁰² *Id.*

³⁰³ *Id.* at *6-7.

³⁰⁴ *Id.* at *8.

³⁰⁵ *Id.* at *9.

³⁰⁶ *Id.* See, e.g., *In re Bongrain Int’l (Am.) Corp.*, 894 F.2d 1316, 3 U.S.P.Q.2d 1727, 1729 (Fed. Cir. 1990) (sales and advertising figures alone may not suffice where other marks were featured with the mark at issue or the growth could be attributed to the product’s popularity).

tours under Applicant's trade name, "The Ride." The Kaiser surveys similarly suggest that consumers of Applicant's services and travel professionals associate Applicant's services with "The Ride," and fail to provide support for Applicant's argument that the proposed mark functions as an indicator of source. Rather, the Kaiser surveys and other evidence appear to establish that consumers view THE RIDE as Applicant's mark.³⁰⁷

Therefore, the Board agreed with the examining attorney that Ride's proposed mark fails to function as a service mark for the recited services. Observing that "no amount of evidence of acquired distinctiveness can overcome a failure to function refusal," the Board gave Ride's claim of acquired distinctiveness no consideration.³⁰⁸

Turning to the specimens of use, the Board observed that a proper specimen must display the proposed mark and show a direct association between the mark and the services.³⁰⁹ Ride submitted screenshots, photographs, and a video file, none of which displayed the motion mark as depicted in the drawing. End of story.

As to the third refusal, Trademark Rule 2.37 requires that "a description of the mark must be included if the mark is not in standard characters."³¹⁰ Rule 2.52(b)(3) states that this requirement applies to motion marks.³¹¹ All significant aspects of the mark should be described.³¹²

Ride described its mark as:

[T]he live visual and motion elements of the trade dress of a guided bus tour in which as the bus approaches at least one predetermined location on the tour an entertainer who is dressed as a banker walks normally along the street and then performs a tap dance routine dancing act when the bus

³⁰⁷ *Id.* at *9-10.

³⁰⁸ *Id.* at *10, citing *Qualitex*, 34 U.S.P.Q.2d at 1163 ("It is the source-distinguishing ability of a mark—not its ontological status as color, shape, fragrance, word, or sign—that permits it to serve" as a trademark.). *See also* TMEP § 1212.02(i).

³⁰⁹ *Id.* at *3-4. *See, e.g., In re Universal Oil Prods. Co.*, 476 F.2d 653, 177 U.S.P.Q. 456, 457 (C.C.P.A. 1973) ("The minimum requirement is some direct association between the offer of services and the mark sought to be registered therefor.").

³¹⁰ Trademark Rule 2.37, 37 C.F.R. § 2.37.

³¹¹ Trademark Rule 2.52(b)(3), 37 C.F.R. § 2.52(b)(3), states: "If the mark has motion, the drawing may depict a single point in the movement, or the drawing may depict up to five freeze frames showing various points in the movement, whichever best depicts the commercial impression of the mark. The applicant must also describe the mark."

³¹² *The Ride*, 2020 U.S.P.Q.2d 39644 at *2, citing TMEP § 808.02 ("The description should describe all *significant* aspects of the mark, including both literal elements and design elements. Insignificant features need not be included in a description.").

stops at the predetermined location as viewed from inside of the bus.³¹³

The Board found that this description does not clearly indicate what elements displayed in Ride’s drawing (see above) are claimed, beyond the suited individual and his briefcase. Ride also failed to indicate “that the trade dress [is] three-dimensional or whether, in the alternative, the trade dress is a two-dimensional mark that could be interpreted as three-dimensional.”³¹⁴

The Board therefore found that the description “fails to comply with the requirements of TMEP § 1202.02(c)(ii) for a proposed mark consisting of trade dress.”³¹⁵

11. Unlawful Use

In re Stanley Bros. Social Enterprises, LLC

In a blow to the cannabis industry, the TTAB ruled that use of the mark CW for “hemp oil extracts sold as an integral component of dietary and nutritional supplements” constitutes a per se violation of the federal Food, Drug & Cosmetics Act (“FDCA”),³¹⁶ and so the Board affirmed a refusal to register the mark under Sections 1, 2, and 45 of the Lanham Act.³¹⁷ The Board declined to review a second refusal based on an alleged per se violation of the federal Controlled Substances Act (“CSA”).³¹⁸

The Board has consistently held that “to qualify for a federal . . . registration, the use of a mark in commerce must be ‘lawful.’”³¹⁹ The USPTO presumes that the use of a mark in commerce is lawful unless the application record indicates a violation of federal law.³²⁰ The Board summarized the applicable test in *In re Brown*:

[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

³¹³ *Id.*

³¹⁴ *Id.* at *3.

³¹⁵ *Id.* One might ask how a refusal can be based on a section of the TMEP. The TMEP is merely a guide for examining attorneys and is not the law. *See, e.g., W. Fla. Seafood*, 31 U.S.P.Q.2d at 1664 n.8 (“While the *TMEP* does not have the force and effect of law, it sets forth the guidelines and procedures followed by the examining attorneys at the PTO.”). Perhaps the Board should have referred to Rule 2.37 as the basis for this refusal.

³¹⁶ 21 U.S.C. §§ 301-92.

³¹⁷ *In re Stanley Bros. Social Enterprises, LLC*, 2020 U.S.P.Q.2d 10658 (T.T.A.B. 2020).

³¹⁸ 21 U.S.C. § 812.

³¹⁹ *In re PharmaCann LLC*, 123 U.S.P.Q.2d 1122, 1123 (T.T.A.B. 2017) (quoting *In re JJ206, LLC*, 120 U.S.P.Q.2d 1568, 1569 (T.T.A.B. 2016) and *In re Brown*, 119 U.S.P.Q.2d 1350, 1351 (T.T.A.B. 2016)).

³²⁰ *Stanley Bros.*, 2020 U.S.P.Q.2d 10658 at *10 (citing *Brown*, 119 U.S.P.Q.2d at 1351).

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.³²¹

The evidence established that Stanley Brothers' hemp oil extracts contain cannabidiol ("CBD"), an extract of the cannabis plant that is regulated under the FDCA as a drug. The FDCA prohibits "[t]he introduction or delivery for introduction into interstate commerce of any food to which has been added . . . a drug or biological product for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public . . ."³²² The examining attorney maintained that hemp oil extracts are food to which CBD has been added, and that CBD was the subject of clinical investigations during prosecution of the involved application. The Board noted that under 21 U.S.C. § 321(ff) "a dietary supplement shall be deemed to be a food within the meaning of this chapter."³²³

Stanley Brothers contended that (1) the Industrial Hemp Provision of the 2014 Farm Bill³²⁴ exempts it from this portion of the FDCA; (2) dietary supplements are not "food," and (3) CBD falls within an exception to the FDCA for drugs or biological products "marketed in food . . . before any substantial clinical investigations involving the drug or the biological product have been instituted."³²⁵ The Board disagreed, as follows.

As to point (1), the Industrial Hemp Provision is a limitation on the Controlled Substances Act in some circumstances, but it does not override the FDCA's prohibition of offering "food to which has been added . . . a drug or biological product for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public."³²⁶

The Industrial Hemp Provision permits authorized entities to "grow or cultivate industrial hemp" under certain circumstances, but it does not permit the distribution or sale of CBD in food when CBD is the subject of clinical

³²¹ *Brown*, 119 U.S.P.Q.2d at 1351, citing *Kellogg Co. v. New Generation Foods Inc.*, 6 U.S.P.Q.2d 2045, 2047 (T.T.A.B. 1988) and *Satinine Societa v. P.A.B. Produits*, 209 U.S.P.Q. 958, 964 (T.T.A.B. 1981).

³²² 21 U.S.C. § 331(II).

³²³ *Stanley Bros.*, 2020 U.S.P.Q.2d 10658 at *12 n.7.

³²⁴ The Agricultural Act of 2014 (the "2014 Farm Bill"), Pub. L. 113-79, Feb. 7, 2014, excepted "industrial hemp" from some of the CSA's prohibitions, under certain circumstances. *Stanley Bros.*, 2020 U.S.P.Q.2d 10658 at *4.

³²⁵ *Stanley Bros.*, 2020 U.S.P.Q.2d 10658 at *11, quoting 21 U.S.C. § 331(II)(1).

³²⁶ *Id.* at *12.

investigation, **even if** the CBD is derived from industrial hemp which falls outside the CSA.³²⁷

Or as the examining attorney stated: “[I]t is not the industrial hemp to which the FDCA applies, but the CBD cannabinoid oil extracted from the hemp.”³²⁸

As to point (2), hemp oil extracts fall within the FDCA’s definition of food, since they are recommended for use in beverages, are offered in “multiple flavors,” and are promoted as “dietary supplements.”³²⁹

As to point (3), the CBD in the Stanley Brothers’ products qualifies as a “drug or biological product for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public” under 21 U.S.C. § 331(l).³³⁰ The Food and Drug Administration has stated that CBD is under “substantial clinical investigations.”³³¹ The assertion by Stanley Brothers that its goods were marketed before such investigations were instituted was unsupported by any probative evidence.

Concluding that the examining attorney established a per se violation of the FDCA, the Board affirmed the refusal to register. Despite a lengthy discussion of the CSA and the Farm Bill, the Board declined to reach the unlawful use refusal based on violation of the CSA.

12. Failure to Address a Ground for Refusal

In re Rainier Enterprises, LLC

When an applicant ignores a proper procedural requirement, bad things happen. Rainier Enterprises failed to address two requirements made by the examining attorney—that it amend the drawing and submit a proper color claim—in connection with its application to register the mark shown below, for vodka. Registration was also refused under Section 2(d). Rainier argued against the Section 2(d) refusal but did not address the two procedural requirements, either at the prosecution stage or in its appeal brief. The Board dismissed the appeal without reaching the Section 2(d) issue.³³²

³²⁷ *Id.*

³²⁸ *Id.*

³²⁹ *Id.* at *13, quoting the definition of “food” under 21 U.S.C. § 321(f).

³³⁰ *Id.* at *14.

³³¹ *Id.*

³³² *In re Rainier Enterprises, LLC*, 2019 U.S.P.Q.2d 463361 (T.T.A.B 2019).

MONTE CARLO
WORLD'S MOST PRESTIGIOUS VODKA

A failure to comply with a requirement established by the Trademark Rules is itself a proper ground for refusal of registration, even if it is the only outstanding refusal or requirement.³³³

Procedural requirements, such as the drawing and color claim requirements at issue in this case, ensure “the public’s interest in timely and adequate notice of the marks on file at the Office.” *In re Who Vision Sys., Inc.*, 57 U.S.P.Q2d 1211, 1216 (T.T.A.B. 2000) Because the granting of a filing date to an application potentially establishes a date of constructive use of the mark under Section 7(c) of the Act, 15 U.S.C. § 1057(c), a drawing that does not accurately reflect the mark due to poor imaging is potentially unfair to third parties who search Office records, because they do not have accurate information about the application. Relying on the search of Office records, a third party may innocently begin using a mark that conflicts with the mark, but be unaware of the conflict because the drawing is obscure.³³⁴

The examining attorney required Applicant Rainier to provide a substitute drawing of the mark that clearly showed the claimed gold outline around the wording set forth in the mark description,³³⁵ and to amend the color claim to clarify whether the color white was being claimed as a feature of the mark.

For marks that include color, “the drawing must show the mark in color, and the applicant must name the color(s), describe where the color(s) appear on the mark, and submit a claim that the color(s) is a feature of the mark.” Trademark Rule 2.52(b)(1), 37 C.F.R. §2.52(b)(1). Where there are white interior areas in a mark in which color is claimed, the applicant “must explain the purpose of the interior white areas on the drawing.” [TMEP] § 807.07(d).³³⁶

³³³ *Id.* at *1. See 15 U.S.C. § 1051(a)(4) (“The applicant shall comply with such rules or regulations as may be prescribed by the Director”); *cf. In re Stereotaxis, Inc.*, 429 F.3d 1039, 77 U.S.P.Q.2d 1087, 1089 (Fed. Cir. 2005) (affirming refusal to register for failure to comply with a disclaimer requirement); *AOP*, 107 U.S.P.Q.2d at 1651 (affirming refusal to register for failure to comply with requirement under Trademark Rule 2.61).

³³⁴ *Id.* at *2-3.

³³⁵ The application stated that “[t]he mark consists of the words ‘MONTE CARLO’ in red with six small red and two white diamonds at the top right of ‘O’ in ‘CARLO’; the word[s] ‘WORLD’S MOST PRESTIGIOUS VODKA’ in black below the words ‘MONTE CARLO’; all words outlined in gold.”

³³⁶ *Id.* at *2.

The Board observed that when an applicant fails to address a refusal or a requirement in its appeal brief, the Board may either affirm the refusal or it may treat the case as if no brief had been filed and therefore dismiss the appeal. “Either way, the application would stand abandoned.”³³⁷ “In this case, because Applicant failed to address the requirements both before the Examining Attorney and in its appeal brief, dismissal of the appeal is appropriate. *Cf.* Trademark Rule 2.142(b)(1) (‘If the brief is not filed within the time allowed, the appeal may be dismissed.’).”³³⁸

The Board chose to dismiss the appeal, and therefore it did not reach the Section 2(d) issue.

13. Failure to Pay Sufficient Fees

In re Carlton Cellars, LLC

Carlton Cellars LLC had the not-so-bright idea that it could delay payment of the required application filing fees until after its application was examined. The TTAB gave short shrift to that approach, affirming two refusals to register the mark SEVEN DEVILS for “Wine related accessories, namely, foil cutters for wine bottles in Class 8; wine openers; wine aerators; pouring spouts for wine for household use; coolers for wine; beverage glassware, all in Class 21; clothing, namely, t-shirts, hats, and visors in Class 25; and wine in Class 33.”³³⁹

Trademark Rule 2.86(a)(2)³⁴⁰ states that, in a multiple-class application, the applicant “must . . . submit the application filing fee required by § 2.6 for each class.” If the applicant does not pay all of the required fees, “the examining attorney must issue a written Office action noting the deficiency and requiring either payment of the fees or deletion of classes.”³⁴¹ However, the application will be examined and an appropriate Office Action issued because at least one class fee has been paid.³⁴²

Here, the application proceeded in Class 8, but Applicant Carlton Cellars repeatedly made it clear that it sought registration in four classes. It stated “a future intent to pay additional class fees with every communication it has filed during the course of this proceeding.”³⁴³ In its appeal brief, Carlton requested “reversal of the Examining Attorney’s Section 2(e)(1) [sic] refusal, and remand to

³³⁷ *Id.*

³³⁸ *Id.* at *2-3.

³³⁹ *In re Carlton Cellars, LLC*, 2020 U.S.P.Q.2d 10150 (T.T.A.B. 2020).

³⁴⁰ 37 C.F.R. § 2.86(a)(2).

³⁴¹ TMEP § 810.01.

³⁴² *Carlton Cellars*, 2020 U.S.P.Q.2d 10150 at *3.

³⁴³ *Id.*

the Examining Attorney with instructions to issue an Office action for payment of the filing fees.”³⁴⁴ The Board would have none of it.

The application identifies goods in multiple classes and Applicant has demonstrated a clear intention to seek registration in multiple classes. Yet Applicant has, at every opportunity, failed to pay additional fees to cover all the goods set forth in the identification. To proceed under Applicant’s proposed arrangement essentially denies the fee revenue the USPTO needs to carry out its operations. Accordingly, we affirm the Examining Attorney’s requirement to submit sufficient fees or restrict the identification of goods in the application to a single class. Trademark Rule 2.86(a)(2).³⁴⁵

The Board further observed that it would not reopen the matter to allow Carlton to pay the required fees or to amend the application to a single class: “once the Board issues its decision on the merits of a case, it may not be reopened except for entry of a disclaimer under Trademark Act Section 6, 15 U.S.C. § 1056, or upon petition to the Director, a situation inapplicable here.”³⁴⁶

For good measure, the Board found another problem with Carlton’s position. Trademark Rule 2.32(a)(6) requires that the applicant provide “[a] list of the particular goods or services on or in connection with which the applicant uses or intends to use the mark.”³⁴⁷ The Board assessed Carlton’s identification of goods “as Applicant has insisted on presenting it on appeal—the listing as set forth above in a single International Class.”³⁴⁸

The Board found the identification of goods to be indefinite for two reasons: (1) it refers to specific class numbers³⁴⁹ and (2) Carlton refused to either delete goods to limit the application to a single class or submit fees to allow for multiple classes.

This disconnect between the one class that was maintained and an identification containing not only goods from other

³⁴⁴ *Id.* n.9. Actually, the refusal was under Section 2(d).

³⁴⁵ *Id.*

³⁴⁶ *Id.* at *4. See Trademark Rule 2.142(g), 37 C.F.R. § 2.142(g); see also *In re Brack*, 114 U.S.P.Q.2d 1338, 1342-43 (T.T.A.B. 2015) (“We note that the involved application may not be reopened for further examination following this appeal. . . . Therefore, Applicant’s failure to comply with the requirement to sign and verify the involved application prior to appeal cannot be remedied after issuance of this decision.” (internal citations omitted)); Trademark Trial and Appeal Board Manual of Procedure (“TBMP”) § 1218 (2020) (applicant “may not amend its application, or submit additional evidence [once an application has been considered and decided by the Board on appeal], except for entry of a disclaimer or upon order of the Director”).

³⁴⁷ Trademark Rule 2.32(a)(6), 37 C.F.R. § 2.32(a)(6).

³⁴⁸ *Carlton Cellars*, 2020 U.S.P.Q.2d 10150 at *3.

³⁴⁹ See TMEP § 1402.01 (“The identification itself must not include references to specific class numbers”).

classes but references to other class numbers themselves makes the identification indefinite. “An identification that fails to identify the goods and services with specificity is indefinite, either because the nature of the goods or services is not clear or **because the wording is so broad that it may include goods or services in more than one class.**” TMEP § 1402.01.³⁵⁰

The Board therefore affirmed this second refusal “based on the unmet requirement that the identification of goods be definite.”³⁵¹

In conclusion, the Board expressed its annoyance with Carlton’s antics:

Applicant’s continued attempt to maintain a multiple-class application upon payment of only a single class fee exhibits at best a misapprehension of, and at worst blatant disregard for, USPTO policy and procedure. Applicant had a duty under the Trademark Rules to submit the appropriate filing fee for the number of classes for which registration is desired, as well as a duty to include a listing of goods that is “specific, definite, clear, accurate, and concise.” TMEP § 1402.01. Applicant failed to comply with either requirement.³⁵²

³⁵⁰ *Id.* at *3-4. *Cf. In re RSI Sys., LLC*, 88 U.S.P.Q.2d 1445, 1450 n.5 (T.T.A.B. 2008) (“If a proposed identification can be classified in more than one class, it is not an acceptable identification of goods or services.”).

³⁵¹ *Id.* at *5.

³⁵² *Id.*

PART II. INTER PARTES CASES

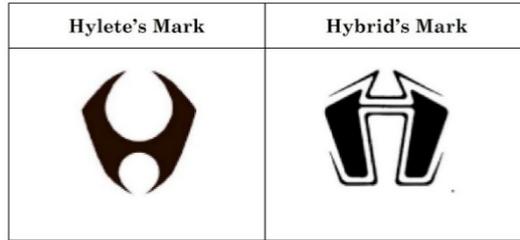
A. United States Court of Appeals for the Federal Circuit

1. Likelihood of Confusion

a. Likelihood of Confusion Found

Hylete LLC v. Hybrid Athletics, LLC

The CAFC wasted little time in affirming the TTAB’s decision finding a likelihood of confusion between the two marks shown immediately below, both for athletic clothing. On appeal, Applicant Hylete argued that the Board erred by considering only Opposer Hybrid’s pleaded common law design mark and not the “composite common law mark” displayed on Hybrid’s exhibits. The court, however, found that Hylete had waived this argument because it was not raised prior to the appeal—and that was that.³⁵³



Before the Board, Applicant Hylete asserted that its mark was a “highly stylized design logo” that was “substantially dissimilar” from Hybrid’s logo. The Board, however, dubiously found that both marks are stylized versions of the letter “H” that have similar commercial impressions, and it concluded that confusion is likely.³⁵⁴

At the CAFC, Hylete argued that the Board erred by failing to compare Hylete’s “H” mark with the “composite common law mark” displayed on Hybrid’s exhibits—comprising the stylized “H” design above the phrase “Hybrid Athletics” and several dots (shown below)—instead of just Hybrid’s claimed “H” mark, depicted in its pending trademark application. Hylete posed the issue on appeal as “a single question: is Hylete’s mark sufficiently similar to [Hybrid’s] composite common law mark to be likely to cause confusion on the part of the ordinary consumer. . . .”³⁵⁵

³⁵³ *Hylete LLC v. Hybrid Athletics, LLC*, 931 F.3d 1170, 2019 U.S.P.Q.2d 285253 (Fed. Cir. 2019).

³⁵⁴ *Hybrid Athletics, LLC. v. Hylete LLC*, Opposition No. 91213057 (T.T.A.B. Dec. 15, 2016).

³⁵⁵ *Hylete v. Hybrid*, 2019 U.S.P.Q.2d 285253 at *3.



Appellee Hybrid responded by pointing out that the “composite common law mark” arguments were never raised before the Board and were therefore waived. The CAFC agreed.

Absent exceptional circumstances, federal appellate courts do not consider issues “not passed upon below,” or entertain arguments not made before the lower tribunal.³⁵⁶ The CAFC has found it appropriate to consider issues raised for the first time on appeal in only limited circumstances:

We have articulated limited circumstances in which considering arguments made for the first time on appeal is appropriate: (1) “[w]hen new legislation is passed while an appeal is pending, courts have an obligation to apply the new law if Congress intended retroactive application even though the issue was not decided or raised below”; (2) “when there is a change in the jurisprudence of the reviewing court or the Supreme Court after consideration of the case by the lower court”; (3) “appellate courts may apply the correct law even if the parties did not argue it below and the court below did not decide it, but only if an issue is properly before the court”; and (4) “where a party appeared pro se before the lower court, a court of appeals may appropriately be less stringent in requiring that the issue have been raised explicitly below.” *Golden Bridge*, 527 F.3d at 1322–23 (quoting *Forshey v. Principi*, 284 F.3d 1335, 1353–57 (Fed. Cir. 2002)).³⁵⁷

Hylete did not dispute that it failed to raise the “composite common law mark” issue at the Board. Instead, it asserted that the Board “sua sponte” raised the issue in its final decision and then applied an incorrect legal standard in comparing the marks. The CAFC observed, however, that Hylete did not assert that the Board had compared the wrong marks when Hybrid sought reconsideration of the Board’s decision. Instead, it had focused only on the two “H” design marks.

Hylete was on notice of Hybrid’s common law rights from the time when the notice of opposition was filed, and Hybrid

³⁵⁶ *Id.*, quoting *Golden Bridge Tech., Inc. v. Nokia, Inc.*, 527 F.3d 1318, 87 U.S.P.Q.2d 1049, 1052 (Fed. Cir. 2008). *See also* *Finch v. Hughes Aircraft Co.*, 926 F.2d 1574, 17 U.S.P.Q.2d 1914, 1919 (Fed. Cir. 1991).

³⁵⁷ *Id.*

subsequently submitted evidence of use of its mark, and so Hylete could have raised the “composite common law mark” in the opposition proceeding. “Thus, none of the exceptional circumstances in which it is appropriate to consider arguments made for the first time on appeal are present here, and declining to consider Hylete’s new arguments does not result in injustice.”³⁵⁸

The CAFC therefore held that Hylete had waived its “composite common law mark” arguments. The court declined to address the Board’s analysis with regard to Hybrid’s “H” design mark, since the only issues raised on appeal related to the “composite common law mark.” The CAFC accordingly affirmed the Board’s decision.

Stratus Networks, Inc. v. UBTA-UBET Communications Inc.

Refusing to reweigh the evidence presented before the TTAB, the CAFC affirmed the TTAB’s decision³⁵⁹ sustaining an opposition to registration of the mark STRATUS NETWORKS & Design for various telecommunications services, in view of the registered mark STRATA NETWORKS & Design for overlapping services. The appellate court concluded that substantial evidence³⁶⁰ supported the Board’s findings under *du Pont*, and further that the Board did not err in its legal analysis.³⁶¹



The Board found that the “marks convey overall commercial impressions that are more similar than dissimilar,” and that the involved services are legally equivalent and therefore presumably travel in the same trade channels to the same classes of consumers.³⁶² The fourth *du Pont* factor, which considers the sophistication of consumers, was neutral or weighed slightly in Stratus’s favor, given the high cost of Stratus’s services. However, “the legal identity in part of the services and similarity of the marks

³⁵⁸ *Id.* at *4. See *Golden Bridge*, 87 U.S.P.Q.2d at 1052.

³⁵⁹ *UBTA-UBET Commc’ns Inc. v. Stratus Networks, Inc.*, Opposition No. 91214143 (T.T.A.B. Oct. 29, 2018).

³⁶⁰ “Substantial evidence is such relevant evidence that a reasonable mind would accept as adequate to support a conclusion.” *Id.* at *3, citing *Hylete LLC v. Hybrid Athletics, LLC*, 2019 U.S.P.Q.2d 285253, *3 (Fed. Cir. 2019).

³⁶¹ *Stratus Networks, Inc. v. UBTA-UBET Commc’ns, Inc.*, 955 F.3d 994, 2020 U.S.P.Q.2d 10341 (Fed. Cir. 2020).

³⁶² Opposition No. 91214143, slip at 23.

outweigh any sophisticated purchasing decision.”³⁶³ The Board found no evidence of actual confusion, but the respective marks were not used in the same geographic areas during the relevant times.

The Board concluded that Stratus’s “modest evidence of the sophistication of consumers and weakness of [the STRATA mark] is insufficient to overcome our findings with regard to the first, second, and third [*du Pont*] factors.”³⁶⁴ Accordingly, the Board ruled that Opposer UBTA had shown by a preponderance of the evidence that Stratus’s mark is “likely to cause consumer confusion when used in association with its services.”³⁶⁵

Stratus challenged the Board’s factual findings on some of the *du Pont* factors, but the CAFC observed that Stratus was “effectively ask[ing] us to reweigh the evidence considered by the Board. That is not the role of this court. Instead, we evaluate whether the Board’s factual findings for each considered *du Pont* factor are supported by substantial evidence.”³⁶⁶ The court confirmed that substantial evidence supported the Board’s findings.

Stratus contended that the record evidence supported a different conclusion as to likelihood of confusion, but the CAFC pointed out that “[e]ven if Stratus were correct that different conclusions may reasonably be drawn from the evidence in record, we must sustain the Board’s decision as supported by the substantial evidence outlined above.”³⁶⁷

Stratus also argued that the Board had committed legal error regarding consumer sophistication and actual confusion, but the court rejected those claims. According to Stratus, the Board “made no express finding as to [the consumer sophistication] factor and instead simply quoted case law that even sophisticated customers are not immune from confusion.”³⁶⁸ The CAFC was unimpressed: “While it is preferable for the Board to make explicit findings about each relevant *du Pont* factor, the absence of explicit findings on a given factor does not give rise to reversible error where the record demonstrates that the Board considered that factor and the corresponding arguments and evidence.”³⁶⁹ The CAFC observed

³⁶³ *Id.* at 24.

³⁶⁴ *Id.* at 26.

³⁶⁵ *Id.*

³⁶⁶ *Stratus Networks*, 2020 U.S.P.Q.2d 10341 at *3-4, citing *Henkel Corp. v. Procter & Gamble Co.*, 560 F.3d 1286, 90 U.S.P.Q.2d 1119, 1120 (Fed. Cir. 2009).

³⁶⁷ *Id.* at *4. See *Real Foods Pty Ltd. v. Frito-Lay N. Am., Inc.*, 906 F.3d 965, 128 U.S.P.Q.2d 1370, 971 (Fed. Cir. 2018) (“The TTAB’s findings may be supported by substantial evidence even if two inconsistent conclusions can be drawn from the evidence.”).

³⁶⁸ *Id.* at *4-5.

³⁶⁹ *Id.* at *5, citing *Han Beauty, Inc. v. Alberto-Culver Co.*, 236 F.3d 1333, 57 U.S.P.Q.2d 1557, 1560 (Fed. Cir. 2001) (finding no error because, “while the Board did not make explicit findings about the strength of the [opposer’s mark], the Board’s opinion reveals that the Board considered this factor”).

that the parties' extensive arguments regarding the sophistication issue, coupled with the Board's written decision, demonstrated that the Board sufficiently considered the consumer sophistication factor.

Nor was there legal error as to the actual confusion factor. Although there was no evidence of actual confusion, the Board considered "the length of time during and conditions under which there has been concurrent use."³⁷⁰ The evidence showed that the services of the parties did not geographically overlap. Therefore, no consumers were exposed to both trademarks during the relevant time periods, "further reducing the significance of the absence of actual confusion."³⁷¹

The CAFC therefore affirmed the Board's determination that UBTA proved a likelihood of confusion by a preponderance of the evidence.

B. Trademark Trial and Appeal Board

1. Section 2(a) False Connection

The Pierce-Arrow Society v. Spintek Filtration, Inc.

The PIERCE-ARROW automobile, last produced in 1938, may be long gone but it is not forgotten. The Board sustained an opposition to registration of the mark PIERCE-ARROW for automobiles, finding a likelihood of confusion with the registered collective membership mark³⁷² PIERCE ARROW SOCIETY for "indicating membership in a national organization whose aim is to foster and preserve interest in Pierce Arrow Motor Cars." However, a "false suggestion of a connection" claim under Section 2(a) was denied due to lack of proof that the Pierce Arrow Society (the "Society") is famous or has any reputation, or that the mark PIERCE-ARROW points uniquely and unmistakably to the Society.³⁷³

³⁷⁰ Opposition No. 91214143, slip at 25.

³⁷¹ *Stratus Networks*, 2020 U.S.P.Q.2d 10341 at *5, citing *In re Majestic Distilling Co.*, 315 F.3d 1311, 65 U.S.P.Q.2d 1201, 1205 (Fed. Cir. 2003).

³⁷² The term "collective mark" is defined in Section 45 of the Lanham Act, 15 U.S.C. § 1127, as:

[A] trademark or service mark—

- (1) used by the members of a cooperative, an association, or other collective group or organization, or
- (2) which such cooperative, association, or other collective group or organization has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, and includes marks indicating membership in a union, an association, or other organization.

³⁷³ *The Pierce-Arrow Society v. Spintek Filtration, Inc.*, 2019 U.S.P.Q.2d 471774 (T.T.A.B. 2019). The Section 2(d) issue is discussed in Part II.B.2.a, below.

The Pierce-Arrow Society is a non-profit organization founded in 1957. It operates the Pierce-Arrow Museum in Hickory Corners, Michigan; has published a monthly magazine about the automobile; and displays PIERCE-ARROW automobiles at the Annual Flea Market in Hershey, Pennsylvania. The Society assists members in preserving and restoring their autos, publishes service bulletins, facilitates the sale of autos and parts, and sells some parts directly to owners of PIERCE-ARROW automobiles. However, the Society is not a legal successor to the Pierce-Arrow Motor Company, nor did it acquire any of its assets or any rights in the PIERCE-ARROW mark.

Section 2(a), in pertinent part, bars registration of a mark that may falsely suggest a connection with “persons, living or dead, institutions, beliefs, or national symbols”³⁷⁴ To support such a claim, the opposer must establish that:

1. The mark is the same as, or a close approximation of, the name or identity previously used by another person or institution;
2. The mark would be recognized as such, in that it points uniquely and unmistakably to that person or institution;
3. The person or institution named by the mark is not connected with the activities performed by the applicant under the mark; and
4. The fame or reputation of the person or institution is such that, when the mark is used with the applicant’s goods or services, a connection with the person or institution would be presumed.³⁷⁵

The Board found that PIERCE-ARROW is a close approximation of opposer’s name, since the article “The” and the word “Society” have no source identifying significance.³⁷⁶ The Board also found that Applicant Spintek is not connected with the Society. Thus, elements 1 and 3 of the Section 2(a) false connection test were met.

However, as to the second element, the Society failed to show that PIERCE-ARROW points uniquely and unmistakably to it. The Society maintained that the mark would be recognized as the name of the antique automobiles and that it is the “de facto successor” to the motor car company, but the Board was not impressed. It observed that when the automobile company ceased to exist, its rights were extinguished.³⁷⁷ There was no assignment of any

³⁷⁴ Section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a).

³⁷⁵ *Pierce-Arrow Society*, 2019 U.S.P.Q.2d 471774 at *4, citing *Univ. of Notre Dame*, 217 U.S.P.Q. at 508-10.

³⁷⁶ *Id.* at *5. See *In re The Place Inc.*, 76 U.S.P.Q.2d 1467, 1468 (T.T.A.B. 2005) (“we find that the definite article THE and the generic term BAR are not distinctive terms, and they add no source-indicating significance to the mark as a whole.”).

³⁷⁷ *Id.* at *6. See *In re Wielinski*, 49 U.S.P.Q.2d 1754 (T.T.A.B. 1998).

interest in these rights to any other entity. The Society did not prove that it may claim rights in the name or identity of the defunct company. Its use of marks containing the words “PIERCE-ARROW” as collective memberships marks did not effectuate a transfer to it of the goodwill associated with PIERCE-ARROW for automobiles.³⁷⁸

Furthermore, the Society did not satisfy the fourth element of the Section 2(a) test: it failed to show that it has any fame or reputation. The Board noted that there are only 2,400 Pierce-Arrow automobiles in existence, that the Society has only 1,000 members, and that its advertising is limited. The Society failed to establish how many individuals visit the flea market and museum. Moreover, the Society failed to show that the defunct company enjoyed a fame or reputation that was transferred to opposer.

And so, because the Society did not satisfy two of the four elements of the test, the Board dismissed its Section 2(a) claim.

Schiedmayer Celesta GmbH v. Piano Factory Group, Inc.

In light of the fame of the name “Schiedmayer” for keyboard musical instruments, the Board granted a petition for cancellation of a registration for the mark SCHIEDMAYER for “pianos, namely, upright pianos, grand pianos, and digital pianos,” finding that the mark falsely suggests a connection with Petitioner Schiedmayer, in violation of Section 2(a). The Board rejected respondents’ laches defense, despite Schiedmayer’s delay of nearly seven and one-half years before filing its petition for cancellation.³⁷⁹

The Schiedmayer company manufactures and sells a keyboard instrument known as a celesta. A celesta is similar to a piano, but the celesta keys, rather than striking wires, strike a metal plate to make sounds.³⁸⁰ Nonetheless, a celesta resembles a piano and is played as a piano would be played. The company and its CEO, Ms. Schiedmayer, are connected to the original German Schiedmayer family and business known for offering keyboard instruments for some 200 years.

Respondents are Los Angeles piano dealers that retail, but do not manufacture, pianos. They added the SCHIEDMAYER name plate to “no-name” pianos (also known as “stencil pianos”) from China, a practice not uncommon in the keyboard instrument field.

In order to prove its false connection claim under Section 2(a), Petitioner Schiedmayer had to show that the mark

³⁷⁸ *Id.*

³⁷⁹ *Schiedmayer Celesta GmbH v. Piano Factory Grp., Inc.*, 2019 U.S.P.Q.2d 341894 (T.T.A.B. 2019). The laches issue is discussed in Part II.B.9, below.

³⁸⁰ According to Wikipedia, “One of the best-known works that uses the celesta is Pyotr Ilyich Tchaikovsky’s ‘Dance of the Sugar Plum Fairy’ from *The Nutcracker*.” *Celesta*, Wikipedia, <https://en.wikipedia.org/wiki/Celesta> (Oct. 20, 2020).

SCHIEDMAYER is “unmistakably associated with a particular personality or ‘persona.’”³⁸¹

Because “celesta” merely describes the petitioner’s primary product and “GmbH” is merely its German entity designation, “Schiedmayer is Petitioner’s name and identity.”³⁸² The record evidence, including encyclopedia entries, Internet search results, and media mentions, demonstrated that “Petitioner and its instruments are known to and by the public as ‘Schiedmayer.’”³⁸³

The evidence also demonstrated that SCHIEDMAYER points uniquely and unmistakably to the petitioner. The respondents’ use of SCHIEDMAYER is “strong evidence that they seek to draw a connection between their goods and Petitioner, the prominent source of SCHIEDMAYER keyboard musical instruments in the United States.”³⁸⁴ In fact, the Board observed, the petitioner is the only entity that SCHIEDMAYER could possibly identify.³⁸⁵ The respondents conceded that they are not connected to Petitioner Schiedmayer in any way.

Finally, the evidence established that SCHIEDMAYER is famous in the United States in connection with keyboard musical instruments. The Board rejected the argument that, although Petitioner Schiedmayer may have some level of fame for celestas and glockenspiels, that fame does not carry over to pianos. It noted that the difference between pianos and these keyboard instruments are “internal, mechanical and perhaps not even noticeable to or known by some consumers.”³⁸⁶ In light of the respondents’ use of SCHIEDMAYER, “[the Board] may draw an inference that [Respondents] inten[d] to create a connection with’ Petitioner, and that the public would make the false association.”³⁸⁷

The Board found that Schiedmayer had satisfied the Section 2(a) test, and that the respondents’ mark falsely suggests a connection with the petitioner.

³⁸¹ *Schiedmayer*, 2019 U.S.P.Q.2d 341894 at *6, quoting *Univ. of Notre Dame*, 217 U.S.P.Q. at 509.

³⁸² *Id.*

³⁸³ *Id.* at *7.

³⁸⁴ *Id.* at *8.

³⁸⁵ *Id.*

³⁸⁶ *Id.* at *9 n.17.

³⁸⁷ *Id.* quoting *In re Peter S. Herrick, P.A.*, 91 U.S.P.Q.2d 1505, 1509 (T.T.A.B. 2009).

2. Section 2(d) Likelihood of Confusion

a. Likelihood of Confusion Found

The Pierce-Arrow Society v. Spintek Filtration, Inc.

Although the Board rejected the claim that Respondent Spintek's mark PIERCE-ARROW for automobiles creates a false suggestion of a connection with The Pierce-Arrow Society under Section 2(a), it sustained the Society's opposition to registration of the mark on the ground of likelihood of confusion with the registered collective membership mark PIERCE ARROW SOCIETY for "indicating membership in a national organization whose aim is to foster and preserve interest in Pierce Arrow motor cars."³⁸⁸

The likelihood of confusion analysis involving a collective membership mark and a trademark is not based on confusion as to the source of the goods or services provided by the organization; rather the issue is whether relevant consumers are likely to believe that the trademark owner's goods "emanate from or are endorsed by or in some other way associated with the collective organization."³⁸⁹

Thus, we consider whether Applicant's goods and the indication of membership in an organization whose aim is to foster and preserve interest in PIERCE-ARROW motor cars are sufficiently related that, if similar marks were used in connection with them, such prospective purchasers of Applicant's automobiles and current or prospective members of Opposer's organization would be likely to believe that Applicant's automobiles are sponsored by or in some way affiliated with Opposer's organization.³⁹⁰

As to the marks, the Board not surprisingly deemed PIERCE ARROW to be the dominant portion of the Society's mark, and it found the involved marks to be "highly similar" in appearance, sound, connotation, and commercial impression.³⁹¹ As to the goods and services, the respective identifications in the application and the pleaded registration "reflect a clear and immediate relationship."³⁹² "Opposer's collective membership mark identifies its organization's focus on PIERCE-ARROW automobiles. Applicant's goods are PIERCE-ARROW automobiles."³⁹³ Notably, the identification in the Society's registration does not specify

³⁸⁸ *Pierce-Arrow Society*, 2019 U.S.P.Q.2d 471774 at *8-17. The Section 2(a) false connection issue is discussed in Part II.B.1, above.

³⁸⁹ *Id.* at *9, quoting *Carefirst of Md. Inc. v. FirstHealth of the Carolinas, Inc.*, 77 U.S.P.Q.2d 1492, 1512-13 (T.T.A.B. 2005).

³⁹⁰ *Id.*

³⁹¹ *Id.* at *10.

³⁹² *Id.* at *11.

³⁹³ *Id.*

whether the motor cars in which its members are interested are new or used, and so it encompasses Spintek's automobiles.

As to trade channels and classes of consumers, the Board agreed with Spintek that the trade channels differ, but it found that the consumers of the Society's services overlap with the (potential) purchasers of Spintek's automobiles: "Members of Opposer's organization may not own only antique automobiles, they may also own modern automobiles. Thus, once Applicant promotes its automobiles, it is likely that the same individuals will be exposed to both Applicant's and Opposer's marks for their respective goods and services."³⁹⁴

Finally, as to the conditions of sale, Spintek argued that automobiles are costly and are purchased with care, but the Board noted that the Society's annual membership fee is a mere \$45, suggesting less care by consumers in their decisions to join the Society. In any case, even sophisticated purchasers are not necessarily knowledgeable in the field of trademarks and are not immune from source confusion when very similar marks are in use.³⁹⁵

The Board concluded that consumers are likely to assume a connection or affiliation with or sponsorship by the Society if Spintek's mark is used for automobiles, and it therefore sustained the opposition under Section 2(d).

DeVivo v. Ortiz

The issue of priority of use was front and center in this Section 2(d) opposition to registration of the mark ENGIRLNEER for "Cups; coffee cups, tea cups and mugs;" "Lanyards for holding badges; Lanyards for holding keys;" "Hoodies; Shirts; Sweatshirts." The Board sustained the opposition, finding a likelihood of confusion with the identical, common law mark for books and for educational and informational services in the STEM fields.³⁹⁶

The opposed application was filed on November 18, 2017, under Section 1(b),³⁹⁷ based on the applicant's bona fide intent to use the mark in commerce. Opposer Shannon DeVivo was able to prove prior use of the mark for her STEM-related services through her

³⁹⁴ *Id.* at *15.

³⁹⁵ *Id.* at *16. See *In re Shell Oil Co.*, 992 F.2d 1204, 26 U.S.P.Q.2d 1687, 1690 (Fed. Cir. 1993); *In re Davey Prods. Pty. Ltd.*, 92 U.S.P.Q.2d 1198, 1204 (T.T.A.B. 2009).

³⁹⁶ *DeVivo v. Ortiz*, 2020 U.S.P.Q.2d 10153 (T.T.A.B. 2020).

³⁹⁷ Section 1(b)(1) of the Lanham Act, 15 U.S.C. § 1051(b)(1), provides that:

A person who has a bona fide intention, under circumstances showing the good faith of such person, to use a trademark in commerce may request registration of its trademark on the principal register hereby established by paying the prescribed fee and filing in the Patent and Trademark Office an application and a verified statement, in such form as may be prescribed by the Director.

declaration testimony regarding her interactive website (with depictions of several cartoon character “engirlneers”) and its downloadable book, which provide educational information regarding STEM fields for young women.³⁹⁸

As to the downloadable book,³⁹⁹ DeVivo did not claim that the title of the book serves as a mark.⁴⁰⁰ She pointed out that the term “ENGIRLNEERS” appears on the front cover of the book, separate and apart from the title, on the second page of the book, and within a “seal design” on the back cover.

The Board likened this case to *In re Polar Music International*, in which the CAFC found that the mark ABBA served as a trademark for the musical group ABBA’s sound recordings because “[t]he public has come to expect and associate a certain quality, not just of sounds but of how the sounds are produced on the record and the physical qualities of the record itself, with the mark ‘ABBA.’”⁴⁰¹

Similarly, a publisher’s mark such as the term ENGIRLNEER located within the seal design may serve as more than just the source identifier for a physical good, a children’s book. It also may serve to inform the public that the subject matter of the book is of a certain quality and suitability. If in printed form, it may also identify the quality of the physical product.⁴⁰²

The Board concluded that ENGIRLNEER serves as a source indicator for applicant’s book:

Thus, even though ENGIRLNEERS appears in the title of the book and is the group name for the characters in the book, the positioning of the term distant from the title of the book, its inclusion within a design, its prominent size, its appearance on the second page in conjunction with an invitation to the reader to “learn how to become an engirlneer,” and its appearance on the last page of the book, results in a separate and distinct commercial impression which performs the trademark function of identifying the source of Applicant’s book to consumers.⁴⁰³

³⁹⁸ STEM is an acronym for “science, technology, engineering, and mathematics.” *See Science, Technology, Engineering, and Mathematics*, Wikipedia, https://en.wikipedia.org/wiki/Science,_technology,_engineering,_and_mathematics (Nov. 1, 2020).

³⁹⁹ Entitled “The Engirlneers Save Fish Pond.” *See DeVivo*, 2020 U.S.P.Q.2d 10153 at *5.

⁴⁰⁰ *See In re Cooper*, 254 F.2d 611, 117 U.S.P.Q. 396, 398 (C.C.P.A. 1958) (“the title of a book cannot be registered as a trademark”).

⁴⁰¹ 714 F.2d 1567, 221 U.S.P.Q. 315, 318 (Fed. Cir. 1983).

⁴⁰² *DeVivo*, 2020 U.S.P.Q.2d 10153 at *8.

⁴⁰³ *Id.* *See In re Scholastic Inc.*, 23 U.S.P.Q.2d 1774, 1779 (T.T.A.B. 1992) (“even if THE MAGIC SCHOOL BUS were the complete title of one of the books in the series, or

With priority determined, the Board turned to the likelihood of confusion factors, beginning with the crucial issue of the relatedness of the involved goods and services. It first observed that, since the involved marks are identical, a lesser degree of similarity between the goods/services is needed to support a finding of likely confusion.⁴⁰⁴ Third-party registration evidence⁴⁰⁵ as well DeVivo's evidence of use of her mark on T-shirts, tank tops, sweatshirts, hoodies, coffee mugs, stickers, postcards, greeting cards and tote bags (albeit after the filing date of the opposed application) led the Board to find that Applicant Ortiz's goods are related to DeVivo's goods and services.⁴⁰⁶

The Board breezed through the remaining *du Pont* factors to reach its conclusion:

We find the marks are identical, the parties' goods and services related, and the parties' goods are subject to a low standard of purchaser care (impulse purchasing). The channels of trade and classes of customers are related, but only slightly. In view of our findings on these factors, we hold under Section 2(d) that there is a likelihood of confusion between Applicant's ENGIRLNEER mark for her goods and Opposer's identical ENGIRLNEER mark for her goods and services for which Opposer has demonstrated priority of use.⁴⁰⁷

New Era Cap Co., Inc. v. Pro Era, LLC

Hip-hop collective Pro Era applied to register the mark PRO ERA for various clothing items, including hats and caps, but was foiled by Opposer New Era Cap, who for decades has extensively used, promoted, and protected its registered mark NEW ERA in connection with caps. Although the Board rejected New Era's claim of ownership of a family of ERA-formative mark, it found the NEW ERA mark to be conceptually strong with a "relatively high degree of fame or commercial strength," and similar overall to the PRO

identified a character in the books, these factors would be insufficient to overcome the evidence in this case that THE MAGIC SCHOOL BUS also functions as a trademark.").

⁴⁰⁴ *Id.* at *11. See *Orange Bang, Inc. v. Olé Mexican Foods, Inc.*, 116 U.S.P.Q.2d 1102, 1117 (T.T.A.B. 2015).

⁴⁰⁵ "While not evidence of use of the marks therein, third-party registrations may serve to suggest that the parties' goods and services are of a type which may emanate from a single source." *Id.* at *13, citing *In re Mucky Duck Mustard Co.*, 6 U.S.P.Q.2d 1467, 1467 n.6 (T.T.A.B. 1988); *In re Albert Trostel & Sons Co.*, 29 U.S.P.Q.2d 1783, 1785-86 (T.T.A.B. 1993).

⁴⁰⁶ "Such goods tend to be collateral goods." *Id.* See *L.C. Licensing, Inc. v. Berman*, 86 U.S.P.Q.2d 1883, 1889 (T.T.A.B. 2008) ("It is common knowledge, and a fact of which we can take judicial notice, that the licensing of commercial trademarks on 'collateral products' has become a part of everyday life.").

⁴⁰⁷ *Id.* at *15-16.

ERA mark in sound, appearance, connotation, and commercial impression.⁴⁰⁸

New Era's claim to a family of marks was based on its use and promotion of marks such as DRYERA, COOLERA, SOLARERA, WINTERERA, DIAMOND ERA, and MICROERA for hats and caps, prior to Pro Era's filing date. The Board noted that although the USPTO may register several individual marks that include a family element, it does not register "families' of prefixes, suffixes, or other components of a mark."⁴⁰⁹ A party that relies on a family of marks is "relying on common law rights in the alleged family."⁴¹⁰

The seminal case on the family of marks issue is *J & J Snack Foods Corp. v. McDonald's Corp.*: "A family of marks is a group of marks having a recognizable common characteristic, wherein the marks are composed and used in such a way that the public associates not only the individual marks, but the common characteristic of the family, with the trademark owner."⁴¹¹

J&J Snack Foods pointed out that it is not enough to merely use a series of marks. The relevant public must recognize the common characteristic as indicator of source for the goods or services.

Recognition of the family is achieved when the pattern of usage of the common element is sufficient to be indicative of the origin of the family. It is thus necessary to consider the use, advertisement, and distinctiveness of the marks, including assessment of the contribution of the common feature to the recognition of the marks as of common origin.⁴¹²

In order to rely on an ERA family of marks, New Era had to prove the existence of the family prior to Pro Era's priority date.⁴¹³ The Board, with little discussion, found New Era's testimony on this issue to be both vague and ambiguous, and in part relating to its use of its marks only after applicant Pro Era's constructive first use date. Consequently, the Board concluded that New Era had failed to carry its burden to prove that it owned a family of ERA-formative marks.

Turning to the likelihood of confusion factors, the Board found that New Era has used its mark NEW ERA since the 1930s in connection with caps and has enjoyed a long-standing relationship with Major League Baseball and professional football, as well as other sports. It promotes its goods in various ways, including during

⁴⁰⁸ *New Era Cap Co., Inc. v. Pro Era, LLC*, 2020 U.S.P.Q.2d 10596 (T.T.A.B. 2020).

⁴⁰⁹ *Id.* at *6-7.

⁴¹⁰ *Id.* at *7.

⁴¹¹ 932 F.2d 1460, 18 U.S.P.Q.2d 1889, 1891-92 (Fed. Cir. 1991).

⁴¹² *Id.*

⁴¹³ *New Era*, 2020 U.S.P.Q.2d 10596 at *7. See *Hester Indus. Inc. v. Tyson Foods Inc.*, 2 U.S.P.Q.2d 1645, 1647 (T.T.A.B. 1987).

broadcasts of sporting events. The mark “enjoys a vibrant social media following” and has received recognition in nationwide media.⁴¹⁴ New Era aggressively polices the mark against infringement. Applicant Pro Era pointed to the absence of survey evidence, but the Board observed that such evidence is not required to prove whether a mark is famous.⁴¹⁵

Pro Era argued that third-party registrations weakened the NEW ERA mark but the Board was unmoved, since there were only four relevant marks and no evidence of actual use: far short of the extensive third-party evidence found to be impactful by the CAFC in *Jack Wolfskin*⁴¹⁶ and *Juice Generation*.⁴¹⁷ The Board concluded that the NEW ERA mark “falls on the much higher end of the commercial strength spectrum” and is “entitled to a broad scope of protection.”⁴¹⁸

The fact that the involved goods, channels of trade, and classes of consumers overlap weighed heavily in New Era’s favor. Moreover, as to the marks, the Board pointed out once again that a lesser degree of similarity is needed to support a finding of likely confusion when the goods are (in part) identical.⁴¹⁹

Applicant Pro Era asserted that PRO ERA is an abbreviation for “Progressive Era” and therefore the marks have different meanings and connotations. However, there was no evidence that consumers are likely to so perceive the PRO ERA mark. Moreover, the word “PRO” could be seen as an abbreviation for “professional.”⁴²⁰

The Board acknowledged that consumers are likely to focus on the first part of a trademark,⁴²¹ but here the marks are similar in structure and end with the same word. Moreover, the word “PRO” has a laudatory connotation and is therefore less likely to form a strong impression on consumers seeking to distinguish similar marks. Given the strength of the NEW ERA mark, consumers are likely to see the PRO ERA brand as an extension of the NEW ERA product line.

Finally, as to the lack of evidence of actual confusion, the Board looked to the marketplace conditions and noted that Pro Era’s clothing items are sold as collateral items to its music services, at

⁴¹⁴ *Id.* at *11.

⁴¹⁵ *Id.*, citing *Bose Corp. v. QSC Audio Prods. Inc.*, 293 F.3d 1367, 63 U.S.P.Q.2d 1303, 1308 (Fed. Cir. 2002).

⁴¹⁶ 116 U.S.P.Q.2d 1129, 1135 (Fed. Cir. 2015).

⁴¹⁷ *Juice Generation, Inc. v. GS Enters. LLC*, 794 F.3d 1334, 115 U.S.P.Q.2d 1671, 1675 (Fed. Cir. 2015).

⁴¹⁸ *New Era*, 2020 U.S.P.Q.2d 10596 at *12, *13.

⁴¹⁹ *Id.* at *14. *See, e.g., In re Viterra*, 101 U.S.P.Q.2d at 1908.

⁴²⁰ *Id.*

⁴²¹ *Id.* at *15, citing *Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondée En 1772*, 396 F.3d 1369, 73 U.S.P.Q.2d 1689, 1692 (Fed. Cir. 2005).

concerts, on its website, and in various social media platforms. Opposer New Era likewise has a strong media presence, and markets limited edition caps at music festivals. In fact, both parties have been involved in the SXSW Music Festival.⁴²² However, there was insufficient evidence to allow the Board to determine the extent of use of Pro Era's mark, and there was no evidence indicating that the goods of the parties are of inferior quality, which makes it less likely that instances of confusion will be reported.⁴²³ Therefore, the Board found the actual confusion factor to be neutral.

b. Likelihood of Confusion Not Found

Ricardo Media Inc. v. Inventive Software, LLC

Declining to apply the doctrine of foreign equivalents to a given name, the Board dismissed this opposition to registration of the mark RICHARD MAGAZINE for online services in the fields of fashion, beauty, and lifestyle, concluding that Opposer Ricardo Media had failed to prove a likelihood of confusion with its mark RICARDO for services in the culinary field, including publishing and television production. Although the involved services are related, the first *du Pont* factor, the dissimilarities between the marks, was dispositive.⁴²⁴

The evidence established that both “lifestyle” and culinary content are offered by some media, and that was sufficient to persuade the Board that the parties’ services are related, though not closely related. Therefore, this factor weighed only slightly in Ricardo Media’s favor. Similarly, the limited overlap in channels of trade and classes of consumers provided slight support for a finding of likely confusion. The key issue, then, was the similarity of the marks.

The Board found the marks to be more dissimilar than similar. Although RICHARD and RICARDO differ by only two letters, the word “MAGAZINE” cannot be ignored.

There was no doubt that the marks sound different. “As for RICARDO, ‘it does not follow that any and all suggested pronunciations of a trademark must be deemed to be “correct” or viable, even those which are inherently implausible and inconsistent with common phonetic usage and practice.’”⁴²⁵ Many American consumers would perceive RICARDO as a Spanish name while RICHARD is a common English name. “It would be ‘inherently implausible’ for RICARDO to be pronounced similarly to

⁴²² SXSW refers to “South by Southwest,” an annual music, film, and media festival held in Austin, Texas.

⁴²³ *New Era*, 2020 U.S.P.Q.2d 10596 at *18.

⁴²⁴ *Ricardo Media Inc. v. Inventive Software, LLC*, 2019 U.S.P.Q.2d 311355 (T.T.A.B. 2019).

⁴²⁵ *Id.* at *6, quoting *In re Who? Vision Sys. Inc.*, 57 U.S.P.Q.2d 1211, 1218 (T.T.A.B. 2000).

RICHARD. In fact, RICHARD and RICARDO are different male given names . . . and dictionary definitions of which we take judicial notice reveal that they have different pronunciations.”⁴²⁶

The principal disagreement between the parties concerned the applicability of the doctrine of foreign equivalents. The Board observed that the doctrine “should generally not apply to first names such as RICHARD and RICARDO that are widely recognizable to American consumers, unless there is evidence that consumers would ‘translate’ the names.”⁴²⁷

The Board noted that “Richard” and “Ricardo” are each recognized personal names. There was no evidence that owners of personal name trademarks use translations of their personal names, or that consumers translate them. Indeed, “[i]nconsistent use of a personal name trademark, including by using it in more than one language, such that its spelling or pronunciation changes, could risk, and perhaps make inevitable, consumer confusion as to the true source of a product or service.”⁴²⁸ “[G]enerally consumers would be unlikely to ‘stop and translate’ personal name marks, because doing so would point to not only a different person or people (whether real or fictional), but also to a different source, and to the mark losing any ‘instant recognizability.’”⁴²⁹

Finally, the content provided by Applicant Inventive Software appeared to be only in English, with no indication that its services are related to the Spanish language. Thus, “[t]here is no reason to think that American consumers, even Spanish speakers, would translate RICHARD to RICARDO.”⁴³⁰ Instead, they would “take each name as it is, in its own language, as identifying the person named, whether real or fictional, known or anonymous.”⁴³¹

The Board concluded that the marks, when considered in their entireties, are dissimilar:

They identify different people, with RICARDO identifying Ricardo Larrivéé to those unfamiliar with Opposer, or someone named RICARDO to those familiar with Opposer, . . . and RICHARD MAGAZINE identifying Mr. Wojtach, or someone named RICHARD to those unfamiliar

⁴²⁶ *Id.*

⁴²⁷ *Id.* See *Palm Bay*, 73 U.S.P.Q.2d at 1696 (“The doctrine [of foreign equivalents] is applied when it is likely that ‘the ordinary American purchaser would “stop and translate [the term] into its English equivalent,”’ quoting *In re Pan Tex Hotel Corp.*, 190 U.S.P.Q. 109, 110 (T.T.A.B. 1976)”).

⁴²⁸ *Id.* at *7.

⁴²⁹ *Id.* at *8.

⁴³⁰ *Id.* Cf. *In re Aquamar, Inc.*, 115 U.S.P.Q.2d 1122, 1127 (T.T.A.B. 2015) and *In re Am. Safety Razor Co.*, 2 U.S.P.Q.2d 1459 (T.T.A.B. 1987) (in both of these cases, translation of the marks was found to be likely because the record revealed that the marks were directed to Spanish speakers, using Spanish language terms).

⁴³¹ *Id.*

with Applicant. The term MAGAZINE is another difference affecting how the marks look and sound, while RICARDO appears to identify a specific, perhaps well-known person (most likely, given Opposer’s identified goods and services, a chef or restaurateur). Absent evidence to the contrary, we find that consumers would be unlikely to “stop and translate” RICARDO into RICHARD (or RICHARD into RICARDO), as doing so would point them to a different source. This factor weighs heavily against finding a likelihood of confusion.⁴³²

Although there is “some relationship between the parties’ services, channels of trade and classes of consumers,” the Board concluded that the dissimilarity between the marks outweighed these factors.⁴³³

*Lacteos de Honduras S.A. v.
Industrias Sula, S. De R.L. de C.V.*

In this Section 2(d) opposition to registration of the mark RICA SULA for snack chips, Applicant Industrias Sula counterclaimed for cancellation of Opposer Lacteos de Honduras’s two pleaded registrations for the mark SULA for “spreads, namely, vegetable oil and dairy cream based blends,” under Article 8 of the Pan-American Convention. Industrias Sula also asserted an affirmative defense of “priority” under Articles 7 and 8. The Board granted Lacteos de Honduras’s motion to dismiss the counterclaims and the affirmative defense, finding that Industrias Sula failed to allege that it has rights in Honduras or elsewhere for goods that are the same as those of Lacteos de Honduras, that Article 7 does not allow an assertion of priority against a mark registered in the United States, and that Article 8 does not provide such an affirmative defense.⁴³⁴

The United States is a party to the General Inter-American Convention for Trademark and Commercial Protection (1929) (“Pan-American Convention”),⁴³⁵ along with Colombia, Cuba, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, and Peru. The Convention concerns trademarks, trade names, unfair competition, and false indications of geographical origin or source. It “provides a novel approach” by giving the owner of a trademark

⁴³² *Id.* at *9.

⁴³³ *Id.* at *11, citing *Kellogg Co. v. Pack'em Enters. Inc.*, 951 F.2d 330, 21 U.S.P.Q.2d 1142, 1145 (Fed. Cir. 1991) (“We know of no reason why, in a particular case, a single *du Pont* factor may not be dispositive.”).

⁴³⁴ *Lacteos de Honduras S.A. v. Industrias Sula, S. De R.L. de C.V.*, 2020 U.S.P.Q.2d 10087 (T.T.A.B. 2020).

⁴³⁵ Feb. 20, 1929, 46 Stat. 2907, 124 L.N.T.S. 357.

in a contracting state protection of its mark in other contracting states “where the mark was known to have been previously used.”⁴³⁶

The Board first faced the question of whether Article 8 of the Pan-American Convention authorizes an applicant whose mark was approved for publication and then opposed, to bring a counterclaim seeking cancellation of an opposer’s registration. Article 8 authorizes a claim for cancellation if a “registration or deposit is refused.” Here, registration was not “refused.” The Board observed, however, that that the phrase “is refused” is not limited by the word “examination.”⁴³⁷

Therefore, we hold that the requirement in the Article 8 Preamble, i.e., for a refusal of registration in order to invoke the right to apply for and obtain a cancellation of the interfering mark, includes not only a refusal resulting from ex parte examination by the United States Patent and Trademark Office, but also **the potential for refusal** resulting from the institution of an opposition proceeding before the Board, which determines registrability of a trademark.⁴³⁸

The Board noted that to construe the Article otherwise would be to deprive the counterclaimant its right to file a compulsory counterclaim.⁴³⁹

In order to state a claim for cancellation under Article 8, a plaintiff (or counterclaimant) must allege the following:

- (1) Counterclaim-plaintiff seeks registration in the United States of a mark which originated in another Contracting State;
- (2) During ex parte examination by the United States Patent and Trademark Office, registration to the counterclaim-plaintiff has been refused because of the previous registration of an interfering mark, or an opposition has been instituted by the Trademark Trial and Appeal Board for the owner of the interfering mark;

⁴³⁶ Christine H. Farley, *The Pan-American Trademark Convention of 1929: A Bold Vision of Extraterritoriality Meets Current Realities*, in *Trademark Protection and Territoriality Challenges in a Global Economy* (Irene Calboli & Edward Lee eds., Edward Elgar Press 2014). Available at SSRN: <https://ssrn.com/abstract=2225970> or <http://dx.doi.org/10.2139/ssrn.2225970>.

⁴³⁷ *Lacteos de Honduras*, 2020 U.S.P.Q.2d 10087 at *3.

⁴³⁸ *Id.*

⁴³⁹ *Id.* at *4. See *Jive Software, Inc. v. Jive Comm., Inc.*, 125 U.S.P.Q.2d 1175, 1177 (T.T.A.B. 2017) and Trademark Rule 2.106(b)(3)(i). See also *British-American Tobacco Co. v. Philip Morris, Inc.*, 55 U.S.P.Q.2d 1585, 1589 (citing *Bacardi Corp. of America v. Domenech*, 311 U.S. 150, 161, 47 U.S.P.Q. 350, 355 (1940)) (“[the court] should construe the treaty liberally to give effect to the purpose which animates it. Even where a provision of a treaty fairly admits of two constructions, one restricting, the other enlarging rights which may be claimed under it, the more liberal interpretation is to be preferred.”).

(3) Counterclaim-plaintiff enjoyed legal protection for its mark in another Contracting State to the Pan-American Convention and that legal protection existed prior to the date of the application for the registration it seeks to cancel;

(4) The owner of the registration of the interfering mark (counterclaim-defendant) had knowledge of the use, employment, registration or deposit of counterclaim-plaintiff's mark in any of the Contracting States for the *specific goods* to which the counterclaim-defendant's interfering mark is applied; and,

(5) The goods or services of the parties must be identical and the counterclaim-defendant knew of the counterclaim-plaintiff's mark prior to adoption and use of the interfering mark, or prior to the filing of the application for or deposit of the mark which is sought to be cancelled (sic).⁴⁴⁰

The Board interpreted the phrase "specific goods" in Article 8 to mean "**the same goods**."⁴⁴¹ Here, the goods of Opposer Lacteos de Honduras are spreads, not snack chips. Industrias Sula did not allege that it owns rights in Honduras or elsewhere for spreads, and therefore its allegations did not satisfy the fourth requirement. Accordingly, Industrias Sula failed to state a claim upon which relief can be granted, and the Board granted the motion to dismiss the counterclaim.

With regard to the affirmative defense, Industrias Sula asserted that Lacteos de Honduras could not prove priority under Section 2(d) because Industrias Sula has priority under Articles 7 and 8 of the Convention. The Board pointed out that in a Section 2(d) opposition proceeding, priority is not an issue when the opposer owns a pleaded registration, absent a proper counterclaim for cancellation.⁴⁴² Here, as discussed above, Industrias Sula had no viable counterclaim. Moreover, Article 7 of the Convention provides the right to an affirmative defense of priority only "when the interfering [or adverse] party's purported rights are based solely on use of the interfering mark," and not when the adverse party is relying on a registration.⁴⁴³ As to Article 8, there is no affirmative defense set forth therein.⁴⁴⁴

⁴⁴⁰ *Id.* at *4-5 (emphasis added). The author notes that registrations are cancelled, not marks.

⁴⁴¹ *Id.* at *7.

⁴⁴² *Id.* at *8. See *King Candy Co. v. Eunice King's Kitchen, Inc.*, 496 F.2d 1400, 182 U.S.P.Q. 108, 110 (C.C.P.A. 1974); see also Trademark Rule 2.106(b)(3), 37 C.F.R. § 2.106(b)(3).

⁴⁴³ *Id.* at *9. See *Diaz v. Servicios De Franquicia Pardo's S.A.C.*, 83 U.S.P.Q.2d 1320, 1326 (T.T.A.B. 2007) (awarding priority to the junior user of the mark PARDO'S CHICKEN & Design in the United States because it had established priority under Article 7 of the Pan-American Convention).

⁴⁴⁴ *Id.*

And so, the Board also granted opposer's motion to strike applicant's affirmative defense of priority.

Moke America LLC v. Moke USA, LLC

The Board dismissed the Section 2(d) claim in this opposition to registration of the mark MOKE & Design for "motor vehicles, namely, four wheel low speed land vehicles and automobiles," because Opposer Moke America LLC's testimony and evidence failed to establish prior rights in the mark MOKE. The Board also jettisoned Moke America's claim that Applicant Moke USA was not the owner of the challenged mark because Moke America did not raise that claim in its pleading and the issue was not tried by implied consent.⁴⁴⁵

A party that bases its Section 2(d) claim on common law rights in a mark must prove, in addition to likelihood of confusion, that it has priority of use.⁴⁴⁶ The evidence established that Moke USA made its first sale of a MOKE brand vehicle on August 10, 2015. Therefore, Opposer Moke America had to demonstrate ownership and use of its pleaded common law mark prior to that date.⁴⁴⁷

Moke America acquired the MOKE trademark from Mini Mania, Inc. on November 14, 2016, through an assignment and license back, but contended that it was entitled to rely on Mini Mania's prior use of the mark. Moke America's CEO provided copies of certain sales records obtained from Mini Mania covering the period 1993–2016, and he testified that he understood, based on information provided by his lawyers, that Mini Mania had used the mark since 1971.

Moke USA objected to the admission of the Mini Mania sales documents on the ground of hearsay, arguing that the business records exception did not apply because Moke America's CEO was not the custodian of the documents and could not authenticate them.⁴⁴⁸ The Board first considered whether the objection was

⁴⁴⁵ *Moke America LLC v. Moke USA, LLC*, 2020 U.S.P.Q.2d 10400 (T.T.A.B. 2020).

⁴⁴⁶ *Id.* at *2. See Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d). See, e.g., *Hoover Co. v. Royal Appliance Mfg. Co.*, 238 F.3d 1357, 57 U.S.P.Q.2d 1720, 1721 (Fed. Cir. 2001).

⁴⁴⁷ *Id.* See *Giersch v. Scripps*, 90 U.S.P.Q.2d 1020, 1023 (T.T.A.B. 2009). See also *Otto Roth & Co. v. Universal Foods Corp.*, 640 F.2d 1317, 209 U.S.P.Q. 40, 43 (C.C.P.A. 1981).

⁴⁴⁸ Fed. R. Evid. 803(6) states:

The following are not excluded by the rule against hearsay, regardless of whether the declarant is available as a witness: (6) Records of a Regularly Conducted Activity. A record of an act, event, condition, opinion, or diagnosis if: (A) the record was made at or near the time by — or from information transmitted by — someone with knowledge; (B) the record was kept in the course of a regularly conducted activity of a business, organization, occupation, or calling, whether or not for profit; (C) making the record was a regular practice of that activity; (D) all these conditions are shown by the testimony of the custodian or another qualified witness, or by a certification that complies with Rule 902(11) or (12) or with a statute permitting certification; and (E) the opponent does not show that

untimely, since it was not raised until Moke USA's brief.⁴⁴⁹ Moke USA claimed that the objection was substantive, not procedural, and therefore need not be previously raised,⁴⁵⁰ but the Board found it to be procedural.⁴⁵¹ As to timeliness, the Board observed that "an objection to foundation raised for the first time in a trial brief is untimely because the party offering the testimony (whether by deposition, affidavit or declaration) does not have the opportunity to cure the alleged defect."⁴⁵²

The Board then addressed the question of the timeliness of an objection when the testimony is submitted via declaration rather than orally.

When a party takes testimony by deposition, it is clear that an objection to foundation raised during the deposition, and maintained in that party's trial brief, is timely. When a party offers testimony by declaration or affidavit, the defending party cannot seasonably raise an objection to foundation, and any other curable defect, until after receipt and review of the declaration or affidavit, which may be after the close of the relevant testimony period.⁴⁵³

The Board explained that the timing of the objection may vary from case to case. For example, the defending party may seek oral cross-examination, inquire regarding the foundation for the other party's testimony, and then object on the deposition record. Or it may serve an objection on the other party, file a copy with the Board, and assert the objection in its brief. The offering party may seek an extension or reopening of its testimony period in order to cure the defect. Finally, the defending party may file a motion to strike no later than the 20 days permitted for an election of cross-examination.

The key aspect is that a timely objection is lodged. The manner in which it is raised may vary depending on the circumstances. The above-noted process for raising procedural objections regarding testimony by affidavit or

the source of information or the method or circumstances of preparation indicate a lack of trustworthiness.

⁴⁴⁹ See *Nahshin v. Prod. Source Int'l, LLC*, 107 U.S.P.Q.2d 1257, 1259 (T.T.A.B. 2013) ("As a general rule, [procedural] objections that are curable must be seasonably raised, or they will be deemed waived.").

⁴⁵⁰ See TBMP § 707.04 ("[O]bjections to . . . testimony, on substantive grounds, such as that the proffered evidence constitutes hearsay or improper rebuttal, or is incompetent, irrelevant, or immaterial, generally are not waived for failure to raise them promptly, unless the ground for objection is one which could have been cured if raised promptly.").

⁴⁵¹ *Moke America*, 2020 U.S.P.Q.2d 10400 at *5. See *Pass & Seymour, Inc. v. Syrelec*, 224 U.S.P.Q. 845, 847 (T.T.A.B. 1984).

⁴⁵² *Id.*

⁴⁵³ *Id.*

declaration is applicable to all pending and future inter partes cases before the Board.⁴⁵⁴

Although Moke USA elected to cross-examine Moke America's CEO, it did not raise its objection as to foundation during the deposition, but rather first objected to the sales documents in its brief. The Board overruled Moke USA's objection as untimely and it considered the sales documents as falling within the business records exception to the hearsay rule.⁴⁵⁵

Turning to the CEO's testimony regarding prior use of the mark, his statement that he was aware of Mini Mania's MOKE-branded products for years was not hearsay because he was testifying as to his personal knowledge.⁴⁵⁶ However, his testimony as to his understanding regarding Mini Mania's use of the mark since 1974, based on what his attorneys told him, was inadmissible hearsay: "Applicant demonstrated on cross-examination that there was no credible foundational basis for that understanding and, therefore, Rome's [Moke America's CEO] testimony that Mini Mania used the MOKE trademark at least as early as 1974 would have no probative value."⁴⁵⁷

The Board then considered the evidence as a whole, "as if each piece of evidence were part of a puzzle which, when fitted together, establishes prior use."⁴⁵⁸ It found that Opposer Moke America's evidence fell short. The November 14, 2016, assignment without evidence of use by Mini Media would not prove priority.⁴⁵⁹

The Board found the CEO's testimony "simply too vague with respect to when and how Mini Mania used the MOKE trademark. It is also inconsistent and contradictory. Consequently, it fails to persuade us."⁴⁶⁰ The Mini Mania sales records merely listed a product description (e.g., speedo cable) next to the word "MOKE," and thus did not prove use of the mark on any goods sold in commerce. Moreover, Moke America's CEO lacked personal knowledge as to whether Mini Mania ever labeled its products with the mark.

If there is no proof that Mini Mania used the trademark in commerce prior to the assignment to Opposer, then there is no proof that Opposer obtained any trademark rights

⁴⁵⁴ *Id.* at *6.

⁴⁵⁵ *Id.* at *7.

⁴⁵⁶ *Id.* See Fed. R. Evid. 602. ("A witness may testify to a matter only if evidence is introduced sufficient to support a finding that the witness has personal knowledge of the matter.")

⁴⁵⁷ *Id.*

⁴⁵⁸ *Id.*, quoting *W. Fla. Seafood*, 31 U.S.P.Q.2d at 1663.

⁴⁵⁹ *Id.* at *8. ("[A]n assignment without any evidence of use by the assignor will not prove priority because the assignment document alone is not proof of use.")

⁴⁶⁰ *Id.*

through the assignment. *See, e.g.*, *Karsten Mfg. Corp. v. Editoy AG*, 79 U.S.P.Q.2d 1783, 1790 n.9 (T.T.A.B. 2006) (“the law is well established that an assignee stands in the shoes of its assignor”). *See also* *A & L Labs., Inc. v. Bou-Matic LLC*, 429 F.3d 775, 77 U.S.P.Q.2d 1248, 1252 (8th Cir. 2005) (“Trademark ownership may be assigned, but the assignor may transfer only what it owns. Before Bou-Matic may be declared owner of all sixty-seven marks, it must show DEC owned or used all sixty-seven.”) (citation omitted).⁴⁶¹

Since Opposer Moke America failed to prove prior use, the Board dismissed the likelihood of conclusion claim.

The Board then turned to Moke America’s other claim, asserted in its brief, that the opposed application was void ab initio because Moke USA was not the owner of the mark. Moke USA objected to consideration of this claim since it was not raised in the pleadings.

Moke America pointed to its (failed) summary judgment motion, where it had raised the ownership issue, and argued that Moke USA had thereby been put on adequate notice of this claim. The Board, however, had denied that motion as untimely, even before Moke USA had filed its opposition to the motion.

The Board found it clear from Moke USA’s objection that it did not expressly consent to trial of this issue. “[The Board] may find implied consent . . . of an unpleaded issue where the nonmoving party: (1) raised no objection to the introduction of evidence on the issue, and (2) was fairly apprised that the evidence was being offered in support of the issue.”⁴⁶²

Moke America asserted that it first learned of the claim from Moke USA’s testimony that the MOKE & Design logo was created by an independent agency and therefore Moke USA was not the owner of the copyright in the logo and thus not the owner of the mark.

The Board found that neither this testimony nor Moke America’s untimely summary judgment motion apprised Moke US that this new claim was being asserted. The claim was not mentioned by the Board in its denial of the motion. Moke USA did not introduce any testimony or evidence on the issue. And Moke America did nothing to put Moke USA on notice that it would raise this claim again after the motion was denied. When the Board then reopened Moke America’s testimony period (after the failed motion), Moke America

⁴⁶¹ *Id.* at *9.

⁴⁶² *Id.* at *10-11, citing TBMP § 507.03(b); *see also* *Morgan Creek Prods. Inc. v. Foria Int’l Inc.*, 91 U.S.P.Q.2d 1134, 1138 (T.T.A.B. 2009) (“Fairness dictates whether an issue has been tried by consent—there must be an absence of doubt that the nonmoving party is aware that the issue is being tried.”).

did not submit any testimony or evidence on this issue. Nothing in the trial record put Moke USA properly on notice of this claim.⁴⁶³

“The non-moving party must be aware that the issue is being tried, and therefore there should be no doubt on this matter.” *Morgan Creek Prods. Inc.*, 91 U.S.P.Q.2d at 1139 . . . [W]e find that the parties did not try by implied consent the claim that Applicant’s application was void ab initio and, therefore, we will not amend the pleadings to include that claim.⁴⁶⁴

3. Section 2(f) Acquired Distinctiveness

Spiritline Cruises LLC v. Tour Management Services, Inc.

Applicant Tour Management’s cruise to registration of the proposed mark CHARLESTON HARBOR TOURS for travel tour services foundered on the shoals of Sections 2(e)(2)⁴⁶⁵ and 2(f) of the Lanham Act. Spiritline Cruises successfully opposed on the ground that the mark is primarily geographically descriptive and lacks acquired distinctiveness.⁴⁶⁶

A mark is primarily geographically descriptive if: (1) the primary significance of the mark is the name of a place that is generally known; (2) the goods or services originate in the place identified in the mark; and (3) the relevant purchasers would associate the identified services with the place named, i.e., the public would believe that the services come from the place named.⁴⁶⁷

Because during prosecution of its application Tour Management responded to a Section 2(e)(2) refusal by amending the application to claim acquired distinctiveness, it was established that CHARLESTON HARBOR TOURS is primarily geographically descriptive.⁴⁶⁸

The question, then, was how descriptive is the proposed mark—since the answer to that question “is helpful in laying a foundation for our discussion of acquired distinctiveness.”⁴⁶⁹ The CAFC has

⁴⁶³ *Id.* at *11-12.

⁴⁶⁴ *Id.* at *12.

⁴⁶⁵ Section 2(e)(2) of the Lanham Act, 15 U.S.C. § 1052(e)(2), in pertinent part, bars registration of a mark that “when used on or in connection with the goods of the applicant is primarily geographically descriptive of them.”

⁴⁶⁶ *Spiritline Cruises LLC v. Tour Mgmt. Servs., Inc.*, 2020 U.S.P.Q.2d 48324 (T.T.A.B. 2020).

⁴⁶⁷ *Id.* at *5. See *In re Nantucket, Inc.*, 677 F.2d 95, 213 U.S.P.Q. 889, 891 (C.C.P.A. 1982).

⁴⁶⁸ *Id.* See *Yamaha Int’l Corp. v. Hoshino Gakki Co.*, 840 F.2d 1572, 6 U.S.P.Q.2d 1001, 1005 (Fed. Cir. 1988) (“Where . . . an applicant seeks a registration based on acquired distinctiveness under Section 2(f), the statute accepts a lack of [inherent] distinctiveness as an established fact.”); accord *Royal Crown*, 127 U.S.P.Q.2d at 1047.

⁴⁶⁹ *Id.*

held that “the applicant’s burden of showing acquired distinctiveness increases with the level of descriptiveness; a more descriptive term requires more evidence of secondary meaning.”⁴⁷⁰ The Board saw no reason why that same principle should not apply to Section 2(e)(2).⁴⁷¹

The evidence established that Charleston, South Carolina, is a well-known tourist destination and thus CHARLESTON “is the name of a place known generally to the public.”⁴⁷² Likewise, the evidence established that CHARLESTON HARBOR is well known. And it was undisputed that the applicant’s services emanate from Charleston and include tours of Charleston Harbor. “In assessing the degree of descriptiveness, especially because Charleston Harbor is a widely recognized place associated with the particular services at issue, and because numerous third parties in the tour and charter industry refer to Charleston Harbor, we find CHARLESTON HARBOR highly geographically descriptive in this context.”⁴⁷³

The word “TOURS” is, of course, generic for Tour Management’s services and “because ‘tours’ are associated with places, it contributes to the primarily geographic significance of the mark as a whole.”⁴⁷⁴ The Board has repeatedly held that Section 2(e)(2) is still applicable when “generic matter is included if the mark as a whole retains its primarily geographic significance.”⁴⁷⁵

The Board concluded that, considering the proposed mark in its entirety, “CHARLESTON HARBOR TOURS is primarily geographically descriptive under Trademark Act Section 2(e)(2), and highly so.”⁴⁷⁶

Because CHARLESTON HARBOR TOURS is highly descriptive, “the standard for establishing acquired distinctiveness becomes commensurately high.”⁴⁷⁷ The ultimate burden of proving acquired distinctiveness rested with Applicant Tour

⁴⁷⁰ *Royal Crown*, 127 U.S.P.Q.2d at 1047 (quoting *Steelbuilding.com*, 75 U.S.P.Q.2d at 1424).

⁴⁷¹ *Spiritline Cruises*, 2020 U.S.P.Q.2d 48324 at *5.

⁴⁷² *Id.* at *6, quoting *In re The Newbridge Cutlery Co.*, 776 F.3d 854, 113 U.S.P.Q.2d 1445, 1448-49 (Fed. Cir. 2015).

⁴⁷³ *Id.*

⁴⁷⁴ *Id.* at *6-7.

⁴⁷⁵ *Id.* at *7. See, e.g., *In re Cheezwhse.com, Inc.*, 85 U.S.P.Q.2d 1917 (T.T.A.B. 2008) (NORMANDIE CAMEMBERT with CAMEMBERT disclaimed, held primarily geographically descriptive of cheese); *In re JT Tobacconists*, 59 U.S.P.Q.2d 1080, 1082 (T.T.A.B. 2001) (MINNESOTA CIGAR COMPANY primarily geographically descriptive of cigars); *In re Carolina Apparel*, 48 U.S.P.Q.2d 1542, 1543 (T.T.A.B. 1998) (CAROLINA APPAREL primarily geographically descriptive of retail clothing store services).

⁴⁷⁶ *Id.*

⁴⁷⁷ *Id.* See *Royal Crown*, 127 U.S.P.Q.2d at 1047; *In re Bongrain Int’l Corp.*, 894 F.2d 1316, 13 U.S.P.Q.2d 1727, 1728 n.4 (Fed. Cir. 1990) (“[T]he greater the degree of descriptiveness the term has, the heavier the burden to prove it has attained secondary meaning.”).

Management.⁴⁷⁸ Considering the entire record, the Board concluded that “consumers do not recognize ‘Charleston Harbor tours’ as indicating a single source for the recited services.”⁴⁷⁹

In establishing that others had used the phrase “CHARLESTON HARBOR TOURS” during the relevant time period, Opposer Spiritline offered screenshots from the Wayback Machine⁴⁸⁰ for particular websites, with the archive dates indicated on the printouts. Tour Management objected to the Wayback Machine printouts “as lacking foundation, lacking proper authentication, hearsay, and double-hearsay.”⁴⁸¹ The Board adopted the approach of a number of courts and overruled the objections because a witness from the Internet Archive testified about how the Wayback Machine website operates and the reliability of its contents.⁴⁸²

Like other Internet evidence that displays a URL and a date, Wayback Machine printouts “generally can be admissible under a notice of reliance as self-authenticating Internet evidence.”⁴⁸³ However, such Internet evidence is admissible “only for what it shows on its face.”⁴⁸⁴ Spiritline wanted to prove more:

Opposer seeks to rely on the Wayback Machine evidence in this case not only for what these pages show on their face, but also to establish that third-party websites displayed “Charleston Harbor Tours” **on various dates in the past**. Accordingly, Opposer needed to, and properly did, use appropriate witness testimony to authenticate the printouts

⁴⁷⁸ *Id.* at *8, citing *Yamaha Int’l*, 6 U.S.P.Q.2d at 1006.

⁴⁷⁹ *Id.* at *11.

⁴⁸⁰ The Board explained that:

The Internet Archive includes “a service known as the Wayback Machine,” allowing users to “surf more than 450 billion pages stored in the Internet Archive’s web archive” that have been “compiled using software programs known as crawlers, which surf the Web and automatically store copies of web files, preserving these files as they exist at the point of time of capture.”

Id. at *3, quoting the testimony of Christopher Butler, Office Manager of the Internet Archive.

⁴⁸¹ *Id.*

⁴⁸² *Id.* See, e.g., *U.S. v. Bansal*, 663 F.3d 634, 667-68 (3d Cir. 2011) (Wayback Machine screenshots properly introduced via “a witness to testify about how the Wayback Machine website works and how reliable its contents are”); *Foster v. Lee*, 93 F. Supp. 3d 223, 231-32 (S.D.N.Y. 2015) (holding that supporting affidavit from an employee of Internet Archive supported presentation of “relevant, authentic, non-hearsay evidence in the form of an archived webpage produced by the Wayback Machine”).

⁴⁸³ *Id.* See Trademark Rule 2.122(e)(2), 37 C.F.R. § 2.122(e)(2). (“Internet materials may be admitted into evidence under a notice of reliance in accordance with paragraph (g) of this section, in the same manner as a printed publication in general circulation, so long as the date the internet materials were accessed and their source (e.g., URL) are provided.”).

⁴⁸⁴ *Id.*, citing *WeaponX Performance Prods. Ltd. v. Weapon X Motorsports, Inc.*, 126 U.S.P.Q.2d 1034, 1040 (T.T.A.B. 2018).

and lay the foundation to support that intended evidentiary use.⁴⁸⁵

Here, the Wayback Machine evidence was authenticated by Christopher Butler, Office Manager of the Internet Archive, who described the documents as “[t]rue and accurate copies of printouts of the Internet Archive’s records of the HTML files or PDF files for the URLs and the dates specified in the footer of the printout (HTML) or attached coversheet (PDF).”⁴⁸⁶

As to Tour Management’s hearsay objection, “to the extent the Wayback Machine printouts are offered to show how the webpages appeared on particular dates—the ‘truth’ of the capture as of the archive date—Mr. Butler’s testimony establishes that the printouts qualify under the business records exception.”⁴⁸⁷

He established that the printouts attached to his affidavit come from the Internet Archive’s regularly conducted activity. Mr. Butler explained that the Internet Archive’s automated web crawlers surf the Internet and automatically store copies of webpages by creating unaltered copies of webpages as they appear on a given day (reflected on the face of the archived webpage record). When a screenshot is captured using the Wayback Machine, the screenshots will display the URL of the web page archived by the Wayback Machine along with the date the screenshot was captured by the crawler and archived. And the webpages are not offered to prove the truth of any matter asserted in the underlying webpage contents, so there is no hearsay problem in that regard.⁴⁸⁸

Other witnesses provided corroborating testimony to support the authenticity of certain of the Wayback Machine evidence and the accuracy of the captures as of the dates in question.

The Board found that Spiritline’s Wayback Machine evidence and testimony and the third-party corroborative testimony “show fairly pervasive use of the same wording in the proposed mark by others in the industry during the relevant timeframe.”⁴⁸⁹ This evidence undermined Tour Management’s claim of substantial exclusivity and created “a serious problem for Applicant, because it interferes with the relevant public’s perception of the designation as an indicator of a single source.”⁴⁹⁰

⁴⁸⁵ *Id.* at *3-4.

⁴⁸⁶ *Id.* at *4.

⁴⁸⁷ *Id.* See Fed. R. Evid. 801(c), 802.

⁴⁸⁸ *Id.*

⁴⁸⁹ *Id.* at *11.

⁴⁹⁰ *Id.* See, e.g., *Levi Strauss & Co. v. Genesco, Inc.*, 742 F.2d 1401, 222 U.S.P.Q. 939, 940-41 (Fed. Cir. 1984) (“When the record shows that purchasers are confronted with more than one (let alone numerous) independent users of a term or device, an application for

Even without that evidence, the Board would have “discretion to find Applicant’s use since 2003 insufficient where, as here, the proposed mark is highly primarily geographically descriptive.”⁴⁹¹ Tour Management provided evidence of its advertising efforts, promotional expenditures, and sales under the mark from 2003 to 2015, noting that it served some 9,000 consumers per month during peak tourist season. However, it offered no survey or other direct evidence of consumer perception of CHARLESTON HARBOR TOURS as a source indicator. The Board was not impressed with Tour Management’s submissions.

Ultimately, we find that the evidence demonstrates that consumers would perceive CHARLESTON HARBOR TOURS not primarily as a source-indicator for Applicant, but rather as a common geographic place name accompanied by a generic term, used by different entities in the industry to refer to the origin and location of services such as those recited by Applicant.⁴⁹²

4. Abandonment

Double Coin Holdings, Ltd. v. Tru Development

Denying Respondent Tru Development’s abandonment counterclaim, the TTAB granted Double Coin’s petition for cancellation of a registration for the mark ROAD WARRIOR for tires, finding a likelihood of confusion with the registered mark WARRIOR, in the stylized form shown below, for automobile tires. Tru failed to prove nonuse of the WARRIOR mark for three consecutive years and failed to establish that Double Coin intended not to resume use of the mark during the period of nonuse.⁴⁹³



The Section 2(d) analysis was straightforward. The Board found the goods of the parties to be in part legally identical, and presumed that those goods travel in the same channels of trade to the same

registration under Section 2(f) cannot be successful, for distinctiveness on which purchasers may rely is lacking under such circumstances.”).

⁴⁹¹ *Id.* at *12. *See, e.g.,* Alcatraz Media, Inc. v. Chesapeake Marine Tours Inc., 107 U.S.P.Q.2d 1750, 1766 (T.T.A.B. 2013), *aff’d mem.*, 565 F. App’x 900 (Fed. Cir. 2014) (the Board deemed the mark ANNAPOLIS TOURS to be “highly descriptive” and held that use even nearing twenty years “would not be sufficient to establish acquired distinctiveness.”).

⁴⁹² *Id.* at *12.

⁴⁹³ Double Coin Holdings, Ltd. v. Tru Dev., 2019 U.S.P.Q.2d 337409 (T.T.A.B. 2019).

classes of purchasers.⁴⁹⁴ As to the marks, the Board deemed the word “road” to be highly suggestive of, and a weak source identifier for, tires.⁴⁹⁵ Observing that adding a generic, descriptive, or highly suggestive term to the entire mark of another is generally not sufficient to avoid confusion, the Board found that ROAD WARRIOR “looks, sounds, and conveys the impression of being a line extension of WARRIOR,” and that the marks at issue are “similar in their entireties in terms of appearance, sound, connotation and overall commercial impression.”⁴⁹⁶

There was no evidence that consumers exercise a higher than ordinary degree of purchasing care in buying tires, and so this *du Pont* factor was neutral. Tru pointed to the lack of evidence of actual confusion, but the Board found that there had not been a reasonable opportunity for confusion to occur, since Double Coin had “temporarily withdrawn” its tires from the United States market. In any case, “it is unnecessary to show actual confusion in establishing likelihood of confusion.”⁴⁹⁷

Balancing the relevant *du Pont* factors, the Board found that Double Coin had established a likelihood of confusion by a preponderance of the evidence.

Tru’s affirmative defense of laches fell flat. There was no evidence that Double Coin had actual knowledge of Tru’s use of the ROAD WARRIOR mark, and so the date of issuance of the challenged registration (September 1, 2015) was the applicable date for the beginning of the laches period.⁴⁹⁸ Double Coin’s cancellation petition was filed a mere eight months later, and no case law supports a finding that this amount of time is unreasonable.⁴⁹⁹ The Board, not surprisingly, found eight months to be “an insufficient period to be considered undue or unreasonable delay for laches to apply.”⁵⁰⁰ Moreover, Tru failed to show that it suffered economic prejudice resulting from Double Coin’s delay in petitioning for cancellation.

⁴⁹⁴ *Id.* at *6, citing *Cai v. Diamond Hong, Inc.*, 901 F.3d 1367, 127 U.S.P.Q.2d 1797, 1801 (Fed. Cir. 2018) (“[i]t is well established that absent restrictions in the application and registration, [identical] goods and services are presumed to travel in the same channels of trade to the same classes of purchasers.”).

⁴⁹⁵ *Id.* at *7.

⁴⁹⁶ *Id.*

⁴⁹⁷ *Id.* at *9, quoting *Giant Food, Inc. v. Nation’s Foodservice, Inc.*, 710 F.2d 1565, 218 U.S.P.Q. 390, 396 (Fed. Cir. 1983).

⁴⁹⁸ *Id.* at *10, citing *Ava Ruha Corp. v. Mother’s Nutritional Ctr., Inc.*, 113 U.S.P.Q.2d 1575, 1580 (T.T.A.B. 2015) (“In the absence of actual knowledge [of trademark use] prior to the close of the opposition period, the date of registration is the operative date for laches,’ as it provides constructive notice to petitioner of the registrant’s claim of ownership.”).

⁴⁹⁹ *Id.*

⁵⁰⁰ *Id.*

The interesting issue in this proceeding was abandonment. Section 45 of the Lanham Act⁵⁰¹ states that abandonment of a mark occurs when its use “has been discontinued with an intent not to resume such use.” Furthermore, according to Section 45, “[u]se’ of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.” The concept of “nonuse” should be “interpreted with flexibility to encompass a variety of commercial uses.”⁵⁰² Section 45 further states that “[n]onuse for 3 consecutive years shall be prima facie evidence of abandonment.”

Tru submitted a magazine article reporting that in August 2015 Double Coin announced that it intended to halt shipments of tires to the United States due to high tariffs that had been imposed on Chinese goods. The article also stated that Double Coin’s parent company was seeking production facilities outside of China, including possibly the United States, in order to bring its tire sales back to the United States. Double Coin’s expert witness testified, without rebuttal, that the approach taken by Double Coin to avoid the high tariffs was also undertaken in other industries, such as the furniture industry.

The question for the Board was “whether Double Coin’s decision to discontinue sales in the United States in response to the imposition of tariffs, in-and-of-itself, was ‘excusable,’ that is, a reasonable business judgment under the circumstances.”⁵⁰³

To prove excusable nonuse, the registrant must produce evidence showing that, under his particular circumstances, his activities are those that a reasonable businessman, who had a bona fide intent to use the mark in United States commerce, would have undertaken. *Rivard v. Linville*, 133 F.3d 1446, 45 U.S.P.Q.2d 1374, 1376 (Fed. Cir. 1998).⁵⁰⁴

The evidence of record failed to show that Double Coin had discontinued use of its mark for “three consecutive years,” and so Tru was not entitled to rely on the presumption of abandonment provided by Section 45.⁵⁰⁵ Therefore, the burden of proving abandonment remained with Tru.⁵⁰⁶

⁵⁰¹ 15 U.S.C. § 1127.

⁵⁰² *Double Coin*, 2019 U.S.P.Q.2d 337409 at *11.

⁵⁰³ *Id.* at *14.

⁵⁰⁴ *Id.* See *Imperial Tobacco Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575, 14 U.S.P.Q.2d 1390, 1394-95 (Fed. Cir. 1990) (requiring evidence “with respect to what activities it engaged in during the nonuse period or what outside events occurred from which an intent to resume use during the nonuse period may reasonably be inferred”).

⁵⁰⁵ Section 45 of the Lanham Act, 15 U.S.C. § 1127, provides in pertinent part that “[n]onuse for 3 consecutive years shall be prima facie evidence of abandonment.”

⁵⁰⁶ *Double Coin*, 2019 U.S.P.Q.2d 337409 at *15. See *P. A. B. Produits et Appareils de Beaute, v. Satinine Societa in Nome Collettivo Di S.A. E. M. Usellini*, 570 F.2d 328, 196 U.S.P.Q. 801, 804-05 (C.C.P.A. 1978) (ruling that when the petitioner could not

Double Coin had discontinued use of its mark for two-and-one-half years, but did it intend not to resume use? In addition to its statements in the magazine article discussed above, Double Coin (1) was active in opening a new facility in Thailand to avoid the tariffs on some tires, (2) was active in seeking lower tariffs on other tires, (3) renewed importation of certain tires in January 2018, (4) prepared new price lists simultaneously with the resumed importation of certain tires from China, and (5) maintained its website during the period of nonuse.⁵⁰⁷

Finding this case similar to *Crash Dummy Movie, LLC v. Mattel, Inc.*,⁵⁰⁸ the Board found Double Coin's efforts to be sufficient to show that its cessation of use of the WARRIOR mark was "unaccompanied by an intent not to resume use."⁵⁰⁹

When it announced discontinuation of sales in the United States due to the imposition of high tariffs, Double Coin also publicly stated that it intended to find an alternative source of manufacture, including possibly in the United States. Double Coin subsequently followed through on its intention to build a new factory to source the goods outside China by building a factory in Thailand, which Double Coin's expert Ms. Coates explained "included finding a suitable location, obtaining operating permits, building the actual factory, acquiring and installing manufacturing equipment, hiring and training workers, beginning production, and achieving quality standards for export to the U.S." . . . These are not the statements and acts of an entity that intended to leave the U.S. market permanently, never to return.⁵¹⁰

The Board therefore found that Tru failed to prove abandonment by a preponderance of the evidence.

Wirecard AG v. Striatum Ventures B.V.

On October 20, 2015, Striatum Ventures B.V. (a Netherlands company) obtained a registration for the mark ZUPR in the word-plus-design form shown below, for software and various business services, via the Madrid Protocol. On October 22, 2018, Wirecard AG filed a petition for cancellation of that registration on the ground of

conclusively prove the respondent's nonuse for the statutory period (then, two years), the presumption of abandonment did not apply).

⁵⁰⁷ *Id.*

⁵⁰⁸ 601 F.3d 1387, 94 U.S.P.Q.2d 1315 (Fed. Cir. 2010) (despite six years of nonuse of the mark CRASH DUMMIES for toys, the Board found that Mattel had an intention to resume use, evidenced by discussion with a potential exclusive retailer, recordation of a trademark assignment, research and development efforts for a new line of toys, and ultimately shipment of the toys).

⁵⁰⁹ *Double Coin*, 2019 U.S.P.Q.2d 337409 at *16.

⁵¹⁰ *Id.*

abandonment. The parties agreed to litigate the case as an expedited cancellation proceeding, invoking the Board’s Accelerated Case Resolution (“ACR”) procedure. They stipulated that during the period from the issuance of the registration through the date of the stipulation (May 28, 2019), no goods or services had been sold in the United States under Striatum’s mark. The Board ruled, however, that Striatum carried its burden of proving an intent to commence use of its mark in commerce during the three-year statutory period of nonuse and therefore had rebutted Wirecard’s prima facie showing of abandonment.⁵¹¹



Although use in commerce is not required in order to obtain registration under Section 66(a) of the Lanham Act,⁵¹² an applicant for extension of protection must declare its intention to use the mark in the United States.⁵¹³ Such a registration is subject to the same grounds for cancellation as a registration issued under Section 1 or Section 44(e), including abandonment.⁵¹⁴

Section 45 states that abandonment occurs when “use [of a mark] has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances.” Furthermore, “[n]onuse for 3 consecutive years shall be prima facie evidence of abandonment.”⁵¹⁵ The presumption of abandonment shifts the burden of production to the party contesting the abandonment claim, but the ultimate burden of persuasion remains with the claimant.⁵¹⁶

⁵¹¹ Wirecard AG v. Striatum Ventures B.V., 2020 U.S.P.Q.2d 10086 (T.T.A.B. 2020).

⁵¹² See Section 68(a)(3) of the Lanham Act, 15 U.S.C. § 1141h(a)(3), which states, “[e]xtension of protection shall not be refused on the ground that the mark has not been used in commerce.”

⁵¹³ Section 66(a) of the Lanham Act, 15 U.S.C. § 1141f(a) states:

A request for extension of protection of an international registration to the United States that the International Bureau transmits to the United States Patent and Trademark Office shall be deemed to be properly filed in the United States if such request, when received by the International Bureau, has attached to it a declaration of bona fide intention to use the mark in commerce that is verified by the applicant for, or holder of, the international registration.

⁵¹⁴ Section 68 of the Lanham Act, 15 U.S.C. § 1141h. See *Saddlesprings, Inc. v. Mad Croc Brands, Inc.*, 104 U.S.P.Q.2d 104 U.S.P.Q.2d 1948, 1951 (T.T.A.B. 2012).

⁵¹⁵ Section 45 of the Lanham Act, 15 U.S.C. § 1127.

⁵¹⁶ *Wirecard*, 2020 U.S.P.Q.2d 10086 at *4. See *Cerveceria Centroamericana S.A. v. Cerveceria India Inc.*, 892 F.2d 1021, 13 U.S.P.Q.2d 1307, 1309 (Fed. Cir. 1989).

The CAFC has ruled that, although the Lanham Act refers to “abandonment” through nonuse, the allegation that a mark was never used “pleads the necessary nonuse for an abandonment claim,” so long as the period of nonuse is at least three years or, if less than three years, the nonuse is accompanied by a lack of intent to resume or commence use.⁵¹⁷

To overcome the presumption of abandonment, the party must submit evidence of either (1) use of the mark during the statutory period, or (2) activities reflecting an intent to resume (or begin) use during that period.⁵¹⁸ Because the subject registration issued under Section 66(a), the earliest date on which the three-year period for the statutory presumption of abandonment may begin in this case was the registration date.⁵¹⁹

Based on the parties’ stipulation, on a declaration by Striatum’s founder, and on the reports of two investigators, the Board found that Petitioner Wirecard had established a prima facie case that Striatum had abandoned the mark through nonuse “from October 20, 2015 through the present, that is, through nonuse for three consecutive years subsequent to the date of registration.”⁵²⁰ Thus, Wirecard enjoyed a “rebuttable presumption that the mark was never used by Respondent, and thus has been abandoned without intent to resume use.”⁵²¹

The question then was whether Striatum had an intention to commence use of the mark in commerce. To prove such an intention, a party must show that “its activities are those that a reasonable business with a bona fide intent to use the mark in United States commerce would have undertaken.”⁵²²

Declarations from Striatum and from two third parties led the Board to conclude that, during the period at issue, Striatum’s activities were of the type that would be undertaken by a reasonable business with a bona fide intent to use the mark in U.S. commerce in connection with its retail software platform and related services.

Following registration in the U.S., Respondent entered into a contract for a U.S. marketing strategy, retooled its platform in response to that marketing strategy,

⁵¹⁷ *Id.* at *3-4. See *Imperial Tobacco*, 14 U.S.P.Q.2d at 1395 (“We see no justification to adopt a different or more liberal interpretation of the statute [with respect to abandonment] in connection with a mark of a section 44(e) registrant which has never been used in this country.”).

⁵¹⁸ *Id.* at *4, citing *Exec. Coach Builders, Inc. v. SPV Coach Co.*, 123 U.S.P.Q.2d 1175, 1180 (T.T.A.B. 2017).

⁵¹⁹ *Id.*, citing *Dragon Bleu (SARL) v. VENM, LLC*, 112 U.S.P.Q.2d 1925, 1931 (T.T.A.B. 2014).

⁵²⁰ *Id.* at *5.

⁵²¹ *Id.* Note from author: The Board should have said “commence use,” not “resume use.”

⁵²² *Id.* at *7, citing *Rivard v. Linville*, 133 F.3d 1446, 45 U.S.P.Q.2d 1374, 1376 (Fed. Cir. 1998).

demonstrated the retooled products to its public relations firm, and reached agreement at least orally with a retailer's representative to use the ZUPR goods and services in the U.S. following the product launch in 2019. On October 22, 2018, the petition to cancel was filed, forestalling the planned 2019 launch.⁵²³

The Board noted that had the platform launch occurred in 2019, it would have supported the testimony regarding intent, even though outside the pertinent three-year period.⁵²⁴ In view of the filing of the petition for cancellation in October 2018, "the failure to launch does not detract from the activities demonstrating intent to commence use."⁵²⁵

Considering the nature of the registered goods and services, their interrelationship, and the timing of the petition to cancel, we find the record demonstrates that Respondent had the requisite intent to commence use in commerce of its ZUPR mark with the International Class 9 goods, and the International Class 35 and 42 services.⁵²⁶

The Board therefore concluded that Striatum had carried its burden of proof and had rebutted Wirecard's prima facie case of abandonment. And so, the Board denied the petition for cancellation.

5. Genericness

Milwaukee Electric Tool Corp. v. Freud America, Inc.

In what appears to be the first TTAB decision finding a color to be generic, the Board granted a petition for partial cancellation of a registration for the mark shown below left (lined for the color red) for, inter alia, saw blades, and it also granted a petition for cancellation of a registration for the mark shown below right ("the color red as applied to substantially the entire surface of the goods"), for "blades for reciprocating power saws."⁵²⁷

⁵²³ *Id.* at *8.

⁵²⁴ *Id.* at *9. See *Crash Dummy Movie, LLC v. Mattel, Inc.*, 601 F.3d 1387, 94 U.S.P.Q.2d 1315, 1317 (Fed. Cir. 2010) ("The Board may consider evidence and testimony regarding Mattel's practices that occurred before or after the three-year statutory period to infer Mattel's intent to resume use during the three-year period.").

⁵²⁵ *Id.* See *Ralston Purina Co. v. On-Cor Frozen Foods, Inc.*, 746 F.2d 801, 223 U.S.P.Q. 979, 982 n.6 (Fed. Cir. 1984) ("Ralston has rebutted any prima facie showing of abandonment arising from nonuse of its mark for two consecutive years by evidence of its intent to resume such use . . . it was only prudent for Ralston to refrain from use of its mark following ON-COR's filing of its opposition . . .").

⁵²⁶ *Id.*

⁵²⁷ *Milwaukee Elec. Tool Corp. v. Freud America, Inc.*, 2019 U.S.P.Q.2d 460354 (T.T.A.B. 2019).



The basic question faced by the Board was “whether the color red is generic for the identified goods and thus unregistrable under Trademark Act Sections 1, 2 and 45 because it cannot function as a mark.”⁵²⁸

Section 14 of the Lanham Act states that “[t]he primary significance of the registered mark to the relevant public . . . shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.”⁵²⁹ The CAFC has held that ‘generic name’ encompasses anything that potentially can but fails to serve to indicate source, including trade dress.”⁵³⁰ Thus, as a form of trade dress, a single color applied to goods may be generic for those goods if it “fails to serve as an indicator of source.”⁵³¹

In a cancellation proceeding, the Board looks at “both the time when the registrant registered its marks as well as at the present day to determine whether the mark (sic)⁵³² must be cancelled.”⁵³³

The Board noted its recent holding in *Odd Sox* that product packaging trade dress, like product design trade dress, may be deemed generic where it is “at a minimum, so common in the industry that it cannot be said to identify a particular source.”⁵³⁴

The Board deemed it appropriate to apply a two-step inquiry (as with word marks and other kinds of trade dress), in which it first considers the genus of goods or services at issue, and second considers whether the color is understood by the relevant public

⁵²⁸ *Id.* at *6.

⁵²⁹ Section 14(3) of the Lanham Act, 15 U.S.C. § 1064(3).

⁵³⁰ *Milwaukee Elec.*, 2019 U.S.P.Q.2d 460354 at *7, citing *Sunrise Jewelry Mfg. Corp. v. Fred S.A.*, 175 F.3d 1322, 50 U.S.P.Q.2d 1532, 1535 (Fed. Cir. 1999).

⁵³¹ *Id.*, quoting *Sunrise Jewelry*, 50 U.S.P.Q.2d at 1535.

⁵³² As previously noted, registrations are cancelled, not marks.

⁵³³ *Milwaukee Elec.*, 2019 U.S.P.Q.2d 460354 at *7. *Cf.* *Neapco Inc. v. Dana Corp.*, 12 U.S.P.Q.2d 1746, 1747 (T.T.A.B. 1989) (“[I]f it is established either that as of the time of registration, the registered mark was merely descriptive and lacked a secondary meaning, or that as of the present time, the mark is merely descriptive and lacks a secondary meaning, the cancellation petition would be granted.”).

⁵³⁴ 2019 U.S.P.Q.2d 370879 at *6 (packaging for socks), quoting *Stuart Spector Designs, Ltd. v. Fender Musical Instruments Corp.*, 94 U.S.P.Q.2d 1549, 1555 (T.T.A.B. 2009) (generic guitar shape unregistrable).

primarily as a category or type of trade dress for that genus of goods or services.⁵³⁵

As usual, the Board found the genus of goods to be adequately defined by the identifications of goods in the challenged registrations. For convenience it referred to the genus generally as “saw blades” or “reciprocating saw blades” and it interpreted the term “saw blades” to include any type of saw blade used with any power woodworking machines.⁵³⁶

Petitioner Milwaukee established that it used the color red on saw blades for decades before Respondent Freud first used the color. Moreover, Milwaukee submitted evidence of more than four dozen third-party uses of the color red for saw blades. “This extensive evidence of use of the color red on saw blades by a direct competitor of Freud is evidence that purchasers of saw blades would be unlikely to differentiate between competing sources simply by viewing the color red on the saw blades.”⁵³⁷

The Board found that the presence in the market of red saw blades from numerous sources “is incompatible with a finding that the ‘primary significance of the registered mark to the relevant public’ of the color red is as a source-indicator pointing solely to Freud.”⁵³⁸

This evidence overwhelmingly demonstrates that the color red on saw blades is so common in the industry that it cannot identify a single source for saw blades for power woodworking machines or saw blades for reciprocating power saws. What is more, because the evidence establishes that the color red was widely used by others at the time Freud filed the underlying applications for each of its subject registrations and third-party use continues to the present day, the color red was generic for power saw blades when Freud applied for both of its marks and remains so now.⁵³⁹

Although its finding of genericness was dispositive, the Board went on to consider, for the sake of completeness, Freud’s claim of acquired distinctiveness of the color red for the “blades for reciprocating power saws” of the second registration. The Board concluded that Freud’s proof fell short.

⁵³⁵ *Milwaukee Elec.*, 2019 U.S.P.Q.2d 460354 at *8. See *H. Marvin Ginn Corp. v. Int’l Ass’n of Fire Chiefs, Inc.*, 782 F.2d 987, 228 U.S.P.Q. 528, 530 (Fed. Cir. 1986); *Sunrise Jewelry*, 50 U.S.P.Q.2d at 1536.

⁵³⁶ *Id.*

⁵³⁷ *Id.* at *11. See *BellSouth Corp. v. DataNational Corp.*, 60 F.3d 1565, 35 U.S.P.Q.2d 1554, 1558 (Fed. Cir. 1995).

⁵³⁸ *Id.* at *19.

⁵³⁹ *Id.* at *17-18. See *Neapco Inc. v. Dana Corp.*, 12 U.S.P.Q.2d 1746, 1747 (T.T.A.B. 1989); *Kasco Corp. v. S. Saw Serv. Inc.*, 27 U.S.P.Q.2d 1501, 1506 n.7 (T.T.A.B. 1993). The author fails to see how this amounts to genericness. Failure-to-function as a trademark would seem to be a better fit.

The use of red by other saw blade sellers is longstanding and widespread. In light of this use by Milwaukee and third parties, Freud's sales figures and marketing efforts, though extensive, cannot demonstrate consumer recognition of the color red as a mark for saw blades designating Freud exclusively as their source.⁵⁴⁰

6. Ownership

Norris v. PAVE: Promoting Awareness, Victim Empowerment

Ruling that a Section 1(b) applicant need not be the “owner” of the mark, but need only have a bona fide intention to use the mark, the Board dismissed this opposition to registration of the mark SafeBAE for “providing emotional counseling and emotional support services for victims of sexual violence.”⁵⁴¹ Opposer Shael Norris claimed that because she, not Applicant PAVE, is the owner of the mark, PAVE's application was void ab initio.

The parties agreed that the sole issue before the Board was “which party owns the mark.”⁵⁴² However, the Board pointed out that “a claim that an applicant is not the rightful ‘owner’ of the applied-for mark is not available when the application is not based on use of the mark in commerce.”⁵⁴³

Section 1(a) of the Lanham Act provides that “[t]he owner of a trademark used in commerce may request registration of its trademark.” In the standard declaration for a use-based application, the applicant avers: “The signatory believes that the applicant is the owner of the trademark/service mark sought to be registered. The mark is in use in commerce on or in connection with the goods/services in the application.” Thus, under Section 1(a), if the applicant is not the “owner” of the mark, the application is void ab initio.⁵⁴⁴

On the other hand, under Section 1(b) of the Act, an applicant “who has a bona fide intention, under circumstances showing the good faith of such person, to use a trademark in commerce may request registration of its trademark.” There is no statutory requirement that the filer of an intent-to-use application be the owner of the mark at the time of filing. The standard declaration for

⁵⁴⁰ *Id.* at *21.

⁵⁴¹ *Norris v. PAVE: Promoting Awareness, Victim Empowerment*, 2019 U.S.P.Q.2d 370880 (T.T.A.B. 2019).

⁵⁴² *Id.* at *4.

⁵⁴³ *Id.*

⁵⁴⁴ *Id.* See Trademark Rule 2.71(d), 37 C.F.R. § 2.71(d) (“An application filed in the name of an entity that did not own the mark as of the filing date of the application is void.”); *Huang v. Tzu Wei Chen Food Co.*, 849 F.2d 1458, 7 U.S.P.Q.2d 1335 (Fed. Cir. 1988) (affirming Board holding that application filed by individual two days after transfer to newly formed corporation is void).

an intent-to-use application states that: “The signatory believes that the applicant is entitled to use the mark in commerce. The applicant has a bona fide intention to use the mark in commerce on or in connection with the goods/services in the application.”⁵⁴⁵

Therefore, the Board found no statutory basis for Opposer Norris’s claim of non-ownership, and so it dismissed the opposition.

The Board went on to observe that a Section 1(b) application may be challenged based on the lack of a bona fide intent to use the mark in commerce. “By analogy to non-ownership claims, where the application is based on intent to use under Section 1(b) of the Trademark Act, and two parties are claiming superior rights based on shared circumstances, the question is which entity or individual had the bona fide intent.”⁵⁴⁶ Here, however, Opposer Norris neither alleged nor argued this issue, and although there was some evidence suggesting that PAVE did have a bona fide intent to use the mark, the Board declined to consider the issue because it “cannot be confident that the parties have provided . . . a full record upon which to make the required findings.”⁵⁴⁷

Sock It To Me, Inc. v. Aiping Fan

The Board dismissed this opposition to registration of SOCK IT UP for “socks,” rejecting opposer’s claim of likelihood of confusion with the registered mark SOCK IT TO ME for “socks and stockings” (SOCK disclaimed) due to the dissimilarity of the marks. Perhaps more importantly, the Board first denied the opposer’s claim that Applicant Aiping Fan was not the owner of the mark at the time of filing the opposed application. The Board ruled that an oral, intra-family license with informal quality control sufficed to make the licensee a related company under the Lanham Act.⁵⁴⁸

The opposer claimed that the mark SOCK IT UP was used in the United States not by Applicant Fan, but by JY Instyle, a California corporation, and therefore JY Instyle owned the mark, not Fan. Of course, a use-based application filed by a person who does not own the mark is void ab initio.⁵⁴⁹ Applicant Fan contended that JY Instyle’s use of the mark inured to her benefit.

Sections 5 and 45 of the Lanham Act provide that use of a mark by a “related company” inures to the benefit of the licensor.⁵⁵⁰

⁵⁴⁵ *Id.* at *5.

⁵⁴⁶ *Id.*

⁵⁴⁷ *Id.*

⁵⁴⁸ *Sock It To Me, Inc. v. Aiping Fan*, 2020 U.S.P.Q.2d 10611 (T.T.A.B. 2020).

⁵⁴⁹ See Trademark Rule 2.71(d), 37 C.F.R. § 2.71(d); *Lyons v. Am. Coll. of Veterinary Sports Med. & Rehab.*, 859 F.3d 1023, 123 U.S.P.Q.2d 1024, 1027 (Fed. Cir. 2017).

⁵⁵⁰ Section 5 of the Lanham Act, 15 U.S.C. § 1055, provides that:

Where a registered mark or a mark sought to be registered is or may be used legitimately by related companies, such use shall inure to the benefit of the

“Related company” is defined as “any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used.”⁵⁵¹

The issue, then, was whether Applicant Fan exercised sufficient control over the nature and quality of JY Instyle’s socks bearing the SOCK IT UP mark for that use to inure to Applicant Fan’s benefit.⁵⁵²

The record evidence established that Fan has been in the sock industry in the People’s Republic of China for over a decade. Fan granted an oral license to use the mark SOCK IT UP to JY Instyle, a family business owned and operated by her son and her daughter-in-law, Junxia Yao. Fan and Yao are in daily communication, with Fan providing strict guidelines as to quality, source of manufacturing, and types of fabrics used, with Yao inspecting the goods for quality. Sales have increased steadily and there was no indication of a decline in quality.

The opposer complained that Fan did not “detail any method or provision for Applicant to inspect, supervise or otherwise police JY Instyle’s operations to adequately guarantee that the quality of the products sold under the mark is maintained or show that Applicant has taken any steps to do so.”⁵⁵³ The Board was unmoved.

Sufficient control by a licensor may exist despite the absence of any formal arrangements for policing the quality of the goods sold or services rendered under the mark by its licensee(s). *Woodstock’s Enters. Inc. v. Woodstock’s Enters. Inc.*, 43 U.S.P.Q.2d 1440, 1446 (T.T.A.B. 1997). An informal, rather than formal, system of quality control may suffice. *Winnebago Indus., Inc. v. Oliver & Winston, Inc.*, 207 U.S.P.Q. 335, 341 (T.T.A.B. 1980) cited in *Ballet Tech Found. Inc. v. Joyce Theater Found. Inc.*, 89 U.S.P.Q.2d 1262, 1266 (T.T.A.B. 2008), *judgment vacated pursuant to settlement*, 2013 WL 6199539 (T.T.A.B. 2013). This holds true especially where the licensor and licensee have a close working relationship, such as a familial relationship.⁵⁵⁴

The Board deemed the informal arrangements between Fan and JY Instyle to be sufficient to qualify JY Instyle as a related company

registrant or applicant for registration, and such use shall not affect the validity of such mark or of its registration, provided such mark is not used in such manner as to deceive the public. If first use of a mark by a person is controlled by the registrant or applicant for registration of the mark with respect to the nature and quality of the goods or services, such first use shall inure to the benefit of the registrant or applicant, as the case may be.

⁵⁵¹ Section 45 of the Lanham Act, 15 U.S.C. § 1127.

⁵⁵² *Sock It To Me*, 2020 U.S.P.Q.2d 10611 at *4.

⁵⁵³ *Id.* at *5.

⁵⁵⁴ *Id.*

under Section 5 of the Lanham Act, and therefore its use of the mark inured to Fan's benefit.⁵⁵⁵ And so, the Board concluded that Applicant Fan was the owner of the mark SOCK IT UP at the time she filed her application to register.

7. Lack of Bona Fide Intent

Hole In 1 Drinks, Inc. v. Lajtay

Side-stepping the issue of ownership, the Board granted a petition for cancellation of Respondent Michael Lajtay's registration for the mark HOLE IN ONE for sports drinks, ruling that the registration was void ab initio because, at the time of filing the underlying Section 1(b) application, Lajtay did not intend to use the mark by himself but rather intended to use it jointly with Darryl Cazares to form a company and market beverages.⁵⁵⁶

Lajtay filed his application to register the HOLE IN ONE mark on January 24, 2015. A business plan and various correspondence indicated that he and Darryl Cazares were partners who were seeking funding to develop and market HOLE IN ONE beverages. Cazares filed articles of organization for a California company called "Hole-In-One Drinks, LLC," naming Lajtay and himself as co-managers. Lajtay conceded that Cazares was a "co-founder, a business partner, in the Hole-In-One endeavor."⁵⁵⁷ In April 2015, Lajtay began selling the beverages, naming Hole-in-One Drinks, LLC as the vendor and producer. "In sum, Respondent filed the intent-to-use application in his own name, even though Respondent and Darryl Cazares were negotiating or had already agreed to form Hole-In-One Drinks, LLC, the entity through which they intended to sell HOLE IN ONE branded beverages."⁵⁵⁸

The petitioner⁵⁵⁹ asserted that the subject registration was void because Respondent Lajtay did not "own" the mark at the time of filing. However, because the application was filed under Section 1(b), Lajtay did not have to be the "owner" of the mark sought to be registered.

Section 1(b) concerns intent-to-use applications. Because in such an application the mark has not yet been used [or the applicant is not claiming use of the mark], and because ownership of a mark arises through use of the mark, Section 1(b) does not refer to "the owner of a trademark," as does

⁵⁵⁵ *Id.* at *6.

⁵⁵⁶ *Hole In 1 Drinks, Inc. v. Lajtay*, 2020 U.S.P.Q.2d 10020 (T.T.A.B. 2020).

⁵⁵⁷ *Id.* at *4.

⁵⁵⁸ *Id.* at *5.

⁵⁵⁹ Petitioner *Hole In 1 Drinks, Inc.* is the assignee of Darryl Cazares with regard to an application to register the mark HOLE IN ONE, which was refused in view of the registration challenged in this case.

Section 1(a) of the Trademark Act which deals with use based applications.⁵⁶⁰

As the Board held in *Norris v. PAVE: Promoting Awareness, Victim Empowerment*, a claim that an applicant was not the rightful “owner” of the mark at the time of filing “is not available when the application, as originally filed, is not based on use of the mark in commerce.”⁵⁶¹

The Board observed, however, that “Petitioner could have asserted that Respondent did not have a right to file his intent-to-use application based on a lack of a bona fide intent to use the mark in commerce as of the filing date of the intent-to-use application.”⁵⁶² The Board then turned to the question of whether this issue was tried by consent.

Rule 15(b) of the Federal Rules of Civil Procedure provides that when an issue not pleaded is tried by consent of the parties, express or implied, the issue will be treated as if it had been raised in the pleadings.⁵⁶³ Here, Lajtay did not expressly consent to trial of the issue of bona fide intent. Implied consent may be found only when the non-offering party “(1) raised no objection to the introduction of evidence on the issue, and (2) was fairly apprised that the evidence was being offered in support of the issue.”⁵⁶⁴

As noted, the petitioner alleged that Lajtay was not the rightful owner of the HOLE IN ONE mark when Lajtay filed the application to register.

It appear[ed] that Petitioner intended to allege that Respondent did not have a right to file the application due to lack of a bona fide intent to use the HOLE IN ONE mark by himself and that Respondent and Darryl Cazares had a bona fide intent to use the HOLE IN ONE mark as joint applicants until they formed Hole-In-One Drinks, LLC.⁵⁶⁵

According to the Board, the petitioner failed to appreciate the distinction between a use-based application and an intent-to-use

⁵⁶⁰ *Hole In 1 Drinks*, 2020 U.S.P.Q.2d 10020 at *5.

⁵⁶¹ *Id.*, quoting *Norris*, 2019 U.S.P.Q.2d 370880 at *4.

⁵⁶² *Id.* at *6. Compare *Norris*, 2019 U.S.P.Q.2d 370880 (where the Board did not *sua sponte* take up the bona fide intent issue).

⁵⁶³ Rule 15(b) of the Fed. R. Civ. P. (“FRCP”) states:

When an issue not raised by the pleadings is tried by the parties’ express or implied consent, it must be treated in all respects as if raised in the pleadings. A party may move—at any time, even after judgment—to amend the pleadings to conform them to the evidence and to raise an unpleaded issue. But failure to amend does not affect the result of the trial of that issue.

⁵⁶⁴ *Hole In 1 Drinks*, 2020 U.S.P.Q.2d 10020 at *6, citing TBMP § 507.03(b).

⁵⁶⁵ *Id.* at *7.

application, and thus the petitioner mistakenly referred to Lajtay's lack of "ownership" of the mark.⁵⁶⁶

This mistake is somewhat understandable, however, because, as noted above, it was not until 2019—i.e., about two years after the petition in this proceeding was filed—that the Board held for the first time that a claim that an applicant is not the rightful "owner" of the applied-for mark is not available when the application is not based on use of the mark in commerce.⁵⁶⁷

The Board observed that "had Petitioner properly pleaded its claim, the litigation would have proceeded unchanged."⁵⁶⁸

Instead of having to prove whether the owner of the mark was Respondent or Respondent and Darryl Cazares, Petitioner had to prove whether Respondent or Respondent and Darryl Cazares collectively had the bona fide intent to use the HOLE IN ONE mark. Thus, Respondent was fairly apprised that the evidence submitted in this case supported the issue of whether Respondent had the right to file the application based on his sole bona fide intent to use the mark as of the filing date of the underlying intent-to-use application, and there was no reason for Respondent to object to any testimony or evidence because it was the same testimony and evidence for either the nonownership claim or a lack of a bona fide intent-to-use claim.⁵⁶⁹

Lajtay introduced testimony regarding whether Cazares had an interest or a bona fide intent to use the mark as of the filing date. Thus, Lajtay "was aware that the current dispute centers on **which person(s) or entity** could properly be said to have had a bona fide intent to use the mark at the time of filing."⁵⁷⁰ And so, the Board concluded that the lack-of-bona-fide-intent claim was tried by implied consent because Lajtay had fair notice of the issue and actively defended against it. The Board therefore deemed the pleadings to be amended under FRCP 15(b).

Turning to the substance of the claim, the Board found that Lajtay and Cazares *jointly* had a bona fide intention to use the mark HOLE IN ONE at the time of Lajtay's filing. Therefore, the application should have been filed in both names as joint

⁵⁶⁶ *Id.*

⁵⁶⁷ *Id.*, citing *Norris*, 2019 U.S.P.Q.2d 370880 at *4.

⁵⁶⁸ *Id.*

⁵⁶⁹ *Id.* at *7-8.

⁵⁷⁰ *Id.* at *8.

applicants.⁵⁷¹ In fact, the Board noted, Hole-In-One Drinks, LLC was the first and only user of the mark, and thus it is the owner of the mark, not Lajtay.

Petitioner has established by a preponderance of the evidence that Respondent alone did not have a right to file the underlying intent-to-use application due to lack of a bona fide intent to use the HOLE IN ONE mark as of the filing date of the application, that Respondent intended to use the HOLE IN ONE MARK with Darryl Cazares, as joint owners, and that, therefore, the underlying application for the mark was void ab initio. In other words, under these “shared circumstances,” Petitioner and Respondent **jointly** had the bona fide intent to use the mark in commerce that formed the basis of the application.⁵⁷²

And so, the Board granted the petition for cancellation on the ground of lack of bona fide intent.

8. Standing

AT&T Mobility LLC v. Mark Thomann and Dormitus Brands LLC

In this long-running battle over the mark CINGULAR for cell phones and related products, the Board bifurcated the issues so that it could first rule on whether the opposer had standing to bring its claims (including false suggestion of a connection under Section 2(a)).⁵⁷³ The applicants asserted that the opposer had abandoned the mark CINGULAR when it changed its name from Cingular Wireless LLC to its current name of AT&T Mobility LLC, and therefore lacked standing. The Board, however, found that “[o]pposer is the owner of a majority share in a company named

⁵⁷¹ *Id.* at *9. See *Conolty v. Conolty O'Connor NYC LLC*, 111 U.S.P.Q.2d 1302, 1309 (T.T.A.B. 2014) (because applicant and opposer are “partners,” applicant is not the sole owner of the mark and therefore the application (filed under Section 1(a)) is void).

⁵⁷² *Id.* at *9-10. See *Am. Forests v. Sanders*, 54 U.S.P.Q.2d 1860, 1864 (T.T.A.B. 1999) (finding intent to use application filed by Barbara Sanders void ab initio because “the true entity which had a bona fide intent to use the mark LEAF RELEAF and design was not Barbara Sanders an individual, but rather was a partnership consisting of Stephen Sanders and Barbara Sanders”), *aff'd unpub'd*, 232 F.3d 907 (Fed. Cir. 2000).

⁵⁷³ The CAFC recently pointed out that the inquiry regarding “standing” “is more accurately referred to as an entitlement to a statutory cause of action.” *Australian Therapeutic Supplies Pty. Ltd. v. Naked TM, LLC*, 965 F.3d 1370, 2020 U.S.P.Q.2d 10837, *3 (Fed. Cir. 2020). Subsequently, in *Corcamore, LLC v. SFM, LLC*, 978 F.3d 1298, 2020 U.S.P.Q.2d 11277 (Fed. Cir. 2020), the CAFC ruled that the proper analytical framework to be applied in determining entitlement to a statutory cause of action under §§ 1063 and 1064 of the Lanham Act is that of *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118, 129-34 (2014). Under the *Lexmark* framework, “a party must demonstrate (i) an interest falling within the zone of interests protected by the statute and (ii) proximate causation.” *Corcamore*, 2020 U.S.P.Q.2d 11277 at *4, citing *Lexmark*, 572 U.S. at 129-34.

AT&T Mobility II LLC, which in turn holds a 100% interest in New Cingular, which uses the term CINGULAR in its trade name.”⁵⁷⁴

To establish standing, an opposer must prove that it has a “real interest” in the proceeding beyond that of a mere intermeddler, and a “reasonable basis” for its belief of damage.⁵⁷⁵ The Board observed that if the opposer establishes its standing under Section 2(a),⁵⁷⁶ it is entitled to “rely on any available statutory grounds for opposition set forth in the Trademark Act.”⁵⁷⁷

For a Section 2(a) claim, standing “does not rise or fall on the basis of a plaintiff’s proprietary rights in a term; rather, a Section 2(a) plaintiff has standing by virtue of who the plaintiff is, that is, the plaintiff’s personality or ‘persona.’”⁵⁷⁸

We see no categorical legal bar precluding a corporate or institutional plaintiff from claiming, in a Board proceeding, a false suggestion of a connection with its trade name, where, as here, its allegations of standing are based on alleged injury from an unauthorized use of a mark that falsely suggests a connection with its persona.⁵⁷⁹

In 2007, the opposer legally changed its name from “Cingular Wireless LLC” to its current name, but it contended that it may rely on use of the name “CINGULAR” by its controlled subsidiary, New Cingular Wireless PCS, LLC (“New Cingular”). The Board pointed out that the Opposer AT&T Mobility had the burden “to show that New Cingular uses the term and that its corporate relationship with Opposer qualifies Opposer to claim the benefit of New Cingular’s use.”⁵⁸⁰

⁵⁷⁴ AT&T Mobility LLC v. Mark Thomann and Dormitus Brands LLC, 2020 U.S.P.Q.2d 53785, *11 (T.T.A.B. 2020).

⁵⁷⁵ *Id.* at *5, citing *Empresa Cubana*, 111 U.S.P.Q.2d at 1062; *Ritchie v. Simpson*, 170 F.3d 1092, 50 U.S.P.Q.2d 1023, 1025 (Fed. Cir. 1999).

⁵⁷⁶ The opposer asserted three other claims: misrepresentation of source under Section 14(3), 15 U.S.C. § 1064(3); lack of a bona fide intention to use the marks as of the filing date of the involved applications; and invalid assignment rendering the applications void ab initio under Section 10(a)(1), 15 U.S.C. § 1061(a)(1).

⁵⁷⁷ *AT&T Mobility*, 2020 U.S.P.Q.2d 53785 at *5-6. *See* *A&H Sportswear Co. v. Yedor*, 2019 U.S.P.Q.2d 111513, *3 (T.T.A.B. 2019) (“Having demonstrated standing on this ground, Opposer may assert any other valid basis for refusal.”); *Enbridge, Inc. v. Excelerate Energy LP*, 92 U.S.P.Q.2d 1537, 1543 n.10 (T.T.A.B. 2009) (“If an opposer can show standing as to one ground, it has the right to assert any other ground as well.”).

⁵⁷⁸ *Id.* at *5, quoting *Estate of Biro v. Bic Corp.*, 18 U.S.P.Q.2d 1382, 1385 (T.T.A.B. 1991).

⁵⁷⁹ *Id.* at *7-8. *See, e.g., Univ. of Notre Dame*, 217 U.S.P.Q. at 508; *Bos. Ath. Ass’n v. Velocity, LLC*, 117 U.S.P.Q.2d 1492, 1496 (T.T.A.B. 2015) (“nickname or an informal reference, even one created by the public, can qualify as an entity’s ‘identity,’ thereby giving rise to a protectable interest”); *Board of Trustees v. BAMA-Werke Curt Baumann*, 231 U.S.P.Q. 408, 411 (T.T.A.B. 1986) (BAMA well-known as University of Alabama’s nickname such that “use by respondent of the identical term appropriates petitioner’s identity.”).

⁵⁸⁰ *Id.* at *7.

The Board first considered whether New Cingular uses the term “CINGULAR.” The applicants contended that the opposer abandoned the CINGULAR marks when it stopped using them after “making the switch” to AT&T; that the CINGULAR registrations have expired; that New Cingular does business as AT&T Mobility and does not use its legal name (New Cingular Wireless PCS, LLC) except on formal legal documents; and that “[c]ustomer-facing interactions are under the name AT&T Mobility.”⁵⁸¹

The Board, however, found that the evidence supported the contention that New Cingular uses the term “Cingular” in its trade name.

The name appears, in some cases prominently, on contracts or licenses. It would be viewed by those with whom New Cingular has entered into these agreements, such as professionals interested in the construction of cell towers as well as retail consumers purchasing cell phone wireless services under the AT&T Next program.⁵⁸²

The evidence demonstrated that New Cingular conducts significant business in wireless communications using the trade name “New Cingular Wireless PCS, LLC.” The Board therefore concluded that “New Cingular uses CINGULAR as part of its trade name, and that the trade name is known to the relevant public.”⁵⁸³

The next question was whether use of CINGULAR by New Cingular established the opposer’s standing. The Board observed that the parent corporation of a wholly owned subsidiary “can reasonably believe that damage to the subsidiary will naturally lead to financial injury to itself.”⁵⁸⁴ The opposer proved that it owns a majority interest in AT&T Mobility II LLC, which owns a 100% interest in New Cingular. “Accordingly, Opposer has established the necessary relationship to New Cingular” and therefore it has standing to pursue its false connection claim under Section 2(a).⁵⁸⁵

⁵⁸¹ *Id.*

⁵⁸² *Id.* at *9. *Cf. W. Fla. Seafood*, 31 U.S.P.Q.2d at 1664 (finding use of trade name in regulatory licenses probative of use of mark in association with restaurant services); *Nat’l Cable Television Ass’n v. Am. Cinema Editors, Inc.*, 937 F.2d 1572, 19 U.S.P.Q.2d 1424, 1428 (Fed. Cir. 1991) (use of trade name for plaintiff organization “within the titles and text of articles in its publications and in correspondence” sufficient to show use as a trade name).

⁵⁸³ *Id.*

⁵⁸⁴ *Id.* at *10, quoting *Univ. Oil Prods. Co. v. Rexall Drug & Chem. Co.*, 463 F.2d 1122, 174 U.S.P.Q. 458, 459 (C.C.P.A. 1972).

⁵⁸⁵ *Id.* at *11.

9. Laches

Schiedmayer Celesta GmbH v. Piano Factory Group, Inc.

The Board turned a deaf ear to the laches defense put forth by the respondents in this Section 2(a) false connection case. Petitioner Schiedmayer delayed for more than seven years before filing its petition for cancellation of a registration for the mark SCHIEDMAYER for “pianos, namely, upright pianos, grand pianos, and digital pianos.” The Board found that the mark falsely suggests a connection with Schiedmayer, in violation of Section 2(a), and then rejected the respondents’ laches claim.⁵⁸⁶

Schiedmayer manufactures and sells a keyboard instrument known as a celesta. The petitioner and its CEO, Ms. Schiedmayer, are connected to the original German Schiedmayer family and their business has been known for offering keyboard instruments for some 200 years. The respondents are Los Angeles piano dealers that retail, but do not manufacture, pianos. They affixed the SCHIEDMAYER name plate to “no-name” pianos (also known as “stencil pianos”) from China, a practice not uncommon in the keyboard instrument field.

The defense of laches requires proof of (1) unreasonable delay in asserting one’s rights against another; and (2) material prejudice to the latter resulting from the delay.⁵⁸⁷ “[L]aches begins to run from the time action could be taken against the acquisition by another of a set of rights to which objection is later made. In an opposition or cancellation proceeding the objection is to the rights which flow from registration of the mark.”⁵⁸⁸

Here, the petition for cancellation was filed nearly seven and one-half years after the challenged registration issued: “fairly long, and in the absence of extenuating circumstances or an excuse, unreasonable.”⁵⁸⁹ Petitioner Schiedmayer provided no excuse for its delay, and so the Board found the period of delay unreasonable.

However, the respondents failed to prove material prejudice resulting from the delay. Their only evidence was a “general recollection” that they sold at most seventeen SCHIEDMAYER-

⁵⁸⁶ *Schiedmayer Celesta GmbH v. Piano Factory Grp., Inc.*, 2019 U.S.P.Q.2d 341894 (T.T.A.B. 2019). The Section 2(a) false connection issue is discussed in Part II.B.1, above.

⁵⁸⁷ *Id.* at *9, citing *Lincoln Logs Ltd. v. Lincoln Pre-Cut Log Homes, Inc.*, 971 F.2d 732, 23 U.S.P.Q.2d 1701, 1703 (Fed. Cir. 1992).

⁵⁸⁸ *Id.* at *10, quoting *Nat’l Cable Television Ass’n*, 19 U.S.P.Q.2d at 1432.

⁵⁸⁹ *Id.* See *Bridgestone/Firestone Research, Inc. v. Auto. Club de l’Ouest de la France*, 245 F.3d 1359, 58 U.S.P.Q.2d 1460, 1463 (Fed. Cir. 2001) (finding unreasonable delay based in part on “the absence of a reasonable excuse by the Automobile Club for its inaction”); *Alfacell Corp. v. Anticancer, Inc.*, 71 U.S.P.Q.2d 1301, 1307 (T.T.A.B. 2004) (finding seven-year delay unreasonable where “Petitioner has been completely silent as to the reason for its delay”).

labeled pianos between issuance of the registration and the filing of the cancellation petition.⁵⁹⁰

Respondents' claim of prejudice rings hollow where the only direct, marginal expense incurred in selling SCHIEDMAYER-labeled pianos is buying the SCHIEDMAYER labels from trophy or decal makers. Indeed, virtually all of the money Respondents spent to offer SCHIEDMAYER-labeled pianos related to acquisition of the no-name pianos themselves, which could just as easily be labeled something else.⁵⁹¹

In sum, the respondents failed to show "any meaningful economic or other damage" or any significant change of position resulting from Petitioner Schiedmayer's delay.⁵⁹² Consequently, they failed to meet their burden of establishing that the petition should be barred by laches.

10. Concurrent Use

Hanscomb Consulting, Inc. v. Hanscomb Ltd.

Hanscomb Consulting, Inc. ("HCI") sought a concurrent use registration for the mark HANSCOMB CONSULTING & Design (shown below) for various business consultation and project management services, covering the entire United States except for two geographical areas (Hinsdale, Illinois, and Los Angeles, California). HCI conceded that its use of the mark was not exclusive, that Defendant Hanscomb Limited ("HL") owns an application to register HANSCOMB for identical services and that HL may have established common law rights in those two locations. The Board, however, found that HL has prior rights in "many more locales throughout the country" and therefore that Plaintiff HCI was not entitled to the concurrent use registration it sought.⁵⁹³



Although Defendant HL filed its application prior to HCI's filing date and although it claimed dates earlier than those claimed by HCI, HCI's acknowledgment in its concurrent use application that

⁵⁹⁰ *Id.* at *11.

⁵⁹¹ *Id.* at *12.

⁵⁹² *Id.*

⁵⁹³ *Hanscomb Consulting, Inc. v. Hanscomb Ltd.*, 2020 U.S.P.Q.2d 10085, *8 (T.T.A.B. 2020).

HL was an exception to HCI's rights and the allegation by HCI of first use before HL's *filing date* allowed the USPTO to approve HCI's application for publication. HL filed an opposition to that application and the Board then instituted this concurrent use proceeding and dismissed the opposition.

In an earlier proceeding HL had opposed HCI's application for a nationwide registration for HANSCOMB CONSULTING & Design, on the ground of priority and likelihood of confusion. HCI moved to amend that application to one seeking a concurrent use registration, but the Board denied the motion because HCI's application was based on intent-to-use, not actual use, and therefore could not be so amended.⁵⁹⁴ HCI then withdrew its application and the opposition was sustained.⁵⁹⁵

The entry of judgment against HCI in that opposition "prevents consideration of any assertion by either party that no likelihood of confusion exists based on the parties' use of their marks in overlapping geographic areas."⁵⁹⁶

Turning back to the concurrent use proceeding, Defendant HL claimed that it used its HANSCOMB mark throughout the United States for many years and that it was entitled to a geographically unrestricted registration for its mark. HCI had the burden of proving, by a preponderance of that evidence, its entitlement to registration for its proposed geographic territory, that HL's territory should be correspondingly restricted, and that such restrictions would avoid a likelihood of confusion arising from the parties' concurrent use of their marks.⁵⁹⁷

Because Defendant HL filed an unrestricted application and was listed as an excepted user in HCI's concurrent use application, HL enjoyed a presumption of entitlement to a nationwide registration.⁵⁹⁸ It was therefore the Board's role to "determine the

⁵⁹⁴ *Hanscomb Limited v. Hanscomb Consulting, Inc.*, Opposition No. 91216132 at 15 TTABVue (September 9, 2015). Only applications based on use in commerce are subject to concurrent use proceedings. See Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d), which states, in pertinent part, "concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce."

⁵⁹⁵ HCI could not amend its basis for registration from intent-to-use to actual use because the application was being opposed and was therefore in the "blackout" period during which an amendment to allege use is not allowed. The "blackout" period runs from the date of the examining attorney's approval of the mark for publication to the date of issuance of the notice of allowance. See TBMP § 219; *In re Sovran Fin. Corp.*, 25 U.S.P.Q.2d 1537 (Comm'r Pats. 1991) (amendment to allege use filed during blackout period rejected as untimely).

⁵⁹⁶ *Hanscomb Consulting*, 2020 U.S.P.Q.2d 10085 at *3. See *Over the Rainbow, Ltd. v. Over the Rainbow, Inc.*, 227 U.S.P.Q. 879, 882-83 (T.T.A.B. 1985).

⁵⁹⁷ *Id.* at *4.

⁵⁹⁸ *Id.* See *In re Beatrice Foods Co.*, 429 F.2d 466, 166 U.S.P.Q. 431, 436 (C.C.P.A. 1970) ("The starting point for any determination as to the extent to which the registrations are

extent of HL’s use of its mark prior to HCI’s established use dates and whether HCI has carried its burden of proving that it is entitled to geographically restrict HL’s use of its mark.”⁵⁹⁹ Based on HL’s declaration and deposition testimony, the Board ruled against HCI.

We find, based on the record before us, that HL’s use of its HANSCOMB mark in connection with its services has not, as contended by HCI, been confined to the two postal area zip codes identified in HCI’s application. To the contrary, we find that HL has demonstrated prior and continuous use of its HANSCOMB mark in many locations throughout the U.S.⁶⁰⁰

This finding of fact by the Board “invalidates HCI’s proposed geographic restriction on the use of HL’s mark in connection with the services.”⁶⁰¹ And so, the Board dissolved the concurrent use proceeding and deemed HCI’s application to be abandoned.⁶⁰²

11. Procedural Issues

a. Requirement for U.S. Counsel

Cloudworks Consulting Services Inc. v. Ongoing Operations, LLC

The USPTO amended its rules, effective August 3, 2019, to require that all applicants, registrants, and parties to a proceeding before the TTAB whose domicile is not within the United States or its territories, be represented by an attorney who is an active member in good standing of the bar of the highest court of a state in the United States, or the District of Columbia, or any commonwealth or territory of the United States.⁶⁰³ Accordingly, in this cancellation proceeding the Board ruled that a party domiciled in Canada—despite the appearance of a USPTO-recognized Canadian trademark attorney/agent on its behalf—must appoint a

to be territorially restricted should be the conclusion that the prior user is prima facie entitled to a registration covering the entire United States.”).

⁵⁹⁹ *Id.* at *5.

⁶⁰⁰ *Id.*

⁶⁰¹ *Id.* at *8. *See Over the Rainbow*, 227 U.S.P.Q. at 884 (primary concern in a concurrent use proceeding is the avoidance of likelihood of confusion; applicant unable to establish its entitlement to registration in area claimed where senior user was national franchise).

⁶⁰² *Id.* at *9.

⁶⁰³ *See Requirement of U.S. Licensed Attorney for Foreign Trademark Applicants and Registrants*, 84 Fed. Reg. 31498 (July 2, 2019), and Trademark Rule 2.11, 37 C.F.R. § 2.11. *See also* Patent and Trademark Rules 11.1 and 11.14, 37 C.F.R. §§ 11.1 and 11.14. This requirement applies to all TTAB proceedings (even those commenced prior to August 3, 2019), and it applies to pending applications and issued registrations.

qualified attorney licensed to practice law in the United States, or in a commonwealth or territory of the United States.⁶⁰⁴

On December 31, 2019, Petitioner Cloudworks, a Canadian corporation domiciled in Toronto, filed a petition for cancellation of a registration for the mark CLOUDWORKS & Design for various computer services, on the grounds of abandonment and fraud. The petition was signed by a Canadian attorney/agent “listed on the Office of Enrollment and Discipline’s roll of recognized Canadian Trademark Agents.”⁶⁰⁵ Not good enough, said the Board.

This requirement is not satisfied if a party, like Petitioner, is represented by a foreign attorney or agent, even if that attorney or agent has been granted reciprocal recognition by the USPTO pursuant to Patent and Trademark Rules 11.14(c) and (f), 37 C.F.R. §§ 11.14(c) and (f). A reciprocally recognized attorney or agent may only appear as an **additionally appointed** practitioner. A qualified attorney licensed to practice law in the United States, or in any Commonwealth or territory of the United States, **must** still be appointed as the party’s representative who will file documents with the Board and with whom the Board will correspond.⁶⁰⁶

b. Effect of Consented Extension of Time

Covidien LP v. ERBE Elektromedizin GmbH

In this cancellation proceeding involving a registration for the mark SOFT COAG for medical instruments, Petitioner Covidien sidestepped a challenge to the timeliness of its summary judgment motion but tripped over another procedural hurdle, resulting in the Board declining to consider its motion.⁶⁰⁷

The Board first faced the question of whether the granting of Covidien’s consent motion for extension of all dates, filed just before the pretrial disclosure deadline, also extended the date for filing a summary judgment motion. Yes indeed, said the Board.

The relevant dates in this case were as follows: On December 21, 2018, the Board reset the trial dates, extending the deadline for Covidien’s pretrial disclosures to January 18, 2019. On January 16, 2019, Covidien filed a motion to extend all dates, with Respondent ERBE’s consent, by one week. In this order, the motion was granted,

⁶⁰⁴ Cloudworks Consulting Servs. Inc. v. Ongoing Operations, LLC, 2020 U.S.P.Q.2d 10019 (T.T.A.B. 2020).

⁶⁰⁵ Currently, only Canadian attorneys and agents are reciprocally recognized under Rule 11.14(c)(1). Any such representation must be limited to parties located in Canada.

⁶⁰⁶ *Cloudworks*, 2020 U.S.P.Q.2d 10019 at *1. See Patent and Trademark Rule 11.14(c)(2), 37 C.F.R. § 11.14(c)(2).

⁶⁰⁷ *Covidien LP v. ERBE Elektromedizin GmbH*, 2019 U.S.P.Q.2d 265006 (T.T.A.B. 2019).

and Covidien's pretrial disclosures became retroactively due by January 25, 2019.

Anticipating the Board's approval of its extension request, Covidien had filed a motion for summary judgment on January 22, 2019. ERBE then promptly filed a motion to strike the summary judgment motion.

ERBE argued two points: (1) That it did not consent to an extension of time to file a summary judgment motion, but only to an extension of time for Covidien to serve its pretrial disclosures, and (2) that the summary judgment motion was untimely because the Board did not grant the extension prior to January 18, 2019 (the original deadline for Covidien's pretrial disclosures). The Board addressed the points in turn.

As to the effect of the consent, the Board noted that ERBE consented to the extension with no conditions or restrictions:

At the time the consented motion to extend was filed (January 16), that deadline was due to expire on January 18, and Petitioner's deadline to file a summary judgment motion would have been January 17 absent any extension. Thus, Respondent must have known that a summary judgment motion not only was still possible at the time it consented to the extension, but also that, by agreeing to extend all deadlines, it was consenting as well to extend the time for filing a summary judgment motion. If Respondent's consent to an extension was conditioned upon a limitation, it was incumbent upon Respondent to identify that limitation and to ensure that the limitation was conveyed in the motion when filed.⁶⁰⁸

Because there was no condition or limitation in ERBE's consent, the Board found that ERBE had agreed to an extension of time for all dates, including the deadline for filing a summary judgment motion.

Moving to the issue of whether Covidien's summary judgment motion was timely, the Board stated that "[i]nasmuch as the unrestricted consented motion was filed prior to the deadline, once granted, the extension is effective before the deadline."⁶⁰⁹ The Board reiterated that "[t]he extension of the pretrial disclosure deadline . . . generally resets the deadline for filing a motion for summary judgment, unless the parties agree to the contrary."⁶¹⁰ Because the

⁶⁰⁸ *Id.* at *1.

⁶⁰⁹ *Id.* at *2.

⁶¹⁰ *Id.* See *KID-Systeme GmbH v. Turk Hava Yollari Teknik Anonim Sirketi*, 125 U.S.P.Q.2d 1415, 1416 (T.T.A.B. 2018) ("If the pretrial disclosure deadline is reset by order or stipulation effective before the deadline, a motion for summary judgment filed before the reset pretrial disclosure deadline would be timely.").

Board found that a grant of an extension is retroactively effective, ERBE's motion to strike was rejected.

In a curious twist, the Board nevertheless declined to consider Covidien's motion for summary judgment since it exceeded the allotted page limit. Trademark Rule 2.127(a), 37 C.F.R. § 2.127(a), provides that no motion "shall exceed twenty-five pages in length in its entirety . . ." Covidien's motion for summary judgment was twenty-eight pages long. Since "[t]he Board generally does not consider briefs that exceed the page limit," Covidien's motion for summary judgment was given no consideration.⁶¹¹

Accordingly, proceedings in the case resumed and the remaining dates were reset as needed. The new deadline for pre-trial disclosure was fixed as July 14, 2019. Covidien refiled its summary judgment motion (in shortened form) on July 13th.

c. Discovery Issues

Chix Gear, LLC v. Princess Race Wear Corp.

As the Rolling Stones pointed out long ago, you can't always get what you want. Opposer Chix Gear learned this lesson when the Board denied its motion to compel Applicant Princess Race Wear to produce the "metadata"⁶¹² for five photographs that Princess provided during discovery, because Chix Gear did not ask for metadata in its discovery requests.⁶¹³

Princess sought to register the mark LIFE IS BETTER AT THE RACE TRACK for jewelry, bags, and clothing items. Chix Gear, after receiving five photographs (in electronic form) in response to its production requests, asked for supplemental information regarding the photographs. When Princess provided none, Chix Gear filed a motion to compel Princess to furnish the date(s) when the photographs were taken and the identity of the person who took them.

In response, Princess maintained that none of Chix Gear's production requests required Princess to provide this information, and therefore there was nothing to compel.

In reply, Chix Gear referred to the requested information as "metadata" and insisted that metadata must be provided in order to

⁶¹¹ *Id.* See Saint-Gobain Corp. v. Minn. Mining and Mfg. Co., 66 U.S.P.Q.2d 1220, 1221-22 (T.T.A.B. 2003).

⁶¹² "Metadata" is data "typically stored electronically that describes characteristics of ESI [electronically stored information] . . . Metadata can describe how, when, and by whom ESI was collected, created, accessed, modified, and how it is formatted." See CBT Flint Partners, LLC v. Return Path, Inc., 737 F.3d 1320, 108 U.S.P.Q.2d 1969, 1978 n.2 (Fed. Cir. 2013) (quoting The Sedona Conference, *The Sedona Conference Glossary: E-Discovery & Digital Information Management* 34 (Sherry B. Harris et al. eds., 3d ed. 2010)).

⁶¹³ Chix Gear, LLC v. Princess Race Wear Corp., 2019 U.S.P.Q.2d 455321 (T.T.A.B. 2019).

fully respond to the original production requests, and particularly its request that Princess provide “[a]ll documents evidencing Applicant’s claim that Applicant has priority over Opposer.”⁶¹⁴ According to Chix Gear, the request for the metadata was inherent in that document request because without the requested information “the documents cannot corroborate any alleged priority claim.”⁶¹⁵

The Board observed that under FRCP 34(b)(1)(C) a party seeking discovery may specify a form for production and may request metadata.⁶¹⁶ However, Chix Gear’s production requests made no mention of metadata, nor did the parties discuss same. When the parties have not specified the form of production for electronically stored information (“ESI”), the responding party must produce it in the form in which it is “ordinarily maintained” or in a “reasonably usable form.”⁶¹⁷ The Board noted that, as to the photographs that Princess produced, “it appears on their face that they are ‘reasonably usable’ as photographs and Opposer does not argue otherwise.”⁶¹⁸

The Board found no legal basis for any argument that a request for metadata is implicit or inherent in Chix Gear’s discovery request. “While Rule 34 is a starting point for resolving discovery disputes involving ESI and metadata, there is nothing inherent in the Rule requiring production of metadata where neither party has specified the form in which discovery will be provided, or where metadata has not been requested.”⁶¹⁹

And so, the Board ruled that since Chix Gear did not request the “metadata” in its production requests, Princess need not provide it.

*Spliethoff’s Bevrachtingskantoor B.V. v.
United Yacht Transport LLC*

The Board denied Opposer Spliethoff’s motion for leave to take additional discovery depositions beyond the ten-deposition limit of

⁶¹⁴ *Id.* at *2.

⁶¹⁵ *Id.*

⁶¹⁶ *Id.* FRCP 34(b)(1)(C) states that, in a request for production, a party “may specify the form or forms in which electronically stored information is to be produced.”

⁶¹⁷ *Id.* FRCP 34(b)(2)(E), made applicable to Board proceedings by Trademark Rule 2.116(a), 37 C.F.R. § 2.116(a), provides that “[i]f a request does not specify a form for producing electronically stored information, a party must produce it in a form or forms in which it is ordinarily maintained or in a reasonably usable form or forms.”

⁶¹⁸ *Id.* at *3.

⁶¹⁹ *Id.* See 8B Richard L. Marcus, Federal Practice and Procedure § 2219 (3d 2019). See also Autotech Techs. Ltd. P’ship v. AutomationDirect.com, Inc., 248 F.R.D. 556, 559-60 (N.D. Ill. 2008) (finding that when requesting party did not specify it wanted metadata as part of document production, responding party would not be compelled to supply it); Wyeth v. Impax Labs., Inc., 248 F.R.D. 169, 171 (D. Del. 2006) (noting current trends in electronic discovery appear to articulate presumption against production of metadata).

FRCP 30(a)(2), ruling that Spliethoff's had failed to make the required "particularized showing" as to the need for additional depositions.⁶²⁰ "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."⁶²¹ The Board did, however, allow opposer to take the deposition of Applicant UYT's expert.

Trademark Rule 2.116(a) states that "[e]xcept as otherwise provided, and wherever applicable and appropriate, procedure and practice in inter partes proceedings shall be governed by the Federal Rules of Civil Procedure."⁶²² The Trademark Rules do not specify a limit on the number of discovery depositions, and so the Board applied the deposition limit of the FRCP.⁶²³ The Federal Rules impose a limit of ten oral depositions, but a party may seek leave to take additional depositions.⁶²⁴

The Board generally follows settled federal practice when applying the Federal Rules, which dictate that a party seeking such leave must make a "particularized showing" of why the additional discovery is necessary.⁶²⁵ The Board must limit the extent or frequency of discovery if it finds that:

- (i) the discovery sought is unreasonably cumulative or duplicative, or can be obtained from some other source that is more convenient, less burdensome, or less expensive;
- (ii) the party seeking discovery has had ample opportunity to obtain the information by discovery in the action; or
- (iii) the proposed discovery is outside the scope permitted by Rule 26(b)(1).⁶²⁶

⁶²⁰ *Spliethoff's Bevrachtingskantoor B.V. v. United Yacht Trans. LLC*, 2020 U.S.P.Q.2d 10605 (T.T.A.B. 2020).

⁶²¹ *Id.* at *10.

⁶²² 37 C.F.R. § 2.116(a).

⁶²³ *Spliethoff's*, 2020 U.S.P.Q.2d 10605 at *2.

⁶²⁴ See FRCP 30(a)(2), which provides, in pertinent part, that:

A party must obtain leave of court, and the court must grant leave to the extent consistent with Rule 26(b)(1) and (2): (A) if the parties have not stipulated to the deposition and: (i) the deposition would result in more than 10 depositions being taken under this rule or Rule 31 by the plaintiffs, or by the defendants, or by the third-party defendants.

⁶²⁵ *Spliethoff's*, 2020 U.S.P.Q.2d 10605 at *2, quoting *Archer Daniels Midland Co. v. Aon Risk Servs., Inc. of Minn.*, 187 F.R.D. 578, 586 (D. Minn. 1999).

⁶²⁶ *Id.* at *3, quoting FRCP 26(b)(2)(C)(i)-(iii). Rule 26(b)(1) provides that:

Unless otherwise limited by court order, the scope of discovery is as follows: Parties may obtain discovery regarding any nonprivileged matter that is relevant to any party's claim or defense and proportional to the needs of the case, considering the importance of the issues at stake in the action, the amount in controversy, the parties' relative access to relevant information, the parties'

The Board may also consider whether the depositions already taken were necessary, to make sure that the party is not “circumvent[ing] the cap” by taking unjustifiable depositions first and then seeking leave for the more justifiable depositions.⁶²⁷ The Board looks to “whether additional depositions are proportional to the needs of the case, the importance of the issues, the parties’ relative access to relevant information, the importance of the discovery in resolving the issues, and whether the burden or expense of the proposed discovery outweighs its likely benefit.”⁶²⁸

Applicant UYT sought to register UNITED YACHT TRANSPORT, in standard character form, for “transport of yachts by boat.” Spliethoff’s opposed on grounds of fraud, likelihood of confusion, and nonuse. Five of the ten witnesses that Spliethoff’s deposed were its own witnesses. Apparently Spliethoff’s did not recognize that a discovery deposition of one’s own witnesses is not admissible as trial testimony, except in certain circumstances.⁶²⁹ As Professor McCarthy observes, “one rarely takes the discovery deposition of one’s own client or favorable witnesses.”⁶³⁰ The Board noted that, here, there was no indication that these five witnesses were unavailable for trial; in fact, they were represented at the depositions by Spliethoff’s counsel. Therefore, the Board found that these depositions were unjustified.

Similarly, as to two third-party witnesses who were custodians of certain records, Spliethoff’s should have planned to take their testimony at trial or by obtaining authenticating testimony by declaration or affidavit. Spliethoff’s also took the testimony of two attorneys who provided relevant information, but there was no showing that these attorneys were subpoenaed, and there was nothing indicating that they were not willing to provide affidavit or declaration testimony. Only as to one witness did Spliethoff’s make a sufficient showing of justification for the discovery deposition.

The Board then considered whether Spliethoff’s made a “particularized showing” that the additional discovery was necessary.

resources, the importance of the discovery in resolving the issues, and whether the burden or expense of the proposed discovery outweighs its likely benefit. Information within this scope of discovery need not be admissible in evidence to be discoverable.

⁶²⁷ *Id.*

⁶²⁸ *Id.* at *3-4.

⁶²⁹ *Id.* at *6. See Trademark Rule 2.120(k)(1), 37 C.F.R. § 2.120(k)(1), which provides that: The discovery deposition of a party or of anyone who at the time of taking the deposition was an officer, director or managing agent of a party, or a person designated by a party pursuant to Rule 30(b)(6) or Rule 31(a) of the Federal Rules of Civil Procedure, may be offered in evidence by an adverse party.

⁶³⁰ *Id.* at *6, citing McCarthy on Trademarks and Unfair Competition § 7:81 (5th ed. March 2020 Update).

Spliethoff's sought to depose Applicant UYT's president, Mr. Haber, and UYT's Rule 30(b)(6) witness.⁶³¹ The Board acknowledged that these witness would have relevant information. However, the Board denied the request "in view of Opposer's having wasted so many previously-taken discovery depositions, and Opposer's having had ample opportunity to take these depositions but instead electing to pursue other depositions first."⁶³²

Spliethoff's also sought to depose UYT's former trademark attorney, Mr. Zimmer, claiming that because he submitted declarations in support of the application filing, his investigation and search results would be relevant to Spliethoff's fraud claim. The Board, however, pointed out that "[t]he mere signing of the declaration and Response to Office Action . . . does not create a circumstance where Mr. Zimmer alone would need to testify to the contents of those documents."⁶³³ Thus, the Board denied the request.

Spliethoff's named one Mr. Uhr as a desired witness, but failed to show "whether Mr. Uhr has discoverable information to provide, and if so, how that information would be noncumulative of other witnesses."⁶³⁴ The Board also rejected Spliethoff's request to take the deposition of an unnamed witness who may have relevant information: "Opposer has not made a particularized showing of the need to depose an unnamed witness of its choosing at a later date; nor is it even possible to make a particularized showing of an unknown witness."⁶³⁵

Opposer has not demonstrated that it used its allotted ten depositions in a judicious manner. Opposer should have used one or more of its allotted ten depositions for a Rule 30(b)(6) deposition of Applicant or depositions of its officers. In view of Opposer wasting several of its ten discovery depositions, Opposer's motion to take the deposition of Mr. Haber and a Rule 30(b)(6) deposition of Applicant is denied. As discussed above, Opposer's motion to take the depositions of Mr. Uhr,

⁶³¹ FRCP 30(b)(6) provides, in pertinent part, that:

In its notice or subpoena, a party may name as the deponent a public or private corporation, a partnership, an association, a governmental agency, or other entity and must describe with reasonable particularity the matters for examination. The named organization must then designate one or more officers, directors, or managing agents, or designate other persons who consent to testify on its behalf; and it may set out the matters on which each person designated will testify. A subpoena must advise a nonparty organization of its duty to make this designation. The persons designated must testify about information known or reasonably available to the organization.

⁶³² *Spliethoff's*, 2020 U.S.P.Q.2d 10605 at *8.

⁶³³ *Id.*

⁶³⁴ *Id.* at *9.

⁶³⁵ *Id.*

Mr. Zimmer, and an unnamed witness is denied for failure to make a particularized showing.⁶³⁶

Finally, Spliethoff's requested leave to depose UYT's expert witness, who produced a report on whether UYT was operating in violation of the Shipping Act of 1984 when it filed the opposed application. The Board granted that request, since "parties typically do not learn of the need to depose an expert until late in the discovery period."⁶³⁷ It noted that the expert's testimony "would be neither duplicative nor cumulative of testimony already obtained."⁶³⁸

Flanders v. DiMarzio, Inc.

Respondent DiMarzio, Inc. wanted its Rule 30(b)(6) witness to be deposed in Big Sky Country rather than the Big Apple, but the Board rejected its travel plan. The Board denied DiMarzio's motion for a protective order requiring Petitioner Andrew R. Flanders to take the Rule 30(b)(6) deposition of the company in Bozeman, Montana, where DiMarzio's designated witness resides. The Board declined to depart from the customary practice in federal court that the deposition of a corporation is ordinarily taken at its principal place of business.⁶³⁹

Flanders noticed the deposition of DiMarzio, Inc. for New York City. DiMarzio argued that because its designated Rule 30(b)(6) witness—founder and owner, Larry DiMarzio—lives and works in Bozeman, Montana, the deposition must take place there.

Flanders pointed out that he was not seeking the deposition of an individual but of a corporation via its designee under Rule 30(b)(6), and therefore the deposition should take place in New York City, where DiMarzio, Inc. is registered and has its principal place of business. In fact, in November 2018, Mr. DiMarzio had insisted that the deposition take place there.

Trademark Rule 2.120(g) empowers the Board to issue an order, for good cause, to protect a party from, inter alia, annoyance and undue burden or expense, including the types of orders listed in

⁶³⁶ *Id.* at *10.

⁶³⁷ *Id.* at *9-10.

⁶³⁸ *Id.*

⁶³⁹ *Flanders v. DiMarzio, Inc.*, 2020 U.S.P.Q.2d 10671 (T.T.A.B. 2020).

FRCP 26(c)(1)(A)-(H).⁶⁴⁰ The Board may specify the terms for discovery, including time and place.⁶⁴¹

Trademark Rule 2.120(b) provides that “the deposition of a **natural person** shall be taken in the Federal judicial district where the person resides or is regularly employed or at any place on which the parties agree in writing.”⁶⁴² However, Section 45 of the Lanham Act distinguishes between a “natural person” and a “juristic person.”⁶⁴³ The Trademark Rules do not state the location in which a “juristic person” (which includes a corporation) must be deposed under FRCP 30(b)(6). Since both the Trademark Rules and the FRCP are silent on this issue, the Board looked to the decisions of the CAFC, its own precedential decisions, and decisions from courts interpreting the Federal Rules.⁶⁴⁴ “The location of a Rule 30(b)(6) deposition where the corporate designee resides in a state different from that in which the corporation has a principal place of business appears to be an issue of first impression for the Board.”⁶⁴⁵

The customary federal approach is that the deposition of a corporation by its agents and officers should ordinarily be taken at its principal place of business.⁶⁴⁶ However, courts have broad discretion to determine the appropriate place for a Rule 30(b)(6) deposition.⁶⁴⁷

⁶⁴⁰ Trademark Rule 2.120(g), 37 C.F.R. § 2.120(g), states:

Upon motion by a party . . . from whom discovery is sought, and for good cause, the Trademark Trial and Appeal Board may make any order which justice requires to protect a party from annoyance, embarrassment, oppression, or undue burden or expense, including one or more of the types of orders provided by clauses (A) through (H), inclusive, of Rule 26(c)(1) of the Federal Rules of Civil Procedure. If the motion for a protective order is denied in whole or in part, the Board may, on such conditions . . . as are just, order that any party comply with disclosure obligations or provide or permit discovery.

⁶⁴¹ *Flanders*, 2020 U.S.P.Q.2d 10671 at *2, quoting FRCP 26(c)(1)(B).

⁶⁴² 37 C.F.R. § 2.120(b) (emphasis supplied).

⁶⁴³ Section 45 of the Lanham Act, 15 U.S.C. § 1127, states:

The term “person” and any other word or term used to designate the applicant or other entitled to a benefit or privilege or rendered liable under the provisions of this [Act] includes a juristic person as well as a natural person. The term “juristic person” includes a firm, corporation, union, association, or other organization capable of suing and being sued in a court of law.

⁶⁴⁴ *Flanders*, 2020 U.S.P.Q.2d 10671 at *3.

⁶⁴⁵ *Id.*

⁶⁴⁶ *Id.* See 8A C. Wright & A. Miller, Federal Practice and Procedure § 2112 (3d ed. 2020). See, e.g., *Kartagener v. Carnival Corp.*, 380 F. Supp. 3d 1290, 1295 n.1 (S.D. Fla. 2019) (“It is well established that the deposition of a corporation should ordinarily be taken at its principal place of business.”).

⁶⁴⁷ *Id.* See *Martin v. Allstate Ins. Co.*, 292 F.R.D. 361, 368 (N.D. Tex. 2013); *Pioneer Kabushiki Kaisha v. Hitachi High Techs. Am., Inc.*, 74 U.S.P.Q.2d 1672, 1675 (T.T.A.B. 2005) (“Rule 26(c) emphasizes the complete control that the court has over the discovery process.”) (internal citation omitted).

To determine whether good cause justifies a departure from the general rule, courts will typically look to a non-exhaustive list of factors, including the location of counsel, the burden of travel (including expense), the size of the party to be deposed and regularity of executive travel, the number of corporate representatives designated to testify, and the equities with regard to the nature of the claim and the relationship of the parties.⁶⁴⁸

The Board found these factors appropriate for determining whether to issue a protective order with regard to the discovery deposition of a corporate designee.

There was no dispute that New York City is a convenient location for counsel. DiMarzio, Inc. did not identify any undue burden it would face in proceeding in New York City. There was no assertion that Mr. DiMarzio could not travel to the city, nor did DiMarzio, Inc. contend that Mr. DiMarzio is the only witness who could testify under the Rule 30(b)(6) deposition notice. The Board noted that Rule 30(b)(6) allows a corporation wide latitude in choosing a person to testify on its behalf.⁶⁴⁹

DiMarzio, Inc. did not dispute that in November 2018, Mr. DiMarzio demanded that the deposition take place in New York City. In 2019, DiMarzio, Inc. suggested that the deposition proceed in California. Thus, the Board noted, the company was apparently not unduly burdened by executive travel.

The Board concluded that “[a]ll the equities favor holding Respondent’s deposition in New York City.”⁶⁵⁰ Since DiMarzio, Inc. did not show good cause to justify a protective order, the Board declined to depart from the general practice that a corporation should be deposed in the location of its principal place of business.

d. Sanctions

Optimal Chemical Inc. v. Srills LLC

Finding that Petitioner Optimal Chemical had perpetrated a fraud on the Board through fabricated evidence and untruthful testimony, the TTAB invoked its inherent authority to sanction Optimal by dismissing its petition for cancellation.⁶⁵¹

In seeking cancellation of seven registrations for the mark BULLY and formatives thereof, for insecticides, pesticides, fungicides, and herbicides, Optimal Chemical relied on its alleged prior common law use of various BULLY marks for pest-control products.

⁶⁴⁸ *Id.* at *3-4.

⁶⁴⁹ *Id.* at *4 n.17.

⁶⁵⁰ *Id.* at *5.

⁶⁵¹ *Optimal Chemical Inc. v. Srills LLC*, 2019 U.S.P.Q.2d 338409 (T.T.A.B. 2019).

Crying “spoliation,” Respondent Srills LLC asserted that Optimal effectively destroyed relevant evidence by blocking access to certain webpages that Optimal had submitted in attempting to prove priority of use. Spoliation refers to “the destruction or material alteration of evidence or the failure to preserve property for another’s use as evidence in pending or reasonably foreseeable litigation.”⁶⁵² FRCP 37(e) deals with destruction of electronically stored information (“ESI”):

This . . . section advises that four threshold requirements must be satisfied before a tribunal decides whether spoliation sanctions are appropriate: (1) the ESI should have been preserved; (2) the ESI was lost; (3) the loss was due to a party’s failure to take reasonable steps to preserve the ESI; and (4) the ESI cannot be restored or replaced through additional discovery.⁶⁵³

The website pages at issue were relied upon in a summary judgment motion filed by Optimal, but by the time Srill’s response was due the pages had been rendered inaccessible. Optimal maintained that it excluded portions of its website from recordation and archival to prevent or minimize security risks to the website. The Board concluded that Optimal’s blocking access to this portion of its website was a form of spoliation. However, because there was no evidence of bad faith on the part of Optimal, the Board opted for the lesser sanction of refusing to consider this particular website evidence.

Respondent Srills also called into question various invoices submitted by Optimal, as well as website screenshots and an advertisement, all purporting to show Optimal’s use of its marks since 2005. Optimal’s own press releases contradicted that evidence, as did third-party testimony, including testimony that the sales reflected on the invoices never happened.

The Board found that Srills had established “by clear and convincing evidence that Petitioner participated in a pattern of submitting testimony and evidence which is inaccurate, fabricated, altered, and untruthful in order to demonstrate priority of use, an integral element of its claim of likelihood of confusion.”⁶⁵⁴ The Board

⁶⁵² *Id.* at *4-5, quoting *Silvestri v. Gen. Motors Corp.*, 271 F.3d 583, 590 (4th Cir. 2001); *see also Micron Tech., Inc. v. Rambus, Inc.*, 645 F.3d 1311, 98 U.S.P.Q.2d 1693, 1700 (Fed. Cir. 2011).

⁶⁵³ *Id.* at *5. *See also Steves & Sons, Inc. v. JELDWEN, Inc.*, 327 F.R.D. 96, 104 (E.D. Va. 2018). FRCP 37(e) provides for the following sanctions: The court may “(A) presume that the lost information was unfavorable to the party; (B) instruct the jury that it may or must presume the information was unfavorable to the party; or (C) dismiss the action or enter a default judgment.”

⁶⁵⁴ *Id.* at *18.

further found that Optimal's actions regarding these documents and this testimony "tainted its entire case."⁶⁵⁵

Petitioner's pattern of litigation misconduct in this proceeding constitutes fraud on the Board and is deserving of such a severe sanction. Although there is other evidence of record that is not subject to Respondent's construed motion for sanctions, the credibility and authenticity of such evidence has been severely tainted and, therefore, we do not consider it.⁶⁵⁶

Invoking its inherent authority to sanction Optimal, the Board granted Srill's motion and dismissed the petition for cancellation.⁶⁵⁷

Busy Beauty, Inc. v. JPB Group, LLC

In another case involving spoliation of evidence, the Board refused to consider certain of Petitioner Busy Beauty's Instagram photographs and data, finding that it had failed to preserve the corresponding ESI. However, although Busy Beauty was "at least careless" in its data preservation, there was no proof that it intended to deprive Respondent JPB Group of this information, and so the Board declined to enter the severe sanctions of an adverse inference or adverse judgment.⁶⁵⁸

Busy Beauty petitioned to cancel Respondent JPB Group's registration for the mark BUSY BEAUTIES for hair care and skin care preparations, claiming priority of use of, and likelihood of confusion with, its common law rights since 2016 in the mark BUSY BEAUTY for women's shaving gel. During discovery, Busy Beauty admitted that it had deleted from its Instagram account all posts prior to October 1, 2018, when it overhauled the account.

JPB Group sought sanctions under FRCP 37, claiming that Busy Beauty had knowingly and willfully deleted the Instagram posts. FRCP 37(e) governs the issue of spoliation of ESI and provides for the issuance of an array of possible sanctions, but "no greater than necessary to cure the prejudice" to the party seeking the information. Only upon clear and convincing proof of intent to

⁶⁵⁵ *Id.*

⁶⁵⁶ *Id.* at *18-19.

⁶⁵⁷ *Id.* at *19. *See, e.g.,* Vargas v. Peltz, 901 F. Supp. 1572, 1574-79 (S.D. Fla. 1995) (dismissal appropriate due to persistent pattern of misconduct that included fraud on the court, fabrication of evidence, perjury, and obstruction of the discovery process); *see also In re Bailey*, 182 F.3d 860, 864-65 (Fed. Cir. 1999) (non-Article III tribunals have inherent authority to control proceedings and enter sanctions); NSM Res. Corp. v. Microsoft Corp., 113 U.S.P.Q.2d 1029, 1038 (T.T.A.B. 2014) ("The Board has discretion to tailor sanctions appropriate to the violations and may consider any measure designed to serve this purpose.").

⁶⁵⁸ Busy Beauty, Inc. v. JPB Grp., LLC, 2019 U.S.P.Q.2d 338392 (T.T.A.B. 2019).

deprive another party of the information are the sanctions of adverse inference or adverse judgment appropriate.⁶⁵⁹

The Board found that Busy Beauty should have preserved the Instagram posts in question because “evidence of use of a mark in social media, in connection with testimony and other evidence showing the context of use and the extent of consumer exposure and advertising expenditures, may be relevant to prove or rebut priority, the relatedness of goods, or the strength of a mark.”⁶⁶⁰

Neither party disputed that the Instagram posts were “lost” and there was nothing in the record to show that Busy Beauty took reasonable steps to preserve the information at the outset; for example, by implementing a litigation hold.

Finally, although Busy Beauty provided copies of the photos appearing in the lost posts as well as content data (code listing comments, user names, and timestamps), this material did not provide the full context of the posts, including captions, hashtags, dates of posting, and geo-tags, nor did it show which comments and captions were associated with each photo. The Board therefore concluded that the lost ESI could not be restored or replaced through additional discovery.⁶⁶¹

Thus, JPB Group met the threshold requirements of FRCP 37. The question, then, was what sanction was appropriate.

JPB Group sought the entry of judgment or, alternatively, an adverse inference regarding the content of the lost Instagram posts. However, these “very severe measures” are available only when the party that lost the information “acted with the intent to deprive another party of the information’s use in the litigation.”⁶⁶² Negligence or gross negligence does not suffice.⁶⁶³

Busy Beauty asserted that the picture posts were removed as part of an overhaul and update of its Instagram account to coincide with its launch of new products. It also pointed to its efforts to provide JPB Group with the deleted material. JPB Group offered no evidence to support its claim of willfulness, and so the Board ruled that JPB Group had failed to prove by clear and convincing evidence that Busy Beauty deleted the posts with the intent to deprive its adversary of this information.

⁶⁵⁹ *Id.* at *3. *See, e.g.,* *Micron Tech., Inc. v. Rambus Inc.*, 645 F.3d 1311, 98 U.S.P.Q.2d 1693, 1706 (Fed. Cir. 2011) (dismissal requires proof by clear and convincing evidence); *Steves & Sons*, 327 F.R.D. at 104 (clear and convincing evidence standard is applied where a relatively harsh sanction like an adverse inference is sought).

⁶⁶⁰ *Id.* at *4. *Cf. Couch/Braunsdorf Affinity, Inc. v. 12 Interactive, LLC*, 110 U.S.P.Q.2d 1458, 1467 n.30 (T.T.A.B. 2014) (party may increase the weight the Board gives website evidence by submitting testimony and proof of the extent to which a particular website has been viewed).

⁶⁶¹ *Id.* at *5.

⁶⁶² *Id.*, quoting FRCP 37(e)(2).

⁶⁶³ *Id.*

The Board noted that a court may order sanctions no greater than necessary to cure any prejudice and only “upon finding prejudice to another party from the loss of information.”⁶⁶⁴ The Board found the prejudice to JPB Group to be “minimal.”⁶⁶⁵ JPB Group did not explain why information regarding the strength of Busy Beauty’s mark, its channels of trade, and the conditions of sale could not be derived from Busy Beauty’s marketing materials, products, e-commerce website, and Amazon.com product pages.

Moreover, because JPB Group’s registration contained no limitation on channels of trade or classes of consumers, its goods are presumed to travel in all normal trade channels to all normal classes of purchasers.⁶⁶⁶ Thus, information regarding Busy Beauty’s channels of trade or customers “may ultimately be of minimal importance” and any additional benefit to Respondent from the lost information “is purely speculative.”⁶⁶⁷

The Board therefore granted JPB Group’s motion only to the extent that Busy Beauty was precluded from relying on the pre-October 2018 Instagram photos and data for any purpose.

Fifth Generation Inc. v. Titomirov Vodka LLC

The Board does not look kindly on a party who ignores its orders. Here, the Board granted Plaintiff Fifth Generation’s motion for entry of judgment as a sanction under Trademark Rule 2.120(h)⁶⁶⁸ due to Defendant Titomirov’s failure to comply with various Board orders and its “pattern and practice . . . of avoiding its discovery obligations evidencing willful evasion.”⁶⁶⁹

Relying on a variety of grounds, Fifth Generation, owner of the registered mark TITO’S for distilled spirits, opposed Titomirov’s applications to register TITOMIROV VODKA and TITOMIROV ALKALINE MARTINI, and petitioned to cancel a registration for the mark LUCKY VODKA BY ALEX TITOMIROV, all for vodka.

⁶⁶⁴ *Id.* at *6, quoting FRCP 37(e)(1).

⁶⁶⁵ *Id.*

⁶⁶⁶ *Id.* at *7, citing *In re Detroit Athletic Co.*, 903 F.3d 1297, 128 U.S.P.Q.2d 1047, 1052 (Fed. Cir. 2018); *Octocom Sys., Inc. v. Houston Comput. Servs., Inc.*, 918 F.2d 937, 16 U.S.P.Q.2d 1783, 1787-88 (Fed. Cir. 1990).

⁶⁶⁷ *Id.*

⁶⁶⁸ Trademark Rule 2.120(h)(1) provides, in pertinent part:

If a party fails to participate in the required discovery conference, or if a party fails to comply with an order of the Trademark Trial and Appeal Board relating to disclosure or discovery, including a protective order, the Board may make any appropriate order, including those provided in Rule 37(b)(2) of the Federal Rules of Civil Procedure, except that the Board will not hold any person in contempt or award expenses to any party.

⁶⁶⁹ *Fifth Generation Inc. v. Titomirov Vodka LLC*, 2019 U.S.P.Q.2d 418666, *6 (T.T.A.B. 2019).

Fifth Generation filed a motion to reopen discovery on the ground that Titomirov had concealed evidence by its misrepresentation that Dr. Alexander Titomirov was its only officer and that he resided in Monaco. Titomirov had refused to produce any witnesses for deposition. However, Fifth Generation established that two other individuals, Dr. Singer and Mr. Samuelson, represented themselves publicly as Titomirov's President of U.S. Operations and Vice President of Sales and Business Development, respectively. The Board reopened discovery.

Next, Fifth Generation filed a motion for sanctions, or for an order compelling discovery, on the grounds that (1) Opposer Titomirov continued to claim that Dr. Titomirov was its sole employee, that he lives in Monaco, and that the company had no presence in the United States, (2) it refused to collect documents from its employees, and (3) it failed to supplement its discovery responses or respond to Fifth Generation's new discovery requests.

The Board ordered Titomirov to supplement its discovery responses and allowed Fifth Generation to depose Singer and Samuelson on notice alone. It required Titomirov to submit amended and supplemental response after consultation with these two individuals. And it also precluded Titomirov from relying at trial on testimony from anyone other than Dr. Titomirov.

However, when Titomirov failed to comply with these discovery orders, Fifth Generation filed the subject motion for sanctions.

Titomirov requested a telephone conference with the Board to resolve the motion, but the Board denied the request: "[T]he Board will not decide by telephone conference any motion that the Board determines may be potentially dispositive."⁶⁷⁰ Likewise, the Board denied Titomirov's request that the Board "assist the parties in quickly fleshing out the issues raised," since "it is not the Board's role to 'mediate' the parties discovery disputes."⁶⁷¹ The Board observed that it "appears that the request for a telephone conference is interposed for purposes of delay."⁶⁷²

Although Titomirov's counsel submitted a declaration describing the difficulties in communicating with his client, "[a]s with its two prior unsuccessful motions to extend its time to respond, Titomirov once again has failed to show good cause for the Board to reset the time for it to file a response to Fifth Generation's motion for sanctions."⁶⁷³

⁶⁷⁰ *Id.* at *3, citing TBMP § 502.06(a).

⁶⁷¹ *Id.* at *4.

⁶⁷² *Id.*

⁶⁷³ *Id.* See FRCP 6(b); *SFW Licensing Corp. v. Di Pardo Packing Ltd.*, 60 U.S.P.Q.2d 1372, 1373 (T.T.A.B. 2001) (opposers did not come forward with "detailed facts" required to carry their burden to explain their inaction).

In the subject motion for sanctions, Fifth Generation pointed out that Titomirov continued to refuse to make witnesses available for deposition and failed to state when Dr. Titomirov would be in the United States. Fifth Generation relied on information posted on social media regarding the corporate positions of Dr. Sanger and one Anthony Bromley, images of Dr. Titomirov at events in Florida, and two sworn documents filed in a New York state court, averring that Dr. Titomirov resides in Jupiter, Florida.

Under Trademark Rule 2.120(h)(1) and FRCP 37(b)(2), the Board may issue appropriate sanctions for failure to comply with a discovery order, including entry of judgment.⁶⁷⁴ “Although judgment is a harsh remedy, it is justified where there is a strong showing of willful evasion and no less drastic remedy would be effective.”⁶⁷⁵

The Board found that Titomirov “has failed to comply with Board orders regarding discovery by: (1) failing to properly supplement its discovery responses concerning Dr. Titomirov’s presence in the United States, and (2) failing to make witnesses available for deposition.”⁶⁷⁶ Titomirov attempted to evade discovery by misrepresenting its relationship with Sanger and Samuelson and by misrepresenting Dr. Titomirov’s residence address. It filed two unsupported motions for extensions of time and requested a telephone conference apparently for the purpose of delay. “Such dubious filings not only demonstrate Titomirov’s dilatory intent, but also tax Board resources.”⁶⁷⁷

Together, these actions show a course and pattern of delay that evidence willful evasion of Titomirov’s discovery obligations. On this record and based on all of Titomirov’s actions before us, we find that Titomirov has continually failed to comply with Board orders and hampered reasonable procedures appropriate to resolution of this trademark conflict.⁶⁷⁸

The Board noted that the lesser sanctions imposed on Titomirov had little effect, and therefore it saw no prospect of future compliance. “Any sanction short of judgment would be futile and unfair to Fifth Generation.”⁶⁷⁹

⁶⁷⁴ *Id.* at *5. See *Benedict v. Super Bakery Inc.*, 665 F.3d 1263, 101 U.S.P.Q.2d 1089, 1093 (Fed. Cir. 2011) (affirming the TTAB’s entry of judgment as a discovery sanction for repeated failures to comply with the Board’s reasonable orders), *aff’g* 96 U.S.P.Q.2d 1134 (T.T.A.B. 2010).

⁶⁷⁵ *Id.*, citing *Unicut Corp. v. Unicut, Inc.*, 222 U.S.P.Q. 341, 344 (T.T.A.B. 1984); see also *Benedict*, 101 U.S.P.Q.2d at 1093.

⁶⁷⁶ *Id.*

⁶⁷⁷ *Id.*

⁶⁷⁸ *Id.*

⁶⁷⁹ *Id.*

And so, “[i]n view of Titomirov’s failure to comply with the Board’s prior orders and its pattern and practice . . . of avoiding its discovery obligations evidencing willful evasion,”⁶⁸⁰ the Board entered judgment against defendant as a discovery sanction under Rule 2.120(h). The Board found it unnecessary to invoke its inherent authority to issue sanctions.

⁶⁸⁰ *Id.* at *6.

**PART III. LITIGATION IN THE FEDERAL COURTS AND
STATE COURTS OF GENERAL JURISDICTION**

By Theodore H. Davis Jr.

A. Infringement, Unfair Competition, and Related Torts

1. Establishing Liability

a. Violations of Trademark and Service Mark Rights

i. Defining Claimed Marks

Under Section 45 of the Act, a trademark conceivably can consist of “any word, name, symbol, or device, or any combination thereof”; the same statute contains a substantively identical definition of “service mark.”⁶⁸¹ An application of the first of these definitions led to a bizarre opinion from a New Hampshire federal district court in a case in which the plaintiff owned a federal registration of the following design mark for electric guitars and guitar necks:⁶⁸²



Consistent with its successful registration of the design, the plaintiff understandably asserted a cause of action for *trademark* infringement, and that led the defendant to pursue the dismissal of the plaintiff’s infringement claim because the design at issue was a *trade dress*. Whether because the plaintiff failed to proffer case law favoring its position or because the court found that authority distinguishable,⁶⁸³ the court held that “[the plaintiff] offers no

⁶⁸¹ 15 U.S.C. § 1127 (2018).

⁶⁸² See *D’Pergo Custom Guitars, Inc. v. Sweetwater Sound, Inc.*, 433 F. Supp. 3d 227 (D.N.H.), *reconsideration denied*, No. 17-cv-747-LM, 2020 WL 1517060 (D.N.H. Mar. 30, 2020). The illustration in the text accompanying this footnote does not appear in the court’s opinion but is instead reproduced from the drawing of Registration No. 5025254.

⁶⁸³ Although not acknowledged by the court, myriad opinions (properly) treat registered product configurations as “trademarks,” including those arising in actions to protect the registered configurations of guitars and other musical instruments. See, e.g., *Fender Musical Instruments Corp. v. Swade*, 772 F. App’x 282, 283 (6th Cir. 2019) (noting, in “trademark infringement action,” that “[t]he designs of [the plaintiff’s guitar]—the top

persuasive support for its theory that it can protect its ‘product design’ and ‘configuration’—categories that courts have consistently held are protectable under the Lanham Act as trade dress—under a theory of trademark infringement.”⁶⁸⁴ Having thus held that product configurations cannot be trademarks, the court entered summary judgment in the defendant’s favor.⁶⁸⁵

A different court took the far more defensible position that, as broad as Section 45’s definitions might be, they do not excuse plaintiffs from clearly laying out their claimed designations of origin.⁶⁸⁶ It did so in an action by the star and the production company of an outdoor adventure television series to protect a trade dress putatively consisting of “the image of two big-horn rams butting head[s],” the lead plaintiffs’ “on-screen persona,” and “the overall atmosphere of [the plaintiffs’] programming.”⁶⁸⁷ The court remarked of these claimed elements that “[t]his is far from a clear and definite list, and so is deficient on those grounds.”⁶⁸⁸ It therefore granted a motion to dismiss with the further observation that “elements of the alleged trade dress must be clearly listed and described. Only then can the court and the parties coherently define exactly what the trade dress consists of and determine whether that trade dress is valid and if what the accused is doing is an infringement.”⁶⁸⁹

ii. Establishing Protectable Rights

(A) *The Effect of Registrations on the Mark-Validity Inquiry*

(1) Federal Registrations

Although a plaintiff lacking a federal registration on the Principal Register must prove the validity of its claimed mark,⁶⁹⁰

(or ‘head’) part of the guitar that houses the pegs for the guitar strings—are trademarked”); *VOX Amplification Ltd. v. Meusdorffer*, 50 F. Supp. 3d 355, 372 (E.D.N.Y. 2014) (“[W]here marks [such as the guitar body at issue] have been registered as trademarks, as here, such registration is prima facie evidence that the mark is registered and valid (i.e., protectable), that the registrant owns the mark, and that the registrant has the exclusive right to use the mark in commerce.” (first alteration in original) (quoting *Audemars Piguet Holding S.A. v. Swiss Watch Int’l, Inc.*, 46 F. Supp. 3d 255, 276 (S.D.N.Y. 2014))).

⁶⁸⁴ *D’Pergo Custom Guitars*, 433 F. Supp. 3d at 234.

⁶⁸⁵ *Id.* at 235.

⁶⁸⁶ *Stouffer v. Nat’l Geographic Partners, LLC*, 400 F. Supp. 3d 1161 (D. Colo. 2019), *motion to dismiss granted*, 460 F. Supp. 3d 1133 (D. Colo. 2020), *appeal docketed*, No. 20-1208 (10th Cir. June 8, 2020).

⁶⁸⁷ *Id.* at 1184.

⁶⁸⁸ *Id.*

⁶⁸⁹ *Id.* at 1182 (quoting J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 8.3 (5th ed.)).

⁶⁹⁰ *See, e.g., CTB, Inc. v. Hog Slat, Inc.*, 954 F.3d 647, 666 (4th Cir. 2020) (“Because the Color Trade Dress was placed on the supplemental trademark register, rather than the

Sections 7(b) and 33(a) of the Act both provide that such a registration is “prima facie evidence” of the registered mark’s validity,⁶⁹¹ even before the registrant files a declaration of incontestability under Section 15.⁶⁹² After years of not definitively defining the weight properly accorded to that prima facie evidence in the mark-validity inquiry, the Eleventh Circuit did so twice, holding on each occasion that Sections 7(b) and 33(a) shift the burden of proof from the registrant to a challenger of the registered mark’s validity.⁶⁹³ That court was not the only tribunal to apply the majority rule on the subject, for other courts did as well.⁶⁹⁴

As the Eleventh Circuit noted, however, “[a] split in authority exists as to the strength of the presumption of validity,”⁶⁹⁵ and some courts accorded registrations on the Principal Register less weight. One doing so was an Illinois federal district court, which applied the

principal register, it is presumed functional, and Plaintiff bears the burden of proving non-functionality.”); *Tarsus Connect, LLC v. Cvent, Inc.*, 452 F. Supp. 3d 1334, 1357 (N.D. Ga. 2020) (owner of unregistered mark must prove validity); *Trombetta v. Novocin*, 414 F. Supp. 3d 625, 630 (S.D.N.Y. 2019) (“Because [the plaintiff] does not allege that her name is a registered trademark, she must plausibly allege that her name qualifies as an unregistered trademark.”); *BBK Tobacco & Foods, LLP v. Galaxy VI Corp.*, 408 F. Supp. 3d 508, 520 (S.D.N.Y. 2019) (“If the allegedly infringed mark is unregistered, ‘the burden is on plaintiff to prove that its mark is a valid trademark.’” (quoting *Franklin v. X Gear 101, LLC*, No. 17 Civ. 6452 (GBD) (GWG), 2018 WL 3528731, at *11 (S.D.N.Y. July 23, 2018)).

⁶⁹¹ 15 U.S.C. §§ 1057(b), 1115(a) (2018).

⁶⁹² *Id.* § 1065.

⁶⁹³ *See Engineered Tax Servs., Inc. v. Scarpello Consulting, Inc.*, 958 F.3d 1323, 1328 n.8 (11th Cir. 2020) (“[M]ost courts have treated the presumption as a burden of persuasion, requiring the challenger to prove invalidity by a preponderance of the evidence. . . . [W]e [have] adopted the majority position, at least implicitly, and we explicitly reaffirm that position here.” (citations omitted)); *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.”);

⁶⁹⁴ *See, e.g., Threshold Enters. v. Pressed Juicery, Inc.*, 445 F. Supp. 3d 139, 148 (N.D. Cal. 2020) (“Because both of [the plaintiff’s] marks are federally registered [and incontestable], they are entitled to a presumption of validity and [the defendant] has the burden of demonstrating that the marks do not deserve protection.”); *City of New York v. Blue Rage, Inc.*, 435 F. Supp. 3d 472, 486 (E.D.N.Y. 2020) (“Where the holder of the [registered] trademark sues for infringement, the defendant has the burden of rebutting the presumption of the mark’s protectability by a preponderance of the evidence.”); *Khan v. Addy’s BBQ LLC*, 419 F. Supp. 3d 538, 552 (E.D.N.Y. 2019) (“[T]his statutory presumption [of validity] may be overcome, if the allegedly infringing party demonstrates by a preponderance of the evidence that the mark is ineligible for protection.”); *Shire City Herbals, Inc. v. Blue*, 410 F. Supp. 3d 270, 292 (D. Mass. 2019) (“Where, as here, the party claiming infringement has registered the term on the Principal Register, the registration establishes a rebuttable presumption that the term is not generic, which may be overcome where the alleged infringer demonstrates genericness by a preponderance of the evidence.”); *BBK Tobacco & Foods, LLP v. Galaxy VI Corp.*, 408 F. Supp. 3d 508, 520 (S.D.N.Y. 2019) (“When a plaintiff sues for infringement of its registered trademark, the defendant bears the burden to rebut the mark’s protectability.”).

⁶⁹⁵ *Engineered Tax Servs.*, 958 F.3d at 1328 n.8.

Seventh Circuit’s modern rule that prima facie evidence of validity merely shifted the burden of production to the defendant.⁶⁹⁶ Treating that evidence as equivalent to a presumption of inherent distinctiveness, it held that “the presumption is just that—a presumption, open to rebuttal,’ and Defendants can overcome the presumption *by presenting evidence* that the marks are merely generic or descriptive.”⁶⁹⁷ Likewise, in the absence of controlling Third Circuit authority on the burden-shifting effect of evidence of prima facie evidence of mark validity, a Pennsylvania federal district court also applied the minority rule by holding that “[the defendants] [have] contested the validity of all three [of the plaintiffs’ registered personal-name] marks since this litigation began; thus the presumption of validity falls away, and [the plaintiffs] must show that the marks have developed secondary meaning.”⁶⁹⁸

Not for the first time, the Fourth Circuit issued an opinion using language from both the majority and the minority rules.⁶⁹⁹ That court has at times held that the prima facie evidence of validity represented by a registration for which no declaration of incontestability has been filed requires the challenger to the underlying mark’s validity to prove its case by a preponderance of the evidence and testimony;⁷⁰⁰ at others, however, it has applied the minority rule that such a registration shifts only the burden of production.⁷⁰¹ In recent years, however, it has confusingly referenced both a shift in the burden of production *and* the preponderance-of-the-evidence-and-testimony standard of proof. The past year was no exception, with the court holding that “if an item of trade dress is registered on the principal trademark register, that registration creates a rebuttable presumption that the trade

⁶⁹⁶ See *Life After Hate, Inc. v. Free Radicals Project, Inc.*, 410 F. Supp. 3d 891 (N.D. Ill. 2019).

⁶⁹⁷ *Id.* at 903 (emphasis added) (quoting *Uncommon, LLC v. Spigen, Inc.*, 926 F.3d 409, 421 (7th Cir. 2019)).

⁶⁹⁸ *Giannone v. Giannone*, 429 F. Supp. 3d 34, 38 (E.D. Pa. 2019).

⁶⁹⁹ See *CTB, Inc. v. Hog Slat, Inc.*, 954 F.3d 647 (4th Cir. 2020).

⁷⁰⁰ See, e.g., *George & Co. v. Imagination Ent. Ltd.*, 575 F.3d 383, 400 n.15 (4th Cir. 2009) (“Of course, federal registration helps in this regard, as registration is *prima facie* evidence that the registrant is the owner of the mark. Registration grants a presumption of ownership, dating ownership to the filing date of the federal registration application, and the party challenging the registrant’s ownership must overcome this presumption by a preponderance of the evidence.” (citations omitted)); *Glover v. Ampak, Inc.*, 74 F.3d 57, 59 (4th Cir. 1996) (“Because a trademark’s certificate of registration carries with it the presumption that the mark is valid, a party seeking cancellation of a registration on the ground that the mark has become generic must carry the burden of proving that fact by a preponderance of the evidence.” (citation omitted)).

⁷⁰¹ See, e.g., *OBX-Stock, Inc. v. Bicast, Inc.*, 558 F.3d 334, 341-42 (4th Cir. 2009) (“It is true that a certificate of registration serves as prima facie evidence of the validity of the registered mark. But entry on the Principal Register does not shift the burden of persuasion on validity, merely the burden of production.” (citations omitted)).

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.”⁷⁰²

The “conclusive evidence” of mark validity under Section 33(b),⁷⁰³ represented by registrations for which Section 15 declarations had been filed, received similarly mixed receptions. On the one hand, some courts treated those registrations with respect.⁷⁰⁴ On the other hand, however, the Seventh Circuit failed to recognize any distinction between “prima facie evidence” and “conclusive evidence”: In its view, even incontestability shifts only the burden of production to a challenger to the mark’s validity.⁷⁰⁵ Thus, in the Seventh Circuit, “[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.’”⁷⁰⁶

(2) State Registrations

Courts did not address the evidentiary value—or lack thereof—of state registrations with any frequency. Nevertheless, in an action to protect five marks covered by South Carolina registrations, one court declined to treat the marks as presumptively valid (as it had done with respect to other marks owned by one of the plaintiffs, which were registered on the Principal Register).⁷⁰⁷ Instead, it held that:

To demonstrate ownership of a mark, in the absence of a presumption raised by a federal registration, “so long as a person is the first to use a particular mark to identify his goods in a given market, and so long as that owner continues to make use of the mark, he is entitled to prevent others from

⁷⁰² CTB, Inc. v. Hog Slat, Inc., 954 F.3d 647, 658 (4th Cir. 2020) (citations omitted).

⁷⁰³ 15 U.S.C. § 1115(b) (2018).

⁷⁰⁴ See, e.g., 3M Co. v. Performance Supply, LLC, 458 F. Supp. 3d 181, 193 (S.D.N.Y. 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. 2019) (“[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.”), *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.”), *aff’d*, 824 F. App’x 75 (2d Cir. 2020).

⁷⁰⁵ See Flexible Steel Lacing Co. v. Conveyor Accessories, Inc., 955 F.3d 632, 643 (7th Cir. 2020).

⁷⁰⁶ *Id.* (quoting Ga.-Pac. Consumer Prods. LP v. Kimberly-Clark Corp., 647 F.3d 723, 727 (7th Cir. 2011)).

⁷⁰⁷ See vonRosenberg v. Lawrence, 412 F. Supp. 3d 612 (D.S.C. 2019), *appeal docketed*, No. 19-2112 (4th Cir. Apr. 4, 2020).

using the mark to describe their own goods in that market.”⁷⁰⁸

(B) Ownership

A particularly notable ownership dispute with First Amendment overtones played out in a South Carolina federal district court.⁷⁰⁹ One of the plaintiffs was The Protestant Episcopal Church in the United States, which for decades had affiliated parishes in South Carolina comprising what the court referred to as the “Historic Diocese.” Approximately two years before the outbreak of hostilities between the parties, the Historic Diocese secured five registrations from the South Carolina Secretary of State. When the defendants disassociated themselves from the national church and became the “Disassociated Diocese,” the national church established a new South Carolina diocese, and that entity and the Disassociated Diocese engaged in litigation over which was the successor in interest to the Historic Diocese and therefore the owner of the five state registrations.

Litigation between the parties in state court had produced separate opinions from each of the five justices of the Supreme Court of South Carolina participating in the case,⁷¹⁰ and the court’s first task was to decide between the parties’ irreconcilable interpretations of those opinions. It did so by concluding that the state court had held the newly created diocese to be the successor in interest to the Historic Diocese.⁷¹¹ Then, independent of that holding, the court held itself obligated to defer to the national church’s installation of a new bishop to govern the new diocese:

[T]his Court is mandated to accept as binding the decision of the highest ecclesiastical body in a hierarchical religious organization. [The national church] is a hierarchical church. . . .

Therefore, since [the national church] is hierarchical, “[i]t is axiomatic that the civil courts lack any authority to resolve disputes arising under religious law and polity, and they must defer to the highest ecclesiastical tribunal within a hierarchical church applying its religious law.” The issue of the leader of the Historic Diocese is therefore left to the determination of [the national church]. . . . Anything less would ask this Court to become involved with the question of

⁷⁰⁸ *Id.* at 660 (quoting *George & Co. v. Imagination Ent. Ltd.*, 575 F.3d 383, 394 (4th Cir. 2009)).

⁷⁰⁹ *Id.* at 633-34.

⁷¹⁰ *See Protestant Episcopal Church in the Diocese of S.C. v. Episcopal Church*, 806 S.E.2d 82 (S.C. 2017).

⁷¹¹ *vonRosenberg*, 412 F. Supp. 3d at 630.

who is the proper religious leader of a diocese, something that would necessitate impermissible entangling with a religious controversy.⁷¹²

As a matter of law, therefore, the new diocese owned the marks and the state registrations once owned by the Historic Diocese.

In contrast, an equally unconventional ownership dispute resulted in the rejection of the plaintiff's claims.⁷¹³ Years before the parties' dispute erupted, the defendants' predecessor operated a retail baked goods store under the APPLE HAUS mark in Long Grove, Illinois. Although that location eventually closed, the defendant's predecessor continued to use its mark at two other locations, as well as to sell pies and apple cider branded with the mark. The predecessor eventually sold its business to the defendant, which announced plans to open up two businesses under the APPLE HAUS mark in a building adjacent to its predecessor's original location in Long Grove. That prompted the plaintiff, which had acquired the building in which that original location was housed, to claim ownership of the mark.

The court disagreed, and it therefore granted the defendants' motion for summary judgment. The court noted that the plaintiff's predecessor had not itself used the disputed mark; rather, the defendant's predecessor had undertaken that use as a tenant in the plaintiff's building. That circumstance distinguished the facts of the case from those in which sales of buildings with ongoing businesses operated by the buildings' owners resulted in transfers of the marks under which those businesses operated. Especially because the building in question had been vacant when the plaintiff purchased it, the mark belonged to the defendant as a matter of law, with the court explaining that "neither Plaintiff nor this Court has located any authority suggesting that the mere purchase of real property that was once associated with a trademark in the past can confer ownership."⁷¹⁴

A more conventional ownership dispute also produced a reported opinion, one from the Seventh Circuit.⁷¹⁵ The phenomenon of manufacturers and distributors disagreeing over which of them owns marks attached to goods produced by the manufacturers is a long-standing one. To resolve ownership disputes in this scenario, courts have often turned to a multifaceted test first posited by Professor McCarthy, under which "[i]n the absence of an agreement defining ownership," there is a "rebuttable presumption that the

⁷¹² *Id.* at 631 (quoting *Dixon v. Edwards*, 290 F.3d 699, 716 (4th Cir. 2002)).

⁷¹³ *See Long Grove Inv., LLC v. Baldi Candy Co.*, 397 F. Supp. 3d 1190, 1193 (N.D. Ill.), *appeal dismissed*, No. 19-2658, 2019 WL 8059540 (7th Cir. Nov. 19, 2019).

⁷¹⁴ *Id.* at 1197.

⁷¹⁵ *See 4SEMO.com Inc. v. S. Ill. Storm Shelters, Inc.*, 939 F.3d 905 (7th Cir. 2019), *cert. denied*, 140 S. Ct. 2642 (2020).

manufacturer of [the] goods is the owner of the trademark of those goods.”⁷¹⁶ The Seventh Circuit, however, eschewed reliance on that test in a disagreement in which the district court found the plaintiff distributor had affixed the disputed mark to goods produced by the defendants before the defendants themselves did; indeed, the defendants eventually took a license from the plaintiff to use the mark before their breach of the license agreement led to a finding of infringement against them. On those facts, the court concluded that “Professor McCarthy’s ‘test’ might be relevant ‘where the initial allocation of trademark rights is in dispute.’ But where, as here, a party’s initial ownership of a mark has been conclusively established as a factual matter, the owner may ‘lose its rights by assignment or by abandonment, but not by some nebulous balancing test.”⁷¹⁷ In the final analysis:

[T]he presumption and balancing test announced in the McCarthy treatise cannot displace the judge’s unchallenged factual findings that [the plaintiff] created the marks, used them in commerce, and granted the [defendants] a tightly limited license to use them. Indeed, if [the defendants] already owned the wordmark, why would the [defendants] have asked for a license to use it? Whatever force Professor McCarthy’s balancing test may have in other cases, it has no effect here.⁷¹⁸

A final opinion resolving (at least for the time being) an ownership dispute came in litigation between claimants to marks used in connection with competing nonprofit hate group outreach services.⁷¹⁹ The preliminary injunction record assembled by the parties established that one of the defendants had co-founded the plaintiff, the latter of which provided its services under the LIFE AFTER HATE, EXITUSA, and NO JUDGMENT. JUST HELP.

⁷¹⁶ J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 16:48 (5th ed. 2018). The Third Circuit has held in an application of Professor McCarthy’s test that:

The six factors that should be considered are: (1) “[w]hich party invented or created the mark”; (2) “[w]hich party first affixed the mark to goods sold”; (3) “[w]hich party’s name appeared on packaging and promotional materials in conjunction with the mark”; (4) “[w]hich party exercised control over the nature and quality of goods on which the mark appeared”; (5) “[t]o which party did customers look as standing behind the goods, *e.g.*, which party received complaints for defects and made appropriate replacement or refund”; and (6) “[w]hich party paid for advertising and promotion of the trademarked product.”

Covertch Fabricating, Inc. v. TVM Bldg. Prods., Inc., 855 F.3d 163, 171 (3d Cir. 2017) (alterations in original) (quoting *Doebblers’ Pa. Hybrids, Inc. v. Doebler*, 442 F.3d 812, 826 (3d Cir. 2006)).

⁷¹⁷ *4SEMO.com*, 939 F.3d at 911 (quoting *TMT N. Am., Inc. v. Magic Touch GmbH*, 124 F.3d 876, 884 n.4 (7th Cir. 1997)).

⁷¹⁸ *Id.*

⁷¹⁹ *See Life After Hate, Inc. v. Free Radicals Project, Inc.*, 410 F. Supp. 3d 891 (N.D. Ill. 2019).

marks. Having left the plaintiff, the former co-founder set up his competing organization and claimed to own the three marks. In determining the plaintiff owned the marks, the court held that the test for weighing conflicting claims of ownership in cases presenting departures from, or changes in the membership of, a group properly turned on: “(1) the parties’ objective intentions or expectations; (2) who the public associates with the mark; and (3) to whom the public looks to stand behind the quality of goods or services offered under the mark.”⁷²⁰ Assigning greatest significance to the first factor, the court found that the plaintiff’s individual founders had intended the plaintiff to own the disputed marks; indeed, the former co-founder had advised another co-founder upon the latter’s departure that the plaintiff owned the LIFE AFTER HATE mark and the plaintiff’s social media accounts.⁷²¹ The court then determined that applications of the second and third factors also favored the plaintiff, especially in light of the apparently undisputed fact that the plaintiff had used the marks for years before the former co-founder and his organization.⁷²² For purposes of its motion for preliminary injunctive relief, the plaintiff therefore was likely to prevail on its claim to own the marks.

(C) The Common-Law Requirements for Mark Validity

(1) Use in Commerce

Prior use is a prerequisite for common-law trademark rights: “Rights in a trademark are determined by the date of the mark’s first use in commerce. The party who first uses a mark in commerce is said to have priority over other users.”⁷²³ A lack of use is a ground for the cancellation even of Principal Register registrations less than five years old; indeed, even registrations on the Principal Register that have passed their fifth anniversaries are vulnerable to cancellation if nonuse of the underlying mark rises to the level of abandonment.⁷²⁴ Significantly, however, a party claiming the prior use of its mark must demonstrate the lawful nature of that use; if it cannot do so, its claim of priority will fail.⁷²⁵

⁷²⁰ *Id.* at 905.

⁷²¹ *Id.* at 905-06.

⁷²² *Id.* at 906.

⁷²³ *City of New York v. Blue Rage, Inc.*, 435 F. Supp. 3d 472, 486 (E.D.N.Y. 2020) (quoting *Hana Fin., Inc. v. Hana Bank*, 574 U.S. 418, 419 (2015)).

⁷²⁴ 15 U.S.C. § 1064(3) (2018).

⁷²⁵ For opinions applying that proposition in the context of a defendant’s prior-use defense, see *Kiva Health Brands LLC v. Kiva Brands Inc.*, 402 F. Supp. 3d 877, 887-90 (N.D. Cal. 2019), and *Kiva Health Brands LLC v. Kiva Brands Inc.*, 439 F. Supp. 3d 1185, 1195-97 (N.D. Cal. 2020).

***(a) The Nature and Quality of Use in Commerce
Necessary to Establish Protectable Rights***

The most detailed examination of the nature and quantity of use in commerce necessary to establish protectable rights came in an opinion from a Pennsylvania federal district court.⁷²⁶ The parties both claimed prior rights to the DUDU OSUN mark for a product styled as “African black soap,” and each proffered invoices and other documents with temporal gaps of varying length. Neither party had a federal registration, which to the court meant that the one establishing “market penetration that is significant enough to pose the real likelihood of confusion among the consumers in that area” would prevail.⁷²⁷ To resolve that issue, it turned to a four-factor test, which mandated consideration of: (1) the claimant’s volume of sales under its mark; (2) growth trends (both positive and negative); (3) the number of customers actually purchasing the claimant’s goods compared to the potential number of such customers; and (4) the amount of the claimant’s advertising.⁷²⁸

Based on evidence and testimony proffered during a three-day bench trial, the court found that the defendant, and not the plaintiff, enjoyed priority of rights. Although the plaintiff claimed to have sold goods under his mark as early as 1986, his only documentation of them “were two barely legible photographs of invoices” referencing a modest \$72 of sales between the two transactions.⁷²⁹ The plaintiff also produced three circa-2000 and -2001 invoices reflecting sales of \$2,089.26, but the court found that showing both lacking in credibility and insufficient to establish the required market penetration.⁷³⁰ More importantly, the plaintiff’s showing compared unfavorably to the defendant’s evidence and testimony, which documented: (1) an initial sale of 4,800 bars of soap in December 2001; (2) a second sale of 48,000 bars in May 2002; (3) additional sales between December 2001 and April 2016; (4) sales of \$218,090.00 between December 2013 through the end of 2017; (5) “approximately \$802,575.00” in sales for 2018 through February 2019.⁷³¹ Although there was a gap in the plaintiff’s proffered invoices between May 2002 and February 2008, the plaintiff successfully filled it with: (1) testimony by a third-party witness that his company had sold the plaintiff’s goods during that period; (2) copies of a third-party catalogue advertising the plaintiff’s goods

⁷²⁶ See *Maduka v. Tropical Nats., Ltd.*, 409 F. Supp. 3d 337 (E.D. Pa. 2019).

⁷²⁷ *Id.* at 355 (quoting *Lucent Info. Mgmt. v. Lucent Techs., Inc.*, 186 F.3d 311, 317 (3d Cir. 1999)).

⁷²⁸ *Id.* at 357-58.

⁷²⁹ *Id.* at 359.

⁷³⁰ *Id.* at 360.

⁷³¹ *Id.* at 357-358.

for sale; and (3) correspondence from consumers referencing the goods.⁷³² Taken as a whole, the trial record established the defendant's, rather than the plaintiffs, continuous use and exploitation of the disputed mark.⁷³³

An Illinois federal district court confirmed that the mere ability to provide particular services under a claimed mark is no substitute for the actual provision of those services.⁷³⁴ It did so in the context of a challenge to a registration covering a mark for paralegal services. The summary judgment record established that the registrant's primary business was disability advocacy services, which the registrant did not dispute were "different" from paralegal services. In a declaration, the registrant's principal expressed his opinion that, as the court summarized his testimony, "paralegals are capable of disability advocacy."⁷³⁵ "Even so," the court held, "that is irrelevant. Neither [the principal's] statements nor anything else cited by [the registrant] suggest that [the registrant] ever provided paralegal services of any kind."⁷³⁶ The registration therefore was void ab initio.

In addressing a counterclaim for the cancellation of a number of registrations for want of use in commerce, an Arizona federal district court recognized "the difference between use that supports priority and use needed for registration," further noting that "actual use of a mark is required for registration even if a lesser showing establishes priority. This distinction makes sense under general trademark law because an owner of an unregistered trademark has common law rights different from a registered owner's rights."⁷³⁷ With respect to the nature of use required for a registration, it then concluded that:

Under the statutory definition of "use in commerce," the Court would find registration valid only if an applicant's statement of use shows that (1) the mark is *actually being used* in the ordinary course of the services trade, "not merely to reserve a right in the mark," and that (2) the mark is being "used or displayed in the sale or advertising of the services [which actually] are rendered in commerce."⁷³⁸

Instead of applying the statutory definition, however, and despite its acknowledgement that "it seems clear that the totality-of-the-circumstances test should not apply when determining whether a

⁷³² *Id.* at 358.

⁷³³ *Id.* at 359.

⁷³⁴ See *Oasis Legal Fin. Operating Co. v. Chodes*, 454 F. Supp. 3d 724 (N.D. Ill. 2020), *appeal docketed*, No. 20-2951 (7th Cir. Oct. 9, 2020).

⁷³⁵ *Id.* at 737.

⁷³⁶ *Id.*

⁷³⁷ *IOW, LLC v. Breus*, 425 F. Supp. 3d 1175, 1198 (D. Ariz. 2019).

⁷³⁸ *Id.* at 1199 (alteration in original).

trademark owner has ‘used’ her trademark for purposes of federal registration under [Section 1],”⁷³⁹ it held itself constrained by the Ninth Circuit’s more flexible “totality-of-the circumstances” standard.⁷⁴⁰ Having imported that standard into the registrability context, it found a factual dispute as to whether the marks in question had been used in commerce as of the date their owner had claimed they were during the registration process. That dispute arose from a number of showings of pre-sale activities by the marks’ owner, including: (1) presentations “to 10-15 prospective customers”; (2) the creation of branded apparel and websites; (3) the creation and distribution of sales materials; (4) the creation and use of training manuals and customer tools, including health journals; (5) the creation and marketing of “various service levels”; (6) the pursuit of investor capital; (7) “getting evaluations of trainings, performing beta tests and compiling surveys”; and (8) the issuance of press releases.⁷⁴¹ In light of the counterclaim plaintiffs’ failure to place these showings into dispute, the court denied their motion for summary judgment, holding that “a jury reasonably could find that the nature and extent of [the mark owner’s] pre-launch activities were insufficient to identify its marks and services to an appropriate segment of the public and were not a commercially reasonable attempt to market their services.”⁷⁴²

(b) Use in Commerce Through Tacking

The constructive-use doctrine of tacking allows marks to evolve without jeopardizing the priority of rights attached to them. Plaintiffs invoked the doctrine infrequently over the past year, and, indeed, only one reported opinion addressed it in any detail.⁷⁴³ In the case producing it, the plaintiff owned federal registrations of the following marks, which it used in connection with restaurant services:⁷⁴⁴

⁷³⁹ *Id.* (citing 15 U.S.C. § 1051 (2018)).

⁷⁴⁰ *Id.*

⁷⁴¹ *Id.* at 1200.

⁷⁴² *Id.*

⁷⁴³ *See* *Cap. Grille Holdings, Inc. v. Historic Hotels of Nashville, LLC*, 448 F. Supp. 3d 819, 822 (M.D. Tenn. 2020).

⁷⁴⁴ *See id.* at 822.

The illustrations in the text accompanying this footnote do not appear in the court’s opinion but are reproduced from the drawings in U.S. Registration Nos. 1644015, 3032066, and 3739935, respectively.



THE CAPITAL
GRILLE



According to the averments in the plaintiff's complaint, the defendant opened its own THE CAPITAL GRILLE-branded restaurant after the priority date attaching to the first of the plaintiff's three registrations but before the priority dates attaching to the other two registrations.

That sequence of events led the defendant to move the court to dismiss the plaintiff's allegations of the infringement of the marks covered by the second and third registrations for failure to state a claim. The court declined to do so, and it invoked the tacking doctrine as the basis of that disposition. As it explained, "Plaintiff argues that it may be able to claim priority over Defendant's mark for Plaintiff's word mark and second design mark based on the doctrine of tacking."⁷⁴⁵ Citing the Supreme Court's holding in *Hana Financial, Inc. v. Hana Bank*,⁷⁴⁶ that tacking is a question of fact,⁷⁴⁷ the court concluded that, "whether Plaintiff's word mark and second [composite] mark may be tacked is a question of fact that is inappropriate for resolution at the motion to dismiss stage."⁷⁴⁸

(c) Use Through Licensees

The claimant to a mark need not itself use the mark in commerce to acquire protectable rights; rather, as reflected in Section 5 of the Act,⁷⁴⁹ properly licensed uses can do the job. This principle ultimately led to a finding of possible priority for a pair of licensors (although that claim of priority failed for another reason).⁷⁵⁰ The licensors overcame a number of obstacles to reach that outcome, beginning with the fact that a written license they proffered was executed in 2018 during the pendency of the litigation, while the licensors claimed priority dating back to 2010. With respect to that sequence of events, the court accepted the licensors' argument that "a backdated agreement can be valid,"⁷⁵¹ although it did express concern that the license was not expressly designated as one with

⁷⁴⁵ *Cap. Grille Holdings*, 448 F. Supp. 3d at 831.

⁷⁴⁶ 574 U.S. 418 (2015).

⁷⁴⁷ *Id.* at 422.

⁷⁴⁸ *Cap. Grille Holdings*, 448 F. Supp. 3d at 832.

⁷⁴⁹ 15 U.S.C. § 1065 (2018).

⁷⁵⁰ *See Kiva Health Brands LLC v. Kiva Brands Inc.*, 402 F. Supp. 3d 877 (N.D. Cal. 2019).

⁷⁵¹ *Id.* at 885.

nunc pro tunc effect.⁷⁵² The court was far more skeptical of two other aspects of the license, namely, testimony by one of the licensors that the financial consideration recited in it had never been paid and that the putative signatory for the licensee had left the licensee years before signing the license. Those “irregularities” with the written license led the court to reject it as evidence of the licensors’ prior rights, but it nevertheless ultimately found in the licensors’ favor on the basis of an implied license.⁷⁵³

(d) Use-Based Geographic Rights

If neither the senior user nor the junior user to a trademark dispute owns a federal registration on the Principal Register, the metes and bounds of the parties’ geographic rights are governed by the *Tea Rose-Rectanus* doctrine. Under it, an absolute senior user’s rights ordinarily will be limited to the geographic areas in which it does business, or, possibly, its zone of natural expansion; thus, it is possible for a good-faith junior user of the same mark in a geographic market to acquire prior rights in that market.⁷⁵⁴ As set forth by the Supreme Court, that general rule is subject to a significant exception in cases in which “the second adopter has selected the mark with some design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like.”⁷⁵⁵ Nevertheless, since the Court articulated it in 1916, that exception has raised a question the Court has not attempted to resolve since then. That question is whether, if the exception applies, an absolute senior user is entitled to immediate relief against a remote junior user or, alternatively, only when the parties share overlapping geographic markets.

The Seventh Circuit adopted the former approach in a case arising from an unusual factual scenario in which the defendants authorized the plaintiff to distribute below-ground storm shelters produced by the defendants but only in certain counties in Missouri and Arkansas; having created a mark for the shelters, the plaintiff licensed the defendants to use it but only in southern Illinois.⁷⁵⁶ After discovering that the defendants had violated the license by using the plaintiff’s mark on a nationwide basis, the plaintiff

⁷⁵² *Id.* at 886 (“[T]his Court would have more confidence that the TM License Agreement was created as a legitimate, backdated agreement had it explicitly stated that it was a *nunc pro tunc* agreement written in 2018 to reflect what was meant in 2010.”).

⁷⁵³ *Id.* at 887.

⁷⁵⁴ See generally *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918); *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916).

⁷⁵⁵ *Hanover Star*, 240 U.S. at 415.

⁷⁵⁶ See *4SEMO.com Inc. v. S. Ill. Storm Shelters, Inc.*, 939 F.3d 905 (7th Cir. 2019), *cert. denied*, 140 S. Ct. 2642 (2020).

successfully brought an infringement action that resulted in an accounting of \$17.4 million. On appeal, the defendants argued without success that the district court should have discounted the accounting by limiting it to those profits earned in the Missouri and Arkansas counties in which the plaintiff was authorized to sell the defendants' goods under the plaintiff's mark. Based on record evidence and testimony that the defendants knew they were violating the plaintiff's rights and planned on buying the plaintiff's mark when and if they were challenged, the Seventh Circuit held that "the [defendants] clearly did not act in good faith when they appropriated [the plaintiff's] marks. . . . The [*Tea Rose-Rectanus*] defense shields those who unwittingly develop a mark that duplicates another, not intentional counterfeiters."⁷⁵⁷

Another opinion to address the geographic rights of the parties before it came from a Texas federal district court.⁷⁵⁸ The plaintiff was the successor in interest to a business that began using its FLETCHER'S mark for corn dogs at the State Fair of Texas, where it sold hundreds of thousands of units each year. Seeking to establish their priority of rights to the FLETCH mark for the same goods, the defendants argued they were the prior users outside of the fairgrounds. Referencing the widespread notoriety of the plaintiff's mark "in the Dallas area and throughout Texas"⁷⁵⁹ the court rejected that theory, holding:

Defendants have not cited any authority, nor is the Court aware of any, supporting the odd geographical distinction suggested by Defendants: that is, that the State Fair fairgrounds, located within the City of Dallas, are somehow a separate territory for trademark use from the rest of the metropolitan area. . . . [T]he City of Dallas is not a remote territory for [Plaintiff]—it has always been [Plaintiff's] *core* territory. After all, no one lives inside the fairgrounds in Dallas. The consumers attending the State Fair, and purchasing [Plaintiffs'] products since 1942, have largely been residents of the greater Dallas area, as the social media exhibits and other evidence submitted by the parties amply demonstrate. Defendants' argument thus defies established law, the record in this case, and common sense.⁷⁶⁰

The defendants' argument therefore was without merit, even in the absence of the plaintiff's showing that its mark was "well known not just in Dallas or in the state of Texas, but nationwide."⁷⁶¹

⁷⁵⁷ *Id.* at 912.

⁷⁵⁸ *See Fletcher's Original State Fair Corny Dogs, LLC v. Fletcher-Warner Holdings LLC*, 434 F. Supp. 3d 473 (E.D. Tex. 2020).

⁷⁵⁹ *Id.* at 488.

⁷⁶⁰ *Id.* (footnote omitted) (citations omitted).

⁷⁶¹ *Id.*

(2) Distinctiveness

(a) *Determining the Inherent Distinctiveness of Verbal and Two-Dimensional Design Marks*

(i) Generic Designations

According to one court, “[a] generic term is one with a primary significance of the class or category of goods or services for which it is used. The mark may identify either the product or service’s basic nature or the class to which it belongs.”⁷⁶² In other words, “[a claimed] generic mark is a ‘term by which the product or service itself is *commonly* known.’”⁷⁶³ Another explained the significance of a finding of genericness in the following manner:

Generic marks [sic], consisting of words that identify the type or species of goods or services to which they apply, are totally lacking in distinctive quality; they are not entitled to any protection against infringement, even if they have become famous as marks, because according such protection would deprive competitors of the right to refer to their goods by name.”⁷⁶⁴

Several reported opinions reached findings of genericness under these or similar definitions. Perhaps the most dramatic of those came from a California federal district court, which concluded on a motion for judgment on the pleadings that the claimed “wellness shot” and “wellness shots” marks—both covered by federal registrations for which the plaintiff had filed declarations of incontestability—was generic as a matter of law for dietary supplements.⁷⁶⁵ The record on the issue was somewhat voluminous, both because the complaint was replete with exhibits and because the parties each filed unopposed requests for the court to take judicial notice of various materials. In any case, the court found no material dispute that the claimed mark was unprotectable for want of distinctiveness.

First, though, it addressed a question arising from Section 14(3) of the Act, which authorizes the cancellation at any time of registrations covering marks that have “become” generic.⁷⁶⁶ Because the defendant claimed the plaintiff’s marks were generic *ab initio*,

⁷⁶² *Reinalt-Thomas Corp. v. Mavis Tire Supply, LLC*, 391 F. Supp. 3d 1261, 1268 (N.D. Ga. 2019).

⁷⁶³ *Tarsus Connect, LLC v. Cvent, Inc.*, 452 F. Supp. 3d 1334, 1348 (N.D. Ga. 2020) (quoting *Welding Servs., Inc. v. Forman*, 509 F.3d 1351, 1358 (11th Cir. 2007)).

⁷⁶⁴ *Focus Prods. Grp. Int’l, LLC v. Kartri Sales Co.*, 454 F. Supp. 3d 229, 246 (S.D.N.Y. 2020) (quoting *TCPIP Holding Co. v. Haar Commc’ns, Inc.*, 244 F.3d 88, 93 (2d Cir. 2001)), *reconsideration denied*, No. 15 Civ. 10154 (PAE), 2020 WL 2115344 (S.D.N.Y. May 3, 2020).

⁷⁶⁵ *See Threshold Enters. v. Pressed Juicery, Inc.*, 445 F. Supp. 3d 139 (N.D. Cal. 2020).

⁷⁶⁶ 15 U.S.C. § 1064(3) (2018).

the court concluded that Section 14(3)'s language created "an interesting analytical snag,"⁷⁶⁷ which it summarized in the following manner: "If [the defendant] is not arguing that the marks have 'become generic,' it does not seem as though [the defendant] can prevail on its challenge to the incontestable marks."⁷⁶⁸ That observation confused the relationship between Section 14(3)'s five-year statute of limitations, which does not depend on the filing of a declaration of incontestability under Section 15,⁷⁶⁹ but, without recognizing its confusion, the court ultimately held the plaintiff's registrations subject to cancellation pursuant to Section 15(4), which provides that a mark cannot become "incontestable" where the mark "is the generic name for the goods or services . . . for which it is registered."⁷⁷⁰ "Under this statutory provision," the court concluded, "if 'wellness shot' and 'wellness shots' were always generic, and the USPTO's registrations were inappropriate, the marks never acquired incontestability."⁷⁷¹

Turning to the question of whether the marks were, in fact, always generic, the court held as an initial matter that:

A court determines whether a mark is generic by (i) identifying the category of goods or services to which the mark is meant to apply and (ii) analyzing whether the relevant consuming public's primary perception of the mark is as a source of a product or as a type, category, or kind of product. Courts in the Ninth Circuit sometimes refer to this as the "who-are-you/what-are-you" test. If the relevant public primarily understands a mark as describing "who" a particular good or service is, or where it comes from, then the mark is valid. However, if the relevant consuming public primarily understands the mark as describing "what" the particular good or service is, then the mark is or has become generic.⁷⁷²

The court noted that the record and certain other materials of which it had taken judicial notice contained "every form of evidence courts analyze when determining whether a mark is generic—every form of evidence, that is, except a survey of relevant consumers, which

⁷⁶⁷ *Threshold Enters.*, 445 F. Supp. 3d at 149.

⁷⁶⁸ *Id.*

⁷⁶⁹ *See, e.g., Imperial Tobacco Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575, 1579 n.6 (Fed. Cir. 1990) ("[S]ection [14] is not dependent on the filing of a declaration under section 15 which provides incontestable rights of use . . ."); *W. Worldwide Enters. v. Qinqdao Brewery*, 17 U.S.P.Q.2d 1137, 1139 (T.T.A.B. 1990) ("[A] registration that is over five years old may be cancelled solely on the grounds set forth in Section 14[3], irrespective of whether or not the owner of the registration has filed an affidavit under Section 15.")

⁷⁷⁰ 15 U.S.C. § 1065(4) (2018).

⁷⁷¹ *Threshold Enters.*, 445 F. Supp. 3d at 149.

⁷⁷² *Id.* at 148 (quoting *Yellow Cab Co. of Sacramento v. Yellow Cab of Elk Grove, Inc.*, 419 F.3d 925, 929 (9th Cir. 2005)).

would not be judicially noticeable.”⁷⁷³ That evidence consisted in part of dictionary definitions of the claimed marks’ two constituent elements—“wellness” and “shot(s)” —and the congruity of the plaintiff’s use of the marks with those definitions.⁷⁷⁴ It also included generic uses of the claimed marks by third-party competitors, media stories, and the USPTO’s acceptance of “wellness shot” in the identifications of goods contained in three third-party registrations.⁷⁷⁵ Although the plaintiff sought to bolster its case with evidence of the availability of alternative phrases, the court noted that “for the purposes of analyzing whether a term is generic, the existence and widespread use of alternative terms is immaterial. What is important is public understanding of the *terms at issue*.”⁷⁷⁶ Then, despite acknowledging “it is somewhat unusual to find that a mark is generic at the pleading stage because genericism is a matter of fact,”⁷⁷⁷ it concluded that “[the defendant] has rebutted the strong presumption of validity due these incontestable marks, and judgment on the pleadings is appropriate.”⁷⁷⁸

Other claimed marks fell victim to motions for summary judgment. One comprised the words “fire cider,” which were registered for an herbal dietary supplemental drink at the time the parties’ dispute was escalated to litigation.⁷⁷⁹ The plaintiff lost an initial battle when the court rejected its argument that the relevant public for purposes of the genericness inquiry included only individuals outside of the “herbalist community,” the members of which had long used the claimed mark generically; “Defendants have proven,” the court found from the summary judgment record, “that when Plaintiff applied to register its mark in April 2012 (and even when Plaintiff first sold Fire Cider in December 2010), the relevant purchasing public was herbalists, dietary supplement consumers, and the small group of consumers interested in fire ciders for other purposes.”⁷⁸⁰ The court then credited testimony of a linguist retained by the defendant that one third of the uses of “fire cider” he had identified predated the plaintiff’s dates of first use and

⁷⁷³ *Id.* at 149.

⁷⁷⁴ *Id.* at 151.

⁷⁷⁵ *Id.* at 153.

⁷⁷⁶ *Id.* at 154.

⁷⁷⁷ *Id.*

⁷⁷⁸ *Id.* at 155.

⁷⁷⁹ *See* *Shire City Herbals, Inc. v. Blue*, 410 F. Supp. 3d 270 (D. Mass. 2019).

⁷⁸⁰ *Id.* at 294. The court elaborated on this point with the following additional finding:

The evidence indicates the group of people using or interested in fire ciders for food or other, non-traditional purposes in 2010 to 2012 is small. Plaintiff’s subsequent success marketing its product and selling it in mass-market stores does not alter the scope of the relevant purchasing public at the time they first began selling it or applied for registration.

Id.

that “[e]very early use of fire cider was generic, and they appeared in general interest publications that did not specifically target the herbalist community.”⁷⁸¹ Likewise, the court found it undisputed that the parties’ competitors, their consumers, and even the plaintiff itself used the words generically.⁷⁸² Although the plaintiff argued the existence of alternative terminology to identify its beverage, “like fire tonic or cyclone cider,” that showing failed to create a factual dispute concerning the genericness of its claimed mark.⁷⁸³ Instead, the claimed mark was invalid *ab initio* because “Defendants have proven fire cider was generic at the time Plaintiff first sold it, and when Plaintiff applied to register the mark, and [it] necessarily remains so today.”⁷⁸⁴

Another defense victory involved a claim of rights to the “connect” component of the registered CONNECT MARKETPLACE mark for the operation of trade shows.⁷⁸⁵ Unable to defeat a defense motion for summary judgment of noninfringement filed by a user of the CVENT CONNECT mark for cloud-based enterprise event management services with respect to its full mark, the plaintiff asserted independent rights to the lead element of that mark as a fallback argument. Because the plaintiff did not own a standalone registration of “connect,” however, the court required it to demonstrate the word’s distinctiveness, and the plaintiff failed as a matter of law to satisfy that burden. The court identified two bases for that conclusion, the first of which was the dictionary definition of “connect.”⁷⁸⁶ The second was “extensive [third-party] use of the word ‘connect,’” which the court held “a key factor in determining its distinctiveness.”⁷⁸⁷ Especially because it described “the entirety of [the plaintiff’s] product line,” it was generic and not descriptive.⁷⁸⁸

Even a court addressing a claim of trade dress protection in the configuration of a shower curtain with rings incorporated into it reached a finding of genericness as a matter of law.⁷⁸⁹ The court did not include an exemplar of the claimed trade dress in its opinion, noting instead that it comprised “shower curtains, which, inter alia: (1) lack hooks; and (2) have a row of rings, possessing slits or gaps, fixed in place along the upper portion of the curtain that is

⁷⁸¹ *Id.* at 295.

⁷⁸² *Id.* at 296.

⁷⁸³ *Id.*

⁷⁸⁴ *Id.*

⁷⁸⁵ See *Tarsus Connect, LLC v. Cvent, Inc.*, 452 F. Supp. 3d 1334 (N.D. Ga. 2020).

⁷⁸⁶ *Id.* at 1358.

⁷⁸⁷ *Id.*

⁷⁸⁸ *Id.*

⁷⁸⁹ See *Focus Prods. Grp. Int’l, LLC v. Kartri Sales Co.*, 454 F. Supp. 3d 229 (S.D.N.Y. 2020), *reconsideration denied*, No. 15 Civ. 10154 (PAE), 2020 WL 2115344 (S.D.N.Y. May 3, 2020).

essentially co-planar with the material of the shower curtain”;⁷⁹⁰ “the combination of these elements,” the court continued, allegedly “gives rise to the appearance of a ‘neat’ and ‘orderly’ upper edge.”⁷⁹¹ Whatever the appearance of the claimed trade dress, however, the court found no material dispute that “this specific trade dress—unlike, say, the packaging in which the shower curtains are sold, or the various word marks and branding connected to the shower curtains—is generic.”⁷⁹² It further explained that:

“Despite its initial novelty within the [hospitality] industry,” [the plaintiffs] “trade dress cannot qualify for trade dress protection because [the plaintiffs are] effectively seeking protection for an idea or concept—[hookless shower curtains]. It is clear that the first manufacturer to create a [shower curtain with hooks] could not have claimed trade dress protection for all [such shower curtains], since a trade dress described as consisting solely of [shower curtains with hooks] would simply refer to the genus of which the particular product is a species.”⁷⁹³

As always, some courts chose not to resolve the question of genericness as a matter of law, instead finding factual disputes on the issue. One notable example of that pattern came in an action to enforce the rights to the BLUETOOTH certification mark.⁷⁹⁴ In denying the parties’ cross-motions for summary judgment, the court identified the following factors as relevant to the inquiry:

(1) generic use by competitors of the mark that has not been contested by the owner of the mark; (2) generic use of the trademark by the proponent of the trademark; (3) dictionary definitions to determine public usage; (4) generic usage in the media of the trademark, such as in trade journals and newspapers; (5) testimony of persons in the trade; and (6) consumer surveys.⁷⁹⁵

Ultimately, however, the court discussed only two items in the summary judgment record, namely, the results of a survey commissioned by the defendant showing that “only 15.8% of consumers view BLUETOOTH as a brand, while 82% of them view it as a generic term”⁷⁹⁶ and “some evidence that Bluetooth

⁷⁹⁰ *Id.* at 249.

⁷⁹¹ *Id.*

⁷⁹² *Id.*

⁷⁹³ *Id.* (first, fourth, fifth, sixth, and seventh alterations in original) (quoting Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc., 58 F.3d 27, 33 (2d Cir. 1995)).

⁷⁹⁴ See Bluetooth SIG, Inc. v. FCA US LLC, 463 F. Supp. 3d 1169 (W.D. Wash. 2020).

⁷⁹⁵ *Id.* at 1185 (quoting Calista Enters. v. Tenza Trading Ltd., 43 F. Supp. 3d 1099, 1116 (D. Or. 2014)).

⁷⁹⁶ *Id.*

employees use the word ‘Bluetooth’ as a noun.”⁷⁹⁷ Without addressing the plaintiff’s responsive showing except to note that the plaintiff disagreed with the survey results and argued that “the evidence of its employees using the word ‘Bluetooth’ as a noun is meager,”⁷⁹⁸ the court determined that “[the defendant] argues that the BLUETOOTH word mark is generic; [the plaintiff] argues that it is not. This is a clear question of fact.”⁷⁹⁹ Despite that holding, the court did grant the plaintiff’s motion with respect to two other marks in which it claimed rights, namely, a B design and a combination of that design and the BLUETOOTH verbal mark, noting that the defendant’s survey had not tested the possible genericness of those marks.⁸⁰⁰

(ii) Descriptive Marks

“[D]escriptive marks[] are marks that directly impart information such as the goods’ geographic origin, function or use, intended class of users, desirable characteristics, or effects on the end user.”⁸⁰¹ Like the Supreme Court in *United States Patent & Trademark Office v. Booking.com B.V.*,⁸⁰² a number of lower federal courts found marks descriptive in the face of genericness challenges. One of the plaintiffs in a case producing such a result was the Protestant Episcopal Church in the United States, which owned incontestable rights to both that name and several marks consisting of, or incorporating, the words “The Episcopal Church.” Having disassociated themselves from that national church and formed their own entity, a group of South Carolina parishes responded to the national church’s bid to enjoin them from using THE EPISCOPAL DIOCESE OF SOUTH CAROLINA and THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF SOUTH CAROLINA as marks by arguing that the word “episcopal” was the generic term for any religious organization governed by a bishop, whether because it was generic ab initio or because it had become generic since the national church’s adoption of it. The parties cross-moved for summary judgment on the issue.

The court granted the plaintiffs’ motion and denied that of the defendants. Rather than accepting the defendants’ argument that “episcopal” was generic for a type of church governance, the court defined the genus of the plaintiffs’ services as a religion; under that

⁷⁹⁷ *Id.*

⁷⁹⁸ *Id.* at 1185-86.

⁷⁹⁹ *Id.* at 1186.

⁸⁰⁰ *Id.*

⁸⁰¹ *Detroit Coffee Co. v. Soup For You, LLC*, 396 F. Supp. 3d 754, 766 (E.D. Mich. 2019).

⁸⁰² 140 S. Ct. 2298 (2020).

The Supreme Court’s affirmance of the finding of descriptiveness in *Booking.com* is addressed in Part I of this Review.

definition, the court held, “a mark for a religious organization is generic where it names a religion but is descriptive where it properly differentiates a specific denominational organization offering religious services.”⁸⁰³ Faulting the defendants for focusing on the word “episcopal” to the exclusion of the (considerably more generic) words “the” and “church,” the court found it undisputed from the summary judgment record that:

Defendants here have introduced no evidence indicating that “The Episcopal Church” refers to a whole religion rather than a specific recognized denominational organization. . . .

. . . The meaning of “The Episcopal Church,” as a whole does not refer to churches run by bishops in general, and instead, as demonstrated by Defendants’ experts and Defendants’ briefing, is a descriptive term for a United States-based organization of churches that are aligned with the Anglican communion. The term is therefore descriptive, and not generic.⁸⁰⁴

In reaching that conclusion, the court discounted the results of a survey commissioned by the defendants showing that 55.3% of respondents viewed the words “episcopal church” as a category of church, rather than a religion.⁸⁰⁵ It also declined to find a factual dispute on the issue based on “multiple other denominational organizations which use the word ‘episcopal’ in their name, e.g. the Reformed Episcopal Church[,] African Methodist Episcopal Church, [and] Christian Methodist Episcopal Church.”⁸⁰⁶ Rather than showing a competitive need to use the word, the court held that “these names highlight the fact that trademark protection for ‘The Episcopal Church’ does not prevent other denominations from defining themselves and achieving separate identities.”⁸⁰⁷

In a less detailed analysis, the court then addressed the infringement claims of the national church’s new diocese against its breakaway counterpart. Unlike the national church’s federally registered marks, those claimed by the new diocese were covered only by state registrations. Nevertheless, and despite apparently requiring the new diocese to prove distinctiveness, the court entered summary judgment on the issue of the marks’ geographic descriptiveness: “[I]t is clear at the very least that ‘The Episcopal Diocese of South Carolina[]’ [and] ‘Protestant Episcopal Church in the Diocese of South Carolina,’ . . . are descriptive”⁸⁰⁸

⁸⁰³ *Id.* at 635.

⁸⁰⁴ *Id.* at 637 (footnote omitted) (citations omitted).

⁸⁰⁵ *Id.* at 637-38.

⁸⁰⁶ *Id.* at 638.

⁸⁰⁷ *Id.*

⁸⁰⁸ *Id.* at 660.

That was not the only reported opinion to treat a geographically descriptive mark as descriptive as a matter of law. Instead, the same outcome came in an action to protect the SAVANNAH COLLEGE OF ART AND DESIGN mark, as well as its acronym, SCAD, for educational services.⁸⁰⁹ Nevertheless, that determination did not materially affect the plaintiff's entitlement to the protection of its mark, for, in affirming entry of summary judgment in the plaintiff's favor, the Eleventh Circuit also affirmed the district court's finding that the acquired distinctiveness of the plaintiff's marks was beyond material dispute.⁸¹⁰

So too did a hard-fought battle over the validity of DISCOUNT TIRE as a mark for the retail sale of automobile and light-truck tires produce a finding of descriptiveness within the context of a preliminary injunction motion.⁸¹¹ The court granting that motion held that a federal registration covering the mark shifted the burden of proof to the defendant to prove invalidity,⁸¹² but, rather than relying solely on the registration's significance, the plaintiff responded to the defendant's claim of genericness with expert testimony from linguists "based on their assessment of dictionaries, articles, advertisements, websites, and consumer reviews, that the phrase is not generic."⁸¹³ It also adduced the results of two earlier *Teflon*-format surveys⁸¹⁴ suggesting that 80% and "between 76% and 84%" of respondents recognized the plaintiff's mark was a mark.⁸¹⁵ For its part, the defendant placed "heavy emphasis on historical uses of the phrase 'discount tire' by tire dealers and manufacturers in advertisements and articles since at least 1914 (in other words, well before [the plaintiff] used the phrase)," introduced under cover of a report from its own linguistics expert.⁸¹⁶

Although agreeing with the defendant that "a generic term for a good or service is also a generic term for a business that provides that service,"⁸¹⁷ the court ultimately sided with the plaintiff. It found "particularly persuasive that 'discount' is used as an adjective to describe 'tire' but that there is no such thing as a permanent 'discount tire.' Rather, a tire may be discounted for a period, or even

⁸⁰⁹ See *Savannah Coll. of Art & Design, Inc. v. Sportswear, Inc.*, 983 F.3d 1273 (11th Cir. 2020).

⁸¹⁰ *Id.* at 1282-83.

⁸¹¹ See *Reinalt-Thomas Corp. v. Mavis Tire Supply, LLC*, 391 F. Supp. 3d 1261 (N.D. Ga. 2019).

⁸¹² *Id.* at 1269.

⁸¹³ *Id.*

⁸¹⁴ See *E.I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc.*, 393 F. Supp. 502 (E.D.N.Y. 1975).

⁸¹⁵ *Reinalt-Thomas*, 391 F. Supp. 3d at 1271.

⁸¹⁶ *Id.* at 1270.

⁸¹⁷ *Id.* at 1270 n.5.

for its life-span, but there is not a particular ‘discount tire.’”⁸¹⁸ Likewise, the court credited the results of the plaintiff’s surveys despite criticism from the defendant’s survey expert that the surveys were inappropriately limited in geographic scope.⁸¹⁹ Citing the evidentiary value of the plaintiff’s registration, the court noted that “[t]he outcome might be different if no registration existed and the burden were solely [the plaintiff’s], but the Court holds at this stage that [the plaintiff] is likely to prevail in demonstrating that its mark is descriptive, not generic.”⁸²⁰

A bench trial similarly, if improbably, produced a finding that the PINNACLE mark for advertising and marketing services was descriptive.⁸²¹ In reaching that conclusion, the court relied heavily on both a dictionary definition of the word as the culminating point of success and testimony from the principal of the mark owner that:

I chose Pinnacle Advertising and Marketing Group because I wanted to – I wanted my beliefs in my – what to strive for to be as an individual to reflect the name of my company. So Pinnacle Advertising was something that Pinnacle, meaning the top, you know, I want to be the best at what we do in our field. So that’s how I chose the name.⁸²²

Especially in light of substantively identical testimony by the defendant’s principal explaining his decision to adopt the same mark, the mark was descriptive.

Some nonverbal marks were found descriptive as well, including the following design, used in connection with baseball pitching instruction:⁸²³

⁸¹⁸ *Id.* at 1273.

⁸¹⁹ The preliminary injunction motion sought relief only in the states of Georgia and Florida, and its survey targeted respondents “across more than thirty-five U.S. markets, including Georgia and Florida.” *Id.* at 1271. Although the defendant’s expert argued the survey should have been nationwide in scope, it failed to conduct its own nationwide *Teflon* survey. *Id.* at 1273.

⁸²⁰ *Id.* at 1274.

⁸²¹ See *Pinnacle Advert. & Mktg. Grp. v. Pinnacle Advert. & Mktg. Grp.*, 418 F. Supp. 3d 1143 (S.D. Fla. 2019), *appeal docketed*, No. 19-15167 (11th Cir. Dec. 30, 2019).

⁸²² *Id.* at 1158.

⁸²³ See *House v. Players’ Dugout, Inc.*, 440 F. Supp. 3d 673, 684 (W.D. Ky. 2020).

The illustration in the text accompanying this footnote does not appear in the court’s opinion but is reproduced from the drawing in U.S. Reg. No. 3202667.



On the parties' cross-motions for summary judgment, the court summarized why the mark was descriptive as a matter of law,

There is not a high degree of imagination that a typical buyer must employ to imagine the nature of Plaintiffs' services; buyers would not need to engage in a 'multi-stage reasoning process' to cull information about Plaintiffs' service; others would likely want to use the mark to describe their own products; and the mark is unlikely 'to conjure up some other, purely arbitrary connotation.'"⁸²⁴

Likewise, one court found descriptive as a matter of law the overall look and feel of a daily planner comprising such features as "laminated front covers, introductory sections, tabs, monthly calendar sections, weekly calendars in vertical and horizontal layout, notes sections, and sticker pages."⁸²⁵ It did so while ruling on the parties' cross-motions for summary judgment on the subject of whether the plaintiff's claimed trade dress in its planner was generic. The court's determination on the issue was direct and to the point:

Rather than limiting the [plaintiff's] dress to its oversimplified features such as a laminated front cover, colorful tabs, sticker pages, etc. as [the defendant] attempts to do, the court is persuaded as an initial matter that [the plaintiff] has sufficiently demonstrated that the . . . Trade Dress is not generic. The court finds the "overall look and feel" of its combination of specific features comprising its overall appearance is sufficiently detailed to satisfy the minimum threshold of descriptiveness.⁸²⁶

Addressing the issue in the context of the descriptive fair use defense, the Seventh Circuit affirmed a finding as a matter of law that the SPORTS FUEL mark was descriptive for a sports energy

⁸²⁴ *House*, 440 F. Supp. 3d at 685 (quoting *DeGidio v. W. Grp. Corp.*, 355 F.3d 506, 510-11 (6th Cir. 2004)).

⁸²⁵ *Craft Smith, LLC v. EC Design, LLC*, 388 F. Supp. 3d 1385, 1406 (D. Utah 2019), *aff'd*, 969 F.3d 1092 (10th Cir. 2020).

⁸²⁶ *Id.* at 1407-07.

drink.⁸²⁷ It did so based in part on third-party use of the words in a descriptive manner for similar nutritional products for athletes.⁸²⁸ It also found support for the district court's finding of descriptiveness in the USPTO's decision to require a disclaimer of "the sports fuel company" from an application filed by a defendant to register the GATORADE THE SPORTS FUEL COMPANY.⁸²⁹ Finally, it concluded, "[i]t requires no imaginative leap to understand that a company selling 'Sports Fuel' is selling a variety of food products designed for athletes."⁸³⁰

Marks consisting in whole or in part of personal names also fell into the category of descriptive marks. For example, such a finding of descriptiveness came when one Dr. Thomas House sought to protect HOUSE as a designation of origin for a baseball training program he had devised.⁸³¹ Somewhat unclear on the concept of suggestiveness, his counsel argued "[t]here is strong evidence that Dr. House's name is a suggestive mark because it serves to identify the source of the . . . Program."⁸³² The court would have none of it, holding instead that, as a surname, Dr. House's claimed mark was unprotectable in the absence of a showing of secondary meaning.⁸³³

A similar determination came on a preliminary injunction motion.⁸³⁴ The name at issue was FLETCHER'S as a service mark for the sale of corndogs and as a trademark for the corndogs themselves. Lacking a federal registration on the Principal Register, the plaintiff argued that the mark was arbitrary because it could mean something other than a reference to the members of the Fletcher family who had first adopted it, apparently relying on a dictionary definition of "fletcher" as "[a] person who makes and sells arrows."⁸³⁵ The court was unconvinced, holding instead that "[w]hile

⁸²⁷ See *SportFuel, Inc. v. PepsiCo, Inc.*, 932 F.3d 589 (7th Cir. 2019).

⁸²⁸ *Id.* at 599.

⁸²⁹ *Id.*

⁸³⁰ *Id.* at 599-600. In reaching this last conclusion, the court rejected the plaintiff's argument that non-athletes, as well as athletes, availed themselves of the defendants' goods:

That non-athletes regularly consume [the defendants'] products has no bearing whether the term is descriptive. Just as the pervasive use of yoga pants and other activewear as casual clothing does not change the athletic characteristics of those products, the fact that [the defendants] sell[] more sports drinks to average joes who limit their rigorous exercise to lawn mowing does not change the athletic characteristics of [the defendants'] products.

Id. at 600.

⁸³¹ See *House v. Players' Dugout, Inc.*, 440 F. Supp. 3d 673 (W.D. Ky. 2020).

⁸³² *Id.* at 686 (first alteration in original).

⁸³³ *Id.*

⁸³⁴ See *Fletcher's Original State Fair Corny Dogs, LLC v. Fletcher-Warner Holdings LLC*, 434 F. Supp. 3d 473 (E.D. Tex. 2020).

⁸³⁵ *Id.* at 484 n.4 (quoting *Fletcher*, Oxford Dictionaries (online ed.), https://premium.oxforddictionaries.com/us/definition/american_english/fletcher).

the word ‘fletcher’ has a meaning besides that of a surname and could be an arbitrary mark elsewhere, here, it is certainly not.”⁸³⁶

Some courts applied that rule despite plaintiffs’ attempts to argue that the use of their names in conjunction with descriptive or generic elements rendered the resulting combination inherently distinctive. For example, an aggressive finding of descriptiveness as a matter of law came in an action to protect the ADDY’S BARBEQUE mark for restaurant services, which the court characterized as “a personal name and a generic word, with no particular style.”⁸³⁷ The plaintiff had registered the mark on the Principal Register, and the defendants sought leave to amend their counterclaim to seek the registration’s cancellation on the theory that the mark was actually generic. The court denied the motion as futile with the following explanation:

[P]laintiff’s mark, as a whole, is not generic; it is at least descriptive. While the word “barbeque,” standing alone, may be generic, and, therefore, not protectable; plaintiff’s service mark consists of a combination of two (2) words, *i.e.*, the personal name “Addy’s” together with the generic word, “barbeque;” and plaintiff’s registration specifically disclaims the exclusive right to use the word “barbeque” apart from the mark as a whole. Since defendants do not allege, much less establish, that the mark, as a whole, is a generic term or common reference to goods or services, their proposed counterclaim to cancel plaintiff’s mark [sic] on the basis that it is generic is futile.⁸³⁸

A Pennsylvania federal district court reached a similar conclusion.⁸³⁹ One of the substantively identical marks at issue was registered in the following format for various plumbing- and HVAC-related services:⁸⁴⁰



Rejecting the plaintiffs’ argument that the marks were inherently distinctive because of their extra elements, the court held:

While courts do evaluate marks in their totality, these modifications are not sufficient to find that they are

⁸³⁶ *Id.* at 484 (footnote omitted).

⁸³⁷ *See Khan v. Addy’s BBQ LLC*, 419 F. Supp. 3d 538, 554 (E.D.N.Y. 2019).

⁸³⁸ *Id.* at 567.

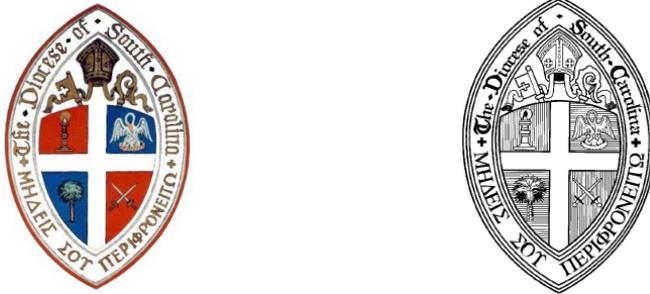
⁸³⁹ *See Giannone v. Giannone*, 429 F. Supp. 3d 34 (E.D. Pa. 2019).

⁸⁴⁰ *Id.* at 36.

inherently distinctive. The terms “plumbing and heating” are merely descriptive of the services being offered by [the plaintiff]. The pipe and wrench logo serves a similar function, and as pointed out by [the defendant], other plumbers in the industry have used the same exact pipe and wrench logo in their marketing, which would further support a finding that the logo is descriptive rather than inherently distinctive.⁸⁴¹

(iii) Suggestive Marks

“A mark is ‘suggestive’ if it ‘requires consumer imagination, thought, or perception to determine what the product is,’”⁸⁴² and that and similar definitions produced several findings of suggestiveness as a matter of law. One came in an opinion by a South Carolina federal district court tasked with placing the following closely similar composite marks—differing only in their color schemes and both used in connection with the provision of religious services—on the spectrum of distinctiveness:⁸⁴³



Although finding on the parties’ cross-motions for summary judgment that the marks were “at least . . . suggestive,”⁸⁴⁴ the court neglected to explain its rationale in reaching that determination.

Those marks were not the only ones found suggestive as matter of law, for the following logo, used in connection with buses, also fell into that category:⁸⁴⁵

⁸⁴¹ *Id.* at 38 n.4 (citation omitted).

⁸⁴² *Maduka v. Tropical Nats., Ltd.*, 409 F. Supp. 3d 337, 352 (E.D. Pa. 2019) (quoting *A & H Sportswear, Inc. v. Victoria’s Secret Stores, Inc.*, 237 F.3d 198, 221-22 (3d Cir. 2000)).

⁸⁴³ *See vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612, 668 n.57 (D.S.C. 2019), *appeal docketed*, No. 19-2112 (4th Cir. Apr. 4, 2020).

⁸⁴⁴ *Id.* at 660.

⁸⁴⁵ *See New Flyer Indus. Canada ULC v. Rugby Aviation, LLC*, 405 F. Supp. 3d 886, 894 (W.D. Wash. 2019).



The mark's owner claimed to have chosen the logo to symbolize "a set of wings" and because it suggested "efficiency in transportation" and "getting somebody to where they want to go safely [and] reliably."⁸⁴⁶ Based on testimony to that effect, the court found the mark suggestive, explaining that "[the] logo is not arbitrary or fanciful. Nor is it descriptive, as it does not describe the buses that it manufactures. It 'requires a mental leap from the mark to the product.' It is a suggestive mark"⁸⁴⁷

Summary judgment of suggestiveness also held in an action to protect the FIREBIRDS mark for restaurant services.⁸⁴⁸ The defendants accused of infringing the mark gamely argued it was descriptive because it referred to the plaintiff's method of cooking in wood-fired grills, but that theory (not surprisingly) failed to gain traction with the court. "As Plaintiff points out," the court found, "Firebirds' is a common linguistic term used in various cultural and commercial categories, such as mythology, film, print, and sports."⁸⁴⁹ In contrast, it further observed, "[t]here is no evidence before the Court that suggests the term is commonly used in connection with restaurant services. Thus, any association between the mark and the service is not 'intrinsic,' but requires some imagination on the part of the customer."⁸⁵⁰ The mark therefore was at least suggestive, and, indeed, it might "even be arbitrary because it is unclear if an ordinary customer could even imagine what type of services Plaintiff provides from the word 'Firebirds,' but that is an issue better left to the jury."⁸⁵¹

A more fulsome discussion of the issue in another opinion produced a finding following a bench trial that the DUDU OSUN mark was suggestive when used in connection with "African black soap."⁸⁵² The parties agreed that the word "dudo" in the Yoruba language translated to "black" in English, with the plaintiff further

⁸⁴⁶ *Id.* at 899.

⁸⁴⁷ *Id.* (quoting *Brookfield Commc'ns, Inc. v. W. Coast Enters. Corp.*, 174 F.3d 1036, 1058 (9th Cir. 1999)).

⁸⁴⁸ *See Firebirds Int'l, LLC v. Firebird Rest. Grp.*, 397 F. Supp. 3d 847 (N.D. Tex. 2019).

⁸⁴⁹ *Id.* at 861.

⁸⁵⁰ *Id.*

⁸⁵¹ *Id.* (citation omitted).

⁸⁵² *See Maduka v. Tropical Nats., Ltd.*, 409 F. Supp. 3d 337 (E.D. Pa. 2019).

advising the court that “in Nigerian ‘street language’ or ‘slang,’ ‘dudu’ translates to ‘funky’ in English.”⁸⁵³ The parties also agreed the “osun” component of the mark meant “camwood,” leading the court to find that “translated from Yoruba into English, DUDU OSUN means either ‘black camwood’ or ‘funky camwood.’”⁸⁵⁴ Camwood was an ingredient in the soap sold by the parties, which made the mark “somewhat descriptive.” Nevertheless, the court ultimately found it suggestive:

There is nothing in the mark itself that is associated with soap, and the consumer must employ his or her imagination or perception to determine that “dudu” (“black” or “funky”) and “osun” (“camwood”) are associated with African black soap, and not used in the many other contexts in which this combination of words might be found.⁸⁵⁵

Moreover, that was true “even assuming that the ordinary American purchaser would (or could) stop and translate DUDU OSUN into English, which is highly unlikely.”⁸⁵⁶

Findings of suggestiveness extended to the preliminary injunction context. For example, although delivering an opinion otherwise adverse to a manufacturer of hard seltzer beverages, the Fifth Circuit held that the district court had erred in finding the plaintiff’s BRIZZY mark descriptive.⁸⁵⁷ According to the appellate court:

“Brizzy” relates to carbonation . . . because it rhymes with “fizzy. To make that connection—and make a conclusion about the carbonation of Brizzy—consumers must “exercise the imagination” A consumer must infer that “brizzy” is a play on “fizzy” and not on other words. That exercise of the imagination renders BRIZZY suggestive.⁸⁵⁸

In a different dispute in which a preliminary injunction motion was in play, the plaintiff, which helped individuals disengage from violence-based extremism, hit the trifecta when its preliminary

⁸⁵³ *Id.* at 353.

⁸⁵⁴ *Id.*

⁸⁵⁵ *Id.* at 354 (footnote omitted).

⁸⁵⁶ *Id.*

Having reached that conclusion, the court found that another mark at issue in the litigation, DUDO OSUM (also used in connection with African black soap), was “at the very least, a ‘suggestive,’ and thus a valid and legally protectable mark.” *Id.* “If anything,” it continued, “because the word ‘osum’ does not describe [the plaintiff’s] products or their ingredients in any way and was instead chosen because [the plaintiff] believed it conveyed that his products are “awesome,” the DUDU OSUM mark is more distinctive than the DUDU OSUN mark.” *Id.* at 354 n.14.

⁸⁵⁷ See *Future Proof Brands, LLC v. Molson Coors Beverage Co.*, 982 F.3d 280 (5th Cir. 2020).

⁸⁵⁸ *Id.* at 292 (alterations in original) (footnote omitted) (quoting *Amazing Spaces, Inc. v. Metro Mini Storage*, 608 F.3d 225, 241 (5th Cir. 2010)).

injunction motion produced findings that all three of the marks in which it claimed protectable rights were suggestive.⁸⁵⁹ The three marks were LIFE AFTER HATE, EXITUSA, and NO JUDGMENT. JUST HELP.; the first two of these were covered by registrations on the Principal Register, while the third was unregistered. The court's analysis of the distinctiveness of each mark rested on the infrequency with which the mark was used in the same field (and therefore whether its use was competitively necessary) and whether understanding the mark's meaning required the exercise of at least some degree of imagination. Based on the preliminary injunction record, the court concluded that the defendants had failed to rebut the evidence of mark validity represented by the plaintiff's registrations of the LIFE AFTER HATE and EXITUSA marks, while the plaintiff had demonstrated the suggestiveness of the unregistered NO JUDGMENT. JUST HELP. mark.⁸⁶⁰

An additional apparent finding of suggestiveness came from a Michigan federal district court in an opinion rejecting the defendants' claim that the plaintiff's mark was geographically descriptive without otherwise expressly indicating where the mark fell within the spectrum of distinctiveness.⁸⁶¹ The mark at issue was DETROIT COFFEE, registered for, among other things, coffee and coffee beans. Addressing the parties' cross-motions for summary judgment, the court framed the issue with the observation that:

A mark that contains a geographical term can be either merely descriptive or inherently distinctive, depending on whether the geographic term is "minor, obscure, remote or unconnected with the goods." Terms that bear no relationship to the goods or are otherwise not manufactured in the geographic area identified in the mark are inherently distinctive, rather than merely descriptive.⁸⁶²

It then resolved the issue in the New York City-based plaintiff's favor as a matter of law because "Detroit is a metropolitan city and not a producer of coffee. Therefore, the geographic term 'Detroit' is unconnected to the term 'Coffee,' resulting in an inherently distinctive mark that is protectable."⁸⁶³

More commonly, courts deferred resolutions of the issue of whether marks were, in fact, suggestive. For example, although not resolving the issue itself, an opinion from the Eleventh Circuit held that a reasonable jury might find the ENGINEERED TAX

⁸⁵⁹ See *Life After Hate, Inc. v. Free Radicals Project, Inc.*, 410 F. Supp. 3d 891 (N.D. Ill. 2019).

⁸⁶⁰ *Id.* at 904.

⁸⁶¹ See *Detroit Coffee Co. v. Soup For You, LLC*, 396 F. Supp. 3d 754 (E.D. Mich. 2019).

⁸⁶² *Id.* at 766 (quoting *Burke-Parsons-Bowlby Corp. v. Appalachian Log Homes, Inc.*, 871 F.2d 590, 594 (6th Cir. 1989)).

⁸⁶³ *Id.*

SERVICES mark suggestive for the provision of various tax-related services, including cost segregation.⁸⁶⁴ Despite the plaintiff's having filed a declaration of incontestability for a federal registration covering the mark, the district court granted the defendant's motion for summary judgment, finding no material dispute that the mark was descriptive and lacked acquired distinctiveness. In contrast, the appellate court perceived a factual dispute on the issue, citing as an initial matter the district court's error in failing to consider the effect of the mark when properly viewed in its entirety.⁸⁶⁵ As it saw things, "a reasonable jury could find (1) that [the plaintiff's] mark carries a double meaning, (2) that an imaginative leap is necessary to grasp that double meaning, and (3) accordingly, that the mark is suggestive, and thus inherently distinctive."⁸⁶⁶ The imagination test for suggestiveness was not the only one potentially weighing in the plaintiff's favor, however, for the court held that the defendant's limited showing of third-party use meant it could not demonstrate, at least as a matter of law, a competitive need for the word "engineered" in the parties' field: "All told," the court concluded "this evidence doesn't even convince us that third parties need to make descriptive use of the words that constitute [the plaintiff's] mark—let alone convince us that no reasonable jury could find the evidence wanting."⁸⁶⁷ In the final analysis, "Engineered Tax Services' can reasonably be understood to entail a double meaning—to suggest tax services that are performed both (1) skillfully and scientifically and (2) by actual engineers."⁸⁶⁸

Another court found a factual dispute as to the suggestiveness of thirteen marks featuring a shared explosive second word—including CHERRY BOMB, NILLA BOMB, COLADA BOMB, and NUCAR BOMB—when used in connection with hanging paper air freshener cards.⁸⁶⁹ Seeking to dispose of the plaintiff's claim of inherent distinctiveness on a motion for summary judgment, the defendant relied upon the USPTO's descriptiveness-based rejection

⁸⁶⁴ See *Engineered Tax Servs., Inc. v. Scarpello Consulting, Inc.*, 958 F.3d 1323 (11th Cir. 2020).

⁸⁶⁵ The court elaborated on that point with the following observation:

[T]he whole can indeed be greater than the sum of its parts—"ordinary words can be combined in a novel or unique way and thereby achieve a degree of protection denied to the words when used separately." Here, the fact that the undeniably descriptive term "tax services" was modified by the adjective "engineered" is particularly significant because tax services aren't the sort of thing that ordinarily calls for engineering.

Id. at 1329 (quoting *Vision Ctr. v. Opticks, Inc.*, 596 F.2d 111, 116 (5th Cir. 1979)).

⁸⁶⁶ *Id.* at 1331.

⁸⁶⁷ *Id.* at 1332.

⁸⁶⁸ *Id.* at 1333.

⁸⁶⁹ See *Flower Mfg., LLC v. CareCo, LLC*, 466 F. Supp. 3d 797, 804 (N.D. Ohio 2020). The court did not identify the remaining nine "-bomb" marks at issue.

of an application to register its own SCENT BOMB mark for air freshener sprays. The court was unmoved, concluding instead that “this [argument] ignores the key differences between the companies’ products and the stated reason for the Patent Office’s [sic] finding: [The plaintiff’s] mark was descriptive because the company’s principal product – the air-freshener spray bottle – ejects a freshening scent, much like a bomb ejects a spray, foam, or gas under pressure.”⁸⁷⁰ It therefore held that a reasonable jury could find the plaintiff’s marks suggestive, rather than descriptive.

(iv) Arbitrary Marks

“Arbitrary . . . marks ‘bear no logical or suggestive relation to the actual characteristics of the goods.’”⁸⁷¹ Under an application of this standard, one court found as a matter of law that several marks comprising the stylized letter N were arbitrary as a matter of law for athletic shoes. It explained its decision with the concise remark that “the ‘N’ marks are . . . arbitrary: they do not describe, or even suggest, characteristics of the products with which they are associated.”⁸⁷²

(v) Coined or Fanciful Marks

“[F]anciful marks consist of ‘coined phrase[s],’ such as ‘Kodak’ cameras, ‘invented solely to function as a trademark.’”⁸⁷³ The only readily apparent finding in a reported opinion that a mark was fanciful came in a suit by the 3M Company against a defendant alleged to have misappropriated the company’s flagship mark for respirators and other personal protective equipment.⁸⁷⁴ In entering a preliminary injunction, the court found that “‘3M’ is not a word, and has no inherent relationship to the goods or services for which the marks are used, namely, N95 respirators. Accordingly, the 3M Marks are fanciful and, thus, inherently distinctive when used for respirators.”⁸⁷⁵

⁸⁷⁰ *Id.* at 809.

⁸⁷¹ *New Balance Athletics, Inc. v. USA New Bunren Int’l Co.*, 424 F. Supp. 3d 334, 347 (D. Del. 2019) (quoting *A.J. Canfield Co. v. Honickman*, 808 F.2d 291, 296 (3d Cir. 1986)), *reconsideration denied in part*, No. CV 17-1700 (MN), 2020 WL 5593928 (D. Del. Sept. 18, 2020).

⁸⁷² *Id.* at 348.

⁸⁷³ *Stone Brewing Co. v. MillerCoors LLC*, 445 F. Supp. 3d 1113, 1129 (S.D. Cal. 2020) (second alteration in original) (quoting *Official Airline Guides, Inc. v. Goss*, 6 F.3d 1385, 1390 (9th Cir. 1993)).

⁸⁷⁴ *See 3M Co. v. Performance Supply, LLC*, 458 F. Supp. 3d 181 (S.D.N.Y. 2020).

⁸⁷⁵ *Id.* at 193-94.

In contrast, another opinion to address a claim that a mark was fanciful rejected it.⁸⁷⁶ The mark at issue was BOK A BOK, used in connection with restaurant services featuring chicken. The mark's onomatopoeia sank its owner's aspirations to fanciful status, for, as the court determined from the summary judgment record, "the 'Bok a Bok' mark is directly connected to the product sold, i.e. fried chicken."⁸⁷⁷ The court did not, however, otherwise opine on the mark's proper placement on the spectrum of distinctiveness.

(b) Determining the Inherent Distinctiveness of Trade Dress and Nontraditional Marks

Although a number of reported opinions noted that claimed trade dresses consisting of product designs could not be inherently distinctive, few addressed claims of inherent distinctiveness for packaging trade dress and other nontraditional marks.⁸⁷⁸ One that did originated in the discovery by a manufacturer of smoking products of sales of competitive products bearing counterfeit imitations of its registered marks, which led the manufacturer to file suit for that tort, as well as the alleged infringement of the unregistered trade dress of the packaging in which its goods were sold.⁸⁷⁹ On the plaintiff's motion for summary judgment, the court found the packaging inherently distinctive as a matter of law. The court's opinion did not reproduce that packaging, but, referencing the plaintiff's verbal RAW mark, the court found that:

[T]he [plaintiff's] packaging contains distinct colors and phrases associated with the RAW brand, as well as protected elements such as the RAW logo and the raster image of twine encasing the package. Even if some elements of the [plaintiff's] packing are generic or descriptive, the overall look is distinct and calls to mind the RAW brand name, entitling it to protection.⁸⁸⁰

Another court entertaining a motion for preliminary injunctive relief against the use of photographs of a barn adopted the spectrum of distinctiveness applicable to word marks to find the barn's

⁸⁷⁶ See *BBC Grp. v. Island Life Rest. Grp.*, 413 F. Supp. 3d 1032 (W.D. Wash.), *reconsideration denied*, No. C18-1011 RSM, 2019 WL 4917060 (W.D. Wash. Oct. 4, 2019), and *reconsideration denied*, No. C18-1011-RSM, 2019 WL 4991533 (W.D. Wash. Oct. 8, 2019).

⁸⁷⁷ *Id.* at 1047.

⁸⁷⁸ See, e.g., *Juul Lab's v. 4X PODS.*, 439 F. Supp. 3d 341, 352 (D.N.J.) (finding, without extended analysis, trade dress consisting of "packaging featur[ing] a monochromatic box, the [plaintiff's] Pod Trademark Logo stacked vertically on the right side of the box, and a distinctive font with minimal text aligned on the upper left side" inherently distinctive), *appeal dismissed*, No. 20-1490, 2020 WL 5240430 (3d Cir. July 24, 2020)).

⁸⁷⁹ See *BBK Tobacco & Foods, LLP v. Galaxy VI Corp.*, 408 F. Supp. 3d 508 (S.D.N.Y. 2019).

⁸⁸⁰ *Id.* at 524 (citations omitted).

appearance inherently distinctive for the wood pellet grills and related goods sold by the plaintiff.⁸⁸¹ In the course of describing that spectrum, it held that “[a]rbitrary marks or marks whose design does not have an intrinsic connection to the products sold under the mark[s] should ‘be afforded the widest ambit of protection from infringing uses.’”⁸⁸² It then found that “[t]he . . . Barn is an arbitrary mark because there is no fundamental connection between a Dutch roofed barn and wood pellet grills.”⁸⁸³

(c) Acquired Distinctiveness

(i) Opinions Finding Acquired Distinctiveness

Section 2(f) of the Act provides that, in the registration context, “[t]he Director may accept as prima facie evidence that the mark has become distinctive . . . proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made.”⁸⁸⁴ In a case in which the plaintiff owned a registration on the Principal Register issued under Section 2(f) and for which it had not yet filed a declaration of incontestability, the Eleventh Circuit held that the registration obligated the defendant to disprove the acquired distinctiveness of the plaintiff’s mark.⁸⁸⁵ Overturning a jury verdict in the plaintiff’s favor, the district court had concluded the defendant had carried that burden as a matter of law, but the court of appeals disagreed in an opinion reinstating the plaintiff’s victory on the issue.

The appellate court noted the potential availability of both direct evidence (“like consumer surveys”) and circumstantial evidence in the acquired-distinctiveness inquiry.⁸⁸⁶ It then identified four factors governing the relevant inquiry, namely:

- (1) the length and manner of [the mark’s] use;
- (2) the nature and extent of advertising and promotion;
- (3) the efforts made by the [proprietor] to promote a conscious connection in the public’s mind between the [mark] and the [proprietor’s] product or business; and
- (4) the extent to which the public

⁸⁸¹ *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)

⁸⁸² *Id.* at 886 (quoting *Ocean Garden, Inc. v. Marktrade Co.*, 953 F.2d 500, 506 (9th Cir. 1991), *appeal dismissed*, No. 19-17211, 2020 WL 470307 (9th Cir. Jan. 8, 2020).

⁸⁸³ *Id.*

⁸⁸⁴ 15 U.S.C. § 1052(f) (2018).

⁸⁸⁵ *See Royal Palm Props., LLC v. Pink Palm Props., LLC*, 950 F.3d 776, 777 (11th Cir. 2020).

⁸⁸⁶ *Id.* at 784.

actually identifies the [mark] with the [proprietor's] product or venture.⁸⁸⁷

Examining the defendant's proffered evidence that the plaintiff's mark had *not* acquired distinctiveness, the court found it limited to "printouts of the websites" of various similarly named third parties allegedly in the same line of business as the plaintiff. Noting that the plaintiff served a geographically limited clientele, the court discounted the significance of the defendant's showing because "we simply cannot say whether any of the third-party users . . . have ever competed with [the plaintiff] in this highly specialized market";⁸⁸⁸ moreover, "[the defendant's] evidence showed only these third-party entities' names and, in some (but not all) instances, their locations and their general industries. We don't know the specific services they offer, the markets they target, or the clients they serve. In some cases, we don't even know whether they're still operating."⁸⁸⁹ Based on the trial record, which included the plaintiff's showings (independent of its registration) under the second and third factors set forth above, the district court had erred in setting aside the jury's finding of distinctiveness.⁸⁹⁰

The same court similarly affirmed a finding of acquired distinctiveness as a matter of law in a second appeal brought before it.⁸⁹¹ The plaintiff in that dispute owned the SAVANNAH COLLEGE OF ART AND DESIGN and SCAD marks for educational services, the secondary meaning of which was beyond material dispute:

At the time the parties filed their cross-motions for summary judgment, [the plaintiff] enrolled over 11,000 students, and now its enrollment numbers thousands more than that. It is among the leading institutions for creative professionals, with several programs honored as the best in the nation. Not only that, but [the plaintiff] also has nationally ranked athletic teams. As a consequence of that growth in goodwill and reputation since 1978, [the plaintiff] enjoys a worldwide reach of students and alumni, as well as other supporters, who recognize its marks. And beyond academics and athletics, [the plaintiff] coordinates other events throughout the year that draw tens of thousands of attendees.⁸⁹²

⁸⁸⁷ *Id.* at 785 (alterations in original) (quoting *Conagra, Inc. v. Singleton*, 743 F.2d 1508, 1513 (11th Cir. 1984)).

⁸⁸⁸ *Id.* at 786.

⁸⁸⁹ *Id.*

⁸⁹⁰ *Id.*

⁸⁹¹ See *Savannah Coll. of Art & Design, Inc. v. Sportswear, Inc.*, 983 F.3d 1273 (11th Cir. 2020).

⁸⁹² *Id.* at 1282.

The court found it additionally significant that the defendant, which had affixed the plaintiff's marks to sportswear, had undertaken that conduct precisely to associate its goods with the plaintiff:

[I]t strains credulity for [the defendant] to argue against the strength of [the plaintiff's] marks when [the defendant] offered and sold merchandise with those identical word marks to obtain a profit from its consumers. If the marks had no strength, consumers would not purchase attire imprinted with them in the first place, and [the defendant] would have no reason to offer for sale products bearing the marks.⁸⁹³

In the face of these considerations, the defendant's showing of three unauthorized third-party users of the same marks did not create a factual dispute as to the marks' eligibility for protection.⁸⁹⁴

At the trial court level, a Georgia federal district court concluded in entering a preliminary injunction that the descriptive DISCOUNT TIRE mark for the retail sale of automobile and light-truck tires had acquired secondary meaning.⁸⁹⁵ To secure that favorable outcome, the plaintiff cited its investment of "over one billion dollars" to promote its mark over a fifty-eight year period, an investment that included a television commercial introduced in 1975 and recognized by the *Guinness Book of World Records* as the longest-running commercial in history.⁸⁹⁶ It also benefitted from "various awards its brand has received," as well as expert testimony from a linguist of favorable Yelp reviews reflecting recognition of the plaintiff's mark as a mark.⁸⁹⁷ Finally, the court found, "[the plaintiff] provided evidence to the PTO in 2014 of secondary meaning based on evidence of billions of dollars of sales and over \$1 billion in advertising. Since that time, it asserts, its sales have nearly doubled and its advertising spending has increased."⁸⁹⁸

The FLETCHER'S mark for corn dogs and the sale of those goods also was found to have acquired distinctiveness on a preliminary injunction motion.⁸⁹⁹ The Texas federal district court reaching that conclusion turned to the Fifth Circuit's seven-factor test on the issue, which mandated consideration of: (1) the length and manner of the mark's use; (2) the plaintiff's sales volume; (3) the amount and manner of the plaintiff's advertising; (4) the nature of the mark's use in media; (5) survey evidence; (6) direct consumer testimony;

⁸⁹³ *Id.* at 1283.

⁸⁹⁴ *Id.*

⁸⁹⁵ *See* Reinalt-Thomas Corp. v. Mavis Tire Supply, LLC, 391 F. Supp. 3d 1261 (N.D. Ga. 2019).

⁸⁹⁶ *Id.* at 1274-75.

⁸⁹⁷ *Id.* at 1274.

⁸⁹⁸ *Id.* at 1275.

⁸⁹⁹ *See* Fletcher's Original State Fair Corny Dogs, LLC v. Fletcher-Warner Holdings LLC, 434 F. Supp. 3d 473 (E.D. Tex. 2020).

and (7) the defendant's intent in copying the mark.⁹⁰⁰ In an application of that test, the court found "substantial evidence of secondary meaning," beginning with the mark's use since the 1940s "at multiple venues and locations."⁹⁰¹ The level of sales under the mark supported the same outcome, as the plaintiff proffered "uncontroverted evidence" that it sold "hundreds of thousands of corn dogs each year and that its sales revenues in recent years have been between three and four million dollars annually."⁹⁰² The court also found credible the plaintiff's showings that it had advertised "through a website, social media accounts, and signage at events, as well as through merchandise available for purchase on its website and worn by its employees"⁹⁰³ and that "the 'Fletcher's' mark has been referenced in numerous local and national newspaper articles and in social media posts."⁹⁰⁴ Although apparently not submitting actual consumer testimony, "[the plaintiff] provided numerous instances in which consumers shared their 'love' for the brand, the products, and their experiences with Fletcher's."⁹⁰⁵ Finally, one of the defendants admitted against interest at a hearing on the plaintiff's motion for a preliminary injunction that the defendants had copied the plaintiff's mark based on their understanding that they could do so without liability "so long as the mark was changed by five percent."⁹⁰⁶ The absence of survey evidence of distinctiveness did not prevent the court from finding the claim convincing.

(ii) Opinions Declining to Find Acquired Distinctiveness

A Federal Circuit opinion in which that court was called upon to apply Eleventh Circuit authority affirmed a finding as a matter of law that the following configuration of a chalk pencil lacked acquired distinctiveness:⁹⁰⁷

⁹⁰⁰ *Id.* at 484.

⁹⁰¹ *Id.*

⁹⁰² *Id.* at 484-85.

⁹⁰³ *Id.* at 485.

⁹⁰⁴ *Id.*

⁹⁰⁵ *Id.*

⁹⁰⁶ *Id.* at 486.

⁹⁰⁷ *See Lanard Toys Ltd. v. Dolgencorp LLC*, 958 F.3d 1337, 1340 (Fed. Cir. 2020).



The court did not actually refer to any Eleventh Circuit opinions in doing so, but instead targeted the plaintiff's argument that the district court had erred in limiting its analysis to end users of the chalk pencils. The plaintiff argued that alleged error was significant because its actual customers were wholesalers and retail stores to which the plaintiff promoted its goods "through direct communications, presentations, and pitches."⁹⁰⁸ The defendants responded that the plaintiff had failed to distinguish between those customers and end users before the district court, but that argument was ultimately mooted by the court's rejection of the plaintiff's case even with respect to the plaintiff's wholesalers and retailers. As it explained, "[the plaintiff] merely emphasizes that it sold a lot of units of [its] Chalk Pencil through direct marketing to wholesalers and retail stores, but [the plaintiff] cites no evidence as to how those customers view its . . . Chalk Pencil product."⁹⁰⁹ The district court therefore had properly granted the defendants' motion for summary judgment.

The Federal Circuit was not alone in affirming a finding of no acquired distinctiveness as a matter of law for a product design. On the contrary, the Tenth Circuit also did so in an appeal arising from a failed attempt to protect the appearance of a daily planner.⁹¹⁰ The summary judgment record was devoid of any direct evidence favoring the plaintiff's claim of a protectable trade dress, which left the court to review that record for the categories of circumstantial evidence it previously had recognized, namely:

⁹⁰⁸ *Id.* at 1347.

⁹⁰⁹ *Id.*

⁹¹⁰ *See* Craft Smith, LLC v. EC Design, LLC, 969 F.3d 1092 (10th Cir. 2020).

(1) the length and manner of the trade dress's use; (2) the nature and extent of advertising and promotion of the trade dress; (3) the efforts made in the direction of promoting a conscious connection, in the public's mind, between the trade dress and a particular product or venture; (4) actual consumer confusion; (5) proof of intentional copying; or (6) evidence of sales volume.⁹¹¹

Affirming the district court's conclusion that the lack of acquired distinctiveness attaching to the plaintiff's design was beyond material dispute, the court observed that "[s]ales volume . . . only suggests secondary meaning when presented in conjunction with other evidence; standing alone, sales volume may not be indicative of secondary meaning because it could be related to factors other than source identification."⁹¹² Moreover, although the court previously had recognized that intentional copying and extensive sales could support an inference of distinctiveness,⁹¹³ it now limited that holding to the packaging trade dress context:

[B]ecause trade-dress protection exists to prevent deception, . . . some evidence [is required] that the trade dress infringement caused deception. For product-packaging trade dress, such deception could be shown by a defendant's intentional copying, because the "very purpose" of distinctive product packaging is to identify the source. . . .

But these considerations do not hold when the relevant trade dress is for product design, as it is here. Because unlike a product's packaging, a product's design often goes directly to its function.⁹¹⁴

Adopting an inference in the defendant's (rather than in the plaintiff's) favor, the court determined that the copying at issue "likely" had been "to take advantage of an already popular layout and size," which it held related "to the product's functionality, rather than its source."⁹¹⁵ It then disposed of the plaintiff's claim of long-standing exclusive use by crediting the defendant's showings of third-party use and an evolution of the alleged trade dress over time.⁹¹⁶ Likewise, the plaintiff's advertising failed to create a factual dispute because it did not promote a conscious connection between the design and the plaintiff.⁹¹⁷ Finally, because comments by third

⁹¹¹ *Id.* at 1107 (quoting *Savant Homes, Inc. v. Collins*, 809 F.3d 1133, 1148 (10th Cir. 2016)).

⁹¹² *Id.* (quoting *Savant Homes*, 809 F.3d at 1148).

⁹¹³ *See Sally Beauty Co. v. Beautyco, Inc.*, 304 F.3d 964, 977 (10th Cir. 2002).

⁹¹⁴ *Craft Smith*, 969 F.3d at 1110 (quoting *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 212 (2000)).

⁹¹⁵ *Id.*

⁹¹⁶ *Id.* at 1111-12.

⁹¹⁷ *Id.* at 1112.

parties that the defendant's design was a "knockoff" of the plaintiff's design did not rise to the level of actual confusion, that consideration also did not merit a reversal or vacatur of the district court's entry of summary judgment of nonliability.⁹¹⁸

In granting a different defense motion for summary judgment in the first instance, a Georgia federal district court found no material dispute that the plaintiff's claimed unregistered CONNECT mark for the operation of trade shows lacked the acquired distinctiveness necessary to qualify for protection.⁹¹⁹ To do so, it invoked the four factors identified by the Eleventh Circuit discussed above as governing the secondary meaning inquiry. The plaintiff came up short with respect to three of the four factors, beginning with its failure under the first to have used its claimed mark on a standalone basis,⁹²⁰ as well as numerous third-party uses of "connect" in the same industry.⁹²¹ Likewise, under the second, the plaintiff's sales and promotional numbers lacked detail, were not necessarily connected to the claimed mark at issue,⁹²² and were not limited to the period of time before the defendant's adoption of its allegedly infringing mark.⁹²³ And, under the fourth, the plaintiff's showing was again largely limited to evidence arising after the introduction of the defendant's mark.⁹²⁴ Although the court credited the plaintiff's showing under the third factor that it had "made substantial efforts to incorporate 'connect' into many of its publications and trade shows,"⁹²⁵ that consideration was an insufficient basis for the denial of summary judgment in the defendant's favor.

One finding that a plaintiff's descriptive mark had failed to achieve secondary meaning came after a trial.⁹²⁶ That mark was PINNACLE for advertising and marketing services, and the plaintiff's claim of distinctiveness was greatly hindered by "substantial third-party use of the term and trademark 'Pinnacle,' including that use by businesses in the same field as the parties. Referring to printouts generated through the USPTO's TESS system, the court found that "[t]he significant amount of other

⁹¹⁸ *Id.*

⁹¹⁹ *See Tarsus Connect, LLC v. Cvent, Inc.*, 452 F. Supp. 3d 1334 (N.D. Ga. 2020).

⁹²⁰ In particular, the summary judgment record demonstrated that the plaintiff used "connect" primarily as an element of its larger CONNECT MARKETPLACE mark. *Id.* at 1359-60.

⁹²¹ *Id.* at 1360.

⁹²² *Id.*

⁹²³ *Id.* at 1360-61.

⁹²⁴ *Id.* at 1361-62.

⁹²⁵ *Id.* at 1361.

⁹²⁶ *See Pinnacle Advert. & Mktg. Grp. v. Pinnacle Advert. & Mktg. Grp.*, 418 F. Supp. 3d 1143 (S.D. Fla. 2019), *appeal docketed*, No. 19-15167 (11th Cir. Dec. 30, 2019).

Pinnacle companies, many of those who have likewise trademarked the word ‘Pinnacle,’ diminishes the possibility that consumers seeking advertising services would associate the term ‘Pinnacle’ with [the plaintiff’s] advertising company.”⁹²⁷ With the plaintiff having failed to adduce evidence either of any efforts to promote a conscious connection between its claimed mark and itself or any evidence that such a connection existed,⁹²⁸ the court agreed that “relevant consumers would not associate the term ‘Pinnacle’ by itself with [the plaintiff], meaning [the plaintiff’s marks] have not acquired secondary meaning.”⁹²⁹

An application of the Second Circuit’s factors for weighing claims of acquired distinctiveness led a New York federal district court to reject such a claim in the context of a motion for a preliminary injunction: “The existence of secondary meaning is an inherently factual inquiry in which . . . [courts] examine[]: (1) the senior user’s advertising expenditures, (2) consumer studies linking the name to the source, (3) sales success, (4) unsolicited media coverage of the product, (5) attempts to plagiarize the mark, and (6) length and exclusivity of the mark’s use.”⁹³⁰ Analyzing those factors, the court faulted the showing of the plaintiff, a restaurateur, in multiple respects, noting his failure to “proffer, *inter alia*, any consumer studies or surveys; affidavits from any of his customers; amounts of his sales or advertising expenditures at the . . . restaurants; or proof of any unsolicited media coverage of his restaurants.”⁹³¹ Instead, the plaintiff pointed to his own testimony of the high standards of quality maintained at his restaurants and of his good reputation, as well as his apparently undisputed exclusive use of his mark for three years before the defendants’ alleged infringement, but the court dismissed the former as self-serving and the latter as insufficient.⁹³²

(iii) Opinions Deferring Resolution of the Acquired-Distinctiveness Inquiry

The highly fact-intensive nature of the acquired-distinctiveness inquiry generally does not lend itself to resolution at the pleadings stage of cases in which it is at issue. One example of that general rule came in an action to protect the claimed trade dress of a portable plastic fuel container averred by the plaintiff to have

⁹²⁷ *Id.* at 1160.

⁹²⁸ *Id.*

⁹²⁹ *Id.* at 1161.

⁹³⁰ *Khan v. Addy’s BBQ LLC*, 419 F. Supp. 3d 538, 555 (E.D.N.Y. 2019) (alterations in original) (quoting *Yarmuth-Dion, Inc. v. D’ion Furs, Inc.*, 835 F.2d 990, 993 (2d Cir. 1987)).

⁹³¹ *Id.*

⁹³² *Id.*

achieved an exclusive association with itself.⁹³³ Weighing the defendant's motion to dismiss the plaintiff's complaint for failure to state a claim, the Kansas federal district court hearing the case noted the plaintiff's claim to have used and advertised its containers since 1989. The court also was impressed with a label on the plaintiff's containers highlighting the shape comprising the claimed trade dress:⁹³⁴



The court acknowledged that an allegation of continuous marketing in and of itself ordinarily did not suggest with the required degree of plausibility an exclusive association of the claimed trade dress with the plaintiff. Nevertheless, it held, “here, Plaintiff alleges more than simply the duration of its advertising and marketing to support the secondary meaning element of its claim. It alleges a thirty-year marketing effort, and ties that marketing effort to the trade dress itself, with a specific example of its product label.”⁹³⁵ When considered with its averments of intentional copying by the defendant and significant sales volume, the plaintiff's complaint adequately stated a claim of protectable rights.⁹³⁶

Another court declining an invitation to decide the acquired distinctiveness of two claimed marks prior to trial did so at the summary judgment stage of the case before it.⁹³⁷ In an application of Sixth Circuit law, it teed the issue up in the following matter:

Courts in this Circuit evaluate seven factors to determine whether a mark has acquired secondary meaning: (1) direct consumer testimony; (2) consumer surveys; (3) exclusivity, length, and manner of use; (4) amount and manner of advertising; (5) amount of sales and number of customers; (6) established place in the market; and (7) proof of intentional copying.⁹³⁸

That restatement of the test for acquired distinctiveness proved to be longer than the court's analysis of the relevant factors, for the plaintiffs apparently submitted neither direct nor circumstantial

⁹³³ See *No Spill, Inc. v. Scepter Canada, Inc.*, 429 F. Supp. 3d 768 (D. Kan. 2019).

⁹³⁴ *Id.* at 777.

⁹³⁵ *Id.* at 785.

⁹³⁶ *Id.*

⁹³⁷ See *House v. Players' Dugout, Inc.*, 440 F. Supp. 3d 673 (W.D. Ky. 2020).

⁹³⁸ *Id.* at 686.

evidence or testimony in support of their claims of protectable rights.⁹³⁹ They therefore were in no position to request the court to rule in their favor as a matter of law.

Despite putting marginally more effort in their showings, two other plaintiffs failed to establish the acquired distinctiveness of their personal name marks beyond material dispute under the Third Circuit's rather ponderous test for such a showing:

The Third Circuit has articulated a lengthy, but non-exclusive, list of factors for determining whether a mark has acquired secondary meaning, which includes: (1) extent of sales and advertising leading to buyer association; (2) length of use; (3) exclusivity of use; (4) fact of copying; (5) customer surveys; (6) customer testimony; (7) use of mark in trade journals; (8) size of company; (9) number of sales; (10) number of customers; and (11) actual confusion.⁹⁴⁰

The plaintiffs invoked the long-standing use of their marks, the existence of actual confusion, and the defendants' alleged copying of those marks. In response, the defendants claimed the plaintiffs had incurred only modest promotional expenses before a shared marketing undertaking between the parties, as well as that a telephone routing system had eliminated the actual confusion and that the plaintiffs had failed to adduce any showing of actual consumer association between the marks and the plaintiffs. Under the circumstances, the court held, it would be inappropriate to find the plaintiffs' claimed marks protectable as a matter of law.⁹⁴¹

(d) Survey Evidence of Distinctiveness

The methodology underlying genericness surveys proved a fertile source of litigation, with one opinion turning in part on the question of whether *Teflon*-format surveys are appropriate if challenged marks did not originate as coined terms, but instead as common words or phrases.⁹⁴² The plaintiff in the case producing that opinion owned a federal registration of the DISCOUNT TIRES mark for the retail sale of automobile and light-truck tires and supported its claim of mark validity with the results of two *Teflon* surveys, which yielded 80% and "between 76% and 84%" net positive response rates.⁹⁴³ Citing authority from the Trademark Trial and

⁹³⁹ *Id.* at 686-87.

⁹⁴⁰ *Giannone v. Giannone*, 429 F. Supp. 3d 34, 39 (E.D. Pa. 2019) (citing *Commerce Nat'l Ins. Services, Inc. v. Commerce Ins. Agency, Inc.*, 214 F.3d 432, 438 (3d Cir. 2000)).

⁹⁴¹ *Id.*

⁹⁴² *See Reinalt-Thomas Corp. v. Mavis Tire Supply, LLC*, 391 F. Supp. 3d 1261 (N.D. Ga. 2019).

⁹⁴³ *Id.* at 1271.

Appeal Board,⁹⁴⁴ the defendant argued that the plaintiff's *Teflon* surveys did not account for multiple businesses using the term in their brand names and therefore opened the door to false positives, in which, as the court summarized the defendant's argument, "a consumer may recognize that 'Discount Tire' is a brand name but associate the name with a different business also including the phrase in its name."⁹⁴⁵ Ultimately, however, the court held that "[a]lthough the *Teflon* survey did originate in the context of a party attempting to show that a coined term had *become* generic over time, . . . numerous courts (including some in this circuit) have relied on *Teflon* surveys in cases regarding non-coined terms."⁹⁴⁶ It finally credited Professor McCarthy's observation that "the view that consumer perception is irrelevant for a non-coined term 'is to assume the result before making an analysis of that which is to be decided.'"⁹⁴⁷

A series of attacks on another *Teflon* survey rested on the distinction between certification marks and trademarks.⁹⁴⁸ The mark at issue was BLUETOOTH for the certification of, inter alia, telecommunication services, computer communication services, and various communications devices, which the defendant sought to invalidate in part through survey results indicating that 82% of respondents perceived the mark as a generic term. In response, the plaintiff attacked the survey's methodology for failing to distinguish between trademarks and certification marks and for emphasizing the definition of a trademark over that of a certification mark; moreover, according to the plaintiff, the survey was additionally flawed because only one of its three controls was a certification mark.

The court rejected those criticisms. Not only had the defendant's expert used "the most widely accepted survey format for testing a trademark's genericness,"⁹⁴⁹ but the plaintiff's criticism of the survey was misplaced for two reasons. First, although the plaintiff accused the expert of conflating trademarks and certification marks, "that is a critique of the *Teflon* survey format itself. The *Teflon*

⁹⁴⁴ *Frito-Lay N. Am., Inc. v. Princeton Vanguard, LLC*, 124 U.S.P.Q.2d 1184, 1202 (T.T.A.B. 2017) ("[W]here, as here, one party claims to have exclusive rights in a term that was not previously controlled by that party as a coined term, courts have found that *Teflon* surveys are ineffective at determining the true weight of public perception." (footnote omitted)).

⁹⁴⁵ *Reinalt-Thomas*, 391 F. Supp. 3d at 1272.

⁹⁴⁶ *Id.* (first citing *Booking.com B.V. v. USPTO*, 915 F.3d 171, 183-84 (4th Cir. 2019), *aff'd in relevant part*, 140 S. Ct. 2298 (2020), and then citing *Burger King Corp. v. Pilgrim's Pride Corp.*, 705 F. Supp. 1522, 1526 (S.D. Fla. 1988)), *aff'd* 894 F.2d 412 (11th Cir. 1990)).

⁹⁴⁷ *Id.* (quoting J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 12:17.50, at 1269 n.2 (5th ed.)).

⁹⁴⁸ See *Bluetooth SIG, Inc. v. FCA US LLC*, 463 F. Supp. 3d 1169 (W.D. Wash. 2020).

⁹⁴⁹ *Id.* at 1182.

format does not compare trademarks against certification marks, or even certification marks against common names. Rather, it compares brand names against common names.”⁹⁵⁰ “Second,” the court held, “[the plaintiffs] arguments are all directed at the survey’s methodology, which go to the survey’s impeachability not admissibility.”⁹⁵¹

In contrast, a South Carolina federal district court rejected the reliance on a *Teflon* survey by a group of defendants seeking to establish the genericness of the words “The Episcopal Church,” either as a standalone phrase or as a component of other marks.⁹⁵² The results of that survey suggested that 55.3% of respondents viewed the words as generic for a *category of church*—one subject to the governance of a bishop or bishops—but, having placed the burden on the defendants to demonstrate that the plaintiffs’ marks were generic for a *religion*, the court held that survey results inapposite. Beyond that, it found that the survey’s methodology “permits a respondent to identify the mark as a ‘category’ if the mark refers to a ‘type of organization,’ which the survey states ‘can’ be, but is not necessarily, used by organizations that are not affiliated with each other.”⁹⁵³ “Disturbingly,” it concluded:

[T]he “can” in that sentence would permit the opposite to be true as well: a respondent could choose “category” if the mark refers to a “type of organization” that *is* affiliated with another organization. This question thus permits a respondent to respond “category” even if they perceived “The Episcopal Church” to be a descriptive term for the type of church that is part of the Anglican communion and affiliated with [the plaintiff by that name].⁹⁵⁴

The survey’s results therefore failed to create a factual dispute as to the words’ descriptiveness.

(3) Nonfunctionality

(a) Utilitarian Nonfunctionality

The Ninth Circuit has occasionally proven an inhospitable jurisdiction in which to assert claims of trade dress protection. Nevertheless, that court affirmed a jury finding of utilitarian nonfunctionality for the following office chairs:⁹⁵⁵

⁹⁵⁰ *Id.*

⁹⁵¹ *Id.*

⁹⁵² See *vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612 (D.S.C. 2019), *appeal docketed*, No. 19-2112 (4th Cir. Apr. 4, 2020).

⁹⁵³ *Id.* at 638.

⁹⁵⁴ *Id.*

⁹⁵⁵ See *Blumenthal Distrib., Inc. v. Herman Miller, Inc.*, 963 F.3d 859, 863 (9th Cir. 2020).



It also vacated the jury’s finding that the following chair was functional:⁹⁵⁶



As an initial matter, the court held that:

A claimed trade dress has utilitarian functionality if it is essential to the use or purpose of a product or affects its cost or quality. To determine whether this definition is satisfied, we use [a] four-factor test [Those] factors are: “(1) whether the design yields a utilitarian advantage, (2) whether alternative designs are available, (3) whether advertising touts the utilitarian advantages of the design, and (4) whether the particular design results from a comparatively simple or inexpensive method of manufacture.”⁹⁵⁷

Apparently without referring to those factors, the defendant argued that the configurations of the first two chairs included some functional elements, but the court confirmed that “a product’s overall appearance is necessarily functional if *everything* about it is

⁹⁵⁶ *Id.*

⁹⁵⁷ *Id.* (quoting *Millennium Lab’ys v. Ameritox, Ltd.*, 817 F.3d 1123, 1127 (9th Cir. 2016)).

functional, not merely if *anything* about it is functional.”⁹⁵⁸ 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.⁹⁵⁹

Nevertheless, the court also rejected the plaintiff’s argument that “because the examination must be holistic, the functionality of individual features is irrelevant.”⁹⁶⁰ “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 nonfunctional combinations or arrangements of functional parts can create an overall appearance that should be deemed nonfunctional.”⁹⁶¹

Ultimately, the court held the jury within its rights to find the first two configurations nonfunctional in the utilitarian sense. For one thing, the trial record included “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.’”⁹⁶² 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.”⁹⁶³ 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.⁹⁶⁴

The court then turned to the jury’s finding of functionality for the third chair, which came after the district court instructed the jury in part that “[a] product feature . . . is non-functional if its shape or form makes no contribution to the product’s function or operation.”⁹⁶⁵ That instruction, the appellate court held, failed to account for the rule “that a feature that provides a utilitarian benefit is not functional” in and of itself unless an application of the

⁹⁵⁸ *Id.* at 866.

⁹⁵⁹ *Id.*

⁹⁶⁰ *Id.*

⁹⁶¹ *Id.*

⁹⁶² *Id.* at 867 (quoting *Disc Golf Ass’n v. Champion Discs, Inc.*, 158 F.3d 1002, 1006 (9th Cir. 1998)).

⁹⁶³ *Id.* at 868.

⁹⁶⁴ *Id.*

⁹⁶⁵ *Id.* (alterations in original).

court's four-factor test established it was.⁹⁶⁶ Because the erroneous instruction could not be considered without consequences, but was instead presumptively harmful, the jury's finding of functionality was vacated and the issue remanded for a new trial.⁹⁶⁷

Although the Seventh Circuit also has not viewed claims of trade dress protection in product configurations with favor in recent years, it too affirmed a jury finding of nonfunctionality for the design of the following coffee press:⁹⁶⁸



The court held the relevant inquiry to turn on an application of the following five factors: (1) the existence of a utility patent, expired or unexpired, involving or describing the functionality of the design; (2) the utilitarian properties of the design's unpatented elements; (3) any advertising by the plaintiff touting the utilitarian advantages of the design; (4) the availability of alternative designs; and (5) the effect of the design on the product's quality or cost.⁹⁶⁹ It then found the jury's finding of nonfunctionality supported by a number of considerations, including: (1) the absence of potentially relevant utility patent claims (the district court had excluded several patents proffered by the defendant from evidence); (2) testimony from experts retained by both parties that no functional advantages attached to the shape of the handle; (3) a dearth of advertising featuring functional claims; (4) "a plethora of evidence regarding the availability of alternative designs"; and

⁹⁶⁶ *Id.* at 869.

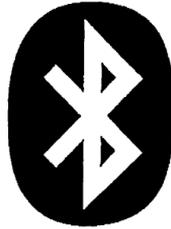
⁹⁶⁷ *Id.*

⁹⁶⁸ *See* Bodum USA, Inc. v. A Top New Casting Inc., 927 F.3d 486, 490 (7th Cir.), *cert. denied*, 140 S. Ct. 675 (2019).

⁹⁶⁹ *Id.* at 492.

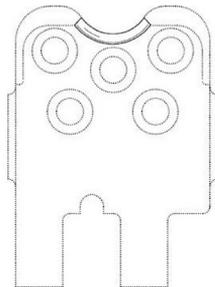
(5) testimony from fact witnesses that the design was more expensive to produce than at least some alternatives.⁹⁷⁰

At the trial court level, a federal tribunal rejected a claim that the following stylized B design, registered for various telecommunications services and related goods, was functional:⁹⁷¹



According to the defendant, the design was functional because it communicated “certain functions, such as whether a device is on or off or whether two devices are paired.”⁹⁷² On the parties’ cross-motions for summary judgment, the court sided with the plaintiff, holding that the defendant had “failed to show that the B Design Mark is essential to wireless connectivity—presumably, devices may pair wirelessly without using the mark—or that the design affects cost or quality.”⁹⁷³

Other claims of nonfunctionality proved far less successful. For example, the Seventh Circuit reverted to its usual form in affirming a finding of functionality as a matter of law for the “scalloped” top edge of the conveyor belt fastener shown below on the left, despite the plaintiff’s ownership of a registration of the mark shown on the right, for which the plaintiff had filed a declaration of incontestability:⁹⁷⁴



⁹⁷⁰ *Id.* at 493-95.

⁹⁷¹ See Bluetooth SIG, Inc. v. FCA US LLC, 463 F. Supp. 3d 1169, 1178 (W.D. Wash. 2020).

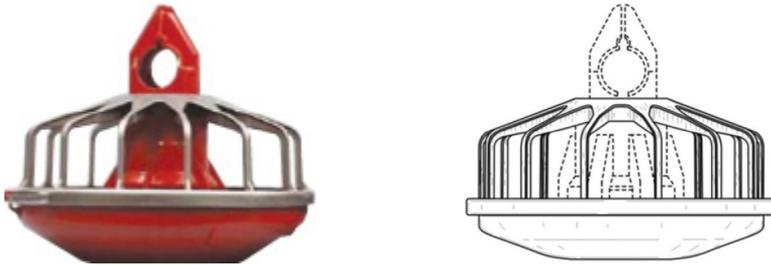
⁹⁷² *Id.* at 1186.

⁹⁷³ *Id.*

⁹⁷⁴ See Flexible Steel Lacing Co. v. Conveyor Accessories, Inc., 955 F.3d 632 (7th Cir. 2020).

The court identified the same five Seventh Circuit factors governing the inquiry as addressed above.⁹⁷⁵ The key consideration underlying the court’s dismissal of the plaintiff’s claim of nonfunctionality was the disclosure of a related utility patent owned by the plaintiff, which the court regarded as an “excellent cheat sheet[.]” in assessing the protectability of the claimed trade dress.⁹⁷⁶ Beyond that, the court found additional support for the lack of a factual dispute on the question in “[the plaintiff’s] own advertisements, internal communications, and statements to the USPTO.”⁹⁷⁷ Although the plaintiff had proffered evidence of alternative designs in response to the defendant’s summary judgment motion, the court rejected that showing with the explanation that “because [the plaintiff] has claimed the beveled center scallop as a solution to a problem in its patents, in its statements to the USPTO, and in its advertisements, the beveled center scallop properly remains in the world of patents.”⁹⁷⁸

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, despite the plaintiff’s ownership of a federal registration covering the mark shown on the right:⁹⁷⁹



The primary problem for the plaintiff in the court’s application of the four “*Morton-Norwich* factors⁹⁸⁰ was the disclosure of a related

⁹⁷⁵ *Id.* at 644 (quoting *Ga.-Pac. Consumer Prods. LP v. Kimberly-Clark Corp.*, 647 F.3d 723, 727 (7th Cir. 2011)).

⁹⁷⁶ *Id.* at 646 (quoting *Jay Franco & Sons, Inc. v. Franek*, 615 F.3d 855, 857 (7th Cir. 2010)).

⁹⁷⁷ *Id.* at 648.

⁹⁷⁸ *Id.* at 651.

⁹⁷⁹ See *CTB, Inc. v. Hog Slat, Inc.*, 954 F.3d 647, 653 (4th Cir. 2020).

⁹⁸⁰ Citing *In re Morton-Norwich Products, Inc.*, 671 F.2d 1332, 1340-41 (C.C.P.A. 1982), the court held that:

Four factors, labeled the *Morton-Norwich* factors due to the case from which they originate, assist our functionality inquiry. They are: (1) the existence of utility patents disclosing the utilitarian advantages of a design; (2) advertising focusing on the utilitarian advantages of a design; (3) the availability of functionally equivalent alternative designs which competitors may use; and (4) facts indicating that a design results in a comparatively simple or cheap method of manufacturing the product.

utility patent, in which the plaintiff had claimed that the shape of its feeder allowed chickens to exit the feeder more readily than they could enter it.⁹⁸¹ Another was testimony by the named inventor on the patent that chickens were attracted to shiny metallic objects.⁹⁸² 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.⁹⁸³ Nor did it accept the plaintiff's argument that the combination of individually functional upper and lower halves of its feeder created a nonfunctional whole: "Plaintiff offers no reason why the combination of two wholly-functional components . . . gains some non-functional character that qualifies the entire feeder for trade dress protection. . . . The overall feeder profile . . . results from a simple and utility-driven amalgamation of its two functional halves."⁹⁸⁴

As always, factual disputes precluded some courts from resolving the nonfunctionality/functionality inquiry as a matter of law. For example, one reached the usual result by denying a motion to dismiss a claim of protectable trade dress in the yellow and black appearance of its electrical adapters and extension cords.⁹⁸⁵ As the court explained:

[I]t is difficult to imagine what more [the plaintiff] should allege at this stage. The amended complaint alleges that the design does not assist the functioning of the extension cords or . . . electrical adapters and that the trade dress does not place competitors at a disadvantage because there are a variety of other non-infringing designs on the market.⁹⁸⁶

The denial of a motion to dismiss also held in an action to protect the appearance of a portable plastic fuel container.⁹⁸⁷ Targeting the plaintiff's claim that the container was nonfunctional, the defendant argued (as summarized by the court) that the container's open handle "allows the user to pick up the gas can, the tethered cap allows the user to open the gas can without misplacing the cap, the nozzle assembly allows the user to pour gas from the can, and the cap itself allows the user to close the can";⁹⁸⁸ "[m]oreover," the court noted, "Defendant urges that the red color of the can is mandated

CTB, 954 F.3d at 657-58.

⁹⁸¹ *Id.* at 659-62.

⁹⁸² *Id.* at 660.

⁹⁸³ *Id.* at 662-63.

⁹⁸⁴ *Id.* at 665.

⁹⁸⁵ *See Camco Mfg., Inc. v. Jones Stephens Corp.*, 391 F. Supp. 3d 515 (M.D.N.C. 2019).

⁹⁸⁶ *Id.* at 525.

⁹⁸⁷ *See No Spill, Inc. v. Scepter Canada, Inc.*, 429 F. Supp. 3d 768 (D. Kan. 2019).

⁹⁸⁸ *Id.* at 786.

by federal regulations.”⁹⁸⁹ The plaintiff’s response relied in significant part on alternative designs and additionally argued that the overall combination of its container was nonfunctional, even if individual components of it were not. The court sided with the plaintiff and therefore held the defendant’s motion without merit: “Defendant leans on a ‘common-sense’ application of the functionality doctrine to discount Plaintiff’s assertions of functionality, but that position requires the Court to resolve a factual dispute. Such an exercise is not permitted at the motion to dismiss stage, where the Court must assume as true the facts as alleged.”⁹⁹⁰

A similar simplistic theory of functionality fell similarly short, at least as a matter of law, in a dispute between producers of bridesmaid dresses.⁹⁹¹ Weighing a defense motion for summary judgment, the court adopted the familiar *Morton-Norwich* factors to guide its evaluation of the defendant’s showing of functionality.⁹⁹² The defendant’s motion was apparently grounded exclusively in utility patent filings made by the plaintiff, which the defendant argued merited the summary disposition of the case prior to discovery. Although acknowledging that issued utility patents constituted strong evidence of functionality, the court pointed out that the filings in question were mere applications and, in its view, “*pending* applications do not bar a plaintiff, as a matter of law, from asserting [a] trade dress claim.”⁹⁹³ Further, it observed, the features of the dresses comprising the plaintiff’s alleged trade dress were not claimed in its utility patent applications, and, in any case, “as [the plaintiff] asserts, it obtained a design patent covering the overall ornamental design for the bridesmaid dresses, and design patents are probative of nonfunctionality.”⁹⁹⁴ Finally, the plaintiff had responded to the defendant’s motion with a detailed declaration under Rule 56(d)⁹⁹⁵ laying out the discovery it deemed necessary to respond to the defendant’s motion. The combination of those considerations led the court to deny the motion as premature, albeit without prejudice.⁹⁹⁶

The same opinion also addressed, but summarily rejected, the defendant’s argument that federal patent law and the Constitution’s Intellectual Property Clause preempted the plaintiff’s federal trade

⁹⁸⁹ *Id.*

⁹⁹⁰ *Id.* at 787.

⁹⁹¹ *See Jenny Yoo Collection, Inc. v. Essense of Australia, Inc.*, 448 F. Supp. 3d 1162 (D. Kan. 2020).

⁹⁹² *Id.* at 1171.

⁹⁹³ *Id.* at 1172-73.

⁹⁹⁴ *Id.* at 1173.

⁹⁹⁵ Fed. R. Civ. P. 56(d).

⁹⁹⁶ *Jenny Yoo Collection*, 448 F. Supp. 3d at 1173.

dress claims under the Lanham Act.⁹⁹⁷ As to the former, the court held that “[s]imply put, the *Sears-Compco* federal-state preemption rationale has no application to a federal statute like the Lanham Act.”⁹⁹⁸ Moreover, relying on authority for the proposition that the functionality prerequisite for trade dress protection precluded a conflict between that protection and utility patent protection, it concluded that the Supreme Court had never given the Intellectual Property Clause the restrictive effect claimed by the defendant. It therefore denied the defendant’s motion for summary judgment of preemption.⁹⁹⁹

(b) Aesthetic Nonfunctionality

The Ninth Circuit took aim at a pair of claims of aesthetic functionality, with their proponents coming up short in each case. In the first, the court vacated a jury finding that the following configuration of an office chair was functional after receiving an instruction from the district court bearing on both aesthetic and utilitarian functionality:¹⁰⁰⁰



With respect to aesthetic functionality, the instruction provided “[i]f the feature is part of the actual benefit that consumers wish to purchase when they buy the product, the feature is functional.”¹⁰⁰¹ 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.”¹⁰⁰² Thus, because “[a]n error in instructing the jury in a civil case requires reversal unless the error

⁹⁹⁷ U.S. Const. art. I, § 8, cl. 8.

⁹⁹⁸ *Jenny Yoo Collection*, 448 F. Supp. 3d at 1169.

⁹⁹⁹ *Id.* at 1170.

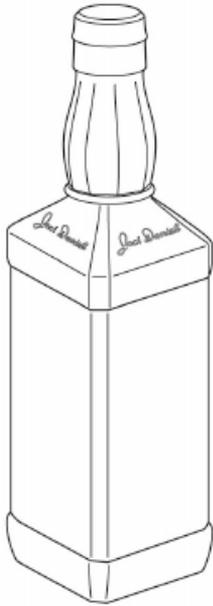
¹⁰⁰⁰ *See* *Blumenthal Distrib., Inc. v. Herman Miller, Inc.*, 963 F.3d 859, 864 (9th Cir. 2020).

¹⁰⁰¹ *Id.* at 868.

¹⁰⁰² *Id.* at 869 (quoting *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1069 (9th Cir. 2006)).

is more probably than not harmless,”¹⁰⁰³ a vacatur and remand were appropriate.¹⁰⁰⁴

The Ninth Circuit’s second opinion to address aesthetic functionality¹⁰⁰⁵ affirmed a finding after a bench trial that the following trade dress, which consisted of both the registered mark shown below on the left and the additional elements incorporated into the mark as it appeared in the marketplace on the right:¹⁰⁰⁶



Relying in part on the plaintiff’s registration, the court concluded from the trial record that:

Although whiskey companies use many of the individual elements employed by [the counterclaim plaintiff] on their bottles, the [counterclaim plaintiff’s] trade dress is a combination [of] bottle and label elements, including the Jack Daniel’s and Old No. 7 word marks, and the district court correctly found that these elements *taken together* are both nonfunctional and distinctive.¹⁰⁰⁷

¹⁰⁰³ *Id.* (quoting *Clem v. Lomeli*, 566 F.3d 1177, 1182 (9th Cir. 2009)).

¹⁰⁰⁴ *Id.*

¹⁰⁰⁵ See *VIP Prods. LLC v. Jack Daniel’s Prods., Inc.*, 953 F.3d 1170 (9th Cir. 2020), *cert. denied*, No. 20-365, 2021 WL 78111 (U.S. Jan. 11, 2021).

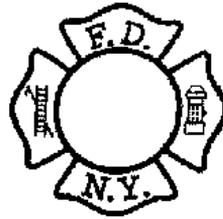
¹⁰⁰⁶ The illustrations in the text accompanying this footnote are reproduced from the drawing in U.S. Registration No. 4106178 (issued Feb. 28, 2012) and a specimen submitted in support of the continued maintenance of that registration on August 8, 2017.

¹⁰⁰⁷ *VIP Prods.*, 953 F.3d at 1173-74 (third alteration in original).

The Ninth Circuit was not the only court to take a skeptical view of defendants' claims of aesthetic functionality. For example, and perhaps to the surprise of no one but the defendants before it, a federal court in Brooklyn concluded on cross-motions for summary judgment that the following marks, registered for a wide range of merchandise, were aesthetically nonfunctional as a matter of law:¹⁰⁰⁸



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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],”¹⁰⁰⁹ 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.”¹⁰¹⁰ “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.”¹⁰¹¹

Despite these pro-plaintiff opinions on the issue, not all defense claims of aesthetic functionality fell short. For example, one court was sufficiently affronted by the failure of a plaintiff before it to address the nonfunctionality of a claimed trade dress consisting of “the overall atmosphere” of the plaintiff’s outdoor-adventure video

¹⁰⁰⁸ See *City of New York v. Blue Rage, Inc.*, 435 F. Supp. 3d 472, 477-78 (E.D.N.Y. 2020).

¹⁰⁰⁹ *Id.* at 491.

¹⁰¹⁰ *Id.*

¹⁰¹¹ *Id.*

series that it not only dismissed the plaintiff's complaint but did so with prejudice.¹⁰¹² The claimed trade dress at issue apparently comprised “the image of two big-horn rams butting head[s],” the lead plaintiff's “on-screen persona,” and “the overall atmosphere of [the plaintiff's] programming.”¹⁰¹³ Rather than analyzing why those elements were functional and therefore unprotectable, the court simply relied on the plaintiff's failure to allege the elements were nonfunctional: “[The lead defendant] points out, correctly, that [the lead plaintiff] has the burden of proof as to nonfunctionality, yet he fails to plead anything in this regard. [The lead plaintiff] entirely ignores this argument in his response.”¹⁰¹⁴ Granting the defendant's motion to dismiss, the court treated the plaintiff's failure to address the issue as a concession that the plaintiff could not allege nonfunctionality.¹⁰¹⁵

Likewise, a finding of aesthetic functionality as a matter of law at the pleadings stage also transpired in an action to protect the alleged trade dress of “hundreds” of wooden craft products,¹⁰¹⁶ of which the following were representative examples:¹⁰¹⁷



“Looking at the products Plaintiffs use as examples,” the court determined from the complaint, “it is evident that Plaintiffs do not plausibly show that the trade dress [of the products] is nonfunctional.”¹⁰¹⁸ Targeting the first example, it held:

The shape of the wooden mask drives the consumer's decision to buy the mask. The consumer is looking for a mask

¹⁰¹² See *Stouffer v. Nat'l Geographic Partners, LLC*, 400 F. Supp. 3d 1161 (D. Colo. 2019), *motion to dismiss granted*, 460 F. Supp. 3d 1133 (D. Colo. 2020), *appeal docketed*, No. 20-1208 (10th Cir. June 8, 2020).

¹⁰¹³ *Id.* at 1184 (first alteration in original).

¹⁰¹⁴ *Id.* at 1185 (citations omitted).

¹⁰¹⁵ *Id.*

¹⁰¹⁶ *Crafty Prods., Inc. v. Michaels Cos.*, 424 F. Supp. 3d 983, 990 (S.D. Cal. 2019), *aff'd sub nom. Crafty Prods., Inc. v. Fuqing Sanxing Crafts Co.*, No. 20-55010, 2020 WL 7388083 (9th Cir. Dec. 16, 2020).

¹⁰¹⁷ *Id.* at 992 nn.4 & 5.

¹⁰¹⁸ *Id.* at 993.

shaped like a certain character[;] therefore, there is no point in buying it without the mask looking like a vampire and containing eye holes where the consumer may look through. These are functional features as they “are essential to the goal of making the” wooden cardboard piece look like a vampire and a mask. The same analysis applies to the other examples Plaintiffs provide.¹⁰¹⁹

Declining “to independently inspect each and every exhibit and scour the pictures for one design that is entirely nonfunctional,” the court granted the defendants’ motion to dismiss with prejudice.¹⁰²⁰

iii. Establishing Liability for Violations of Trademark and Service Mark Rights

(A) Actionable Uses in Commerce by Defendants

As a prerequisite for liability, the Lanham Act’s primary statutory causes of action, namely, those set forth in Sections 32,¹⁰²¹ 43(a),¹⁰²² and 43(c),¹⁰²³ each requires the challenged use be one in connection with goods or services in commerce. Likewise, corresponding state law causes of actions often contemplate similar showings by plaintiffs, albeit without requiring that use to occur across state lines.¹⁰²⁴ These requirements often lead defendants to challenge the adequacy of plaintiffs’ averments or proof of the necessary use.

(1) Opinions Finding Actionable Uses in Commerce

One court addressed the perennial issue of the proper significance of the definition of “use in commerce” found in Section 45 to the inquiry into whether a defendant has engaged in actionable use in commerce.¹⁰²⁵ That issue arose in the context of cross-motions for summary judgment in a case in which the defendant had not actually sold goods bearing its infringing mark

¹⁰¹⁹ *Id.* (quoting *Aurora World, Inc. v. Ty Inc.*, 719 F. Supp. 2d 1115, 1147 (C.D. Cal. 2009)).

¹⁰²⁰ *Id.* at 994.

¹⁰²¹ 15 U.S.C. § 1114 (2018).

¹⁰²² *Id.* § 1125(a).

¹⁰²³ *Id.* § 1125(c).

¹⁰²⁴ *See, e.g.*, N.Y. Gen. Bus. Law § 360-k(a) (McKinney 2012) (providing for cause of action against “any person who shall . . . (a) use, without the consent of the registrant, any reproduction, counterfeit, copy, or colorable imitation of a mark registered under this article in connection with the sale, distribution, offering for sale, or advertising of any goods or services on or in connection with which such use is likely to cause confusion or mistake or to deceive as to the source of origin of such goods or services”).

¹⁰²⁵ *See New Balance Athletics, Inc. v. USA New Bunren Int’l Co.*, 424 F. Supp. 3d 334 (D. Del. 2019), *reconsideration denied in part*, No. CV 17-1700 (MN), 2020 WL 5593928 (D. Del. Sept. 18, 2020).

in the United States but had established a website featuring those goods that encouraged consumers to contact the defendant electronically or by phone. It was apparently undisputed that the defendant had not affixed its mark to its goods and then sold or transported the goods across a state or international border. That circumstance would have prevented the defendant from claiming affirmative rights to its mark in the enforcement or registration contexts, but it did not dissuade the court from holding that the defendant had used its mark in commerce for purposes of the plaintiff's claims against it. As it held, both Section 32 and Section 43(a) allowed for liability in cases in which defendants had merely offered for sale or advertised goods under infringing marks. "That [the defendant] did not actually sell any infringing products is immaterial," the court concluded, "because liability under the Lanham Act can be based on advertising or promotion alone."¹⁰²⁶

(2) Opinions Declining to Find Actionable Uses in Commerce

The only readily apparent reported opinion to dispose of a case after determining that allegedly infringing marks were not used in commerce had an easy time doing so.¹⁰²⁷ As it noted, the plaintiff's own complaint recited that the marks in question were the subjects of federal intent-to-use applications and that the defendants had not yet introduced them. Dismissal of the plaintiff's complaint for failure to state a claim therefore was appropriate because "by conceding that the Defendants have not yet begun to use the allegedly infringing unregistered marks—and instead only intend to use them—Plaintiff has failed to state a claim for false designation of origin."¹⁰²⁸

(3) Opinions Deferring Resolution of the Actionable-Use-in-Commerce Inquiry

When the former president of a local chapter of a union declined to turn over control of the union's Facebook page after he was defeated for reelection, the union responded with a complaint asserting a variety of causes of action, including trademark infringement.¹⁰²⁹ The former president moved to dismiss that aspect of the union's complaint, arguing, as the court put it, "the Lanham Act only applies to commercial speech and he did not engage in such

¹⁰²⁶ *Id.* at 345.

¹⁰²⁷ See *D.B.C. Corp. v. Nucita Venezolana, C.A.*, 464 F. Supp. 3d 1323 (S.D. Fla. 2020).

¹⁰²⁸ *Id.* at 1330.

¹⁰²⁹ See *Int'l Brotherhood of Teamsters Local 651 v. Philbeck*, 423 F. Supp. 3d 364 (E.D. Ky. 2019).

speech.”¹⁰³⁰ The plaintiff, however, had averred that the former president had placed on the page information on special deals for union members at such venues as the Kentucky Kingdom, the Cincinnati Zoo, and the Kentucky Speedway, and that was enough to get its infringement cause of action out of the starting gate. In denying the former president’s motion to dismiss, the court held that “[the former president’s] provision of links for discounts to Union members serves to meet the extremely minimal bar for commercial activity.”¹⁰³¹

(B) Likelihood of Confusion

(1) The Standard Multifactor Test for Likelihood of Confusion

(a) Factors Considered

(i) The First Circuit

Unusually, no readily apparent opinions originating in the First Circuit addressed the issue of likely confusion between marks under that jurisdiction’s standard multifactor test.

(ii) The Second Circuit

As usual, the *Polaroid* factors¹⁰³² governed applications of the likelihood-of-confusion test for infringement in the Second Circuit, with courts there examining: (1) the strength of the plaintiff’s mark; (2) the degree of similarity between the marks; (3) the proximity of the goods or services; (4) the likelihood of the senior user bridging any gap between its goods or services and those of the junior user; (5) evidence of actual confusion between the parties’ marks; (6) whether the defendant adopted its mark in good faith; (7) the quality of the defendant’s goods or services; and (8) the sophistication of the parties’ respective customers.¹⁰³³

¹⁰³⁰ *Id.* at 373-74.

¹⁰³¹ *Id.* at 374.

¹⁰³² See *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

¹⁰³³ See *3M Co. v. Performance Supply, LLC*, 458 F. Supp. 3d 181, 193 (S.D.N.Y. 2020); *Focus Prods. Grp. Int’l, LLC v. Kartri Sales Co.*, 454 F. Supp. 3d 229, 247 (S.D.N.Y. 2020), *reconsideration denied*, No. 15 Civ. 10154 (PAE), 2020 WL 2115344 (S.D.N.Y. May 3, 2020); *Chanel, Inc. v. RealReal, Inc.*, 449 F. Supp. 3d 422, 436 (S.D.N.Y. 2020); *City of New York v. Blue Rage, Inc.*, 435 F. Supp. 3d 472, 488-89 (E.D.N.Y. 2020); *Khan v. Addy’s BBQ LLC*, 419 F. Supp. 3d 538, 553 (E.D.N.Y. 2019); *Ill. Tool Works Inc. v. J-B Weld Co.*, 419 F. Supp. 3d 382, 390 (D. Conn.), *modified*, No. 3:19-CV-01434 (JAM), 2019 WL 7816510 (D. Conn. Dec. 20, 2019); *Hamilton Int’l Ltd. v. Vortic LLC*, 414 F. Supp. 3d 612, 617 (S.D.N.Y. 2019), *reconsideration denied*, No. 17CV5575AJNOTW, 2020 WL 122908 (S.D.N.Y. Jan. 10, 2020); *Capri Sun GmbH v. Am. Beverage Corp.*, 414 F. Supp. 3d 414, 433 (S.D.N.Y. 2019); *BBK Tobacco & Foods, LLP v. Galaxy VI Corp.*, 408 F. Supp. 3d 508, 521 (S.D.N.Y. 2019); *Weight Watchers Int’l, Inc. v. Noom, Inc.*, 403 F. Supp. 3d 361,

(iii) The Third Circuit

Only two reported opinions addressed the Third Circuit's *Lapp* test for likelihood of confusion,¹⁰³⁴ which mandated consideration of the following ten factors: (1) the degree of similarity between the parties' marks; (2) the strength of the plaintiff's mark; (3) the degree of care exercised by consumers; (4) the length of coexistence of the parties' marks without actual confusion; (5) the defendant's intent when adopting its mark; (6) evidence of actual confusion; (7) the parties' use of the same channels of trade and promotional media; (8) the overlap in the targets of the parties' sales efforts; (9) the relationship of the parties' goods or services in consumers' minds; and (9) other facts suggesting that the consuming public might expect the plaintiff to expand into the defendant's market.¹⁰³⁵ "No single factor," one opinion observed, "is determinative."¹⁰³⁶

(iv) The Fourth Circuit

The Fourth Circuit test for likely confusion turned on examinations of the following nine factors: (1) the strength of the plaintiff's mark; (2) the degree of similarity between the parties' marks; (3) the similarity between the parties' goods and services; (4) the similarity of the facilities used by the parties; (5) the similarity of the parties' advertising; (6) the defendant's intent; (7) the presence of actual confusion; (8) the quality of the defendant's goods or services; and (9) the sophistication of the consumers targeted by the parties.¹⁰³⁷

(v) The Fifth Circuit

The Fifth Circuit and two Texas federal district courts answering to it applied an eight-factor test for infringement, which turned on the following nonexclusive considerations: (1) the type of the plaintiff's mark; (2) the similarity between the parties' marks;

378-79 (S.D.N.Y. 2019); *Saxon Glass Techs., Inc. v. Apple Inc.*, 393 F. Supp. 3d 270, 300-01 (W.D.N.Y. 2019), *aff'd*, 824 F. App'x 75 (2d Cir. 2020).

¹⁰³⁴ See *Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460, 463 (3d Cir. 1983).

¹⁰³⁵ See *Juul Lab'ys v. 4X PODS.*, 439 F. Supp. 3d 341, 353 (D.N.J.), *appeal dismissed*, No. 20-1490, 2020 WL 5240430 (3d Cir. July 24, 2020); *New Balance Athletics, Inc. v. USA New Bunren Int'l Co.*, 424 F. Supp. 3d 334, 346 (D. Del. 2019), *reconsideration denied in part*, No. CV 17-1700 (MN), 2020 WL 5593928 (D. Del. Sept. 18, 2020).

¹⁰³⁶ *New Balance Athletics*, 424 F. Supp. 3d at 346.

¹⁰³⁷ See *vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612, 643 (D.S.C. 2019), *appeal docketed*, No. 19-2112 (4th Cir. Apr. 4, 2020); *George Sink, P.A. Injury Lawyers v. George Sink II Law Firm LLC*, 407 F. Supp. 3d 539, 554 (D.S.C.), *modified*, No. 2:19-CV-01206-DCN, 2019 WL 6318778 (D.S.C. Nov. 26, 2019), *appeal dismissed sub nom. Sink v. George Sink II Law Firm LLC*, No. 19-2359, 2019 WL 9042869 (4th Cir. Dec. 18, 2019), *and appeal dismissed sub nom. George Sink, P.A. v. George Sink II Law Firm, LLC*, No. 19-1960, 2019 WL 8112874 (4th Cir. Dec. 18, 2019).

(3) the competitive proximity between the parties' goods or services; (4) the similarities between the parties' outlets and purchasers; (5) the similarity between the parties' advertising media; (6) the defendant's intent; (7) actual confusion; and (8) the degree of care exercised by the parties' customers.¹⁰³⁸ Another Texas federal district court, however, turned to only the first seven of those factors.¹⁰³⁹ The Fifth Circuit itself noted that "[t]wo of those [factors] possess particular prominence: The sixth—bad intent—is 'not necessary' but 'may alone be sufficient to justify an inference that there is a likelihood of confusion.' Likewise, the seventh—actual confusion—constitutes the 'best evidence of a likelihood of confusion.'"¹⁰⁴⁰

(vi) The Sixth Circuit

The eight *Frisch's* factors¹⁰⁴¹ remained those of choice in the Sixth Circuit. They included: (1) the strength of the plaintiff's mark; (2) the relatedness of the parties' goods or services; (3) the similarity of the parties' marks; (4) evidence of any actual confusion; (5) the marketing channels used by the parties; (6) the probable degree of purchaser care and sophistication; (7) the defendant's intent in selecting its mark; and (8) the likelihood of either party expanding its product line under its mark.¹⁰⁴² Consistent with Sixth Circuit practice, one court characterized the likelihood-of-confusion inquiry as a question of law resting on factual findings.¹⁰⁴³

(vii) The Seventh Circuit

As they have for decades, likelihood-of-confusion determinations in the Seventh Circuit turned on seven factors. Those were: (1) the degree of similarity between the parties' marks in appearance and suggestion; (2) the degree of similarity between the parties' products; (3) the area and manner of concurrent use; (4) the degree of care likely to be exercised by consumers; (5) the strength of complainant's mark; (6) the extent of any actual confusion; and (7) the defendant's intent to palm off his goods or services as those

¹⁰³⁸ See *Future Proof Brands, LLC v. Molson Coors Beverage Co.*, 982 F.3d 280, 289 (5th Cir. 2020); *BioTE Med., LLC v. Jacobsen*, 406 F. Supp. 3d 575, 584 (E.D. Tex. 2019); *Firebirds Int'l, LLC v. Firebird Rest. Grp.*, 397 F. Supp. 3d 847, 859 (N.D. Tex. 2019).

¹⁰³⁹ See *Fletcher's Original State Fair Corny Dogs, LLC v. Fletcher-Warner Holdings LLC*, 434 F. Supp. 3d 473, 490 (E.D. Tex. 2020).

¹⁰⁴⁰ *Future Proof Brands*, 982 F.3d at 298 (quoting *Streamline Prod. Sys., Inc. v. Streamline Mfg., Inc.*, 851 F.3d 440, 455 (5th Cir. 2017); *Viacom Int'l v. IJR Capital Invs., LLC*, 891 F.3d 178, 197 (5th Cir. 2018)).

¹⁰⁴¹ See *Frisch's Rest., Inc. v. Shoney's Inc.*, 759 F.2d 1261, 1264 (6th Cir. 1985).

¹⁰⁴² See *ServPro Intell. Prop., Inc. v. Blanton*, 451 F. Supp. 3d 710, 722 (W.D. Ky. 2020).

¹⁰⁴³ *Id.*

of the plaintiff.¹⁰⁴⁴ An Illinois federal district court applying this test observed that “[t]he three ‘most important factors in a likelihood of confusion case’ are ‘the similarity of the marks, the intent of the defendant, and evidence of actual confusion.’”¹⁰⁴⁵

(viii) The Eighth Circuit

The six *SquirtCo* factors¹⁰⁴⁶ remained controlling in the Eighth Circuit. Those factors included: (1) the strength of the plaintiff’s mark; (2) the similarity between the plaintiff’s mark and the defendant’s mark; (3) the competitive proximity between the parties’ goods or services; (4) the defendant’s intent to pass off its goods as those of the plaintiff; (5) incidents of actual confusion; and (6) the conditions under which the parties’ goods or services were sold and the degree of care exercised by purchasers.¹⁰⁴⁷

(ix) The Ninth Circuit

The *Sleekcraft* test for infringement¹⁰⁴⁸ continued to govern likelihood-of-confusion inquiries in the Ninth Circuit. It considered the following factors: (1) the strength of the plaintiff’s mark; (2) the proximity or relatedness of the parties’ goods; (3) the similarity of the parties’ marks; (4) evidence of actual confusion; (5) the marketing channels used by the parties; (6) the type of the parties’ goods or services and the degree of care likely to be exercised by purchasers; (7) the defendant’s intent in selecting its mark; and (8) the likelihood of an expansion of the parties’ lines of goods or services.¹⁰⁴⁹

¹⁰⁴⁴ See *Maui Jim, Inc. v. SmartBuy Guru Enters.*, 459 F. Supp. 3d 1058, 1092-93 (N.D. Ill. 2020); *Oasis Legal Fin. Operating Co. v. Chodes*, 454 F. Supp. 3d 724, 734 (N.D. Ill. 2020), *appeal docketed*, No. 20-2951 (7th Cir. Oct. 9, 2020); *Eagle Forum v. Phyllis Schlafly’s Am. Eagles*, 451 F. Supp. 3d 910, 920-21 (S.D. Ill. 2020); *Life After Hate, Inc. v. Free Radicals Project, Inc.*, 410 F. Supp. 3d 891 (N.D. Ill. 2019).

¹⁰⁴⁵ *Oasis Legal Fin. Operating Co.*, 454 F. Supp. 3d at 734 (quoting *Ty, Inc. v. Jones Grp.*, 237 F.3d 891, 898 (7th Cir. 2001)).

¹⁰⁴⁶ See *SquirtCo v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980).

¹⁰⁴⁷ See *Hallmark Indus. v. Hallmark Licensing, LLC*, 417 F. Supp. 3d 1180, 1189 (W.D. Mo. 2019).

¹⁰⁴⁸ See *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979), *abrogated on other grounds by Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792 (9th Cir. 2003).

¹⁰⁴⁹ See *Upper Deck Co. v. Panini Am., Inc.*, 469 F. Supp. 3d 963, 973 (S.D. Cal. 2020); *Stone Brewing Co. v. MillerCoors LLC*, 445 F. Supp. 3d 1113, 1128 (S.D. Cal. 2020); *BBC Grp. v. Island Life Rest. Grp.*, 413 F. Supp. 3d 1032, 1042-43 (W.D. Wash.), *reconsideration denied*, No. C18-1011 RSM, 2019 WL 4917060 (W.D. Wash. Oct. 4, 2019), *and reconsideration denied*, No. C18-1011-RSM, 2019 WL 4991533 (W.D. Wash. Oct. 8, 2019); *New Flyer Indus. Canada ULC v. Rugby Aviation, LLC*, 405 F. Supp. 3d 886, 898-904 (W.D. Wash. 2019); *Kiva Health Brands LLC v. Kiva Brands Inc.*, 402 F. Supp. 3d 877, 891 (N.D. Cal. 2019); *Great Am. Duck Races Inc. v. Kangaroo Mfg. Inc.*, 398 F. Supp. 3d 494, 504 (D. Ariz. 2019); *Monster Energy Co. v. BeastUp LLC*, 395 F. Supp. 3d 1334, 1351 (E.D. Cal. 2019); *see also Bluetooth SIG, Inc. v. FCA US LLC*, 463 F. Supp. 3d 1169,

(x) The Tenth Circuit

The Tenth Circuit's test for likely confusion continued to turn on: (1) the degree of similarity between the marks; (2) the intent of the alleged infringer in adopting its mark; (3) evidence of actual confusion; (4) the relation in use and the manner of marketing between the goods or services marketed by the competing parties; (5) the degree of care likely to be exercised by purchasers; and (6) the strength or weakness of the plaintiff's mark.¹⁰⁵⁰

(xi) The Eleventh Circuit

Courts in the Eleventh Circuit applied the same test for likely confusion they always have. Its seven factors took into account: (1) the type of the plaintiff's mark; (2) the similarity of the parties' marks; (3) the similarity of the parties' products; (4) the similarity of the parties' retail outlets and customers; (5) the similarity of the parties' advertising media; (6) the defendant's intent; and (7) any actual confusion.¹⁰⁵¹ One court applying this test noted that "[a]mong the seven factors, 'the type of mark and the evidence of actual confusion are the most important.'"¹⁰⁵²

(xii) The District of Columbia Circuit

There were no readily apparent reported opinions addressing or applying the D.C. Circuit's test for likely confusion.

(b) Findings and Holdings

(i) Opinions Finding Likelihood of Confusion on Motions for Preliminary Injunctive Relief

Some plaintiffs pursuing preliminary injunctive relief had it easy based on their opponents' use of identical marks for identical goods and services, especially when those opponents were rogue

1186 (W.D. Wash. 2020) (referencing eight-factor *Sleekcraft* test without expressly identifying the factors).

¹⁰⁵⁰ See *No Spill, Inc. v. Scepter Canada, Inc.*, 429 F. Supp. 3d 768, 785 (D. Kan. 2019); *Stouffer v. Nat'l Geographic Partners, LLC*, 400 F. Supp. 3d 1161, 1170 (D. Colo. 2019), *motion to dismiss granted*, 460 F. Supp. 3d 1133 (D. Colo. May 8, 2020), *appeal docketed*, No. 20-1208 (10th Cir. June 8, 2020).

¹⁰⁵¹ See *Savannah Coll. of Art & Design, Inc. v. Sportswear, Inc.*, 983 F.3d 1273, 1280-81 (11th Cir. 2020); *Webster v. Dean Guitars*, 955 F.3d 1270, 1278 (11th Cir. 2020); *Tarsus Connect, LLC v. Cvent, Inc.*, 452 F. Supp. 3d 1334, 1347 (N.D. Ga. 2020); *FCOA, LLC v. Foremost Title & Escrow Servs., LLC*, 416 F. Supp. 3d 1381, 1388-95 (S.D. Fla. 2019); *Reinalt-Thomas Corp. v. Mavis Tire Supply, LLC*, 391 F. Supp. 3d 1261, 1275 (N.D. Ga. 2019); *3Lions Publ'g, Inc. v. Interactive Media Corp.*, 389 F. Supp. 3d 1031, 1041 (M.D. Fla. 2019).

¹⁰⁵² *Tarsus Connect*, 452 F. Supp. 3d at 1347 (quoting *Planetary Motion, Inc. v. Techsplosion, Inc.*, 261 F.3d 1188, 1201 n.22 (11th Cir. 2001)).

former licensees.¹⁰⁵³ For example, that scenario presented itself in an action brought by a plaintiff against a group of terminated franchisees who failed to discontinue their use of the plaintiff's licensed marks following their departure from the plaintiff's franchise system.¹⁰⁵⁴ Consistent with the usual outcome in disputes originating in similar facts, the court's likelihood-of-confusion analysis was brief and to the point:

[The] potential for confusion is particularly acute following the termination of a franchisor-franchisee relationship because of the parties' past affiliation and the ease of their association in the public's mind. Because "[a]ny shortcomings of the franchise" would be attributed to the franchisor, "continued trademark use by one whose trademark license has been canceled satisfies the likelihood of confusion test and constitutes trademark infringement."¹⁰⁵⁵

The plaintiff therefore was sufficiently likely to prevail on the merits of its claims at trial to warrant the entry of the interlocutory relief requested by the plaintiff.

An identity of marks and goods and services also led to preliminary injunctions outside the context of rogue licensees continuing to use plaintiffs' marks on a post-termination basis.¹⁰⁵⁶ Perhaps the most notable preliminary injunction arising from another a non-license scenario 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.¹⁰⁵⁷ The defendant claimed to be an authorized distributor of N95-compliant respirator masks bearing that mark, which it offered at grossly inflated prices. 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.¹⁰⁵⁸ Based on that assumption, the case

¹⁰⁵³ See *Choice Hotels Int'l, Inc. v. Royal Touch Hosp., LLC (NC)*, 409 F. Supp. 3d 559, 565-68 (W.D. Va. 2019) (finding confusion likely in application of standard factors but also observing that "the traditional likelihood of confusion analysis may be unnecessary because defendants are holdover franchisees").

¹⁰⁵⁴ See *ICENY USA, LLC v. M & M's, LLC*, 421 F. Supp. 3d 204 (D. Md. 2019).

¹⁰⁵⁵ *Id.* at 217 (quoting *Burger King Corp. v. Mason*, 710 F.2d 1480, 1492 (11th Cir. 1983)). ("Common sense compels the conclusion that a strong risk of consumer confusion arises when a terminated franchisee continues to use the former franchisor's trademarks").

¹⁰⁵⁶ See, e.g., *I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko"*, 397 F. Supp. 3d 721, 741 (E.D. Pa.) (finding, without extended analysis, confusion likely between competing uses of GRISHKO mark for ballet slippers), *order vacated in part on reconsideration*, No. CV 18-5194, 2019 WL 5394113 (E.D. Pa.), and *appeal dismissed sub nom. IM Wilson Inc. v. Grishko Dance SRO*, No. 19-2953, 2019 WL 8008960 (3d Cir. Oct. 29, 2019).

¹⁰⁵⁷ See *3M Co. v. Performance Supply, LLC*, 458 F. Supp. 3d 181 (S.D.N.Y. 2020).

¹⁰⁵⁸ With no small amount of justification, the court also appears to have assumed the defendant was not in a position to fulfill any orders it received. See *id.* at 195

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;¹⁰⁵⁹ (2) the parties' respective uses were identical;¹⁰⁶⁰ (3) the goods offered by the defendant were identical to those sold by 3M under its mark;¹⁰⁶¹ (4) there was no gap between the parties' uses to bridge;¹⁰⁶² (5) the defendant had actually confused New York City officials into believing it was an authorized 3M agent;¹⁰⁶³ and (6) the defendant had acted in bad faith.¹⁰⁶⁴ Those 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.¹⁰⁶⁵ 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.¹⁰⁶⁶

In another case failing to present a serious dispute as to the defendants' liability, the plaintiff had purchased the TRAEGER trademark for wood pellet grills, grill accessories, and wood pellets from various entities associated with family members with the Traeger surname.¹⁰⁶⁷ Over the next twelve years, the plaintiff "poured over \$100 million into developing the Traeger brand," secured nine federal registrations covering marks consisting of or including the name, and promoted the Traeger family barn as the origin of the goods it sold. When the lead defendant began to feature

("Defendant's primary line of business is selling vans and other vehicles, and it did not begin attempting to sell purported 3M-brand N95 respirators until after the COVID-19 global pandemic began.")

¹⁰⁵⁹ *Id.* at 193-94.

¹⁰⁶⁰ *Id.* at 194.

¹⁰⁶¹ *Id.* at 195.

¹⁰⁶² *Id.*

¹⁰⁶³ *Id.*

¹⁰⁶⁴ *Id.* at 195-96.

¹⁰⁶⁵ *Id.* at 196.

¹⁰⁶⁶ *Id.* at 198 (citations omitted).

¹⁰⁶⁷ *See* 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).

two members of the Trager family, as well as the barn, in advertising for its directly competitive goods, the plaintiff filed suit and successfully sought interlocutory relief.

In entering the preliminary injunction requested by the plaintiff, the court noted that the defendants did not contest the likelihood of confusion created by their conduct, but it nevertheless undertook its own analysis to confirm the existence of that circumstance. The commercial strength of the parties' verbal marks and the arbitrary nature of the Traeger family barn meant the factor of mark strength favored the plaintiff,¹⁰⁶⁸ as did the competitive nature of the parties' goods.¹⁰⁶⁹ Although it was true that some of the parties' goods were high priced and therefore "might persuade potential buyers to exercise caution and conduct research prior to purchase,"¹⁰⁷⁰ it was equally true that "the parties also produce lower cost items, including grill accessories and wood pellets, which customers likely purchase on a whim, entailing little to no opportunity to avoid confusion."¹⁰⁷¹ Finally, the defendants' failure to discontinue their infringing uses after receipt of the plaintiff's objections and their adoption of similar barn imagery was evidence of their bad faith.¹⁰⁷²

An identity (or at least near identity) of marks and services similarly produced a preliminary injunction against a group of providers of outreach services to help individuals disengage from violence-based extremism.¹⁰⁷³ One of the defendants had co-founded the plaintiff, the latter of which provided its directly competitive services under the LIFE AFTER HATE, EXITUSA, and NO JUDGMENT. JUST HELP. marks. The defendants used LIFE AFTER HATE, EXITUSA, and FREE RADICALS: NO JUDGMENT. JUST HELP. marks, which understandably led the court to deem the parties' uses "virtually identical."¹⁰⁷⁴ The similarity of the parties' services, the overlapping geographic areas of their operations, and the defendants' intentional copying of the plaintiffs' marks were equally beyond dispute,¹⁰⁷⁵ and the factors of mark strength and actual confusion also favored the plaintiff's position.¹⁰⁷⁶ Although the sensitive and private nature of the parties' services meant that potential clients exercised a high degree

¹⁰⁶⁸ *Id.* at 882-83, 886.

¹⁰⁶⁹ *Id.* at 883.

¹⁰⁷⁰ *Id.*

¹⁰⁷¹ *Id.*

¹⁰⁷² *Id.* at 886.

¹⁰⁷³ *See* *Life After Hate, Inc. v. Free Radicals Project, Inc.*, 410 F. Supp. 3d 891 (N.D. Ill. 2019).

¹⁰⁷⁴ *Id.* at 907.

¹⁰⁷⁵ *Id.* at 907-08.

¹⁰⁷⁶ *Id.* at 908-09.

of care,¹⁰⁷⁷ that consideration failed to preclude the plaintiff from demonstrating a likelihood of success on the merits of its infringement claims.

Those holdings notwithstanding, identical marks are not, and never have been, a prerequisite for a finding of likely confusion. One pair of defendants learning that lesson the hard way used the mark GEORGE SINK LAW FIRM for legal services until they were hit with a preliminary injunction at the behest of the federal registrant of the GEORGE SINK P.A. INJURY LAWYERS for the same services.¹⁰⁷⁸ The defendants claimed that relief was inappropriate because the plaintiff did not own a registration of the GEORGE SINK LAW FIRM mark, but the court rejected that argument and further found the marks confusingly similar because they lacked “sufficiently distinguishing material.”¹⁰⁷⁹ The fact that the parties specialized in personal injury lawsuits favored the plaintiff’s position,¹⁰⁸⁰ as did the geographic proximity of the parties’ practices,¹⁰⁸¹ their overlapping marketing strategies,¹⁰⁸² actual confusion among a former client of the plaintiff (and current client of the defendants) and a bank,¹⁰⁸³ and the possible lack of sophistication of the potential clients targeted by the parties.¹⁰⁸⁴ The plaintiff therefore was likely to prevail on the merits of its claims at trial.

Although differing presentations of otherwise similar verbal marks can render confusion unlikely, that result did not hold in the context of a preliminary injunction motion entertained by a Georgia federal district court.¹⁰⁸⁵ The plaintiff used the DISCOUNT TIRE mark for the retail sale of automobile and light-truck tires, which it alleged the defendant had infringed through the use of MAVIS DISCOUNT TIRE for directly competitive services. Although classifying the plaintiff’s descriptive mark as not “particularly

¹⁰⁷⁷ *Id.* at 908.

¹⁰⁷⁸ *See* *George Sink, P.A. Injury Laws. v. George Sink II Law Firm LLC*, 407 F. Supp. 3d 539 (D.S.C.), *modified sub nom.* *George Sink PA Injury Laws. v. George Sink II Law Firm LLC*, No. 2:19-CV-01206-DCN, 2019 WL 6318778 (D.S.C. Nov. 26, 2019), *appeal dismissed sub nom.* *Sink v. George Sink II Law Firm LLC*, No. 19-2359, 2019 WL 9042869 (4th Cir. Dec. 18, 2019), *and appeal dismissed sub nom.* *George Sink, P.A. v. George Sink II Law Firm, LLC*, No. 19-1960, 2019 WL 8112874 (4th Cir. Dec. 18, 2019).

¹⁰⁷⁹ *Id.* at 556.

¹⁰⁸⁰ *Id.*

¹⁰⁸¹ *Id.* at 557.

¹⁰⁸² *Id.*

¹⁰⁸³ *Id.* at 558.

¹⁰⁸⁴ *Id.* at 558-59.

¹⁰⁸⁵ *See Reinalt-Thomas Corp. v. Mavis Tire Supply, LLC*, 391 F. Supp. 3d 1261 (N.D. Ga. 2019).

strong”¹⁰⁸⁶ and rejecting the plaintiff’s claim of a bad-faith intent,¹⁰⁸⁷ the court found the remaining likelihood-of-confusion factors favored the plaintiff’s position. Those included the marks’ similarity, as to which the court found that “[t]he relevant inquiry involves the word marks, not the full design marks with colors, etc. The only difference is the inclusion of the name ‘Mavis’ in front of the phrase ‘Discount Tire.’ As [the plaintiff] points out, adding this does little to alleviate the possibility of confusion.”¹⁰⁸⁸ They also included the competitive and geographic proximity of the parties’ services¹⁰⁸⁹ and overlapping channels of distribution and advertising media.¹⁰⁹⁰ Perhaps of greatest significance, however, they included actual confusion between the parties’ marks, documented by declaration testimony of “over ninety instances of actual confusion” in “over fifteen sworn consumer declarations”;¹⁰⁹¹ indeed, the defendant itself “identified thirty instances of confusion in the two-month limited discovery period (including nine customers who made appointments with [the plaintiff] but came to [the defendant’s] store[s] and eleven who asked if the stores were related).”¹⁰⁹² Even in the absence of evidence of actual mistaken purchasing decisions, the plaintiff was likely to prevail on the merits of its claims.¹⁰⁹³

Differing presentations in the marketplace similarly did not preclude the grant of a preliminary injunction motion based on the confusing similarity of concurrent uses of the MUFFLER WELD and MUFFLERWELD marks for competitive muffler sealant products.¹⁰⁹⁴ The court’s likelihood-of-confusion analysis began in promising fashion for the plaintiff, which successfully demonstrated its version of the mark was both conceptually strong (because the USPTO had registered it without requiring proof of secondary meaning) and commercially strong (because of 43 years of exclusive use and “hundreds of thousands of dollars” in annual sales under the mark).¹⁰⁹⁵ The plaintiff also prevailed on the issue of the mark’s similarity, with the court finding that “[t]his case features senior and junior marks that are identical; they are the same words pronounced the same way and differ on the packaging only by the

¹⁰⁸⁶ *Id.* at 1276.

¹⁰⁸⁷ *Id.* at 1277.

¹⁰⁸⁸ *Id.* at 1276.

¹⁰⁸⁹ *Id.* at 1277.

¹⁰⁹⁰ *Id.*

¹⁰⁹¹ *Id.* at 1278.

¹⁰⁹² *Id.*

¹⁰⁹³ *Id.* at 1280.

¹⁰⁹⁴ See *Ill. Tool Works Inc. v. J-B Weld Co.*, 419 F. Supp. 3d 382 (D. Conn.), *modified*, No. 3:19-CV-01434 (JAM), 2019 WL 7816510 (D. Conn. Dec. 20, 2019).

¹⁰⁹⁵ *Id.* at 391.

removal of a space between the two (nonetheless obviously distinct) words and a trivial alteration in capitalization.”¹⁰⁹⁶ Finally, the court refused to accept the defendant’s “exceedingly lame” explanation of its putative good-faith adoption of its mark, namely, that “its employment of a near-identical mark . . . to brand a near-identical product was an innocent coincidence arising from its custom to brand all of its products with its alleged common-law mark ‘Weld,’” finding instead that the defendant had “many products it did *not* brand with ‘Weld.’”¹⁰⁹⁷ With the court declining to accord weight to the absence of actual confusion in light of the brief period of time (“a little less than a year”) in which goods under the defendant’s mark had been sold,¹⁰⁹⁸ preliminary injunctive relief was the outcome.

A preliminary injunction also issued after competing purveyors of corndogs came to blows.¹⁰⁹⁹ The plaintiff’s mark for those goods was FLETCHER’S, while the defendants used FLETCH, EATFLETCH, and EAT FLETCH. Not surprisingly, the court found the marks themselves confusingly similar, perhaps especially because the marks originated in the surname of the founders of the company to which the plaintiff was a successor in interest.¹¹⁰⁰ The defendants’ problems did not end there, however, for the preliminary injunction record also established that “the products and services offered by [the parties] are essentially identical,”¹¹⁰¹ as well as that the parties shared the same retail outlets, purchasers, promotional media, and distribution methods.¹¹⁰² The defendants also fared poorly in the court’s examination of their intent, which focused on their failure “to correct multiple venues that thought they were doing business with [the plaintiff],”¹¹⁰³ their characterization of their mark as “the new corporate name” of the plaintiff,¹¹⁰⁴ and their ineffectual disclaimers of affiliation.¹¹⁰⁵ With respect to actual confusion, the plaintiff’s moving papers established that “[s]ix events and their affiliated venues, either themselves or through press coverage, have wrongfully advertised to the public that [Plaintiff] would be selling corn dogs at the event when, in fact, Defendants’ company . . . had been contracted by the event or

¹⁰⁹⁶ *Id.* at 393 (emphasis omitted).

¹⁰⁹⁷ *Id.* at 398.

¹⁰⁹⁸ *Id.* at 397.

¹⁰⁹⁹ *See* Fletcher’s Original State Fair Corny Dogs, LLC v. Fletcher-Warner Holdings LLC, 434 F. Supp. 3d 473 (E.D. Tex. 2020).

¹¹⁰⁰ *Id.* at 491.

¹¹⁰¹ *Id.* at 492.

¹¹⁰² *Id.* at 492-93.

¹¹⁰³ *Id.* at 493.

¹¹⁰⁴ *Id.*

¹¹⁰⁵ *Id.* at 493-94.

venue”;¹¹⁰⁶ moreover, and beyond those instances of actual confusion, social media postings misidentified the parties and, “at various events, consumers have purchased [Defendant’s] corn dogs, under the impression they were buying a . . . corn dog [of Plaintiff], and then expressed disappointment with the product.”¹¹⁰⁷ Finally, “[b]ecause corn dogs are a relatively inexpensive item, the Court concludes that consumers take less care when purchasing them, and that this [factor] contributes to an increased risk of confusion among consumers between [Plaintiff’s] and Defendants’ products.”¹¹⁰⁸ The plaintiff therefore had demonstrated the likelihood of success on the merits necessary to entitle it to a preliminary injunction.

Finally, a dispute between competing e-cigarette manufacturers produced a finding of likely confusion based on numerous similarities in the appearances of the packages in which their goods were sold.¹¹⁰⁹ One such similarity was the resemblance of a “‘pod’ like image” on the defendants’ package to a stylized verbal mark used by the plaintiff that itself was reminiscent of a pod.¹¹¹⁰ “That there are noticeable differences between these two ‘pods,’” the court observed, “is not enough, by itself, to compel a conclusion that they are not confusingly similar,”¹¹¹¹ and that was not the end of the defendants’ troubles. Instead, the 72% market share enjoyed by the plaintiff led the court to find the plaintiff’s marks and trade dress strong.¹¹¹² Likewise, the relatively low price point at which the parties’ goods were sold also favored the plaintiff’s claim of infringement,¹¹¹³ as did the plaintiff’s showing of at last some actual

¹¹⁰⁶ *Id.* at 494.

¹¹⁰⁷ *Id.* at 495.

¹¹⁰⁸ *Id.*

¹¹⁰⁹ See *Juul Lab’s v. 4X PODS.*, 439 F. Supp. 3d 341 (D.N.J.), *appeal dismissed*, No. 20-1490, 2020 WL 5240430 (3d Cir. July 24, 2020).

¹¹¹⁰ The court compared those elements on the parties’ packaging to the defendants’ detriment:

Viewing the two “pods” together, I see that they have similar architectural features and design. [Plaintiff’s] comprises a rectangle shape with a hexagon in the center. The background coloring of the rectangles varies; the top portion above the hexagon, for example, may be maroon or green to signify the flavor of the pods. The bottom portion of the rectangle is most often colored with a dark color such as black. The interior hexagon by contrast often appears to be grey. Defendants’ pod is likewise a rectangle with a shape (though a diamond, not a hexagon) in the middle. Defendants’ rectangle has rounded corners. Defendants have also flipped the coloring of the top and bottom portions of the rectangle such that the top portion is black while a contrasting color is used in the bottom half of the rectangle.

Id. at 353.

¹¹¹¹ *Id.* at 354.

¹¹¹² *Id.*

¹¹¹³ *Id.* (“The price of a four-pod package is approximately \$15. Though a consumable item, it is not a pack of gum; neither, however, is it a refrigerator or an automobile. The

confusion among one of the defendants' suppliers and U.S. Customs and Border Protection officers,¹¹¹⁴ evidence of the defendants' intent to copy the plaintiff's marks and trade dress,¹¹¹⁵ and the competitive proximity of the parties' goods.¹¹¹⁶ Preliminary injunctive relief followed.

(ii) Opinions Finding Likelihood of Confusion as a Matter of Law

Beyond those in which defendants' defaults established likely confusion as a matter of law,¹¹¹⁷ some courts concluded that an absence of factual disputes rendered summary judgment of liability appropriate. Perhaps the most notable opinion to reach such an outcome originated in an appeal to the Eleventh Circuit of a victory as a matter of law by a college challenging the unauthorized use of its SAVANNAH COLLEGE OF ART AND DESIGN and SCAD marks, as well as a stylized bee design, on sportswear.¹¹¹⁸ In the course of an earlier appeal in the same case, the Eleventh Circuit had (incorrectly) suggested that, because the plaintiff had registered its marks only in connection with educational *services*, its rights did not reach the *goods* sold by the defendant.¹¹¹⁹ The court did not repeat its earlier error, but instead held that:

The similarity-of-goods factor assesses “whether the goods are so related in the minds of consumers that they get the sense that a single producer is likely to put out both goods. . . .” [T]his factor is less important in cases—like this one—that concern the use of the plaintiff's service marks on the defendant's goods for the very reason that the plaintiff's marks embody the plaintiff's goodwill and reputation.¹¹²⁰

relatively inexpensive price tag for the pods tends to support an increased likelihood of consumer confusion.” (citation omitted)).

¹¹¹⁴ *Id.* at 355.

¹¹¹⁵ *Id.*

¹¹¹⁶ *Id.* at 355-56.

¹¹¹⁷ For an opinion affirming entry of a default judgment of liability, see *Quincy Bioscience, LLC v. Ellishbooks*, 957 F.3d 725, 729 (7th Cir. 2020) (holding that defendants' failure to appear established truth of allegations they had sold stolen goods bearing plaintiff's mark).

¹¹¹⁸ See *Savannah Coll. of Art & Design, Inc. v. Sportswear, Inc.*, 983 F.3d 1273 (11th Cir. 2020) (“*SCAD I*”).

¹¹¹⁹ See *Savannah Coll. of Art & Design, Inc. v. Sportswear, Inc.*, 872 F.3d 1256, 1267 (11th Cir. 2017) (“*SCAD I*”) (“[E]xtending the scope of a registered trademark (which identifies ‘goods’) to a different product appears to be qualitatively different from extending the scope of a registered service mark (which identifies ‘services’) to a different category of ‘goods.’”), *cert. denied*, 139 S. Ct. 57 (2018).

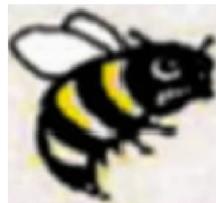
¹¹²⁰ *SCAD II*, 983 F.3d at 1283-84 (quoting *Frehling Enters. v. Int'l Select Grp.*, 192 F.3d 1330, 1338 (11th Cir. 1999)).

From there, the court held it beyond material dispute that the plaintiff's marks were commercially strong (despite two of them being geographically descriptive) in the absence of significant third-party usage of similar marks,¹¹²¹ that the marks used by the parties were actually or virtually identical,¹¹²² and that the defendant's imitation of the plaintiff's marks established the defendant's intent to associate its goods with the plaintiff.¹¹²³ Although the plaintiff had proffered only a single instance of actual confusion, the weakness of its showing on that single issue did not create a dispute of material fact as to the likely confusion created by the defendant's conduct, especially in light of the "smaller market and inexpensive goods" at issue.¹¹²⁴

The past year also saw findings of likely confusion as a matter of law in summary judgment orders not producing appellate opinions.¹¹²⁵ That was the outcome after the plaintiffs, the owner of the federally registered SERVPRO mark for, inter alia, property damage restoration services and mold remediation services, and its licensee, discovered that competitors had established a website

¹¹²¹ *Id.* at 1283 ("[H]ere, [the defendant] has identified only three third-party usages of [the plaintiff's] marks—significantly fewer than we have previously relied on in finding a mark's strength to be materially diluted.").

¹¹²² *Id.* There was no dispute that the word marks at issue were identical, and the court concluded the following "angry bees" used by the parties were "materially indistinguishable":



Id. at 1288.

¹¹²³ *Id.* at 1284-86. The court observed with respect to the defendant's intent that:

The very nature of school memorabilia relies upon the goodwill, reputation, and affiliation people associate with that school. So it is not surprising that [the defendant] even admits on appeal that customers visit its website to "create apparel bearing the name of the school, team, or organization with which they desire to express affiliation." Cognizant of the intuitive link between school merchandise and sponsorship, [the defendant] cannot reasonably argue against a finding of intent here.

Id. at 1285.

¹¹²⁴ *Id.* at 1286.

¹¹²⁵ *See, e.g.,* Hallmark Indus. v. Hallmark Licensing, LLC, 417 F. Supp. 3d 1180, 1189 (W.D. Mo. 2019) (granting unopposed motion for summary judgment and finding confusion likely as a matter of law between HALLMARK DIAMONDS and HALLMARK RINGS marks on the one hand, and HALLMARK and HALLMARK925 marks, on the other, all for jewelry).

accessible at the domain name www.servpro.click that was allegedly similar to the plaintiffs' own site.¹¹²⁶ The defendants failed to contest a number of the relevant factors, including: (1) the strength of the plaintiffs' mark;¹¹²⁷ (2) the competitive proximity of the parties' services;¹¹²⁸ (3) an identity of the parties' uses;¹¹²⁹ (4) overlapping online marketing channels,¹¹³⁰ and (5) the ordinary level of caution exercised by their customers.¹¹³¹ That left the plaintiffs' proffered evidence of actual confusion, consisting of six consumer declarations documenting at least some mistaken purchasing decisions. Viewing those in the light most favorable to the defendants, the court treated that factor as neutral, but "even if the Court assumes that there is no evidence of actual confusion, this cannot create a genuine issue of material fact as to likelihood of confusion."¹¹³²

In a dispute producing a similar result, the plaintiff used the OASIS and OASIS LEGAL FINANCE marks for litigation funding services, while the defendants used OASIS LEGAL FINANCE GROUP for directly competitive services.¹¹³³ Because it was undisputed the plaintiff had fired the lead defendant before the latter adopted the challenged marks, the court found no need to "march through" each of the relevant likelihood-of-confusion factors.¹¹³⁴ Instead, it found the summary judgment record contained "compelling evidence favoring plaintiff on two factors: (1) similarity between the marks in appearance and suggestion; and (2) intent to palm off Oasis Legal Finance Group as Oasis Legal Finance."¹¹³⁵ This led to the conclusion that "[c]ombined with the strength of plaintiff's marks—all agree that Oasis Legal Finance 'arguably is the most well-known brand nationwide for legal funding'—there is no doubt that consumers would likely be confused."¹¹³⁶ That finding of liability held even though the court dismissed the plaintiff's proffered evidence of actual confusion in the form of two e-mails inquiring about a possible relationship between the parties because the senders were industry insiders.¹¹³⁷

¹¹²⁶ See *ServPro Intell. Prop., Inc. v. Blanton*, 451 F. Supp. 3d 710 (W.D. Ky. 2020).

¹¹²⁷ *Id.* at 722-23.

¹¹²⁸ *Id.* at 723.

¹¹²⁹ *Id.* at 723-24.

¹¹³⁰ *Id.* at 725-26.

¹¹³¹ *Id.* at 726-27.

¹¹³² *Id.* at 725.

¹¹³³ See *Oasis Legal Fin. Operating Co. v. Chodes*, 454 F. Supp. 3d 724 (N.D. Ill. 2020), *appeal docketed*, No. 20-2951 (7th Cir. Oct. 9, 2020).

¹¹³⁴ *Id.* at 730.

¹¹³⁵ *Id.*

¹¹³⁶ *Id.*

¹¹³⁷ *Id.*

The court then reached the same conclusion with respect to an additional claim by the plaintiff, namely, that the defendants' use of OASIS DISABILITY GROUP for disability advocacy services was likely to cause confusion with the plaintiff's OASIS mark for litigation funding. Although initially holding the "three most important factors" to be the similarity of the parties' marks, the defendants' intent, and evidence of actual confusion,¹¹³⁸ the court applied more than just those factors its second time through the analysis. Finding the similarity between the "salient portion[s]" of the parties' marks "obvious," the court rejected the defendants' argument that "alleged stylistic distinctions" created a factual dispute on the issue.¹¹³⁹ Turning to the defendants' intent, the court noted that the plaintiff briefly had provided disability advocacy services under its mark and that the defendants had promoted their services by suggesting, inter alia, that they had "return[ed] to the disability services market" and were "once again" providing those services;¹¹⁴⁰ along with the lead defendant's inability to explain why he had chosen a mark similar to one used by his former employer, the court found that that helped establish the defendants' bad faith.¹¹⁴¹ The similarities between the parties' respective services were established beyond material dispute by a short-lived foray by the plaintiff into disability services years earlier.¹¹⁴² Things continued to go downhill from there for the defendants, as the court additionally concluded from the summary judgment record that "the parties rely on the internet to reach customers and their lawyers,"¹¹⁴³ the parties' customers did not exercise a high degree of care,¹¹⁴⁴ and (as previously noted) the plaintiff's mark was arguably the best-known one in the market it served.¹¹⁴⁵ "No reasonable jury," the court held, "could find for [the defendants] on plaintiff's claims of trademark infringement, unfair competition, or deceptive acts."¹¹⁴⁶

In another case in which summary judgment of infringement was a near-foregone conclusion, the plaintiff owned stylized N

¹¹³⁸ *Id.* at 734 (quoting *Ty, Inc. v. Jones Grp.*, 237 F.3d 891, 898 (7th Cir. 2001)).

¹¹³⁹ *Id.*

¹¹⁴⁰ *Id.* at 733.

¹¹⁴¹ *Id.* at 734-35.

¹¹⁴² *Id.* at 735. In any case, the court concluded, "[a] pedestrian hit by a car, for example, might sue the driver and at the same time apply for disability benefits." *Id.*

¹¹⁴³ *Id.*

¹¹⁴⁴ *Id.* at 736.

¹¹⁴⁵ *Id.*

¹¹⁴⁶ *Id.*

marks for athletic shoes, which it affixed to those goods in the following manner:¹¹⁴⁷



For its part, the defendant also used stylized N marks, although it claimed its marks included a stylized bird design within them.¹¹⁴⁸



Not surprisingly, the court found it undisputed that “the flying-bird design is not apparent from the product used in commerce. Indeed, the flying bird is so inconspicuous, it leaves the overall impression that [the defendant’s] ‘N’ marks are identical to [the plaintiff’s] ‘N’ marks.”¹¹⁴⁹ Although the summary judgment record contained conflicting evidence on the subject of the defendant’s intent,¹¹⁵⁰ that proved immaterial in the face of the plaintiff’s successful showings that its marks were both conceptually and commercially strong,¹¹⁵¹ that the parties’ customers did not exercise a high degree of care,¹¹⁵² and that one of the defendant’s witnesses failed to distinguish between the parties’ respective shoes during a deposition.¹¹⁵³

Likely confusion as a matter of law also was the outcome in litigation between a national church, its South Carolina diocese, and the presiding bishop of that diocese, on the one hand, and a group of breakaway parishes, the diocese they formed after disassociating themselves from the national church, and that diocese’s presiding

¹¹⁴⁷ See *New Balance Athletics, Inc. v. USA New Bunren Int’l Co.*, 424 F. Supp. 3d 334, 347 (D. Del. 2019), *reconsideration denied in part*, No. CV 17-1700 (MN), 2020 WL 5593928 (D. Del. Sept. 18, 2020).

¹¹⁴⁸ *Id.*

¹¹⁴⁹ *Id.*

¹¹⁵⁰ *Id.* at 348-49.

¹¹⁵¹ With respect to the strength of the plaintiff’s marks, the court found them arbitrary and also credited the plaintiff’s showing that it had annually spent “an average of \$75 million in marketing and received an average of \$3.4 billion in sales.” *Id.* at 348.

¹¹⁵² *Id.*

¹¹⁵³ *Id.* at 350.

bishop, on the other.¹¹⁵⁴ The national church owned a number of federally registered marks, including THE PROTESTANT EPISCOPAL CHURCH IN THE UNITED STATES and THE EPISCOPAL CHURCH, while, following their disassociation, the defendants began using marks that included THE EPISCOPAL DIOCESE OF SOUTH CAROLINA and THE PROTESTANT EPISCOPAL CHURCH IN SOUTH CAROLINA. Rejecting the defendants' arguments that they enjoyed the prior use of an "episcopal church" mark and that the words were generic, the court found the confusing similarity between the parties' uses beyond material dispute.

At the outset, the court found the national church's marks commercially strong under a six-part test:

To determine commercial strength, the Court considers the following factors: "(1) the plaintiff's advertising expenditures; (2) consumer studies linking the mark to a source; (3) the plaintiff's record of sales success; (4) unsolicited media coverage of the plaintiff's business; (5) attempts to plagiarize the mark; and (6) the length and exclusivity of the plaintiff's use of the mark."¹¹⁵⁵

It did not reach that outcome based on the national church's "evidence of its advertising expenditures or record of sales success," because there was no such evidence or record.¹¹⁵⁶ Rather, it cited favorably to "voluminous and un rebutted evidence of [the] marks and widespread recognition of [the] marks" in "newspaper and other media references,"¹¹⁵⁷ as well as "uncontroverted evidence of internet search engine results" associating "episcopal church" with the national church.¹¹⁵⁸ Although the defendants proffered evidence of twenty third-party religious organizations with the words "episcopal" and "church" in their names, the court discounted that showing because "of the twenty organizations identified, [the defendants' expert] was only able to present more detailed information regarding fourteen of the churches, and of those fourteen, ten have no presence in South Carolina and seem to have limited membership or geographic presence";¹¹⁵⁹ "[m]ore fundamentally," the court observed, "none of the church names identified by the Defendants use the [national church's] mark in its entirety, 'The Episcopal Church,' and instead intersperse other

¹¹⁵⁴ See *vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612 (D.S.C. 2019), *appeal docketed*, No. 19-21112 (4th Cir. Apr. 4, 2020).

¹¹⁵⁵ *Id.* at 644 (quoting *George & Co. v. Imagination Ent. Ltd.*, 575 F.3d 383, 395 (4th Cir. 2009)).

¹¹⁵⁶ *Id.*

¹¹⁵⁷ *Id.*

¹¹⁵⁸ *Id.* at 645.

¹¹⁵⁹ *Id.* at 646.

dominant features that distinguish it from ‘The Episcopal Church.’”¹¹⁶⁰

Having thus concluded that such “added words [as] ‘African Methodist,’ ‘African Methodist . . . Zion,’ ‘Charismatic,’ ‘Christian,’ ‘Methodist,’ ‘Reformed,’ ‘Southern,’ and ‘White Rock’” distinguished the third-party uses for purposes of the mark-strength inquiry,¹¹⁶¹ the court then somewhat improbably found no dispute that the presence of the words “South Carolina” in the defendants’ marks failed to distinguish those marks from those of the national church.¹¹⁶² From there, it found that: (1) “as all Parties offer religious services and often use identical prayer books and hymnals, there is no dispute of material fact that Defendants offer similar services and this factor weighs in favor of finding a likelihood of confusion”;¹¹⁶³ (2) “it is clear that services are provided in the same manner to the same class of consumers in the same context: namely, to parishioners, potential parishioners or other interested individuals in parishes, educational facilities, and other religious institutions”;¹¹⁶⁴ (3) based on the defendants’ continued use of the challenged marks after service of the plaintiffs’ complaint and their “continued insistence” they enjoyed priority of rights, “[t]here is no dispute in the record that the Defendants intended to infringe on [the national church’s] marks”;¹¹⁶⁵ (4) “based on clear and un rebutted anecdotal and survey evidence of actual confusion, there is no dispute of material fact regarding actual confusion and this factor weighs in favor of finding a likelihood of confusion”;¹¹⁶⁶ and (5) the similar quality of the parties’ respective services also supported the plaintiffs’ position.¹¹⁶⁷ Although the factors of shared promotional strategies and the sophistication of the parties’ actual or potential parishioners were neutral,¹¹⁶⁸ they did not create a factual dispute as to the defendants’ liability.¹¹⁶⁹

The existence of actual confusion between the following marks, the first used by the counterclaim plaintiffs for a restaurant

¹¹⁶⁰ *Id.* at 647

¹¹⁶¹ *Id.* (second alteration in original).

¹¹⁶² *Id.* at 648-49.

¹¹⁶³ *Id.* at 650.

¹¹⁶⁴ *Id.* at 650-51.

¹¹⁶⁵ *Id.* at 651-52.

¹¹⁶⁶ *Id.* at 654.

¹¹⁶⁷ *Id.*

¹¹⁶⁸ *Id.* at 651, 654-56.

¹¹⁶⁹ *Id.* at 656.

The court then reached substantively identical conclusions with respect to the challenge of the national church’s new diocese to the defendants’ use of DIOCESE OF SOUTH CAROLINA, THE EPISCOPAL DIOCESE OF SOUTH CAROLINA, THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF SOUTH CAROLINA, and a composite mark referred to by the court as the “Diocesan Seal.” *Id.* at 659-61.

specializing in Korean-style fried chicken and the second used by the counterclaim defendant in connection with a Mediterranean-style restaurant, led to another successful motion for summary judgment of liability.¹¹⁷⁰



The court concluded from the summary judgment record that actual confusion existed in the form of misdirected employment applications and advertising and other promotional materials, as well as a third-party article mistakenly stating that the counterclaim plaintiffs were opening a location in the counterclaim defendant's home state of Nevada.¹¹⁷¹ "Although reasonable jurors may disagree about the relatedness of the two cuisines and whether they appeal to the same market of consumers," the court observed, there also was no material dispute that the parties' restaurants operated in the same channels of trade.¹¹⁷² The likelihood-of-confusion factors of shared marketing channels,¹¹⁷³ the lack of care exercised by "the average purchaser of a fast food meal,"¹¹⁷⁴ and the intent of the counterclaim defendant to expand into the counterclaim plaintiffs' geographic markets¹¹⁷⁵ sealed the counterclaim defendant's fate, despite record evidence that the counterclaim plaintiff's mark was weak¹¹⁷⁶ and that the counterclaim defendant had adopted its mark in good faith.¹¹⁷⁷

(iii) Opinions Finding Likelihood of Confusion After Trial

The likelihood-of-confusion inquiry is a question of fact in most circuits, and, where it is, that categorization can have significant consequences to the ability of a defendant to challenge a finding of infringement on appeal. That proposition was apparent in a

¹¹⁷⁰ See *BBC Grp. v. Island Life Rest. Grp.*, 413 F. Supp. 3d 1032, 1039 (W.D. Wash.), *reconsideration denied*, No. C18-1011 RSM, 2019 WL 4917060 (W.D. Wash. Oct. 4, 2019), *and reconsideration denied*, No. C18-1011-RSM, 2019 WL 4991533 (W.D. Wash. Oct. 8, 2019).

¹¹⁷¹ *Id.* at 1047-48.

¹¹⁷² *Id.* at 1047.

¹¹⁷³ *Id.* at 1048.

¹¹⁷⁴ *Id.*

¹¹⁷⁵ *Id.*

¹¹⁷⁶ *Id.* at 1047.

¹¹⁷⁷ *Id.* at 1048.

challenge to such a finding before the Seventh Circuit.¹¹⁷⁸ The prevailing plaintiff below owned a federal registration of the surname FABICK both as a trademark for sealers, sealants, and protectants and as a service mark for the application of those materials to pickup truck beds, dump truck beds, van cargo areas, trailers, and the like, while the defendants used the following composite mark in connection with the selling, renting, servicing and repairing of CATERPILLAR-branded heavy equipment for use in a variety of industries including construction, agriculture, demolition, and mining:¹¹⁷⁹



Reviewing the trial record, the court found “abundant bases in the record to uphold the jury’s finding of a likelihood of confusion.”¹¹⁸⁰ Those bases included:

the use of the same relatively unusual surname as the mark’s primary descriptor, the fact that it is reasonable to assume [the plaintiff’s] sealants could have been used on the type of equipment sold by [the defendant], and, most importantly, the 240+ recorded instances of actual confusion demonstrated by [the plaintiff] (primarily customers trying to reach [the defendant] but contacting [the plaintiff] instead).¹¹⁸¹

“Taking the factors as a whole,” the court concluded, “the massive amount of undisputed evidence [the plaintiff] presented showing that hundreds of customers confused the two parties (based on [the defendant’s] advertising) prevents us from overturning the jury’s verdict on this point.”¹¹⁸² Moreover, this was true even though the plaintiff’s theory of infringement sounded in reverse confusion.¹¹⁸³

¹¹⁷⁸ See *Fabick, Inc. v. JFTCO, Inc.*, 944 F.3d 649 (7th Cir. 2019).

¹¹⁷⁹ See *Fabick, Inc. v. FABCO Equip., Inc.*, 296 F. Supp. 3d 1022, 1034 (W.D. Wis. 2017), *aff’d*, 944 F.3d 649 (7th Cir. 2019).

¹¹⁸⁰ 944 F.3d at 658.

¹¹⁸¹ *Id.*

¹¹⁸² *Id.*

¹¹⁸³ As the court explained, “[the defendant] contends that most of the confusion seemed to be among its own customers mistakenly contacting [the plaintiff]. Because this is a reverse confusion case, [the defendant] argues, the focus should be on [the plaintiff’s] customers mistakenly calling [the defendant].” *Id.* That argument failed to gain any traction with the court: “Regardless of whether this is the case (and [the defendant] fails to cite any case making such a holding), [the plaintiff] identified multiple joint customers of the parties who actually confused them. Because a reasonable jury could have found

(iv) Opinions Finding No Likelihood of Confusion on Motions for Preliminary Injunctive Relief

The difficulty of demonstrating that a trial court abused its discretion in declining to grant a preliminary injunction was apparent in the outcome of an appeal to the Fifth Circuit.¹¹⁸⁴ The unsuccessful plaintiff pursuing that relief sold the BRIZZY-branded hard seltzer beverage product shown below on the left, while its opponent sold the competing beverage shown below on the right under the VIZZY mark:¹¹⁸⁵



Before identifying or addressing the standard likelihood-of-confusion factors, the court waxed eloquent on the “variety of ways” in which the appearances of the parties’ cans differed,¹¹⁸⁶ which, along with third-party use of “-izzy” marks for other beverages, weighed against a finding of mark similarity.¹¹⁸⁷ The court then dismissed the plaintiff’s claim of commercial mark strength despite classifying the plaintiff’s mark as suggestive and despite a federal registration covering the mark. It explained with respect to the latter consideration:

against [the defendant] on the likelihood of confusion, we affirm the judgment of the district court.” *Id.*

¹¹⁸⁴ See *Future Proof Brands, LLC v. Molson Coors Beverage Co.*, 982 F.3d 280 (5th Cir. 2020).

¹¹⁸⁵ *Id.* at 288.

¹¹⁸⁶ The court offered the following summary of those differences:

First, they are shaped differently. Second, Brizzy cans have “solid and dark backgrounds” along with a “digital’ appearance with bubbles and the vague shapes of drinking glasses.” In contrast, Vizzy cans have “white backgrounds” and “pictures of fruit.” Third, the text on each is different. Brizzy cans include the flavor and the words “SELTZER COCKTAIL” in small text. Vizzy cans feature the words “HARD SELTZER,” the flavor, and the bolded phrase “With Antioxidant Vitamin C.”

Id. at 288.

¹¹⁸⁷ *Id.* at 294, 295. That was true, the court held, even if “consumers often purchase alcoholic drinks ‘by verbal request’ in bars and restaurants.” *Id.* at 295.

“[T]he presumption of validity that attaches to a service mark is not relevant to the issue of infringement.” And that makes sense. For an infringement claim, we examine the strength of a mark, not its distinctiveness or validity. Thus, [the plaintiff’s] claim that the district court should have given “weight to the presumption of distinctiveness” is inconsistent with our precedent.¹¹⁸⁸

The court also rejected the plaintiff’s claims that the defendant’s awareness of the plaintiff’s mark prior to adopting its own established the defendant’s bad faith¹¹⁸⁹ and that an inquiry by a wholesaler of the plaintiff about the defendant’s product constituted meaningful evidence of actual confusion.¹¹⁹⁰ Finally, the court disagreed that the low price point of the parties’ beverages necessarily meant consumers of them exercised a low degree of care in the absence of sworn testimony on the subject.¹¹⁹¹ Based on the preliminary record, “the [district court’s] decision isn’t one of the ‘extraordinary circumstances,’ in which a district court so clearly erred that we will ‘reverse the denial of a preliminary injunction.’”¹¹⁹²

A near identity of marks used by the parties—ADDY’S BARBEQUE vs. ADDY’S BBQ—and directly competitive goods or services—restaurant services—usually is a recipe for a finding of likely confusion, but that outcome did not transpire in the disposition of one preliminary injunction motion.¹¹⁹³ The plaintiff did not get off to a particularly good start; indeed, the court found at the start of its likelihood-of-confusion analysis that the plaintiff’s mark lacked acquired distinctiveness and therefore was weak.¹¹⁹⁴ That was not the full extent of the plaintiff’s problems, however, for the court found the distance between his two restaurants and that of the defendants, namely, 18 and 25 miles, precluded a finding of a geographic overlap in the markets served by the parties.¹¹⁹⁵ Likewise, the plaintiff’s preliminary injunction papers also failed to advance “any persuasive evidence indicating that defendants’ products and services are inferior to those provided at either [of] the [plaintiff’s] restaurants; nor that plaintiff’s reputation could be

¹¹⁸⁸ *Id.* at 293 (footnotes omitted) (quoting *Sun Banks of Fla., Inc. v. Sun Fed. Savs. & Loan Ass’n*, 651 F.2d 311, 315 (5th Cir. 1981)).

¹¹⁸⁹ *Id.* at 296.

¹¹⁹⁰ *Id.* at 297. According to the court, the incident merited reduced weight because there was no evidence it had swayed consumer purchasing decisions (even if the wholesaler was properly considered a consumer). *Id.*

¹¹⁹¹ *Id.*

¹¹⁹² *Id.* at 298 (quoting *Anderson v. Jackson*, 556 F.3d 351, 355–56 (5th Cir. 2009)).

¹¹⁹³ See *Khan v. Addy’s BBQ LLC*, 419 F. Supp. 3d 538 (E.D.N.Y. 2019).

¹¹⁹⁴ *Id.* at 555.

¹¹⁹⁵ *Id.* at 555 n.11.

jeopardized by the quality of defendants' products and services at [defendants'] restaurant."¹¹⁹⁶ The absence of evidence of actual confusion also favored the defendants, as did the defendants' good faith in continuing to operate their restaurant in the face of the plaintiff's objections.¹¹⁹⁷ "Accordingly," the court found, "plaintiff has not demonstrated a likelihood of confusion and, thus, has not established a likelihood of success on the merits, much less a clear or substantial likelihood of success on the merits, of his trademark infringement claims against defendants."¹¹⁹⁸

A bid for preliminary injunctive relief also fell short in litigation by a natural foods company against the producers of cannabis-infused chocolates.¹¹⁹⁹ The parties used the KIVA mark, even if, reflected in the following comparison, their presentations of it were "slightly different":¹²⁰⁰



The marks' similarity favored the plaintiff, as did the conceptual strength and possible commercial strength of its own mark,¹²⁰¹ the possibly low degree of care exercised by consumers,¹²⁰² and "not entirely reliable" evidence of actual confusion in the form of a log maintained by the plaintiff's employees.¹²⁰³ Nevertheless, the defendants were not without factors favoring their position, beginning with the lack of competitive proximity between the parties' goods, which, despite being food items similar "[at] a high enough level of abstraction," were "quite different":¹²⁰⁴

One is candy combined with a recreational drug, the other is health food. While [the plaintiff's] products are used for nutrition, [the defendant's] products are used to ingest cannabis. Unlike wine and cheese, or salami and cheese,

¹¹⁹⁶ *Id.* at 556.

¹¹⁹⁷ Indeed, the defendants' responsive showing suggested that the plaintiff had led them to believe he did not object to their use of the disputed mark. *Id.* at 557.

¹¹⁹⁸ *Id.*

¹¹⁹⁹ See *Kiva Health Brands LLC v. Kiva Brands Inc.*, 402 F. Supp. 3d 877 (N.D. Cal. 2019).

¹²⁰⁰ *Id.* at 892.

¹²⁰¹ *Id.*

¹²⁰² *Id.* at 894.

¹²⁰³ *Id.* at 894-95. Although sustaining the log's admissibility against a hearsay-based challenge, the court accorded it reduced weight because "[the plaintiff] did not record any of the phone calls reflected in the log, it deleted all of the voicemails, and it did not retain any of the underlying emails." *Id.* at 895.

¹²⁰⁴ *Id.* at 894.

there is no evidence that [the defendant's] cannabis-infused confections (like a cannabis-infused espresso dark chocolate bar), and either [the plaintiff's] health supplements (like berry powder) or its pantry items (like Spanish saffron) are complementary.¹²⁰⁵

Those differences in turn drove a finding that the plaintiff had failed to demonstrate that “the companies serve the same customers. In fact, [the plaintiff's] products are available on the internet, while [the defendant's] products are only available to adults over 21 years old and/or approved medical marijuana users, and then only through state-licensed dispensaries and delivery services.”¹²⁰⁶ With the defendant having adopted its mark in ignorance of the plaintiff's rights¹²⁰⁷ and the plaintiff unable to demonstrate a likelihood of the parties expanding into each other's product lines,¹²⁰⁸ the court found interlocutory relief inappropriate.

Finally, a latter-day claim for infringement of a word mark registered in standard-character failed, even though the court otherwise preliminarily enjoined the defendants from continuing to infringe a stylized version of the same mark and the plaintiff's trade dress.¹²⁰⁹ The plaintiff's mark was JUUL for e-cigarettes, which the defendants allegedly misappropriated in social media postings using the hashtags #juul, #juulcentral, #juulgang, and #juulpods “without qualification to promote their products on the internet”;¹²¹⁰ according to a proposed amended complaint belatedly placed in front of the court, the defendants also had violated the plaintiff's rights by marketing their competitive goods as “JUUL PODS WITH MORE BUZZ.”¹²¹¹ Although finding the parties' uses similar, the plaintiff's mark strong, the degree of care exercised by consumers low, and an overlap in the parties' targeted consumers,¹²¹² the court determined the record was “inconclusive” with respect to actual confusion¹²¹³ and the extent to which consumers might expect an affiliation between the parties.¹²¹⁴ Faulting the plaintiff for pursuing relief through causes of action asserted “for the first time” in an apparently recently filed proposed amended complaint,¹²¹⁵ the

¹²⁰⁵ *Id.* at 893 (citations omitted).

¹²⁰⁶ *Id.*

¹²⁰⁷ *Id.* at 895.

¹²⁰⁸ *Id.*

¹²⁰⁹ *See Juul Lab's v. 4X PODS.*, 439 F. Supp. 3d 341 (D.N.J.), *appeal dismissed*, No. 20-1490, 2020 WL 5240430 (3d Cir. July 24, 2020).

¹²¹⁰ *Id.* at 356-57.

¹²¹¹ *Id.* at 357.

¹²¹² *Id.* at 357-58.

¹²¹³ *Id.* at 357.

¹²¹⁴ *Id.* at 358.

¹²¹⁵ *Id.*

court found the plaintiff not entitled to the interlocutory injunction it sought.

(v) Opinions Finding No Likelihood of Confusion as a Matter of Law

Defendants' invitations to courts to resolve the likelihood-of-confusion inquiry on motions to dismiss for failure to state claims generally fail,¹²¹⁶ but one reported opinion concluded the following DVD packages were sufficiently dissimilar as to warrant the dismissal of the plaintiff's claim of trade dress infringement at the pleadings stage:¹²¹⁷



In an attempt to head off that result, the plaintiffs' amended complaint accused the defendants of more closely imitating its trade dress outside the United States, but the court held that accusation "irrelevant."¹²¹⁸ As it explained, "[t]here is no allegation that [the defendants] can be liable for [their] actions outside of the United States, so the alleged similarities cannot support [a claim of trade dress infringement]. Indeed, inclusion of these particular side-by-side comparisons in the complaint seems intentionally designed to mislead."¹²¹⁹

Outside the context of motions to dismiss, several New York federal district courts reached findings of noninfringement as a matter of law on motions for summary judgment. One did so in a suit by the manufacturer of the HUMVEE military vehicle shown

¹²¹⁶ See, e.g., *Upper Deck Co. v. Panini Am., Inc.*, 469 F. Supp. 3d 963, 974, 978 (S.D. Cal. 2020) (holding that plaintiff had adequately alleged likely confusion and faulting defendant for failure to brief likelihood-of-confusion factors in support of motion to dismiss).

¹²¹⁷ See *Stouffer v. Nat'l Geographic Partners, LLC*, 400 F. Supp. 3d 1161, 1182-83 (D. Colo. 2019), *motion to dismiss granted*, 460 F. Supp. 3d 1133 (D. Colo. 2020), *appeal docketed*, No. 20-1208 (10th Cir. June 8, 2020).

¹²¹⁸ *Id.* at 1183.

¹²¹⁹ *Id.*

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:¹²²⁰



As part of its analysis of whether the plaintiff could survive summary judgment under the pro-defendant test for liability first articulated in *Rogers v. Grimaldi*¹²²¹ and applicable in challenges to the titles or content of creative works, the court concluded that no reasonable jury could find the defendants' imitation of the plaintiff's trade dress likely to cause confusion. Working its way through the standard likelihood-of-confusion factors, the court found it beyond material dispute that: (1) the plaintiff's trade dress was strong;¹²²² (2) the parties' respective uses were distinguishable in context because "Plaintiff's purpose in using its mark is to sell vehicles to militaries, while Defendants' purpose is to create realistically simulating modern warfare video games for purchase by consumers";¹²²³ (3) there was no competitive proximity between the uses based on record evidence and testimony that "Plaintiff's vehicles and Defendants' video games do not 'serve the same purpose' nor 'fall within the same general class,' and certainly are not 'used together'";¹²²⁴ (4) the plaintiff had presented "no evidence that it is likely to enter the video game industry let alone evidence that consumers would expect it to do so";¹²²⁵ (5) a net 16% confusion rate among respondents to a survey commissioned by the plaintiff weighed slightly in the plaintiff's favor, but "the countervailing First Amendment considerations counsel against according it undue importance in this context";¹²²⁶ (6) the defendants had not acted in bad faith, despite their use of actual HUMVEE-branded vehicles "decorated with *Call of Duty* logos at several in-person promotional events" and statements in several user guides that the lead defendant owned the intellectual property rights associated with

¹²²⁰ AM Gen. LLC v. Activision Blizzard, Inc., 450 F. Supp. 3d 489-90 (S.D.N.Y. 2020).

¹²²¹ 875 F.2d 994 (2d Cir. 1989).

¹²²² *Id.* at 480.

¹²²³ *Id.* at 481.

¹²²⁴ *Id.* (quoting *Lang v. Ret. Living Publ'g Co.*, 949 F.2d 576, 582 (2d Cir. 1991)).

¹²²⁵ *Id.* at 482.

¹²²⁶ *Id.*

the vehicles generally;¹²²⁷ and (7) purchasers of both parties' goods were sophisticated.¹²²⁸ Because “[t]he only . . . showings made by Plaintiff are the strength of its mark and a less than 20 percent risk of confusion,” the defendants were entitled to summary judgment.¹²²⁹

A perceived lack of competitive proximity also helped drive a finding of nonliability as a matter of law in a case brought by a manufacturer of buses against an airline.¹²³⁰ In granting the defendant's motion for summary judgment, the court found the design components of the parties' marks “glaringly similar”.¹²³¹



The parties' usual (but not necessarily consistent practice of using their distinguishable house marks with their logos ameliorated the effect of that similarity somewhat, however. Moreover, the plaintiff failed to convince the court of the existence of a factual dispute concerning the generally unrelated nature of the parties' businesses, of which the court remarked that “[the plaintiff's] buses . . . are not complementary to, similar in use and function to, or sold to the same class of purchasers as [the defendant's] flight tickets.”¹²³² Many of the other likelihood-of-confusion factors lined up in the defendant's favor also well, including the absence of actual confusion,¹²³³ the commercial weakness of the plaintiff's mark,¹²³⁴ the absence of overlapping marketing channels,¹²³⁵ the high degree of care exercised by customers of both parties,¹²³⁶ the defendant's good-faith adoption of its mark,¹²³⁷ and the unlikelihood of either

¹²²⁷ *Id.* at 483.

¹²²⁸ *Id.* at 484.

¹²²⁹ *Id.*

¹²³⁰ See *New Flyer Indus. Canada ULC v. Rugby Aviation, LLC*, 405 F. Supp. 3d 886 (W.D. Wash. 2019).

¹²³¹ *Id.* at 894-95, 901.

¹²³² *Id.* at 901.

¹²³³ *Id.* at 902.

¹²³⁴ *Id.* at 900.

¹²³⁵ *Id.* at 902-03.

¹²³⁶ *Id.* at 903-04.

¹²³⁷ *Id.* at 904. On that issue, the designer of the defendant's mark apparently had ridden on buses manufactured by the plaintiff, but the court accepted his testimony that he had

party bridging the gap between their businesses.¹²³⁸ The plaintiff's suggestive mark may have been conceptually strong, but its commercial weakness precluded that strength from foreclosing the entry of summary judgment of noninfringement.¹²³⁹

Mark weakness, an absence of actual confusion, and the good-faith adoption of an allegedly infringing mark helped fuel another successful defense motion for summary judgment in a dispute between restaurateurs.¹²⁴⁰ That outcome held despite the apparently undisputed fact that the parties' marks were both intended to invoke the sound of a chicken clucking:¹²⁴¹



The court began its likelihood-of-confusion analysis by finding it undisputed that “the ‘Bok a Bok’ and ‘BOCBOC Chicken Delicious’ marks are similar and refer to related products, given that both invoke the sound a chicken makes and apply to restaurants selling Korean-style fried chicken”;¹²⁴² moreover, “[t]here is likewise no dispute that the average purchaser of a fast food meal would exercise a low degree of care in selecting their meal.”¹²⁴³ Those considerations might well have created a factual dispute as to the defendants’ nonliability, but a significant obstacle to such a holding was the court’s finding that the onomatopoeia of the plaintiff’s mark rendered it weak and therefore entitled to only a narrow scope of protection.¹²⁴⁴ The plaintiff’s case also suffered from the absence of evidence of actual confusion, concerning which the court held that “where the two restaurant chains have operated in their respective geographic regions [New York and New Jersey vs. Washington state] for years without issue, no reasonable juror could find

been unaware of the plaintiff’s mark prior to the defendant’s receipt of the plaintiff’s demand letter. *Id.*

¹²³⁸ *Id.*

¹²³⁹ *Id.* at 899-900.

¹²⁴⁰ See *BBC Grp. v. Island Life Rest. Grp.*, 413 F. Supp. 3d 1032 (W.D. Wash.), *reconsideration denied*, No. C18-1011 RSM, 2019 WL 4917060 (W.D. Wash. Oct. 4, 2019), and *reconsideration denied*, No. C18-1011-RSM, 2019 WL 4991533 (W.D. Wash. Oct. 8, 2019).

¹²⁴¹ *Id.* at 1039-40.

¹²⁴² *Id.* at 1043.

¹²⁴³ *Id.*

¹²⁴⁴ *Id.*

likelihood of confusion.”¹²⁴⁵ With the parties availing themselves of non-overlapping marketing channels and the defendants having adopted their mark in good faith,¹²⁴⁶ the court summarily dismissed the plaintiff’s claim of likely confusion without the need for a trial.

Three federal district courts confirmed that, although an incontestable mark may be presumptively distinctive, that circumstance does not necessarily mean it is strong for purposes of the likelihood-of-confusion inquiry. Instead, as the first court held, the strength of such a mark (and all others) should turn on six factors, namely: (1) the mark owner’s advertising and promotional expenses; (2) consumer studies linking the name to the source; (3) the senior user’s sales success; (4) third-party uses and attempts to plagiarize the mark; (5) length and exclusivity of the mark’s use; and (6) unsolicited media coverage of the products at issue.¹²⁴⁷ Under a proper application of those factors, the mark at issue, IONEX for the “chemical strengthening of glass by immersion in a molten salt bath,”¹²⁴⁸ fared poorly,¹²⁴⁹ and that helped lead to a successful motion for summary judgment by Apple, Inc., which used the phrase “Ion-X” on its digital smart watches. The mark’s weakness was not the only reason for the court’s finding of nonliability as a matter of law, for the court also found that the presence of Apple’s house mark and logo on its packaging, as well as the marks’ differing pronunciations (established through expert testimony) rendered the uses dissimilar.¹²⁵⁰ Beyond that, the court found that “the parties in this case offer completely different goods and services . . . [because] Plaintiff offers glass strengthening services to other businesses, while Defendant sells electronic devices directly to consumers.”¹²⁵¹ So too was evidence of actual confusion absent from the record after the court excluded one set of survey results proffered by the plaintiff and accorded another set limited weight.¹²⁵² With the factors of Apple’s good faith, the high

¹²⁴⁵ *Id.*

¹²⁴⁶ *Id.* at 1044.

¹²⁴⁷ See *Saxon Glass Techs., Inc. v. Apple Inc.*, 393 F. Supp. 3d 270, 302 (W.D.N.Y. 2019), *aff’d*, 824 F. App’x 75 (2d Cir. 2020).

¹²⁴⁸ *Id.* at 280.

¹²⁴⁹ The court found the weakness of the plaintiff’s mark beyond material dispute for myriad reasons. Those included (1) the mark was conceptually weak because the plaintiff’s strengthening process used in exchange; (2) it was commercially weak because the plaintiff’s advertising spend and sales were limited; (3) the plaintiff had failed to proffer survey evidence of distinctiveness; and (4) there was no evidence in the summary judgment record of unsolicited media coverage of the plaintiff’s services or attempts to plagiarize the mark. *Id.* at 302. Although the parties had differing views of the degree of exclusivity of the plaintiff’s use, that dispute was not material enough to lead to a different conclusion. *Id.*

¹²⁵⁰ *Id.* at 303.

¹²⁵¹ *Id.* at 304.

¹²⁵² *Id.* at 304-05.

quality of its goods, and sophistication of its customers also weighing against liability,¹²⁵³ the court found confusion unlikely as a matter of law.¹²⁵⁴

The second court reaching the same conclusion as to the allegedly presumptive strength of a mark covered by a registration for which the registrant had filed a declaration of incontestability did so in a battle between purveyors of coffee.¹²⁵⁵ The mark at issue was DETROIT COFFEE for coffee and coffee beans, which the defendants allegedly had infringed by using the DETROIT BOLD and DETROIT BOLD COFFEE CO. marks for competitive goods. The court agreed that the plaintiff's registration rendered the underlying mark conceptually strong, but it found that strength outweighed by the mark's commercial weakness, which was documented in the summary judgment record by the plaintiff's "non-specific and sporadic event sponsorships in a few states," "word-of-mouth advertising," and "small sales numbers totaling 900 dollars or less in the past four years."¹²⁵⁶ Concluding that "[t]he [parties'] marks have dissimilar fonts, colors, and overall stylistic impressions originating from their shape, lettering, and capitalization,"¹²⁵⁷ the court also rejected the plaintiff's argument that the marks were confusingly similar, observing in the process that "[m]erely taking the term 'Detroit' in isolation as Plaintiff encourages would be dissecting the marks for similarities, which is not permitted."¹²⁵⁸ So too did it find it undisputed that the plaintiff's proffered evidence of actual confusion—a pair of misdirected voice-mail messages and three misdirected e-mails—were "[i]solated," "brief," and "not weighty enough to support a finding that confusion is likely."¹²⁵⁹ With the court also siding with the defendants on the issue of the good-faith adoption of their mark,¹²⁶⁰ the competitive proximity of the parties' goods¹²⁶¹ and the parties' shared use of the Internet to promote their goods¹²⁶² failed to create a factual dispute as to the defendants' nonliability.

¹²⁵³ *Id.* at 305.

¹²⁵⁴ *Id.* at 306.

¹²⁵⁵ *See* *Detroit Coffee Co. v. Soup For You, LLC*, 396 F. Supp. 3d 754 (E.D. Mich. 2019).

¹²⁵⁶ *Id.* at 768.

¹²⁵⁷ *Id.* at 770.

¹²⁵⁸ *Id.* at 669.

¹²⁵⁹ *Id.* at 770.

¹²⁶⁰ *Id.* at 773. On that issue, the plaintiff sought to rely on the nationwide constructive notice attaching to the registration covering its mark, but the court pointed out that the defendants' adoption of their mark had occurred prior to the plaintiff's priority date and, in any case, "the mere prior existence of a registered mark does not demonstrate intentional copying." *Id.*

¹²⁶¹ *Id.* at 769.

¹²⁶² *Id.* at 771-72.

Finally, the third court found confusion unlikely as a matter of law between the mark below on the left, used in connection with insurance services, and the one below on the right, under which the defendant offered real estate title and escrow services:¹²⁶³



The plaintiff owned a number of federal registrations of “foremost” marks, for which it had filed Section 15 declarations and, based on the resulting incontestability, it asserted its marks were strong as a matter of law. Citing third-party use assembled through “a comprehensive search of the USPTO’s Trademark Electronic Search System and a comprehensive business entity search in all 50 states,” however, the court found that element of the plaintiff’s marks “relatively weak” despite the plaintiff’s reliance on the claimed absence of relevant uses in its industry.¹²⁶⁴ Moving on, it next found that “[a]lthough both marks use the word Foremost, that on its own is not sufficient to find likelihood of confusion and viewing the mark as a whole, there are enough differences to find that this factor does not weigh in favor of a finding of a likelihood of confusion.”¹²⁶⁵ With the court finding no material dispute that the defendant had adopted its mark in good faith and additionally rejecting the results of two surveys commissioned by the plaintiff as evidence of actual confusion,¹²⁶⁶ the arguably related nature of the parties’ services¹²⁶⁷ was not enough to create a factual dispute as to the defendant’s nonliability.

A rather novel antitrust-based argument by a plaintiff active in the hanging paper automobile air freshener market failed to create a dispute of fact in its suit against a defendant manufacturing and selling concentrated air fresheners and odor eliminators in spray bottles, scent cans, and gel disks.¹²⁶⁸ The plaintiff sold its goods, representative examples of the packaging of which appear below, under various two-word marks ending with the word “bomb”:¹²⁶⁹

¹²⁶³ See *FCOA, LLC v. Foremost Title & Escrow Servs., LLC*, 416 F. Supp. 3d 1381 (S.D. Fla. 2019).

¹²⁶⁴ According to the court, “even though third-party use is considered more potent when the users are operating in the same field as the plaintiff, third-party use of a mark even in unrelated businesses also serves to narrow the scope of protection of the mark.” *Id.* at 1390 (citation omitted).

¹²⁶⁵ *Id.* at 1391.

¹²⁶⁶ *Id.* at 1393-94.

¹²⁶⁷ *Id.* at 1391.

¹²⁶⁸ See *Flower Mfg., LLC v. CareCo, LLC*, 466 F. Supp. 3d 797 (N.D. Ohio 2020).

¹²⁶⁹ *Id.* at 804.



In contrast, the defendant historically made and sold concentrated air fresheners and odor eliminators in spray bottles, scent cans, and gel disks under the SCENT BOMB mark:¹²⁷⁰



Shortly before the filing of the suit, however, the defendant expanded its product line to card fresheners similar to the plaintiff's products.

For the most part, the court's evaluation of the plaintiff's claims of likely confusion followed a conventional track. For example, although finding the plaintiff's marks suggestive, the court found them commercially weak because they coexisted "in a crowded field where multiple producers use similar registered trademarks to sell air fresheners and automobile specific fresheners and cleaning products."¹²⁷¹ It similarly found that "[e]ven viewing the hanging cards alone without considering their packaging or the manner in which they are displayed, the marks have significant differences that produce a significantly different overall appearance."¹²⁷² It then rejected the plaintiff's proffered two instances of actual confusion because both were short-lived and because neither involved

¹²⁷⁰ *Id.* at 805.

¹²⁷¹ *Id.* at 811.

¹²⁷² *Id.* at 814.

purchasers of the goods bearing the allegedly infringed marks.¹²⁷³ And, despite concluding that the parties used overlapping marketing channels,¹²⁷⁴ the court also found that the sophistication of their wholesale purchasers¹²⁷⁵ and the absence of credible evidence that the plaintiff intended to expand its product line favored a finding of noninfringement.¹²⁷⁶

That left the factor of the competitive proximity of the parties' goods. Seeking to establish the related nature of those goods, the plaintiff argued that "courts have looked to antitrust law on this point to find goods competitive where they are either identical or *available substitutes* for each other."¹²⁷⁷ Rejecting that analysis, the court noted that "[t]he purpose of the Sherman Act is to prohibit monopolies, contracts and combinations which probably would unduly interfere with the free exercise of their rights by those engaged, or who wish to engage, in trade and commerce."¹²⁷⁸ Consequently:

[T]he question here is not whether [the defendant's] conduct impairs competition in the marketplace but whether it has infringed [the plaintiff's] protected interest in its trademark. It is fair to say that trademark laws were enacted for the protection of the competitor who owns a mark and not for protection of competition in the marketplace in general.¹²⁷⁹

Then, considering undisputed evidence that both parties sold hanging paper air fresheners under their respective marks, the court discounted that overlap because "[the plaintiff] has failed to present evidence that more than a small fraction of each party's sales is of directly competing products"¹²⁸⁰ "Taken in balance," it concluded, "[the plaintiff] has failed to meet its burden to establish a likelihood of consumer confusion."¹²⁸¹

In a different dispute that also produced a finding of unlikely confusion as a matter of law, the plaintiff, an operator of trade shows under the CONNECT MARKETPLACE mark, took issue with the defendant's use of CVENT CONNECT mark in connection with cloud-based enterprise event management services.¹²⁸²

¹²⁷³ Instead, the allegedly confused third parties were purchasers of private-label goods produced by the plaintiff but not bearing the marks it sought to protect. *Id.* at 816-17.

¹²⁷⁴ *Id.* at 817.

¹²⁷⁵ *Id.* at 817-18.

¹²⁷⁶ *Id.* at 819-20.

¹²⁷⁷ *Id.* at 812.

¹²⁷⁸ *Id.* (quoting *Expert Masonry, Inc. v. Boone County, Ky.*, 440 F.3d 336, 346 (6th Cir. 2006)).

¹²⁷⁹ *Id.*

¹²⁸⁰ *Id.* at 814.

¹²⁸¹ *Id.* at 820.

¹²⁸² See *Tarsus Connect, LLC v. Cvent, Inc.*, 452 F. Supp. 3d 1334 (N.D. Ga. 2020).

Weighing the parties' cross-motions for summary judgment, the court found the plaintiff's incontestable mark descriptive and weakened by third-party uses of similar marks, some of which the plaintiff had itself identified while overcoming an initial likelihood-of-confusion-based refusal of an application to register its mark.¹²⁸³ Next, observing that "[t]he mere fact that two marks contain the same word does not, in itself, make the marks 'substantially similar,'"¹²⁸⁴ the court found it undisputed that "[s]ince the marks at issue here operate in a crowded field, the differing placement of 'connect' and the inclusion of brand modifiers are sufficient to differentiate the marks."¹²⁸⁵ The plaintiff also failed to establish the existence of a factual dispute as to the competitive proximity of the parties' services because "while both parties are active in the meetings industry, their products and customers are not homogeneous and are sufficiently distinct";¹²⁸⁶ in particular, "[the defendant] presents evidence that much of its business is geared towards the software industry,"¹²⁸⁷ while "[the plaintiff] concedes it is 'not a software company' and does not offer software products."¹²⁸⁸ Likewise, despite converging marketing channels, the parties targeted differing customer bases, at least one of which—the plaintiff's—was sophisticated in nature. Although the plaintiff established the defendant's knowledge of the plaintiff's mark before adopting its own, the court declined to equate that knowledge with a bad-faith intent to confuse,¹²⁸⁹ and it similarly rejected the plaintiff's proffered showing of actual confusion because it arose only after the plaintiff had changed its company name to correspond to the service mark it sought to protect.¹²⁹⁰ "Viewing the record as a whole," the court concluded, "the factors in the 'likelihood of confusion' test weigh in favor of [the defendant]."¹²⁹¹

So too did a shared word between two marks used in connection with directly competitive non-profit organizations with roughly similar political bents fail to create a factual dispute as to the

¹²⁸³ *Id.* at 1349-51.

¹²⁸⁴ *Id.* at 1351-52 (quoting *Armstrong Cork Co. v. World Carpets, Inc.*, 597 F.2d 496, 502 (5th Cir. 1979)).

¹²⁸⁵ *Id.*

¹²⁸⁶ *Id.* at 1352.

¹²⁸⁷ *Id.*

¹²⁸⁸ *Id.* at 1353.

¹²⁸⁹ *Id.* at 1354-55.

¹²⁹⁰ *Id.* at 1355-56.

¹²⁹¹ *Id.* at 1356.

In an abbreviated analysis following that conclusion, the court then used much the same analysis to dispose of the plaintiff's claim of likely confusion between its claimed unregistered CONNECT mark (which the court found generic or, alternatively, descriptive and lacking acquired distinctiveness) and the defendant's use of CVENT CONNECT. *See id.* at 1362.

defendants' nonliability for infringement.¹²⁹² The plaintiff owned a federal registration of the EAGLE FORUM mark for, inter alia, association services, while the defendants, who had themselves been associated with the plaintiff before a political schism between the parties, used PHYLLIS SCHLAFLY'S AMERICAN EAGLES for directly competitive services. The summary judgment record established that Phyllis Schlafly, the principal of the lead defendant and the former principal of the plaintiff, had over the years set up numerous organizations with the word "eagle" in their names, and that played a significant role in the court's determination that the parties' marks were distinguishable:

In the case at hand, the phrases have a different word count and share the word "Eagle," though singular in one phrase and plural in the other. . . . Plainly stated, the marks don't appear to be similar as a whole, and, even picked apart, the common word "Eagle" appears interchangeable amongst many Schlafly related organizations.¹²⁹³

Apparently because the plaintiff had failed to do so, the court did not address any likelihood-of-confusion factors other than actual confusion, of which there was no record evidence or testimony. "Reduced to brass tacks," the court concluded, "[the plaintiff's] [infringement] and common law unfair competition claims do not pass muster."¹²⁹⁴

(vi) Opinions Finding No Likelihood of Confusion After Trial

No doubt the result in part of widespread COVID-related moratoriums on live trials, the Lanham Act year produced only one readily apparent reported opinion finding confusion unlikely after such a proceeding.¹²⁹⁵ The plaintiff in the case producing it owned federal registrations of the following mark for charitable fundraising services involving races of plastic toy ducks wearing sunglasses, as well as "pool lights, chlorinators, and thermometers":¹²⁹⁶

¹²⁹² See *Eagle Forum v. Phyllis Schlafly's Am. Eagles*, 451 F. Supp. 3d 910 (S.D. Ill. 2020).

¹²⁹³ *Id.* at 921.

¹²⁹⁴ *Id.*

¹²⁹⁵ See *Great Am. Duck Races Inc. v. Kangaroo Mfg. Inc.*, 398 F. Supp. 3d 494 (D. Ariz. 2019).

¹²⁹⁶ *Id.* at 498-99.



Although apparently not asserting a clearly separate claim for trade dress infringement, the plaintiff also had licensed a third party to produce a large pool float with a close similarity to the plaintiff's mark. The plaintiff claimed the defendants had violated these rights by their sale of somewhat smaller novelty swimming pool floats the court found based "to some extent" on the plaintiff's toy ducks and which also sported sunglasses.¹²⁹⁷

Following a bench trial, the court found confusion unlikely based on a number of considerations. One was the lack of either conceptual or commercial strength of the plaintiffs "'descriptive' or 'generic'" mark.¹²⁹⁸ Others included the parties' practices of using their house marks on their packaging¹²⁹⁹ and the absence of actual confusion.¹³⁰⁰ The plaintiff was not without factors favoring its position, namely, the facts that the parties' uses had "some similarity,"¹³⁰¹ that "given the low cost and simplicity of the ducks, . . . consumers exercised a relatively low amount of care,"¹³⁰² and that, even if they had changed them, "[the defendants] knowingly used marks similar to [the plaintiff's] in an attempt to capitalize on what was already popular."¹³⁰³ In the final analysis, however, those factors established nothing more than "some 'possibility' of confusion" under both federal and Arizona law.¹³⁰⁴

¹²⁹⁷ *Id.* at 500.

¹²⁹⁸ *Id.* at 505.

¹²⁹⁹ *Id.* at 506.

¹³⁰⁰ *Id.*

¹³⁰¹ *Id.*

¹³⁰² *Id.* at 507.

¹³⁰³ *Id.*

¹³⁰⁴ *Id.*

**(vii) Opinions Deferring Resolution of the
Likelihood-of-Confusion Inquiry**

Motions to dismiss allegations of likely confusion were characteristically unsuccessful.¹³⁰⁵ One of the more notable opinions to deny such a motion came in an action to enforce the rights to, inter alia, the following federally registered composite mark for restaurant services, which the court mistakenly characterized as a “design mark”:¹³⁰⁶



The defendant—which itself operated a restaurant under a different THE CAPITAL GRILLE mark—argued the plaintiff’s allegations of infringement were fatally defective “because Plaintiff does not explicitly allege that Defendant ‘copied’ Plaintiff’s . . . design mark, does not state plainly which of Plaintiff’s mark Defendant used improperly, and does not state how Defendant actually used such mark improperly.”¹³⁰⁷ In denying the defendant’s motion, the court made short work of that argument:

[A] word mark can infringe a design mark. Therefore, the Court rejects Defendant’s implication that Plaintiff did not state a claim for trademark infringement because it alleges that Defendant’s word mark infringed its first design mark. Whether the word mark actually infringed Plaintiff’s design mark is a question on the merits, and therefore, inappropriate for the Court to examine on a motion to dismiss.¹³⁰⁸

A similar analysis led to the same result in litigation between the producers of the following competing portable plastic fuel containers:¹³⁰⁹

¹³⁰⁵ See, e.g., 3Lions Publ’g, Inc. v. Interactive Media Corp., 389 F. Supp. 3d 1031, 1040, 1041-42 (M.D. Fla. 2019) (citing plaintiff’s averment of the use of identical marks in closely related contexts as ground for denial of motion to dismiss).

¹³⁰⁶ See Cap. Grille Holdings, Inc. v. Historic Hotels of Nashville, LLC, 448 F. Supp. 3d 819, 822 (M.D. Tenn. 2020).

The illustration in the text accompanying this footnote is reproduced from the drawing in U.S. Registration No. 1644015.

¹³⁰⁷ Cap. Grille Holdings, 448 F. Supp. 3d at 831.

¹³⁰⁸ Id. at 832.

¹³⁰⁹ See No Spill, Inc. v. Scepter Canada, Inc., 429 F. Supp. 3d 768, 778 (D. Kan. 2019).



The inclusion of this side-by-side comparison in the complaint weighed against dismissal where the factor of mark similarity was concerned,¹³¹⁰ and the plaintiff also benefitted from its averments of intentional copying, overlapping marketing strategies, and the strength of its trade dress.¹³¹¹ For its part, the defendant argued that differences between the parties’ designs rendered confusion unlikely as a matter of law, but the court held otherwise, concluding, “the degree of similarity between the products is an issue of fact that is not amenable to resolution at this stage of the litigation.”¹³¹²

Motions for summary judgment also fell short, including a number filed by plaintiffs. Perhaps the most notable reported opinion featuring such a disposition came from the Second Circuit in a case brought by high-end jewelry retailer Tiffany and Company against warehouse club operator Costco.¹³¹³ That opinion arose from Tiffany’s challenge to Costco’s sale of rings with Tiffany-style settings using point-of-sale signs, some of which used the phrases “Tiffany setting,” “Tiffany set,” and “Tiffany style,” while others used “only the word ‘Tiffany.’”¹³¹⁴ Although the district court found that Costco’s conduct constituted infringement as a matter of law, the Second Circuit vacated that holding. Contrary to the district court’s view of the summary judgment record, it determined that Costco had placed Tiffany’s survey evidence of actual confusion into dispute by proffering expert testimony criticizing the survey’s

¹³¹⁰ *Id.* at 785-86 (“[The plaintiff] alleges that the marks bear substantial similarity to one another and provides side-by-side pictorial representations to demonstrate similarity.”).

¹³¹¹ *Id.* at 786.

¹³¹² *Id.*

¹³¹³ *See* *Tiffany & Co. v. Costco Wholesale Corp.*, 971 F.3d 74 (2d Cir. 2020).

¹³¹⁴ *Id.* at 81.

methodology.¹³¹⁵ With respect to the issue of Costco's bad faith, it then held that the district court had failed to accord proper weight to Costco's showing "that it had never attempted to adopt the Tiffany mark, that its signs actually used the word 'Tiffany' as a brand-independent description of a particular style of diamond setting, and that those signs merely reflected information provided by its own suppliers."¹³¹⁶ Finally, it concluded, an expert report proffered by Costco on the "high involvement" nature of purchases of engagement rings created a factual dispute as to the degree of care exercised by consumers of the parties' goods. "[W]hen considered in the aggregate," the court observed in remanding the action for trial, Costco had created "a genuine question as to the likelihood of customer confusion."¹³¹⁷

Other failed motions for summary judgment of liability did not result in appellate opinions.¹³¹⁸ In one case with such a disposition, the plaintiff objected to the defendants' sale of sunglasses bearing the plaintiff's marks and possibly (or possibly not) introduced into the stream of commerce by the plaintiff itself.¹³¹⁹ Having declined the plaintiff's invitation to find the marks on the glasses counterfeit as a matter of law, the court turned to the parties' cross-motions for summary judgment on the subject of whether the defendants' sale (or resale) of the goods infringed the plaintiff's marks. Making its way through the likelihood-of-confusion factors, the court found: (1) the parties' respective uses "identical";¹³²⁰ (2) their goods were the same;¹³²¹ (3) they targeted overlapping customer bases;¹³²² (4) the plaintiff's mark was strong;¹³²³ and (5) "[b]oth parties have received consumer feedback suggesting actual confusion regarding Defendants' retail [sale] of sunglasses bearing [the plaintiff's] marks"¹³²⁴ Although those factors therefore favored the plaintiff, and although the court found the sophistication of purchasers of the sunglasses in question should be "temper[ed]"

¹³¹⁵ *Id.* at 87.

¹³¹⁶ *Id.* at 88.

¹³¹⁷ *Id.* at 91.

¹³¹⁸ *See, e.g.,* Hamilton Int'l Ltd. v. Vortic LLC, 414 F. Supp. 3d 612, 621-22 (S.D.N.Y. 2019) (holding majority of likelihood-of-confusion factors "not relevant" and "not helpful" in action challenging refurbishing and resale of genuine watches bearing plaintiff's mark and finding factual disputes with respect to actual confusion, good faith, and purchaser sophistication), *reconsideration denied*, No. 17CV5575AJNOTW, 2020 WL 122908 (S.D.N.Y. Jan. 10, 2020).

¹³¹⁹ *See* Maui Jim, Inc. v. SmartBuy Guru Enters., 459 F. Supp. 3d 1058 (N.D. Ill. 2020).

¹³²⁰ *Id.* at 1093.

¹³²¹ *Id.*

¹³²² *Id.*

¹³²³ *Id.* at 1094.

¹³²⁴ *Id.*

because of the identity of the parties' goods,¹³²⁵ the court found that the factual question of the defendants' liability was in dispute. It expressly identified little evidence supporting that outcome, however, other than evidence of the defendants' good faith.¹³²⁶

A motion for summary judgment of liability also fell short of the mark in a battle between producers of energy drinks.¹³²⁷ The plaintiff owned a number of federally registered marks including the word "beast," including UNLEASH THE BEAST!, UNLEASH THE NITRO BEAST!, REHAB THE BEAST!, UNLEASH THE ULTRA BEAST!, and PUMP UP THE BEAST!; it also owned a registration of a design mark styled as its "Claw Icon." It displayed those marks on its cans in the following manner:¹³²⁸



The subject of the plaintiff's ire was the defendant's sale of competitive beverages under the BEASTUP mark and in cans featuring "what appear to be two sets of silver claw marks running diagonally near the top and bottom of each can":¹³²⁹

¹³²⁵ *Id.*

¹³²⁶ *Id.* at 1094-95.

¹³²⁷ *See* *Monster Energy Co. v. BeastUp LLC*, 395 F. Supp. 3d 1334 (E.D. Cal. 2019).

¹³²⁸ *Id.* at 1347.

¹³²⁹ *Id.* at 1348.



In finding a factual dispute concerning the defendant's liability for infringement, the court found the plaintiff's marks both conceptually strong (because they were either arbitrary or suggestive) and commercially strong (because of the plaintiff's sales of billions of units and its investment of billions of dollars in promotional expenditures).¹³³⁰ It also found in the plaintiff's favor with respect to the directly competitive nature of the parties' goods,¹³³¹ survey results documenting a net 29% confusion rate among respondents,¹³³² the parties' overlapping distribution channels, marketing strategies, and "general class of consumers,"¹³³³ the low degree of care exercised by purchasers,¹³³⁴ and the defendant's knowledge of the plaintiff's marks before adopting its own.¹³³⁵ At the same time, however, "[w]hile both sets of marks incorporate the term 'BEAST' in conjunction with claw marks, as described above, there are many visual distinctions between defendant's BEASTUP mark, claw logo and claw marks and plaintiff's marks incorporating the word BEAST and Claw Icon as these marks appear in the marketplace."¹³³⁶ Largely on that basis, the court held that the issue of likely confusion required resolution at trial.

A separate failed motion for summary judgment came in an action to protect the FIREBIRDS mark for a chain of steakhouses against an allegedly infringing use of FIREBIRD RESTAURANT GROUP as a house mark for six different brands of restaurants

¹³³⁰ *Id.* at 1352-53.

¹³³¹ *Id.* at 1353-54.

¹³³² *Id.* at 1358.

¹³³³ *Id.* at 1359.

¹³³⁴ *Id.* at 1360.

¹³³⁵ *Id.*

¹³³⁶ *Id.* at 1357.

operating at fifty locations.¹³³⁷ The court accepted the argument that the plaintiff's mark was conceptually strong, but it also found merit in the defendants' showings of third-party use and the lack of notoriety of the plaintiff's mark in the defendants' geographic markets.¹³³⁸ It similarly determined that "[t]he similarity of the [parties'] services may be limited to the fact that both sides are involved in the restaurant industry" in light of the nature of the defendants' use of their mark for management-related services;¹³³⁹ that same consideration meant there were factual disputes as to the extent of any overlapping customers.¹³⁴⁰ Thus, although the similarity of the marks in question, the parties' use of similar advertising media, and the plaintiff's anecdotal and survey evidence of actual confusion (albeit not of mistaken purchasing decisions) favored the plaintiff's position,¹³⁴¹ those factors were not sufficiently compelling to mandate summary judgment of infringement.¹³⁴²

Plaintiffs were not the only litigants failing to prosecute successful summary judgment motions. On the contrary, one unsuccessful motion was filed by a pair of defendants accused of infringing the EZ ON mark for shower curtains through their sale of competitive goods under the EZ HANG mark.¹³⁴³ The motion was apparently bare-bones and focused primarily on alleged differences in the market segments served by the parties. The court declined to give that factor dispositive effect, however, and, to the extent the defendants addressed any other factors, they failed to cite to any evidence in the summary judgment record supporting their position. "On the basis of this showing," the court held, it had "no difficulty concluding that defendants have failed to meet their burden on summary judgment."¹³⁴⁴

Finally, both of the competing cross-motions for summary judgment in a battle between beer producers also failed to get the job done.¹³⁴⁵ The plaintiff owned federal registrations of the STONES, HOLD MY STONES, and STONE marks for its craft beer, upon the last of which it apparently relied most heavily, while the defendant used the KEYSTONE LIGHT mark for an economy beer; the parties' dispute arose from the defendant's allegedly new

¹³³⁷ See *Firebirds Int'l, LLC v. Firebird Rest. Grp.*, 397 F. Supp. 3d 847 (N.D. Tex. 2019).

¹³³⁸ *Id.* at 863.

¹³³⁹ *Id.* at 865.

¹³⁴⁰ *Id.*

¹³⁴¹ *Id.* at 863-64, 865-66, 866-68.

¹³⁴² *Id.* at 868.

¹³⁴³ See *Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co.*, 454 F. Supp. 3d 229 (S.D.N.Y. 2020), *reconsideration denied*, No. 15 Civ. 10154 (PAE), 2020 WL 2115344 (S.D.N.Y. May 3, 2020).

¹³⁴⁴ *Id.* at 248.

¹³⁴⁵ See *Stone Brewing Co. v. MillerCoors LLC*, 445 F. Supp. 3d 1113 (S.D. Cal. 2020).

practices of separating the words “key” and “stone” on its packaging and using tag lines featuring “stone” on a standalone basis. Although the summary judgment record established that the competitive proximity of the parties’ beverages favored the plaintiff,¹³⁴⁶ other considerations weighed against the grant of its motion. For example, the court found the defendant’s showing that “at least ten other craft breweries actively use the word ‘Stone’ in their name” called the strength of the plaintiff’s STONE mark into question.¹³⁴⁷ It also found the existence of a factual dispute as to the similarity of the parties’ uses in the marketplace based on their distinguishable packaging, dissimilar typefaces, differing orientations, and locations on store shelves.¹³⁴⁸ Moreover, although the plaintiff adduced both declaration testimony and survey evidence of actual confusion, the court credited the defendant’s arguments that the former had not been disclosed in discovery and that the latter resulted from flawed methodologies.¹³⁴⁹ Likewise, the court discounted the plaintiff’s showing of overlapping retail, marketing, advertising, and distribution channels based on the defendant’s responsive showings that the parties’ products generally were not sold in the same outlets, and, even when they were, they were located in different locations within those outlets.¹³⁵⁰ Finally, the court found, “triable issues of fact remain regarding the degree of care exercised by the parties considering the evidence regarding costs and purchaser sophistication.”¹³⁵¹ Consequently, the issue of likely confusion presented a “close call,” leaving the court unable to grant the plaintiff’s motion.¹³⁵²

(2) The First-Sale Doctrine and Likelihood of Confusion Arising from the Diversion or Alteration of Genuine Goods

If a good bearing a mark has been introduced into the stream of commerce under the authority of the mark’s owner,¹³⁵³ the first-sale,

¹³⁴⁶ On that issue, the court rejected the defendant’s attempt to distinguish between the parties’ beverages with the observation that “even if a jury concluded that the two brands do not directly compete, a jury could still reasonably find that the similarity of their products—specifically, beer—would likely result in consumer confusion between the brands and products.” *Id.* at 1132.

¹³⁴⁷ *Id.* at 1130-31.

¹³⁴⁸ *Id.* at 1133-34.

¹³⁴⁹ *Id.* at 1134. Although the plaintiff submitted the results of four separate surveys, the court noted it had failed to rely upon a fifth survey yielding results so low that even the plaintiff’s expert acknowledged that its results were not probative of likely confusion. *Id.*

¹³⁵⁰ *Id.* at 1135.

¹³⁵¹ *Id.* at 1136.

¹³⁵² *Id.* at 1137.

¹³⁵³ For an opinion affirming a default judgment of liability based on the defendants’ failure to contest the plaintiff’s allegations that the defendants had sold stolen goods bearing

or exhaustion, doctrine generally restricts the ability of that owner to challenge the unauthorized resale of the good under trademark law.¹³⁵⁴ One court applying the doctrine explained that “[t]his is true even if the second sale is without the mark owner’s consent. The underlying rationale stems from the proposition that the resale of *genuine* products does not confuse consumers and therefore is not a concern of the Lanham Act.”¹³⁵⁵ That proposition generally holds unless the diverted goods differ in some material way from their authorized counterparts;¹³⁵⁶ some courts also recognize an additional exception if the circumstances surrounding the promotion of the unauthorized goods suggest a relationship between the parties.

These general principles, however, do not resolve the question of which party bears the burden of proof as to whether the initial sale of goods bearing a plaintiff’s mark was authorized. Addressing that issue in the absence of controlling authority from the Seventh Circuit (or, apparently, authority from any other jurisdiction), an Illinois federal district court resolved it in favor of the plaintiff before it.¹³⁵⁷ Rejecting the defendant’s argument that the plaintiff was responsible for proving all aspects of its case, the court held the defendant better positioned to address the provenance of the disputed goods it sold:

[F]airness dictates that a litigant ought not have the burden of proof on facts particularly within the knowledge of the opposing party. Here, Defendants are best suited to know who gave them the [goods] they sell on their website. We think it would be absurd to think that fairness would otherwise dictate that an IP holder should be required to prove from where a potential infringer obtained their property to overcome the first sale doctrine. That type of information is not within a trademark holder’s knowledge.¹³⁵⁸

“Pragmatically,” the court continued, “holding otherwise would require trademark holders to employ mechanisms outside of the Lanham Act’s purview to track their trademarked products’ sales

the plaintiff’s mark, see *Quincy Bioscience, LLC v. Ellishbooks*, 957 F.3d 725, 730 (7th Cir. 2020).

¹³⁵⁴ “[T]he general rule [is] that a distributor who resells branded goods without change is not an ‘infringer’ and thus needs no ‘license.’” J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 25:41 (5th ed.).

¹³⁵⁵ *Monahan Prods. LLC v. Sam’s E., Inc.*, 463 F. Supp. 3d 128, 138 (D. Mass. 2020) (quoting *Heraeus Kulzer LLC v. Omni Dental Supply*, No. 12-11099-RGS, 2013 WL 3305284, at *3 (D. Mass. July 1, 2013)).

¹³⁵⁶ *Id.*

¹³⁵⁷ See *Maui Jim, Inc. v. SmartBuy Guru Enters.*, 459 F. Supp. 3d 1058 (N.D. Ill. 2020).

¹³⁵⁸ *Id.* at 1082 (citations omitted).

throughout the stream of commerce when a reseller could have just revealed their source.”¹³⁵⁹

The limits of the first-sale doctrine, real or perceived, came into play in several opinions. Perhaps the most notable one arose from an action to enforce the rights to the BLUETOOTH certification mark.¹³⁶⁰ That mark had been applied to genuine radio head units by third parties licensed to use it; those third parties then sold the units to the defendant, an automobile manufacturer, which incorporated the units into its vehicles. The plaintiff accused the defendant of having trafficked in goods bearing counterfeit imitations of the plaintiff’s mark, and the court rather improbably agreed with that accusation on the parties’ cross-motions for summary judgment.

The court did so under several rationales, one of which was that the plaintiff had not itself produced or sold the units: “[The plaintiff] does not manufacture and sell head units. Rather, it grants licenses to the third party suppliers that do. Thus, [the plaintiff] is not a ‘producer’ under the ‘first sale’ doctrine.”¹³⁶¹ Having thus held the first-sale doctrine inapplicable in all cases in which licensees of plaintiffs produced the goods in question, the court held the doctrine doubly inapplicable because the defendant did not actually resell the units except as components of its automobiles.¹³⁶² The plaintiff therefore was entitled to summary judgment, while the defendant was not.¹³⁶³ The units’ original introduction into commerce under the plaintiffs’ authority did not mandate a different result.

As always, some opinions did not definitively resolve the potential applicability of exhaustion principles, including one arising from a dispute between litigants in the fragrance industry.¹³⁶⁴ Although the defendants claimed to resell genuine goods manufactured by the plaintiffs, the plaintiffs defeated a motion to dismiss their complaint by successfully pleading not one but two exceptions to the first-sale doctrine, the first of which was that the goods resold by the defendants were not subject to the plaintiffs’ quality-control procedures. The plaintiffs did not simply recite that proposition in a formulaic matter; rather, they accused the defendants of, *inter alia*, having removed production codes on the packages of the plaintiffs’ fragrances. Accepting the plaintiffs’ allegations as true for purposes of the defendants’ motion, the court held that that accusation qualified the defendants’ conduct for the quality-control exception to the first-sale doctrine because: (1) the

¹³⁵⁹ *Id.*

¹³⁶⁰ *See* Bluetooth SIG, Inc. v. FCA US LLC, 463 F. Supp. 3d 1169 (W.D. Wash. 2020).

¹³⁶¹ *Id.* at 1190 (citation omitted).

¹³⁶² *Id.* at 1191.

¹³⁶³ *Id.*

¹³⁶⁴ *See* Coty Inc. v. Cosmopolitan Cosms. Inc., 432 F. Supp. 3d 345 (S.D.N.Y. 2020).

plaintiffs had established legitimate, substantial, and nonpretextual quality-control measures; (2) they had abided by those measures; and (3) the nonconforming sales would diminish the value of the plaintiffs' marks.¹³⁶⁵

Nevertheless, the court then held the plaintiffs' allegations failed to qualify their claims for a second exception to the first-sale doctrine, namely, that the goods sold by the defendants were materially different from those sold under the plaintiffs' authority. It observed that "[i]n the context of luxury fragrances that are often purchased as gifts, . . . damage to the physical appearance of the packaging that results from the process of removing production codes also damages the allure of the product."¹³⁶⁶ The plaintiffs averred that the defendants' removal of the production codes resulted in mutilated packaging, which qualified as a material difference, but the court held that the plaintiffs had not adequately pleaded that the degraded packaging was material to consumers' purchasing decisions.¹³⁶⁷ It therefore dismissed that theory of relief at the pleadings stage.

The denial of a plaintiff's summary judgment motion transpired in a case arising from the diversion of children's strollers, which, although intended for sale outside the United States, ultimately were sold domestically by a discount retailer, which had purchased them from distributors of the plaintiff.¹³⁶⁸ Holding that the existence of any differences between the diverted strollers and their authorized counterparts presented a question of fact, but that the materiality or immateriality of those differences presented a question of law, the court addressed the allegedly material differences between the strollers sold by the plaintiff on the domestic market and those sold by the defendants. The plaintiff asserted three such differences, namely, that the strollers sold by the defendants were: (1) not subject to the plaintiff's quality-control procedures; (2) not supported by the plaintiff's customer-support services; and (3) not eligible for the plaintiff's warranty.

Reviewing the first of these alleged differences, the court found that, although the defendants' distribution chains might result in the strollers they sold being shipped more times than those sold by the plaintiff's authorized retailers, "it is unclear whether [the plaintiffs'] authorized retailers, such as Amazon, also ship the strollers further before delivering them to customers."¹³⁶⁹ Finding a similar factual dispute with respect to the plaintiff's customer-support argument, the court found that "[t]here is some evidence in

¹³⁶⁵ *Id.* at 350-51.

¹³⁶⁶ *Id.* at 351.

¹³⁶⁷ *Id.* at 352.

¹³⁶⁸ *See Monahan Prods. LLC v. Sam's E., Inc.*, 463 F. Supp. 3d 128 (D. Mass. 2020).

¹³⁶⁹ *Id.* at 141.

the record that [the defendants] customer-support staff was less than fully informed about [the plaintiff's] strollers,"¹³⁷⁰ but, at the same time, "it is not clear whether the customer support at [the plaintiff's] authorized retailers was substantially different."¹³⁷¹ Finally, although it was undisputed that defendants' strollers were ineligible for the plaintiff's warranty, it was unclear from the record whether consumers viewed differences between that warranty and one offered by the defendants as material.¹³⁷² Summary judgment in the plaintiff's favor was inappropriate, as "on this record jurors could reasonably disagree as to whether any of the alleged product differences meaningfully exist in a way that would likely be relevant to consumers."¹³⁷³

Alleged differences in warranty protection also failed to produce a finding of likely confusion as a matter of law in a case originating in the defendants' sale of allegedly genuine sunglasses bearing the plaintiff's marks.¹³⁷⁴ Even if the plaintiff had authorized the initial sale of the goods (and the court found a factual dispute on that issue), the plaintiff argued that their resale was actionable because they differed in three material respects from their authorized counterparts, one of which was the warranty protection attaching to them. On that issue, the plaintiff successfully established that it charged for the repair of goods sold through unauthorized channels, while it did not do so for goods sold through authorized channels. That difference was not dispositive of the defendants' liability, however, because the court found a factual dispute as to whether a separate warranty offered by the defendants to their customers was materially identical to the one offered by the plaintiff.¹³⁷⁵

The court also declined to enter summary judgment in the plaintiff's favor with respect to two other claimed material differences between the authorized and unauthorized goods. One was the defendants' alleged inability to deliver shipped goods to consumers as quickly as the plaintiff; the court rejected that ground out of hand, holding, "[w]e think a holding that different shipping

¹³⁷⁰ *Id.* at 142.

¹³⁷¹ *Id.*

¹³⁷² Comparing the parties' respective warranties, the court remarked that:

One important difference is the availability of repair versus replacement. Under [the plaintiff's] warranty, a customer can obtain repairs and replacement parts for a broken stroller, but not an entirely new stroller or a refund. But under [the defendants'] warranty, a customer can receive only a refund or a replacement, assuming one is available. A customer could reasonably decide that one warranty or the other was better, but they are indisputably different. However, that difference may be only theoretical.

Id. at 144-45 (citations omitted).

¹³⁷³ *Id.* at 145.

¹³⁷⁴ *See Maui Jim, Inc. v. SmartBuy Guru Enters.*, 459 F. Supp. 3d 1058 (N.D. Ill. 2020).

¹³⁷⁵ *Id.* at 1087-88.

speeds constitute a material difference would be inappropriate since customers should know that shipment speeds are based on the retailer/website from which they purchase their product and are wholly unrelated to the product's brand."¹³⁷⁶ It then rejected the argument that the plaintiff's mere inability to control the quality of goods sold by the defendants necessarily constituted a material difference in the absence of a showing by the plaintiff that "it stops purchases of substandard product to create a material difference between the categories of authorized and unauthorized sales."¹³⁷⁷

Finally, and independent of its assertion that the goods sold by the defendants were materially different, the plaintiff accused the defendants of marketing their goods in a manner suggesting the defendants were favored or authorized dealers of the plaintiffs' goods. The court denied that aspect of the plaintiff's summary judgment motion as well, finding conflicting evidence and testimony in the record. It was undisputed that the defendants were not part of the plaintiff's authorized retailer network, and the plaintiff showed that at least some customer service representatives of the defendants had suggested the defendants sourced their goods directly from the plaintiff and that the defendants had misrepresented to U.S. Customs and Border Protection (and possibly to two consumers as well) that the plaintiff had certified the drop-resistance of their sunglasses. In response, the defendants called the court's attention to online disclaimers of affiliation, which the results of a survey commissioned by the plaintiff suggested misled only 40% of respondents into believing that the parties were affiliated. In the final analysis, the court concluded, "the sponsorship question presented here contains far too many disputed material facts such that adjudication at summary judgment would be inappropriate."¹³⁷⁸

An additional noteworthy opinion involving the resale of genuine goods addressed the adequacy of the defendants' notices that they sold refurbished goods.¹³⁷⁹ Under the Supreme Court's decision in *Champion Spark Plug Co. v. Sanders*,¹³⁸⁰ such refurbishing ordinarily does not require the reseller to remove the plaintiff's mark from the goods so long as consumers are sufficiently advised that the goods are not new.¹³⁸¹ The defendants invoking that proposition repurposed antique pocket watches originally

¹³⁷⁶ *Id.* at 1085.

¹³⁷⁷ *Id.* at 1088.

¹³⁷⁸ *Id.* at 1091.

¹³⁷⁹ See *Hamilton Int'l Ltd. v. Vortic LLC*, 414 F. Supp. 3d 612, 618 (S.D.N.Y. 2019), *reconsideration denied*, No. 17CV5575AJNOTW, 2020 WL 122908 (S.D.N.Y. Jan. 10, 2020).

¹³⁸⁰ 331 U.S. 125 (1947).

¹³⁸¹ *Id.* at 130.

manufactured by the plaintiff into wrist watches that continued to bear the plaintiff's mark. Advertising by the defendants represented that they used parts from the original watches to manufacture "a completely custom watch" and invited consumers to "talk to a watchmaker at [the lead defendant] today."¹³⁸² In denying the plaintiff's motion for summary judgment, the court recognized a factual dispute as to whether consumers would recognize the nature of the watches sold by the defendants. Moreover, this was true even though the defendants' watches featured different internal movements:

[T]he fact that the movements may not have been restored to precise factory specifications or were restored with parts from other vintage . . . watches [bearing the plaintiff's mark] does not make the ads deceptive and infringing as a matter of law. Just as the sparkplug consumers in *Champion* would expect lower quality from secondhand sparkplugs, a reasonable factfinder could determine that consumers of restored, historic watches would expect these techniques as well.¹³⁸³

As a final consideration underlying the denial of the plaintiff's motion, the court concluded that the appearances of the defendants' watches could themselves constitute the required disclosure because "[t]he watch looks like a pocket watch that has been re-appropriated into being a wristwatch. A reasonable factfinder could determine that the watch looks obviously modified."¹³⁸⁴

(3) Survey Evidence of Actual or Likely Confusion

An unusually small number of reported opinions addressed the methodology underlying surveys commissioned by litigants to measure the extent of actual or likely confusion. One opinion that did so delivered a split decision as to the admissibility of two surveys proffered by a plaintiff.¹³⁸⁵ The methodology employed by the first "qualitative" survey had myriad problems justifying the exclusion of its results. To begin with, it failed to use a control, which led the court to hold that "[w]ithout a proper control, there is no benchmark for determining whether a likelihood of confusion estimate is significant or merely reflects flaws in the survey methodology."¹³⁸⁶ Beyond that, the survey polled only forty respondents, which the court considered "a small sample size [that] makes its results

¹³⁸² *Hamilton Int'l*, 414 F. Supp. at 618.

¹³⁸³ *Id.* at 619.

¹³⁸⁴ *Id.*

¹³⁸⁵ See *Saxon Glass Techs., Inc. v. Apple Inc.*, 393 F. Supp. 3d 270 (W.D.N.Y.), *aff'd*, 824 F. App'x 75 (2d Cir. 2020).

¹³⁸⁶ *Id.* at 287 (quoting *THOIP v. Walt Disney Co.*, 690 F. Supp. 2d 218, 240 (S.D.N.Y. 2010)).

statistically insignificant and of minimal probative value.”¹³⁸⁷ Of equal significance, the court agreed with the defendant that the survey was “unreliable and not probative because it used leading questions and failed to include a visual stimulus.”¹³⁸⁸ Finally, the court noted, the survey did not use a standardized visual stimulus because it instructed respondents to write out the parties’ uses themselves on a sheet of paper.¹³⁸⁹ Although the plaintiff sought to rehabilitate its expert’s methodology by arguing the survey was a “qualitative” one that used a *Squirt* format, the court held that neither of those considerations excused the deficiencies identified by the defendant.¹³⁹⁰ Observing that “[t]hese numerous flaws are sufficiently fundamental that they render the [survey] unreliable and more prejudicial than probative,” it excluded the results even without addressing the defendant’s additional argument that the plaintiff’s expert had targeted the wrong universe.¹³⁹¹

In contrast, the court was more generous—perhaps overly so—toward the results of another survey conducted by a second expert retained by the plaintiff. That survey’s methodology suffered from many of the same flaws as that of the first survey, including: (1) the absence of a control; (2) the absence of a visual stimulus (the second expert asked respondents to imagine they were shopping for the defendant’s product); (3) the use of a single, “somewhat leading,” multiple choice question; and (4) an improper universe not limited to respondents interested in purchasing a product of the same type and price as that offered by the defendant.¹³⁹² Understandably, the court remarked that it did not discount the significance of the survey’s flaws and agreed with the defendant that they rendered the survey’s results “of limited evidentiary value.”¹³⁹³ Somewhat less understandably, though, it declined to exclude those results, holding “the general rule is that cross-examination, and not exclusion by the

¹³⁸⁷ *Id.*

¹³⁸⁸ *Id.* As the court summarized its methodology:

[The survey] asked questions such as “Do you believe that Brand X and Brand Y are likely to produce confusion in the marketplace for chemically strengthened glass and/or glass treatment services?” and “Do Brand X and Brand Y give you the impression that the products sold under these brands come from the same commercial source?”

Id. at 288. “These,” the court held, “are the precise types of questions that courts have found improperly suggestive in evaluating the admissibility of survey evidence.” *Id.*

¹³⁸⁹ *Id.*

¹³⁹⁰ *Id.* at 286-87, 288-89.

¹³⁹¹ *Id.* at 289.

¹³⁹² *Id.* at 290-91.

¹³⁹³ *Id.* at 291.

Court, is “the appropriate way to raise criticisms of the survey’s methods.”¹³⁹⁴

In a case in which a South Carolina federal district court had resolved the admissibility of the parties’ surveys earlier in the litigation, the court outlined results proffered by the plaintiffs’ expert witness, which it found convincing evidence of the plaintiffs’ entitlement to summary judgment.¹³⁹⁵ That study polled respondents on whether they believed a group of parishes using the marks THE EPISCOPAL DIOCESE OF SOUTH CAROLINA and THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF SOUTH CAROLINA were affiliated with a national church operating under the marks THE PROTESTANT EPISCOPAL CHURCH IN THE UNITED STATES and THE EPISCOPAL CHURCH. As the court summarized the survey’s structure, it inquired “whether people believed that ‘The Protestant Episcopal Church in the Diocese of South Carolina’ and ‘The Episcopal Diocese of South Carolina,’ two marks that Defendants acknowledge they use, are affiliated with a ‘national or international organization,’ and, if the respondent answers is yes, they were asked ‘which’ organization.”¹³⁹⁶ The court found the results “striking.”¹³⁹⁷ Specifically, “forty-one percent of Episcopalians, and eighteen percent of South Carolina residents overall, associate ‘The Protestant Episcopal Church in the Diocese of South Carolina’ with [the national church].”¹³⁹⁸ “Further,” it continued, “sixty-four percent of Episcopalians, and twenty-four percent of South Carolina residents overall, associate ‘The Episcopal Diocese of South Carolina’ with [the national church].”¹³⁹⁹ Because “[t]hese results far exceed percentages that the Fourth Circuit has previously held to be ‘clear evidence’ of actual confusion,” the existence of actual confusion was beyond material dispute.¹⁴⁰⁰

Although not excluding the results of two confusion surveys, a different court found their methodology sufficiently dubious as to limit the probative value of testimony from the experts conducting them.¹⁴⁰¹ The plaintiff provided insurance services under a variety of marks featuring the word “foremost,” while the defendant used

¹³⁹⁴ *Id.* (quoting *On Site Energy Co. v. MTU Onsite Energy Corp.*, No. 10-CV-1671 (JS)(WDW), 2012 WL 2952424, at *3 (E.D.N.Y. July 19, 2012)).

¹³⁹⁵ *See vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612 (D.S.C. 2019), *appeal docketed*, No. 19-2112 (4th Cir. Apr. 4, 2020).

¹³⁹⁶ *Id.* at 653-54.

¹³⁹⁷ *Id.* at 654.

¹³⁹⁸ *Id.*

¹³⁹⁹ *Id.*

¹⁴⁰⁰ *Id.*

¹⁴⁰¹ *See FCOA, LLC v. Foremost Title & Escrow Servs., LLC*, 416 F. Supp. 3d 1381 (S.D. Fla. 2019).

the FOREMOST TITLE & ESCROW mark for real estate title and escrow services. In granting the defendant's motion for summary judgment, the court declined to find a factual dispute over the nonexistence of actual confusion in the record. It did not describe the surveys' methodology in any detail, except to note that:

Basically, the survey conducted by [one of the plaintiff's] experts asks Florida residents who have purchased homes whether they have heard of "Foremost Insurance Company" and/or "Foremost Title & Escrow" and whether they believe that both companies are associated or affiliated. The survey conducted by [the plaintiff's second expert] mainly shows that consumers are generally confused about the types of insurance that different companies offer.¹⁴⁰²

Finally, in an appeal from a finding of likely confusion as a matter of law, the Second Circuit identified possible flaws in the methodology of a survey commissioned by the plaintiff, high-end jeweler Tiffany and Company, as bases for vacating entry of summary judgment in Tiffany's favor.¹⁴⁰³ Tiffany's suit accused warehouse club operator Costco with having misused the word "Tiffany" to promote the sale of engagement rings featuring Tiffany-style settings, and Tiffany supported its case with expert testimony that "more than two out of five" respondents to a survey were likely confused as to the source of the Costco rings in question.¹⁴⁰⁴ Costco responded by proffering testimony from its own survey expert, who opined that Tiffany's survey should have: (1) targeted respondents with a "present purchase interest in buying a diamond ring," rather than those who "would consider buying a diamond engagement ring at Costco" (as Tiffany's survey had);¹⁴⁰⁵ (2) used a test stimulus showing the context in which the stimulus would have appeared in Costco;¹⁴⁰⁶ and (3) avoided a screening question "requir[ing] responders to sort words into brand names and descriptive words," which allegedly conditioned respondents to "bias[] the responses in favor of selecting Tiffany as a brand identifier."¹⁴⁰⁷ Without opining on the merits of those criticisms, the court held them sufficient to create a factual dispute as to Tiffany's showing of actual confusion.¹⁴⁰⁸

¹⁴⁰² *Id.* at 1394 n.6.

¹⁴⁰³ *See* *Tiffany & Co. v. Costco Wholesale Corp.*, 971 F.3d 74 (2d Cir. 2020).

¹⁴⁰⁴ *Id.* at 86.

¹⁴⁰⁵ *Id.*

¹⁴⁰⁶ *Id.* at 87.

¹⁴⁰⁷ *Id.* (alteration in original).

¹⁴⁰⁸ *Id.*

**(C) Liability for the Trafficking in Goods and Services
Associated with Counterfeit Imitations of Marks**

(1) Civil Liability

(a) Opinions Reaching Findings of Counterfeiting

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.”¹⁴⁰⁹ That definition, however, does not define the relationship between claims of counterfeiting, on the one hand, and claims of mere infringement, on the other. In the absence of legislative guidance, some federal courts have held that, once a plaintiff establishes an identity of marks and goods, an application of the test for likely confusion is moot.¹⁴¹⁰ As more than one court explained, “where counterfeit marks are involved, it is not necessary to perform the step-by-step examination of each [likelihood-of-confusion] factor because counterfeit marks are inherently confusing.”¹⁴¹¹

This proposition appeared in full force in an action brought by the City of New York to protect a number of federally registered marks associated with the New York Police Department and the Fire Department of the City of New York and used in connection with souvenir items such as clothing and toys.¹⁴¹² Based on the City’s showing that the defendants had used exact reproductions of the City’s marks in connection with the same goods for which they were registered, the court declined to undertake a full likelihood-of-confusion analysis, holding instead that “[w]here a defendant uses a counterfeit mark, such use is deemed to be inherently confusing to a customer.”¹⁴¹³ It also rejected the defendants’ attempted reliance on a point-of-sale placard in their store reading, “Some of the Various NYPD and FDNY products Sold in this store[] Are sold as decoration and not a brand”;¹⁴¹⁴ “[i]n fact,” the court remarked, “the use of such disclaimers has been found to constitute express acknowledgment that a party is ‘knowingly and intentionally capitalizing on plaintiff’s name, reputation and goodwill and that

¹⁴⁰⁹ 15 U.S.C. § 1127 (2018).

¹⁴¹⁰ *See, e.g., Maui Jim, Inc. v. SmartBuy Guru Enters.*, 459 F. Supp. 3d 1058, 1091 (N.D. Ill. 2020) (“Under the counterfeit presumption test, a court presumes likelihood of confusion when a defendant has produced counterfeit goods to capitalize on the popularity of another’s product.”).

¹⁴¹¹ *Chanel, Inc. v. RealReal, Inc.*, 449 F. Supp. 3d 422, 437 (S.D.N.Y. 2020); *accord* *BBK Tobacco & Foods, LLP v. Galaxy VI Corp.*, 408 F. Supp. 3d 508, 521 (S.D.N.Y. 2019).

¹⁴¹² *See City of New York v. Blue Rage, Inc.*, 435 F. Supp. 3d 472 (E.D.N.Y. 2020).

¹⁴¹³ *Id.* at 489.

¹⁴¹⁴ *Id.* at 482.

there is indeed a strong likelihood of consumer confusion.”¹⁴¹⁵ Subject to the defendants’ prior-use defense, which created a factual dispute as to their liability with respect to certain goods, the court therefore entered summary judgment of liability.

Other reported opinions addressing allegations of counterfeiting also reached outcomes favorable to plaintiffs.¹⁴¹⁶ For example, the Federal Circuit addressed the definition of a counterfeit mark in the context of a suit contesting a decision by U.S. Customs and Border Protection to order the redelivery of imported butane canisters bearing what the agency deemed counterfeit imitations of a certification mark.¹⁴¹⁷ 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 rejected the relevance of that circumstance, 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.¹⁴¹⁸

The plaintiff’s receipt of authorization to use the mark after the fact was of “no moment” because “the counterfeiting analysis is focused on the time of importation.”¹⁴¹⁹

Finally, one court entered summary judgment of counterfeiting despite a novel legal argument asserted by the defendant.¹⁴²⁰ The parties manufactured athletic footwear, and both used “virtually identical” presentations of the letter N on their respective goods. Against that daunting factual backdrop, the defendant argued that

¹⁴¹⁵ *Id.* at 490 (quoting *Chanel, Inc. v. Xiao Feng Ye*, No. CV-06-3372(CPS)(SMG), 2007 WL 2693850, at *3 (E.D.N.Y. Sept. 12, 2007)).

¹⁴¹⁶ *See, e.g.*, *BBK Tobacco & Foods, LLP v. Galaxy VI Corp.*, 408 F. Supp. 3d 508, 525 (S.D.N.Y. 2019) (entering summary judgment of liability based on undisputed showing by plaintiff that “the products purchased by [the plaintiff’s] investigator bore marks and trade dress so nearly identical to the marks and trade dress used on authentic . . . products [bearing the plaintiff’s mark] as to require close analysis by [the plaintiff’s] creative director to spot the differences”).

¹⁴¹⁷ *See ICCS Corp. v. United States*, 952 F.3d 1325 (Fed. Cir. 2020).

¹⁴¹⁸ *Id.* at 1332.

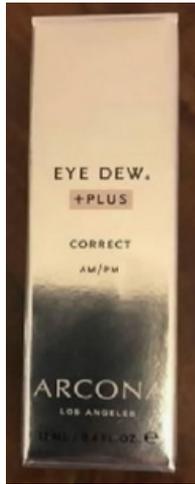
¹⁴¹⁹ *Id.* at 1333.

¹⁴²⁰ *See New Balance Athletics, Inc. v. USA New Burren Int’l Co.*, 424 F. Supp. 3d 334 (D. Del. 2019), *reconsideration denied in part*, No. CV 17-1700 (MN), 2020 WL 5593928 (D. Del. Sept. 18, 2020).

its marks could not be considered counterfeit imitations of the plaintiff's marks because the USPTO had registered them. Not surprisingly, the defendant failed to support that argument with citations to favorable case law and, in light of that failure, the court declined to consider the theory that a defendant's successful availment of the registration process was relevant to its liability for counterfeiting.¹⁴²¹

(b) Opinions Declining to Find Counterfeiting

Several opinions took issue with the rule discussed above that counterfeiting obviates the need for a full likelihood-of-confusion analysis.¹⁴²² The most notable of them 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 sold in the following packaging:¹⁴²³



The defendant also sold an eye cream featuring the words “eye dew” on its packaging:¹⁴²⁴

¹⁴²¹ *Id.* at 354 n.9.

¹⁴²² *See, e.g.,* Hamilton Int'l Ltd. v. Vortic LLC, 414 F. Supp. 3d 612, 622 (S.D.N.Y. 2019) (“In order to prevail on a counterfeiting claim, Plaintiff must show that use of the counterfeit mark is ‘likely to cause confusion, or to cause mistake, or to deceive.’ Since there is at least a genuine dispute of material fact on whether there is a likelihood of confusion, summary judgment is denied for the counterfeiting claim as well.” (quoting 15 U.S.C. § 1114(1)(a) (2018)), *reconsideration denied*, No. 17CV5575AJNOTW, 2020 WL 122908 (S.D.N.Y. Jan. 10, 2020)

¹⁴²³ *See* Arcona, Inc. v. Pharmacy Beauty, LLC, 976 F.3d 1074, 1076 (9th Cir. 2020).

¹⁴²⁴ *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 the parties’ 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.”¹⁴²⁵ 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.¹⁴²⁶

Beyond that, the court found it “implausible that a consumer would be deceived because the products had their respective housemarks . . . prominently on the packaging,”¹⁴²⁷ that evidence of third-party use “eye dew” rendered the plaintiff’s mark weak and entitled to only a limited scope of protection,¹⁴²⁸ and that the absence of a bad-faith intent by the defendants also weighed in their favor.¹⁴²⁹ The plaintiff’s counterfeiting cause of action therefore was fatally deficient as a matter of law.¹⁴³⁰

¹⁴²⁵ *Id.* at 1080.

¹⁴²⁶ *Id.* at 1080-81.

¹⁴²⁷ *Id.* 1080.

¹⁴²⁸ *Id.*

¹⁴²⁹ *Id.* at 1081.

¹⁴³⁰ *Id.*

A Connecticut federal district court took a similar hard line in an action to protect the federally registered MUFFLER WELD mark for a product used to seal cracks in car mufflers.¹⁴³¹ The defendant also used MUFFLER WELD on its packaging, but the court found it “obvious,” based on the following comparison of the plaintiff’s and the defendant’s packages (shown below on the left and right, respectively), that “they don’t look like one another, except, of course, for their near-identical name”:¹⁴³²



Thus, although the court preliminarily enjoined the defendant’s use of MUFFLER WELD under an infringement theory, it held that the plaintiff had failed to state a claim for counterfeiting. In particular, it rejected the plaintiff’s argument that the parties’ uses of MUFFLER WELD were identical or substantially identical within the meaning of Section 45’s definition of “counterfeit mark” with the following observation:

[The plaintiff’s] argument reads out an important word in the Lanham Act’s definition of a counterfeit mark: “spurious.” Marks are not counterfeits solely by reason of their visual or aural indistinguishability. To be a counterfeit, a junior mark must *both* be substantially indistinguishable from the registered mark *and* be “spurious”—that is, indistinguishable in such a way that the junior mark “trick[s] the consumer into believing he or she is getting” the *product* denoted by the registered mark.¹⁴³³

¹⁴³¹ See *Ill. Tool Works Inc. v. J-B Weld Co.*, 469 F. Supp. 3d 4 (D. Conn. 2020).

¹⁴³² *Id.* at 7.

¹⁴³³ *Id.* at 9 (alteration in original) (quoting *Gucci Am., Inc. v. Guess?, Inc.*, 868 F. Supp. 2d 207, 242 (S.D.N.Y. 2012)).

“Here,” it concluded, “viewing the products as a whole, there are significant stylistic and graphical differences between the presentation of the word marks, sufficient to render the two marks—while substantially indistinguishable—not the ‘stitch-for-stitch’ copy required to render the use of the indistinguishable marks spurious.”¹⁴³⁴ The plaintiff’s counterfeiting cause of action therefore failed as a matter of law at the pleadings stage.

Those holdings were not the limit of plaintiffs’ difficulties in counterfeiting cases.¹⁴³⁵ A Pennsylvania federal court also confirmed that a plaintiff accusing a defendant of counterfeiting faces a heightened burden to prove that the parties’ marks are identical or substantially similar.¹⁴³⁶ That court initially faulted the plaintiff for failing to plead a separate cause of action for counterfeiting, holding that allegations of that tort were improperly set forth in the plaintiff’s causes of action for infringement and contributory infringement.¹⁴³⁷ Nevertheless, it then denied the plaintiff leave to amend its complaint to add a standalone cause of action because, in its view, the defendant’s NIKE PRO COOL COMPRESSION and PRO COOL COMPRESSION marks failed as a matter of law to qualify as counterfeit imitations of the plaintiff’s federally registered COOL COMPRESSION mark, even though the parties sold similar athletic apparel.¹⁴³⁸ As it explained in holding the proposed amendment futile, “courts have concluded that a mark that differs from a registered mark by a few letters, let alone one or two words, is not a counterfeit.”¹⁴³⁹

(c) Opinions Deferring Resolution of the Counterfeiting Inquiry

Some courts did not resolve the merits of the allegations of counterfeiting in the cases before them,¹⁴⁴⁰ even when they otherwise delivered reported pro-plaintiff opinions. For example, a New York federal district court concluded that a group of mark owners had stated a claim for counterfeiting despite the mark

¹⁴³⁴ *Id.* at 11.

¹⁴³⁵ *See, e.g.,* Upper Deck Co. v. Panini Am., Inc., 469 F. Supp. 3d 963, 978 (S.D. Cal. 2020) (dismissing counterfeiting cause of action in light of plaintiff’s failure to aver existence of federal registration covering goods in question).

¹⁴³⁶ *See* Lontex Corp. v. Nike, Inc., 384 F. Supp. 3d 546 (E.D. Pa. 2019).

¹⁴³⁷ *Id.* at 553-54.

¹⁴³⁸ *Id.* at 560 (“At issue is whether [the plaintiff] has plausibly alleged that an average purchaser would view [the defendants’] mark to be ‘identical with, or substantially indistinguishable from’ [the plaintiff’s] mark on the same products, not whether two compression garments in the same color and style appear similar.”).

¹⁴³⁹ *Id.* at 557.

¹⁴⁴⁰ *See* Tiffany & Co. v. Costco Wholesale Corp., 971 F.3d 74, 94-94 (2d Cir. 2020) (ordering, without extended analysis, vacatur of finding of counterfeiting as a matter of law based on factual dispute as to likely confusion arising from defendant’s use).

owners having themselves introduced the goods at the heart of their challenge into commerce.¹⁴⁴¹ 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, the court held that "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.'"¹⁴⁴² Thus, the court concluded, "Plaintiffs have stated a plausible claim that the Decoded Products are counterfeit goods."¹⁴⁴³

So too did another federal district court decline to dismiss an allegation of direct liability for counterfeiting against a reseller of luxury goods on consignment.¹⁴⁴⁴ The defendant argued that the Second Circuit's highly restrictive test for contributory liability as set forth in *Tiffany (NJ) Inc. v. eBay Inc.*,¹⁴⁴⁵ immunized it against the plaintiff's suit. Citing differences between the facts in *Tiffany* and those alleged in the plaintiff's complaint, the court disagreed. The court's analysis focused on several aspects of the defendant's business model, which distinguished it from that in *Tiffany*, beginning with the defendant's terms of consignment, which gave the defendant "responsibility—in its 'sole discretion'—to approve for sale, price, display, market, and make available for sale the goods sold through its website and retail locations."¹⁴⁴⁶ The court therefore denied the defendant's motion to dismiss with the following observation:

By adopting a business model in which [the defendant] itself controls a secondary market for trademarked luxury goods, and by curating the products offered through that market and defining the terms on which customers can purchase those products, [the defendant] reaps substantial benefit. As a result of this business model, [the defendant] must bear the corresponding burden of the potential liability stemming from its "sale, offering for sale, distribution, [and] advertising of" the goods in the market it has created.¹⁴⁴⁷

In contrast, it was the plaintiff in a different case who largely benefitted from a summary judgment order that declined to resolve

¹⁴⁴¹ See *Coty Inc. v. Cosmopolitan Cosms. Inc.*, 432 F. Supp. 3d 345 (S.D.N.Y. 2020).

¹⁴⁴² *Id.* at 353 (quoting *Tiffany & Co. v. Costco Wholesale Corp.*, 13-CV-1041-LTS-DCF, 2019 WL 120765, at *8 (S.D.N.Y. Jan. 7, 2019)).

¹⁴⁴³ *Id.* at 352.

¹⁴⁴⁴ See *Chanel, Inc. v. RealReal, Inc.*, 449 F. Supp. 3d 422 (S.D.N.Y. 2020).

¹⁴⁴⁵ 600 F.3d 93 (2d Cir. 2010).

¹⁴⁴⁶ *Chanel*, 449 F. Supp. 3d at 441.

¹⁴⁴⁷ *Id.* (footnote omitted) (quoting 15 U.S.C. § 1114(1)(a) (2018)).

that plaintiff's allegations of counterfeiting.¹⁴⁴⁸ That opinion arose from litigation in which the plaintiff owned the BLUETOOTH mark for the certification of various telecommunication services and related goods, including radio head units for installation in automotive vehicles. Having certified third-party suppliers of the units to use the mark, the plaintiff objected to the defendant's acquisition of the units and installation of them into its vehicles; indeed, the plaintiff objected so stridently that it accused the defendant of having trafficked in goods bearing counterfeit copies of the plaintiff's mark. On the parties' cross-motions for summary judgment, the court held as a threshold matter that:

[The plaintiff] did not authorize [the defendant] to use its marks, so any use of the mark was a counterfeit. The actual head units here are no doubt genuine in that [the defendant] sources them from third party suppliers that have tested and declared the units with [the plaintiff, *i.e.*, paid royalties on them]. But when [the defendant] installs the units in its vehicles, advertises features of the vehicles using [the plaintiff's] marks, and sells the vehicles containing the units, all without obtaining [the plaintiff's] authorization, [the defendant] is engaged in counterfeiting as defined by the Lanham Act.¹⁴⁴⁹

Having reached this conclusion, however, the court declined to reach a finding of liability as a matter of law, holding instead that factual disputes as to likely confusion precluded such an outcome.¹⁴⁵⁰

(2) Criminal Liability

The only readily apparent reported opinion to address claims of criminal liability for counterfeiting did so in the context of a case not arising from a criminal prosecution.¹⁴⁵¹ When two sets of restaurateurs discovered they were using closely similar (but not

¹⁴⁴⁸ See *Bluetooth SIG, Inc. v. FCA US LLC*, 463 F. Supp. 3d 1169 (W.D. Wash. 2020).

¹⁴⁴⁹ *Id.* at 1188 (citation omitted). The court elaborated on this point with the following observation:

The parties here make nearly identical arguments. [The plaintiff] contends that, despite its unauthorized use of the Bluetooth Marks, the head units in its vehicles are genuine and were supplied by licensed third parties. [The plaintiff] claims, however, that it has not authorized [the defendant] to use its marks and that it is unable to monitor the head units once they are installed. This prevents [the defendant] from ensuring that the units properly communicate with the rest of the technology in the vehicle. . . . [The plaintiff's] argument . . . prevails.

Id. at 1189 (citation omitted).

¹⁴⁵⁰ *Id.*

¹⁴⁵¹ See *BBC Grp. v. Island Life Rest. Grp.*, 413 F. Supp. 3d 1032 (W.D. Wash.), *reconsideration denied*, No. C18-1011 RSM, 2019 WL 4917060 (W.D. Wash. Oct. 4, 2019), *and reconsideration denied*, No. C18-1011-RSM, 2019 WL 4991533 (W.D. Wash. Oct. 8, 2019).

identical) marks, each asserted a cause of action against the other under 28 U.S.C. § 2320. Apparently on its own initiative, the court rejected the attempted reliance of both sides on that particular statute, holding that “[b]ecause this is a criminal statute with no civil remedy provision, neither party has a cognizable claim. Accordingly, the Court dismisses both parties’ trademark counterfeiting claims under § 2320.”¹⁴⁵²

(D) Dilution

(1) Mark Fame and Distinctiveness

To qualify for protection against dilution under federal law, a mark must be famous as of the defendant’s date of first use.¹⁴⁵³ Under Section 43(c)(2)(A),¹⁴⁵⁴ this means it must have been “widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner,”¹⁴⁵⁵ a determination Congress has indicated should turn on the following nonexclusive factors:

- (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.
- (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.
- (iii) The extent of actual recognition of the mark.
- (iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.¹⁴⁵⁶

In contrast, the dilution statutes of some states, such as that of New York,¹⁴⁵⁷ require a threshold showing only of mark distinctiveness. As always, these prerequisites generated reported opinions applying them.

(a) Opinions Finding Marks Famous and Distinctive

A South Carolina federal district court found a pair of marks famous as a matter of law for purposes of Section 43(c)(2)(A). Those marks were owned by the Protestant Episcopal Church in the United States of America and comprised THE PROTESTANT EPISCOPAL CHURCH IN THE UNITED STATES and THE

¹⁴⁵² *Id.* at 1041.

¹⁴⁵³ 15 U.S.C. § 1125(c)(1) (2018).

¹⁴⁵⁴ *Id.* § 1125(c)(2)(A).

¹⁴⁵⁵ *Id.*

¹⁴⁵⁶ *Id.* § 1125(c)(2)(A)(i)-(iv).

¹⁴⁵⁷ N.Y. Gen. Bus. Law § 360-1.

EPISCOPAL CHURCH, both of which were registered on the Principal Register. The court's fame analysis rested largely on its earlier conclusion in the context of the church's infringement cause of action that the marks were strong. It recapitulated the summary judgment record on that issue in the following matter:

Plaintiffs have submitted substantial and un rebutted evidence of overwhelming unsolicited media coverage in major media outlets, commercial success in terms of the membership of [the church] and widespread recognition of the mark by relevant individuals, such as the [Defendants] and representatives of [other] churches . . . , a lengthy duration of uninterrupted use throughout the United States, federal registration, and inclusion in various widely-distributed encyclopedias and dictionaries. There is therefore no dispute of material fact that the marks at issue, The Episcopal Church and The Protestant Episcopal Church in the United States of America, are "widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner."¹⁴⁵⁸

Another plaintiff successfully demonstrating fame beyond material dispute did so for its series of registered stylized N marks, under which it sold athletic footwear.¹⁴⁵⁹ The plaintiff had used the marks "for more than forty-five years,"¹⁴⁶⁰ "spent an average of approximately \$75 million annually on global marketing expenditures" in the five years preceding the filing of the complaint,¹⁴⁶¹ and "[f]rom 2012 to 2017, . . . generated more than \$20 billion in revenue worldwide (\$6 billion in the U.S.), and sold hundreds of millions of pairs of shoes, articles of apparel, and other merchandise bearing the 'N' marks."¹⁴⁶² That was not the limit of the plaintiff's showing, however, for it also demonstrated actual recognition of the marks in the form of evidence that it was recognized as "one of the five 'leading players' in the sports footwear market."¹⁴⁶³ The marks therefore were famous as a matter of law prior to the defendants' adoption of their closely similar marks.¹⁴⁶⁴

Of course, some state dilution statutes require demonstrations of only mark distinctiveness, rather than mark fame. Thus, for

¹⁴⁵⁸ *Id.* at 658 (footnotes omitted) (quoting 15 U.S.C. § 1125(c)(2)(A) (2018)).

¹⁴⁵⁹ *See New Balance Athletics, Inc. v. USA New Burren Int'l Co.*, 424 F. Supp. 3d 334, 437 (D. Del. 2019), *reconsideration denied in part*, No. CV 17-1700 (MN), 2020 WL 5593928 (D. Del. Sept. 18, 2020).

¹⁴⁶⁰ *Id.* at 350.

¹⁴⁶¹ *Id.*

¹⁴⁶² *Id.* at 350-51.

¹⁴⁶³ *Id.* at 351.

¹⁴⁶⁴ *Id.*

example, two courts applying the Georgia statute¹⁴⁶⁵ held that “[a plaintiff’s] mark need not be ‘famous’ or registered; rather, it is protectable if it is distinctive (either inherently or through secondary meaning.”¹⁴⁶⁶ And, despite finding as a matter of law that two claimed marks were insufficiently famous to qualify for protection under Section 43(c)(2)(A),¹⁴⁶⁷ a New York federal district court nevertheless proceeded to address the merits of the plaintiffs’ cause of action under that state’s statute (although similarly rejecting that cause of action as a matter of law).¹⁴⁶⁸

***(b) Opinions Declining to Find Marks
Famous and Distinctive***

Perhaps the most notable rejection of a claim of mark fame was one as a matter of law by the Ninth Circuit.¹⁴⁶⁹ There were three marks at issue in the appeal before that court, namely, the configurations of the following office chairs.¹⁴⁷⁰



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].”¹⁴⁷¹ Referencing the 2006 enactment of the Trademark Dilution Revision Act,¹⁴⁷² the court expressed skepticism that that legislation had loosened the relevant standard. Then, having concluded that the plaintiffs

¹⁴⁶⁵ Ga. Code Ann. § 10-1-451(b).

¹⁴⁶⁶ *Reinalt-Thomas Corp. v. Mavis Tire Supply, LLC*, 391 F. Supp. 3d 1261, 1281 (N.D. Ga. 2019); *accord Tarsus Connect, LLC v. Cvent, Inc.*, 452 F. Supp. 3d 1334, 1363 (N.D. Ga. 2020).

¹⁴⁶⁷ *See Car Freshner Corp. v. Am. Covers, LLC*, 419 F. Supp. 3d 407, 445-48 (N.D.N.Y. 2019), *aff’d in relevant part and vacated on other grounds*, 980 F.3d 314 (2d Cir. 2020).

¹⁴⁶⁸ *Id.* at 448-49.

¹⁴⁶⁹ *See Blumenthal Distrib., Inc. v. Herman Miller, Inc.*, 963 F.3d 859 (9th Cir. 2020).

¹⁴⁷⁰ *Id.* at 863-64.

¹⁴⁷¹ *Id.* at 870 (citing *Thane Int’l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 908, 911 (9th Cir. 2002)).

¹⁴⁷² Pub. L. No. 109-312, 120 Stat. 1730 (codified as amended at 15 U.S.C. § 1125(c) (2018)).

showing of fame compared unfavorably to one it had rejected as a matter of law in a prior case,¹⁴⁷³ it reversed the plaintiff's victory below.¹⁴⁷⁴

The high bar faced by plaintiffs seeking protection against likely dilution under federal law was equally apparent in a trio of opinions from New York federal district courts. The first arose from a motion for a default judgment by the owner of the DEEP mark (registered in both standard-character and composite form) for various frozen and non-frozen entrees and side-dishes.¹⁴⁷⁵ Although the defendants failed to appear and contest the plaintiff's allegation of mark fame, the court still found that claim wanting. It noted as an initial matter that "courts generally have limited famous marks to those that receive multi-million-dollar advertising budgets, generate hundreds of millions of dollars in sales annually, and are almost universally recognized by the general public."¹⁴⁷⁶ "Here," it then observed, "Plaintiff simply alleges that 'DEEP' is the 'prominent and distinctive portion of Plaintiff's tradename Deep Food Inc.,' which is 'extremely well known';¹⁴⁷⁷ moreover, "Plaintiff also alleges it is a 'leading manufacturer."¹⁴⁷⁸ The court therefore denied the plaintiff's request for a default judgment of likely dilution because "Plaintiff's allegations are insufficient to establish that Plaintiff's mark is as famous and distinctive 'as to be comparable to such iconic brands such as Budweiser, Camel, and Barbie."¹⁴⁷⁹

¹⁴⁷³ *Blumenthal Distrib.*, 963 F.3d at 871 (citing *Thane Int'l*, 305 F.3d at 911-12). The court summarized the trial record in the following manner:

Taken in the light most favorable to [the plaintiff], the evidence establishes only that: [the plaintiff] spent, on average, \$550,000 per year on advertising [its] chairs from 2004 through 2015 (and under \$400,000 per year from 2004 through 2009); the . . . chairs appeared in obscure publications such as *Contract*, *Metropolis*, and an "industry publication" called *Monday Morning Quarterback*; at the time of trial in 2016, [the plaintiff] had, at the very most, around 875,000 unique followers on Facebook, Twitter, and Instagram combined; most of the . . . chairs are sold through a distribution channel consisting of only around 45 independently owned dealers with 130 locations across the country; and the . . . chairs were "very heavily" featured in the TV show *Mad Men*, have appeared in other TV shows and movies, and have been exhibited at several American museums, including the Museum of Modern Art and the Henry Ford Museum.

Id.

¹⁴⁷⁴ *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.")

¹⁴⁷⁵ See *Deep Foods Inc. v. Deep Foods Inc.*, 419 F. Supp. 3d 569 (W.D.N.Y. 2019).

¹⁴⁷⁶ *Id.* at 584 (quoting *Helios Int'l S.A.R.L. v. Cantamessa USA, Inc.*, No. 12 Civ 8205, 2013 WL 3943267, at *10 (S.D.N.Y. July 31, 2013)).

¹⁴⁷⁷ *Id.*

¹⁴⁷⁸ *Id.*

¹⁴⁷⁹ *Id.* (quoting *E.A. Sween Co. v. Big City Deli Express Corp.*, No. 14-CV-6031 (KAM)(JO), 2016 WL 5874998, at *5 (E.D.N.Y. Oct. 8, 2016)).

The third opinion rejected claims of mark fame in more definitive fashion.¹⁴⁸⁰ The marks at issue—BLACK ICE and BAYSIDE BREEZE—were sub-brands associated with two fragrances of automotive air fresheners, and the court concluded that the plaintiffs’ evidence failed to establish any promotion of those the sub-brands independent of the plaintiffs’ primary brand.¹⁴⁸¹ Although crediting the plaintiffs’ showing that “[its] products are sold in major retailers nationwide, and account for tens of millions in yearly sales,”¹⁴⁸² the court also determined that “Plaintiffs’ sales for these products are a mere fraction of the sales for companies like Nike and Hot Wheels, which courts have found possess the requisite sales to represent the sort of fame that qualifies under the dilution statute.”¹⁴⁸³ Then, with respect to consumers’ association of the marks with the plaintiffs, the court found that the only evidence adduced by the plaintiffs was that “[the good sold under one mark] has appeared in popular culture, particularly in the cars driven by actors in movies and music videos, and that the [good sold under the second mark] appeared once on screen in an HBO program and on social media.”¹⁴⁸⁴ It was true that the plaintiffs’ marks were federally registered, but “such registration is conclusive of nothing. Here, where all the other evidence conclusively establishes a lack of fame among the general public for the marks, the mere fact of registration does not alter the Court’s conclusion” that the defendants were entitled to prevail as a matter of law.¹⁴⁸⁵

The same outcome held in an action to protect the allegedly famous DETROIT COFFEE mark for coffee.¹⁴⁸⁶ Seeking to establish the commercial strength of its mark, the plaintiff relied on “an appearance in ‘Business Week’ in 2005, non-specific and sporadic event sponsorships in a few states, world-of-mouth advertising, and the existence of its website.”¹⁴⁸⁷ The court, however, found that “Plaintiff does not divulge how much traffic its site gets, nor does Plaintiff provide evidence of how many people are talking about the

¹⁴⁸⁰ See *Car Freshner Corp. v. Am. Covers, LLC*, 419 F. Supp. 3d 407 (N.D.N.Y. 2019), *aff’d in relevant part and vacated in part on other grounds*, 980 F.3d 314 (2d Cir. 2020).

¹⁴⁸¹ *Id.* at 446.

¹⁴⁸² *Id.* at 447.

¹⁴⁸³ *Id.*

¹⁴⁸⁴ *Id.*

For their part, the defendants submitted survey evidence demonstrating that only 40% of respondents were aware of one of the plaintiffs’ brands while only 25% were aware of the second one. *Id.* Those results did not figure in the court’s analysis, and, indeed, the court assumed for purposes of the defendants’ summary judgment motion that their survey expert’s report was “inadmissible and cannot be considered.” *Id.*

¹⁴⁸⁵ *Id.* at 448.

¹⁴⁸⁶ See *Detroit Coffee Co. v. Soup For You, LLC*, 396 F. Supp. 3d 754 (E.D. Mich. 2019).

¹⁴⁸⁷ *Id.* at 768.

mark. Additionally, one can hardly call ‘word-of-mouth’ a form of marketing, which was Plaintiff’s sole form of advertisement the past three years.”¹⁴⁸⁸ Coupled with the plaintiff’s sales volume of only \$900 over the previous years, those considerations rendered the commercial weakness of the plaintiff’s mark beyond material dispute, and that finding in turn mandated one as a matter of law that “[t]he [plaintiff’s] mark does not rise to the level of public awareness required to be famous.”¹⁴⁸⁹

In a separate case, third-party uses of the salient component of the plaintiff’s EAGLE FORUM mark for association services sank the mark’s eligibility for protection against alleged likely dilution.¹⁴⁹⁰ The summary judgment record assembled by the defendants established beyond material dispute that the lead defendant’s principal had for years formed various groups that included the word “eagle” in their names, and that usage, the court held, whittled the distinctiveness of the plaintiff’s mark down to the point that the mark failed to qualify for protection in the first instance. According to the court, “[i]t is not easy for a mark to qualify for dilution protection.’ Dilution ‘is to be applied selectively and is intended to provide protection only to those marks which are both distinctive and famous.”¹⁴⁹¹

The difficulty in satisfying the test for mark fame was equally apparent in an action to protect the BLUETOOTH mark for the certification of, inter alia, telecommunication services, computer communication services, and various communications devices.¹⁴⁹² In support of a motion for summary judgment on the issue, the plaintiff proffered “a single declaration saying that it has spent over \$43 million to promote its brand and that over 32 billion products are shipped globally under its marks.”¹⁴⁹³ The court found the declaration did not create a factual dispute on the issue, concluding, “[i]t does not explain how these figures bear on its fame. Nor does it offer any evidence, such as surveys, demonstrating actual brand recognition.”¹⁴⁹⁴ The court therefore denied the motion with the observation that “[w]ithout more, a reasonable trier of fact could conclude that Bluetooth is not famous.”¹⁴⁹⁵

Finally, the logo of a bus manufacturer failed as a matter of law to qualify for protection under the Washington dilution statute,¹⁴⁹⁶

¹⁴⁸⁸ *Id.*

¹⁴⁸⁹ *Id.* at 774.

¹⁴⁹⁰ *See* *Eagle Forum v. Phyllis Schlafly’s Am. Eagles*, 451 F. Supp. 3d 910 (S.D. Ill. 2020).

¹⁴⁹¹ *Id.* at 921-22 (quoting *Manley v. Boat/U.S., Inc.*, 75 F. Supp. 3d 848, 858 (N.D. Ill. 2014)).

¹⁴⁹² *See* *Bluetooth SIG, Inc. v. FCA US LLC*, 463 F. Supp. 3d 1169 (W.D. Wash. 2020).

¹⁴⁹³ *Id.* at 1190.

¹⁴⁹⁴ *Id.*

¹⁴⁹⁵ *Id.*

¹⁴⁹⁶ Wash. Rev. Code § 19.77.160(1) (2015).

the requirements of which were identical to those of Section 43(c)(2)(A).¹⁴⁹⁷ The logo might have been suggestive and therefore conceptually strong, but the plaintiff failed to establish its commercial strength, despite the logo's appearance in "substantially all" of the plaintiff's advertisements and its display at trade shows.¹⁴⁹⁸ Simply put, there was no material dispute that the plaintiff's allegations "concerning the number of buses that it has sold, its dominance of the bus manufacturing industry, its advertising, and its social media presence" did not reasonably support an inference that the logo was widely recognized by the consuming public of the United States."¹⁴⁹⁹

***(c) Opinions Deferring to Resolve the
Mark Fame and Distinctiveness Inquiries***

Some plaintiffs struck out in their bids to have their marks found famous as a matter of law for purposes of Section 43(c)(2)(A). For example, one opinion denying a plaintiff's motion for summary judgment on the issue confirmed that a plaintiff must do more than merely establish mark fame; rather, Section 43(c)(1)¹⁵⁰⁰ requires the fame in question to exist prior to the defendant's challenged use.¹⁵⁰¹ 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."¹⁵⁰² But, as the court noted, "[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."¹⁵⁰³ The plaintiff therefore was not entitled to judgment on the issue, at least as a matter of law.¹⁵⁰⁴

The producer of MONSTER-branded energy drinks also failed to secure a finding of fame as a matter of law for a stylized claw mark reminiscent of the letter "M."¹⁵⁰⁵ The plaintiff supported its motion with a number of favorable factual showings, including its investment of \$2.2 billion promoting the sale of drinks under the mark, as well as the mark's licensed use in connection with a large number of other goods and the plaintiff's sponsorship of various

¹⁴⁹⁷ See *New Flyer Indus. Canada ULC v. Rugby Aviation, LLC*, 405 F. Supp. 3d 886 (W.D. Wash. 2019).

¹⁴⁹⁸ *Id.* at 900.

¹⁴⁹⁹ *Id.* at 906.

¹⁵⁰⁰ 15 U.S.C. § 1125(c)(1) (2018).

¹⁵⁰¹ See *City of New York v. Blue Rage, Inc.*, 435 F. Supp. 3d 472 (E.D.N.Y. 2020).

¹⁵⁰² *Id.* at 492.

¹⁵⁰³ *Id.* at 492-93.

¹⁵⁰⁴ *Id.* at 493.

¹⁵⁰⁵ See *Monster Energy Co. v. BeastUp LLC*, 395 F. Supp. 3d 1334 (E.D. Cal. 2019).

events;¹⁵⁰⁶ as further evidence of the effectiveness of its promotional efforts, the plaintiff also proffered evidence that 67.2% of potential energy drink consumers responding to a survey associated the mark with the plaintiff, that it enjoyed a 38% share by dollar volume of the domestic energy drink market, and that it had made sales of 6.8 billion units (worth “more than \$10 billion”) in the eleven years before the defendant’s adoption of its mark.¹⁵⁰⁷ Still, however, the court determined that “[p]laintiff’s evidence suggests its Claw Icon has attained a level of national recognition among energy drink consumers, but a showing of specialized or niche market fame does not satisfy the rigorous fame standard of trademark dilution.”¹⁵⁰⁸ It therefore denied the plaintiff’s motion.

The same disposition transpired in an opinion rejecting an attempt to use the Washington dilution statute to protect the BOK A BOK mark for a restaurant specializing in Korean-style fried chicken.¹⁵⁰⁹ Consistent with the rule under Section 43(c), the court held that, even under the state statute, “[t]rademark dilution is a cause of action ‘invented and reserved for a select class of marks—those marks with such powerful consumer associations that even non-competing uses can impinge their value.’”¹⁵¹⁰ “Here,” it held, “[the counterclaim plaintiffs] [have] not offered evidence of the volume of sales nor the geographic reach of [their] advertising and publicity. A material dispute of fact therefore remains as to whether the ‘Bok a Bok’ mark may be considered ‘famous’ or ‘distinctive.’”¹⁵¹¹

Plaintiffs’ motions for summary judgment on the issue of mark fame were not the only ones to fail. For example, the owner of three marks for craft beer—STONE, STONES, and HOLD MY STONES, only the first of which played a prominent role its owner’s suit against another brewer—survived an effort by its opponent to dispose of its claim of mark fame on a motion for summary judgment.¹⁵¹² The marks were covered by federal registrations, and that consideration favored a finding of mark fame, but the other statutory factors set forth in Section 43(c)(2)(A) did not. First, with respect to the length and exclusivity of the plaintiff’s use of its marks, a factual dispute existed as to whether the defendant, and

¹⁵⁰⁶ *Id.* at 1364.

¹⁵⁰⁷ *Id.*

¹⁵⁰⁸ *Id.*

¹⁵⁰⁹ See *BBC Grp. v. Island Life Rest. Grp.*, 413 F. Supp. 3d 1032 (W.D. Wash.), *reconsideration denied*, No. C18-1011 RSM, 2019 WL 4917060 (W.D. Wash. Oct. 4, 2019), *and reconsideration denied*, No. C18-1011-RSM, 2019 WL 4991533 (W.D. Wash. Oct. 8, 2019).

¹⁵¹⁰ *Id.* at 1049 (quoting *Thane Int’l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 907 (9th Cir. 2002)).

¹⁵¹¹ *Id.*

¹⁵¹² See *Stone Brewing Co. v. MillerCoors LLC*, 445 F. Supp. 3d 1113 (S.D. Cal. 2020).

not the plaintiff, was the prior user of a “stone” mark for beer.¹⁵¹³ Second, “Plaintiff’s evidence [of media exposure] does suggest its STONE® mark has attained a level of national recognition among craft beer consumers, but a showing of specialized or niche market fame does not satisfy the rigorous fame standard of trademark dilution.”¹⁵¹⁴ Finally, as to the extent of actual recognition of the plaintiff’s mark, the court determined from the summary judgment record that “Plaintiff has not submitted undisputed proof that its STONE® mark is a ‘household name,’ or that it is famous throughout the population at large”;¹⁵¹⁵ indeed, a routine marketing study conducted by the plaintiff during the pendency of the litigation disclosed that a majority of respondents was unaware of it.¹⁵¹⁶ Rather improbably, however, the court determined that a factual dispute merited allowing the plaintiff’s dilution claim to proceed.¹⁵¹⁷

(2) Actual or Likely Dilution

(a) *Actual or Likely Dilution by Blurring*

Section 43(c)(2)(B) of the Act fleshes out the federal likelihood-by-dilution-blurring cause of action by reciting that “dilution by blurring’ is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.”¹⁵¹⁸ The same section goes on to provide that:

In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following:

- (i) The degree of similarity between the mark or trade name and the famous mark.
- (ii) The degree of inherent or acquired distinctiveness of the famous mark.
- (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.
- (iv) The degree of recognition of the famous mark.
- (v) Whether the user of the mark or trade name intended to create an association with the famous mark.

¹⁵¹³ *Id.* at 1147.

¹⁵¹⁴ *Id.*

¹⁵¹⁵ *Id.* at 1148.

¹⁵¹⁶ *Id.*

¹⁵¹⁷ *Id.*

¹⁵¹⁸ 15 U.S.C. § 1125(c)(2)(B) (2018).

- (vi) Any actual association between the mark or trade name and the famous mark.¹⁵¹⁹

A South Carolina federal district court concluded as a matter of law that a schismatic diocese once affiliated with the Protestant Episcopal Church in the United States likely had diluted marks owned by that church by blurring their distinctiveness.¹⁵²⁰ The primary marks at issue were THE PROTESTANT EPISCOPAL CHURCH IN THE UNITED STATES and THE EPISCOPAL CHURCH (owned by the national church) and THE EPISCOPAL DIOCESE OF SOUTH CAROLINA and THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF SOUTH CAROLINA (used by the defendants). The finding of likely dilution rested in part on the marks' similarity. But the court also credited survey evidence proffered by the national church that "[s]ixty-four percent of Episcopalians, and twenty-four percent of South Carolina residents overall associated 'The Episcopal Diocese of South Carolina' with [the national church]."¹⁵²¹ Other considerations factoring into the court's entry of summary judgment in the national church's favor included the commercial strength of its marks and the exclusivity of their use.¹⁵²² Finally, the court noted, "Defendants' [sic] intended to create an association to the famous marks by . . . claim[ing] they are the successor to the [national church's South Carolina diocese] and . . . there is clear evidence of individuals associating the marks Defendants' use with [the national church's] famous marks."¹⁵²³

The closely similar appearances of the parties' stylized N marks also produced a finding of impermissible blurring on cross-motions for summary judgment.¹⁵²⁴ The marks were used in connection with competing athletic footwear, and that congruence led the court to hold the defendant liable for infringement elsewhere in its opinion. Having found the plaintiff's marks arbitrary, "highly distinctive," and widely recognized, the court saw no need to revisit those conclusions for purposes of its dilution analysis.¹⁵²⁵ In a more fulsome discussion of the exclusivity of the plaintiff's use of its marks, the court concluded from the summary judgment record that "[the plaintiff] has actively policed unauthorized use by sending cease and desist letters, filing lawsuits, and filing oppositions and

¹⁵¹⁹ *Id.*

¹⁵²⁰ See *vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612 (D.S.C. 2019), *appeal docketed*, No. 19-2112 (4th Cir. Apr. 4, 2020).

¹⁵²¹ *Id.* at 659.

¹⁵²² *Id.*

¹⁵²³ *Id.*

¹⁵²⁴ See *New Balance Athletics, Inc. v. USA New Bunren Int'l Co.*, 424 F. Supp. 3d 334 (D. Del. 2019), *reconsideration denied in part*, No. CV 17-1700 (MN), 2020 WL 5593928 (D. Del. Sept. 18, 2020).

¹⁵²⁵ *Id.* at 351.

cancellation petitions in the Trademark Trial and Appeal Board.”¹⁵²⁶ Based on evidence that the defendant had used on its shoes the numbers 1974 (the year of the plaintiff’s first use of its marks) and 999 (an apparent reference to the plaintiff’s 990 model), the court also ruled against the defendant on the issue of its intent to associate itself with the plaintiff.¹⁵²⁷ Although the plaintiff had not introduced evidence of an actual association between the parties in the form of survey evidence, the court excused that failure because “‘a plaintiff seeking to establish a likelihood of dilution is not required to go to the expense of producing expert testimony or market surveys.’ In other words, a showing of actual association is not necessary to prevail on the dilution claim.”¹⁵²⁸ The plaintiff’s entitlement to prevail on its claim of likely dilution therefore was beyond dispute.¹⁵²⁹

A finding of likely dilution by blurring took place in an application of the Georgia dilution statute as well.¹⁵³⁰ The plaintiff used the DISCOUNT TIRE mark for the retail sale of automobile and light-truck tires, while the defendant had recently entered Georgia under the MAVIS DISCOUNT TIRE mark for directly competitive services. Granting the plaintiff’s motion for a preliminary injunction, the court observed that “[d]ilution ‘occurs where the use of the trademark by the subsequent user will lessen the uniqueness of the prior user’s mark with the possible future result that a strong mark may become a weak mark.’”¹⁵³¹ It then determined in somewhat cursory fashion that the defendant’s use was likely to dilute the distinctiveness of the plaintiff’s mark, “of which [the plaintiff] has long had exclusivity in the Georgia market,” citing only “the evidence discussed in the context of [the plaintiff’s successful claim of] infringement.”¹⁵³²

In contrast, another court rejected a claim of likely dilution by blurring under the Georgia statute on a defense motion for summary judgment.¹⁵³³ That tribunal identified two bases for its disposal of the plaintiff’s cause of action. First, it noted, it had found earlier in its opinion that confusion was unlikely between the plaintiff’s CONNECT MARKETPLACE mark for trade show services and the defendant’s CVENT CONNECT mark for cloud-

¹⁵²⁶ *Id.* at 352.

¹⁵²⁷ *Id.*

¹⁵²⁸ *Id.* (quoting *Visa Int’l Service Ass’n v. JSL Corp.*, 610 F.3d 1088, 1091 (9th Cir. 2010)).

¹⁵²⁹ *Id.* at 353.

¹⁵³⁰ *See Reinalt-Thomas Corp. v. Mavis Tire Supply, LLC*, 391 F. Supp. 3d 1261 (N.D. Ga. 2019).

¹⁵³¹ *Id.* at 1280 (quoting *Amstar Corp. v. Domino’s Pizza, Inc.*, 615 F.2d 252, 265 (5th Cir. 1980)).

¹⁵³² *Id.* at 1281.

¹⁵³³ *See Tarsus Connect, LLC v. Cvent, Inc.*, 452 F. Supp. 3d 1334 (N.D. Ga. 2020).

based enterprise event management services.¹⁵³⁴ And, second, “the evidence demonstrating that a plethora of third parties make ready use of similar marks undermines any assertion that [the plaintiff] has held exclusivity over the term ‘connect’ in the Georgia market.”¹⁵³⁵

Invocations of the New York dilution statute by plaintiffs similarly proved unfruitful exercises,¹⁵³⁶ as in, for example, one case in which the plaintiff sought to rely upon it as a basis for a preliminary injunction motion.¹⁵³⁷ Having founded two restaurants under the ADDY’S BARBECUE service mark, the plaintiff had entered into a partnership with the defendants to operate a third restaurant under the closely similar ADDY’S BBQ mark, only to exit the partnership and eventually file suit against the defendants. In weighing the plaintiff’s claim that he was likely to prevail on his state dilution claim, the court turned to the six-factor test for liability found in Second Circuit case law.¹⁵³⁸ It then found with respect to those factors that: (1) the parties’ marks were similar;¹⁵³⁹ (2) the services provided under the marks were similar;¹⁵⁴⁰ but also that (3) the sophistication of the parties’ customers was of little relevance;¹⁵⁴¹ (4) there was no evidence of predatory intent;¹⁵⁴² (5) the obscurity of the plaintiff’s mark favored the defendants’ position;¹⁵⁴³ and (6) the lack of renown of the defendants’ use also weighed against liability. “Accordingly,” the court concluded, “plaintiff has not established a likelihood of success, much less a clear or substantial likelihood of success, on the merits of his state law dilution by blurring claim.”¹⁵⁴⁴

Another pro-defendant application of the New York dilution statute confirmed that it provides for liability only if the parties’ marks are substantially similar.¹⁵⁴⁵ The marks underlying that outcome were BAYSIDE BREEZE and BOARDWALK BREEZE,

¹⁵³⁴ *Id.* at 1363.

¹⁵³⁵ *Id.*

¹⁵³⁶ *See, e.g.,* Hamilton Int’l Ltd. v. Vortic LLC, 414 F. Supp. 3d 612, 622 (S.D.N.Y. 2019) (holding without extended analysis that factual disputes as to likelihood of confusion caused by defendants’ conduct rendered summary judgment of liability under New York dilution statute inappropriate), *reconsideration denied*, No. 17CV5575AJNOTW, 2020 WL 122908 (S.D.N.Y. Jan. 10, 2020).

¹⁵³⁷ *See* Khan v. Addy’s BBQ LLC, 419 F. Supp. 3d 538 (E.D.N.Y. 2019).

¹⁵³⁸ *See* N.Y. Stock Exch., Inc. v. N.Y., N.Y. Hotel LLC, 293 F.3d 550, 558 (2d Cir. 2002).

¹⁵³⁹ *Khan*, 419 F. Supp. 3d at 560.

¹⁵⁴⁰ *Id.*

¹⁵⁴¹ *Id.* at 556, 560.

¹⁵⁴² *Id.* at 560.

¹⁵⁴³ *Id.*

¹⁵⁴⁴ *Id.*

¹⁵⁴⁵ *See* Car Freshner Corp. v. Am. Covers, LLC, 419 F. Supp. 3d 407 (N.D.N.Y. 2019), *aff’d in relevant part and vacated in part on other grounds*, 980 F.3d 314 (2d Cir. 2020).

both used in the following manner in connection with automotive air freshener products:¹⁵⁴⁶



Granting a defense motion for summary judgment, the court found the marks insufficiently similar as a matter of law to support a finding of liability.¹⁵⁴⁷

Finally, although having not moved for summary judgment itself, one defendant at least defeated a motion for summary judgment filed against it.¹⁵⁴⁸ The parties competed in the market for energy drinks, and the plaintiff's federal cause of action for likely dilution focused on the parties' shared use of claw-like imagery on their cans. The court found it undisputed that the plaintiff's mark was strong and that, "[r]egarding exclusivity and recognition, plaintiff has offered uncontroverted evidence showing it has exclusively used [its] Claw Icon and that the Claw Icon has attained a high degree of recognition due to plaintiff's extensive sales, advertising and promotion featuring the mark."¹⁵⁴⁹ Moreover, it continued, "[p]laintiff also has provided survey evidence showing 67.2 percent of energy drink consumers associate the Claw Icon with [plaintiff]. Finally, regarding actual association, plaintiff provides a survey of potential customers showing 27.9 percent of customers polled believed some affiliation existed between plaintiff's and defendant's products.¹⁵⁵⁰ Nevertheless, and although the plaintiff might otherwise have been entitled to summary judgment, the court found the existence of a factual dispute with the respect to the

¹⁵⁴⁶ *Id.* at 432, 438.

¹⁵⁴⁷ *Id.* at 449.

¹⁵⁴⁸ *See* *Monster Energy Co. v. BeastUp LLC*, 395 F. Supp. 3d 1334 (E.D. Cal. 2019).

¹⁵⁴⁹ *Id.* at 1365.

¹⁵⁵⁰ *Id.*

similarity of the parties' respective uses and that was enough for it to deny the plaintiff's motion.¹⁵⁵¹

(b) Actual or Likely Dilution by Tarnishment

As defined by Section 43(c)(2)(C) of the Act, "dilution by tarnishment" is an "association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark."¹⁵⁵² One claim of likely dilution by tarnishment under this definition failed after the Ninth Circuit concluded as a matter of law on appeal¹⁵⁵³ that the defendant's use qualified for the noncommercial use "exclusion" from liability recognized by Section 43(c)(3)(C).¹⁵⁵⁴ 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 held the chew toy an expressive work falling within the scope of the First Amendment's protection as a matter of law 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."¹⁵⁵⁵ The court then reached the same conclusion with respect to the Arizona dilution statute,¹⁵⁵⁶ which similarly provided that noncommercial uses by defendants were "not actionable."¹⁵⁵⁷

Other claims of likely dilution by tarnishment failed for different reasons. Although a finding of liability is possible if a defendant's goods or services are demonstrably inferior in quality to those of the plaintiff, one court declined to grant a default judgment of liability under federal law in light of the plaintiff's failure to aver that circumstance in its complaint.¹⁵⁵⁸ And another denied a motion for a preliminary injunction under the New York statute after finding that "[s]ince . . . plaintiff has not demonstrated the inferior quality or 'lack of prestige' in defendants' products or services, he has not

¹⁵⁵¹ *Id.* at 1366.

¹⁵⁵² 15 U.S.C. § 1125(c)(2)(C) (2018).

¹⁵⁵³ *See* *VIP Prods. LLC v. Jack Daniel's Prods., Inc.*, 953 F.3d 1170 (9th Cir. 2020), *cert. denied*, No. 20-365, 2021 WL 78111 (U.S. Jan. 11, 2021).

¹⁵⁵⁴ 15 U.S.C. § 1125(c)(3)(C).

¹⁵⁵⁵ *VIP Prods.*, 953 F.3d at 1176 (quoting *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1017 (9th Cir. 2004); *Mattel, Inc. v. MCA Recs.*, 296 F.3d 894, 906 (9th Cir. 2002)).

¹⁵⁵⁶ *Ariz. Rev. Stat.* § 44-1448.01 (2017).

¹⁵⁵⁷ *VIP Prods.*, 953 F.3d at 1176.

¹⁵⁵⁸ *See* *Deep Foods Inc. v. Deep Foods Inc.*, 419 F. Supp. 3d 569, 585-86 (W.D.N.Y. 2019).

established a likelihood of success, much less a clear or substantial likelihood of success, on the merits of his state law dilution by tarnishment claim.”¹⁵⁵⁹

(E) Cybersquatting

The Anticybersquatting Consumer Protection Act (ACPA) authorizes both in rem and in personam actions in challenges to domain names that allegedly misappropriate trademarks and service marks.¹⁵⁶⁰ 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.¹⁵⁶¹

(1) In Rem Actions

As has been increasingly the case in recent years, there were no readily reported opinions arising from in rem actions under the ACPA.

(2) In Personam Actions

Where in personam actions are concerned, the ACPA generally provides for civil liability if a plaintiff can prove (1) the defendant registered, trafficked in, or used a domain name; (2) the domain name is identical or confusingly similar to a protected mark owned by the plaintiff; and (3) the defendant acted with a bad-faith intent to profit from that mark. The last of these requirements is governed by nine factors found in Section 43(d)(1)(B)(i) of the Lanham Act,¹⁵⁶² and is subject to a carve-out found in Section 43(d)(1)(B)(ii), which provides that “[b]ad faith intent . . . shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.”¹⁵⁶³

Some opinions reached findings of cybersquatting as a matter of law.¹⁵⁶⁴ One did so in a case in which, having been fired by the plaintiff, the defendant registered eight domain names based on the

¹⁵⁵⁹ Khan v. Addy’s BBQ LLC, 419 F. Supp. 3d 538, 560 (E.D.N.Y. 2019)

¹⁵⁶⁰ See 15 U.S.C. § 1125(d) (2018).

¹⁵⁶¹ See *id.* § 1114(2)(D)(v).

¹⁵⁶² *Id.* § 1125(d)(1)(B)(i)(I)-(IX).

¹⁵⁶³ *Id.* § 1125(d)(1)(B)(ii).

¹⁵⁶⁴ See, e.g., Oasis Legal Fin. Operating Co. v. Chodes, 454 F. Supp. 3d 724, 736 (N.D. Ill. 2020) (granting plaintiff’s motion for summary judgment in light of defendants’ failure to respond), *appeal docketed*, No. 20-2951 (7th Cir. Oct. 9, 2020).

name of his former employer.¹⁵⁶⁵ In deposition testimony prior to the entry of a default judgment against him for discovery-related misconduct, the defendant admitted: (1) he had no intellectual property rights in any of the disputed domain names; (2) he did not use any of them in connection with the offering of any goods or services; (3) he had undertaken the registrations “with the sole intent of selling them to [the plaintiff] and third parties for financial gain as retaliation for what he perceived to be his wrongful discharge from the company.”¹⁵⁶⁶ “[G]iven the strength and unequivocal nature of his testimony,” the court not surprisingly concluded—apparently independent of the default judgment—that the defendant had violated the ACPA.¹⁵⁶⁷

Nevertheless, an unusually large number of opinions played out in defendants’ favor. For example, Section 43(d)(1)(B)(ii)’s carve-out for defendants believing or having a reasonable belief in the lawfulness of their conduct helped lead to the denial of a preliminary injunction by one court.¹⁵⁶⁸ The plaintiff seeking that relief had the first name of Addy and operated two restaurants under the ADDY’S BARBECUE mark. At a better time in the parties’ relationship, the plaintiff formed a partnership with the defendants; that partnership opened a new restaurant under the closely similar ADDY’S BBQ mark, and the defendants registered the <http://addysbbq.com> domain name for a website promoting the location. The plaintiff eventually exited the partnership and, as he did so, he directed several communications to the defendants suggesting he had no objections to their continued use of the ADDY’S BBQ mark. Having experienced a change of heart approximately seven months later, however, he filed suit against the defendants and sought interlocutory relief against their use of the domain name. The court denied that request: Rather than crediting the plaintiff’s claim that he had forbidden the defendants from continuing to use his name and mark, it instead accepted the defendants’ responsive showing that they had “had at least reasonable grounds to believe that the registration and use of the domain name at issue was lawful.”¹⁵⁶⁹ In the absence of a bad-faith intent to profit from their registration of the domain name, the defendants successfully defeated the plaintiff’s motion.

Another 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

¹⁵⁶⁵ See *Laddawn, Inc. v. Bolduc*, 436 F. Supp. 3d 433 (D. Mass. 2020).

¹⁵⁶⁶ *Id.* at 436.

¹⁵⁶⁷ *Id.*

¹⁵⁶⁸ See *Khan v. Addy’s BBQ LLC*, 419 F. Supp. 3d 538 (E.D.N.Y. 2019).

¹⁵⁶⁹ *Id.* at 559.

with the bona fide offering of any goods or services,”¹⁵⁷⁰ and that factor helped produce victories for more than one defendant. For example, in a case leading to a successful defense motion for summary judgment, the lead defendant had registered the www.detroitboldcoffee.com domain name while selling coffee under the DETROIT BOLD and DETROIT BOLD COFFEE CO. verbal marks, as well as under the following composite mark:¹⁵⁷¹



That was not the only factor favoring the lead defendant’s position, however, for the summary judgment record also established beyond material dispute the absence of any evidence or testimony of: (1) an offer to transfer or to sell the domain name to the plaintiff or any other party; (2) the lead defendant’s use of inaccurate contact information when registering the domain name; (3) any other effort by the lead defendant to conceal its involvement in the registration process; and (4) the lead defendant’s registration of multiple other domain names.¹⁵⁷² Under those circumstances, the lack of a similarity between the lead defendant’s corporate name and the domain name and its pursuit of registrations of its marks until several months after registering the domain could not defeat the entry of summary judgment of nonliability.¹⁵⁷³

The bona fide sale of goods under a mark corresponding to an accused domain name also played a key role in the successful defense of a counterclaim defendant accused of cybersquatting.¹⁵⁷⁴ During a jury trial producing a verdict in his favor, the counterclaim defendant adduced evidence and testimony that he had registered the imi.com domain name in 1994 and then had used it in connection with two successful business named Internet Marketing Inc. and International Monetary Investments LLC, both of which used the

¹⁵⁷⁰ 15 U.S.C. § 1125(d)(1)(B)(i)(III) (2018).

¹⁵⁷¹ See *Detroit Coffee Co. v. Soup For You, LLC*, 396 F. Supp. 3d 754, 765 (E.D. Mich. 2019). The illustration in the text accompanying this footnote does not appear in the court’s opinion but is instead reproduced from the drawing of Registration No. 5906024.

¹⁵⁷² *Detroit Coffee Co.*, 396 F. Supp. 3d at 775.

¹⁵⁷³ *Id.* at 776.

¹⁵⁷⁴ See *Black v. Irving Materials, Inc.*, 398 F. Supp. 3d 592 (N.D. Cal. 2019).

initials “IMI.”¹⁵⁷⁵ That was not the only evidence and testimony favoring his position, however, for he also had: (1) maintained accurate contact information for the domain name;¹⁵⁷⁶ (2) used the domain name for a free directory site for companies with the same initials after selling his companies;¹⁵⁷⁷ and (3) had no knowledge of the counterclaim plaintiff’s claimed IRVING MATERIALS, INC. mark before registering the domain name.¹⁵⁷⁸ Although the counterclaim defendant had registered and then sold other domain names for large amounts of money¹⁵⁷⁹ and also had declined to sell the disputed domain name to the counterclaim plaintiff for \$10,000, those considerations did not alter the fact that the jury had had before it substantial evidence of the counterclaim defendant’s good faith, especially in light of the obscurity of the counterclaim plaintiff’s mark (which the jury found lacked distinctiveness) at the time of the disputed domain name’s registration.¹⁵⁸⁰

Another cybersquatting cause of action failed for a different reason.¹⁵⁸¹ Although the plaintiff responded to the defendants’ motion for summary judgment by arguing that the defendants had acted in bad faith, it apparently neglected altogether to address another critical prerequisite for liability. Specifically, it failed to demonstrate that the lead defendant’s domain names—<http://www.psamericaneagles.org> and <http://www.psamericaneagles.com>—were either confusingly similar to, or likely to dilute, its EAGLE FORUM mark. The court granted the motion, holding that:

Had [the lead defendant] registered the ‘eagleforum’ domain name with a different top-level domain, like .com or .net; altered the spelling of the name; made one or both of the words comprising the name plural; or used some combination of these as a form of redirection to its site, one could see a confusing or dilutive aspect to the registry. What [the lead defendant] did is quite different, though.¹⁵⁸²

Other courts reached procedural stalemates without either conclusively accepting or rejecting the claims before them. Accusations of cybersquatting in state courts are rare, but one such outcome came in an appeal to an intermediate New York appellate

¹⁵⁷⁵ *Id.* at 611-13.

¹⁵⁷⁶ *Id.* at 613-14.

¹⁵⁷⁷ *Id.* at 614.

¹⁵⁷⁸ *Id.*

¹⁵⁷⁹ Those included the registration and sale of resorts.com for \$950,000 and of hotels.com for \$11 million. *Id.* at 615. The trial record apparently was bare of evidence that the counterclaim defendant had registered those domain names with an intent to profit grounded in other parties’ trademark rights.

¹⁵⁸⁰ *Id.*

¹⁵⁸¹ See *Eagle Forum v. Phyllis Schlafly’s Am. Eagles*, 451 F. Supp. 3d 910 (S.D. Ill. 2020).

¹⁵⁸² *Id.* at 922.

panel.¹⁵⁸³ 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 arguably similar to the plaintiff's mark and using them to direct traffic to the defendants' own website for a weight-loss center directly competitive to that of the plaintiff.¹⁵⁸⁴

An unsuccessful motion for summary judgment by a plaintiff led to a similar result before an Illinois federal district court.¹⁵⁸⁵ Having been licensed by the lead defendant to do so, another defendant accused of cybersquatting registered undisputed imitations of the plaintiff's mark as a domain name and established a website accessible at that domain name, which promoted services directly competitive with those offered by the lead plaintiff. The court found from the summary judgment record that the cybersquatting defendant appeared to have been "cavalier" about the plaintiff's trademark rights, quoting testimony that that defendant was unconcerned about his potential liability because "[m]y research showed you guys don't defend your trademark."¹⁵⁸⁶ The court acknowledged that "[a] reasonable jury might infer bad faith from that testimony—[the defendant] was unconcerned because he thought that although plaintiff owned a valid trademark, plaintiff would not sue to enforce it."¹⁵⁸⁷ "Still," the court concluded, "[the defendant's] testimony might also be consistent with him having believed that plaintiff's marks were abandoned."¹⁵⁸⁸ It therefore held the plaintiff not entitled to prevail as a matter of law.

So too did another court decline to grant a plaintiffs' motion for summary judgment despite having previously done so with respect to the plaintiffs' infringement claims.¹⁵⁸⁹ There was no material dispute that the lead defendant had registered a domain name, www.servpro.click, closely similar to the lead plaintiff's SERVPRO mark and then had established a website accessible at that domain name to promote services directly competitive with those of the plaintiffs. Those considerations might well have justified a finding of liability, but, viewing the record in the light most favorable to the defendants, the court found the lead defendant had not attempted to sell the domain name to the plaintiffs, had not provided false

¹⁵⁸³ See *Ideal You Weight Loss Ctr. v. Zillioux*, 106 N.Y.S.3d 495 (App. Div. 2019).

¹⁵⁸⁴ *Id.* at 497. The plaintiff's mark was IDEAL WEIGHT LOSS OF BUFFALO, while the accused domain names were idealbuf.com and idealbuffalo.com.

¹⁵⁸⁵ See *Oasis Legal Fin. Operating Co. v. Chodes*, 454 F. Supp. 3d 724 (N.D. Ill. 2020), *appeal docketed*, No. 20-2951 (7th Cir. Oct. 9, 2020).

¹⁵⁸⁶ *Id.* at 731.

¹⁵⁸⁷ *Id.*

¹⁵⁸⁸ *Id.*

¹⁵⁸⁹ See *ServPro Intell. Prop., Inc. v. Blanton*, 451 F. Supp. 3d 710 (W.D. Ky. 2020).

contact information to his registrar, and had not acquired multiple domain names identical or similar to the plaintiff's mark; moreover, and at least for purposes of the plaintiff's motion, the court credited the lead defendant's testimony that he had been motivated by a desire to "to collect information and perform analytical research," that his website did not advertise his company's services as those of the plaintiff, and that, when answering calls, he never identified himself as the plaintiff.¹⁵⁹⁰ Taken as a whole, the summary judgment record precluded the court from holding that no reasonable jury could find in the lead defendant's favor.¹⁵⁹¹

Finally, at least one defense motion for summary judgment failed because of factual disputes concerning an individual defendant's registration of a number of domain names incorporating the plaintiff's AMERICANEAGLE.COM mark for web design services.¹⁵⁹² That defendant had been retained by the other defendant, which was a disgruntled former corporate customer of the plaintiff. Some of the domain names, such as *americaneaglereviews.com*, suggested they were legitimate gripe sites, but most did not, which led the court to find a reasonable jury could find them confusingly similar to the plaintiff's mark.¹⁵⁹³ The court reached the same conclusion with respect to whether the individual defendant had the requisite bad-faith intent to profit from his actions. As to that issue, the summary judgment record contained evidence and testimony that the individual defendant had sought to "shame" the plaintiff into refunding money it had received from the corporate defendant. To accomplish that purpose, he established websites featuring negative information on the plaintiff and encouraged the corporate defendant to pursue the refund aggressively. The court observed of these tactics that:

It is correct that the ACPA was not intended to prevent the publication of genuine "parody, comment, criticism," and other legitimate exercises of one's First Amendment rights. But a defendant who uses a website's noncommercial design to disguise his bad-faith intent may still be subject to liability under the ACPA.

Here, the record contains sufficient evidence from which a jury could find that [the individual defendant] registered the websites not merely for comment and criticism but also for financial gain.¹⁵⁹⁴

¹⁵⁹⁰ *Id.* at 729-30.

¹⁵⁹¹ *Id.* at 730.

¹⁵⁹² *See Svanaco, Inc. v. Brand*, 417 F. Supp. 3d 1042 (N.D. Ill. 2019).

¹⁵⁹³ *Id.* at 1055.

¹⁵⁹⁴ *Id.* at 1056 (citations omitted) (quoting S. Rep. 106-140, at 10 (1999)).

This was perhaps especially true because it was undisputed that: (1) the individual defendant had no trademark or intellectual property rights in the domain name; (2) the domain names included the plaintiff's registered mark or misspellings of it; and (3) the individual defendant had never previously used the domain names in connection with the offering of any goods or services.¹⁵⁹⁵

A final noteworthy reported opinion in an in personam dispute originated in the attempt by the plaintiff to impose liability on the registrar of the domain name at issue.¹⁵⁹⁶ The registrar successfully moved to dismiss that attempt by invoking Section 32(2)(D)(iii)'s safe harbor for registrants, which provides that:

Notwithstanding any other provision of this chapter, the remedies given to the owner of a right infringed under this chapter or to a person bringing an action under section [43(d)] of this title shall be limited as follows A domain name registrar . . . shall not be liable for damages under this section for the registration or maintenance of a domain name for another absent a showing of bad faith intent to profit from such registration or maintenance of the domain name.¹⁵⁹⁷

The court held as an initial matter that, consistent with its preamble, Section 32(2)(D)(iii)'s limiting language applied to all actions under the Lanham Act, including those for cybersquatting; this necessarily meant the registrar was immune from liability in the absence of a showing that it had acted with a bad-faith intent to profit from its registration of the allegedly unlawful domain name.¹⁵⁹⁸ Turning to the plaintiff's showing on that issue, the court found it consisted only of evidence of the defendants' previous misconduct in connection with unrelated domain names. It therefore held the registrar entitled to prevail as a matter of law with the observation that:

[The registrar's] domain name registration system is automatic. Therefore, without a warning that the specific URL being registered would be used for an illicit purpose, [the registrar] did not have a "bad faith intent to profit" from the automatic registration of [the disputed URL]. In other words, failing to prevent its computer system from registering the [URL] does not constitute "bad faith." Plaintiff provides no basis for the proposition that [the registrar] must predict which URLs will be used for

¹⁵⁹⁵ *Id.*

¹⁵⁹⁶ *See InvenTel Prods., LLC v. Li*, 406 F. Supp. 3d 396 (D.N.J. 2019).

¹⁵⁹⁷ 15 U.S.C. § 1114(2)(D)(iii) (2018).

¹⁵⁹⁸ *InvenTel Prods.*, 406 F. Supp. 3d at 402.

infringement purposes and proactively stop them from being registered.¹⁵⁹⁹

b. Passing Off and Reverse Passing Off

i. Passing Off

Few courts squarely took on claims of passing off,¹⁶⁰⁰ with one that did referring to the tort as “palming off.”¹⁶⁰¹ Having failed to fend off a finding that its claimed “fire cider” mark was generic for an herb-based dietary supplement drink, the plaintiff accused the defendants (which used the same words to sell competitive beverages) of palming off their goods as those of the plaintiff. The court’s order granting the defendants’ motion for summary judgment demonstrated the narrowness of the tort under those circumstances:

Plaintiff has not established any Defendant palmed off her fire cider product for Plaintiff’s. None of Defendants’ labels look like Plaintiff’s, there is no evidence any Defendant attempted to associate with [Plaintiff] or its Fire Cider, Defendants testified they do not want to be associated with [Plaintiff], and Defendants engaged in a campaign to distinguish [Plaintiff] from traditional herbalists [like themselves].¹⁶⁰²

ii. Reverse Passing Off

One court offered the following restatement of the doctrinal test for reverse passing off under the common law and Section 43(a)(1)(A) of the Act:¹⁶⁰³

To establish a reverse passing off claim, a plaintiff must establish that: (1) the defendant used a false designation of origin, or a false description or representation in connection with the goods or services; (2) the defendant caused the goods or services to enter interstate commerce; and (3) the plaintiff

¹⁵⁹⁹ *Id.* at 402-03 (citations omitted).

¹⁶⁰⁰ *See, e.g., D’Pergo Custom Guitars, Inc. v. Sweetwater Sound, Inc.*, 433 F. Supp. 3d 227, 235-36 (D.N.H.) (denying, without extended discussion, defense motion for summary judgment in action challenging use of image of plaintiff’s product in advertising for defendant’s competitive product), *reconsideration denied*, No. 17-CV-747-LM, 2020 WL 1517060 (D.N.H. Mar. 30, 2020).

¹⁶⁰¹ *See Shire City Herbals, Inc. v. Blue*, 410 F. Supp. 3d 270 (D. Mass. 2019).

¹⁶⁰² *Id.* at 297.

¹⁶⁰³ 15 U.S.C. § 1125(a)(1)(A) (2018).

is a person who believes that he or she is likely to be damaged as a result.¹⁶⁰⁴

Another court set forth a closely similar four-part test for liability, which included the added requirement that the plaintiff demonstrate likely confusion.¹⁶⁰⁵

Since 2003, the Supreme Court's restrictive interpretation of Section 43(a)(1)(A) in *Dastar Corp. v. Twentieth Century Fox Film Corp.*,¹⁶⁰⁶ has reduced that section's utility in challenges to reverse passing off unless defendants have taken physical goods originating with plaintiffs and sold them as their own. Ironically, however, the best example of a holding consistent with *Dastar* neither mentioned the Supreme Court's opinion nor identified the putative false advertising cause of action it disposed of as one for reverse passing off.¹⁶⁰⁷ It came in an appeal to the Eleventh Circuit in which the plaintiff accused the defendants of having misappropriated a computer program developed by the plaintiff, which calculated, organized, and compared life insurance quotes. According to the plaintiff, the defendants had engaged in false advertising by disseminating quotes generated by the allegedly pirated software, but the appellate court declined to disturb the district court's finding that the defendants had not made a false representation in the first instance,¹⁶⁰⁸ and, even if they had, it was unlikely to deceive consumers or materially affect their purchasing decision.¹⁶⁰⁹ The better approach, of course, would have been to hold that a failure to attribute the origin of a creative or inventive work is not actionable after *Dastar*.

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.¹⁶¹⁰ In granting the defendants' motion to dismiss the plaintiffs' reverse passing off claim, the court properly invoked *Dastar* to hold that the plaintiffs had failed to state a claim: "[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

¹⁶⁰⁴ *Maui Jim, Inc. v. SmartBuy Guru Enters.*, 459 F. Supp. 3d 1058, 1099-100 (N.D. Ill. 2020).

¹⁶⁰⁵ *See Siler v. Lejarza*, 415 F. Supp. 3d 687, 701 (M.D.N.C. 2019).

¹⁶⁰⁶ 539 U.S. 23 (2003).

¹⁶⁰⁷ *See Compulife Software Inc. v. Newman*, 959 F.3d 1288 (11th Cir. 2020).

¹⁶⁰⁸ The court explained that "[t]he bare fact that the defendants hosted a quote engine on their website without providing notification that [the plaintiff] was the ultimate source of the quotes . . . doesn't imply the existence of any advertisement, let alone a false one." *Id.* at 1316.

¹⁶⁰⁹ *Id.* at 1316-17.

¹⁶¹⁰ *See Siler v. Lejarza*, 415 F. Supp. 3d 687 (M.D.N.C. 2019).

Plaintiffs, nor can they plausibly state a claim for false designation of origin.”¹⁶¹¹ Nevertheless, the court improbably also held that the plaintiffs had stated a claim for false endorsement under Section 43(a)(1)(A), thereby allowing an end run around *Dastar*.¹⁶¹²

So too did a reverse passing off cause of action fail as a matter of law on a motion for summary judgment in a dispute between purveyors of sunglasses.¹⁶¹³ The gravamen of the plaintiff’s cause of action was that the defendants had falsely represented in invoices to customers that sunglasses bearing the plaintiff’s marks (which may or may not have originated with the plaintiff itself) were manufactured by a major competitor of the plaintiff. Holding that “Defendants must have substituted [their] own name[s] for [that of] the true manufacturer to be liable for reverse passing off,”¹⁶¹⁴ the court viewed the plaintiff’s cause of action with skepticism. Not only had the plaintiff failed to adduce any evidence or testimony that the defendants had made such a substitution, the fact that the invoices reached customers only in the post-purchase context precluded the plaintiff advancing a credible claim of damage. Summary judgment in the defendants’ favor was the result.¹⁶¹⁵

Nevertheless, a plaintiff asserting reverse passing off in another case at least succeeded in defeating a motion to dismiss on the subject.¹⁶¹⁶ That plaintiff accused the lead defendant, a former Executive Director of a company acquired by the plaintiff, of inducing certain of the plaintiff’s employees to solicit business for the lead defendant from customers of the acquired company while putatively acting on the plaintiff’s behalf. Although that conduct perhaps more properly sounded in standard conventional passing off, the court concluded the plaintiff had stated a claim for reverse passing off instead; it therefore denied the defendant’s motion to dismiss the plaintiff’s cause of action for unfair competition on that basis.¹⁶¹⁷

c. False Association

Section 43(a)(1)(A) makes actionable any conduct creating a likelihood of confusion over one party’s association with another, and that language was invoked unsuccessfully in a church’s challenge to its designation as a hate group by a non-profit

¹⁶¹¹ *Id.* at 702.

¹⁶¹² *Id.* at 702-03.

¹⁶¹³ *See* Maui Jim, Inc. v. SmartBuy Guru Enters., 459 F. Supp. 3d 1058 (N.D. Ill. 2020).

¹⁶¹⁴ *Id.* at 1100 n.23.

¹⁶¹⁵ *Id.* at 1100.

¹⁶¹⁶ *See* Inst. for Int’l Educ. of Students v. Qian Chen, 380 F. Supp. 3d 801 (S.D. Ind. 2019).

¹⁶¹⁷ *Id.* at 810.

organization.¹⁶¹⁸ According to the church, the designation falsely suggested an association between it and other groups receiving the same designation. That theory was held fatally deficient on a motion to dismiss, with the court explaining:

[Section 43(a)(1)(A)'s] requirement of likelihood of confusion as to the “association of a person with another” means confusion as to whether the seller or the trademark holder is associated with another person or organization by virtue of a legal or other relationship—not whether the trademark holder belongs in the same category as, or might be associated in some other vague sense with, another person or organization. . . . [I]f “association” were defined to mean any type of mental association between the trademark holder and another person or organization, its potential applications could be limitless and far afield of the purpose of the Act. For example, if “association” were so broadly defined, a health food producer could sue for false association because a supermarket advertised the health food company’s products next to those of a company that produces junk food on the theory that consumers might falsely “associate” the junk food with the health food company’s trademark. Furthermore, such a broad interpretation of “association” could be applied to a wide range of protected speech, and would allow companies to shield themselves from valid criticism, while doing nothing to advance the purposes of the Lanham Act.¹⁶¹⁹

The plaintiff therefore had failed to state a claim of likely confusion actionable under Section 43(a)(1)(A).¹⁶²⁰

d. False Advertising

Courts generally applied the standard five-part test for false advertising over the past year, under which liability turned on the plaintiff’s ability to prove:

1) the defendant has made false or misleading statements of fact concerning his own product or another’s; 2) the statement actually or tends to deceive a substantial portion of the intended audience; 3) the statement is material in that it will likely influence the deceived consumer’s purchasing decisions; 4) the advertisements were introduced into interstate commerce; and 5) there is some causal link

¹⁶¹⁸ See *Coral Ridge Ministries Media, Inc. v. Amazon.com, Inc.*, 406 F. Supp. 3d 1258 (M.D. Ala. 2019)), *appeal docketed*, No. 19-14125 (11th Cir. Oct. 10, 2019).

¹⁶¹⁹ *Id.* at 1294.

¹⁶²⁰ *Id.* at 1294-95.

between the challenged statements and harm to the plaintiff.¹⁶²¹

As always, however, some courts applied variations on this test. Thus, for example, the Fifth Circuit required a plaintiff seeking injunctive relief to demonstrate that the challenged representation: “(1) was a false or misleading statement of fact about its product that (2) tended to deceive a substantial portion of consumers, (3) likely influenced these consumers’ purchasing decisions, and (4) injured or likely injured [the plaintiff] as a result.”¹⁶²² The Tenth Circuit also applied a four-part test (albeit one with subparts) requiring the plaintiff to demonstrate: (1) material false or misleading representations of fact in connection with the commercial advertising or promotion of its product; (2) in commerce; (3) either likely to cause confusion or mistake as to (a) the origin, association or approval of the defendant’s goods or services with or by another, or (b) the characteristics of the goods or services; and (4) injury to the plaintiff.¹⁶²³ In contrast, some California federal district courts applied the Ninth Circuit’s six-factor test, which

¹⁶²¹ *Evoqua Water Techs., LLC v. M.W. Watermark, LLC*, 940 F.3d 222, 235 (6th Cir. 2019) (quoting *Am. Council of Certified Podiatric Physicians & Surgeons v. Am. Bd. of Podiatric Surgery, Inc.*, 185 F.3d 606, 613 (6th Cir. 1999)), *cert. denied*, 140 S. Ct. 2762 (2020); *see also* *Compulife Software Inc. v. Newman*, 959 F.3d 1288, 1316 (11th Cir. 2020); *Maui Jim, Inc. v. SmartBuy Guru Enters.*, 459 F. Supp. 3d 1058, 1095 (N.D. Ill. 2020); *N. Am. Olive Oil Ass’n v. D’Avolio Inc.*, 457 F. Supp. 3d 207, 221 (E.D.N.Y. 2020), *appeal withdrawn*, No. 20-1688, 2020 WL 5083332 (2d Cir. July 30, 2020); *Eng’g Arresting Sys. Corp. v. Atech, Inc.*, 451 F. Supp. 3d 1241, 1246 (N.D. Ala. 2020); *Willis Elec. Co. v. Polygroup Macau Ltd. (BVI)*, 437 F. Supp. 3d 693, 712 (D. Minn. 2020); *Strobel v. Rusch*, 431 F. Supp. 3d 1315, 1327 (D.N.M. 2020); *Giannone v. Giannone*, 429 F. Supp. 3d 34, 42 (E.D. Pa. 2019); *Pegasystems, Inc. v. Appian Corp.*, 424 F. Supp. 3d 214, 221 (D. Mass. 2019); *Matonis v. Care Holdings Grp.*, 423 F. Supp. 3d 1304, 1313 (S.D. Fla. 2019); *Belcher Pharm., LLC v. Hospira, Inc.*, 419 F. Supp. 3d 1292, 1296 (M.D. Fla. 2020), *appeal docketed*, No. 20-10497 (11th Cir. Apr. 21, 2020); *GDHI Mktg. LLC v. Antsel Mktg. LLC*, 416 F. Supp. 3d 1189, 1207 (D. Colo. 2019); *Regal W. Corp. v. Nguyen*, 412 F. Supp. 3d 1305, 1313 (W.D. Wash. 2019); *vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612, 662 (D.S.C. 2019), *appeal docketed*, No. 19-2112 (4th Cir. Apr. 4, 2020); *Factory Direct Wholesale, LLC v. iTouchless Housewares & Prods., Inc.*, 411 F. Supp. 3d 905, 923 (N.D. Cal. 2019); *ThermoLife Int’l, LLC v. NeoGenis Labs*, 411 F. Supp. 3d 486, 500 (D. Ariz. 2019); *Asurion, LLC v. SquareTrade, Inc.*, 407 F. Supp. 3d 744, 749 (M.D. Tenn. 2019); *Cisco Sys., Inc. v. Beccela’s Etc., LLC*, 403 F. Supp. 3d 813, 826-27 (N.D. Cal. 2019); *Long Grove Invs., LLC v. Baldi Candy Co.*, 397 F. Supp. 3d 1190, 1197-98 (N.D. Ill.), *appeal dismissed*, No. 19-2658, 2019 WL 8059540 (7th Cir. Nov. 19, 2019); *Supplement Ctr. v. Evol Nutrition Assocs.*, 389 F. Supp. 3d 1281, 1288 (N.D. Ga. 2019); *Boltex Mfg. Co. v. Ulma Piping USA Corp.*, 389 F. Supp. 3d 507, 511 (S.D. Tex. 2019); *ADB Interest, LLC v. Wallace*, 606 S.W.3d 413, 438 (Tex. Ct. App. 2020).

¹⁶²² *Ill. Tool Works, Inc. v. Rust-Oleum Corp.*, 955 F.3d 512, 517 (5th Cir. 2020); *see also* *Weight Watchers Int’l, Inc. v. Noom, Inc.*, 403 F. Supp. 3d 361, 369 (S.D.N.Y. 2019) (applying substantively identical four-part test for liability); *Geiger v. C&G of Groton, Inc.*, 424 F. Supp. 3d 276, 292 (D. Conn. 2019) (same); *GOJO Indus. v. Innovative Biodefense, Inc.*, 407 F. Supp. 3d 356, 362 n.4 (S.D.N.Y. 2019) (same); *Dependable Sales & Serv., Inc. v. TrueCar, Inc.*, 377 F. Supp. 3d 337, 346 (S.D.N.Y.), *on reconsideration*, 394 F. Supp. 3d 368 (S.D.N.Y. 2019).

¹⁶²³ *See* *Strauss v. Angie’s List, Inc.*, 951 F.3d 1263, 1267 (10th Cir. 2020).

turned on a demonstration of (1) a false statement about either the plaintiffs or its own product; (2) made in a commercial advertisement or promotion; (3) actual deception or a tendency to deceive a substantial segment of its audience; (4) materiality; (5) dissemination in commerce by the defendant; and (6) actual or likely damage to the defendant.¹⁶²⁴ Whatever the precise test for liability, at least some courts held that Rule 9(b)'s requirement that claims of fraud be pleaded with particularity applied to required plaintiffs alleging false advertising.¹⁶²⁵

i. False Statements of Fact in Commercial Advertising or Promotion

(A) Actionable Statements of Fact

For liability to attach to an allegedly false or misleading statement of fact, there must be an actionable statement of fact in the first instance, and an uncommonly large number of reported opinions excused the defendants before them from liability after concluding that no such statements existed.¹⁶²⁶ Two arose from a pair of proceedings brought by the same plaintiff against two sets of similarly situated defendants.¹⁶²⁷ The plaintiff manufactured male-enhancement products and, in both cases, it brought false advertising causes of action against retailers selling competitive goods manufactured by a third party and bearing labeling the plaintiff characterized as replete with misrepresentations.¹⁶²⁸ Citing the absence of any averments that the defendants themselves had disseminated any misrepresentations in commerce (as opposed to placing goods bearing the allegedly false representations on their

¹⁶²⁴ See, e.g., *Upper Deck Co. v. Panini Am., Inc.*, 469 F. Supp. 3d 963, 974-75 (S.D. Cal. 2020); *Clorox Co. v. Reckitt Benckiser Grp.*, 398 F. Supp. 3d 623, 634 (N.D. Cal. 2019).

¹⁶²⁵ See, e.g., *In re Outlaw Lab'y, LLP*, 463 F. Supp. 3d 1068, 1082 (S.D. Cal.), *on reconsideration*, No. 3:18-CV-0840-GPC, 2020 WL 3840559 (S.D. Cal. July 8, 2020); *Regal W. Corp.*, 412 F. Supp. 3d at 1313; *Factory Direct Wholesale, LLC v. iTouchless Housewares & Prods., Inc.*, 411 F. Supp. 3d 905, 925 (N.D. Cal. 2019); *Clorox Co.*, 398 F. Supp. 3d at 635.

¹⁶²⁶ See, e.g., *Regal W. Corp.*, 412 F. Supp. 3d at 1313 (granting motion to dismiss allegations of false advertising grounded in appearance of plaintiff's building in background of shot in defendant's promotional video coupled with references to two of plaintiff's customers); *Long Grove Invs., LLC v. Baldi Candy Co.*, 397 F. Supp. 3d 1190, 1198 (N.D. Ill.) (holding that mere use of allegedly infringing mark constituted actionable false statement of fact), *appeal dismissed*, No. 19-2658, 2019 WL 8059540 (7th Cir. Nov. 19, 2019).

¹⁶²⁷ See *In re Outlaw Lab'y, LLP*, 463 F. Supp. 3d 1068 (S.D. Cal.), *on reconsideration*, No. 3:18-CV-0840-GPC, 2020 WL 3840559 (S.D. Cal. July 8, 2020); *In re Outlaw Lab'y, LP Litig.*, 424 F. Supp. 3d 973 (S.D. Cal. 2019).

¹⁶²⁸ Those alleged misrepresentations consisted in part of claims the products were "dietary supplements," contained "no chemicals," used a "natural herbal formula," and required "no prescription"; the plaintiff also faulted the labels for failing to disclose the goods contained "prescription drug ingredients, such as sildenafil." *Outlaw Lab'y, LLP*, 463 F. Supp. 3d at 1077-78.

shelves), each set of defendants successfully moved the court to dispense with the plaintiff's complaint as a matter of law—one set of defendants via a motion to dismiss for failure to state a claim¹⁶²⁹ and the other via a motion for summary judgment.¹⁶³⁰ As the court explained in its summary judgment opinion, “a retail or wholesale store cannot be found liable for false information appearing on the packages of the products that they sell.”¹⁶³¹ Moreover, its Rule 12(b)(6) order rejected the plaintiff's backup argument that the defendants' failure to disclose the true nature of the third-party's goods constituted a misrepresentation in and of itself, holding instead that “a Lanham Act violation cannot be predicated on an omission.”¹⁶³²

Dismissal for failure to state a claim also transpired in a challenge to an allegedly false representation promoting a dietary supplement.¹⁶³³ According to the plaintiff, the defendant had claimed to be the only industry participant using a particular technology when, in fact, at least one other third party did so. “While this allegation would seem to make this claim plausible,” the court observed, “there is a problem with this false advertising claim.”¹⁶³⁴ The problem was that, having reviewed the sole advertisement proffered by the plaintiff in support of its challenge, the court could not locate the statement in question. It therefore granted the defendant's motion to dismiss, albeit with leave to replead.¹⁶³⁵

The same result, albeit a more definitive one, held in an appeal to the Eleventh Circuit from a factual finding of nonliability in a case brought by the developer of a software tool for calculating, organizing, and comparing life insurance quotes.¹⁶³⁶ According to the plaintiff, the defendants had engaged in false advertising by circulating quotes generated by a pirated version of the plaintiff's tool. The district court rejected that argument, and the Eleventh Circuit affirmed. The appellate court held that “[t]he bare fact that the defendants hosted a quote engine on their website without providing notification that [the plaintiff] was the ultimate source of the quotes . . . doesn't imply the existence of any advertisement, let alone a false one.”¹⁶³⁷

The lack of an actual statement of fact also led to the failure of a false advertising action lodged before a Florida federal district

¹⁶²⁹ *Outlaw Lab'y, LLP*, 463 F. Supp. 3d at 1081-82.

¹⁶³⁰ *Outlaw Lab'y, LP Litig.*, 424 F. Supp. 3d at 980-82.

¹⁶³¹ *Id.* at 981.

¹⁶³² *Outlaw Lab'y, LLP*, 463 F. Supp. 3d at 1081.

¹⁶³³ *See ThermoLife Int'l, LLC v. NeoGenis Labs, Inc.*, 411 F. Supp. 3d 486 (D. Ariz. 2019).

¹⁶³⁴ *Id.* at 501.

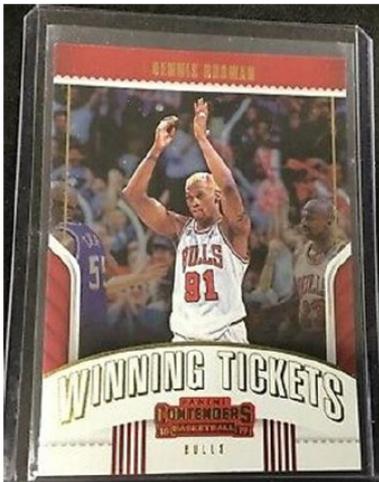
¹⁶³⁵ *Id.*

¹⁶³⁶ *See Compulife Software Inc. v. Newman*, 959 F.3d 1288 (11th Cir. 2020).

¹⁶³⁷ *Id.* at 1316.

court.¹⁶³⁸ The plaintiff in that case argued that the defendant had falsely represented that the defendant's pharmaceutical preparation was an FDA-approved 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.¹⁶³⁹ Summary judgment in the defendant's favor was the outcome, both under the Lanham Act and under Florida common law.

In contrast, a California federal district court declined to grant a motion to dismiss grounded in the theory that the defendant had failed to aver the existence of a statement of fact in the first instance.¹⁶⁴⁰ The plaintiff was the exclusive licensee of Michael Jordan for sports memorabilia, including trading cards, while the defendant manufactured cards under license from other basketball players. Objecting to the faint images of Jordan in the right-hand side of the first card below and in the lower right-hand corner of the second, the plaintiff argued they constituted false advertising (in addition to false endorsement):¹⁶⁴¹



According to the defendant, the plaintiff's cause of action was fatally defective because Jordan's image did not constitute a statement of fact. At least for purposes of the defendant's motion, however, the

¹⁶³⁸ See *Belcher Pharm., LLC v. Hospira, Inc.*, 419 F. Supp. 3d 1292 (M.D. Fla. 2020), *appeal docketed*, No. 20-10497 (11th Cir. Apr. 21, 2020).

¹⁶³⁹ *Id.* at 1297-98.

¹⁶⁴⁰ See *Upper Deck Co. v. Panini Am., Inc.*, 469 F. Supp. 3d 963 (S.D. Cal. 2020).

¹⁶⁴¹ The illustrations in the text accompanying this footnote do not appear in the court's opinion but are instead taken from the operative pleading. See Second Amended Complaint at 9-10, *Upper Deck Co. v. Panini Am., Inc.*, 469 F. Supp. 3d 963 (S.D. Cal. 2020) (No. 20cv185-GPC(KSC)).

court reached the opposite conclusion, holding that “[c]ontrary to Defendant’s argument that Plaintiff fails to identify a qualifying verbal or written statement made by [Defendant], a false advertising claim is not limited to spoken or written words, but applies to any misrepresentative ‘word, term, name, symbol, or device.’”¹⁶⁴² “Therefore,” it concluded, “use of Jordan’s image may constitute a false statement.”¹⁶⁴³

Assuming a statement challenged as false advertising has, in fact, occurred, it must be objectively verifiable or, in other words, neither puffery nor a mere opinion.¹⁶⁴⁴ The twelve months covered by this Review produced an uncommonly large number of findings that challenged statements fell within these categories. Some courts reached holdings of puffery as a matter of law, with the leading example coming from the Ninth Circuit in a lawsuit against Google, the parent of YouTube.¹⁶⁴⁵ 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.¹⁶⁴⁶ 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 are non-actionable ‘puffery.’”¹⁶⁴⁷

Successful motions to dismiss also made appearances in litigation outside the Ninth Circuit.¹⁶⁴⁸ For example, one came in a reported opinion from a New York federal district court in a dispute

¹⁶⁴² *Upper Deck Co.*, 469 F. Supp. 3d at 975 (quoting 15 U.S.C. § 1125(a)(1) (2018)).

¹⁶⁴³ *Id.*

¹⁶⁴⁴ *See PC Drivers Headquarters, LP v. Malwarebytes Inc.*, 371 F. Supp. 3d 652, 664 (N.D. Cal. 2019) (“Statements of opinion that are not capable of being proven false do not give rise to civil liability.”).

¹⁶⁴⁵ *See Prager Univ. v. Google LLC*, 951 F.3d 991 (9th Cir. 2020).

¹⁶⁴⁶ *Id.* at 1000 (alterations in original).

¹⁶⁴⁷ *Id.* (quoting *Newcal Indus. v. Ikon Office Sols.*, 513 F.3d 1038, 1053 (9th Cir. 2008)).

For an additional opinion reaching the same conclusion on closely similar facts, see *Lewis v. Google LLC*, 461 F. Supp. 3d 938, 958-59 (N.D. Cal. 2020).

¹⁶⁴⁸ *See, e.g., ThermoLife Int’l, LLC v. NeoGenis Labs, Inc.*, 411 F. Supp. 3d 486, 501 (D. Ariz. 2019) (granting motion to dismiss in part on ground that “[t]o the extent that . . . plaintiff is alleging that defendant is falsely advertising that its technology is the best, such a claim would fail because [such a] statement is nonactional [sic] puffery”).

between a trade association in the olive oil industry, on the one hand, and a producer of that oil and specialty retail stores selling it, on the other.¹⁶⁴⁹ Among other objections, the plaintiff's complaint challenged such statements by the defendants as "[t]he market has become flooded with these oils that are regulated by absurdly low standards and fostered by numerous trade associations that sacrifice quality for price,"¹⁶⁵⁰ supermarket olive oil "might not be real olive oil, or it might be old,"¹⁶⁵¹ and "[o]ver 50% of the oil produced in the Mediterranean area is of such poor quality that it must be refined to produce an edible product."¹⁶⁵² Those statements, the court concluded, "are largely vague and lacking in precise meaning" and "consist merely of 'generalized or exaggerated statements which a reasonable consumer would not interpret as a factual claim upon which he could rely.'"¹⁶⁵³

A different New York federal district court similarly reached several findings of puffery while granting a motion to dismiss in substantial part.¹⁶⁵⁴ The parties competed in the weight-loss field, and the plaintiff, Weight Watchers International (now WW International), objected to, inter alia, advertising by the defendant, Noom: (1) captioned "[y]ou aren't still on MySpace, so why are you doing Weight Watchers®?" and emphasizing Noom's 16-week program;¹⁶⁵⁵ (2) captioned "[l]ose weight for good" and referring to "permanent weight loss";¹⁶⁵⁶ and (3) featuring the statement "I've tried Weight Watchers and nothing has worked!"¹⁶⁵⁷ Addressing the first set of advertisements, the court held that "[t]he suggestion that Weight Watchers is akin to MySpace and that consumers should therefore choose Noom is a 'claim of superiority' that is 'so vague' that any reasonable consumer would recognize it as an opinion";¹⁶⁵⁸ moreover, "[s]tatements promoting a 'healthier you' [in 16 weeks] fall comfortably within the category of non-actionable puffery, and do not plausibly support a claim of false advertising."¹⁶⁵⁹ The second set of advertisements also qualified as nonactionable puffery

¹⁶⁴⁹ See *N. Am. Olive Oil Ass'n v. D'Avolio Inc.*, 457 F. Supp. 3d 207 (E.D.N.Y. 2020), *appeal withdrawn*, No. 20-1688, 2020 WL 5083332 (2d Cir. July 30, 2020).

¹⁶⁵⁰ *Id.* at 217.

¹⁶⁵¹ *Id.*

¹⁶⁵² *Id.* at 217-18.

¹⁶⁵³ *Id.* at 224 (quoting *Fink v. Time Warner Cable*, 810 F. Supp. 2d 633, 644 (S.D.N.Y. 2011), *partial reconsideration granted on other grounds*, No. 08 Civ. 9628(LTS)(KNF), 2011 WL 5121068 (S.D.N.Y. Oct. 28, 2011)).

¹⁶⁵⁴ See *Weight Watchers Int'l, Inc. v. Noom, Inc.*, 403 F. Supp. 3d 361 (S.D.N.Y. 2019).

¹⁶⁵⁵ *Id.* at 370-71.

¹⁶⁵⁶ *Id.* at 373.

¹⁶⁵⁷ *Id.* at 374.

¹⁶⁵⁸ *Id.* at 371.

¹⁶⁵⁹ *Id.*

because “[t]he Complaint does not plausibly allege how a reasonable consumer encountering the ads as a whole would conclude that Noom guarantees permanent, lifelong weight-loss simply by subscribing to Noom.”¹⁶⁶⁰ Finally, the court concluded that “[a]n assertion that ‘nothing has worked’ with a competitor[s] service, but that the advertiser’s service ‘literally’ changed the speaker’s life, is classic puffery.”¹⁶⁶¹

One court entered a split opinion on the subject of puffery in a case in which the counterclaim defendant was accused of promoting its paving stone products with the statements that they had “unrivaled beauty” and “beauty . . . to last a lifetime,” and that the defendant claimed to use a process that “intensifies beauty” and set the “standard for beauty.”¹⁶⁶² As the court explained, “[s]uch statements are the type of generalized and vague claims that constitute puffery. Therefore, these particular statements are non-actionable.”¹⁶⁶³ The same was true of the counterclaim defendant’s claims that its products and distributors were the “best” and that “nothing surpass[e]d” its goods; those statements too, the court held, “equally represent statements of mere puffery pertaining to [the counterclaim defendant’s] own subjective opinion.”¹⁶⁶⁴

Nevertheless, the court declined to dismiss the counterclaim plaintiff’s challenge to certain other representations by the counterclaim defendant. Those included the claim that the counterclaim defendant produced its paving products using a proprietary process resulting in “a protective coating that is resistant to staining, acid rain and UV rays”;¹⁶⁶⁵ they also included the counterclaim defendant’s representations that its goods provided “a non-skid, non-slip surface that is safer.”¹⁶⁶⁶ “[T]aken collectively, and in conjunction with repetitive claims of superior technology producing a product with factually superior attributes,” the court concluded, “[the counterclaim defendant] has given more specific meaning to its statements at issue in this matter, and thus, conveys such information in a way that would plausibly allow a consumer of ordinary prudence to rely on it.”¹⁶⁶⁷

Just like puffery, statements of opinion are not actionable as false advertising, and that proposition led to the failure of an appeal to the Eleventh Circuit.¹⁶⁶⁸ The lead defendant was a subsidiary of

¹⁶⁶⁰ *Id.* at 373.

¹⁶⁶¹ *Id.* at 374-75.

¹⁶⁶² *EP Henry Corp. v. Cambridge Pavers, Inc.*, 383 F. Supp. 3d 343, 349-50 (D.N.J. 2019).

¹⁶⁶³ *Id.* at 350.

¹⁶⁶⁴ *Id.*

¹⁶⁶⁵ *Id.* at 351.

¹⁶⁶⁶ *Id.* at 352.

¹⁶⁶⁷ *Id.*

¹⁶⁶⁸ *See Warren Tech., Inc. v. UL LLC*, 962 F.3d 1324 (11th Cir. 2020).

Underwriters Laboratories, the non-profit corporation authorized by the Occupational Safety and Health Administration (OSHA) to oversee the development and updating of various industry standards; upon the adoption of those standards, the defendant licensed use of its UL certification mark to companies meeting them. One such standard covered unitary electric heaters and required a safety device to cut off electricity to heating elements if they reached a dangerously high temperature because, for example, they suffered from insufficient airflow. The standard recognized an exception, however, under which a competitor of the plaintiff had qualified for a license from the lead defendant.¹⁶⁶⁹ Believing the license's issuance constituted a deceptive act, the plaintiff filed suit under Section 43(a) and Florida law. Those claims, however, fell victim to a successful motion to dismiss before the district court for failure to state a claim.

The court of appeals was equally unreceptive to the plaintiff's claim of false advertising. "To remind," it observed, "the alleged misrepresentation upon which [the plaintiff's] claims rely is that UL's certification of [the competitor's] heaters, and [the competitor's] advertising and sale of its heaters, as . . . compliant [with the standard] is false because [the competitor's] heaters lack the . . . cutoffs [the plaintiff] says are required by [the standard]."¹⁶⁷⁰ It then affirmed the dismissal of the plaintiff's complaint because:

Determining the conformance of a product with a UL standard obviously requires UL to interpret the standard, just as conformance with a statute requires a court to interpret the statute. [The plaintiff] calls UL's authorization to [the competitor] to use UL's mark, and [the competitor's] advertisements to that effect, "misrepresentations," but it really means nothing more than (by its lights) a "misinterpretation" of [the standard]. It does not follow, however, that even a misinterpretation of [the standard] is a falsity – or, a "deceptive act" within the meaning of the Lanham Act – rather than a matter of opinion, provided it was made in good faith and in accordance with OSHA's criteria for independence, procedural regularity, etc.¹⁶⁷¹

(B) Actionable Commercial Advertising or Promotion

(1) Opinions Finding Actionable Commercial Advertising or Promotion

Although every finding of liability (or potential finding for false advertising necessarily rested on a determination that the

¹⁶⁶⁹ The competitor was also a named defendant.

¹⁶⁷⁰ *Id.* at 1328.

¹⁶⁷¹ *Id.*

defendant had engaged in actionable commercial advertising or promotion, express determinations to that effect were notably absent from reported opinions.

(2) Opinions Declining to Find Actionable Commercial Advertising or Promotion

Some defendants successfully challenged the adequacy of allegations of commercial advertising or promotion against them at the pleadings stage. Such was the result in an appeal to the Ninth Circuit in which the plaintiff objected to YouTube's making available certain of the plaintiff's content only in its Restricted Mode.¹⁶⁷² In addition to advancing an ill-fated claim that YouTube's practices violated its First Amendment rights,¹⁶⁷³ the plaintiff averred that YouTube's explanation of YouTube's Restricted Mode constituted actionable false advertising. In rejecting that argument, the court held that "YouTube's statements concerning its content moderation policies do not constitute 'commercial advertising or promotion' as the Lanham Act requires. The statements about Restricted Mode were made to explain a user tool, not for a promotional purpose to 'penetrate the relevant market' of the viewing public."¹⁶⁷⁴ "Simply put," the court concluded, "[the plaintiff] did not allege any facts to overcome the commonsense conclusion that representations related to Restricted Mode, such as those in the terms of service, community guidelines, and contracts are not advertisements or a promotional campaign."¹⁶⁷⁵

The Tenth Circuit also affirmed the dismissal of a false advertising cause of action for want of adequate averments of commercial advertising or promotion.¹⁶⁷⁶ The allegedly false statements underlying that cause of action appeared on the website for Angie's List and indicated that the plaintiff's business had "(1) had no consumer ratings or reviews; (2) had not met the criteria

¹⁶⁷² See *Prager Univ. v. Google LLC*, 951 F.3d 991 (9th Cir. 2020).

¹⁶⁷³ Both the district court and the Ninth Circuit made short work of the plaintiff's bid for First Amendment protection. As the latter court explained, "[the plaintiff's] claim that YouTube censored [the plaintiff's] speech faces a formidable threshold hurdle: YouTube is a private entity. The Free Speech Clause of the First Amendment prohibits the government—not a private party—from abridging speech." *Id.* at 996. Aware of that potentially fatal flaw in its case, the plaintiff argued YouTube was a state actor because it performed a public function, but the court held instead that "YouTube does not perform a public function by inviting public discourse on its property," *id.* at 998; neither the ubiquity of the platform nor "[the plaintiff's] attempt to foist a 'public forum' label on YouTube by claiming that YouTube declared itself a public forum" supported the contrary conclusion. *Id.* The district court therefore had properly dismissed the plaintiff's complaint for failure to state a claim.

¹⁶⁷⁴ *Id.* at 999-1000 (citation omitted) (quoting *Fashion Boutique of Short Hills, Inc. v. Fendi USA, Inc.*, 314 F.3d 48, 57 (2d Cir. 2002)).

¹⁶⁷⁵ *Id.*

¹⁶⁷⁶ See *Strauss v. Angie's List, Inc.*, 951 F.3d 1263 (10th Cir. 2020).

set by Angie’s List for inclusion on its website; and (3) had no local offers to extend to consumers.”¹⁶⁷⁷ Applying its historical test, the court held that:

To constitute commercial advertising or promotion under § 43(a)(1)(B) of the Lanham Act, the statements identified by [the plaintiff] “must be: (1) commercial speech; (2) by a defendant who is in commercial competition with plaintiff; (3) for the purpose of influencing consumers to buy defendant’s goods or services . . . [and] (4) must be disseminated sufficiently to the relevant purchasing public to constitute ‘advertising’ or ‘promotion’ within that industry.”¹⁶⁷⁸

Rejecting the plaintiff’s argument that the Supreme Court’s 2014 decision in *Lexmark International, Inc. v. Static Control Components, Inc.*¹⁶⁷⁹ had abrogated that test,¹⁶⁸⁰ the court noted that *Lexmark* had expressly disclaimed any intent to modify the definition of commercial advertising or promotion.¹⁶⁸¹ With the plaintiff having failed to aver that the statements in question might have influenced consumers to purchase goods or services from Angie’s list, the district court had properly dismissed the cause of action for failure to state a claim.¹⁶⁸²

An affirmance of the grant of a motion to dismiss also came from a Texas appellate panel.¹⁶⁸³ The plaintiffs were the inventor and distributor of a massage product, who brought suit against a purchaser of the product, who owned a spa and who, despite her initial enthusiasm for it, had posted a series of statements calling attention to the device’s potential side effects. Adopting a test for commercial advertising or promotion substantively identical to that of the Tenth Circuit reproduced above,¹⁶⁸⁴ the court concluded from the plaintiffs’ complaint that:

¹⁶⁷⁷ *Id.* at 1267.

¹⁶⁷⁸ *Id.* (alterations in original) (quoting *Proctor & Gamble Co. v. Haugen*, 222 F.3d 1262, 1273 (10th Cir. 2000)).

¹⁶⁷⁹ 572 U.S. 118 (2014).

¹⁶⁸⁰ As the court pointed out, *Lexmark* addressed the issue of standing to bring a cause of action for false advertising in the first instance and expressly declined to opine on the definition of commercial advertising or promotion. *See Strauss*, 951 F.3d at 1268.

¹⁶⁸¹ *Id.* at 1268 (citing *Lexmark*, 572 U.S. at 123 n.1).

¹⁶⁸² *Id.* at 1267, 1269.

¹⁶⁸³ *See ADB Interest, LLC v. Wallace*, 606 S.W.3d 413 (Tex. Ct. App. 2020).

¹⁶⁸⁴ That test has its origin in Fifth Circuit authority and provided that challenged statements would qualify as potentially actionable commercial advertising or promotion if they were “(1) commercial speech; (2) by a defendant who is in commercial competition with plaintiff; (3) for the purpose of influencing consumers to buy [the] defendant’s goods or services; and] (4) . . . disseminated sufficiently to the relevant purchasing public to constitute ‘advertising’ or ‘promotion’ within that industry.” *Id.* at 438 (second alteration

[The lead defendant] is a small business owner who runs a spa in Corpus Christi, Texas that provides a variety of skin care services to its clients, including massages. The services that [she] provides are only available in her limited geographic region to people who patronize her spa. It is undisputed that [she] does not sell [the plaintiffs' devices] or other similar massage tools. Given these distinctions between the two businesses, we conclude that [the plaintiffs] did not establish that [the defendants] [are] in "commercial competition" with [the plaintiff].¹⁶⁸⁵

At the trial court level, a motion to dismiss bore fruit in an action brought by Weight Watchers International (now WW International) against Noom, Inc., a competitor in the weight-loss field.¹⁶⁸⁶ One of the competitor's complained-of actions was the transmittal from a Noom e-mail address of an e-mail reciting that "Weight Watchers doesn't have an app which means it's not only more expensive, it costs more time making room for it in your life," despite Weight Watchers' having had an app for approximately eight years prior to the e-mail.¹⁶⁸⁷ The New York federal district court hearing the case held that:

In this circuit, to constitute 'commercial advertising or promotion' under the Lanham Act, a statement must be: (1) "commercial speech," (2) made "for the purpose of influencing consumers to buy defendant's goods or services," and (3) "although representations less formal than those made as part of a classic advertising campaign may suffice, they must be disseminated sufficiently to the relevant purchasing public."¹⁶⁸⁸

It then dismissed the plaintiff's challenge to the e-mail under the third of the relevant factors, holding that "[t]he Complaint makes no allegations concerning the distribution of this e-mail. It alleges only that the e-mail "was sent"; moreover, "[t]he Complaint does not allege that the e-mail was distributed to consumers or to "the relevant purchasing public."¹⁶⁸⁹ The plaintiff therefore had failed to allege plausibly that the e-mail was actionable commercial advertising or promotion.¹⁶⁹⁰

in original) (quoting *Seven-Up Co. v. Coca-Cola Co.*, 86 F.3d 1379, 1383–84 (5th Cir. 1996)).

¹⁶⁸⁵ *Id.* at 438-39.

¹⁶⁸⁶ See *Weight Watchers Int'l, Inc. v. Noom, Inc.*, 403 F. Supp. 3d 361 (S.D.N.Y. 2019).

¹⁶⁸⁷ *Id.* at 376.

¹⁶⁸⁸ *Id.* (quoting *Gmurzynska v. Hutton*, 355 F.3d 206, 210 (2d Cir. 2004)).

¹⁶⁸⁹ *Id.* (quoting *Gmurzynska*, 355 F.3d at 210).

¹⁶⁹⁰ *Id.*

A California federal district court applied a different test for actionable commercial advertising or promotion:

In order for representations to constitute “commercial advertising or promotion” under Section 43(a)(1)(B), they must be: (1) commercial speech; (2) by a defendant who is in commercial competition with plaintiff; (3) for the purpose of influencing consumers to buy defendant’s goods or services. While the representations need not be made in a “classic advertising campaign,” but may consist instead of more informal types of “promotion,” the representations (4) must be disseminated sufficiently to the relevant purchasing public to constitute “advertising” or “promotion” within that industry.¹⁶⁹¹

The court did so in an action brought by a medical food manufacturer against a pharmaceutical information database producer after a good produced by the plaintiff was reclassified from prescription status to over-the-counter status. The court concluded from the plaintiff’s complaint that “[the plaintiff] is alleging that [the defendant] influenced decisions that consumers made to buy [the plaintiff’s] goods—not [the defendant’s] own goods or services.”¹⁶⁹² Because the plaintiff’s averments failed to satisfy the third of the relevant requirements, the defendant was entitled to the dismissal of the plaintiff’s false advertising cause of action for failure to state a claim.¹⁶⁹³

Yet another doctrinal test for actionable commercial advertising or promotion appeared in a case brought by a church with controversial social views, which objected to the characterization of it as a hate group by a non-profit organization:

The test for “commercial advertising or promotion” is: “(1) commercial speech; (2) by a defendant who is in commercial competition with plaintiff; (3) for the purpose of influencing consumers to buy defendant’s goods or services; and (4) the representations . . . must be disseminated sufficiently to the relevant purchasing public to constitute ‘advertising’ or ‘promotion’ within that industry.”¹⁶⁹⁴

The plaintiff’s allegations failed to satisfy the requirements of the first, third, and fourth prongs of the analysis. To begin with, the non-profit organization’s use of the hate group designation in

¹⁶⁹¹ *Alfasigma USA, Inc. v. First Databank, Inc.*, 398 F. Supp. 3d 578, 590 (N.D. Cal. 2019) (quoting *Coastal Abstract Serv., Inc. v. First Am. Title Ins. Co.*, 173 F.3d 725, 734-35 (9th Cir. 1999)).

¹⁶⁹² *Id.* at 591.

¹⁶⁹³ *Id.*

¹⁶⁹⁴ *Coral Ridge Ministries Media, Inc. v. Amazon.com, Inc.*, 406 F. Supp. 3d 1258, 1287 (M.D. Ala. 2019) (alteration in original) (quoting *Edward Lewis Tobinick, MD v. Novella*, 848 F.3d 935, 950 (11th Cir. 2017)), *appeal docketed*, No. 19-14125 (11th Cir. Oct. 10, 2019).

training materials did not qualify as commercial speech even if the associated training program generated fees.¹⁶⁹⁵ Likewise, even if the non-profit organization allegedly had intended to “destroy” entities it considered hate groups, that allegation by the plaintiff did not convert the organization’s identification of the plaintiff as such a group into speech intended to influence consumers to purchase the organization’s goods and services.¹⁶⁹⁶ Finally, the court found the plaintiff’s industry to be “Christian television and media,” but the complaint’s allegations failed to establish that the non-profit organization’s methods of dissemination targeted consumers of those services.¹⁶⁹⁷ The non-profit organization therefore was entitled to the dismissal of the plaintiff’s accusation against it of false advertising.

So too did a plaintiff with understandable objections to the conduct of its opponent also fail to escape a motion to dismiss.¹⁶⁹⁸ According to the plaintiff, the defendant had contacted Amazon and requested a number of unauthorized changes to the plaintiff’s listings on that platform. The plaintiff’s complaint, however, failed to aver that at least some of the requested changes actually were made; likewise, it also neglected to explain to the court’s satisfaction that, even if the requested changes were made, they resulted in false statements made in commercial advertisements. The court therefore dismissed the plaintiff’s false advertising causes of action, although with leave to replead them.¹⁶⁹⁹

A separate plaintiff losing its Section 43(a) cause of action as a matter of law for want of actionable commercial advertising or promotion did so on a motion for summary judgment, rather than a motion to dismiss.¹⁷⁰⁰ The prevailing defendants on that issue either sold in the first instance (according to the plaintiff) or merely resold (according to the defendants) sunglasses bearing the plaintiff’s marks. The plaintiff objected to alleged representations by the defendants’ customer service representatives in response to consumer inquiries to the effect that the defendants sourced their goods directly from the plaintiff. Noting that “the false advertising remedy under the Lanham Act does not cover all deceitful business practices,”¹⁷⁰¹ the court granted the defendants’ motion for summary judgment. As it explained, “[t]he customer service representatives’ dialogue with customers or potential customers

¹⁶⁹⁵ *Id.* at 1287-90.

¹⁶⁹⁶ *Id.* at 1290-91.

¹⁶⁹⁷ *Id.* at 1292.

¹⁶⁹⁸ *See* Factory Direct Wholesale, LLC v. iTouchless Housewares & Prods., Inc., 411 F. Supp. 3d 905 (N.D. Cal. 2019).

¹⁶⁹⁹ *Id.* at 925-26.

¹⁷⁰⁰ *See* Maui Jim, Inc. v. SmartBuy Guru Enters., 459 F. Supp. 3d 1058 (N.D. Ill. 2020).

¹⁷⁰¹ *Id.* at 1096.

is . . . not actionable as a false advertising claim because they were not ‘commercial advertisements.’ Those conversations were person-to-person rather than promotional material disseminated to anonymous recipients.”¹⁷⁰²

Another reported opinion, which considered the question of whether the defendants had engaged in actionable commercial advertising or promotion, applied a four-part test. To begin with, “[r]epresentations constitute commercial advertising or promotion under the Lanham Act if they are: (1) commercial speech; (2) by a defendant who is in commercial competition with plaintiff; (3) for the purpose of influencing consumers to buy defendant’s goods or services.”¹⁷⁰³ “In addition,” the court held, “the representations ‘must be disseminated sufficiently to the relevant purchasing public,’ even though the representations ‘need not be made in a classic advertising campaign, but may consist instead of more informal types of promotion.’”¹⁷⁰⁴

The opinion was unusual in that it addressed a claim by the *defendants* that certain of their actions had constituted actionable conduct years before. Many of the challenged representations appeared on a website dedicated to addiction- and recovery-related topics, including independent reviews of selected recovery centers. At least for some of the time leading up to the litigation, the website was unaffiliated with the defendants. Eventually, however, the lead defendant purchased the website, after which the site published two statements touting its independence and without disclosing its affiliation with the lead defendant and with the other defendants, who operated their own competitive facility. The lead defendant’s personnel then altered a previously independent review of the competitive facility to make it more favorable and engaged in various other conduct aimed at increasing that facility’s profile.

In the ensuing lawsuit, the defendants argued that laches barred the plaintiff’s claims of false advertising because the website had posted certain negative reviews years before the initiation of hostilities between the parties. Rejecting the defendants’ invocation of laches, the court held that the plaintiff could not have challenged those reviews prior to the lead defendant’s acquisition of the website because the reviews did not constitute actionable commercial advertising or promotion. Even assuming “that a review of an addiction treatment facility in an online addiction treatment journal was a sufficient dissemination to the target audience interested in

¹⁷⁰² *Id.* at 1096-97.

¹⁷⁰³ *Grasshopper House, LLC v. Clean & Sober Media LLC*, 394 F. Supp. 3d 1073, 1095 (C.D. Cal. 2019) (quoting *Walker & Zanger, Inc. v. Paragon Indus.*, 549 F. Supp. 2d 1168, 1181-82 (N.D. Cal. 2007)).

¹⁷⁰⁴ *Id.* (quoting *Coastal Abstract Serv., Inc. v. First Am. Title Ins. Co.*, 173 F.3d 725, 735 (9th Cir. 1999)).

pursuing addiction treatment,”¹⁷⁰⁵ the court found the defendants had failed to establish the other three prerequisites on a pre-acquisition basis. “In fact,” the court observed, “the legislative intent behind the Lanham Act was to prevent application of its protections to any false or misleading statements made by interested parties not engaged in any sort of competition with the company that is the subject of the representations.”¹⁷⁰⁶ The court therefore declined to hold the plaintiff accountable for what otherwise might be a fatal delay in bringing its case.

(3) Opinions Deferring Resolution of the Actionable-Commercial-Advertising-or-Promotion Inquiry

A Florida federal district court rejecting a motion to dismiss a claim of actionable commercial advertising or promotion did so in sufficiently strong terms as to suggest it had resolved the issue on the merits.¹⁷⁰⁷ The alleged misrepresentations appeared in correspondence sent to the plaintiff and to her clients (who were former clients of the defendants) accusing the plaintiff of having breached a confidentiality and non-solicitation with the defendants. In the absence of controlling Eleventh Circuit authority, the court rejected the defendants’ argument that the letters did not constitute actionable commercial advertising or promotion by applying a home-grown four-factor test originating in its own district:

Under this test, for statements to fall within the meaning of “advertising or promotion” they must be: (1) commercial speech; (2) by a defendant who is in commercial competition with the plaintiff; (3) for the purpose of influencing consumers to buy defendant’s goods or services; and (4) they must be disseminated sufficiently to the relevant purchasing public to constitute “advertising” or “promotion” within that industry. “Commercial speech encompasses not merely direct invitations to trade, but also communications designed to advance business interests”¹⁷⁰⁸

The court noted that “[the plaintiff] alleges that by maligning her, Defendants stood to profit because [the plaintiff’s] consulting company was now in direct competition with Defendants and the clients to whom the letters were sent were former clients of Defendants who were interested in [the plaintiff’s] services.”¹⁷⁰⁹ That was enough for it to hold that “the Court finds that [the

¹⁷⁰⁵ *Id.*

¹⁷⁰⁶ *Id.*

¹⁷⁰⁷ *See Matonis v. Care Holdings Grp.*, 423 F. Supp. 3d 1304 (S.D. Fla. 2019).

¹⁷⁰⁸ *Id.* at 1313 (quoting *Taslidzic v. Luther*, No. 9:18-CV-80038, 2018 WL 3134419, at *3 (S.D. Fla. May 21, 2018)).

¹⁷⁰⁹ *Id.*

plaintiff] has adequately alleged that the cease and desist letters constitute commercial speech”¹⁷¹⁰

Other denials of motions to dismiss were less definitive but nevertheless allowed plaintiffs’ claims to move forward.¹⁷¹¹ For example, the artificial holiday tree industry ordinarily is not a hotbed of false advertising litigation, but several participants in it wound up in Minnesota federal district court after one accused the others of misrepresenting that they had invalidated its patents and of mischaracterizing the functionality of its products.¹⁷¹² The defendants argued in a motion to dismiss that the plaintiff’s complaint failed sufficiently to aver that the challenged statements were actionable, but the court disagreed after applying the following framework:

A statement is made in a commercial advertisement if the representations are commercial speech, made by a commercial competitor, for the purpose of influencing consumers to buy that competitor’s goods. Such a statement also must be disseminated sufficiently to the relevant purchasing public to constitute advertising or promotion within that industry. The level of circulation required to constitute advertising and promotion will vary from industry to industry and from case to case.¹⁷¹³

The court noted that the operative pleading alleged that “[the defendants] made false or misleading statements on at least five separate occasions to at least one manufacturer and three retailers.”¹⁷¹⁴ The significance of that audience lay in the fact that “[the plaintiff] does not sell to the public directly, and its market generally is confined to a limited group of retailers.”¹⁷¹⁵ That consideration, the court held, constituted an averment of dissemination sufficient to survive dismissal.¹⁷¹⁶

¹⁷¹⁰ *Id.* at 1314.

¹⁷¹¹ *See, e.g.,* Allscripts Healthcare, LLC v. DR/Decision Res., LLC, 440 F. Supp. 3d 71, 76 (D. Mass. 2020) “Where the market for a product is limited in number, . . . ‘even a single [solicitation] to an individual purchaser may be enough to trigger the protections of the [Lanham] Act.’ For that reason, [the plaintiff’s] identification of only one particular instance of alleged false commercial speech does not warrant dismissal.” (second, third, and fourth alterations in original) (quoting Coastal Abstract Serv., Inc. v. First Am. Title Ins. Co., 173 F.3d 725, 735 (9th Cir. 1999)).

¹⁷¹² *See* Willis Elec. Co. v. Polygroup Macau Ltd. (BVI), 437 F. Supp. 3d 693 (D. Minn. 2020).

¹⁷¹³ *Id.* at 712-13 (quoting My Pillow, Inc. v. LMP Worldwide, Inc., 331 F. Supp. 3d 920, 934 (D. Minn. 2018)).

¹⁷¹⁴ *Id.* at 713.

¹⁷¹⁵ *Id.*

¹⁷¹⁶ *Id.*

(C) Falsity

As always, courts recognized more than one way to demonstrate falsity. One explained that “[f]alseness may be established through one of two means: ‘that the challenged advertisement is literally false, i.e., false on its face,’ or ‘that the advertisement, while not literally false, is nevertheless likely to mislead or confuse consumers.’”¹⁷¹⁷ Others applied substantively identical tests.¹⁷¹⁸

¹⁷¹⁷ *Weight Watchers Int’l, Inc. v. Noom, Inc.*, 403 F. Supp. 3d 361, 369 (S.D.N.Y. 2019) (quoting *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 112 (2d Cir. 2010)).

¹⁷¹⁸ *See, e.g., Upper Deck Co. v. Panini Am., Inc.*, 469 F. Supp. 3d 963, 975 (S.D. Cal. 2020) (“To demonstrate falsity within the meaning of the Lanham Act, a plaintiff may show that the statement was literally false, either on its face or by necessary implication, or that the statement was literally true but likely to mislead or confuse consumers.” (quoting *Southland Sod Farms v. Stover Seed Co.*, 108 F.3d 1134, 1139 (9th Cir. 1997)); *N. Am. Olive Oil Ass’n v. D’Avolio Inc.*, 457 F. Supp. 3d 207, 221 (E.D.N.Y. 2020) (“A plaintiff may establish that a statement is false under two theories: either by demonstrating that challenged advertisement is ‘literally false, i.e., false on its face,’ or that the statement, while literally true, constitutes an implied falsehood that is ‘nevertheless likely to mislead or confuse consumers.’” (quoting *Time Warner Cable, Inc. v. DIRECTV, Inc.*, 497 F.3d 144, 153 (2d Cir. 2007)), *appeal withdrawn*, No. 20-1688, 2020 WL 5083332 (2d Cir. July 30, 2020); *Tiffany (NJ) Inc. v. eBay, Inc.*, 600 F.3d 93, 112 (2d Cir. 2010)), *appeal withdrawn*, No. 20-1688, 2020 WL 5083332 (2d Cir. July 30, 2020); *Eng’g Arresting Sys. Corp. v. Atech, Inc.*, 451 F. Supp. 3d 1241, 1247 (N.D. Ala. 2020) (“These [challenged] statements satisfy the first element of a false advertising claim under § 43(a) only if they are ‘claims that are literally false as a factual matter or claims that may be literally true or ambiguous but which convey a false impression.’” (quoting *Hickson Corp. v. N. Crossarm Co.*, 357 F.3d 1256, 1261 (11th Cir. 2004)); *Chanel, Inc. v. RealReal, Inc.*, 449 F. Supp. 3d 422, 442 (S.D.N.Y. 2020) (“A claim of false advertising may be based on at least one of two theories: that the challenged advertisement is literally false, i.e., false on its face, or that the advertisement, while not literally false, is nevertheless likely to mislead or confuse consumers.”); *GDHI Mktg. LLC v. Antsel Mktg. LLC*, 416 F. Supp. 3d 1189, 1207 (D. Colo. 2019) (“Even if an advertisement is not literally false, relief is available under Lanham Act § 43(a) if it can be shown that the advertisement has misled, confused, or deceived the consuming public.” (quoting *Southland Sod Farms v. Stover Seed Co.*, 108 F.3d 1134, 11409 (9th Cir. 1997)); *Clorox Co. v. Reckitt Benckiser Grp.*, 398 F. Supp. 3d 623, 635 (N.D. Cal. 2019) (“Falsity can be established in two ways. First, a plaintiff may demonstrate that a challenged statement was literally false, either on its face or by necessary implication. . . . Alternatively, a plaintiff can show that the statement was literally true but likely to mislead, confuse or deceive consumers.”); *Alfasigma USA, Inc. v. First Databank, Inc.*, 398 F. Supp. 3d 578, 588 (N.D. Cal. 2019) (“To demonstrate falsity within the meaning of the Lanham Act, a plaintiff may show that the statement was literally false, either on its face or by necessary implication, or that the statement was literally true but likely to mislead or confuse consumers.” (quoting *Southland Sod Farms v. Stover Seed Co.*, 108 F.3d 1134, 1139 (9th Cir. 1997)); *Supplement Ctr. v. Evol Nutrition Assocs.*, 389 F. Supp. 3d 1281, 1288 (N.D. Ga. 2019) (“The first element of a false advertising claim under the Lanham Act is whether the advertisement is literally false, or whether the advertisement is literally true, but misleading.”); *Boltex Mfg. Co. v. Ulma Piping USA Corp.*, 389 F. Supp. 3d 507, 511 (S.D. Tex. 2019) (“To obtain money damages for false advertising under § 43(a) of the Lanham Act, the plaintiff must first demonstrate that the advertisement was (1) literally false; or (2) likely to mislead and confuse customers.”).

(1) Opinions Finding Falsity

Successful claims of falsity took varying forms. Although liability for false advertising typically requires a showing of a false factual statement in the first instance,¹⁷¹⁹ 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.¹⁷²⁰ It did so without inquiring whether anything in the marks could be proven objectively false, or, in other words, whether the marks' continued use constituted anything materially different than routine infringement.

A far more robust treatment of the falsity inquiry came in the context of a successful preliminary injunction motion.¹⁷²¹ The defendant was in a uniquely unsympathetic position, for, seeking to take advantage of the COVID pandemic by accepting orders for N95 protective respirators, it made a number of representations concerning its putative relationship with the 3M Company in a proposal forwarded to New York City's Office of Citywide Procurement. One such representation read:

Due to the national emergency, acceptance of the purchase order is at the full discretion of 3M and supplies are based upon availability. The N95 masks 3M can begin shipping in 2-4 weeks CIF at any of 3M [sic] plants in the USA or 3M Plants Overseas according to their manufacturing schedule. 3M chooses the plant. Order may be shipped in whole or in part.¹⁷²²

In fact, as the court found from 3M's moving papers, the defendant: (1) was authorized neither to solicit purchase orders from customers for submission to 3M for approval nor "to state how, where, or in what quantity such orders would be filled";¹⁷²³ and (2) had mischaracterized how 3M filled orders for its respirators.¹⁷²⁴ Finding the defendant's representations "false on their face," the court entered the requested relief after concluding that the plaintiff was likely to prevail on its claim of falsity at trial.¹⁷²⁵

¹⁷¹⁹ See, e.g., *Long Grove Invs., LLC v. Baldi Candy Co.*, 397 F. Supp. 3d 1190, 1198 (N.D. Ill.) (granting motion to dismiss on ground that that mere use of allegedly infringing mark did not constitute actionable false statement of fact), *appeal dismissed*, No. 19-2658, 2019 WL 8059540 (7th Cir. Nov. 19, 2019).

¹⁷²⁰ See *vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612, 662-63 (D.S.C. 2019), *appeal docketed*, No. 19-2112 (4th Cir. Apr. 4, 2020).

¹⁷²¹ See *3M Co. v. Performance Supply, LLC*, 458 F. Supp. 3d 181 (S.D.N.Y. 2020).

¹⁷²² *Id.* at 191.

¹⁷²³ *Id.*

¹⁷²⁴ *Id.*

¹⁷²⁵ *Id.* at 197.

(2) Opinions Declining to Find Falsity

One claim of falsity with two subparts was found so deficient that it failed at the pleadings stage on a motion to dismiss.¹⁷²⁶ The counterclaim plaintiff advancing it took issue with the conclusion contained in an IBM white paper that the counterclaim defendant's "business process management" software platform could be scaled "across an entire corporate enterprise" of "approximately 10,000 users."¹⁷²⁷ The gravamen of the counterclaim plaintiff's objection to that assertion was that the test used a computer too expensive for the customers served by both parties to afford, one that featured IBM's System z processor. Whatever the expense of that processor might have been, the court held the title of the white paper—which referred to the processor by name—sufficiently alerted readers to the processor's use as to preclude a finding of falsity as a matter of law. As the court observed:

Any potential customer reading the paper would immediately know that the System z processor was used to conduct the test. [The counterclaim plaintiff] does not allege that the test results were misreported or that the paper asserted they could be achieved on another, less expensive computer system. Particularly given the technically savvy consumer base for the products at issue, a limitation contained in the title of the paper cannot give rise to a Lanham Act false advertising claim.¹⁷²⁸

The counterclaim plaintiff struck out in similar fashion in its pursuit of a related claim. Alleging that the counterclaim defendant had left the white paper on its website long after discontinuing the version of its platform underlying the white paper, the counterclaim defendant claimed the paper's lingering accessibility was false and misleading. Once again, the court held the counterclaim plaintiff's theory wanting as a matter of law based on the apparently fully disclosed date of the paper's publication. Because "any reader would know that the paper was published in 2011 and could take that date into account when deciding how much to rely on the paper,"¹⁷²⁹ the court granted the counterclaim defendant's motion to dismiss for failure to state a claim.

Litigation arising in the olive oil industry led to another grant of a motion to dismiss for failure to state a claim.¹⁷³⁰ The plaintiff, a trade association comprising marketers, packagers, producers, and

¹⁷²⁶ See *Pegasystems, Inc. v. Appian Corp.*, 463 F. Supp. 3d 152 (D. Mass. 2020).

¹⁷²⁷ *Id.* at 160.

¹⁷²⁸ *Id.*

¹⁷²⁹ *Id.*

¹⁷³⁰ See *N. Am. Olive Oil Ass'n v. D'Avolio Inc.*, 457 F. Supp. 3d 207 (E.D.N.Y. 2020), *appeal withdrawn*, No. 20-1688, 2020 WL 5083332 (2d Cir. July 30, 2020).

importers of the oil, objected to certain advertising of a producer and a group of specialty retail stores. Unfortunately for the plaintiff, its complaint merely identified the advertising in question without explaining why it might be false. That failure was enough for the court to hold that the plaintiff had failed to state a claim: “Although a plaintiff need not prove falsity at the pleading stage, the allegation that a statement is false without any support whatsoever does not raise that allegation above the speculative level.”¹⁷³¹

A motion to dismiss also succeeded in part in litigation between the purveyors of competing weight loss programs, namely, Weight Watchers International and Noom.¹⁷³² Weight Watchers objected to Noom’s use of a consumer review stating, “I have *lost more weight with Noom* in 5 weeks than I lost in 10 months on Weight Watchers,”¹⁷³³ which it alleged impliedly conveyed a false message that the reviewer’s experience was typical of what consumers would achieve using Noom, but the court found “no allegation that the review did not reflect [the reviewer’s] actual opinion, that she was compensated by Noom, or that Noom misleadingly edited the review.”¹⁷³⁴ The court reached the same conclusion with respect to a television commercial reciting that Noom’s program was “not a diet,” which Weight Watchers argued falsely suggested that Weight Watchers’ program was based on diet alone; rather than crediting that argument, the court held that “[i]t’s not a diet,’ as uttered in the commercial, is not plausibly alleged to describe Weight Watchers as being exclusively diet-based.”¹⁷³⁵

Of course, motions to dismiss were not the only vehicles to afford courts opportunities to address false advertising causes of action, and, indeed, the Eleventh Circuit rejected allegations sounding in both categories of falsity in an opinion affirming the grant of a defense motion for summary judgment.¹⁷³⁶ The plaintiff, a guitar maker, had modified one produced by the lead defendant before giving it to a friend, “Dimebag” Darrell Abbott. Abbott went on to achieve fame as a guitarist for the group Pantera before entering into an endorsement deal with the lead defendant. Following Abbott’s onstage murder by a deranged fan, and pursuant to the endorsement agreement, the lead defendant began selling reissues of the model played by Abbott and promoted them in part with videos in which the plaintiff discussed his role in the design of Abbott’s guitar but did not mention the lead defendant’s reissues of that model.

¹⁷³¹ *Id.* at 223.

¹⁷³² *See* Weight Watchers Int’l, Inc. v. Noom, Inc., 403 F. Supp. 3d 361 (S.D.N.Y. 2019).

¹⁷³³ *Id.* at 371.

¹⁷³⁴ *Id.* at 371-72.

¹⁷³⁵ *Id.* at 375-76.

¹⁷³⁶ *See* Webster v. Dean Guitars, 955 F.3d 1270 (11th Cir. 2020).

As had the district court before it, the court of appeals held that the lead defendant's use of the videos did not constitute false advertising. Instead, noting the plaintiff's promotion of "his own signature guitar" in one video, the court determined that "[t]he videos Webster relies on contained his own statements regarding his involvement in the creation of the [guitar at issue], and his involvement is not disputed."¹⁷³⁷ "Thus," it held, "the videos accurately show [the plaintiff] describing his part in the history of the [guitar], which he has used to his own advantage to sell his own model."¹⁷³⁸ In the final analysis, "[t]he statements in these videos do not become misleading, nor do they imply that [the plaintiff] endorses or benefits from the sale of the [guitar] reissues, simply because they appear near [the lead defendant's] advertisements of [the] reissues."¹⁷³⁹

Two counterclaim plaintiffs similarly failed to fend off a motion for summary judgment filed by one of their opponents.¹⁷⁴⁰ Both sets of parties manufactured and sold carbon steel flanges, and the counterclaim defendant in question advertised its flanges as "Made in the USA," "American made," or "domestically manufactured." Although the counterclaim plaintiffs argued those representations were literally false because they had been used to promote the sale of flanges made from imported steel, the court faulted them for failing to identify any record evidence or testimony supporting that claim. Thus, testimony from a witness of that counterclaim defendant that, although the counterclaim defendant manufactured some flanges with internationally sourced steel, it did not mark those particular goods as having been made in the United States stood un rebutted.¹⁷⁴¹

Finally, a defense motion for summary judgment also succeeded in a dispute over the phrase "BAK-12," which the court previously had found generic for mobile aircraft arresting systems used by, among others, the United States Air Force.¹⁷⁴² The allegation of false advertising at issue arose from one defendant's representation that it sold BAK-12 systems constituting "[t]he current USAF operational Aircraft Arresting System"¹⁷⁴³ and another defendant's claim that it had sold "the USAF standard BAK-12."¹⁷⁴⁴ The defendants benefitted from testimony by a USAF engineer that "[t]he USAF considers the term 'BAK-12' to be the USAF's

¹⁷³⁷ *Id.* at 1277.

¹⁷³⁸ *Id.*

¹⁷³⁹ *Id.*

¹⁷⁴⁰ *See Boltex Mfg. Co. v. Ulma Piping USA Corp.*, 389 F. Supp. 3d 507 (S.D. Tex. 2019).

¹⁷⁴¹ *Id.* at 512-13.

¹⁷⁴² *See Eng'g Arresting Sys. Corp. v. Atech, Inc.*, 451 F. Supp. 3d 1241 (N.D. Ala. 2020).

¹⁷⁴³ *Id.* at 1247.

¹⁷⁴⁴ *Id.*

equipment designation for an aircraft arresting system that complies with the military standard for such systems” and that if a manufacturer provided a system incorporating the technical data package that the USAF has for the BAK-12 system, he would call such system a “BAK-12.”¹⁷⁴⁵ Because both defendants had made sales to the USAF, their representations were literally true.¹⁷⁴⁶

The court then addressed the plaintiffs’ claim that, even if literally true, the defendants’ representations were impermissibly misleading in context “in at least three ways: “(1) by representing that the defendants’ systems are the same as the USAF’s system; (2) by representing that the USAF has tested the defendants’ systems; and (3) by representing that the defendants are USAF-approved suppliers of BAK-12 systems.”¹⁷⁴⁷ In rejecting each theory, the court concluded from the summary judgment record that “[the plaintiff] has provided no evidence to support its contention that ‘USAF standard’ misrepresents to consumers that the defendants’ systems are the same as USAF’s systems. The record here tends to support the opposite conclusion: The USAF inspected and approved [the defendants’] BAK-12 system.”¹⁷⁴⁸ Although the plaintiff proffered evidence that the Polish Air Force—on behalf of which the USAF purchased arresting systems—was confused about receiving those sold by the defendants, that did not create a factual dispute as to the defendants’ nonliability: “If PAF was confused, USAF is responsible for the confusion, not the defendants. There is no evidence that the defendants made statements, false or otherwise, to PAF.”¹⁷⁴⁹

(3) Opinions Deferring Resolution of the Falsity Inquiry

Several opinions demonstrated the difficulty of challenging allegations of falsity at the pleadings stage,¹⁷⁵⁰ with one coming from a Georgia federal district court.¹⁷⁵¹ That disposition transpired

¹⁷⁴⁵ *Id.*

¹⁷⁴⁶ *Id.*

¹⁷⁴⁷ *Id.*

¹⁷⁴⁸ *Id.*

¹⁷⁴⁹ *Id.* at 1248.

¹⁷⁵⁰ *See, e.g.,* Asurion, LLC v. SquareTrade, Inc., 407 F. Supp. 3d 744, 748-51 (M.D. Tenn. 2019) (rejecting defendant’s attempt to rely upon materials outside of the complaint and denying motion to dismiss allegation that defendant falsely characterized scope of warranty protection offered to its customers); Alfasigma USA, Inc. v. First Databank, Inc., 398 F. Supp. 3d 578, 588-89 (N.D. Cal. 2019) (denying motion to dismiss with respect to alleged falsity but granting it with respect to lack of actionable commercial advertising or promotion); *see also* Willis Elec. Co. v. Polygroup Macau Ltd. (BVI), 437 F. Supp. 3d 693, 712 (D. Minn. 2020) (denying motion to dismiss without extended analysis).

¹⁷⁵¹ *See* Supplement Ctr. v. Evol Nutrition Assocs., 389 F. Supp. 3d 1281 (N.D. Ga. 2019).

in the context of a counterclaim brought by the manufacturers and distributors of a dietary supplement against a competitor alleged to have falsely stated its product contained particular ingredients and was priced lower than it actually was. The counterclaim defendant's motion to dismiss disputed the merits of the counterclaim plaintiffs' accusations, but, as the court properly noted, "it is well established that a court reviewing a motion to dismiss for failure to state a claim is testing the sufficiency of the pleading and not the merits of the case."¹⁷⁵² It therefore denied the motion's attack on the accuracy of the counterclaim plaintiff's advertising.

A Massachusetts federal district court similarly declined to dismiss allegations of falsity prior to the development of a full record.¹⁷⁵³ The plaintiff advancing those claims objected to an unfavorable assessment of its services in a white paper prepared by a market research group, which the plaintiff named as a defendant. According to the plaintiff, the paper had been anonymously sponsored by one of its competitors, which the plaintiff targeted as the lead defendant. Although both defendants sought the dismissal of the plaintiff's false advertising cause of action on the theory that the plaintiff failed to plead the report was false or misleading, the court declined to take that step. Instead, it held that:

An omission is actionable under the Lanham Act if it "renders an affirmative statement false or misleading." False statements under the Lanham Act include those "conveyed by necessary implication when, considering the advertisement in its entirety, the audience would recognize the claim as readily as if it had been explicitly stated."¹⁷⁵⁴

Consequently, the court concluded, "[the plaintiff] has plausibly pleaded that the omission of the relationship between [the defendants] renders the representations in the Report and [the summary of the report] on [the competitor's] website false or misleading."¹⁷⁵⁵

Having reached that holding, the court denied the lead defendant's motion to dismiss another aspect of the plaintiff's complaint, namely, the claim that the lead defendant had failed adequately to plead the falsity of a summary of the report posted on

¹⁷⁵² *Id.* at 1288.

¹⁷⁵³ *See* Pegasystems, Inc. v. Appian Corp., 424 F. Supp. 3d 214 (D. Mass. 2019) ("*Pegasystems I*").

¹⁷⁵⁴ *Id.* at 223 (quoting Lokai Holdings LLC v. Twin Tiger USA LLC, 306 F. Supp. 3d 629, 639-40 (S.D.N.Y. 2018); Clorox Co. P.R. v. Procter & Gamble Com. Co., 228 F.3d 24, 35 (1st Cir. 2000)).

¹⁷⁵⁵ *Id.*

The plaintiff may have come to regret its victory on this issue, however, because the defendant eventually asserted a virtually identical counterclaim, the sufficiency of which the court sustained against a pleadings-stage attack by the plaintiff. *See* Pegasystems, Inc. v. Appian Corp., 463 F. Supp. 3d 152, 162 (D. Mass. 2020).

the lead defendant's website. On that issue, the court held that "[the plaintiff] has plausibly pleaded that [the lead defendant] made a literally false statement on its website when it wrote that [the other defendant] reached the Report's results 'Through approximately 500 responses.'"¹⁷⁵⁶ As it explained, "[t]he Report discloses that of those 500 responses, only 104 were verified and analyzed and, of those, only 27% of respondents used either [the plaintiff] or [the defendant]. The number of responses yielding the comparisons between the two competitors falls far short of five hundred."¹⁷⁵⁷ "While the Report openly acknowledges these figures," the court observed, "[the lead defendant's] representation on its website about the Report's sample size is literally false."¹⁷⁵⁸

Allegations of literal falsity similarly survived a motion to dismiss in litigation between the manufacturers of household cleaning products.¹⁷⁵⁹ Many of the plaintiff's claims of falsity rested on a series of comparative advertisements featuring a disinfecting spray sold by the defendant and a disinfecting wipe product offered by the plaintiff. The court denied the defendant's motion with respect to those advertisements, holding that an "apples-to-oranges" theory of falsity underpins many of [the plaintiff's] claims in this lawsuit. Courts have held that misleading comparisons of this type are literally false by necessary implication where non-comparable products are portrayed as otherwise equivalent (except for the superior or inferior aspect being illustrated in the advertisement)."¹⁷⁶⁰ Such was the case in light of the plaintiffs' allegations that "[t]here are differences in positioning, formulation and intended purpose of the [parties'] products which were hidden from the recipients."¹⁷⁶¹

The court employed a different analysis when declining to dismiss other advertisements challenged by the plaintiff. For example, one such advertisement featured both the defendant's spray and its own disinfecting wipes and also recited "[k]ills over 100 illnesses causing [sic] germs."¹⁷⁶² According to the plaintiff, that representation was false because only the spray had that efficacy. Although the court declined to accept the plaintiff's claim that the

¹⁷⁵⁶ *Pegasystems I*, 424 F. Supp. 3d at 223.

¹⁷⁵⁷ *Id.*

¹⁷⁵⁸ *Id.*

¹⁷⁵⁹ *See Clorox Co. v. Reckitt Benckiser Grp.*, 398 F. Supp. 3d 623 (N.D. Cal. 2019).

¹⁷⁶⁰ *Id.* at 637.

¹⁷⁶¹ *Id.* at 638; *see also id.* at 639-41, 641-42 (applying same analysis to sustain complaint's allegations with respect to other advertisements of defendant).

¹⁷⁶² *Id.* at 643.

advertising was literally false,¹⁷⁶³ it did not reach the same holding with respect to the potentially misleading nature of the advertisement in context. Rather, “[i]t is plausible that where an advertisement trumpets that a . . . product ‘Kills over 100 illnesses causing [sic] germs’ and then immediately afterwards displays two . . . products, a consumer could be misled into believing that the claim is true for both products.”¹⁷⁶⁴

So too did a different court decline to dismiss allegations that the appearances on two sports trading cards of unauthorized photographic images of Michael Jordan constituted false statements.¹⁷⁶⁵ The plaintiff’s complaint apparently did not clearly state whether it considered the pictures literally false or, alternatively, misleading in context. The court was skeptical of the former theory,¹⁷⁶⁶ but more receptive to the latter. As to it, the court held that “the Complaint claims that Jordan’s inclusion in [the defendant’s] cards is a false and misleading statement about [the defendant’s] products and commercial activities by confusing consumers to think that ‘Jordan held a similar affinity and reverence for its products, without paying for or even asking for such right.’”¹⁷⁶⁷ Moreover, the court continued (again quoting the complaint), “[t]hese cards also misrepresent the ‘nature, characteristics, qualities or origin of [the defendant’s] product, services, or commercial activities and/or Jordan’s authorized products, services, or commercial activities.’”¹⁷⁶⁸ Those allegations were sufficient bases for the denial of the defendant’s motion.

A Connecticut federal district court proved similarly unreceptive to a motion to dismiss in another false advertising case with right of publicity overtones.¹⁷⁶⁹ The plaintiffs, a group of models, accused the defendants of promoting the defendants’ strip clubs using unauthorized photographs of the plaintiffs. The defendants faulted the plaintiffs’ allegations of falsity, but the court sided with the plaintiffs. In denying the defendants’ motion, it held that “Plaintiffs adequately allege that the challenged advertisements are false because of the allegedly inappropriate association between the Clubs and the Plaintiffs that the advertisements evoke.”¹⁷⁷⁰ Even if

¹⁷⁶³ *Id.* (“This advertisement is not sufficiently unambiguous as to be false because it is unclear whether the advertisement is referring to *both* products as able to kill over 100 illness-causing germs, or whether they can do so *together*.”).

¹⁷⁶⁴ *Id.*

¹⁷⁶⁵ *See* Upper Deck Co. v. Panini Am., Inc., 469 F. Supp. 3d 963 (S.D. Cal. 2020).

¹⁷⁶⁶ *Id.* at 976 (“[T]he image[s] of Jordan in both cards are not alleged to be altered; therefore, they are the actual image of Jordan and are literally true.”).

¹⁷⁶⁷ *Id.* at 975.

¹⁷⁶⁸ *Id.* at 976.

¹⁷⁶⁹ *See* Geiger v. C&G of Groton, Inc., 424 F. Supp. 3d 276 (D. Conn. 2019).

¹⁷⁷⁰ *Id.* at 293.

the advertisements were not literally false, they could be impliedly false and, “[a]t this stage in the proceedings, the Court need not determine the falsity, and whether it is literal or implied.”¹⁷⁷¹

An arguable lack of literal falsity in litigation between manufacturers of dietary supplements similarly failed to lead to the grant of a motion to dismiss before a different court.¹⁷⁷² The plaintiff accused the defendants of claiming to have won the 1998 Nobel Prize in chemistry for the discovery of a particular aspect of nitric oxide when in fact, that award had gone to others. Although the defendants pointed to the absence from their advertising of express representations they were Nobel laureates, the court’s analysis focused on references by the defendants to the Nobel Prize such as the following:

Our research on Nitric Oxide first began with the discovery of its unique impact on cardiovascular health. Its immense importance as a biological signaling molecule resulted in the awarding of the Nobel Prize in 1998. Realizing that the discovery of Nitric Oxide had immense potential, it didn’t take long for our interest in N-O to become our passion.¹⁷⁷³

The court determined that “[t]hese allegations are sufficient to make plaintiff’s false advertising claim based on the Nobel Prize references plausible.”¹⁷⁷⁴ “At the very least,” it continued “plaintiff has alleged that defendant is falsely suggesting that it is doing Nobel Prize winning research or has done such research in the past and it is plausible that a consumer would be misled by such a suggestion.”¹⁷⁷⁵

Yet another motion to dismiss met with the same misfortune at the hands of a New York federal district court.¹⁷⁷⁶ The defendant filing that motion sold luxury goods on consignment, including some bearing what the plaintiff characterized as counterfeit imitations of its registered marks. The plaintiff’s complaint was replete with quotations from the defendant’s advertising emphasizing the authentic nature of the goods the defendant sold, including “advertising that it has ‘developed the most rigorous authentication process in the marketplace,’ a key selling point in the luxury

¹⁷⁷¹ *Id.*

¹⁷⁷² *See* ThermoLife Int’l, LLC v. NeoGenis Labs, 411 F. Supp. 3d 486 (D. Ariz. 2019).

¹⁷⁷³ *Id.* at 501 (alteration omitted); *see also id.* (“Plaintiff also alleges that defendant asserts that it is connected to ‘Nobel Prize-winning research’ and that defendant states on its website that [d]ubbed the “miracle molecule,” the discovery of Nitric Oxide, the first gas to be identified as such, won the Nobel Prize in 1998. This discovery is what [the defendants’ product] is built on.” (first alteration in original)).

¹⁷⁷⁴ *Id.*

¹⁷⁷⁵ *Id.*

¹⁷⁷⁶ *See* Chanel, Inc. v. RealReal, Inc., 449 F. Supp. 3d 422 (S.D.N.Y. 2020).

consignment space.”¹⁷⁷⁷ After surveying that advertising, the court found the plaintiff had adequately alleged the existence of literally false representations in commerce: “Given [the plaintiff’s] allegations that certain products advertised and sold by [the defendant] are counterfeit, [they] suffice[] to establish a plausible allegation of literal false advertising based on [the defendant’s] representation that all the products it offers have been authenticated and are 100% the real thing.”¹⁷⁷⁸

Another New York federal district court also declined, at least in part, to dismiss a claim of false advertising at the pleadings stage.¹⁷⁷⁹ That claim rested on the alleged falsity of a representation by the defendant that its weight-loss program was “backed by 8 years of research and proven to be effective by several medical journals.”¹⁷⁸⁰ Weighing the defendant’s motion to dismiss, the court held:

“To prove that an advertising claim is literally false, a plaintiff must do more than show that the tests supporting the challenged claim are unpersuasive. Rather, the plaintiff must demonstrate that such tests are not sufficiently reliable to permit one to conclude with reasonable certainty that they established the claim made.” Conclusions drawn from non-fraudulent data about subjects of legitimate scientific disagreement “are not grounds for a claim of false advertising under the Lanham Act.”¹⁷⁸¹

Nevertheless, the court also held that the complaint, which averred that “randomized, controlled studies, and at least three of the studies relied upon by [the defendant] are preliminary or pilot studies involving only small groups of people,” sufficiently alleged literal falsity to warrant allowing the case to proceed to the proof stage.¹⁷⁸² As it explained, the defendant’s argument that the plaintiff had raised only “a methodological ‘quibble’” and that eight articles bearing on the defendant’s program had appeared in “different health journals” did not allow a resolution of the plaintiff’s claims on a motion to dismiss.¹⁷⁸³

Failed motions to dismiss extended to counterclaims for false advertising as well. For example, after accusing their adversaries of reselling “used” equipment bearing their marks as new, a group of

¹⁷⁷⁷ *Id.* at 443.

¹⁷⁷⁸ *Id.* at 444.

¹⁷⁷⁹ *See* *Weight Watchers Int’l, Inc. v. Noom, Inc.*, 403 F. Supp. 3d 361 (S.D.N.Y. 2019).

¹⁷⁸⁰ *Id.* at 376.

¹⁷⁸¹ *Id.* at 377 (quoting first *McNeil-P.C.C., Inc. v. Bristol-Myers Squibb Co.*, 938 F.2d 1544, 1549 (2d Cir. 1991), then *ONY, Inc. v. Cornerstone Therapeutics, Inc.*, 720 F.3d 490, 498 (2d Cir. 2013)).

¹⁷⁸² *Id.* at 376.

¹⁷⁸³ *Id.* at 377.

counterclaim defendants found themselves served with a cause of action for false advertising.¹⁷⁸⁴ According to the counterclaim plaintiffs, the falsity of the counterclaim defendants' characterization of the goods lay in the fact that the goods had never been opened, even if they had been owned by a prior purchaser. Denying the counterclaim defendants' motion to dismiss, the court observed that "[i]t is certainly not unreasonable as a matter of law that a consumer would believe the term 'used' does not mean 'preowned' and does not apply to unopened goods."¹⁷⁸⁵ It then reached the same conclusion with respect to the counterclaim defendants' alleged misrepresentation that their end user licensing agreement was nontransferable, holding that "the first sale doctrine would not apply to a consumer who is only a licensee of the embedded software, but it can apply where the consumer is found to have not accepted the license. Thus, [the counterclaim plaintiffs] have alleged sufficient facts to support the claim."¹⁷⁸⁶

In addition to unsuccessful motions to dismiss, the past year produced unsuccessful motions for summary judgment on the issue of falsity. In a dispute in which the parties' cross-motions both failed, the defendants sold sunglasses that bore the plaintiff's marks and that may or may not have been originally introduced into the stream of commerce under the plaintiff's authority.¹⁷⁸⁷ Among other challenges to the defendants' conduct, the plaintiff accused the defendants of falsely representing that: (1) all their products were authentic and "accompanied by official tags and manufacturer warranties";¹⁷⁸⁸ (2) there was an unbroken supply chain between the plaintiff and the defendants' customers;¹⁷⁸⁹ and (3) the defendants had an "operation centre" in New York City.¹⁷⁹⁰ Although not contesting the substance of their advertising, the defendants responded to the plaintiff's motion and supported their own motion by citing to disclaimers on their website advising consumers that manufacturers' warranties might not be available in some jurisdictions (in which case the defendants offered their own warranty) and that they were "not owned by or affiliated with the brands it sells unless stated otherwise."¹⁷⁹¹ Discounting the results of a survey commissioned by the plaintiff showing that 40.1% of respondents believed inaccurately that the defendants were authorized retailers of the plaintiff, the court denied both motions,

¹⁷⁸⁴ See *Cisco Sys., Inc. v. Beccela's Etc., LLC*, 403 F. Supp. 3d 813 (N.D. Cal. 2019).

¹⁷⁸⁵ *Id.* at 827.

¹⁷⁸⁶ *Id.* at 829.

¹⁷⁸⁷ See *Maui Jim, Inc. v. SmartBuy Guru Enters.*, 459 F. Supp. 3d 1058 (N.D. Ill. 2020).

¹⁷⁸⁸ *Id.* at 1097.

¹⁷⁸⁹ *Id.*

¹⁷⁹⁰ *Id.*

¹⁷⁹¹ *Id.* at 1098.

concluding, “there remains a threshold question of material fact as to the falsity of Defendants’ statements (both whether they are literally false and whether they implicitly convey a false impression)”¹⁷⁹²

A counterclaim defendant accused of misrepresenting the geographic origin of certain of the “American made” steel flanges it manufactured similarly failed to push its summary judgment motion past the finish line.¹⁷⁹³ The key to the court’s denial of the motion was a representation by the counterclaim defendant that “[o]ur American Made line uses *only* top-quality steel from US mills, forged into fittings and flanges at [our] own plant in Argo, Illinois.”¹⁷⁹⁴ “While the parties argue whether ‘American Made’ is an ambiguous phrase,” the court held, it found the phrase “not ambiguous because . . . [the counterclaim defendant] has ‘given definition’ to the phrase ‘American Made’ by placing the phrase in the . . . quoted sentence which specifically seeks to define the term.”¹⁷⁹⁵ Consequently, testimony from an executive of the counterclaim defendant to the effect that flanges described by the counterclaim defendant as “American Made” used steel from both U.S. and offshore mills created a factual dispute as to the falsity of the counterclaim defendant’s advertising.¹⁷⁹⁶ That was not the only problem for the counterclaim defendant’s motion, however, for the court also determined from the summary judgment record that “while [the counterclaim defendant] clearly represents in this advertisement that these flanges are ‘forged’ at [its] Illinois plant, [its executive] admits in his deposition that [it] does not forge any of its own fittings or flanges.”¹⁷⁹⁷ The issue of literal falsity therefore was not properly resolved as a matter of law,¹⁷⁹⁸ and using much the same analysis, the court also denied the counterclaim defendant’s request for summary judgment on the counterclaim plaintiffs’ accusation that, even if literally true, its advertising was misleading in context.¹⁷⁹⁹

ii. Actual or Likely Deception

Courts generally recognized three ways in which a plaintiff can demonstrate the actual or likely deception necessary to support a false advertising cause of action. One observed that “[w]hether an

¹⁷⁹² *Id.*

¹⁷⁹³ See *Boltex Mfg. Co. v. Ulma Piping USA Corp.*, 389 F. Supp. 3d 507 (S.D. Tex. 2019).

¹⁷⁹⁴ *Id.* at 513.

¹⁷⁹⁵ *Id.* at 513-14.

¹⁷⁹⁶ *Id.* at 514.

¹⁷⁹⁷ *Id.*

¹⁷⁹⁸ *Id.*

¹⁷⁹⁹ *Id.* at 514-17.

advertisement is literally false or true but misleading affects what must be proven with respect to consumer deception to prevail on a claim of false advertising under the Lanham Act. If the court finds that an advertisement is literally false, then evidence of consumer deception is not required.”¹⁸⁰⁰ And, independently of those two paths to a finding of actual or likely deception, another court held that ‘where . . . the defendant intentionally set out to deceive, . . . actual deception’ is presumed.”¹⁸⁰¹ Although survey results may be the best evidence of consumer deception under the first of these scenarios, one court confirmed that “a plaintiff does not need to ‘identify the particular consumer survey that will be used to support its allegations to survive a motion to dismiss.’”¹⁸⁰²

Beyond opinions applying these principles to deny motions to dismiss,¹⁸⁰³ at least one court reaching findings of literal falsity as a matter of law subsequently bootstrapped them into concomitant findings of likely deception, also as a matter of law and without requiring extrinsic evidence on the subject.¹⁸⁰⁴ It explained that “[w]here the advertisement is literally false, a violation may be established without evidence of consumer deception.’ Therefore, as the [challenged] statements [are] literally false, it is undisputed that Defendants’ statements actually deceive.”¹⁸⁰⁵

In contrast, the Eleventh Circuit took a skeptical view of a plaintiff’s claim of actual or likely deception in a case in which the defendants had advertised life insurance quotes allegedly generated through a pirated copy of a computerized tool generated by the

¹⁸⁰⁰ Supplement Ctr. v. Evol Nutrition Assocs., 389 F. Supp. 3d 1281, 1288 (N.D. Ga. 2019); *accord* Belcher Pharm., LLC v. Hospira, Inc., 419 F. Supp. 3d 1292, 1296 (M.D. Fla. 2020), *appeal docketed*, No. 20-10497 (11th Cir. Apr. 21, 2020); 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); Pegasystems, Inc. v. Appian Corp., 424 F. Supp. 3d 214, 222 (D. Mass. 2019); Clorox Co. v. Reckitt Benckiser Grp., 398 F. Supp. 3d 623, 635-36 (N.D. Cal. 2019); De Simone v. VSL Pharm., Inc., 395 F. Supp. 3d 617, 623 (D. Md. 2019).

¹⁸⁰¹ Upper Deck Co. v. Panini Am., Inc., 469 F. Supp. 3d 963, 976 (S.D. Cal. 2020) (alterations in original) (quoting AECOM Energy & Constr., Inc. v. Ripley, 348 F. Supp. 3d 1038, 1056 (C.D. Cal. 2018)).

¹⁸⁰² Pegasystems, Inc. v. Appian Corp., 424 F. Supp. 3d 214, 223 (D. Mass. 2019) (quoting Clorox Co. P.R. v. Procter & Gamble Com. Co., 228 F.3d 24, 36 (1st Cir. 2000)).

¹⁸⁰³ *See, e.g.*, Factory Direct Wholesale, LLC v. iTouchless Housewares & Prods., Inc., 411 F. Supp. 3d 905, 924 (N.D. Cal. 2019) (“That statement is literally false as pled in the FAC. Therefore, actual deception can be presumed.”); Supplement Ctr. v. Evol Nutrition Assocs., 389 F. Supp. 3d 1281, 1289 (N.D. Ga. 2019) (“Because Defendants allege that Plaintiffs’ advertisements are literally false, Defendants are not required to allege evidence of consumer deception and thus, this element is satisfied.”).

¹⁸⁰⁴ *See* vonRosenberg v. Lawrence, 412 F. Supp. 3d 612 (D.S.C. 2019), *appeal docketed*, No. 19-2112 (4th Cir. Apr. 4, 2020).

¹⁸⁰⁵ *Id.* at 663 (first alteration in original) (quoting Scotts Co. v. United Indus. Corp., 315 F.3d 264, 272 (4th Cir. 2002)).

plaintiff.¹⁸⁰⁶ In the plaintiff's appeal from a post-trial finding of nonliability, the appellate court observed that "[the plaintiff] insists that the ad was deceiving because it held out [the plaintiff's] technology as [the defendants'], but merely claiming to have a quote engine is unlikely to mislead anyone into assuming anything about the ultimate source of the software or the quotes that it generates."¹⁸⁰⁷ It therefore held that the magistrate judge responsible for the case below had not erred, much less clearly erred, in rejecting the plaintiff's claim of liability.

iii. Materiality

The materiality requirement for false advertising mandates a showing that the defendant's misconduct has affected consumers' purchasing decisions.¹⁸⁰⁸ At least in some cases, that prerequisite for liability did not pose much of an obstacle to plaintiffs.¹⁸⁰⁹ Thus, for example, in litigation between a national church and a group of breakaway parishes in South Carolina, in which the breakaway parishes were found not to be the legitimate successors in interest to the national church's original South Carolina diocese, the court concluded that their continued use of marks associated with the church and the original diocese was material. In finding liability for false advertising as a matter of law, it explained that "[i]t is manifest that a religious organization's history, denominational affiliation and name is an 'inherent quality or characteristic' of the religious organization. Materiality is therefore undisputed."¹⁸¹⁰

Hearing a dispute between a plaintiff that manufactured disinfecting cleaning wipes and a defendant that manufactured a disinfecting spray as well as its own wipes, a different court held on the defendant's motion to dismiss that "[m]ateriality 'is typically proven' through consumer surveys,' which provide direct evidence of a statement's impact. A plaintiff can also establish materiality by showing that 'the defendants misrepresented an inherent quality or

¹⁸⁰⁶ See *Compulife Software Inc. v. Newman*, 959 F.3d 1288 (11th Cir. 2020).

¹⁸⁰⁷ *Id.* at 1317.

¹⁸⁰⁸ See, e.g., *Cisco Sys., Inc. v. Beccela's Etc., LLC*, 403 F. Supp. 3d 813, 830 (N.D. Cal. 2019) (holding that counterclaim plaintiffs had adequately pleaded materiality through averment that alleged misrepresentations by counterclaim defendants had successfully deterred consumers from purchasing goods from counterclaim plaintiffs); *Upper Deck Co. v. Panini Am., Inc.*, 469 F. Supp. 3d 963, 976 (S.D. Cal. 2020) ("A false advertisement's deception is 'material' if 'it is likely to influence the purchasing decision' of the advertisement's audience.").

¹⁸⁰⁹ See, e.g., *Boltex Mfg. Co. v. Ulma Piping USA Corp.*, 389 F. Supp. 3d 507, 517-18 (S.D. Tex. 2019) (citing showing by counterclaim plaintiffs that "at least one buyer" insisted that goods "sold to him be made in America with U.S. sourced steel" as basis for denying counterclaim defendant's motion for summary judgment on ground that its representations of the domestic origin of its goods were not material to consumers).

¹⁸¹⁰ *Id.* at 663 (citation omitted) (quoting *S.C. Johnson & Son, Inc. v. Clorox Co.*, 241 F.3d 232, 238 (2d Cir. 2001)).

characteristic of the product.”¹⁸¹¹ In the case at hand, the court determined the plaintiff had plausibly argued that some of the defendant’s advertisements “cast doubt on the efficacy of [the plaintiff’s] products in killing germs, a primary purpose of cleaning products,” while other advertisements insinuated the plaintiff’s products were unsafe, and an additional one suggested the plaintiff’s wipes tended to rip during use.¹⁸¹² “These all implicate inherent qualities and characteristics of cleaning products,” the court found, “and would likely influence the purchasing decision of a consumer.”¹⁸¹³ The defendant’s attack on the plaintiff’s averments of materiality therefore lacked merit.

Other courts viewed plaintiffs’ claims of materiality with greater skepticism, not the least of which was a Massachusetts federal district court.¹⁸¹⁴ As a factual question, the materiality inquiry is rarely resolved as a matter of law at the pleadings stage, but that general proposition proved no obstacle to such a resolution in a dispute over whether three captions on a single slide displayed to professionals in the business process management software field constituted actionable false advertising. The counterclaim defendant intended the slide to communicate the titles of three reports containing accolades for its products, but, in each case, the titles were modified.¹⁸¹⁵ Granting the counterclaim defendant’s motion to dismiss for failure to state a claim, the court found “it . . . implausible that these semantic inaccuracies would have ‘influence[d] the purchasing decision’ of the sophisticated consumers who purchase business process management software.”¹⁸¹⁶ It then reached the same conclusion with respect to the counterclaim plaintiff’s challenge to an allegedly false representation of the number of professionals in the industry the counterclaim defendant had certified.¹⁸¹⁷

Dismissal for failure to state a claim also was the outcome in a dispute over the alleged falsity of the word “certified” in the

¹⁸¹¹ *Clorox Co. v. Reckitt Benckiser Grp.*, 398 F. Supp. 3d 623, 644 (N.D. Cal. 2019) (quoting *Skydive Arizona, Inc. v. Quattrocchi*, 673 F.3d 1105, 1111 (9th Cir. 2012); *Johnson & Johnson Vision Care, Inc. v. 1-800 Contacts, Inc.*, 299 F.3d 1242, 1250 (11th Cir. 2002)).

¹⁸¹² *Id.*

¹⁸¹³ *Id.*

¹⁸¹⁴ *See Pegasystems, Inc. v. Appian Corp.*, 463 F. Supp. 3d 152 (D. Mass. 2020).

¹⁸¹⁵ Thus, for example, the slide referred to a report styled as *Digital Process Automation*, the actual title of which was *Software For Digital Process Automation For Deep Deployments*; likewise, the title of a report originally called *Real-Time Interaction Management* became *Real-Time Decisions & AI* on the defendant’s slide, and that of one called *Intelligent Business Process Management* became *End-to-End Work Management*. *Id.* at 158.

¹⁸¹⁶ *Id.* at 161 (second alteration in original) (quoting *Cashmere & Camel Hair Mfrs. Inst. v. Saks Fifth Ave.*, 284 F.3d 302, 311 (1st Cir. 2002)).

¹⁸¹⁷ *Id.* (“It is implausible that the precise number of currently certified professionals, as conveyed in passing on a presentation slide, would be material to a consumer.”).

following mark, which one of the defendants had registered for olive oil:¹⁸¹⁸



The plaintiff argued the mark misleadingly suggested another party had certified the defendant's goods, but the court received that claim coolly. "Significantly," it pointed out, "[the plaintiff] does not allege that the products [bearing the mark] do not, in fact, meet [the defendant's] standards, or that the standards are themselves fraudulent, but rather focuses entirely upon hypothetical consumer confusion regarding who is implementing the standard."¹⁸¹⁹ It therefore dismissed the plaintiff's claim of false advertising for want of materiality, holding that "[the plaintiff] has not plausibly alleged that the mere omission of the identity of the tester alone is likely to influence the purchasing decision of a consumer."¹⁸²⁰

A claim of materiality also failed before 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.¹⁸²¹ 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.¹⁸²² The court rejected each theory seriatim, concluding that: (1) in contrast to the rule extant in other

¹⁸¹⁸ See *N. Am. Olive Oil Ass'n v. D'Avolio Inc.*, 457 F. Supp. 3d 207 (E.D.N.Y. 2020), *appeal withdrawn*, No. 20-1688, 2020 WL 5083332 (2d Cir. July 30, 2020). The illustration in the text accompanying this footnote does not appear in the court's opinion but is instead reproduced from the drawing in U.S. Registration No. 4300768.

¹⁸¹⁹ *N. Am. Olive Oil Ass'n*, 457 F. Supp. 3d at 226.

¹⁸²⁰ *Id.*

¹⁸²¹ See *Ill. Tool Works, Inc. v. Rust-Oleum Corp.*, 955 F.3d 512 (5th Cir. 2020).

¹⁸²² *Id.* at 517.

circuits, it had never held that representations about products' inherent characteristics were necessarily material;¹⁸²³ (2) it had 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”;¹⁸²⁴ 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.¹⁸²⁵ Under these circumstances, the court held, the jury’s finding of materiality was “legally unupportable.”¹⁸²⁶

Albeit in a less extensive analysis, the Eleventh Circuit similarly rejected a claim of materiality.¹⁸²⁷ According to the plaintiff, the defendants had misappropriated a computerized tool developed by the plaintiff and then disseminated life insurance quotes generated by their pirated copy of the tool, which they made available on their website. The plaintiff failed on multiple grounds to demonstrate the defendants’ liability for false advertising, and those grounds included an absence of evidence and testimony establishing the materiality of the defendants’ advertising. The plaintiff attacked the finding below that the provenance of defendants’ quote engine (whatever that provenance may have been) was not material to consumers, but its arguments did not gain traction on appeal. Instead, the Eleventh Circuit found to the contrary that “it is . . . difficult to see why that [alleged] deception would have ‘had a material effect on purchasing decisions.’ Consumers have good reason to care about the quality of the quote engine, but not the identity of its author or the host of the server with which it communicates.”¹⁸²⁸

iv. Interstate Commerce

For the most part, courts entertaining allegations of false advertising under federal law did not linger too long on the issue of whether defendants disseminated their allegedly false advertising in interstate commerce;¹⁸²⁹ indeed, that requirement for liability

¹⁸²³ *Id.*

¹⁸²⁴ *Id.* at 518.

¹⁸²⁵ *Id.*

¹⁸²⁶ *Id.*

¹⁸²⁷ *See* *Compulife Software Inc. v. Newman*, 959 F.3d 1288 (11th Cir. 2020).

¹⁸²⁸ *Id.* at 1317 (quoting *Johnson & Johnson Vision Care, Inc. v. 1-800 Contacts, Inc.*, 299 F.3d 1242, 1247 (11th Cir. 2002)).

¹⁸²⁹ *See, e.g., Geiger v. C&G of Groton, Inc.*, 424 F. Supp. 3d 276, 293 (D. Conn. 2019) (noting, in context of denial of motion to dismiss, that “Plaintiffs . . . adequately allege that Defendants published the alleged false advertisements, thus putting them into interstate commerce”).

was rarely contested.¹⁸³⁰ Nevertheless, one opinion from a Colorado federal district court dismissed an otherwise adequately pleaded cause of action under Section 43(a) because it was unsupported by any averments that the challenged statements had been made in interstate commerce.¹⁸³¹ On its face, the complaint accused the defendant of having directed certain of the defendant's communications only to in-state recipients, which led the court to dispose of the plaintiff's challenge to them as insufficient as a matter of law.¹⁸³² That left allegedly false statements in a media kit attached to e-mail messages apparently also sent only to recipients in Colorado. The dissemination of the media kit in that manner forced the court to address what it characterized as "an interesting and unresolved legal issue," namely, whether the use of e-mails necessarily satisfied the requirement of interstate commerce for liability. In the absence of controlling Tenth Circuit authority, the court rejected the "too strained" proposition that "a false statement in any email gives rise to a federal question."¹⁸³³ It therefore dismissed the plaintiff's cause of action with leave to replead "that the false statements in either the media kit or the email traveled through or had a substantial effect on interstate commerce."¹⁸³⁴

In contrast, and although its treatment of the issue was rather abbreviated, a different court denied a motion to dismiss based on the following statement in the plaintiff's complaint: "[The defendant] has placed its misleading statements into interstate commerce by making such statements to [the plaintiff's] customers in various states."¹⁸³⁵ According to the defendant, that allegation was fatally defective because it failed "to allege where, by whom and to whom the statements at issue were made."¹⁸³⁶ In rejecting that argument, the court held that "[c]ommerce, as defined in the Lanham Act, has been construed broadly to include false or misleading statements that affect the sale of goods or services in a manner that substantially affects interstate commerce in the aggregate even if made wholly intrastate";¹⁸³⁷ "[f]urthermore," it observed, "a court may reasonably infer that a false statement was placed in interstate commerce from facts alleged."¹⁸³⁸

¹⁸³⁰ See, e.g., *vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612, 664 (D.S.C. 2019) (noting lack of dispute on issue), *appeal docketed*, No. 19-2112 (4th Cir. Apr. 4, 2020).

¹⁸³¹ See *GDHI Mktg. LLC v. Antsel Mktg. LLC*, 416 F. Supp. 3d 1189 (D. Colo. 2019).

¹⁸³² *Id.* at 1208.

¹⁸³³ *Id.* at 1209.

¹⁸³⁴ *Id.*

¹⁸³⁵ *Allscripts Healthcare, LLC v. DR/Decision Res., LLC*, 440 F. Supp. 3d 71, 77 (D. Mass. 2020).

¹⁸³⁶ *Id.*

¹⁸³⁷ *Id.*

¹⁸³⁸ *Id.*

v. Damage and Causation

The prerequisite for liability of a demonstration of damage and causation has enjoyed a resurgence of judicial attention in recent years, with some of the resulting opinions weighing in defendants' favor. One that did so came in a case brought by a group of car dealerships against a generator of car sales leads.¹⁸³⁹ Although the court initially denied the defendants' motion for summary judgment on the issue of damage and causation,¹⁸⁴⁰ it reversed that decision on a motion for reconsideration. The court noted that "a presumption of injury may arise when an advertisement makes false claims about a direct competitor, but where, as here, a misleading advertisement does not make comparative claims about a direct competitor, a plaintiff must demonstrate actual injury and causation."¹⁸⁴¹ With the plaintiffs having failed to make such a demonstration in response to the defendant's motion for summary judgment,¹⁸⁴² the defendant prevailed as a matter of law.¹⁸⁴³

An additional successful defense motion for summary judgment came in a battle between manufacturers of steel flanges.¹⁸⁴⁴ The gravamen of the counterclaim plaintiffs' allegations of false advertising was that the counterclaim defendants had inaccurately characterized their flanges as having been made in the United States, when, in fact, the steel from some of the flanges had been sourced from international suppliers. As the court pointed out, however, the counterclaim plaintiffs manufactured their flanges only outside the United States; consequently, had any consumers to whom domestic manufacture was important been misled by the counterclaim defendant's advertising, that could not have damaged the counterclaim plaintiff, which would not have made sales to those consumers had they known the alleged truth about the counterclaim defendant's flanges.¹⁸⁴⁵ The court therefore granted the counterclaim defendant's motion for summary judgment, holding

¹⁸³⁹ See *Dependable Sales & Serv., Inc. v. TrueCar, Inc.*, 394 F. Supp. 3d 368 (S.D.N.Y. 2019) (*"Dependable Sales & Service II"*).

¹⁸⁴⁰ See *Dependable Sales & Serv., Inc. v. TrueCar, Inc.*, 377 F. Supp. 3d 337 (S.D.N.Y.) (*"Dependable Sales & Service I"*), on reconsideration, 394 F. Supp. 3d 368 (S.D.N.Y. 2019).

¹⁸⁴¹ *Dependable Sales & Service II*, 394 F. Supp. 3d at 374.

¹⁸⁴² The court had earlier rejected proffered expert testimony attributing each sale made through the lead defendant to the challenged false advertising for want of a proper causal relationship. See *Dependable Sales & Service I*, 377 F. Supp. 3d at 349-50. It also had rejected putative evidence of actual deception documented in the results of a survey commissioned by the plaintiffs as evidence of falsity (really materiality), rather than injury. *Id.* at 351-52.

¹⁸⁴³ *Dependable Sales & Service II*, 394 F. Supp. 3d at 375.

¹⁸⁴⁴ See *Boltex Mfg. Co. v. Ulma Piping USA Corp.*, 389 F. Supp. 3d 507 (S.D. Tex. 2019).

¹⁸⁴⁵ *Id.* at 519.

that “there is no fact issue as to whether [the parties] compete in the market for flanges made in the U.S. with U.S. materials.”¹⁸⁴⁶

Not all reported opinions to address harm and causation were adverse to plaintiffs, and, indeed, some denied defendants’ motions to dismiss bearing on the issue.¹⁸⁴⁷ One dispute producing such a disposition came in a case in which the plaintiff accused the defendant of misrepresenting the qualities of the defendant’s disinfectant spray and wipes at the expense of the plaintiff’s own disinfectant wipes.¹⁸⁴⁸ Citing the proposition that “[l]ost sales for the plaintiff because of the defendant’s false advertising is the ‘paradigmatic direct injury from false advertising,’”¹⁸⁴⁹ the court determined from the plaintiff’s complaint that “[the plaintiff] has adequately alleged injury caused by [the defendant’s] advertising. [The plaintiff] claims that as a result of the advertisements, it has suffered direct diversion of sales and lost profits on those sales that it would have otherwise earned.”¹⁸⁵⁰ Moreover, the court added, “[the plaintiff] also claims that the advertisements have damaged its goodwill, reputation, and standing with the consuming public.”¹⁸⁵¹ “Such allegations,” it concluded, “are sufficient to plead damages.”¹⁸⁵²

Other reported opinions declined to grant defense motions for summary judgment on the issue. One such holding came in a dispute in which the plaintiffs successfully demonstrated that the defendants had falsely held themselves out to be the successors in

¹⁸⁴⁶ *Id.*

¹⁸⁴⁷ *See, e.g.,* Pegasystems, Inc. v. Appian Corp., 424 F. Supp. 3d 214, 224 (D. Mass. 2019) (denying motion to dismiss after concluding that “[t]he Court can reasonably infer that an explicit unfavorable comparison between [the defendant] and [the plaintiff] is likely to divert those customers from [the plaintiff] to [the defendant], injuring [the plaintiff]”); Matonis v. Care Holdings Grp., 423 F. Supp. 3d 1304 (S.D. Fla. 2019) (“By alleging that Plaintiff and Defendants are competitors in the healthcare management consulting industry, and that Defendants falsely represent the number of clients it represents and the scope of the representation, Plaintiff has satisfied her burden at this stage of the litigation to show injury or the possibility of injury due to Defendants’ false advertisements on their website.”); Cisco Sys., Inc. v. Beccela’s Etc., LLC, 403 F. Supp. 3d 813, 830 (N.D. Cal. 2019) (“The Court agrees with [the counterclaim plaintiffs] that they have alleged that the alleged misrepresentations harmed them. [The counterclaim plaintiffs] have alleged that on information and belief, they have lost sales of products as a result of [the counterclaim defendants’] representations to consumers and that [the counterclaim defendant] discouraged consumers from purchasing goods on the secondary market based on these alleged misrepresentations.”).

¹⁸⁴⁸ *See* Clorox Co. v. Reckitt Benckiser Grp., 398 F. Supp. 3d 623 (N.D. Cal. 2019).

¹⁸⁴⁹ *Id.* at 644-45 (quoting Openwave Messaging, Inc. v. Open-Xchange, Inc., No. 16-cv-00253-WHO, 2016 WL 6393503, at *5 (N.D. Cal. Oct. 28, 2016)).

¹⁸⁵⁰ *Id.* at 645.

¹⁸⁵¹ *Id.*

¹⁸⁵² *Id.*

interest to the South Carolina diocese of a national church.¹⁸⁵³ The plaintiffs sought only injunctive relief, which led the defendants to argue that the plaintiffs could not demonstrate monetary harm. The court disagreed, finding it undisputed that “the injury and loss of goodwill is clear. Defendants are using [the actual successor’s] precise marks, effectively barring [that plaintiff] from using [its] own name, and therefore Defendants are clearly harming [that plaintiff’s] goodwill and ability to operate as a religious organization.”¹⁸⁵⁴ Moreover, and in any case, the summary judgment record contained evidence of monetary harm in the form of misdirected checks and donations received by the defendants.¹⁸⁵⁵

Another failed defense motion for summary judgment emerged from litigation between competing providers of plumbing and HVAC services.¹⁸⁵⁶ One of the allegedly false statements in question was that the counterclaim plaintiffs’ business had been operating for only five years when, in fact, the counterclaim plaintiffs had two additional years of experience; another was the counterclaim defendants’ claim to have been in business themselves since 1929 when the actual date was 1989. In both cases, the court held, a reasonable jury might conclude the statements had caused consumers to choose providers other than the counterclaim plaintiffs.¹⁸⁵⁷

e. Proving Violations of Persona-Based Rights Under Federal and State Law

i. Opinions Finding Violations of Persona-Based Rights

The past year produced several successful persona-based causes of action, whether sounding in false endorsement under Section 43(a) or violations of rights of publicity and even of rights of privacy under state law. Perhaps the most notable opinion to reach a finding of liability came from a Kentucky federal district court.¹⁸⁵⁸ The common law of that state recognizes a cause of action for invasion of privacy, which can take the form of an unauthorized use of the plaintiff’s name or likeness. Although the Supreme Court of Kentucky has characterized that cause of action as protecting the right of “[p]rivate individuals . . . to live their lives without unwarranted interference by the public about matters with which

¹⁸⁵³ See, e.g., *vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612 (D.S.C. 2019), *appeal docketed*, No. 19-21112 (4th Cir. Apr. 4, 2020).

¹⁸⁵⁴ *Id.* at 664.

¹⁸⁵⁵ *Id.*

¹⁸⁵⁶ See *Giannone v. Giannone*, 429 F. Supp. 3d 34 (E.D. Pa. 2019).

¹⁸⁵⁷ *Id.* at 42-43.

¹⁸⁵⁸ See *Int’l Brotherhood of Teamsters Local 651 v. Philbeck*, 464 F. Supp. 3d 863 (E.D. Ky. 2020).

the public is not necessarily concerned,”¹⁸⁵⁹ it became something else altogether at the hands of the court, which held the local chapter of a union entitled to invoke it. The gravamen of the union’s claim was that, after he was voted out of office, a former chapter president had violated the union’s right of privacy by failing to turn over its Facebook account and “by continuing to hold the Facebook pages out as sources of Union information.”¹⁸⁶⁰ Granting the union’s motion for summary judgment, the court found it undisputed that “[the former president] benefitted from the goodwill associated with the Union’s reputation and prestige by utilizing [the Union’s] name and likeness and posting as if the page was an official page of the Union.”¹⁸⁶¹ In doing so, the court reached the rare outcome of extending persona-based protection to an artificial entity.

That was not the only example of a right of publicity masquerading as a right of privacy to make it into a reported opinion, for a group of professional models asserted such a cause of action under Connecticut law after two strip clubs and their operators allegedly had used the models’ images without their consent to promote the clubs.¹⁸⁶² In denying the defendants’ motion to dismiss the plaintiffs’ invasion of privacy claim, the court noted that Connecticut case law recognized as a privacy-based tort “publicity which places the plaintiff in a false light.”¹⁸⁶³ “Here,” the court held, “Plaintiffs have sufficiently alleged that the advertisements reached the general public when the photographs were posted on the social media websites Twitter, Facebook, and Instagram and have attached the challenged advertisements to the Complaint, which includes both the social media account and the date the photo was posted.”¹⁸⁶⁴

In a case presenting a more conventional right of publicity claim, one brought under Florida law, certain members of the Traeger family had sold their wood pellet grill business to the plaintiff, only to resurface years later on the payroll of the lead defendant, a competing manufacturer of wood pellet grills.¹⁸⁶⁵ Having found as a threshold matter that the family members had assigned their rights of publicity to the plaintiff along with their business,¹⁸⁶⁶ the court

¹⁸⁵⁹ See *McCall v. Courier-J. & Louisville Times Co.*, 623 S.W.2d 882, 887 (Ky. 1981).

¹⁸⁶⁰ *Int’l Brotherhood of Teamsters Local 651*, 464 F. Supp. 3d at 873.

¹⁸⁶¹ *Id.*

¹⁸⁶² See *Geiger v. C&G of Groton, Inc.*, 424 F. Supp. 3d 276 (D. Conn. 2019).

¹⁸⁶³ *Id.* at 294 (quoting *Honan v. Dimyan*, 726 A.2d 613, 618 (Conn. Ct. App. 1999)).

¹⁸⁶⁴ *Id.* at 295.

¹⁸⁶⁵ See *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).

¹⁸⁶⁶ One agreement between the plaintiff and the family members assigned their intellectual property rights to the plaintiff, including the rights to their “likenesses,” while a second covered, inter alia, all “personal goodwill . . . used or usable in the business.” *Id.* at 887-88.

had little difficulty finding that the lead defendant's use of the names and photographs of two family members in its advertising violated the plaintiff's "exclusive rights to [the family members'] name[s], likeness[es], and personal goodwill."¹⁸⁶⁷ The court therefore held the plaintiff entitled to a preliminary injunction.

ii. Opinions Declining to Find Violations of Persona-Based Rights

Some persona-based claims failed as a matter of law. Three doing so at the pleadings stage arose from a documentary movie concerning performer Whitney Houston.¹⁸⁶⁸ The film featured footage of Houston's ex-husband, Bobby Brown, as well as of her deceased daughter Bobbi Kristina Brown, leading Bobby Brown to assert a claim of false endorsement under Section 43(a) and statutory and common-law right of publicity causes of action under California law, while Bobbi Kristina Brown's estate asserted a violation of her posthumous right of publicity under Georgia law. The court dismissed all three causes of action by holding the film constitutionally protected under the First Amendment. In doing so, the court additionally held the film was not actionable under each of the state claims recited in the complaint because the film qualified for newsworthiness and public-interest exceptions to liability.¹⁸⁶⁹

A different federal district court similarly dismissed claims for false endorsement under Section 43(a) for failure to state a claim.¹⁸⁷⁰ Those claims rested on the brief appearance in a motion picture of a mural painted by one plaintiff and also depicting the other plaintiff. According to the plaintiffs, the mural's use created the false impression that they had authorized that use, but the court was skeptical. "Admittedly," it remarked, "a determination of the likelihood of consumer confusion is generally a factual issue. However, a Lanham Act claim may be dismissed, where, as here, a plaintiff fails to sufficiently plead confusion as to source or ownership."¹⁸⁷¹ That was the case with respect to the plaintiffs' cause of action: "the Mural appears briefly in the Film in a scene with several other works of street art. Additionally, Plaintiffs have not alleged a single plausible fact that the inclusion of the Mural in the Film would serve to confuse consumers that Plaintiffs sponsored, endorsed, or were otherwise associated with the

¹⁸⁶⁷ *Id.*

¹⁸⁶⁸ See *Brown v. Showtime Networks, Inc.*, 394 F. Supp. 3d 418 (S.D.N.Y. 2019).

¹⁸⁶⁹ See *id.* at 438, 400 (California law); *id.* at 440-41 (Georgia law).

¹⁸⁷⁰ See *LMNOPI v. XYZ Films, LLC*, 449 F. Supp. 3d 86 (E.D.N.Y. 2020).

¹⁸⁷¹ *Id.* at 94.

Film.”¹⁸⁷² Especially because “undercutting any such potential allegation, the Film displays, among other things, trademarks associated with its production and distribution companies,” the plaintiffs’ motion to dismiss was well-taken.¹⁸⁷³

Persona-based claims also failed as a matter of law on defense motions for summary judgment. In one case producing such an outcome under Section 43(a), the plaintiff had modified a guitar produced by the lead defendant before giving the modified guitar to the soon-to-be-famous lead guitarist of the group Pantera.¹⁸⁷⁴ The gravamen of the plaintiff’s complaint was that the lead defendant (which had struck an endorsement deal with the Pantera guitarist) had promoted the sale of reissues of the guitar resembling the modified guitar produced by the plaintiff through videos in which the plaintiff discussed his role in modifying the original guitar but which did not reference the reissues. The court started its analysis by holding that “[the plaintiff] has a viable cause of action for false endorsement under § 43(a) only if consumers were likely to believe from [the lead defendant’s] marketing that he sponsored or approved the . . . reissues.”¹⁸⁷⁵ Noting that its test for likely confusion in the trademark infringement context turned on the application of a seven-factor test, it then held that “[t]his is a false endorsement claim, however, in which the allegations of false endorsement are grounded on videos in which [the plaintiff] appeared to willingly promote his legacy as creator of the [modified guitar]. For that reason, [the defendants’ intent and actual confusion] are the only relevant factors here.”¹⁸⁷⁶ With the plaintiff having failed to address those factors in response to the defendants’ motion for summary judgment, the district court had properly granted the motion.¹⁸⁷⁷

An affirmance of the grant of a defense motion for summary judgment also came from a panel of the Court of Appeals of Ohio.¹⁸⁷⁸ In previous unrelated litigation, the plaintiff had been held liable for failing to disclose termite damage in a house she sold. When the defendants, who offered online continuing education courses, featured a discussion of the judgment against the plaintiff in one of their courses, the plaintiff responded by asserting a cause of action under the Ohio right of publicity statute.¹⁸⁷⁹ The trial court granted the defendants’ motion for summary judgment, and the plaintiff

¹⁸⁷² *Id.* at 95.

¹⁸⁷³ *Id.*

¹⁸⁷⁴ *See Webster v. Dean Guitars*, 955 F.3d 1270 (11th Cir. 2020).

¹⁸⁷⁵ *Id.* at 1278.

¹⁸⁷⁶ *Id.*

¹⁸⁷⁷ *Id.* at 1278-79.

¹⁸⁷⁸ *See Harvey v. Sys. Effect, LLC*, 154 N.E.3d 293 (Ohio Ct. App. 2020).

¹⁸⁷⁹ Ohio Rev. Code § 2741.01 (West 2016).

secured a partial (but only partial) victory when the appellate court accepted her argument that she was not required to demonstrate “celebrity status to avail herself of the cause of action.”¹⁸⁸⁰ Nevertheless, things went downhill for the plaintiff from there, as the court held that the references to the plaintiff in the defendants’ course materials qualified for two exceptions from liability under the statutory cause of action, namely, one for materials having “newsworthy value” and another closely related one applicable to the reporting of an event of general or public interest.¹⁸⁸¹ The trial court therefore had properly disposed of the plaintiff’s case on summary judgment.

Not all rejections of right of publicity claims produced appellate opinions. For example, a usually disfavored group of defendants—those using images of women to promote strip clubs without the women’s consent—also prevailed on a motion for summary judgment.¹⁸⁸² That disposition occurred in an action by twenty plaintiffs in part to vindicate their rights under Section 43(a). Addressing the defendants’ motion for summary judgment, the court held as a threshold matter that “to bring a false endorsement claim, Plaintiffs must show that Defendants, ‘(1) in commerce, (2) made a false or misleading representation of fact (3) in connection with goods or services (4) that is likely to cause consumer confusion as to the origin, sponsorship, or approval of the goods or services.’”¹⁸⁸³ The defendants did not dispute that the first and the third factors favored the plaintiffs, and the court found without the need for extended analysis that the plaintiffs were entitled to prevail under the second factor as well.¹⁸⁸⁴ Nevertheless, the plaintiffs’ case ultimately foundered under the fourth factor because they failed to identify a factual dispute over the likelihood of confusion generated by the defendants’ uses.¹⁸⁸⁵

Rather curiously in light of the absence of trademark claims in the case, the court held that analysis to turn on the “(1) strength of the trademark; (2) evidence of actual consumer confusion; (3) evidence that the imitative mark was adopted in bad faith; (4) similarity of the marks; (5) proximity of the products and their competitiveness with one another; and (6) sophistication of consumers in the relevant market.”¹⁸⁸⁶ In examining those factors,

¹⁸⁸⁰ *Harvey*, 154 N.E.3d at 304.

¹⁸⁸¹ *Id.* at 309.

¹⁸⁸² See *Gibson v. SCE Grp.*, 391 F. Supp. 3d 228 (S.D.N.Y.), *reconsideration denied*, No. 15 Civ. 8168 (ER), 2019 WL 5188932 (S.D.N.Y. Oct. 15, 2019).

¹⁸⁸³ *Id.* at 244 (quoting *Toth v. 59 Murray Enters.*, No. 15 Civ. 8028 (NRB), 2019 WL 95564, at *5 (S.D.N.Y. Jan. 3, 2019)).

¹⁸⁸⁴ *Id.* at 244-45.

¹⁸⁸⁵ *Id.* at 249.

¹⁸⁸⁶ *Id.* at 244 (footnote omitted).

the court found that only one—the similarity of the images used by the defendants to the defendants themselves—favored the plaintiffs. Otherwise, it found no material disputes that the plaintiffs: (1) were not particularly well-known;¹⁸⁸⁷ (2) had failed to adduce evidence or testimony of actual confusion;¹⁸⁸⁸ (3) did not target the same geographic market as the defendants;¹⁸⁸⁹ and (4) agreed with the defendants that the defendants’ customers were sophisticated consumers.¹⁸⁹⁰ Although the plaintiffs vigorously argued the defendants had acted in bad faith, the court credited testimony from one of the defendants that “he did not know the names of any of the Plaintiffs when the pictures were published and that, prior to becoming aware of the lawsuit, he had not heard of any of the Plaintiffs in this suit”;¹⁸⁹¹ moreover, it noted, “Plaintiffs have not pointed to any evidence that Defendants were constructively aware of Plaintiffs’ celebrity or reputation before the pictures were posted on their social media sites.”¹⁸⁹² With even the factor of the defendants’ intent favoring nonliability, the court reached that outcome as a matter of law and granted the defendants’ motion for summary judgment.¹⁸⁹³

Yet another defense motion for summary judgment succeeded for a different reason.¹⁸⁹⁴ While a percussionist for the hip-hop and neo-soul band The Roots, the plaintiff executed a broad release granting the defendants—including other members of the band and companies associated with them—a perpetual right “to use and publish and to permit others to use and publish [Plaintiff’s] name, likeness, voice and other biographical material in connection with [Plaintiff’s] services and performances . . . , including without limitation [Plaintiff’s] name, photograph, image and likeness in connection with any audio or video recordings.”¹⁸⁹⁵ Following the plaintiff’s departure from the band, the defendants allegedly continued to use his persona in promoting the band, which led the plaintiff to file suit under both Section 43(a) and the New York statutory right of publicity cause of action.¹⁸⁹⁶ Seeking to escape the effect of his prior assignment “in perpetuity” of his rights, the

¹⁸⁸⁷ *Id.* at 245-47. In particular, the court determined that the plaintiffs’ notoriety compared unfavorably to that of such celebrities as Carmen Electra, Drake, Woody Allen, Nolan Ryan, and 50 Cent. *Id.* at 244-45.

¹⁸⁸⁸ *Id.* at 247.

¹⁸⁸⁹ *Id.* at 248.

¹⁸⁹⁰ *Id.* at 248-49.

¹⁸⁹¹ *Id.* at 247.

¹⁸⁹² *Id.* at 248.

¹⁸⁹³ *Id.* at 249.

¹⁸⁹⁴ *See Walker v. Thompson*, 404 F. Supp. 3d 819 (S.D.N.Y. 2019).

¹⁸⁹⁵ *Id.* at 822 (alterations in original).

¹⁸⁹⁶ N.Y. Civ. Rights Law § 50 (McKinney 2013).

plaintiff gamely argued that the release limited the use of his likeness to the time during which he was affiliated with the band. Not surprisingly, the court rejected that interpretation of the agreement, holding that it “would render the term and clear intent that the use of Plaintiff’s likeness be permitted ‘in perpetuity’ meaningless, because it would provide that Defendants are not, in fact, permitted to use Plaintiff’s likeness in perpetuity”¹⁸⁹⁷ The release therefore led to the denial of the plaintiff’s motion for summary judgment and the grant of the defendants’ motion.

Finally, in an opinion affirming a denial of class certification,¹⁸⁹⁸ the Seventh Circuit addressed the question of the alleged misappropriation of an Instagram username could violate the Illinois right-of-publicity statute.¹⁸⁹⁹ The court concluded it could not:

Categorically, Instagram usernames identify only Instagram accounts. The [statute], however, requires more than that. It demands that an attribute, even a name, serve to identify an individual. And not just *an* individual but “*that* individual,” the one whose identity is being appropriated. This is a comparative exercise that depends on both the specific individual and the specific appropriated attribute in question¹⁹⁰⁰

iii. Opinions Deferring Resolution of Claims of Violations of Persona-Based Rights

A California federal district court declined to dismiss a cause of action under Section 43(a) originating in a sports trading card on which the image of Michael Jordan appeared.¹⁹⁰¹ The gravamen of that cause of action, which was advanced by Jordan’s exclusive licensee in the sports memorabilia market, was that Jordan’s appearance in the background of cards ostensibly featuring his teammates constituted false endorsement in violation of the statute; the plaintiff upped the ante by further alleging that the defendant had digitally altered photographs of the teammates to add Jordan’s image. Based on those averred facts, which also included a possible instance of actual confusion, the court made short work of the defendant’s argument that it could decide at the pleadings stage whether the defendant’s cards were likely to cause confusion.¹⁹⁰²

¹⁸⁹⁷ Walker, 404 F. Supp. 3d at 824.

¹⁸⁹⁸ See *Dancel v. Groupon, Inc.*, 949 F.3d 999 (7th Cir. 2019).

¹⁸⁹⁹ 765 Ill. Comp. Stat. 1075/5, 3.

¹⁹⁰⁰ *Dancel*, 949 F.3d at 1009.

¹⁹⁰¹ See *Upper Deck Co. v. Panini Am., Inc.*, 469 F. Supp. 3d 963 (S.D. Cal. 2020).

¹⁹⁰² Reduced to its essentials, the defendant’s argument on the issue of likely confusion consisted of the following points: (1) the cards did not bear Jordan’s name; (2) his image on one card was so small as to be unrecognizable; (3) with respect to another card, “it is

*f. Violations of Rights Under Other State-Law
Causes of Action*

**i. Preemption of State-Law
Causes of Action and Defenses**

An unusually large number of opinions addressed claims that the Lanham Act or other bodies of federal law preempted state-law causes of actions or state-law-based defenses. Perhaps the most notable example of that trend came in an action brought by the owner of a mark used in connection with various organic foods and food supplements against users of the same mark for cannabis-infused chocolates.¹⁹⁰³ As between the parties, the defendants had adopted their mark first, and they therefore asserted their entitlement to the prior-use defenses recognized by Section 15 and Section 33(b)(5).¹⁹⁰⁴ The defendants' goods were lawful in their home state of California, and, coupled with the prior use of their mark, that circumstance might ordinarily have allowed them to establish priority of rights in that state. The court, however, held that the illegality of the defendants' goods under federal law precluded the defendants from doing so. It held:

Cannabis is illegal under federal law. When a mark is used for cannabis products, the Lanham Act does not recognize the user's trademark priority. . . . Because the state law that allows [the defendants] a common law right in the [disputed] mark would encroach on [the plaintiff's] federal trademark rights (thereby permitting a confusing trademark to operate and "infringing on the guarantee of exclusive use" to the federal trademark holder), the Lanham Act preempts the state law. [The defendants] cannot be the senior user[s] of the [disputed] mark.¹⁹⁰⁵

The court therefore denied the defendants' motion for summary judgment as to priority and granted that of the plaintiff.

Determinations of preemption also held under Section 301(a) of the Copyright Act,¹⁹⁰⁶ which bars "all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright."¹⁹⁰⁷ For example, in a case brought in part under

not plausible that a background image of Jordan in a partially obscured Bulls jersey would cause consumers to be confused as to the origin or sponsorship of the card"; (4) it also was implausible his depiction on the cards suggested endorsement; and (5) "because [the defendant's] cards are sold in packs, consumers do not know what individual cards are in them until after the purchase." *Id.* at 974.

¹⁹⁰³ See *Kiva Health Brands LLC v. Kiva Brands Inc.*, 439 F. Supp. 3d 1185 (N.D. Cal. 2020).

¹⁹⁰⁴ 15 U.S.C. § 1115(b)(5) (2018).

¹⁹⁰⁵ *Kiva Health Brands*, 439 F. Supp. 3d at 1998-99 (citations omitted).

¹⁹⁰⁶ 17 U.S.C. § 301(a) (2018).

¹⁹⁰⁷ *Id.*

California law to protect the configurations of hundreds of wooden craft products, the court noted that:

Two conditions must be met for the Copyright Act to preempt a state law. “First, the content of the protected right must fall within the subject matter of copyright Second, the right asserted under state law must be equivalent to the exclusive rights contained in section 106 of the Copyright Act.”¹⁹⁰⁸

“In other words,” the court continued, “[i]f a state law claim includes an ‘extra element’ that makes the right asserted qualitatively different from those protected under the Copyright Act, the state law claim is not preempted by the Copyright Act.”¹⁹⁰⁹ Because the plaintiffs’ accusations that the defendants had sold “knock off” products lacked such an extra element, their claims were preempted as a matter of law.¹⁹¹⁰

The preemptive effect of Section 301(a) was equally apparent in the outcome of an action challenging the defendant’s sale of alleged knock-off imitations of the plaintiff’s jewelry pieces.¹⁹¹¹ Eschewing potential copyright claims, the plaintiff filed suit in New York state court, alleging claims for unfair competition, unjust enrichment, and deceptive trade practices. The defendant responded by removing the action to federal court and successfully seeking the dismissal of the plaintiff’s suit for failure to state claims upon which relief could be granted. The defendant argued, and the court agreed, that each of the plaintiff’s claims rested on the mere copying of the plaintiff’s jewelry: As the court observed of the plaintiff’s unfair competition cause of action, “the fact that [the plaintiff] alleges that [the defendant] copied its jewelry in a ‘deceptive’ manner, [does not] meaningfully change the picture. [The plaintiff’s] purported bad faith in copying does not alter the reality that the harm in this case stems wholly from the alleged copying.”¹⁹¹²

Not all claims of preemption succeeded, however. One failing at the pleadings stage rested on the theory that the Lanham Act precluded an application of Iowa law if the parties’ uses of their respective marks occurred in interstate commerce.¹⁹¹³ Although the court initially accepted that theory while granting the defendants’

¹⁹⁰⁸ *Crafty Prods., Inc. v. Michaels Cos.*, 424 F. Supp. 3d 983, 994 (S.D. Cal. 2019) (quoting *Sybersound Records, Inc. v. UAV Corp.*, 517 F.3d 1137, 1150 (9th Cir. 2008)), *aff’d sub nom.* *Crafty Prods., Inc. v. Fuqing Sanxing Crafts Co.*, No. 20-55010, 2020 WL 7388083 (9th Cir. Dec. 16, 2020).

¹⁹⁰⁹ *Id.* (quoting *Altera Corp. v. Clear Logic, Inc.*, 424 F.3d 1079, 1089 (9th Cir. 2005)).

¹⁹¹⁰ *Id.* at 996.

¹⁹¹¹ *See Adina’s Jewels, Inc. v. Shashi, Inc.*, 442 F. Supp. 3d 766 (S.D.N.Y. 2020).

¹⁹¹² *Id.* at 772.

¹⁹¹³ *See TrueNorth Cos. v. TruNorth Warranty Plans of N. Am., LLC*, 423 F. Supp. 3d 604 (N.D. Iowa 2019).

motion to dismiss, it corrected its error on reconsideration because “a state law can be preempted by the Lanham Act only if it conflicts with it. This means that if the state and federal law are equivalent, there is no preemption issue.”¹⁹¹⁴ That was not the case where the routine infringement action before the court was concerned; rather, “an unfair competition claim based on trademark infringement under Iowa common law mirrors the elements of a trademark infringement claim under the Lanham Act. In other words, this claim is coextensive with the Lanham Act claim and not in conflict with it.”¹⁹¹⁵ The court therefore rejected the defendants’ claim that the Act barred the plaintiff’s reliance on state law.

Likewise, one summary judgment opinion rejected a claim of preemption in a dispute over the protectability as trade dress of two bridesmaid dresses.¹⁹¹⁶ Based on the Supreme Court’s opinions in *Sears, Roebuck & Co. v. Stiffel Co.*¹⁹¹⁷ and *Compco Corp. v. Day-Brite Lighting, Inc.*,¹⁹¹⁸ the defendant argued the federal patent regime preempted the plaintiff’s claims under New York law. Citing *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*,¹⁹¹⁹ the court noted that the *Sears-Compco* doctrine had been limited to the extent it had ever precluded states from protecting nonfunctional designs against confusingly similar imitations.¹⁹²⁰ “In this case,” it held, “the standard for a showing of trade dress infringement under New York common law is similar to that of the Lanham Act and does not go beyond the limited regulation permitted by *Bonito Boats*.”¹⁹²¹

ii. State-by-State Causes of Action

(A) California

A California federal district court entertaining a motion to dismiss causes of action for alleged violations of that state’s unfair competition law (UCL)¹⁹²² and false advertising law (FAL)¹⁹²³ addressed the requirements for standing under the two.¹⁹²⁴ It

¹⁹¹⁴ *Id.* at 621 (citation omitted).

¹⁹¹⁵ *Id.* at 622.

¹⁹¹⁶ See *Jenny Yoo Collection, Inc. v. Essense of Australia, Inc.*, 448 F. Supp. 3d 1162 (D. Kan. 2020).

¹⁹¹⁷ 376 U.S. 225 (1964).

¹⁹¹⁸ 376 U.S. 234 (1964).

¹⁹¹⁹ 489 U.S. 141 (1989).

¹⁹²⁰ *Jenny Yoo Collection*, 448 F. Supp. 3d at 1168 (“Thus, a state may, without conflicting with patent law, give limited protection to a particular design to prevent consumer confusion.”).

¹⁹²¹ *Id.*

¹⁹²² Cal. Bus. & Prof. Code § 17200 (West 2020).

¹⁹²³ *Id.* § 175000, *et seq.*

¹⁹²⁴ See *Clorox Co. v. Reckitt Benckiser Grp.*, 398 F. Supp. 3d 623 (N.D. Cal. 2019).

granted the defendant's motion with respect to the FAL cause of action and the plaintiff's claim under the UCL that the defendant had engaged in *unlawful* practices, explaining that "[the plaintiff] does not allege that it ever actually relied on [the defendant's] false advertisements to its detriment, and accordingly has no standing to pursue its FAL and UCL unlawful prong claims."¹⁹²⁵ The outcome was different where the plaintiff's claim of *unfair* practices under the UCL was concerned, however, because "a plaintiff [proceeding under that theory] need not demonstrate that he or she was deceived by the alleged misrepresentation. Courts reason that a defendant's unfair business practices can threaten or harm competition even without deceiving competitors."¹⁹²⁶

(B) Connecticut

The Connecticut Unfair Trade Practices Act (CUTPA) provides that "[n]o person shall engage in unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce,"¹⁹²⁷ as well as that "[a]ny person who suffers any ascertainable loss of money or property, real or personal, as a result of the use or employment of a method, act or practice prohibited by [the CUTPA], may bring an action . . . to recover actual damages," punitive damages, and equitable relief.¹⁹²⁸ When a group of professional models discovered that their images had been used without their consent to promote a pair of strip clubs, they filed suit against the clubs and the clubs' owners, and they asserted a claim under the CUTPA among their other causes of action.¹⁹²⁹ The defendants moved to dismiss that claim on the theory that the plaintiffs had failed adequately to plead the required injury, but the court rejected that challenge. In doing so, the court credited the plaintiffs' averments that they had lost the money they would have received had the defendants "relied on legal channels to hire Plaintiffs to appear in their advertisements, and paid them for said appearances";¹⁹³⁰ moreover, it noted, the plaintiffs had additionally accused the defendants of potentially harming their commercial prospects with other potential clients.¹⁹³¹ That was what the court needed to deny the defendants' motion to dismiss: "The extent or amount of damage at this time may be unknown, but the determination of the amount of loss is a fact-based inquiry. As a

¹⁹²⁵ *Id.* at 646.

¹⁹²⁶ *Id.* (citation omitted).

¹⁹²⁷ Conn. Gen. Stat. § 42-110b(a) (2012).

¹⁹²⁸ *Id.* § 42-110g(a).

¹⁹²⁹ See *Geiger v. C&G of Groton, Inc.*, 424 F. Supp. 3d 276 (D. Conn. 2019).

¹⁹³⁰ *Id.* at 296.

¹⁹³¹ *Id.*

result, dismissal of Plaintiff[s'] claim is not warranted, at least at this time.”¹⁹³²

(C) District of Columbia

The D.C. Circuit addressed, but rejected, a challenge under District of Columbia common law to the limited liability company operating the Trump Hotel within the District, as well as to the namesake of that hotel, Donald Trump, who was also named as a defendant.¹⁹³³ As the operator of a local restaurant, the plaintiff alleged that “the competitive balance [had] shifted toward the Hotel after the 2016 election, when the Hotel began to attract more of the lobbyists, advocacy groups, and diplomats that [the plaintiff] had relied on to fill its event calendar.”¹⁹³⁴ According to the plaintiff, that shift had resulted from the hotel’s cultivation of the perception that patronizing it would lead to influence within the Trump Administration; that cultivation was allegedly “encourage[ed] and advance[ed]” by the President and his associates “using the President’s surname as the Hotel’s logo and promoting the Hotel during press conferences and meetings with government officials.”¹⁹³⁵ Following the complaint’s dismissal by the district court, which characterized the plaintiff’s case as resting on the assertion that businesses with famous proprietors cannot compete fairly, the plaintiff appealed.

The court of appeals affirmed. It noted that it previously had dismissed a similar case against a United States senator and his wife, who allegedly had taken unfair advantage of the senator’s notoriety to promote a tour company operated by the latter.¹⁹³⁶ With the plaintiff unable to identify any District case law supporting its case, the court held itself bound by the outcome in its earlier opinion; indeed, it noted, the plaintiff had failed to cite to any authority from any jurisdiction supporting its case. Under those circumstances, the court declined the plaintiff’s invitation to hold that the constant evolution of the common law warranted recognition of its proposed cause of action. It then definitively closed the door on the plaintiff by declining to certify the issue to the District of Columbia Court of Appeals based on the plaintiff’s failure to establish that the case was of “extreme public importance,” which

¹⁹³² *Id.* at 297.

¹⁹³³ See *K&D LLC v. Trump Old Post Office LLC*, 951 F.3d 503 (D.C. Cir. 2020).

The limited liability company, identified as the lead defendant, operated the hotel in trust for the President’s sole benefit. *Id.* at 504.

¹⁹³⁴ *Id.* at 505.

¹⁹³⁵ *Id.*

¹⁹³⁶ *Id.* at 510 (citing *Ray v. Proxmire*, 581 F.2d 998 (D.C. Cir. 1978)).

it characterized as “a traditional element of our certification analysis.”¹⁹³⁷

(D) *Massachusetts*

The general Massachusetts unfair competition statute requires complained-of conduct to occur “primarily and substantially” within Massachusetts to be actionable.¹⁹³⁸ Although otherwise denying a defense motion for summary judgment in a case in which the plaintiff challenged the defendants’ sale of genuine, but diverted, goods bearing the plaintiff’s mark, a federal district court adopted a strict interpretation of the statute’s geographic restriction.¹⁹³⁹ Because it was undisputed that the defendants advertised and sold the diverted goods throughout the United States, the court held that the same facts supporting the plaintiff’s federal law claims were insufficient for purposes of the state statute. “The critical inquiry,” the court held, “is ‘whether the center of gravity of the circumstances that give rise to the claim is primarily and substantially within the Commonwealth.’”¹⁹⁴⁰ Because the plaintiff could point to nothing more than that it had allegedly suffered an injury in Massachusetts, summary judgment in the defendants’ favor was appropriate under the principle that “a place of injury within Massachusetts is not a sufficient basis for finding that conduct occurred ‘primarily and substantially’ within the Commonwealth.”¹⁹⁴¹

In contrast, a different Massachusetts federal district court declined to dismiss a cause of action under the same statute.¹⁹⁴² That cause of action sounded in false advertising, and its gravamen was that the lead defendant had inaccurately summarized the contents and methodology of an industry white paper prepared by another defendant. The lead defendant was domiciled in Virginia, and it argued that the statements targeted by the plaintiff had been made “primarily and substantially” in that jurisdiction, rather than in Massachusetts. Noting the fact-intensive nature of the inquiry into where a complained-of tort had taken place, the court denied the motion. “Here,” it observed, “the complaint alleges the plaintiff is based in Massachusetts, the injury occurred in Massachusetts, one of the defendants is in Massachusetts and another has an office

¹⁹³⁷ *Id.* (quoting *Metz v. BAE Sys. Tech. Sols. & Servs. Inc.*, 774 F.3d 18, 24 (D.C. Cir. 2014)).

¹⁹³⁸ Mass. Gen. Laws ch. 93A § 11 (2020).

¹⁹³⁹ *See Monahan Prods. LLC v. Sam’s E., Inc.*, 463 F. Supp. 3d 128 (D. Mass. 2020).

¹⁹⁴⁰ *Id.* at 151 (quoting *Kuwaiti Danish Comput. Co. v. Digit. Equip. Corp.*, 781 N.E.2d 787, 799 (Mass. 2003)).

¹⁹⁴¹ *Id.* at 152.

¹⁹⁴² *See Pegasystems, Inc. v. Appian Corp.*, 424 F. Supp. 3d 214 (D. Mass. 2019).

here, and the document at issue was created here. These allegations suffice to survive a ‘primarily and substantially’ challenge.”¹⁹⁴³

A final notable cause of action under the statute was asserted as a counterclaim.¹⁹⁴⁴ According to the counterclaim plaintiffs, the counterclaim defendant had engaged in an actionable deceptive practice by attempting to enforce its rights to a phrase found generic as a matter of law. The counterclaim plaintiffs sought a public apology from the counterclaim defendant, but the court denied them that remedy. The summary judgment record established generic use of the claimed mark prior to the counterclaim defendant’s first use of it, as well as that the USPTO had initially rejected a second application to register the claimed mark by the counterclaim defendant. Nevertheless, the counterclaim defendant had successfully prosecuted an earlier application, and the court held as a result that “[the counterclaim defendant] was entitled to test the validity of its registered mark, and initiating a lawsuit to do so is not unfair or deceptive.”¹⁹⁴⁵ “Moreover,” it continued, “the PTO’s initial rejection of [the counterclaim defendant’s] second trademark application was a non-final office action that invited [the counterclaim defendant] to submit evidence and arguments supporting its application.”¹⁹⁴⁶ The counterclaim defendant’s conduct therefore did not rise “to the level of an ‘extreme or egregious’ business wrong, ‘commercial extortion,’ or similar level of ‘rascality’ that raises ‘an eyebrow of someone inured to the rough and tumble of the world of commerce.’”¹⁹⁴⁷

(E) *New Hampshire*

A relatively rare reported opinion addressing the New Hampshire Consumer Protection Act¹⁹⁴⁸ came from a federal district court in that state.¹⁹⁴⁹ The plaintiff in the action was a guitar manufacturer seeking to protect the registered headstock of one of its models under a straightforward federal trademark infringement cause of action. Granting the defendant’s motion for summary judgment, the court rather illogically faulted the plaintiff for alleging *trademark* infringement when, in the court’s view, the plaintiff should have asserted *trade dress* infringement.

¹⁹⁴³ *Id.* at 225.

¹⁹⁴⁴ *See* *Shire City Herbals, Inc. v. Blue*, 410 F. Supp. 3d 270 (D. Mass. 2019).

¹⁹⁴⁵ *Id.* at 298.

¹⁹⁴⁶ *Id.*

¹⁹⁴⁷ *Id.* (quoting *Peabody Essex Museum, Inc. v. U.S. Fire Ins. Co.*, 802 F.3d 39, 54 (1st Cir. 2015)).

¹⁹⁴⁸ N.H. Rev. Stat. Ann. 358-A (2009).

¹⁹⁴⁹ *See* *D’Pergo Custom Guitars, Inc. v. Sweetwater Sound, Inc.*, 433 F. Supp. 3d 227 (D.N.H.), *reconsideration denied*, No. 17-cv-747-LM, 2020 WL 1517060 (D.N.H. Mar. 30, 2020)

Nevertheless, the court declined to order the same disposition with respect to the plaintiff's state-law cause of action, despite the defendant's argument that the two causes of action rested on the same set of operative facts. Instead, it held that "[b]y 'its plain language, the scope of unlawful activity covered by the [state statute] is broader than the trademark infringement claims governed by the Lanham Act.' Thus, even when a defendant's conduct may be insufficient to establish a claim under the Lanham Act, it may still violate the [state statute]." ¹⁹⁵⁰

(F) *New York*

As usual, several reported opinions from New York federal district courts held that plaintiffs asserting claims under General Business Law Sections 349 and 350 ¹⁹⁵¹ must aver, and ultimately prove, harm to the public beyond mere confusion or deception. ¹⁹⁵² Specifically, "[t]he elements of a cause of action under these statutes are that: (1) the challenged transaction was 'consumer-oriented'; (2) defendant engaged in deceptive or materially misleading acts or practices; and (3) plaintiff was injured by reason of defendant's deceptive or misleading conduct." ¹⁹⁵³ One opinion distinguished

¹⁹⁵⁰ *Id.* at 236 (quoting *Ne. Lumber Mfrs. Assoc. v. N. States Pallet Co.*, 710 F. Supp. 2d 179, 188 (D.N.H. 2010)). A later order from the court denying the plaintiff's request for reconsideration elaborated on its rationale:

The court did not rule that the evidence [the plaintiff] provided could not show a Lanham Act violation. Instead, the court concluded that [the plaintiff] alleged the wrong type of Lanham Act claim—trademark infringement rather than trade dress infringement. In other words, the court granted [the defendant] summary judgment on the Lanham Act claims because [the plaintiff's] Headstock Design is not protectable as a trademark and [the plaintiff] waived any trade dress claim

D'Pergo Custom Guitars, Inc. v. Sweetwater Sound, Inc., No. 17-CV-747-LM, 2020 WL 1517060, at *2 (D.N.H. Mar. 30, 2020).

¹⁹⁵¹ N.Y. Gen. Bus. Law §§ 349, 350 (McKinney 2013).

¹⁹⁵² *See, e.g.*, *Adina's Jewels, Inc. v. Shashi, Inc.*, 442 F. Supp. 3d 766, 773 (S.D.N.Y. 2020) (granting motion to dismiss on ground that "[the plaintiff's] core contention is that [the defendant] should be held liable for selling jewelry that is identical to [the plaintiff's], but 'disputes between competitors where the core of the claim is harm to another business as opposed to consumers . . . constitute[s] a situation[] which courts have found to reflect a public harm that is too insubstantial to satisfy the pleading requirements of § 349'" (quoting *Gucci Am., Inc. v. Duty Free Apparel, Ltd.*, 277 F. Supp. 2d 269, 273 (S.D.N.Y. 2003)); *BBK Tobacco & Foods, LLP v. Galaxy VI Corp.*, 408 F. Supp. 3d 508, 529-30 (S.D.N.Y. 2019) (finding liability for counterfeiting as a matter of law but denying plaintiff's motion for summary judgment on Section 349 cause of action because "the evidence does not support a finding of 'substantial injury to the public interest' beyond the consumer 'confusion and deception' that 'trademark laws generally seek to redress'" (quoting *Coach, Inc. v. Horizon Trading USA Inc.*, 908 F. Supp. 2d 426, 436 (S.D.N.Y. 2012)); *Ideal You Weight Loss Ctr. v. Zillioux*, 106 N.Y.S.3d 495, 497-98 (App. Div. 2019) (ordering dismissal of causes of action under Sections 349 and 350 in light of plaintiff's failure to aver harm to public interest).

¹⁹⁵³ *Weight Watchers Int'l, Inc. v. Noom, Inc.*, 403 F. Supp. 3d 361, 381 (S.D.N.Y. 2019) (quoting *Denenberg v. Rosen*, 897 N.Y.S.2d 391, 395 (N.Y. App. Div. 2010)); *accord N.*

between the two sections by holding that the required showing under Section 349 is higher than that under Section 350 because the former requires a “specific and substantial injury to the public interest over and above the ordinary trademark infringement,” while the latter does not;¹⁹⁵⁴ although dismissing the Section 349 cause of action before it, it declined to do the same with respect to a Section 350 claim.¹⁹⁵⁵

Other opinions did not distinguish between the two causes of action in similar fashion.¹⁹⁵⁶ One held with respect to both that “[w]hile the elements for alleging false advertising and infringement under the General Business Law are otherwise similar to Lanham Act claims, a non-consumer plaintiff ‘must allege conduct that has significant ramifications for the public at large.’”¹⁹⁵⁷ It then held that run-of-the-mill allegations of the trafficking in goods bearing counterfeit imitations of the plaintiff’s mark were insufficient, standing alone, to state claims under Section 349 or Section 350. As the court explained:

[T]he gravamen of [the plaintiff’s] First Amended Complaint concerns injury to [the plaintiff] and its goodwill, and to a select group of individuals who end up purchasing a counterfeit product. [The plaintiff’s] allegations regarding injury to the public at large are conclusory, and [the plaintiff] does not identify the allegations in the First Amended Complaint that demonstrate injury to the public over and above an ordinary trademark infringement case.¹⁹⁵⁸

A different court reached the same outcome on summary judgment, albeit in an action brought under Section 349 to vindicate the persona-based rights of a group of female plaintiffs whose images had been used without their consent to promote strip clubs.¹⁹⁵⁹ In finding the defendants’ nonliability beyond material dispute, the court rolled out the usual boilerplate statement that “[t]he overwhelming majority of courts in this Circuit have concluded that the general variety of consumer confusion that is the

Am. Olive Oil Ass’n v. D’Avolio Inc., 457 F. Supp. 3d 207, 229 (E.D.N.Y. 2020), *appeal withdrawn*, No. 20-1688, 2020 WL 5083332 (2d Cir. July 30, 2020).

¹⁹⁵⁴ *Weight Watchers Int’l*, 403 F. Supp. 3d at 381 (quoting Alzheimer’s Disease & Related Disorders Ass’n v. Alzheimer’s Found. of Am., Inc., 307 F. Supp. 3d 260, 302 (S.D.N.Y. 2018)).

¹⁹⁵⁵ *Id.*

¹⁹⁵⁶ *See, e.g., N. Am. Olive Oil Ass’n*, 457 F. Supp. 3d at 229 (treating prerequisites for liability under two statutes as identical).

¹⁹⁵⁷ *See Chanel, Inc. v. RealReal, Inc.*, 449 F. Supp. 3d 422, 446 (S.D.N.Y. 2020) (quoting *Weight Watchers Int’l*, 403 F. Supp. 3d at 381; *RCA Trademark Mgmt. S.A.S. v. VOXX Int’l Corp.*, No. 14CV6294-LTS-HBP, 2015 WL 5008762, at *4 (S.D.N.Y. Aug. 24, 2015)).

¹⁹⁵⁸ *Id.* at 447.

¹⁹⁵⁹ *See Gibson v. SCE Grp.*, 391 F. Supp. 3d 228 (S.D.N.Y.), *reconsideration denied*, No. 15 Civ. 8168 (ER), 2019 WL 5188932 (S.D.N.Y. Oct. 15, 2019).

gravamen of [a false endorsement] claim is an insufficient harm to the public interest for purposes of . . . § 349.”¹⁹⁶⁰ “Here,” it then concluded, “the ‘gravamen’ of Plaintiffs’ complaint is their private dispute with Defendants about whether or not Defendants should have used their pictures without their consent. The complaint does not discuss consumer injury or harm to the public interest.”¹⁹⁶¹ The defendants’ motion for summary judgment therefore proved meritorious.

Despite those holdings, the 3M Company successfully prosecuted a claim under both sections, at least for purposes of a motion for preliminary injunctive relief.¹⁹⁶² It did so by demonstrating the defendant had falsely advertised its ability to deliver—at exorbitantly inflated prices—3M-branded N95 respirators and related personal protective equipment (PPE). Based in part on 3M’s showing that it had prioritized the delivery of its masks to healthcare workers, the court found that:

In addition to creating confusion about the source and quality of the purported 3M-brand N95 respirators that Defendant attempted to sell, Defendant’s conduct results in a diversion of critical public resources, which places lives at risk. These resources include the time spent by public officials to pursue false/fraudulent leads and the money spent to purchase products at inflated prices. This waste of resources further diminishes the ability of public officials and procurement officers to investigate and identify other counterfeit and inferior quality supplies as buyers are pressured to place large orders swiftly for essential PPE.¹⁹⁶³

“Accordingly,” the court concluded, “because Defendant’s trademark infringement, unfair competition, and false advertising presents a substantial threat to public health and safety, 3M . . . is likely to prevail on the merits of [its] claims . . . under GBL §§ 349, 350.”¹⁹⁶⁴

Outside the context of actions under Sections 349 and 350, one court addressed the prerequisites for relief against unfair competition under New York common law.¹⁹⁶⁵ It held at the outset of its review of a motion to dismiss that “[t]he same standards that govern a Lanham Act claim apply to a claim of unfair competition under New York common law, ‘except common law requires a

¹⁹⁶⁰ *Id.* at 251 (second alteration in original) (quoting *Toth v. 59 Murray Enters.*, No. 15 Civ. 8028 (NRB), 2019 WL 95564, at *13 (S.D.N.Y. Jan. 3, 2019)).

¹⁹⁶¹ *Id.*

¹⁹⁶² *See* *3M Co. v. Performance Supply, LLC*, 458 F. Supp. 3d 181 (S.D.N.Y. 2020).

¹⁹⁶³ *Id.* at 197 (citations omitted).

¹⁹⁶⁴ *Id.*

¹⁹⁶⁵ *See* *Chanel, Inc. v. RealReal, Inc.*, 449 F. Supp. 3d 422 (S.D.N.Y. 2020).

showing of bad faith or intent.”¹⁹⁶⁶ It then determined that the plaintiff had adequately pleaded the requisite bad faith through allegations that the defendant had: (1) trafficked in goods bearing counterfeit imitations of the plaintiff’s registered marks; (2) declined to comply with the plaintiff’s request that it discontinue its conduct; (3) removed identifying serial numbers from product listings; and (4) removed physical serial numbers from the goods it sold to consumers. “Recognizing that discovery might demonstrate that [the defendant] had honest motives for removing these serial numbers from its product listings and products,” the court concluded, “[the plaintiff’s] allegations are sufficient to allege bad faith at this stage, and its New York state common law claim can proceed.”¹⁹⁶⁷

(G) Wisconsin

Wisconsin statutory law recognizes a cause of action for deceptive trade practices available to “any person suffering from pecuniary loss.”¹⁹⁶⁸ When a competitor of a debtor in a bankruptcy proceeding asserted a claim under the statute, the bankruptcy court granted the debtor’s motion to dismiss.¹⁹⁶⁹ It did so based on its conclusion that the cause of action in question was available only to members of the public and that the competitor’s attempt to vindicate the rights of “prospective and actual third-party customers” to whom the debtor had allegedly made its misrepresentations therefore was without merit as a matter of law.¹⁹⁷⁰

g. Secondary Liability

Trademark law generally contemplates two theories under which a court can impose secondary liability on a defendant not directly violating a plaintiff’s rights, namely, contributory unfair competition and vicarious liability. Both concepts came into play in reported opinions.

i. Contributory Unfair Competition

The leading opinion to address a claim of contributory infringement came from the Eleventh Circuit in a case in which a jury imposed that liability on the owner of a discount mall whose subtenants sold eyewear bearing counterfeit imitations of the

¹⁹⁶⁶ *Id.* at 446 (quoting *BBK Tobacco & Foods, LLP v. Galaxy VI Corp.*, 408 F. Supp. 3d 508, 522 (S.D.N.Y. 2019)).

¹⁹⁶⁷ *Id.* at 447.

¹⁹⁶⁸ Wis. Stat. § 100.18 (2010).

¹⁹⁶⁹ *See In re C2R Glob. Mfg., Inc.*, 617 B.R. 618 (Bankr. E.D. Wis. 2020).

¹⁹⁷⁰ *Id.* at 624-25.

plaintiffs' registered marks for the same goods.¹⁹⁷¹ According to the court:

A claim for contributory trademark infringement thus has two elements: (1) a person or entity commits direct trademark infringement under the Lanham Act; and (2) the defendant (a) "intentionally induces" the direct infringer to commit infringement, (b) supplies a "product" to the direct infringer whom it "knows" is directly infringing (actual knowledge), or (c) supplies a "product" to the direct infringer whom it "has reason to know" is directly infringing (constructive knowledge).¹⁹⁷²

With the subtenants' direct infringement not in dispute, the parties' briefing focused on the defendants' actual or constructive knowledge of that infringement. But "even if liability for contributory trademark infringement requires the defendant to have knowledge of specific acts of direct infringement," the court held, "the evidence in this case was sufficient for a reasonable jury to find that the defendants had at least constructive knowledge of (or were willfully blind to) specific acts of direct infringement by their subtenants."¹⁹⁷³ In particular, such a jury could have relied on: (1) the plaintiffs' demand letters, which might have prompted a reasonable landlord to undertake "at least a cursory visual inspection" of the mall's booths "to determine which vendors displayed eyewear with [the plaintiffs'] marks and sold it at prices low enough—\$15 or \$20 a pair for glasses that typically retail at \$140 to \$220 a pair—to alert a reasonable person that it was counterfeit";¹⁹⁷⁴ (2) the plaintiffs' showing that such an inspection would not have been burdensome;¹⁹⁷⁵ and (3) three seizure raids and the associated interactions between the lead defendant's management and law enforcement personnel, which, "taken together, [were] sufficient to support a jury finding that the defendants had at least constructive knowledge of, or were willfully blind to learning, which subtenants were directly infringing [the plaintiffs'] trademarks."¹⁹⁷⁶ "In sum," the court concluded, "evidence of the defendant's knowledge of specific infringing acts by subtenants who relied on the services the defendants provided (including space, utilities, and maintenance) amply supported the jury verdict."¹⁹⁷⁷

¹⁹⁷¹ See *Luxottica Grp., S.p.A. v. Airport Mini Mall, LLC*, 932 F.3d 1303 (11th Cir. 2019).

¹⁹⁷² *Id.* at 1312 (quoting *Inwood Labs. v. Ives Labs.*, 456 U.S. 844, 854 (1982)).

¹⁹⁷³ *Id.* at 1313-14.

¹⁹⁷⁴ *Id.* at 1314-15.

¹⁹⁷⁵ *Id.* at 1315.

¹⁹⁷⁶ *Id.*

¹⁹⁷⁷ *Id.*

A much more cursory analysis produced a finding of contributory infringement as a matter of law by an Illinois federal district court.¹⁹⁷⁸ Before the plaintiff terminated his services, the lead defendant in the action had been the plaintiff's Chief Executive Officer. After the breakdown in their employer-employee relationship, the lead defendant purported to transfer marks owned by the plaintiff to another defendant controlled by the defendant. That defendant in turn licensed still another defendant to use the marks as part of a website that advertised services directly competitive to those offered by the plaintiff. Having held the licensed defendant liable for direct infringement as a matter of law, the court found the lead defendant's liability for contributory infringement beyond material dispute: According to the court, the lead defendant had told the licensed defendant to use an imitation of the plaintiff's flagship mark "to 'solidify' his ownership of the [plaintiff's] marks. He encouraged and assisted [the licensed defendant's] infringement and is thus liable for contributory infringement."¹⁹⁷⁹

Despite the general success of claims of contributory liability, a California federal district court rejected a cause of action for contributory false advertising for failure to state a claim.¹⁹⁸⁰ That result did not hold because of the unavailability of the tort in the first instance, for the court considered two separate tests for it. The first required showings that a "third party in fact directly engaged in false advertising that injured the plaintiff" and that "the defendant contributed to that conduct either by knowingly inducing or causing the conduct, or by materially participating in it."¹⁹⁸¹ The second was not necessarily inconsistent with the first: "[A] [plaintiff] may plead a false advertising claim for contributory liability if it is shown that the defendant '(1) intentionally induced the primary Lanham Act violation; or (2) continued to supply an infringing product to an infringer with knowledge that the infringer is mislabeling the particular product supplied.'"¹⁹⁸²

The court ultimately did not need to choose between the two tests, because the plaintiff's claim of contributory false advertising was fatally defective under both. The gravamen of that claim was that, because the defendants had stocked a third party's goods, the labels of which allegedly contained false statements, the defendants

¹⁹⁷⁸ See *Oasis Legal Fin. Operating Co. v. Chodes*, 454 F. Supp. 3d 724 (N.D. Ill. 2020), *appeal docketed*, No. 20-2951 (7th Cir. Oct. 9, 2020).

¹⁹⁷⁹ *Id.* at 731.

¹⁹⁸⁰ *In re Outlaw Lab'y, LLP*, 463 F. Supp. 3d 1068 (S.D. Cal.), *on reconsideration*, No. 3:18-CV-0840-GPC, 2020 WL 3840559 (S.D. Cal. July 8, 2020).

¹⁹⁸¹ *Id.* at 1043 (quoting *Duty Free Ams., Inc. v. Estee Lauder Cos.*, 797 F.3d 1248, 1277 (11th Cir. 2015)).

¹⁹⁸² *Id.* at 1085 (quoting *ADT Sec. Servs., Inc. v. Sec. One Int'l, Inc.*, No. 11-CV-05149 YGR, 2012 WL 4068632, at *3 (N.D. Cal. Sept. 14, 2012)).

were contributorily liable for the third party's false advertising. Holding the plaintiff to the strict pleading requirements of Rule 9(b)—on their face applicable to fraud and mistake, not false advertising—the court concluded that the complaint failed to aver either direct or contributory liability with the necessary specificity. The defendants therefore were entitled to the complaint's dismissal regardless of the test for contributory false advertising applied.¹⁹⁸³

In contrast, a different court sustained the adequacy of a claim of contributory false advertising by applying the following standard:

To plead a claim for contributory false advertising in violation of the Lanham Act, a Plaintiff must plead: (1) “a third party in fact directly engaged in false advertising that injured the plaintiff”; and (2) “the defendant contributed to that conduct either by knowingly inducing or causing the conduct, or by materially participating in it.” And, “a plaintiff must allege more than an ordinary business relationship between the defendant and the direct false advertiser in order to plausibly plead its claim.”¹⁹⁸⁴

The plaintiffs' cause of action alleged that two defendants, an attorney and her law firm, had provided the other defendants with allegedly false statements, issued under the names of those other defendants, encouraging owners of timeshares in the plaintiffs' properties to pursue “painless[]” and “legal[]” exits from their contracts with the plaintiffs.¹⁹⁸⁵ The plaintiffs' allegations to that effect, the court held, sufficiently alleged contributory false advertising as to survive the defendants' motion to dismiss.¹⁹⁸⁶

ii. Vicarious Liability

Some courts evaluate the vicarious liability of one defendant for the torts of another under the rubric of piercing the corporate veil, and such was the analysis employed by an Illinois federal district court in a cybersquatting dispute.¹⁹⁸⁷ The summary judgment record established that the corporate defendant had retained an individual defendant as a consultant to evaluate the value of work by the plaintiff on the corporate defendant's website. Seeking to “shame” the plaintiff into giving the corporate defendant a refund, the individual defendant registered a series of domain names incorporating the plaintiff's registered mark and planted various

¹⁹⁸³ *Id.* at 1082-85.

¹⁹⁸⁴ *Wyndham Vacation Ownership, Inc. v. Clapp Bus. Law, LLC*, 411 F. Supp. 3d 1310, 1318-19 (M.D. Fla. 2019) (quoting *Duty Free Ams., Inc. v. Estee Lauder Cos.*, 797 F.3d 1248, 1277, 1279 (11th Cir. 2015)).

¹⁹⁸⁵ *Id.* at 1314.

¹⁹⁸⁶ *Id.* at 1319.

¹⁹⁸⁷ *See Svanaco, Inc. v. Brand*, 417 F. Supp. 3d 1042 (N.D. Ill. 2019).

disinformation about the plaintiff's services online. Based on ample evidence and testimony of the individual defendant's bad faith, the court denied the defendants' motion for summary judgment of nonliability for cybersquatting. Nevertheless, the court granted the corporate defendant's motion to the extent the motion sought to limit the corporate defendant's liability for the actions of the individual defendant:

To pierce the veil to reach [the corporate defendant], [the plaintiff] must satisfy a two-pronged test: "(1) there must be such unity of interest and ownership that the separate personalities of [the corporate defendant and the individual defendant] no longer exist; and (2) circumstances must be such that adherence to the fiction of separate . . . existence would sanction a fraud or promote injustice."¹⁹⁸⁸

According to the court's reading of the record, there was no factual dispute that the individual defendant had undertaken many of his actions on an independent and unsolicited basis; moreover, although the individual defendant had at times advised the corporate defendant's principal of his conduct, he also testified without apparent contradiction that he believed the principal did not understand his strategy. The court therefore held that no reasonable jury would pierce the corporate veil and hold the corporate defendant liable for the individual defendant's possible cybersquatting.¹⁹⁸⁹

h. Individual Liability

Prevailing plaintiffs' bids to hold individual defendants liable for infringement and unfair competition generally met with success. In affirming the imposition of joint and several liability upon the two officers and shareholders of a corporation found in contempt of a permanent injunction, the Eleventh Circuit quoted the Supreme Court's opinion in *United States v. Fleischman*¹⁹⁹⁰ to hold that:

A command to the corporation is in effect a command to those who are officially responsible for the conduct of its affairs. If they, apprised of the writ directed to the corporation, prevent compliance or fail to take appropriate action within their power for the performance of the corporate duty, they, no less than the corporation itself, are guilty of disobedience, and may be punished for contempt.¹⁹⁹¹

¹⁹⁸⁸ *Id.* at 1058 (quoting *Wachovia Secs., LLC v. Banco Panamericano, Inc.*, 674 F.3d 743, 751-52 (7th Cir. 2012)).

¹⁹⁸⁹ *Id.*

¹⁹⁹⁰ 339 U.S. 349 (1950).

¹⁹⁹¹ *PlayNation Play Sys., Inc. v. Vex Corp.*, 939 F.3d 1205, 1213 (11th Cir. 2019) (quoting *Fleischman*, 339 U.S. at 357-58).

As it further explained, “[a] corporation can act only through individuals, and it was not an abuse of discretion to hold [the individual defendants] – as [the corporate defendant’s] only officers and shareholders – responsible for the actions that violated the injunction against the corporation.”¹⁹⁹²

The same court also affirmed a jury finding of contributory infringement against three individual defendants responsible for managing a discount mall in which a tractor-trailer’s worth of goods bearing counterfeit imitations of the plaintiffs’ registered marks were seized.¹⁹⁹³ The court’s analysis focused less on the individual defendants’ direct participation in their vendors’ unlawful conduct than on their constructive knowledge of that conduct. Support for the jury’s finding of constructive knowledge existed in the form of: (1) one defendant’s receipt of copies of e-mails between a prior lessee of the mall and law enforcement officers regarding sales of goods bearing unlawful copies of the plaintiffs’ mark; (2) another’s admitted knowledge of the plaintiffs’ demand letters and “widespread sales of counterfeit merchandise”; and (3) a third’s admitted knowledge of the letters and of a prior raid at the mall and his attendance at a meeting with the local police department to discuss sales of unlawful merchandise at the mall.¹⁹⁹⁴

The Seventh Circuit also affirmed a finding of individual liability.¹⁹⁹⁵ When a bench trial before an Illinois federal district court produced an accounting of the defendants’ profits in the amount of \$17.4 million, one of the defendants sought to shift the blame for the infringement from himself to his brother, a co-defendant. That argument failed to convince the court of appeals, which identified two rationales for why the district court judge properly had held the two brothers jointly and severally liable for the judgment. It explained the first in the following manner:

That [the plaintiff] typically interacted with [the defendants] through [the second brother] does not undermine the well-founded conclusion that [the first maintained full operational control. And while [the first brother] occasionally claimed ignorance at trial, the judge specifically “found the [brothers’] claimed inability to recall important details of, or claimed non-involvement with, certain matters” to be “suspect.”¹⁹⁹⁶

Moreover, and beyond that, “[e]ven if [the first brother] could inculpate his brother, he faces another problem: the judge concluded

¹⁹⁹² *Id.*

¹⁹⁹³ See *Luxottica Grp., S.p.A. v. Airport Mini Mall, LLC*, 932 F.3d 1303 (11th Cir. 2019).

¹⁹⁹⁴ *Id.* at 1317.

¹⁹⁹⁵ See *4SEMO.com Inc. v. S. Ill. Storm Shelters, Inc.*, 939 F.3d 905 (7th Cir. 2019), *cert. denied*, 140 S. Ct. 2642 (2020).

¹⁹⁹⁶ *Id.* at 913.

that the [brothers] were each other's agents as well as participants in a civil conspiracy."¹⁹⁹⁷ This meant that "[a]ny act or omission by [the second brother] must be imputed to [the first brother], so the latter's fraternal finger-pointing is ultimately pointless."¹⁹⁹⁸

Nevertheless, some requests for findings of individual liability fell short of the mark. For example, a rare attempt to hold one defendant liable for the cybersquatting of another fell short after the plaintiff's evidence failed to justify piercing the veil between the two defendants.¹⁹⁹⁹ 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.²⁰⁰⁰ That precluded the plaintiff's claims against the second defendant from proceeding to a trial on the merits.

Another court took an even more skeptical view of a claim that it should hold the CEO and president of a corporate defendant liable for the counterfeiting and infringement of that defendant.²⁰⁰¹ Having reviewed the operative pleading, the court concluded that:

[T]he Amended Complaint offers only a conclusory statement with respect to each individual officer's involvement in the alleged acts of unfair competition. The Amended Complaint is silent as to any specific actions "authorized" by [the individual] Defendants . . . , stating only that they each control the acts of Cosmopolitan and are each "directly responsible for or ha[ve] otherwise orchestrated' the acts of trademark infringement.[]" It proffers no facts sufficient to support an inference that either of them was an active force behind the infringement described in the [Amended Complaint]. Accordingly, the claims against these individuals are dismissed.²⁰⁰²

i. Liability for Procurement of Registrations Through False or Fraudulent Representations

Section 38 of the Act provides that "[a]ny person who shall procure registration in the Patent and Trademark Office of a mark by a false or fraudulent declaration or representation, oral or in writing, or by any false means, shall be liable in a civil action by any person injured thereby for any damages sustained in consequence

¹⁹⁹⁷ *Id.*

¹⁹⁹⁸ *Id.*

¹⁹⁹⁹ See *Pinnacle Advert. & Mktg. Grp. v. Pinnacle Advert. & Mktg. Grp.*, 418 F. Supp. 3d 1143 (S.D. Fla. 2019), *appeal docketed*, No. 19-15167 (11th Cir. Dec. 30, 2019).

²⁰⁰⁰ *Id.* at 1058.

²⁰⁰¹ See *Coty Inc. v. Cosmopolitan Cosms. Inc.*, 432 F. Supp. 3d 345 (S.D.N.Y. 2020).

²⁰⁰² *Id.* at 353 (third alteration in original) (citation omitted).

thereof”;²⁰⁰³ moreover, similar causes of action are recognized by the trademark acts of many states.

The only readily apparent reported opinion to address a cause of action under Section 38 rejected it at the pleadings stage for want of standing.²⁰⁰⁴ That outcome depended heavily on the circumstance that the registrant had not pursued (or even threatened) an action against the plaintiff for infringement of the registered marks; instead, the registrant had pursued a contempt proceeding against the plaintiff in an action the parties had resolved years earlier in part through the entry of a permanent injunction upon consent. Because the plaintiff’s liability for contempt did not depend on the registrations’ validity, but instead on its alleged violation of the injunction, the plaintiff lacked a redressable injury attributable to the registrations.²⁰⁰⁵

2. Defenses

a. Legal Defenses

i. Abandonment

Section 45 of the Lanham Act identifies two circumstances under which a mark owner can abandon its rights:

A mark shall be deemed to be “abandoned” if either of the following occurs:

- (1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. “Use” of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.
- (2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph.²⁰⁰⁶

Both types of abandonment came into play over the course of the past year, with plaintiffs generally prevailing on the issue.

²⁰⁰³ 15 U.S.C. § 1120 (2018).

²⁰⁰⁴ See *Graminex, LLC v. Aktiebolaget Cernelle*, 451 F. Supp. 3d 732 (E.D. Mich. 2020).

²⁰⁰⁵ *Id.* at 740-44.

²⁰⁰⁶ 15 U.S.C. § 1127 (2018).

(A) *Nonuse*

The past year produced some notable findings of abandonment. For example, a Utah federal district court rejected a putative mark owner's claim of an intent to resume use of its mark.²⁰⁰⁷ 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."²⁰⁰⁸ 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."²⁰⁰⁹

So too did an eventual resumption of use fail to fend off a finding of abandonment in a dispute between two purveyors of soap.²⁰¹⁰ Because the parties sold their goods under the same mark, priority, rather than likely confusion, was the focus of a bench trial. That trial produced an opinion resolving the issue in the defendant's favor, despite the plaintiff's submission of documentary evidence putatively showing its use in commerce of the disputed mark years before the defendant's use. Although rejecting that showing, the court also found that, even if the plaintiff's initial use was sufficiently pervasive to create protectable rights in the first instance, a three-year, nine-month gap in that use would have worked a forfeiture of the plaintiff's rights. As it explained, "[t]his lack of use significantly exceeded three years, and [the plaintiff] failed to present any actual evidence that he intended to resume use of the [disputed] mark within a reasonably foreseeable time."²⁰¹¹

In contrast, some claims of abandonment through nonuse did not succeed. One example of that came in a case in which the plaintiff had long used its registered OASIS and OASIS LEGAL FINANCE marks in connection with litigation-funding and disability-advocacy services.²⁰¹² In response to the plaintiff's motion for summary judgment, the defendants pointed out that the plaintiff had adopted,

²⁰⁰⁷ See *Equitable Nat'l Life Ins. Co. v. AXA Equitable Life Ins. Co.*, 434 F. Supp. 3d 1227(D. Utah), *appeal dismissed*, No. 20-4008, 2020 WL 4188026 (10th Cir. Feb. 5, 2020).

²⁰⁰⁸ *Id.* at 1244-45.

²⁰⁰⁹ *Id.* at 1245.

²⁰¹⁰ See *Maduka v. Tropical Nats., Ltd.*, 409 F. Supp. 3d 337 (E.D. Pa. 2019).

²⁰¹¹ *Id.* at 361 n.22.

²⁰¹² See *Oasis Legal Fin. Operating Co. v. Chodes*, 454 F. Supp. 3d 724 (N.D. Ill. 2020), *appeal docketed*, No. 20-2951 (7th Cir. Oct. 9, 2020).

but then discontinued, its use of two unregistered marks for those services, namely, OASIS DISABILITY ADVOCATES and OASIS DISABILITY. The court rejected the defendants' claim that their showing created a factual dispute as to whether the plaintiff had abandoned its registered marks, holding to the contrary that "[t]hose common law marks are beside the point. Plaintiff had registered trademarks under federal law for 'Oasis' and 'Oasis Legal Finance' when defendants began using [their infringing mark]—and those marks were never abandoned."²⁰¹³

Another failed claim of abandonment relied heavily on the circumstance that the counterclaim plaintiff had purchased its marks following the bankruptcy of the marks' original owner, namely, the counterclaim defendant.²⁰¹⁴ During the course of that proceeding, a secured lender had foreclosed on the marks before selling them to the counterclaim plaintiff. The counterclaim defendant asserted that abandonment had transpired because of the secured lender's alleged nonuse of the marks, but the court rejected that theory while granting the counterclaim plaintiff's motion for summary judgment on the issue:

[The counterclaim defendant's] argument that since [the secured lender] never used the marks, the marks have been abandoned, is meritless. Obviously, [the secured lender] never owned the marks; what it had was a perfected security interest in the marks, which it maintained until it lawfully foreclosed on them in 2014. The marks were never abandoned because they were in continuous use by [the counterclaim defendant] from 2008 to 2014 until [the counterclaim plaintiff] purchased them at the foreclosure sale, at which time [the counterclaim plaintiff] began using them.²⁰¹⁵

Of course, even a discontinuance of use long enough to constitute prima facie evidence of abandonment will not be fatal to a mark owner's rights if it can produce evidence of an intent to resume use. One opinion made that point in the context of a contempt proceeding in which the defendants argued that the plaintiff had not used its marks in the years since the entry of the permanent injunction they were accused of violating.²⁰¹⁶ The defendants sought an amendment of the injunction on that basis, but the court declined to grant it, holding instead that "the plaintiff has demonstrated a continuing interest in its marks by maintaining a website in the United States;

²⁰¹³ *Id.* at 738.

²⁰¹⁴ *See* Hallmark Indus. v. Hallmark Licensing, LLC, 417 F. Supp. 3d 1180 (W.D. Mo. 2019).

²⁰¹⁵ *Id.* at 1188.

²⁰¹⁶ *See* Cernelle v. Graminex, LLC, 437 F. Supp. 3d 574 (E.D. Mich. 2020).

it claims, credibly, that its website raises awareness of its brands, with an eye on reentry into the United States.”²⁰¹⁷

Finally, although not definitively resolving the claim of abandonment before it, one court addressed a motion to dismiss a complaint accusing the defendants of having forfeited their rights through nonuse.²⁰¹⁸ Although not described in detail by the court, the defendants’ argument that the plaintiff had failed to state a claim was apparently grounded in the theory that, because the complaint referenced a period of discontinuance by the defendants of “less than a year,” its averments failed to satisfy Rule 45’s definition of abandonment.²⁰¹⁹ In denying the motion, the court properly noted that “[a] minimum of at least three consecutive years merely establishes ‘prima facie evidence of abandonment.’ Abandonment can be established in a lesser period of time.”²⁰²⁰

(B) Loss of Trademark Significance (“Naked Licensing”)

One court explained the abandonment of rights through naked licensing in the following manner:

If a trademark owner fails to exercise “adequate quality control” over its licensees, it engages in “naked licensing.” This practice is inherently deceptive, and a court may find that the owner “has abandoned the trademark, in which case the owner would be estopped from asserting rights to the trademark.” Because the result would be involuntary forfeiture of a mark, the proponent of a naked license theory faces a “stringent standard of proof.”²⁰²¹

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;²⁰²² 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 being members of a happy family, the parties’ principals were a divorced couple whose

²⁰¹⁷ *Id.* at 598.

²⁰¹⁸ *Glob. Force Ent., Inc. v. Anthem Sports & Ent. Corp.*, 385 F. Supp. 3d 576 (M.D. Tenn.), *appeal denied, decision amended*, No. 3:18-cv-00749, 2019 WL 3288474 (M.D. Tenn. July 22, 2019).

²⁰¹⁹ *Id.* at 591.

²⁰²⁰ *Id.* (quoting (15 U.S.C. § 1127 (2018))).

²⁰²¹ *Bluetooth SIG, Inc. v. FCA US LLC*, 463 F. Supp. 3d 1169, 1190-91 (W.D. Wash. 2020) (quoting *FreecycleSunnyvale v. Freecycle Network*, 626 F.3d 509, 515 (9th Cir. 2010)).

²⁰²² *See, e.g., Kiva Health Brands LLC v. Kiva Brands Inc.*, 402 F. Supp. 3d 877, 887 (N.D. Cal. 2019) (rejecting claim of naked license based on showing that licensors were principals of licensee).

post-breakup relations were marked with acrimony.²⁰²³ 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.

The district court found the license not impermissibly nude, and the Eighth 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."²⁰²⁴

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]."²⁰²⁵ 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.'"²⁰²⁶ 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

²⁰²³ See *Lawn Managers, Inc. v. Progressive Lawn Managers, Inc.*, 959 F.3d 903 (8th Cir.), cert. denied, No. 20-421, 2020 WL 6551795 (U.S. Nov. 9, 2020).

²⁰²⁴ *Id.* at 909 (quoting *FreecycleSunnyvale v. Freecycle Network*, 626 F.3d 509, 512 n.1 (9th Cir. 2010)).

²⁰²⁵ *Id.*

²⁰²⁶ *Id.*

times.²⁰²⁷ The ex-wife’s company therefore had not carried its “stringent burden of proving a naked license.”²⁰²⁸

Yet another unsuccessful—at least in part—claim of naked licensing arose from more conventional facts.²⁰²⁹ It came in a challenge by the owner of the BLUETOOTH certification mark to the purchase of certified radio head units from third parties and the incorporation of the units into motorized vehicles manufactured by the defendant. Weighing the parties’ cross-motions for summary judgment, the court held that “[t]o determine if a trademark owner exercised adequate quality control, a court must determine whether (1) there was a license containing an express contractual right to inspect a licensee’s operations and (2) the owner exercised actual control through inspection or supervision.”²⁰³⁰ With the plaintiff having established the existence of licenses with contractual rights to inspect goods produced by its certified licensees, the court found it undisputed that:

In general, the measures that [the plaintiff] takes to protect its brand and the quality of goods bearing its marks are impressive. To name a few, [the plaintiff] registers its marks with custom authorities to combat counterfeiting, trains members on proper brand usage, enlists third parties to publish guidance on proper usage, and monitors and resolves brand enforcement issues. It also conducts industry-wide audits to ensure compliance with its Bluetooth Qualification Process and monitors and resolves qualification enforcement issues.²⁰³¹

That outcome held despite the plaintiff’s inability to produce “years’ worth of data” on its enforcement practices, which the court dismissed because “[p]erfection, or even proficiency, is not the standard.”²⁰³²

²⁰²⁷ *Id.* at 910-11.

²⁰²⁸ *Id.* at 911.

That holding was too much for a dissenting judge. Citing testimony from the ex-husband that he was “not talking” to his former spouse during the time period in question and that “[t]here was no way possible to approach her” about quality-related issues, *id.* at 916 (Kobes, J., dissenting) (emphasis omitted), the dissent concluded:

Taken together, the cases cited by the court allow reasonable reliance through a “special relationship” when the mark holder had some control over the products. Here, the court holds that a “special relationship” alone confers adequate quality control. And the court does not acknowledge the further step it takes today: allowing a licensor to rely on the licensee because of a past relationship that has gone bad.

Id. (Kobes, J., dissenting) (citation omitted).

²⁰²⁹ *See* Bluetooth SIG, Inc. v. FCA US LLC, 463 F. Supp. 3d 1169 (W.D. Wash. 2020).

²⁰³⁰ *Id.* at 1192.

²⁰³¹ *Id.* (citations omitted).

²⁰³² *Id.*

Nevertheless, although granting summary judgment to the plaintiff on the issue of its control over the third-party manufacturers of the units, the court found the existence of a factual dispute on the extent to which that control extended to use of the BLUETOOTH mark by the defendant's competitors in the automotive field. That conclusion rested on the defendant's showing that those competitors installed the genuine certified units they purchased from third parties into their vehicles without any additional testing.²⁰³³ According to the court, "[t]his shows that [the plaintiff] lacks actual quality control over its marks in the automotive industry and is thus evidence of naked licensing. This is enough to raise a genuine, triable issue of fact."²⁰³⁴

ii. Prior Use

On its face, the Lanham Act contains three defenses of which a defendant claiming prior use in an action brought by the owner of a registration for which a declaration of incontestability has been filed can avail itself. First, if a defendant alleged to have infringed an incontestable mark can establish it is the absolute prior user vis-à-vis its opponent, it will qualify for the following exception to incontestability found in Section 15:

[E]xcept to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this chapter of such registered mark, the right of the owner to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable²⁰³⁵

The second defense is codified in Section 33(b)(5) of the Act, which preserves the rights of an "intermediate junior user"²⁰³⁶ whose use of its mark postdates that of the registrant but predates the registrant's priority date.²⁰³⁷ That defense requires a defendant invoking it to demonstrate: (1) it adopted its mark before that

²⁰³³ *Id.* at 1193.

²⁰³⁴ *Id.*

²⁰³⁵ 15 U.S.C. § 1065 (2018).

²⁰³⁶ *See* J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 26:38 (4th ed. 2016) ("If Orange Co. uses the mark in territory X, Blue Inc. then uses it in territory A, and then Orange files a use-based application to register the mark, then Blue is an 'intermediate junior user.'").

²⁰³⁷ Section 7(c) of the Act, 15 U.S.C. § 1057(c) (2018), currently provides for nationwide priority dating back to the filing date of a registrant's application.

priority date and without knowledge of the registrant's prior unregistered use; (2) the scope of the geographic market in which it used its mark prior to the registrant's priority date; and (3) the continuous use of its mark in the pre-priority date geographic market.²⁰³⁸ Finally, a third appears in Section 33(b)(6), which recognizes as a "defense or defect" that the defendant adopted and registered its mark prior to the issuance of the registrant's priority date; that exclusion from liability also applies only to the geographic market occupied prior to the registrant's priority date.²⁰³⁹

Unusually, several notable reported opinions addressed (mostly unsuccessful) claims of prior use by defendants.²⁰⁴⁰ For example, courts have with increasing frequency begun to address the issue of lawful use in commerce of marks for cannabis-related products, and one did so in the context of the invocation of Section 33(b)(5) in response to a preliminary injunction motion.²⁰⁴¹ The plaintiff, a seller of natural foods and health supplements, sought a preliminary injunction against a group of defendants selling

²⁰³⁸ *What-A-Burger of Va., Inc. v. Whataburger, Inc. of Corpus Christi, Tex.*, 357 F.3d 441, 446 (4th Cir. 2004).

Section 15's exception to incontestability and the Section 33(b)(5) affirmative defense may appear similarly worded, but they apply in different situations. Section 15's exception is relevant only if, as between the parties, the defendant is the absolute senior user. *Advance Stores Co. v. Refinishing Specialties, Inc.*, 948 F. Supp. 643, 650 n.4 (W.D. Ky. 1996), *aff'd*, 188 F.3d 408 (6th Cir. 1999); *see also* *Advance Stores Co. v. Refinishing Specialties, Inc.*, 188 F.3d 408, 412 (6th Cir. 1999) ("The language of [Section 15] explicitly states that the registrant's incontestability is limited to the extent that the *prior user* (i.e. Defendant) has valid rights 'acquired under the law of any state or Territory by use of a mark or trade name.'" (emphasis added) (quoting 15 U.S.C. § 1065)); *815 Tonawanda St. Corp. v. Fay's Drug Co.*, 842 F.2d 643, 646 (2d Cir. 1988) ("[Section 15's] exception applies to prior users of the registered mark who have acquired 'a valid right . . . under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this chapter of [the registrant's] mark.'" (second and third alterations in original) (emphasis added) (quoting 15 U.S.C. § 1065 (1988))).

If the defendant is an intermediate junior user because it adopted its mark after the plaintiff's date of first use but before the plaintiff's registration issued, Section 15's exception is inapplicable, and the defendant must rely on Section 33(b)(5). *Advance Stores*, 948 F. Supp. at 655 n.11. As Professor McCarthy has explained: "The common law rights of . . . 'intermediate' junior users who used [their marks] before the senior user's registration are preserved by Lanham Act § 33(b)(5). The common law rights of a senior user are preserved by Lanham Act § 15." J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 16:18.50 (5th ed.); *accord* *Union Carbide Corp. v. Ever-Ready Inc.*, 531 F.2d 366, 374 n.6 (7th Cir. 1976) ("[Section 15's] exception involving prior use must be contrasted with [Section 33(b)(5)] . . . [Section 33(b)(5)] involves a situation where the registrant begins to use a mark (without registering it), the alleged infringer begins use of his mark without knowledge of the registrant's prior use, and then the registrant registers . . . his mark.").

²⁰³⁹ 15 U.S.C. § 1115(b)(6) (2018).

²⁰⁴⁰ *See, e.g.,* *Monster Energy Co. v. BeastUp LLC*, 395 F. Supp. 3d 1334, 1369 (E.D. Cal. 2019) (rejecting defense as a matter of law based on defendant's failure to place plaintiff's showing of priority into dispute).

²⁰⁴¹ *See* *Kiva Health Brands LLC v. Kiva Brands Inc.*, 402 F. Supp. 3d 877 (N.D. Cal. 2019).

cannabis-infused edible products. In response, the defendants asserted the defense that they were the prior users of the disputed mark in California. Acknowledging the illegality of their goods unlawful under federal law, the defendants argued that that unlawfulness was irrelevant to their ability to establish lawful prior use under applicable state law, which did not frown upon their goods. The court sent that argument up in smoke:

While [the lead defendant] is only asserting California common law rights to the [disputed] mark, it is doing so as a defense to a federal trademark claim. That defense relies on [the lead defendant's] prior use of the mark. [The lead defendant's] prior use was illegal under federal law. [The lead defendant] therefore did not make lawful prior use of the mark. To hold that [the lead defendant's] prior use of the [disputed] mark on a product that is illegal under federal law is a legitimate defense to [the plaintiff's] federal trademark [claim] would “put the government in the anomalous position of extending the benefits of trademark protection to a seller based upon actions the seller took in violation of that government's own laws.”²⁰⁴²

Then, when the defendants invoked the prior use defense of Section 15 at the summary judgment stage of the litigation, the court ruled against them once more, holding that defense inapplicable because the marks asserted by the plaintiff were not incontestable.²⁰⁴³

Another aspect of Section 33(b)(5)'s prior-use defense took center stage in a different opinion. That statute recognizes as a defense to that evidentiary significance of a federal registration “[t]hat the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to [the registrant's priority date].”²⁰⁴⁴ As the statute's express terms indicate, continuity of use is a necessary element of Section 33(b)(5)'s affirmative defense, and the Seventh Circuit drove home that point in an appeal from a jury's rejection of that defense.²⁰⁴⁵ According to the court, “a reasonable jury could have found that the evidence presented by [the defendant] did not establish continuous use of [its] mark in the region sufficient to

²⁰⁴² *Id.* at 888 (quoting *CreAgri, Inc. v. USANA Health Scis., Inc.*, 474 F.3d 626, 630 (9th Cir. 2007)).

²⁰⁴³ *See Kiva Health Brands LLC v. Kiva Brands Inc.*, 439 F. Supp. 3d 1185, 1197-98 (N.D. Cal. 2020).

The court's summary judgment opinion reiterated the court's earlier conclusion that, because of the unlawful nature of its use under federal law, the defendant was not entitled to claim prior rights. *See id.* at 1197-98.

²⁰⁴⁴ 15 U.S.C. § 1115(b)(5) (2018).

²⁰⁴⁵ *See Fabick, Inc. v. JFTCO, Inc.*, 944 F.3d 649 (7th Cir. 2019).

establish senior holder status.”²⁰⁴⁶ In particular, the trial record reflected “numerous instances” in which the plaintiff had “successfully poked holes in the defense.”²⁰⁴⁷ Those instances included the plaintiff’s showings that the defendant’s sales had been “few in number (potentially as low as one unit per year in an 80,000 square mile region),” that the defendant had done “little advertising” during the period in question, and that the defendant’s sales under the disputed mark were eclipsed by its sales under a different one, “thereby attenuating the identification of [the disputed mark] with [the defendant].”²⁰⁴⁸ Of equal importance, the defendant’s evidence and testimony failed to establish as a matter of law that its use had been *continuous*, in part because:

[H]istorical photos of equipment showing a . . . decal [bearing the disputed mark] did not prove that such decals were continuously used within [the defendant’s claimed territory]; that perhaps one invoice a year bearing the mark to a single customer in the region was insufficient; that no documentary evidence verified sales in the [territory] prior to 2002; and that mid-century era advertising with the logo did not prove such advertising was continuous through [the plaintiff’s priority date] and beyond.²⁰⁴⁹

“We cannot hold,” the court concluded, “viewing all evidence in the light most favorable to [the plaintiff], that no reasonable jury could have been convinced by the doubts cast over [the defendant’s] prior use claim.”²⁰⁵⁰

So too did the invocation of the absolute-prior-user defense in Section 15 fell short in a case before a South Carolina federal district court.²⁰⁵¹ The plaintiffs included a national church and its newly-formed South Carolina diocese, which asserted rights against a number of disaffiliated parishes and their bishop. The defendants claimed to be successors in interest to the church’s original diocese, of which they were members before the disaffiliation; had that claim succeeded, the defendants might have established priority of rights dating back to 1785, two years prior to the national church’s formation. The court, however, rejected the defendants’ argument for two reasons: (1) it interpreted a prior decision of the Supreme Court of South Carolina as holding that the church’s new diocese

²⁰⁴⁶ *Id.* at 657.

²⁰⁴⁷ *Id.*

²⁰⁴⁸ *Id.*

²⁰⁴⁹ *Id.*

²⁰⁵⁰ *Id.*

²⁰⁵¹ See *vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612 (D.S.C. 2019), *appeal docketed*, No. 19-2112 (4th Cir. Apr. 4, 2020).

was the true successor to the original diocese;²⁰⁵² and (2) even if the defendants enjoyed prior use of the disputed marks, their rights had been extinguished under the merger doctrine once they had affiliated themselves with the national church, even in the absence of a formal license between the parties.²⁰⁵³

An additional failed claim of prior use, albeit one only in the context of an order denying a motion to dismiss, transpired in litigation before a Florida federal district court.²⁰⁵⁴ In support of its motion, the defendant pointed out that the online exemplar proffered as evidence of its infringement was dated October 12, 2012, while the plaintiff's federal registration had issued only on August 15, 2017, and recited dates of first use and first use in commerce of March 15, 2013, and March 16, 2016. Although the defendant argued its priority was thus apparent on the face of the complaint, the court accepted the plaintiff's explanation that the dates recited in its registration were inaccurate and the result of a miscommunication between it and its counsel, despite that explanation being "beyond the four corners of the Complaint."²⁰⁵⁵ Of equal importance, the court noted the attachment to the complaint of an exhibit showing the plaintiff's circa-2009 use of its mark, which it found supported the plaintiff's allegation of an earlier priority date. The defendant's assertion of prior use therefore could not be resolved at the pleadings stage.²⁰⁵⁶

A California federal district court similarly declined to resolve a prior use defense, apparently the one recognized by Section 15, as a matter of law, albeit on a motion for summary judgment rather than to dismiss.²⁰⁵⁷ Although the defendant's primary mark was KEYSTONE for beer, the defendant averred it had acquired protectable rights to STONE and STONES as marks prior to the plaintiff's adoption of the same two marks for the same beverage. Although the defendant adduced evidence that it had distributed its beer in 30-packs bearing the words "30 STONES," as well as that it had used the disputed marks on promotional goods, the plaintiff pointed to a fourteen-year gap in those uses and to evidence that respondents to the defendant's marketing studies never associated the marks with the defendant. "Although it is a close call," the court concluded, "considering *all* the evidence submitted by the parties, there remains a genuine issue of material fact as to whether [the

²⁰⁵² *Id.* at 640. The earlier decision is reported at *Protestant Episcopal Church in the Diocese of S.C. v. Episcopal Church*, 806 S.E.2d 82 (S.C. 2017).

²⁰⁵³ *vonRosenberg*, 412 F. Supp. 3d at 640-42.

²⁰⁵⁴ *See* 3Lions Publ'g, Inc. v. Interactive Media Corp., 389 F. Supp. 3d 1031 (M.D. Fla. 2019).

²⁰⁵⁵ *Id.* at 1040.

²⁰⁵⁶ *Id.*

²⁰⁵⁷ *See* Stone Brewing Co. v. MillerCoors LLC, 445 F. Supp. 3d 1113 (S.D. Cal. 2020).

defendant] has demonstrated a priority right to use the ‘STONE’ and/or ‘STONES’ mark.”²⁰⁵⁸

Those outcomes notwithstanding, at least one claim of prior use succeeded in part.²⁰⁵⁹ It did so in a case brought by the City of New York against a retired police officer and his wife, who operated a store selling souvenirs bearing marks associated with the City’s police and fire departments. The defendants claimed to have sold their goods since 1995, while the City’s federal registrations recited that many of the marks upon which its case rested were first used in 2000. The court held that the defendants’ conclusory averment of prior use “barely satisfies their burden of establishing prior use for the purpose of [the plaintiffs’] motion [for summary judgment].”²⁰⁶⁰ At the same, however, “there is no additional evidence on the current record that would support the determination at this juncture of the senior user of a particular mark on any specified class of goods sold since 1995.”²⁰⁶¹ Resolution of the defendants’ claim of prior use therefore necessitated a trial on the issue.

iii. Descriptive Fair Use

Descriptive fair use, sometimes known as “classic” fair use, by a defendant of either the plaintiff’s mark or the words making up that mark may be justified under any of three theories. First, Section 33(b)(4) of the Act recognizes as a defense to the evidence of validity attaching to an registered mark that a defendant is using “otherwise than as a mark” a personal name or other words “fairly and in good faith only to describe the [associated] goods or services . . . or their geographic origin.”²⁰⁶² Second, the common law preserves defendants’ ability to use personal names and descriptive terms in their primary descriptive sense; consequently, a defendant in an action to protect a registered mark who first satisfies Section 33(b)(4)’s requirements can then fall back on the common law to provide a defense on the merits. Finally, Section 43(c)(3)(A) excludes from liability in a likelihood-of-dilution action “[a]ny fair use, including a . . . descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person’s own goods or services.”²⁰⁶³

Findings of descriptive fair use are relatively uncommon prior to discovery. Nevertheless, a California federal district court reached one on a motion for judgment on the pleadings in an action in which

²⁰⁵⁸ *Id.* at 1143.

²⁰⁵⁹ *See City of New York v. Blue Rage, Inc.*, 435 F. Supp. 3d 472 (E.D.N.Y. 2020).

²⁰⁶⁰ *Id.* at 847.

²⁰⁶¹ *Id.*

²⁰⁶² 15 U.S.C. § 1115(b)(4) (2018).

²⁰⁶³ *Id.* § 1125(c)(3)(A).

it was aided by exhibits attached to the plaintiff's complaint and USPTO records of which it took judicial notice, third-party uses of the words making up the plaintiff's claimed "wellness shot" and "wellness shots" marks.²⁰⁶⁴ Addressing the first of the three requirements for the defense's successful invocation, the court found:

It is clear from the [defendant's] label that [its] "Pressed Juicery" [house mark] and not "wellness shot" communicates the source of [the defendant's] product. The Pressed Juicery house mark is much more attention-grabbing than the other components of the label because it is heavily stylized, differently colored, and prominently featured at the top of the label.²⁰⁶⁵

The second prerequisite for the defense also was satisfied because "[the defendant] uses 'wellness shot' to differentiate from other 'shots' it offers, including a 'vitality shot' and a 'probiotic shot.' [The defendant's] product label uses 'wellness shot' only to describe the nature and type of [the defendant's] product."²⁰⁶⁶ Finally, because the defendant's packaging differed "markedly" from that of the plaintiff, "[t]here is nothing about the [defendant's] label for its 'wellness shot' product that suggests [the defendant] is attempting to traffic on [the plaintiff's] goodwill,"²⁰⁶⁷ in particular, the defendant's continued use of "wellness shot" after receiving an objection from the plaintiff did not render the defendant ineligible for the defense.²⁰⁶⁸

The Seventh Circuit similarly reached a determination of descriptive fair use as a matter of law.²⁰⁶⁹ It did so in the context of an appeal from a summary judgment order that uses of "the sports fuel company" such as the following were protected under Section 33(b)(4) and the common law, in part because they were non-trademark in nature:²⁰⁷⁰

²⁰⁶⁴ See *Threshold Enters. v. Pressed Juicery, Inc.*, 445 F. Supp. 3d 139 (N.D. Cal. 2020).

²⁰⁶⁵ *Id.* at 156 (citation omitted).

²⁰⁶⁶ *Id.* (citation omitted).

²⁰⁶⁷ *Id.*

²⁰⁶⁸ *Id.*

²⁰⁶⁹ See *SportFuel, Inc. v. PepsiCo, Inc.*, 932 F.3d 589 (7th Cir. 2019).

²⁰⁷⁰ *Id.* at 597.



Although the summary judgment record demonstrated the defendants had used a TM symbol adjacent to the words in question and had even secured a registration covering them, those considerations were not dispositive, especially because the defendant had disclaimed the words from the registration.²⁰⁷¹ The court also affirmed the district court’s finding that the plaintiff had failed to demonstrate the existence of a factual dispute concerning the defendants’ use of the term in a purely descriptive sense; in doing so, it cited third-parties’ use of “sports fuel” to describe their “nutritional products for athletes,” from which the court concluded that “[i]t requires no imaginative leap to understand that a company selling ‘Sports Fuel’ is selling a variety of food products designed for athletes.”²⁰⁷² Finally, the court rejected the plaintiffs’ claimed evidence of the defendants’ bad faith, which comprised: (1) the defendants’ awareness of the plaintiff’s mark (unconvincing because “the defendant’s ‘mere knowledge’ of the plaintiff’s mark, without other evidence of subjective bad faith, is insufficient”);²⁰⁷³ (2) the defendants’ continued alleged infringement during the pendency of the lawsuit (on this issue, the court held that “it is lawful to use a mark that does not infringe some other; intentional infringement creates problems, but [a defendant’s] intentional use of a mark that [it] had every right to use is not itself a ground on which to draw an adverse inference”);²⁰⁷⁴ (3) the defendants’ failure “to produce evidence in discovery that must have existed” (insufficient as “assumption or speculation”);²⁰⁷⁵ and (4) the defendants’ alleged antipathy toward the founder of the plaintiff, who, ten years earlier, had refused to endorse one of the plaintiffs’ products (dismissed as “stale” and “facially incredible”).²⁰⁷⁶

²⁰⁷¹ *Id.* at 598.

²⁰⁷² *Id.* at 599-600.

²⁰⁷³ *Id.* at 600.

²⁰⁷⁴ *Id.* at 600-01 (alterations in original) (quoting *M-F-G Corp. v. EMRA Corp.*, 817 F.2d 410, 412 (7th Cir. 1987)).

²⁰⁷⁵ *Id.* at 601.

²⁰⁷⁶ *Id.*

Apple Inc. also prevailed as a matter of law in an action challenging its use of “Ion-X” in connection with smart watches.²⁰⁷⁷ With respect to whether Apple used the phrase “otherwise than as a mark,” the court found from the summary judgment record that Apple “has demonstrated that every time it uses the phrase ‘Ion-X glass,’ it does so in close proximity to either the Apple word mark or the Apple logo, and that it does so on the back of the Apple Watch device and in other places where the Apple Watch device’s features are being described;”²⁰⁷⁸ that showing was bolstered by expert testimony that “consumers are unlikely to perceive ‘Ion-X glass’ as a source identifier,”²⁰⁷⁹ as well as the absence of any attempt by Apple to register the phrase.²⁰⁸⁰ Then, as to whether the challenged use accurately described Apple’s goods, the court concluded that Apple used “the abbreviated term ‘Ion-X’ to convey the fact that its glass watch covers have been chemically strengthened using an ion exchange process.”²⁰⁸¹ Finally, the court concluded, “[g]ood faith may be ‘evidenced by the fact that the source of the defendants’ product is clearly identified by the prominent display of the defendants’ own trademarks,’”²⁰⁸² and the summary judgment record left “no question that [Apple] has prominently displayed its own trademarks in connection with the Apple Watch device, and there is nothing in the record to suggest that [Apple] was somehow trying to capitalize on good will associated with Plaintiff.”²⁰⁸³

In contrast, a court hearing a dispute between two law firms rejected the defendants’ assertion that Section 33(b)(4) protected

²⁰⁷⁷ See *Saxon Glass Techs., Inc. v. Apple Inc.*, 393 F. Supp. 3d 270 (W.D.N.Y.), *aff’d*, 824 F. App’x 75 (2d Cir. 2020).

²⁰⁷⁸ *Id.* at 297.

²⁰⁷⁹ *Id.* at 298. The plaintiff proffered testimony from experts of its own, but its academic expert failed to address the issue, and the court excluded the testimony of another, whom it described as “a trademark attorney and has no expertise in what an ordinary consumer is likely to perceive or understand.” *Id.*

²⁰⁸⁰ *Id.*

²⁰⁸¹ *Id.* at 299. That was true despite: (1) the USPTO’s failure to require a showing of secondary meaning when registering the plaintiff’s IONEX mark, which the plaintiff argued meant that Apple’s use was necessarily not descriptive, but which the court discounted because of the plaintiff’s failure to advise the Office that its mark was used in connection with an ion exchange process, *id.*; (2) the public’s lack of knowledge of ion exchange processes, which failed to create a factual dispute because “[n]othing in the fair use case law suggests that a use cannot be descriptive simple because it refers to a relatively obscure or specialized aspect of the goods in question,” *id.*; and (3) “a small number of [Apple’s] employees [who] may have referred to ‘Ion-X’ as a ‘name’ for one of the Apple Watch device’s components,” which did not ward off summary judgment because “[a] name can be descriptive—indeed, there is an inherent desirability in choosing a name that describes the product’s attributes, which is why trademark law requires that secondary meaning be established before such a name can become a registered trademark.” *Id.*

²⁰⁸² *Id.* (quoting *Cosmetically Sealed Indus., Inc. v. Chesebrough-Pond’s USA Co.*, 125 F.3d 28, 30 (2d Cir. 1997)).

²⁰⁸³ *Id.* at 299-300.

their use of the GEORGE SINK LAW FIRM mark.²⁰⁸⁴ The court found that mark likely to be confused with the plaintiff's GEORGE SINK P.A. INJURY LAWYERS, and that finding of confusing similarity was enough to disqualify the defendants from asserting descriptive fair use;²⁰⁸⁵ in light of the Supreme Court's holding in *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*²⁰⁸⁶ that "some possibility of consumer confusion must be compatible with fair use,"²⁰⁸⁷ a better resolution would have been a holding that the trademark nature of the defendants' use placed that use outside the scope of Section 33(b)(4).

Another court declined to resolve a dispute over an alleged descriptive fair use as a matter of law, at least at the pleadings stage.²⁰⁸⁸ The plaintiff before that tribunal asserted rights to the HIPAA SURVIVAL GUIDE mark, which it had registered for HIPAA training and compliance kits and associated services, while the defendant styled itself as providing secure hardware encryption solutions and related services. The plaintiff accused the defendant of using the plaintiff's mark in a blog promoting the defendant's services, in response to which the defendant filed a motion to dismiss for failure to state a claim. Declining to consider matters extrinsic to the complaint, the court concluded in cursory fashion that resolution of the defense was inappropriate prior to the development of a fully developed record: "It is not clear on the face of the Complaint that [the defendant's] usage of 'HIPAA Survival Guide' constitutes fair use given that the blog post's title included the same phrase trademarked by [the plaintiff] and within the context of [the defendant] promoting its products."²⁰⁸⁹

Likewise, the Second Circuit also deferred a final resolution of a defendant's entitlement to avail itself of Section 33(b)(4) in an action brought by luxury goods producer Tiffany & Co. against Costco, a discount jewelry retailer.²⁰⁹⁰ It did so in 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:

²⁰⁸⁴ See *George Sink, P.A. Injury Lawyers v. George Sink II Law Firm LLC*, 407 F. Supp. 3d 539 (D.S.C.), *modified sub nom.* *George Sink PA Injury Laws. v. George Sink II Law Firm LLC*, No. 2:19-CV-01206-DCN, 2019 WL 6318778 (D.S.C. Nov. 26, 2019), *appeal dismissed sub nom.* *Sink v. George Sink II Law Firm LLC*, No. 19-2359, 2019 WL 9042869 (4th Cir. Dec. 18, 2019), *and appeal dismissed sub nom.* *George Sink, P.A. v. George Sink II Law Firm, LLC*, No. 19-1960, 2019 WL 8112874 (4th Cir. Dec. 18, 2019).

²⁰⁸⁵ *Id.* at 553.

²⁰⁸⁶ 543 U.S. 111 (2004).

²⁰⁸⁷ *Id.* at 121.

²⁰⁸⁸ See *3Lions Publ'g, Inc. v. Interactive Media Corp.*, 389 F. Supp. 3d 1031 (M.D. Fla. 2019).

²⁰⁸⁹ *Id.* at 1042.

²⁰⁹⁰ See *Tiffany & Co. v. Costco Wholesale Corp.*, 971 F.3d 74 (2d Cir. 2020).



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.

The court began its analysis by faulting the district court's finding as a matter of law that Costco had used the TIFFANY 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."²⁰⁹¹ 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."²⁰⁹² 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."²⁰⁹³

Moving to the second prerequisite of the defense, the court noted of the statutory "descriptive of" language 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.²⁰⁹⁴

In doing so, the court held that "'Tiffany' has a descriptive meaning independent of Tiffany's brand" and in particular that a reasonable

²⁰⁹¹ *Id.* at 93.

²⁰⁹² *Id.*

²⁰⁹³ *Id.*

²⁰⁹⁴ *Id.* (quoting *Cosmetically Sealed Indus. v. Chesebrough-Pond's USA Co.*, 125 F.3d 28, 30 (2d Cir. 1997)).

jury could find the challenged uses described the “Tiffany-style” mounting of the diamonds on them.²⁰⁹⁵ 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.”²⁰⁹⁶

The court’s holding with respect to the defense’s third prerequisite was to similar effect, namely, 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.”²⁰⁹⁷ 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.”²⁰⁹⁸ 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.’”²⁰⁹⁹

iv. Nominative Fair Use

Although nominative fair use is usually treated as a question of fact, two New York federal district courts granted motions to dismiss claims of infringement and unfair competition by applying the doctrine. The first did so after crediting a defense argument that the appearance of the plaintiff’s flagship mark—WEIGHT WATCHERS—in advertising for a weight-loss program offered by a competitor, Noom, Inc., was for purposes of comparison.²¹⁰⁰ As summarized by the court, “[t]he Complaint includes the screenshots of two Noom ads, one of which includes the text, ‘The program that millennials are calling Weight Watchers® 2.0’ and a second stating, ‘Millennials are calling it Weight Watchers® for the 21st century.’”²¹⁰¹ It added, “[b]oth ads are identified as ‘Sponsored’” by

²⁰⁹⁵ *Id.*

²⁰⁹⁶ *Id.* at 94.

²⁰⁹⁷ *Id.* at 88 (quoting *Kiki Undies Corp. v. Promenade Hosiery Mills, Inc.*, 411 F.2d 1097, 1101 (2d Cir. 1969)).

²⁰⁹⁸ *Id.* (alterations in original) (quoting *Nora Beverages, Inc. v. Perrier Grp. of Am., Inc.*, 269 F.3d 114, 123 (2d Cir. 2001)).

²⁰⁹⁹ *Id.* at 89 (alterations in original).

²¹⁰⁰ *See Weight Watchers Int’l, Inc. v. Noom, Inc.*, 403 F. Supp. 3d 361 (S.D.N.Y. 2019).

²¹⁰¹ *Id.* at 377-78 (citation omitted).

Noom. A stylized, lowercase ‘noom.’ logo appears in the ads’ images.”²¹⁰²

Applying the Second Circuit’s rather ponderous test for nominative fair use, the court examined the standard likelihood-of-confusion factors before applying three additional ones unique to nominative fair use disputes, namely:

- (1) whether the use of the plaintiff’s mark is necessary to describe both the plaintiff’s product or service and the defendant’s product or service, that is, whether the product or service is not readily identifiable without use of the mark;
- (2) whether the defendant uses only so much of the plaintiff’s mark as is necessary to identify the product or service; and
- (3) whether the defendant did anything that would, in conjunction with the mark, suggest sponsorship or endorsement by the plaintiff holder, that is, whether the defendant’s conduct or language reflects the true or accurate relationship between plaintiff’s and defendant’s products or services.²¹⁰³

Having reviewed the two sets of factors against the backdrop of the allegations in the complaint, the court held the WEIGHT WATCHERS mark in Noom’s advertising a protected nominative fair use:

The Noom advertisements use the Weight Watchers mark to make a comparative claim about the services of Noom and those of Weight Watchers. While the accuracy of that comparison may be disputed, a reasonable consumer encountering the ads would not perceive them to claim that Weight Watchers is the source of Noom’s services, or that Weight Watchers is affiliated with or endorses Noom. The advertisements are expressly posted by Noom, a “noom.” logo appears in each of the advertisements, and Weight Watchers is invoked once in the text, with a negative connotation that its services are outdated.²¹⁰⁴

It therefore dismissed Weight Watchers’ trademark-based causes of action for failure to state claims.²¹⁰⁵

The second court to apply the Second Circuit’s test for nominative fair use at the pleadings stage did so in a case by luxury fashion company Chanel, Inc., which objected to the resale of its goods through an online consignment market.²¹⁰⁶ To the extent the

²¹⁰² *Id.* at 378.

²¹⁰³ *Id.* at 378-79 (quoting *Int’l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153, 168 (2d Cir. 2016)).

²¹⁰⁴ *Id.* at 380.

²¹⁰⁵ *Id.*

²¹⁰⁶ *See Chanel, Inc. v. RealReal, Inc.*, 449 F. Supp. 3d 422, 436 (S.D.N.Y. 2020).

goods in question were genuine,²¹⁰⁷ the court might have disposed of Chanel’s claims by invoking the exhaustion doctrine, but it credited the defendant’s claim of nominative fair use instead. With respect to the issue of likely confusion and the first of the Second Circuit’s supplemental factors, the court held:

This is a case about luxury consignment. Because of the nature of consignment, I find that many of the [standard likelihood-of-confusion] factors are not particularly apt for consideration in this context. For example, the similarity of the marks, the evidence of bridging the gap, and the respective quality of the products in question are not as relevant where, as here, the marks used and goods sold by Defendant are indeed the same as the Plaintiff’s marks and goods. Such is the nature of resale markets. For the same reason, I find that the first nominative use factor—whether use of the plaintiff’s mark is necessary—is satisfied.²¹⁰⁸

Then, turning to the second and third supplemental factors, the court concluded from the averments in the complaint that “Chanel has not plausibly alleged facts suggesting that [the defendant] stepped over the line into a likelihood of confusion by using [Chanel’s] mark[s] too prominently or too often, in terms of size, emphasis, or repetition.”²¹⁰⁹ Although the defendant’s website featured a Chanel-specific page, the site also had comparable pages for other luxury brands, and the court determined that Chanel had failed to allege facts establishing that the defendant had displayed CHANEL-branded goods any more prominently than goods from other manufacturers. Finally, it was swayed by the defendant’s disclaimers of affiliations with Chanel.²¹¹⁰ Chanel’s claims with respect to the resale of its genuine goods therefore were fatally defective even without the need for a developed evidentiary record.

In contrast, other courts rejected claims of nominative fair use as a matter of law. One was the Ninth Circuit in an appeal by a counterclaim defendant that deliberately imitated trademarks and trade dress for a bourbon whiskey sold by the plaintiff and then affixed them to a scatologically themed dog chew toy.²¹¹¹ Although most applications of the nominative fair use doctrine in the Ninth Circuit turn on the three-factor *New Kids on the Block* test²¹¹²—the

²¹⁰⁷ Although some of the goods apparently were genuine, the plaintiff also alleged that some bore counterfeit imitations of its registered marks.

²¹⁰⁸ *Id.* at 438 n.16.

²¹⁰⁹ *Id.* at 439 (second alteration in original) (quoting *Int’l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153, 168 (2d Cir. 2016)).

²¹¹⁰ *Id.* at 439-40.

²¹¹¹ See *VIP Prods. LLC v. Jack Daniel’s Prods., Inc.*, 953 F.3d 1170 (9th Cir. 2020), *cert. denied*, No. 20-365, 2021 WL 78111 (U.S. Jan. 11, 2021).

²¹¹² According to that test:

court held that the counterclaim defendant had failed to satisfy a threshold requirement for the doctrine's protection, namely, a showing that its uses of marks and a trade dress were identical to those of the counterclaim plaintiff.²¹¹³ It therefore affirmed the district court's rejection of a nominative fair use claim on the parties' cross-motions for summary judgment.²¹¹⁴

Another court rejected a claim of nominative fair use as a matter of law in a case brought in the Southern District of New York against the sculptor of the notable *Fearless Girl* statue by the company that had commissioned it.²¹¹⁵ 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.'"²¹¹⁶

Some invocations of the nominative fair use doctrine produced procedural stalemates, with one case featuring such a result providing a Washington federal district court with the opportunity to delve into the question of the nature of the doctrine.²¹¹⁷ Ninth Circuit case law has for some time reflected two divergent views of the nominative fair use doctrine. In at least some past opinions, that court has expressly placed the burden on plaintiffs to overcome defendants' invocations of the doctrine, rather than treating it as a true defense.²¹¹⁸ More recently, however, the court has treated nominative fair use as a classic affirmative defense, the elements of

[A] commercial user is entitled to a nominative fair use defense provided he meets the following three requirements: First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.

New Kids on the Block v. News Am. Publ'g, Inc., 971 F.2d 302, 308 (9th Cir. 1992) (footnote omitted).

²¹¹³ See *VIP Prods.*, 953 F.3d at 1174.

²¹¹⁴ *Id.*

²¹¹⁵ See *State St. Glob. Advisors Tr. Co. v. Visbal*, 431 F. Supp. 3d 322 (S.D.N.Y. 2020).

²¹¹⁶ *Id.* at 342 (quoting *TCPIP Holding Co. v. Haar Commc'ns, Inc.*, 244 F.3d 88, 104 (2d Cir. 2001)).

²¹¹⁷ See *Bluetooth SIG, Inc. v. FCA US LLC*, 463 F. Supp. 3d 1169 (W.D. Wash. 2020).

²¹¹⁸ See, e.g., *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1182-83 (9th Cir. 2010).

which must be proven by defendants invoking it.²¹¹⁹ Consistent with that inconsistency, the district court initially referred to the “nominative fair use defense,”²¹²⁰ but eventually came around to hold that “[t]hrough nominative fair use is sometimes mistakenly referred to as an ‘affirmative defense,’ it is not one. Rather, it is an ‘alternative multi-factor test’ to assess the likelihood of confusion, and thus the burden of proof remains with the plaintiff.”²¹²¹

The court then applied its understanding of the doctrine to the facts of the case. The plaintiff owned the BLUETOOTH mark, which it used to certify a variety of telecommunications services and related goods, including radio head units. Having purchased genuine certified head units from third parties and installed them in vehicles it manufactured, the defendant used the BLUETOOTH mark when referring to the head units, only to have plaintiff accuse it of counterfeiting and infringement. On the parties’ cross-motions for summary judgment, the court concluded that the first of the *New Kids on the Block* factors favored the defendant because the plaintiff’s mark was necessary to describe the goods in question:

Of course, it is possible to refer to Bluetooth technology as “wireless smartphone technology” or “wireless smartphone connectivity” as [the plaintiff] suggests, but it would be impractical and ineffectual to do so. First, [the defendant] introduces undisputed testimony that when one pairs an electronic device to a Bluetooth-capable vehicle, the device will say that it is “Bluetooth enabled” not “wireless.” [The plaintiff’s] proposed substitutes would thus be imprecise. Second, it is not clear to the Court how many types of connectivity mechanisms exist. In *New Kids*, for example, reference to “a large automobile manufacturer based in Michigan” could apply to any of the “Big Three.” If Bluetooth connectivity is one of many types of connectivity, then [the plaintiff’s] proposed substitutes would again be imprecise. If there is in fact only one type of connectivity, then “wireless smartphone technology” and “wireless smartphone connectivity” suffer from the same problems as “the professional basketball team from Chicago” [as a reference to the Chicago Bulls]. The precedent is clear that the law has “never adopted such a draconian definition of necessity.”²¹²²

Nevertheless, the court then found the existence of a factual dispute with respect to the second of the relevant factors because the record

²¹¹⁹ See, e.g., *Applied Underwriters, Inc. v. Lichtenegger*, 913 F.3d 884, 893 n.1 (9th Cir. 2019).

²¹²⁰ *Bluetooth SIG*, 463 F. Supp. 3d at 1186, 1187.

²¹²¹ *Id.* at 1187 (citation omitted).

²¹²² *Id.* at 1187-88 (citation omitted) (quoting *New Kids*, 971 F.2d at 306-07; *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1180 (9th Cir. 2010)).

evidence and testimony might reasonably support either a finding that the defendant had so repeatedly used the BLUETOOTH mark as to exceed what was necessary to identify the plaintiff (as the plaintiff alleged) or, alternatively, a finding that those uses were “inconspicuous and purely informational” (as the defendant alleged).²¹²³ Likewise, there also was a factual dispute under the third *New Kids* factor as to whether the defendant’s use of the mark suggested a relationship between the parties.²¹²⁴ Consequently, neither party was entitled to prevail as a matter of law.

v. Statutes of Limitations

Although the Lanham Act does not contain a statute of limitations, the parties in an action for false endorsement under Section 43(a) based on the alleged unauthorized use of the plaintiffs’ images to promote a Nevada-based adult entertainment establishment agreed that the relevant period was that “governed by the most analogous statute of limitations.”²¹²⁵ They disagreed, however, as to what the most analogous state-law tort was, with the plaintiffs arguing in favor of the four-year period for claims under the Nevada Deceptive Trade Practices Act²¹²⁶ and the defendants claiming the protection of the three-year period applicable to claims of fraud. The court sided with the plaintiffs and held the resulting four-year period for each unauthorized photograph to have been triggered by the uploading of the photograph; moreover, it reached the same conclusion with respect to the plaintiffs’ causes of action under Nevada’s right of publicity statute.²¹²⁷ Those holdings meant that some of the plaintiffs had brought their causes of action on a timely basis, but also that one plaintiff had missed out after the court rejected her argument that the ongoing presence of her photograph on the defendants’ websites constituted a continuing tort.²¹²⁸

Outside the context of efforts to impose a statute of limitations on the Lanham Act, two federal courts addressed the question of the proper time limit for bringing causes of action under the New York statutory cause of action against the unauthorized use of an individual’s image for advertising purposes.²¹²⁹ Both held that plaintiffs proceeding under the statute must assert their claims

²¹²³ *Id.* at 1188.

²¹²⁴ *Id.*

²¹²⁵ *See* *Sears v. Russell Rd. Food & Beverage, LLC*, 460 F. Supp. 3d 1065, 1069 (D. Nev. 2020).

²¹²⁶ Nev. Rev. Stat. § 598.0903 *et seq.* (2020).

²¹²⁷ *Id.* § 597.790(2).

²¹²⁸ *Sears*, 460 F. Supp. 3d at 1072.

²¹²⁹ N.Y. Civ. Rights L. § 51 (2019).

within the one-year statute of limitations for defamation claims.²¹³⁰ That meant the dismissal of all claims in one case at the pleadings stage²¹³¹ and all but one in the other on a defense motion for summary judgment.²¹³²

vi. *Jus Tertii*

“A *jus tertii* defense arises in a trademark case when a defendant raises the rights of a third party, claiming the third party’s rights are superior to the plaintiff’s rights.”²¹³³ Although *just tertii* has long been discredited as a defense,²¹³⁴ the Eleventh Circuit more or less recognized it in holding that a defendant accused of infringing a mark covered by a registration that has not yet passed its fifth anniversary has standing to pursue the registration’s cancellation if it can identify a third-party user of a mark confusingly similar to that of the plaintiff.²¹³⁵ In contrast, a Texas federal district court declined to allow the defense to defeat the entry of a preliminary injunction, holding:

[A third-party’s rights] should not be allowed as a defense in any trademark case. So long as plaintiff proves rights superior to defendant, that is enough. Defendant is no less an infringer because it is brought to account by a plaintiff whose rights may or may not be superior to the whole world. The plaintiff’s speculative dispute with a third party does not concern the defendant.²¹³⁶

²¹³⁰ See *Trombetta v. Novocin*, 414 F. Supp. 3d 625, 633 (S.D.N.Y. 2019); *Gibson v. SCE Grp., Inc.*, 391 F. Supp. 3d 228, 250 (S.D.N.Y.), *reconsideration denied*, No. 15 Civ. 8168 (ER), 2019 WL 5188932 (S.D.N.Y. Oct. 15, 2019).

²¹³¹ *Trombetta*, 414 F. Supp. 3d at 633.

²¹³² *Gibson*, 391 F. Supp. 3d at 250.

²¹³³ *Fletcher’s Original State Fair Corny Dogs, LLC v. Fletcher-Warner Holdings LLC*, 434 F. Supp. 3d 473, 489 (E.D. Tex. 2020)

²¹³⁴ One court has properly held that:

A court’s [acceptance] of *jus tertii* “would expand many trademark disputes far beyond a mere two-party conflict. Before 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.”

Warren Publ’g Co. v. Spurlock, 645 F. Supp. 2d 402, 433 (E.D. Pa. 2009) (second alteration in original) (quoting J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 31:160 (5th ed.)).

²¹³⁵ See *Royal Palm Props., LLC v. Pink Palm Props., LLC*, 950 F.3d 776, 788 (11th Cir. 2020) (“We 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 [based on a third party’s prior use of a confusingly similar mark], [the counterclaim plaintiff] would be free to use the mark in its promotional materials, without fear of another lawsuit.”).

²¹³⁶ *Fletcher’s Original State Fair Corny Dogs*, 434 F. Supp. 3d at 490.

b. Equitable Defenses

i. Unclean Hands

According to one court:

“The 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.”²¹³⁷

The past year produced the usual opinions rejecting claims of unclean hands by defendants.²¹³⁸ One example of that phenomenon came in an Eighth Circuit opinion in a dispute between competing lawn-care companies operated by a divorced couple.²¹³⁹ 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 actually signed up. The district court therefore had not erred in rejecting the defense.²¹⁴⁰

Nevertheless, one claim of unclean hands by a plaintiff succeeded in blocking an assertion of the affirmative defense of laches in response to a false advertising suit.²¹⁴¹ The gravamen of the plaintiff’s suit was that the lead defendant—an affiliate of the other defendants—had acquired a website that previously had published independent reviews of rehabilitation facilities such as

²¹³⁷ *Monster Energy Co. v. BeastUp LLC*, 395 F. Supp. 3d 1334, 1368 (E.D. Cal. 2019) (alteration in original) (quoting first *Dollar Sys., Inc. v. Avcar Leasing Sys., Inc.*, 890 F.2d 165, 173 (9th Cir. 1989), and then *Brother Recs., Inc. v. Jardine*, 318 F.3d 900, 909 (9th Cir. 2003)).

²¹³⁸ *See, e.g., id.* at 1367 (dismissing claim of unclean hands on ground that “defendant does not offer any evidence plaintiff has used its marks with the specific intent to deceive consumers”).

²¹³⁹ *See Lawn Managers, Inc. v. Progressive Lawn Managers, Inc.*, 959 F.3d 903 (8th Cir. 2020).

²¹⁴⁰ *Id.* at 912-13.

²¹⁴¹ *See Grasshopper House, LLC v. Clean & Sober Media LLC*, 394 F. Supp. 3d 1073 (C.D. Cal. 2019).

those operated by the plaintiff and the other defendants in the case; the lead defendant subsequently published and maintained reviews favoring facilities operated by the other defendants without disclosing its relationship to them. The court rejected the defendants' claim of laches on the merits, holding that the plaintiff had not delayed too long in bringing its claims. In any case, however, it also held that:

[E]ven if [the plaintiff] could have been more diligent in its investigation, [the defendants'] fraudulent intent in [their] efforts to conceal its affiliation with [the website] constituted clear and convincing evidence of unclean hands in reference to [the defendants'] laches defense, providing a secondary basis to conclude that laches does not apply to any delay in [the plaintiff's] lawsuit.²¹⁴²

Likewise, and without otherwise identifying the defense's requirements, a second court also held that "particularly egregious" conduct by the defendants before it barred the successful invocation of laches.²¹⁴³ That conduct consisted in part of the defendants' unauthorized use of the plaintiff's marks to help foreign distributors avoid the requirements of domestic market registration requirements. The defendants then doubled down on their misconduct by selling their own goods, which were formulated differently than those of the plaintiff, under the plaintiff's marks. Under the circumstances, the court was in no mood to entertain the defendants' claims that the plaintiffs had unreasonably delayed before bringing suit. In rejecting the defendants' claim of laches, it held that "[a]ccepting a laches defense in the wake of that conduct would reward the defendants solely because they didn't get caught sooner. That is not acceptable."²¹⁴⁴

ii. Laches

The test for the affirmative defense of laches continued to vary from court to court, but not in a substantive manner. For example, some courts applied a tripartite test, under which "[t]o demonstrate that its laches defense applies, [the defendant] must show that (1) [the plaintiff] delayed in asserting a right or claim; (2) the delay was not excusable; and (3) the delay caused [the defendant] undue prejudice."²¹⁴⁵ Another closely similar test came into play: "The test for laches is two-fold: first, was the plaintiff's delay in bringing suit

²¹⁴² *Id.* at 1097-98.

²¹⁴³ *See Cernelle v. Graminex, LLC*, 437 F. Supp. 3d 574, 604 (E.D. Mich. 2020).

²¹⁴⁴ *Id.*

²¹⁴⁵ *Reinalt-Thomas Corp. v. Mavis Tire Supply, LLC*, 391 F. Supp. 3d 1261, 1280 (N.D. Ga. 2019); *see also Pinnacle Advert. & Mktg. Grp. v. Pinnacle Advert. & Mktg. Grp.*, 418 F. Supp. 3d 1143, 1149 (S.D. Fla. 2019), *appeal docketed*, No. 19-15167 (11th Cir. Dec. 30, 2019).

unreasonable? Second, was the defendant prejudiced by the delay? Before answering those questions, a court must determine whether a plaintiff timely brought suit.”²¹⁴⁶ And several others adopted a two-part test holding that “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.’”²¹⁴⁷ Finally, one court’s articulation of the test held the defense applicable only to claims for monetary, and not injunctive, relief.²¹⁴⁸

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.²¹⁴⁹ This led to recognition of three-year presumptive periods under California law,²¹⁵⁰ South Carolina law,²¹⁵¹ Michigan law,²¹⁵² and Washington law,²¹⁵³ four-year periods under California law,²¹⁵⁴ Florida law,²¹⁵⁵ and

²¹⁴⁶ *Bluetooth SIG, Inc. v. FCA US LLC*, 463 F. Supp. 3d 1169, 1193-94 (W.D. Wash. 2020) (citation omitted) (quoting *Internet Specialties W., Inc. v. Milon-DiGiorgio Enters.*, 559 F.3d 985, 990 (9th Cir. 2009)).

²¹⁴⁷ *Cernelle v. Graminex, LLC*, 437 F. Supp. 3d 574, 602 (E.D. 2020) (quoting *Kehoe Component Sales Inc. v. Best Lighting Prods., Inc.*, 796 F.3d 576, 584 (6th Cir. 2015)); *see also* *Stone Brewing Co. v. MillerCoors LLC*, 445 F. Supp. 3d 1113, 1140 (S.D. Cal. 2020); *Pegasystems, Inc. v. Appian Corp.*, 463 F. Supp. 3d 152, 161 (D. Mass. 2020); *Kiva Health Brands LLC v. Kiva Brands Inc.*, 439 F. Supp. 3d 1185, 1191 (N.D. Cal. 2020); *Khan v. Addy’s BBQ LLC*, 419 F. Supp. 3d 538, 563 (E.D.N.Y. 2019); *Maduka v. Tropical Nats., Ltd.*, 409 F. Supp. 3d 337, 362 (E.D. Pa. 2019); *Monster Energy Co. v. BeastUp LLC*, 395 F. Supp. 3d 1334, 1366 (E.D. Cal. 2019); *Grasshopper House, LLC v. Clean & Sober Media LLC*, 394 F. Supp. 3d 1073, 1091 (C.D. Cal. 2019).

²¹⁴⁸ *See vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612, 665 (D.S.C. 2019) (granting plaintiffs’ motion for summary judgment on ground that “Plaintiffs solely seek prospective remedies, namely injunctive and declaratory relief, and do not seek any damages”), *appeal docketed*, No. 19-2112 (4th Cir. Apr. 4, 2020).

²¹⁴⁹ As one court explained, “to determine laches, courts look to the limitation period for the analogous state law action. If a plaintiff filed suit within the analogous limitations period, courts strongly presume that laches is inapplicable. If not, then they presume that laches is applicable.” *Bluetooth SIG*, 463 F. Supp. 3d at 1194; *see also* *Stone Brewing Co. v. MillerCoors LLC*, 445 F. Supp. 3d 1113, 1140 (S.D. Cal. 2020) (rejecting, as a matter of law, laches defense based on plaintiff’s having filed suit within statute of limitations for corresponding state tort).

²¹⁵⁰ *See Grasshopper House*, , 394 F. Supp. 3d at 1091.

²¹⁵¹ *See vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612, 664 (D.S.C. 2019), *appeal docketed*, No. 19-2112 (4th Cir. Apr. 4, 2020).

²¹⁵² *See Cernelle v. Graminex, LLC*, 437 F. Supp. 3d 574, 603 (E.D. Mich. 2020) (dictum).

²¹⁵³ *See Bluetooth SIG, Inc. v. FCA US LLC*, 463 F. Supp. 3d 1169, 1194 (W.D. Wash. 2020).

²¹⁵⁴ *See Stone Brewing Co. v. MillerCoors LLC*, 445 F. Supp. 3d 1113, 1140 (S.D. Cal. 2020); *Kiva Health Brands LLC v. Kiva Brands Inc.*, 439 F. Supp. 3d 1185, 1193 (N.D. Cal. 2020); *Delta Forensic Eng’g, Inc. v. Delta V Biomechanics, Inc.*, 402 F. Supp. 3d 902, 912 (C.D. Cal. 2019); *Monster Energy Co. v. BeastUp LLC*, 395 F. Supp. 3d 1334, 1366 (E.D. Cal. 2019).

²¹⁵⁵ *See Pinnacle Advert. & Mktg. Grp. v. Pinnacle Advert. & Mktg. Grp.*, 418 F. Supp. 3d 1143, 1152 (S.D. Fla. 2019), *appeal docketed*, No. 19-15167 (11th Cir. Dec. 30, 2019).

Massachusetts law,²¹⁵⁶ and a six-year period under Pennsylvania law.²¹⁵⁷ One court applying this rule explained that “[f]or continuing Lanham Act violations, . . . ‘the presumption of laches is triggered if any part of the claimed wrongful conduct occurred beyond the limitations period,’”²¹⁵⁸ in contrast, if a lawsuit was filed within the relevant time period, the presumption against a holding of laches was strong enough to support summary judgment in the plaintiff’s favor.²¹⁵⁹

Whatever a plaintiff’s delay in absolute terms,²¹⁶⁰ one court confirmed that time elapsing prior to the accrual of an infringement claim does not count toward a finding of inexcusable delay.²¹⁶¹ Although the plaintiff had sent a demand letter to the defendant as early as 2009, its preliminary injunction motion sought relief only in the states of Georgia and Florida, which the defendant physically entered for the first time in 2018, shortly before the filing of the lawsuit; likewise, despite the parties’ joint use of the Internet for online sales, the plaintiff did not seek expedited relief in that context. This restraint carried the day as far as the court was concerned:

[T]o the extent [the plaintiff’s] timing constitutes a delay, it is an excusable delay because it was the result of the fact that, before [the defendant’s] expansion, the parties were not operating in the same territory. [The plaintiff] seeks an injunction for [the defendant’s] usage in its Georgia and Florida stores, not its online usage. Therefore, the Court concludes that [the defendant’s] expansion into Georgia and Florida market altered its alleged infringement such that [the plaintiff’s] timing in bringing suit was not unreasonable.²¹⁶²

²¹⁵⁶ See *Pegasystems, Inc. v. Appian Corp.*, 463 F. Supp. 3d 152, 161 (D. Mass. 2020).

²¹⁵⁷ See *Maduka v. Tropical Naturals, Ltd.*, 409 F. Supp. 3d 337, 362 (E.D. Pa. 2019).

²¹⁵⁸ *Grasshopper House, LLC v. Clean & Sober Media LLC*, 394 F. Supp. 3d 1073, 1092 (C.D. Cal. 2019) (quoting *Jarrow Formulas, Inc. v. Nutrition Now, Inc.*, 304 F.3d 829, 837 (9th Cir. 2002)).

²¹⁵⁹ See, e.g., *Monster Energy Co. v. BeastUp LLC*, 395 F. Supp. 3d 1334, 1367 (E.D. Cal. 2019).

²¹⁶⁰ For an opinion denying a laches-based motion to dismiss because the date of the counterclaim plaintiff’s awareness of the counterclaim defendant’s alleged false advertising was not apparent on the face of the counterclaim, see *Pegasystems*, 463 F. Supp. 3d at 161. Likewise, for an opinion denying the parties’ cross-motions for summary judgment because of a factual dispute over the date on which the plaintiff became aware of the defendants’ use, see *Kiva Health Brands LLC v. Kiva Brands Inc.*, 439 F. Supp. 3d 1185, 1192-93 (N.D. Cal. 2020).

²¹⁶¹ See *Reinalt-Thomas Corp. v. Mavis Tire Supply, LLC*, 391 F. Supp. 3d 1261 (N.D. Ga. 2019).

²¹⁶² *Id.* at 1280.

A different court's consideration of a similar issue produced much the same result.²¹⁶³ The plaintiff in that dispute objected to certain online reviews of a rehabilitation facility it operated. Although the website had once functioned as an independent entity, the lead defendant purchased it in a bankruptcy auction, after which the site's reviews increasingly favored a facility operated by affiliates of the lead defendant (which were named as co-defendants) without disclosing its relationship to those co-defendants. The lead defendant accused the plaintiff of a fatal delay in challenging the allegedly false reviews, but the court held that the plaintiff's cause of action had not accrued until the lead defendant acquired the website; until then, the court held, the reviews did not constitute actionable commercial advertising or promotion. Because the plaintiff had filed suit within "mere months" of its discovery of the relationship between the site and the lead defendant, laches did not bar its claims.²¹⁶⁴

A Pennsylvania federal district court excused an allegedly unreasonable delay on more conventional grounds.²¹⁶⁵ That court determined the counterclaim plaintiff knew of the counterclaim defendant's infringing uses in 2013, when the counterclaim plaintiff received a demand letter from the counterclaim defendant. The counterclaim plaintiff took no action until 2016, when it opposed an application filed by the counterclaim defendant. Nevertheless, not only was that three-year period less than the six years that might have triggered a presumption of inexcusable delay under an application of Pennsylvania state law, but the parties had engaged in face-to-face negotiations in 2015. The court therefore concluded that "this three-year period was not an unreasonable delay"²¹⁶⁶

A claim of delay similarly failed in an action between the national Protestant Episcopal Church in the United States of America, one of its bishops, and some of its South Carolina-based parishes, on the one hand, and a group of breakaway parishes using THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF SOUTH CAROLINA and THE EPISCOPAL DIOCESE OF SOUTH CAROLINA as marks, as well as those parishes' presiding bishop, on the other.²¹⁶⁷ The schism occurred in 2012, and the national church sought leave to intervene and to assert infringement and false advertising causes of action only in 2018. The approximate six-

²¹⁶³ See *Grasshopper House, LLC v. Clean & Sober Media LLC*, 394 F. Supp. 3d 1073 (C.D. Cal. 2019).

²¹⁶⁴ *Id.* at 1096. Following up on this conclusion, the court next rejected the defendants' claims of evidentiary and expectations-based prejudice grounded in the short delay. *Id.* at 1099-1100.

²¹⁶⁵ See *Maduka v. Tropical Nats., Ltd.*, 409 F. Supp. 3d 337 (E.D. Pa. 2019).

²¹⁶⁶ *Id.* at 363.

²¹⁶⁷ See *vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612 (D.S.C. 2019), *appeal docketed*, No. 19-2112 (4th Cir. Apr. 4, 2020).

year period before the intervention was twice the three years required to create a presumption of laches under South Carolina law, but the court excused the church's delay based on the South Carolina-based parties' parallel litigation in South Carolina state court. In 2017, that litigation yielded five separate opinions from the five justices of the Supreme Court of South Carolina, which did little to resolve the trademark aspects of the parties' dispute.²¹⁶⁸ "Based on that [disposition]," the court held on the parties' cross-motions for summary judgment, "[the national church] did not 'unreasonably' delay. Instead, [it] moved to intervene only twelve days after the South Carolina Supreme Court issued its decision . . . , when it became clear that trademark matters would be decided before this Court."²¹⁶⁹ Moreover, and in any case, "in consideration of the public interest, estoppel by laches may not be invoked to deny injunctive relief if it is apparent that the infringing use is likely to cause confusion."²¹⁷⁰

Multiple opinions served as reminders that unreasonable delay in and of itself will not support a finding of laches if the defendant claiming that defense cannot demonstrate prejudice arising from the delay.²¹⁷¹ For example, one such claim arose out of the plaintiff's complaint that the defendant had used the plaintiff's BLUETOOTH certification mark to refer to goods certified to bear the mark after the defendant's incorporation of those goods into automobiles it manufactured.²¹⁷² The summary judgment record established to the court's satisfaction that the plaintiff had delayed challenging the defendant's allegedly unlawful use for at least eight years after learning of the same use by a predecessor of the defendant.²¹⁷³ Not only was the delay more than twice what was necessary to be presumptively unreasonable under the applicable three-year statute of limitations under Washington law, the plaintiff

²¹⁶⁸ See *Protestant Episcopal Church in the Diocese of S.C. v. Episcopal Church*, 806 S.E.2d 82 (S.C. 2017).

²¹⁶⁹ *vonRosenberg*, 412 F. Supp. 3d at 665.

²¹⁷⁰ *Id.* (quoting *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 461 (4th Cir. 1996)).

²¹⁷¹ See, e.g., *Maduka v. Tropical Nats., Ltd.*, 409 F. Supp. 3d 337, 363 (E.D. Pa. 2019) (finding that counterclaim defendant had failed to adduce evidence or testimony of investments into its marks during counterclaim plaintiff's alleged inaction; "[f]urthermore, because [the counterclaim defendant] admits to relabeling products by placing stickers over existing packaging, [the counterclaim defendant] would be able to resell any existing inventory by placing a non-infringing label over an infringing label").

²¹⁷² See *Bluetooth SIG, Inc. v. FCA US LLC*, 463 F. Supp. 3d 1169 (W.D. Wash. 2020).

²¹⁷³ The plaintiff argued that the relevant time period should run only from 2014, the year in which the predecessor merged with another party to form the defendant, but the court rejected that contention, holding that "[the plaintiff] does not explain why [the] merger . . . in 2014 would affect [the plaintiff's] actual or constructive knowledge of [the predecessor's] past infringement." *Id.* at 1196. "Thus," it concluded, "weighing the facts and circumstances, the Court finds that [the defendant] may 'tack on' [the predecessor's] use of [the plaintiff's] trademarks for purposes of laches." *Id.* at 1197.

sporadically notified the defendant's predecessor of its alleged need to take a license from the plaintiff. Under these circumstances, and especially in light of the plaintiff's "robust enforcement program," the court rejected the plaintiff's assertion that it believed the defendant's predecessor had indeed received a license and held the delay unreasonable as a matter of law.²¹⁷⁴

Nevertheless, the defendant's assertion of laches foundered on its perceived inability to establish prejudice linked to the plaintiff's delay. "In the laches context," the court held, "there are two types of prejudice: expectations-based prejudice and evidentiary prejudice."²¹⁷⁵ With respect to the former, the defendant alleged investments into its vehicles for years while the plaintiff dawdled, but the court determined that "[the defendant] has not specified how much money it has invested, the types of transactions [into which] it entered in reliance on [the plaintiff's] unreasonable delay, or any exposure to contractual damages caused by the delay."²¹⁷⁶ The court then found a factual dispute as to evidentiary prejudice, despite the unavailability of former employees of the plaintiff and the possible destruction of relevant documents, crediting the plaintiff's argument that "[the defendant] deposed most of the employees that it said were inaccessible and that [the defendant] cannot be sure that the third-party documents were destroyed as they may have not existed in the first place."²¹⁷⁷ The issue of prejudice therefore required resolution at trial.

Still, however, at least one defendant not only successfully invoked laches as a defense, it did so after a jury tagged it with a finding of infringement and an award of \$550,000 in damages.²¹⁷⁸ Entertaining the defendant's post-trial laches-based motion for relief, the court identified several written discovery responses in which the plaintiff expressly or implicitly acknowledged its awareness of the defendant's allegedly infringing use as early as 2013; although the plaintiff successfully withdrew its rather damning response to a request for admission on the issue, the court found that "the fact that the admission was initially made has some probative value for the purposes of the 'delay in asserting a right or claim' analysis."²¹⁷⁹ The court also rejected testimony by the plaintiff's principal that, although he witnessed actual confusion involving the defendant in early 2014, he did not learn the defendant's identity until 2015. With over four years elapsing

²¹⁷⁴ *Id.* at 1198.

²¹⁷⁵ *Id.*

²¹⁷⁶ *Id.*

²¹⁷⁷ *Id.*

²¹⁷⁸ See *Pinnacle Advert. & Mktg. Grp. v. Pinnacle Advert. & Mktg. Grp.*, 418 F. Supp. 3d 1143 (S.D. Fla. 2019), *appeal docketed*, No. 19-15167 (11th Cir. Dec. 30, 2019).

²¹⁷⁹ *Id.* at 1151.

between early 2014 and the filing date of the plaintiff's complaint in April 2018, the court held a presumption of laches applied.²¹⁸⁰

The remainder of the record did not help revive the plaintiff's case. Not only did the plaintiff fail to object to the defendant's use until it initiated the lawsuit, its principal testified he was "horrified" by instances of actual confusion during his company's inaction; those circumstances led the court to find the inaction inexcusable. Moreover, the court concluded:

I agree with [the defendant] that [its] undue [economic] prejudice could be, and has been, established by showing that [the defendant] expended significant time and money developing its business (under the [infringing] name). And had [the defendant] been made aware of a potential trademark infringement claim, it could have simply changed its name shortly after learning of the potential claim.²¹⁸¹

The defendant therefore had established the existence of laches by a preponderance of the evidence and testimony.

iii. Acquiescence

For the most part, courts entertaining the affirmative defense of acquiescence held that "[t]o establish acquiescence, a defendant must show that '(1) the senior user actively represented that it would not assert a right or a claim; (2) the delay between the active representation and assertion of the right or claim was not excusable; and (3) the delay caused the defendant undue prejudice.'"²¹⁸² Nevertheless, one court adopted a simpler test: "The trademark owner must have 'actively represented that it would not assert a right or a claim.'"²¹⁸³ Although the test for acquiescence is similar to that for laches, the requirement of an active representation of consent by the plaintiff continued to distinguish the two in reported opinions.²¹⁸⁴

That requirement was of no small consequence in several cases.²¹⁸⁵ For example, having been accused of counterfeiting and

²¹⁸⁰ *Id.* at 1152.

²¹⁸¹ *Id.* at 1154.

²¹⁸² *Bluetooth SIG, Inc. v. FCA US LLC*, 463 F. Supp. 3d 1169, 1199 (W.D. Wash. 2020) (quoting *Seller Agency Council, Inc. v. Kennedy Ctr. for Real Est. Educ., Inc.*, 621 F.3d 981, 989 (9th Cir. 2010)); *see also Khan v. Addy's BBQ LLC*, 419 F. Supp. 3d 538, 563 (E.D.N.Y. 2019); *Monster Energy Co. v. BeastUp LLC*, 395 F. Supp. 3d 1334, 1367 (E.D. Cal. 2019).

²¹⁸³ *Oasis Legal Fin. Operating Co. v. Chodes*, 454 F. Supp. 3d 724, 738 (N.D. Ill. 2020) (quoting *Hyson USA, Inc. v. Hyson 2U, Ltd.*, 821 F.3d 935, 941 (7th Cir. 2016)), *appeal docketed*, No. 20-2951 (7th Cir. Oct. 9, 2020).

²¹⁸⁴ *Bluetooth SIG*, 463 F. Supp. 3d at 1199.

²¹⁸⁵ *See, e.g., Monster Energy*, 395 F. Supp. 3d at 1368 (dismissing defense on motion for summary judgment in light of defendant's failure to adduce "any evidence of affirmative conduct that could provide a foundation for an acquiescence defense").

infringing the BLUETOOTH certification mark, one defendant asserted acquiescence as a responsive defense.²¹⁸⁶ As evidence of the plaintiff's affirmative consent to the mark's use, the defendant cited to an e-mail from a representative of the plaintiff advising the defendant's predecessor that, as a licensee, the predecessor could use a logo form of the mark for free. The defendant's predecessor was not licensed, however, and, in any case, the e-mail exchange in question neither identified the particular logo at issue nor set forth the circumstances under which it could be used. "Given that [the defendant] has the burden of proving acquiescence," the court held, "[the plaintiff] satisfied its summary judgment burden by showing that there is an absence of evidence, shifting the burden to [the defendant]."²¹⁸⁷ It therefore disposed of the defense on the plaintiff's motion for summary judgment.²¹⁸⁸

Another defendant fell short in asserting a claim of affirmative consent grounded in the plaintiff's filing practices in the USPTO.²¹⁸⁹ Prior to the outbreak of hostilities between the parties, a predecessor of the lead defendant applied to register the OASIS mark for paralegal services. Within two weeks of learning of that application, the plaintiff filed its own application to register the same mark, but only for litigation-finance services and not paralegal services. As the court summarized the defendants' theory of acquiescence, "plaintiff should have sought registration in the paralegal services class if plaintiff wanted to protect its marks."²¹⁹⁰ Wholly unconvinced by the merits of that position, the court found no material dispute that the plaintiff had not consented to the defendants' use, and it therefore granted the plaintiff's motion for summary judgment on the issue.²¹⁹¹

A final notable reported opinion rejecting a claim of acquiescence (although styled as a "permission" defense) for want of an active representation of consent by the plaintiff came in a dispute over the otherwise unlawful use of counterfeit imitations of marks associated with New York City's police and fire departments.²¹⁹² Attempting to wriggle their way out of liability, the defendants asserted that the Commissioner of the Transit Police had told them that the logo of that agency was "owned by the people of the City of New York"²¹⁹³ and that then-Mayor Rudy Giuliani had stopped by a table during a

²¹⁸⁶ See *Bluetooth SIG*, 463 F. Supp. 3d at 1199-2000.

²¹⁸⁷ *Id.* at 1200.

²¹⁸⁸ *Id.*

²¹⁸⁹ See *Oasis Legal Fin. Operating Co. v. Chodes*, 454 F. Supp. 3d 724 (N.D. Ill. 2020), *appeal docketed*, No. 20-2951 (7th Cir. Oct. 9, 2020).

²¹⁹⁰ *Id.* at 738.

²¹⁹¹ *Id.*

²¹⁹² See *City of New York v. Blue Rage, Inc.*, 435 F. Supp. 3d 472 (E.D.N.Y. 2020).

²¹⁹³ *Id.* at 491.

“Transit Police family day” and viewed the defendants’ merchandise “without any disapproval.”²¹⁹⁴ The Commissioner disputed the defendants’ characterization of his interaction with them and, in any case, the court determined that “[t]o the extent that there is an issue of fact regarding [the Commissioner’s] ‘permission,’ it pertains only to their use of the Transit Police logo, a mark not at issue in this litigation, and thus not material to the current claims”;²¹⁹⁵ likewise, “the Mayor’s purported failure to disapprove of Defendants’ conduct is not tantamount to permission to use the City’s marks.”²¹⁹⁶ The court therefore entered summary judgment in the City’s favor.

iv. Waiver

The only readily apparent reported opinion to address the equitable defense of waiver held that “[w]aiver is the intentional relinquishment of a known right with knowledge of its existence and the intent to relinquish it.’ To apply, ‘waiver must be manifested in an unequivocal manner.’”²¹⁹⁷ In light of the defendant’s failure to address those requirements in its response to the plaintiff’s motion for summary judgment, as well the apparently undisputed fact that the plaintiff had filed suit within three years of the inception of the defendant’s infringing use, the court found as a matter of law that no waiver existed.²¹⁹⁸

3. Remedies

a. Injunctive Relief

i. Prerequisites for Injunctive Relief

In *eBay Inc. v. MercExchange, LLC*,²¹⁹⁹ the Supreme Court identified four showings a plaintiff must make to receive permanent injunctive relief:

- (1) that it has suffered an irreparable injury; (2) that remedies available at law such as monetary damages are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that

²¹⁹⁴ *Id.* at 492.

²¹⁹⁵ *Id.*

²¹⁹⁶ *Id.*

²¹⁹⁷ *Monster Energy Co. v. BeastUp LLC*, 395 F. Supp. 3d 1334, 1367 (E.D. Cal. 2019) (quoting *United States v. King Features Ent., Inc.*, 843 F.2d 394, 399 (9th Cir. 1988); *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1294 (S.D. Cal. 2018)).

²¹⁹⁸ *Id.*

²¹⁹⁹ 547 U.S. 388 (2006).

the public interest would not be disserved by a permanent injunction.²²⁰⁰

In *eBay's* wake, the Court subsequently held in *Winter v. Natural Resources Defense Council, Inc.*²²⁰¹ that the same factors applied in the preliminary injunction context.²²⁰² Courts hearing trademark and unfair competition cases addressed each of these prerequisites—but especially the first—over the past year.

(A) Irreparable Harm

As always, some courts applied the traditional rule—either restored or confirmed (depending on the jurisdiction) by the enactment in late December 2020 of the Trademark Modernization Act²²⁰³—that “injuries arising from Lanham Act violations are presumed to be irreparable, even if the plaintiff fails to demonstrate a business loss”;²²⁰⁴ in jurisdictions still adhering to this proposition, the required showing by prevailing plaintiffs of irreparable harm proved no obstacle to the entry of irreparable harm.²²⁰⁵ In contrast,

²²⁰⁰ *Id.* at 391.

²²⁰¹ 555 U.S. 7 (2008).

²²⁰² *Id.* at 20.

²²⁰³ See Pub. L. No. 116-260, § 226(a) (2020).

²²⁰⁴ *Life After Hate, Inc. v. Free Radicals Project, Inc.*, 410 F. Supp. 3d 891, 909 (N.D. Ill. 2019) (quoting *Promatek Indus. v. Equitrac Corp.*, 300 F.3d 808, 813 (7th Cir. 2002), *as amended* (Oct. 18, 2002)).

²²⁰⁵ See, e.g., *Mainstream Fashions Franchising, Inc. v. All These Things, LLC*, 453 F. Supp. 3d 1167, 1201 (D. Minn. 2020) (“Courts have held that customer confusion surrounding the use of exclusive marks . . . can give rise to irreparable harm because it reflects negatively on the owner of the exclusive marks.”); *ServPro Intell. Prop., Inc. v. Blanton*, 451 F. Supp. 3d 710, 730 (W.D. Ky. 2020) (“[G]enerally, irreparable injury, the first factor, is presumed from a showing of success on the merits of a trademark infringement claim.” (quoting *Deere & Co. v. FIMCO Inc.*, 302 F. Supp. 3d 837, 903 (W.D. Ky. 2017), *superseded in part*, 301 F. Supp. 3d 704 (W.D. Ky. 2018)); *ICENY USA, LLC v. M & M’s, LLC*, 421 F. Supp. 3d 204, 221 (D. Md. 2019) (“In trademark infringement cases, ‘a presumption of irreparable injury is generally applied once the [movant] has demonstrated a likelihood of confusion’ because of the inherent injury to goodwill and the reputation of the moving party.” (alteration in original) (quoting *Scotts Co. v. United Indus.*, 315 F. 3d 264, 273 (4th Cir. 2002)); *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)); *Choice Hotels Int’l, Inc. v. Royal Touch Hosp., LLC* (NC), 409 F. Supp. 3d 559, 569 (W.D. Va. 2019) (“The Fourth Circuit has held that, in the context of a Lanham Act trademark infringement action, [a] finding of irreparable injury [to the plaintiff] ordinarily follows when a likelihood of confusion or possible risk to reputation appears.” (alterations in original) (quoting *Wonder Works v. Cranium, Inc.*, 455 F. Supp. 2d 453, 457 (D.S.C. 2006)); *George Sink, P.A. Injury Laws v. George Sink II Law Firm LLC*, 407 F. Supp. 3d 539, 559 (D.S.C.) (“[A] finding of irreparable harm usually follows a finding of unlawful use of a trademark and a likelihood of confusion.” (quoting *Ledo Pizza Sys., Inc. v. Singh*, No. WDQ-13-2365, 2013 WL 5604339, at *3 (D. Md. Oct. 10, 2013) (alteration in original)), *modified sub nom.* *George Sink PA Injury Laws v. George Sink II Law Firm*

however, some courts held the presumption no longer available after *eBay* and *Winter*, a view resulting in the denial of injunctive relief in more than one case in which the plaintiffs brought little else to the table.²²⁰⁶

Of course, even in jurisdictions not recognizing the presumption of irreparable harm prior to the TMA, some prevailing plaintiffs proved the existence of that harm as a factual matter, often by relying on the threat to their reputations occasioned by defendants' misconduct. For example, having found that defendant's promotion of 3M-branded N95 respirator facemasks at inflated prices constituted both infringement and false advertising, a New York federal district court had little trouble finding that 3M had suffered irreparable harm as a result.²²⁰⁷ For one thing, the court found, "3M cannot control whether the products that Defendant is offering for sale and/or selling outside of its authorized trade channels adhere to 3M's rigorous quality-control standards."²²⁰⁸ And, for another:

Defendant also is using the 3M Marks to create the false impression that it is authorized to solicit large orders for N95 respirators at inflated prices on 3M's behalf during the COVID-19 global pandemic. No amount of money could repair the damage to 3M'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.²²⁰⁹

In the final analysis, "3M should not have its carefully curated brand and reputation left to the devices of Defendant's scheme to profit from a pandemic. Yet, that is precisely what will happen in the absence of [a] PI."²²¹⁰

LLC, No. 2:19-cv-01206-DCN, 2019 WL 6318778 (D.S.C. Nov. 26, 2019) *appeal dismissed sub nom.* Sink v. George Sink II Law Firm LLC, No. 19-2359, 2019 WL 9042869 (4th Cir. Dec. 18, 2019), and *appeal dismissed sub nom.* George Sink, P.A. v. George Sink II Law Firm, LLC, No. 19-1960, 2019 WL 8112874 (4th Cir. Dec. 18, 2019); 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)).

²²⁰⁶ 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* [sic] decision, 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" and faulting plaintiff for failing to substantiate claim of reputational damage in absence of injunctive relief).

²²⁰⁷ See *3M Co. v. Performance Supply, LLC*, 458 F. Supp. 3d 181 (S.D.N.Y. 2020).

²²⁰⁸ *Id.* at 192.

²²⁰⁹ *Id.*

²²¹⁰ *Id.*

As that outcome demonstrated, some courts accepted threatened reputational injury in and of itself as evidence of irreparable harm, but for others it was part of larger evidentiary showings by prevailing plaintiffs. For example, a Georgia federal district court entering preliminary injunctive relief noted that “[i]rreparable harm has previously been found to exist based on a substantial threat of customer confusion and the resulting harm to the plaintiff’s reputation and goodwill.”²²¹¹ But the court also credited more detailed testimony by an expert witness retained by the plaintiff that the defendant’s continued use of its infringing mark would irreparably harm: (1) consumers’ awareness of the plaintiff’s mark and their association of the mark with the plaintiff; (2) positive brand associations between the plaintiff and the mark; (3) consumers’ perceptions of quality associated with the mark; (4) consumer and customer loyalty; and (5) the plaintiff’s relationships with its manufacturers and distributors.²²¹²

So too did a Connecticut federal district court accept showings of reputational harm and other considerations as establishing the irreparable injury necessary for the grant of the plaintiff’s preliminary injunction motion.²²¹³ The most notable aspect of the court’s finding in the plaintiff’s favor was its conclusion that the continued use of the defendant’s infringing MUFFLERWELD mark for a muffler sealant presented the risk of the plaintiff’s MUFFLER WELD mark for the same goods falling into the public domain as generic.²²¹⁴ More conventionally, it also found that “as [the plaintiff] argues, its factual showing that a direct competitor used a near-identical word mark to market a near-identical product is sufficient to show that [the plaintiff] has lost at least a degree of control over MUFFLER WELD’s reputation in the marketplace.”²²¹⁵ Finally, it accepted the plaintiff’s showing of “a specific instance in which the appropriation of its trademark has already caused, and will continue to cause, it to lose control of the MUFFLER WELD mark—[a third party retailer’s] decision to stop stocking [the plaintiff’s]

²²¹¹ *Reinalt-Thomas Corp. v. Mavis Tire Supply, LLC*, 391 F. Supp. 3d 1261, 1281 (N.D. Ga. 2019).

²²¹² *Id.*

²²¹³ *See Ill. Tool Works Inc. v. J-B Weld Co.*, 419 F. Supp. 3d 382 (D. Conn.), *modified*, No. 3:19-CV-01434 (JAM), 2019 WL 7816510 (D. Conn. Dec. 20, 2019).

²²¹⁴ The court elaborated on this point in the following manner:

[E]ach day customers see two products, identical in all but brand, being marketed as “Muffler Weld,” they will be more inclined to call all muffler sealants “Muffler Weld,” weakening and genericizing the MUFFLER WELD mark notwithstanding the use of “Muffler Cement” or the house mark on [the defendant’s] packaging, or the different containers for the substances, and rendering the MUFFLER WELD ultimately vulnerable to attack or deregistration as generic in the fullness of time. This erosion of the mark’s value is serious, ongoing, and unquantifiable.

Id. at 404 (citations omitted).

²²¹⁵ *Id.*

Muffler Weld and start stocking [the defendant's] MufflerWeld," a development likely to lead consumers to associate the plaintiff's mark with the defendant.²²¹⁶

A Texas federal district court employed a similar threat-to-reputation-plus-something-more analysis in also granting a preliminary injunction motion.²²¹⁷ Although holding that the plaintiff's demonstration of success on the merits entitled it to the benefit of the presumption of irreparable harm, "[t]o the extent that [the] presumption still applies,"²²¹⁸ the court also found that "[the plaintiff] has shown that it has experienced a loss of control of reputation, a loss of goodwill, and a loss of trade."²²¹⁹ That finding rested on the plaintiff's showings both of actual confusion that had cost it revenue and of consumer complaints about the quality of the defendants' goods. Especially because "[Plaintiff] does not have to prove that the Defendants are offering inferior services, only that there is the possibility that the services or goods are not to the satisfaction of [Plaintiff]."²²²⁰

In contrast, alleged reputational injury played a reduced role in another finding of irreparable harm, which occurred in a dispute between parties selling competing soap products.²²²¹ Weighing the prevailing counterclaim plaintiff's request for a permanent injunction, the court first found that "[the counterclaim plaintiff] has suffered an irreparable injury because [the counterclaim defendant] has and continues to infringe upon its trademark and does so in a manner that the parties concede is likely to cause confusion among consumers."²²²² Only then did the court further find irreparable harm based on evidence and testimony in the trial record that the counterclaim defendant used his infringing marks in connection with "black soap having a slightly different formulation than the black soap manufactured by [the counterclaim plaintiff], and thus, [the counterclaim plaintiff's] mark is used, without its consent, on goods which deviate from the characteristics which [the counterclaim plaintiff] chooses to have consumers associate with its soap."²²²³

A separate opinion finding irreparable harm in the absence of a permanent injunction dismissed a defense claim that the challenged

²²¹⁶ *Id.*

²²¹⁷ See *Fletcher's Original State Fair Corny Dogs, LLC v. Fletcher-Warner Holdings LLC*, 434 F. Supp. 3d 473 (E.D. Tex. 2020).

²²¹⁸ *Id.* at 495.

²²¹⁹ *Id.* at 496.

²²²⁰ *Id.*

²²²¹ See *Maduka v. Tropical Nats., Ltd.*, 409 F. Supp. 3d 337 (E.D. Pa. 2019).

²²²² *Id.* at 363.

²²²³ *Id.*

conduct (false advertising) had been voluntarily discontinued.²²²⁴ The court's consideration of the issue did not begin in promising fashion for the defendants, for it produced the initial observation that "the test for when a claim becomes mooted by a defendant's voluntary cessation of a challenged action is stringent, and mootness can only be found 'if subsequent events made it absolutely clear that the allegedly wrongful behavior could not reasonably be expected to recur.'"²²²⁵ "Thus," the court continued, "an injunction is appropriate where a Lanham Act defendant has 'refused to stop violating those rights [protected under the Lanham Act] until [the plaintiff] brought suit in federal district court.'"²²²⁶ Because the defendants had failed to adduce evidence that their unlawful conduct would not recur, injunctive relief was appropriate.²²²⁷

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 an injunction, especially in the context of requests for interlocutory relief. For example, one court declined to issue a temporary restraining order based on the plaintiffs' approximately six-month delay in challenging the defendants' use of a disputed service mark after learning of the defendants' applications to register the mark for the same services.²²²⁸ Moreover, and beyond that, the plaintiffs had known of the defendants' public announcement of the impending use of their allegedly infringing mark for a month before seeking relief.²²²⁹ Under the circumstances, the court denied the requested relief because "[g]iven Defendants' ongoing activities and prior advertising, Plaintiffs do not sufficiently explain what additional or different harm will coincide with Defendants' official 'launch' date such that the Court should enter an order enjoining Defendants without adequate notice or opportunity to be heard."²²³⁰ Indeed, to the contrary, "Plaintiffs' beliefs regarding the immediacy of the injury on a specific future date is misplaced and is insufficient to warrant the issuance of a temporary restraining order without a hearing."²²³¹

²²²⁴ See *Grasshopper House, LLC v. Clean & Sober Media LLC*, 394 F. Supp. 3d 1073 (C.D. Cal. 2019).

²²²⁵ *Id.* at 1106 (quoting *Friends of the Earth, Inc. v. Laidlaw Env't Servs. (TOC), Inc.*, 528 U.S. 167, 189 (2000)).

²²²⁶ *Id.* (quoting *Polo Fashions, Inc. v. Dick Bruhn, Inc.*, 793 F.2d 1132, 1135 (9th Cir. 1986)).

²²²⁷ *Id.*

²²²⁸ See *Rumfish y Vino Corp. v. Fortune Hotels, Inc.*, 403 F. Supp. 3d 1227, 1232 (M.D. Fla. 2019).

²²²⁹ *Id.*

²²³⁰ *Id.*

²²³¹ *Id.*

Not surprisingly, an even longer delay had the same effect on the viability of a preliminary injunction motion filed with a New York federal district court.²²³² The plaintiff apparently leaned heavily on the presumption of irreparable harm, but the unlikelihood of the plaintiff prevailing on any of its causes of action rendered the presumption unavailable, even if still existed, which the court held it did not.²²³³ The court also rejected the plaintiff's "conclusory and unsupported assertions" of reputational damage, which, "without more," were "insufficient to satisfy his burden of showing that irreparable harm would be likely in the absence of a preliminary injunction."²²³⁴ The final consideration in the court's refusal to reach a finding of irreparable harm, however, was that "plaintiff did not commence this action until . . . approximately nine (9) months [after leaving a partnership with the defendants]; and he did not seek injunctive relief until almost four (4) months thereafter . . ."²²³⁵

One plaintiff delayed longer still in pursuing a doomed preliminary injunction.²²³⁶ The record on that motion established the plaintiff's awareness of the defendant's allegedly infringing use as early as June 2015, at which point the plaintiff pursued advice from litigation counsel. Slow to anger, the plaintiff contacted the defendant with a demand letter in May 2018, brought suit in September 2018, and only in March 2019 sought preliminary injunctive relief. Seeking to explain away the plaintiff's apparent lethargy, one of the plaintiff's witnesses asserted his belief that the defendant's operations were limited to the San Francisco area and that the defendant was using a mark slightly different from the one it actually was, but he failed to explain the bases of those beliefs.²²³⁷ Likewise, even if the plaintiff justifiably deferred acting until the defendant's allegedly progressive encroachment became apparent, that did not excuse the gap between the filing of the lawsuit and its request to the court for a preliminary injunction.²²³⁸ The court therefore denied the motion with the observation that "[the plaintiff] has failed to demonstrate that it is facing a likelihood of irreparable harm warranting urgent injunctive relief."²²³⁹

²²³² See *Khan v. Addy's BBQ LLC*, 419 F. Supp. 3d 538 (E.D.N.Y. 2019).

²²³³ *Id.* at 561.

²²³⁴ *Id.* at 562.

²²³⁵ *Id.*

²²³⁶ See *Kiva Health Brands LLC v. Kiva Brands Inc.*, 402 F. Supp. 3d 877 (N.D. Cal. 2019).

²²³⁷ *Id.* at 897-98.

²²³⁸ *Id.* at 898-99.

²²³⁹ *Id.* at 899.

As always, however, not all delays were fatal to bids for preliminary injunctive relief.²²⁴⁰ For example, one court entered such an injunction even though the plaintiff had first objected to the defendant's use in 2009 but had not followed up on its request for a discontinuance of that use until approximately a decade later.²²⁴¹ As the court held in finding irreparable harm despite the delay, the plaintiff's motion sought relief only in the states of Georgia and Florida, and the defendant had only recently entered them under its mark: "[T]he purported delay resulted from the fact that [the defendant] originally used the [infringing] mark in a market that did not overlap with [the plaintiff's]. Once the markets began to overlap, [the plaintiff] promptly filed this action and the motion for a preliminary injunction."²²⁴²

Having delayed for fourteen months before seeking a preliminary injunction, the plaintiff in a different action similarly explained away its inaction.²²⁴³ In finding the plaintiff would suffer irreparable harm without the relief it sought, the court credited the plaintiff's showing that it had quickly retained one attorney to register its allegedly infringed marks, retained another to prepare a cease-and-demand letter to the defendants, and attempted to regain control of a domain name registered by one of the defendants while employed by the plaintiff. "More time passed while [the plaintiff] waited on the results of its USPTO applications and found a third set of attorneys to assist it in bringing its claims," the court noted, "but once it secured new counsel, it promptly brought this suit."²²⁴⁴ Under the circumstances:

Though 14 months is certainly pushing the limit, [Plaintiff] demonstrated that it was making good faith efforts during that time to investigate and prosecute its trademark rights. And Defendants cannot credibly argue that they were "lulled into a false sense of security by the delay," given that [Plaintiff] sent [one Defendant] a cease-and-desist letter . . . and declined that [Defendant's] [responsive settlement proposal].²²⁴⁵

A final notable opinion on the issue of irreparable harm turned in part on the aggressiveness of the preliminary injunction sought

²²⁴⁰ See, e.g., *Fletcher's Original State Fair Corny Dogs, LLC v. Fletcher-Warner Holdings LLC*, 434 F. Supp. 3d 473, 496 (E.D. Tex. 2020) (excusing four-month delay in seeking preliminary injunction in light of ongoing settlement negotiations between parties).

²²⁴¹ See *Reinalt-Thomas Corp. v. Mavis Tire Supply, LLC*, 391 F. Supp. 3d 1261 (N.D. Ga. 2019).

²²⁴² *Id.* at 1282.

²²⁴³ See *Life After Hate, Inc. v. Free Radicals Project, Inc.*, 410 F. Supp. 3d 891 (N.D. Ill. 2019).

²²⁴⁴ *Id.* at 910.

²²⁴⁵ *Id.*

by the otherwise prevailing plaintiff, which would have frozen the defendants' assets.²²⁴⁶ "For purposes of seeking a preliminary injunction to freeze assets," the court held, "demonstrating irreparable harm requires 'a showing that plaintiffs are likely to become entitled to the encumbered funds upon final judgment and a showing that without the preliminary injunction, plaintiffs will probably be unable to recover those funds.'"²²⁴⁷ It then rejected the plaintiffs' showing under that test, which consisted largely of evidence that the defendants were transferring money from the lead corporate defendant into "a personal brokerage account in the name[s] of the individual defendants], known as the 'family office' account."²²⁴⁸ The plaintiff claimed it would be irreparably harmed if the defendants' funds were dispersed and therefore unavailable to be applied to the disgorgement of profits it sought, but the court was unconvinced. Noting "a disconnect between the remedy [the plaintiff] seeks—all assets in these accounts—and the relief requested in the Verified Complaint—an accounting of and disgorgement of profits from the offending . . . products,"²²⁴⁹ it found that "[the plaintiff's] request for an order freezing tens of millions of dollars would be far too broad a remedy."²²⁵⁰

(B) Inadequacy of Legal Remedies

The second doctrinal requirement for injunctive relief, namely, the inadequacy of legal remedies, did not pose much of an obstacle to prevailing plaintiffs.²²⁵¹ For example, in the course of entering a permanent injunction against continued infringement, one court held simply that "purely legal remedies are plainly inadequate: this

²²⁴⁶ See *Juul Lab's v. 4X PODS.*, 439 F. Supp. 3d 341 (D.N.J.), *appeal dismissed*, No. 20-1490, 2020 WL 5240430 (3d Cir. July 24, 2020).

²²⁴⁷ *Id.* at 358 (quoting *Hoxworth v. Blinder, Robinson & Co.*, 903 F.2d 186, 197 (3d Cir. 1990), *holding modified by* *Am. Tel. & Tel. Co. v. Winback & Conserve Program, Inc.*, 42 F.3d 1421 (3d Cir. 1994)).

²²⁴⁸ *Id.*

²²⁴⁹ *Id.* at 359 (citation omitted).

²²⁵⁰ *Id.*

²²⁵¹ See, e.g., *Choice Hotels Int'l, Inc. v. Royal Touch Hosp., LLC (NC)*, 409 F. Supp. 3d 559, 569 (W.D. Va. 2019) ("Monetary damages in trademark infringement suits are typically inadequate because while they may compensate plaintiffs for damages they have already incurred, monetary damages do not prevent future infringement from occurring." (quoting *RXD Media, LLC v. IP Application Dev.*, No. 1:18-cv-486, 2019 WL 2569543, at *1 (E.D. Va. June 21, 2019)); *Maduka v. Tropical Nats., Ltd.*, 409 F. Supp. 3d 337, 364 (E.D. Pa. 2019) (finding, without extended discussion, that "monetary damages are inadequate in this case because they would not sufficiently deter [the counterclaim defendant] from engaging in future infringement and unfair competition"); *Grasshopper House, LLC v. Clean & Sober Media LLC*, 394 F. Supp. 3d 1073, 1105 (C.D. Cal. 2019) (finding, in cursory analysis, that "monetary damages would be inadequate to compensate [the plaintiff] for the negative publicity [the plaintiff] experienced resulting from [the defendants'] conduct").

is not a matter of monetary damages, instead it is the issue of an adoption of the Plaintiffs' history, goodwill, and name. Further, legal remedies would not sufficiently protect against future violations."²²⁵² Likewise, another court entering a preliminary injunction similarly observed that "[l]oss of . . . reputation cannot adequately be repaired by monetary damages."²²⁵³

(C) *Balance of Hardships*

Prevailing plaintiffs generally succeeded in demonstrating that the balance of the hardships favored the entry of injunctive relief.²²⁵⁴ One notable example of that phenomenon came in a case in which the 3M Company accused a defendant—otherwise in the business of selling motorized vehicles—of falsely representing it could deliver 3M-branded respirator masks and other personal protective equipment at inflated prices.²²⁵⁵ With respect to any hardship potentially suffered by the defendant, the court found that “[i]t would not be a ‘hardship’ for Defendant to refrain from engaging in unlawful activities related to 3M’s brand (which constitute, inter alia, trademark infringement, false association, and price-gouging).”²²⁵⁶ “This is especially true,” the court continued, “given that Defendant sells products unrelated to 3M’s brand (*e.g.*, vehicles and automobiles), and could continue doing so under a PI.”²²⁵⁷ In

²²⁵² vonRosenberg v. Lawrence, 412 F. Supp. 3d 612, 666 (D.S.C. 2019), *appeal docketed*, No. 19-2112 (4th Cir. Apr. 4, 2020).

²²⁵³ Traeger Pellet Grills, LLC v. Dansons US, LLC, 421 F. Supp. 3d 876, 889 (D. Ariz. 2019), *appeal dismissed*, No. 19-17211, 2020 WL 470307 (9th Cir. Jan. 8, 2020).

²²⁵⁴ *See, e.g.*, Life After Hate, Inc. v. Free Radicals Project, Inc., 410 F. Supp. 3d 891, 910–11 (N.D. Ill. 2019) (“Defendants have not identified any meaningful harm they will incur as a result of the injunction being granted. They argue that an injunction will damage [one Defendant’s] goodwill and reputation . . . , but they do not explain *how* that damage will emanate from the injunction. They simply conflate an injunction with loss of goodwill and standing in the community. Weighing that speculative, conclusory assertion against the presumptively irreparable harm [Plaintiff] will suffer if Defendants’ [sic] continue to use its marks, a preliminary injunction is appropriate here.” (citations omitted)); *Choice Hotels Int’l*, 409 F. Supp. 3d at 569 (“Balancing the hardships, [Plaintiff] has a significant interest in maintaining the integrity of its intellectual property, and the absence of a permanent injunction would subject [Plaintiff] to the risk of having its marks used in commerce by an uncontrollable entity. Defendants, by contrast, would be required not to use [Plaintiff’s] trademarks.”); *Maduka v. Tropical Nats., Ltd.*, 409 F. Supp. 3d 337, 364 (E.D. Pa. 2019) (finding that counterclaim defendant would not suffer harm from entry of permanent injunction in light of his concession that “the costs associated with re-labeling his infringing products will be limited, given that [the counterclaim defendant] can print his labels in-house”); *Reinalt-Thomas Corp. v. Mavis Tire Supply, LLC*, 391 F. Supp. 3d 1261, 1282 (N.D. Ga. 2019) (holding without extensive discussion, that “[i]n light of [the plaintiff’s] likelihood of success on the merits and demonstration that irreparable harm is likely, the Court concludes that the balance of the equities favors granting injunctive relief”).

²²⁵⁵ *See* 3M Co. v. Performance Supply, LLC, 458 F. Supp. 3d 181 (S.D.N.Y. 2020).

²²⁵⁶ *Id.* at 197.

²²⁵⁷ *Id.*

contrast, “[n]o amount of money could repair the damage to 3M’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.”²²⁵⁸

A plaintiff in the corndog business succeeded with a comparable showing.²²⁵⁹ The court hearing its motion for preliminary injunctive relief found that “[t]he burden of losing control of its mark, the loss of customers, and the harm to [Plaintiff’s] reputation and goodwill are greater than the cost to Defendants, who have failed to identify any cost to them not created by their own likely infringing activities.”²²⁶⁰ Although the defendants alleged they could be held in breach of their contracts with third parties, they failed to establish to the court’s satisfaction that continued use of their infringing mark was a material term of those contracts. Of equal importance, the defendants also neglected to substantiate their claim that they might be responsible for the costs of new advertising materials produced by the third parties, which rendered that alleged harm was “at best” conjectural.²²⁶¹ Finally, “Defendants deliberately accepted the risk of harm when they decided to use the confusingly similar marks at issue in this case and to continue to use those marks following [Plaintiff’s] cease-and-desist letter.”²²⁶²

Having found confusion likely between the marks used by two law firms, another court resolving competing claims of harm in the plaintiff’s favor noted the following potential effects of its preliminary injunction on the lead defendant:

[He] will not be prevented from practicing law, but will merely need to clarify to the public that he is a separate business from [the plaintiff]. He will be required to change or temporarily remove his website, change or temporarily remove his business Facebook profile, change the infringing email addresses, and change his professional information on the various state bar websites.²²⁶³

²²⁵⁸ *Id.* at 192.

²²⁵⁹ *See* Fletcher’s Original State Fair Corny Dogs, LLC v. Fletcher-Warner Holdings LLC, 434 F. Supp. 3d 473 (E.D. Tex. 2020).

²²⁶⁰ *Id.* at 496.

²²⁶¹ *Id.* at 497.

²²⁶² *Id.*

²²⁶³ *George Sink, P.A. Injury Laws. v. George Sink II Law Firm LLC*, 407 F. Supp. 3d 539, 560 (D.S.C.), *modified sub nom.* *George Sink PA Injury Laws. v. George Sink II Law Firm LLC*, No. 2:19-CV-01206-DCN, 2019 WL 6318778 (D.S.C. Nov. 26, 2019), *appeal dismissed sub nom.* *Sink v. George Sink II Law Firm LLC*, No. 19-2359, 2019 WL 9042869 (4th Cir. Dec. 18, 2019), *and appeal dismissed sub nom.* *George Sink, P.A. v. George Sink II Law Firm, LLC*, No. 19-1960, 2019 WL 8112874 (4th Cir. Dec. 18, 2019).

These actions were not “too severe” and could be “accomplished with relative ease”;²²⁶⁴ moreover, they could be reversed if the case was ultimately resolved in the defendants’ favor.²²⁶⁵

Still other reported opinions were to similar effect. Thus, for example, one court entered a preliminary injunction after finding that “[a]lthough the injunction will substantially disrupt some of [the defendant’s] plans, the harms [the defendant] identifies either do not apply to the specific injunction the court is issuing or are self-inflicted.”²²⁶⁶ And another observed in the same context that “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.”²²⁶⁷

Nevertheless, some defendants prevailed on the issue. Although failing to demonstrate likely success on the merits in the first instance, a plaintiff with two restaurants who challenged the defendants’ operation of another restaurant under a closely similar name fell equally short in his attempt to establish that a balance of the equities favored entry of a preliminary injunction.²²⁶⁸ According to the court, “[t]he injunctive relief sought would provide little benefit to plaintiff, who . . . has not demonstrated any tangible harm, whether financial or reputational, from defendants['] continued use of a similar name in their operation of [their] restaurant; whereas defendants would be substantially harmed by enjoining them from continuing to operate the same business under the same name which they have operated for approximately two (2) years.”²²⁶⁹

A similar analysis underlay a refusal to grant a preliminary injunction motion in a case in which the defendants began using their allegedly infringing mark for cannabis-infused chocolates years before the plaintiff adopted its mark but nevertheless were the junior users because of the unlawfulness of their use.²²⁷⁰ The plaintiff failed to demonstrate it was likely to prevail in the first instance, and, in finding that the balance of the hardships favored the defendants, the court noted that “[t]his is not a case where an infringing defendant has intentionally usurped another’s mark.”²²⁷¹

²²⁶⁴ *Id.*

²²⁶⁵ *Id.*

²²⁶⁶ *Equitable Nat’l Life Ins. Co. v. AXA Equitable Life Ins. Co.*, 434 F. Supp. 3d 1227, 1254 (D. Utah), *appeal dismissed*, No. 20-4008, 2020 WL 4188026 (10th Cir. Feb. 5, 2020).

²²⁶⁷ *Fletcher’s Original State Fair Corny Dogs, LLC v. Fletcher-Warner Holdings LLC*, 434 F. Supp. 3d 473, 497 (E.D. Tex. 2020).

²²⁶⁸ *See Khan v. Addy’s BBQ LLC*, 419 F. Supp. 3d 538, 564 (E.D.N.Y. 2019).

²²⁶⁹ *Id.* at 564.

²²⁷⁰ *See Kiva Health Brands LLC v. Kiva Brands Inc.*, 402 F. Supp. 3d 877 (N.D. Cal. 2019).

²²⁷¹ *Id.* at 899.

Instead, it credited the defendants' showings of almost eight years spent on product development and the need for an investment of over \$3 million to rebrand in the event of an injunction. Under the circumstances, the court concluded, "[t]he hardship to [the defendants] in granting an injunction and forcing it to undergo a massive rebranding of [their] name . . . would . . . be much greater than the hardship to [the plaintiff] in denying an injunction and thereby maintaining the status quo."²²⁷²

(D) Public Interest

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.²²⁷³ The 3M

²²⁷² *Id.*

²²⁷³ See, e.g., *Juul Lab's v. 4X PODS.*, 439 F. Supp. 3d 341, 359 (D.N.J.) ("The public interest in preventing further violations of the law and preserving viable assets outweighs an individual's interest in protecting potentially ill-gotten profits."), *appeal dismissed*, No. 20-1490, 2020 WL 5240430 (3d Cir. July 24, 2020); *Equitable Nat'l Life Ins. Co., Inc. v. AXA Equitable Life Ins. Co.*, 434 F. Supp. 3d 1227, 1255 (D. Utah) (holding trademark infringement "inherently contrary to the public interest"), *appeal dismissed*, No. 20-4008, 2020 WL 4188026 (10th Cir. Feb. 5, 2020); *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, LLC v. Ruth Farm Inc.*, No. 4:19-CV-00067, 2019 WL 1560442, at *10 (E.D. Tex. Apr. 10, 2019)); *Traeger Pellet Grills, LLC v. Dansons US, LLC*, 421 F. Supp. 3d 876, 890 (D. Ariz. 2019) ("An injunction that seeks to prevent confusion to consumers in a trademark case is in the public interest."), *appeal dismissed*, No. 19-17211, 2020 WL 470307 (9th Cir. Jan. 8, 2020); *ICENY USA, LLC v. M & M's, LLC*, 421 F. Supp. 3d 204, 223 (D. Md. 2019) ("The public has an interest in validating the interests of trademark owners . . ."); *vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612, 666 (D.S.C. 2019) ("[T]he public interest would be served by preventing future consumers from being misled."), *appeal docketed*, No. 19-2112 (4th Cir. Apr. 4, 2020); *Life After Hate, Inc. v. Free Radicals Project, Inc.*, 410 F. Supp. 3d 891, 911 (N.D. Ill. 2019) ("Enforcement of trademark law serves the public interest by reducing consumer confusion. . . . All the injunction will do is prevent [Defendants] from using [Plaintiff's] trademarks to promote their own services. [Defendants] can continue to perform the important work of preventing dangerous and violent extremism (and the Court sincerely hopes that [they] will), but [they] must do so without using [Plaintiff's] trademarks."); *Maduka v. Tropical Nats., Ltd.*, 409 F. Supp. 3d 337, 364 (E.D. Pa. 2019) ("[A]n injunction in this case will further the public's interest in the protection of trademarks and prevent public confusion as to the source of goods."); *George Sink, P.A. Injury Laws. v. George Sink II Law Firm LLC*, 407 F. Supp. 3d 539, 560 (D.S.C.) ("Preventing consumers from being confused serves the public interest, as does preventing trademarks from being used deceptively, protecting the interests of trademark owners, and enforcing valid contracts." (quoting *Toolchex, Inc. v. Trainor*, 634 F. Supp. 2d 586, 594 (E.D. Va. 2008)), *modified sub nom.* *George Sink PA Injury Laws. v. George Sink II Law Firm LLC*, No. 2:19-CV-01206-DCN, 2019 WL 6318778 (D.S.C. Nov. 26, 2019), *appeal dismissed sub nom.* *Sink v. George Sink II Law Firm LLC*, No. 19-2359, 2019 WL 9042869 (4th Cir. Dec. 18, 2019), *and appeal dismissed sub nom.* *George Sink, P.A. v. George Sink II Law Firm, LLC*, No. 19-1960, 2019 WL 8112874 (4th Cir. Dec. 18, 2019); *Grasshopper House, LLC v. Clean & Sober Media LLC*, 394 F. Supp. 3d 1073, 1105 (C.D. Cal. 2019) ("[T]here are no identifiable public interest concerns implicated in connection with the issuance of injunctive relief against [the defendants] precluding them from future violations of the Lanham Act.");

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).²²⁷⁴ 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.²²⁷⁵

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.²²⁷⁶

Another court reaching a finding that the public interest favored the entry of preliminary injunctive relief did so in a case between two producers of muffler sealants.²²⁷⁷ In addition to reaching the usual finding that the public had an interest in avoiding

Reinalt-Thomas Corp. v. Mavis Tire Supply, LLC, 391 F. Supp. 3d 1261, 1282 (N.D. Ga. 2019) (“The public interest is served by protecting valid trademarks from infringement or dilution and preventing confusion in the marketplace.”).

²²⁷⁴ See 3M Co. v. Performance Supply, LLC, 458 F. Supp. 3d 181 (S.D.N.Y. 2020).

²²⁷⁵ *Id.* at 198.

²²⁷⁶ *Id.*

²²⁷⁷ See Ill. Tool Works Inc. v. J-B Weld Co., 419 F. Supp. 3d 382 (D. Conn.), *modified*, No. 3:19-CV-01434 (JAM), 2019 WL 7816510 (D. Conn. Dec. 20, 2019).

confusion,²²⁷⁸ the court found that “the public interest is particularly served by an injunction in this case because of the acknowledged chemical differences between the products at issue.”²²⁷⁹ On the latter point, it observed that “consumers are confronted with a situation where they are being sold two different chemicals under the same name, with packaging claiming that they do the same thing, and with almost no ability to distinguish them except by brand unless they are very keen readers of fine print safety warnings.”²²⁸⁰ “Since the purpose of sealing car mufflers and other auto exhausts is, among other things, to protect the occupants of a car from carbon monoxide poisoning,” the court concluded, “the public is ill-served by even the potential for confusion.”²²⁸¹

Nevertheless, a finding that the public interest mandated injunctive relief was not the outcome of all litigation. In a case in which the plaintiff failed to demonstrate that confusion was likely between its mark, under which it sold “GMO free, pure, healthy food products sourced from eco-friendly farmers,”²²⁸² and the defendants’ mark, used in connection with cannabis-infused chocolates, the court found the plaintiff’s suggestion that the public might mistake one party’s goods for those of the other “nonsensical.”²²⁸³ Instead, it observed, “[i]t is hard to imagine a customer wanting to order some Omega 3 Fish Oil from [the plaintiff] and ending up with—and mistakenly ingesting—a cannabis-infused confection by mistake.”²²⁸⁴ Thus, although the public interest might favor entry of the preliminary injunction sought by the plaintiff, it did not do so “as strongly as [the plaintiff] suggests.”²²⁸⁵

ii. Terms of Injunctive Relief

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.²²⁸⁶ The court made short work of that

²²⁷⁸ *Id.* at 405.

²²⁷⁹ *Id.* at 405-06.

²²⁸⁰ *Id.* at 406.

²²⁸¹ *Id.*

²²⁸² *Kiva Health Brands LLC v. Kiva Brands Inc.*, 402 F. Supp. 3d 877, 900 (N.D. Cal. 2019).

²²⁸³ *Id.*

²²⁸⁴ *Id.*

²²⁸⁵ *Id.*

²²⁸⁶ *See Quincy Bioscience, LLC v. Ellishbooks*, 957 F.3d 725 (7th Cir. 2020).

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.²²⁸⁷ 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 59,²²⁸⁸ the defendant's failure to oppose the motion also precluded it from objecting to the injunction's terms.²²⁸⁹

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.²²⁹⁰ In doing so, however, the district court failed to comply with Rule 65(d)(1)(C), which requires the articulation of the terms of every injunction without references to any other document.²²⁹¹ 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,²²⁹² nor Rule 62(d)(2), which conditions modification of an injunction in the plaintiff's favor on the posting of security.²²⁹³ 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."²²⁹⁴

Finally, in an opinion otherwise favorable to the prevailing plaintiff below, the Seventh Circuit affirmed the refusal by a Wisconsin federal district court to enjoin the use of a mark found infringing after a jury trial.²²⁹⁵ Instead, the relief entered below required the defendant to use a disclaimer "clarifying that it is a different company from [the plaintiff]."²²⁹⁶ The appellate court observed that "[the plaintiff] presented a great deal of evidence of people confusing it for [the defendant], but not otherwise causing

²²⁸⁷ *Id.* at 731.

²²⁸⁸ Fed. R. Civ. P. 59.

²²⁸⁹ 957 F.3d at 730.

²²⁹⁰ *See MillerCoors LLC v. Anheuser-Busch Cos.*, 940 F.3d 922 (7th Cir. 2019) (per curiam).

²²⁹¹ Fed. R. Civ. P. 65(d)(1)(C).

²²⁹² Fed. R. Civ. P. 62.1

²²⁹³ Fed. R. Civ. P. 65(d)(2).

²²⁹⁴ *MillerCoors*, 940 F.3d at 922.

²²⁹⁵ *See Fabick, Inc. v. JFTCO, Inc.*, 944 F.3d 649 (7th Cir. 2019).

²²⁹⁶ *Id.* at 659.

harm, irreparable or otherwise.”²²⁹⁷ 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.”²²⁹⁸ 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.”²²⁹⁹

Outside the Seventh Circuit, a South Carolina federal district court entered a fairly aggressive preliminary injunction after finding that the defendants’ GEORGE SINK LAW FIRM and GEORGE SINK II LAW FIRM marks infringed the plaintiff’s GEORGE SINK, P.A. INJURY LAWYERS mark.²³⁰⁰ After barring the defendants from using those marks, the court added that “[t]his order applies to defendants’ use of these marks on its Facebook page, on the bar membership websites for the South Carolina and Georgia state bars, and in any other public or online space in which these marks are being used.”²³⁰¹ Finally, it enjoined the use of “GEORGE SINK as a professional email address.”²³⁰²

The proper terms of a permanent injunction also proved a source of litigation before a California federal district court following its finding that a group of defendants were liable for false advertising after they promoted a substance-abuse rehabilitation facility through a misleading online review.²³⁰³ The prevailing plaintiff requested the removal of the offending review from the websites of all competing facilities owned by the defendants, “as well as from search engines, content delivery networks, archives, or other websites containing the review,” a remedy the court agreed to enter.²³⁰⁴ The court then found “it reasonable and appropriate to ensure that the URL formerly associated with the . . . review . . .

²²⁹⁷ *Id.*

²²⁹⁸ *Id.* at 660.

²²⁹⁹ *Id.* at 660-61.

²³⁰⁰ *See* *George Sink, P.A. Injury Laws. v. George Sink II Law Firm LLC*, 407 F. Supp. 3d 539 (D.S.C.), *modified sub nom.* *George Sink PA Injury Laws. v. George Sink II Law Firm LLC*, No. 2:19-CV-01206-DCN, 2019 WL 6318778 (D.S.C. Nov. 26, 2019), *appeal dismissed sub nom.* *Sink v. George Sink II Law Firm LLC*, No. 19-2359, 2019 WL 9042869 (4th Cir. Dec. 18, 2019), *and appeal dismissed sub nom.* *George Sink, P.A. v. George Sink II Law Firm, LLC*, No. 19-1960, 2019 WL 8112874 (4th Cir. Dec. 18, 2019).

²³⁰¹ *Id.* at 561.

²³⁰² *Id.*

²³⁰³ *See* *Grasshopper House, LLC v. Clean & Sober Media LLC*, 394 F. Supp. 3d 1073 (C.D. Cal. 2019).

²³⁰⁴ *Id.* at 1106.

contains no substantive content and instead reflects a ‘404’ error message to communicate unequivocally to visitors that [the defendants’ website] does not maintain any review of [the plaintiff’s facility] whatsoever.”²³⁰⁵ Nevertheless, the court balked at the plaintiff’s request for a prohibition on the defendants’ use of certain metadata key words, concluding that “[a]ny use of metadata was not a part of [the plaintiff’s] affirmative claims against [the defendants], and the jury made no factual findings as to [the defendants’] liability under the Lanham Act for any use of metadata key words”;²³⁰⁶ “[t]herefore,” according to the court, “[the plaintiff’s] proposed injunction [term] exceeds the scope of this litigation and would be inequitable.”²³⁰⁷

Finally, although not ordering the asset freeze requested by the otherwise prevailing plaintiff before it, one court warned the defendants benefitting from that outcome that it was neither naïve nor willing to tolerate financial misconduct by the defendants during the pendency of the parties’ litigation.²³⁰⁸ It also found “a clearly expressed intent [by the defendants] to move or conceal assets, if and when a judgment is imminent or entered.”²³⁰⁹ It therefore required the defendants to submit quarterly reports from their accounts to a magistrate judge, whom the court authorized “to bring the defendants to court at any time to explain any deposits, withdrawals, or other movements of funds.”²³¹⁰

iii. Security

Under ordinary circumstances, Rule 65(c) of the Federal Rules of Civil Procedure requires the successful movant for interlocutory relief to post a bond “in an amount that the court considers proper to pay the costs and damages sustained by any party found to have been wrongfully enjoined or restrained”;²³¹¹ assuming a defendant is wrongfully enjoined, 28 U.S.C. § 1352 allows that defendant to pursue an action to recover monetary relief in the amount of the bond. Likewise, should a federal district court strengthen the terms of a preliminary or permanent injunction pending an appeal, Rule 62(d)(2) provides that “[w]hile an appeal is pending from an interlocutory order or final judgment that grants, continues, modifies, refuses, dissolves, or refuses to dissolve or modify an injunction, the court may suspend, modify, restore, or grant an

²³⁰⁵ *Id.* at 1107.

²³⁰⁶ *Id.*

²³⁰⁷ *Id.*

²³⁰⁸ *See Juul Lab’s v. 4X PODS.*, 439 F. Supp. 3d 341, 360 (D.N.J.), *appeal dismissed*, No. 20-1490, 2020 WL 5240430 (3d Cir. July 24, 2020).

²³⁰⁹ *Id.* at 361.

²³¹⁰ *Id.*

²³¹¹ Fed. R. Civ. P. 65(c).

injunction on terms for bond or other terms that secure the opposing party's rights."²³¹²

The quantum of security required under those rules was the subject of few reported opinions. Nevertheless, a Texas federal district court required a bond of \$1,000 to support the entry of a preliminary injunction, without expressly explaining the considerations underlying its decision on that point.²³¹³ Similarly without explaining its rationale, a Maryland federal district court required a \$2,000 bond after granting another preliminary injunction.²³¹⁴ In contrast, however, an Arizona federal district court entering interlocutory injunctive relief held that it would "not require [the plaintiff] to post bond, given that [the lead defendant] has not requested the Court do so or submitted evidence as to what kind of bond would be appropriate and adequate under these circumstances."²³¹⁵

iv. Contempt

The Eleventh Circuit set forth the following test for contempt:

"In a civil contempt proceeding, the petitioning party bears the burden of establishing by 'clear and convincing' proof that the underlying order was violated." After the moving party makes this prima facie showing, "the burden of production shifts to the alleged contemnor to show a 'present inability to comply that goes beyond a mere assertion of inability.'" "[T]he focus of the court's inquiry in civil contempt proceedings is not on the subjective beliefs or intent of the alleged contemnors in complying with the order, but whether in fact their conduct complied with the order at issue." Still, "substantial, but not complete, compliance with the court order may be excused if it was made as part of a good faith effort at compliance."²³¹⁶

In the appeal leading to that restatement of the law, the mistaken entry of a product code by an employee of the lead corporate defendant led to the shipment of goods bearing a mark subject to a permanent injunction. However inadvertent that shipment may have been, it was enough for the court to affirm the district court's finding of contempt. But there was more: The appellate court also declined to disturb the district court's decision

²³¹² Fed. R. Civ. P. 65(d)(2).

²³¹³ See *Fletcher's Original State Fair Corny Dogs, LLC v. Fletcher-Warner Holdings LLC*, 434 F. Supp. 3d 473, 499 (E.D. Tex. 2020).

²³¹⁴ See *ICENY USA, LLC v. M & M's, LLC*, 421 F. Supp. 3d 204, 224 (D. Md. 2019).

²³¹⁵ *Traeger Pellet Grills, LLC v. Dansons US, LLC*, 421 F. Supp. 3d 876, 890 (D. Ariz. 2019), *appeal dismissed*, No. 19-17211, 2020 WL 470307 (9th Cir. Jan. 8, 2020).

²³¹⁶ *PlayNation Play Sys., Inc. v. Vex Corp.*, 939 F.3d 1205, 1212-13 (11th Cir. 2019) (quoting *Howard Johnson Co. v. Khimani*, 892 F.2d 1512, 1516 (11th Cir. 1990)).

to hold two individual defendants jointly and severally liable for the resulting monetary sanction, citing their status as the lead defendant's sole officers and shareholders and their failure to establish their inability to comply with the district court's injunction.²³¹⁷ Finally, the court confirmed that the plaintiff had been under no obligation to notify the defendants of its intent to pursue a contempt motion, holding instead that "[w]e have never required a prevailing party to negotiate before filing a contempt motion based on the violation of an injunction, and we decline to impose such a requirement here."²³¹⁸

Although styling their motion as one to enforce a permanent injunction, one group of plaintiffs partially convinced a South Carolina federal district court that their adversaries had violated the injunction's prohibitions on the use of marks confusingly similar to, *inter alia*, the marks THE PROTESTANT EPISCOPAL CHURCH IN THE UNITED STATES and THE EPISCOPAL CHURCH.²³¹⁹ Those plaintiffs were the Protestant Episcopal Church in the United States, its South Carolina diocese, and the presiding bishop of that diocese, while the defendants were a collection of parishes formerly associated with the national church, which the court previously found were not the successors in interest to the national church, as well as the presiding bishop of the breakaway parishes. The court chose to address the plaintiffs' motion as seeking a finding of contempt, which meant the plaintiffs needed to make four showings by clear and convincing evidence, namely:

- (1) the existence of a valid decree of which the alleged contemnor had actual or constructive knowledge; (2) that the decree was in the movant's "favor"; (3) that the alleged contemnor by its conduct violated the terms of the decree, and had knowledge (at least constructive knowledge) of such

²³¹⁷ *Id.* at 1213.

With respect to the defendants' ability or inability to comply with the injunction, the court acknowledged that "it is clear that [the lead defendant] did not simply ignore [the district court's] commands." *Id.* at 1214. "Among other things," it noted, "[the lead defendant] attempted – mostly successfully – to remove the [infringing mark] from its Amazon page and its web presence more broadly, built a new website, directed [a third-party shipper] to repackaging the goods it possessed, and rebranded the products under [new] names." *Id.* Still, however, the lead defendant had taken two weeks to request the repackaging and then had delayed an additional seven weeks before directing the third party to stop all shipments of the goods. The lead defendant also had failed to ensure that its new website was devoid of references to its infringing mark. *Id.* at 1214.

²³¹⁸ *Id.* at 1216.

²³¹⁹ See *vonRosenberg v. Lawrence*, 429 F. Supp. 3d 175 (D.S.C. 2019), *appeal docketed*, No. 20-1061 (4th Cir. Jan. 22, 2020).

violations; and (4) that the movant suffered harm as a result.²³²⁰

“Importantly,” it added, “intent is irrelevant to a finding of civil contempt.”²³²¹

In applying that test, the court found that a number of the defendants’ actions violated the injunction because they suggested, in contradiction of the court’s earlier summary judgment order, that the diocese established by the defendants was the successor in interest to the diocese of the national church to which they once belonged. Those actions included the defendants’ use of “Founded in 1785” (the year of the founding of the diocese the defendants had left), “14th Bishop” (under the summary judgment order, the presiding bishop of the defendants’ diocese was the first to hold that position), and “229th Diocesan Convention” (the defendants’ diocese dated back only to 2012); as to each, the court found that the defendants had made only grudging attempts at compliance that failed to keep a safe distance from the plaintiffs’ rights.²³²² The court reached much the same conclusion with respect to the defendants’ having “provid[ed] links on their website to [pre-disassociation] Diocesan Convention Journals, to the Diocesan Constitution and Canons, and to the Report of the Trustees” and their publication of a newspaper, as each of those documents featured marks covered by the court’s injunction.²³²³

Nevertheless, the defendants prevailed on some aspects of the plaintiffs’ motion. Perhaps most significantly, the court declined to sanction the defendants for having adopted the ANGLICAN DIOCESE OF SOUTH CAROLINA mark, holding that “[e]ven considering the ‘safe distance rule,’ the Court cannot find on this record that there was any order prohibiting Defendants from using the term ‘Anglican,’ or that there is clear evidence that ‘Anglican Diocese of South Carolina’ is confusingly similar to any of the enjoined marks.”²³²⁴ The court also rejected the plaintiffs’ claim that the defendants had violated the injunction by advertising they owned a summer camp allegedly owned by the diocese from which they had disassociated themselves, which the court held was properly a real estate dispute,²³²⁵ and that the defendants had improperly continued to use domain names based on enjoined marks, a practice the court found had been discontinued.²³²⁶

²³²⁰ *Id.* at 180-81 (quoting *Rainbow Sch., Inc. v. Rainbow Early Educ. Holding LLC*, 887 F.3d 610, 617 (4th Cir. 2018)).

²³²¹ *Id.* at 181.

²³²² *Id.* at 184-85.

²³²³ *Id.* at 186-87.

²³²⁴ *Id.* at 187.

²³²⁵ *Id.* at 186.

²³²⁶ *Id.* at 187.

In contrast, the defendants in another contempt proceeding escaped liability altogether.²³²⁷ A significant consideration underlying that disposition was the plaintiff's failure to request the court to memorialize the party's settlement agreement in a judicial order.²³²⁸ Even had the plaintiff done so, however, the court found that the defendants had complied with the requirements that they cease using their allegedly infringing marks "as soon as possible" and that they initiate the process of changing their corporate name with the New York State Department of State "as soon as practicable."²³²⁹ With respect to the first of those obligations, the court found that the uses of the marks in question were by third parties, rather than by the defendants themselves and that "Defendants have no control of other entities' websites."²³³⁰ Then, with respect to the second, the court accepted the defendants' explanation that they had begun the name change process even before the settlement agreement's execution and further found that "Defendants had no control over the government agency's processing time and adequately explained the reasons for the various steps they took to accomplish a complete name change and the timing of those steps."²³³¹ The plaintiff therefore had failed to establish by the required clear and convincing evidence "a *prima facie* case of contempt with respect to the most important element – a violation of a court order."²³³²

b. Monetary Relief

i. Damages

(A) Actual Damages

(1) Eligibility of Prevailing Plaintiffs for Awards of Actual Damages

Awards of actual damages to fund corrective advertising campaigns are rare, and the outcome of one appeal to the Fifth Circuit demonstrated why.²³³³ 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.

²³²⁷ See *N.Y. Real Estate Inst., Inc. v. Jammula*, 379 F. Supp. 3d 266 (S.D.N.Y. 2019).

²³²⁸ *Id.* at 269.

²³²⁹ *Id.* at 270.

²³³⁰ *Id.*

²³³¹ *Id.*

²³³² *Id.*

²³³³ See *Ill. Tool Works, Inc. v. Rust-Oleum Corp.*, 955 F.3d 512 (5th Cir. 2020).

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 make 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.”²³³⁴ Especially because of the absence from the trial record of any evidence of 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.”²³³⁵ In the final analysis, “[i]f [the plaintiff] did not show a loss for which it needs compensation, it cannot receive a compensatory award.”²³³⁶

A bid for a prospective corrective advertising campaign fell equally short as a matter of law in a second case hearing allegations of infringement (and not false advertising), despite the plaintiff’s submission of supporting expert testimony.²³³⁷ In granting a defense motion for summary judgment, the court held that “[i]n a typical case, a plaintiff acts quickly to dispel the defendant’s harmful statements by conducting its own corrective advertising campaign well before trial.’ Such retrospective corrective advertising damages ‘are easier to quantify because the plaintiff can represent out-of-pocket corrective advertising costs already incurred.’”²³³⁸ Although acknowledging that an award to finance a prospective campaign might be appropriate “at least in theory” to compensate the plaintiff for identifiable harm to its reputation,²³³⁹ the court was unconvinced that the plaintiff had suffered such a harm. The plaintiff’s showing on that issue consisted of testimony by its expert that the defendants’ sale of deeply discounted, but genuine, goods bearing the plaintiff’s mark had produced reputational damage, but “even if such harm occurred, sales at discounted prices do not violate the Lanham Act”;²³⁴⁰ “[t]hus,” it held “any harm to [the plaintiff’s] brand caused simply by discount sales is not recoverable.”²³⁴¹ Worse still, from the court’s perspective, was the expert’s failure to “identify the contents or layout of [the proposed advertising], let alone explain

²³³⁴ *Id.* at 516.

²³³⁵ *Id.*

²³³⁶ *Id.*

²³³⁷ *See* Monahan Prods. LLC v. Sam’s E., Inc., 463 F. Supp. 3d 128 (D. Mass. 2020).

²³³⁸ *Id.* at 146 (quoting First Act Inc. v. Brook Mays Music Co., 429 F. Supp. 2d 429, 437 (D. Mass. 2006)).

²³³⁹ *Id.* at 147.

²³⁴⁰ *Id.*

²³⁴¹ *Id.*

how it would remedy the consumer confusion arising from any material differences in the strollers sold by [the defendants].”²³⁴²

Another plaintiff successfully defended its claim for actual damages in the context of a defense motion for summary judgment.²³⁴³ It owned the BLUETOOTH certification mark, which it licensed to the manufacturers of radio head units, who, pursuant to their agreements with the plaintiff, “declared” their use of the mark and paid associated “declaration fees.” When the defendant purchased certified units from manufacturers licensed by the plaintiff and then installed those units into the automotive vehicles it produced, the plaintiff accused the defendant of counterfeiting and infringement and sought to recover the declaration fees it allegedly would have received had the defendant taken a license from it.

Seeking to escape the monetary relief sought by the plaintiff, the defendant characterized that relief as sounding in breach of contract and pointed out that it was not in privity with the plaintiff:

[T]he Court finds that [the plaintiff’s] request for “lost declaration fees” is in fact one for “lost profits. . . .” “[L]ost profits” are considered “actual damages” and are thus recoverable under the Lanham Act. Hence, [the plaintiff] may indeed recover lost profits without asserting the existence of a contract. . . . [T]he Court sees no difference between [the plaintiff’s] request and a request for a “reasonable royalty,” which can be an appropriate measure of damages under the Lanham Act.²³⁴⁴

Because the plaintiff had “routinely” entered into licenses with other automakers and therefore “could likely ascertain that amount with reasonable certainty,” the court declined to dismiss its claim for actual damages.²³⁴⁵

Another plaintiff successfully shooting down a challenge to its entitlement to an award of actual damages responded to its adversaries’ motion for summary judgment by citing investments of time by its employees to remedy harm caused by the defendants’ infringement.²³⁴⁶ The court held that “[o]ne obvious issue is that most, if not all, of those employees were salaried, so the company would have paid them regardless, and therefore it has not suffered any incremental out-of-pocket losses.”²³⁴⁷ “Nonetheless,” it continued, “it is possible that the company could recover for lost

²³⁴² *Id.* at 148.

²³⁴³ *See* Bluetooth SIG, Inc. v. FCA US LLC, 463 F. Supp. 3d 1169 (W.D. Wash. 2020).

²³⁴⁴ *Id.* at 1183 (citation omitted).

²³⁴⁵ *Id.* at 1184.

²³⁴⁶ *See* Monahan Prods. LLC v. Sam’s E., Inc., 463 F. Supp. 3d 128 (D. Mass. 2020).

²³⁴⁷ *Id.* at 148.

opportunity costs—that is, the time and attention those salaried employees would have instead spent on other projects that benefit the company.”²³⁴⁸ Although faulting the lack of detail in the plaintiff’s showing,²³⁴⁹ the court found that “the evidence supporting the claim of damages for additional personnel expenses is problematic, but not to the extent that summary judgment should be granted on the issue”;²³⁵⁰ rather, “proving the exact value of those lost hours seems extremely difficult, and using the number of hours those employees spent on remedial efforts is not an unreasonable approximation. As long as that approximation is not speculative or punitive, it may support an award of damages for additional personnel expenses.”²³⁵¹

A final failed defense motion for summary judgment came in an action in which the plaintiff sought an award of a reasonable royalty to compensate it for the defendants’ alleged infringement.²³⁵² The defendants argued such a remedy was inappropriate because the parties did not have a preexisting relationship and, indeed, the court acknowledged that “[u]sually, when the courts have awarded a royalty for past acts of infringement, it was for continued use of a mark after a license ended and damages were measured by the royalty rate the parties had agreed on.”²³⁵³ Nevertheless, a prior license was not a prerequisite for an award of a reasonable royalty nor was a showing of actual damages by the plaintiff. Summary judgment on the issue therefore was inappropriate.²³⁵⁴

(2) Calculation of Actual Damages

Opinions bearing on the calculation of actual damages were infrequent, but the Eighth Circuit affirmed a corrective advertising award of \$71,346 based on the trial testimony of an expert witness.²³⁵⁵ 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

²³⁴⁸ *Id.*

²³⁴⁹ That lack of detail included the plaintiff’s failure to document the provenance of a spreadsheet purporting to capture the time spent on remedial measures by its employees and to distinguish between those of its employees paid on an hourly basis and those on salaries. *Id.* at 149.

²³⁵⁰ *Id.*

²³⁵¹ *Id.*

²³⁵² *See* *Firebirds Int’l, LLC v. Firebird Rest. Grp.*, 397 F. Supp. 3d 847 (N.D. Tex. 2019).

²³⁵³ *Id.* at 872 (quoting *Streamline Prod. Sys., Inc. v. Streamline Mfg., Inc.*, 851 F.3d 440, 459 (5th Cir. 2017)).

²³⁵⁴ *Id.* at 871.

²³⁵⁵ *See* *Lawn Managers, Inc. v. Progressive Lawn Managers, Inc.*, 959 F.3d 903, 914 (8th Cir. 2020).

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."²³⁵⁶

(B) Statutory Damages

If a defendant is found liable for counterfeiting, the prevailing plaintiff has the opportunity to elect, in lieu of an award of its actual damages or an accounting of the defendant's profits, the statutory damages provided for under Section 35(c) of the Act:²³⁵⁷ Such an award can be "not less than \$1,000 or more than \$200,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just" under Section 35(c)(1)²³⁵⁸ or, alternatively, "if the court finds that the use of the counterfeit mark was willful, not more than \$2,000,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just" under Section 35(C)(2).²³⁵⁹ Likewise, under Section 35(d),²³⁶⁰ a prevailing plaintiff in a cybersquatting action can elect to receive "an award of statutory damages in the amount of not less than \$1,000 and not more than \$100,000 per domain name, as the court considers just."²³⁶¹

For the most part, prevailing plaintiffs did not receive the full awards of statutory damages they requested. For example, despite the absence of a response to the plaintiff's motion for a default judgment of liability for counterfeiting, one court 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

²³⁵⁶ *Id.* (quoting *WWP, Inc. v. Wounded Warriors Fam. Support, Inc.*, 628 F.3d 1032, 1044 (8th Cir. 2011)).

²³⁵⁷ 15 U.S.C. § 1117(c) (2018).

²³⁵⁸ *Id.* § 1117(c)(1).

²³⁵⁹ *Id.* § 1117(c)(2).

²³⁶⁰ *Id.* § 1117(d).

²³⁶¹ *Id.*

material produced; and (7) the potential for discouraging the defendant and others.”²³⁶²

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 [the] 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.”²³⁶³ 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.”²³⁶⁴ In dollar terms, that methodology produced awards of “\$3,642,615.39 rounded up to \$4 million,” “\$849,406.77 rounded up to \$1 million,” “\$57,850.71 rounded up to \$70,000,” “\$21,232.92 rounded up to \$30,000,” “\$6,567.81, and \$1,258.68.”²³⁶⁵

Another court adopted a far less detailed analysis.²³⁶⁶ The liability of the defendant before that tribunal for cybersquatting was not reasonably in doubt: Having been fired by his employer, he admittedly registered eight domain names incorporating the employer’s mark “with the sole intent of selling them to [the employer] and third parties for financial gain as retaliation for what he perceived to be his wrongful discharge from the company.”²³⁶⁷ Rejecting the plaintiff’s request for an award of \$10,000 per domain name, the court explained that “the cases [the plaintiff] cites in support involve significantly worse conduct than the Court faces here.”²³⁶⁸ Because the defendant’s conduct did not include, for example, continued use of the disputed domain names despite a prior order finding the plaintiff their lawful owner, false discovery responses, or a larger pattern of registering domain names for profit, the court awarded the plaintiff \$3,000 per domain name.²³⁶⁹

A final noteworthy reported opinion addressing the quantum of the statutory damages to which a prevailing plaintiff was entitled focused on whether the defendant had demonstrated the willfulness

²³⁶² *Spin Master Ltd. v. 158*, 463 F. Supp. 3d 348, 371 (S.D.N.Y.) (quoting *Streamlight, Inc. v. Gindi*, No. 18-cv-987 (NG), 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)), *adhered to in part on reconsideration*, No. 18-cv-1774 (LJL), 2020 WL 5350541 (S.D.N.Y. Sept. 4, 2020).

²³⁶³ *Id.* at 372-73.

²³⁶⁴ *Id.* at 375.

²³⁶⁵ *Id.*

²³⁶⁶ *See Laddawn, Inc. v. Bolduc*, 436 F. Supp. 3d 433 (D. Mass. 2020).

²³⁶⁷ *Id.* at 436.

²³⁶⁸ *Id.*

²³⁶⁹ *Id.*

required for the upper \$2,000,000 per counterfeit mark limit on awards under Section 35(c)(2).²³⁷⁰ The summary judgment record established that the defendant had known of the plaintiff's objections to its conduct in January 2016, when the plaintiff petitioned the Trademark Trial and Appeal Board to cancel the registrations covering the defendants' marks. At the same time, however, it also established that the defendant had "shut down its website in either 2017 or 2018 and voluntarily had its [registrations] cancelled in June of 2018."²³⁷¹ The court remarked of this sequence of events that "[w]hy it took a year or more after receiving notice of the cancellation petition for [the defendant] to shut down the website and cancel its [registrations] is unknown."²³⁷² In any case, however, "[g]iven the foregoing facts or lack thereof, the Court is not prepared at this time to find that [the defendant] willfully continued its infringing behavior after being given notice."²³⁷³

ii. Accountings of Profits

(A) *Eligibility of Prevailing Plaintiffs for Accountings of Profits*

For years, the federal courts of appeals have been split on an issue of critical importance to litigants under the Lanham Act, namely, whether a prevailing plaintiff seeking an accounting of the defendant's profits under Section 35(a) of the Act²³⁷⁴ must prove willful misconduct by the defendant as a prerequisite for that remedy. For example, recent opinions from the Second Circuit and Eighth Circuit reiterated the traditional rule in those jurisdictions requiring proof of willfulness,²³⁷⁵ as did federal district courts in the Ninth Circuit;²³⁷⁶ in contrast, the Eleventh Circuit applied a three-

²³⁷⁰ See *New Balance Athletics, Inc. v. USA New Burren Int'l Co.*, 424 F. Supp. 3d 334 (D. Del. 2019), *reconsideration denied in part*, No. CV 17-1700 (MN), 2020 WL 5593928 (D. Del. Sept. 18, 2020).

²³⁷¹ *Id.* at 354.

²³⁷² *Id.*

²³⁷³ *Id.*

²³⁷⁴ 15 U.S.C. § 1117(a) (2018).

²³⁷⁵ See *Safeway Transit LLC v. Disc. Party Bus, Inc.*, 954 F.3d 1171, 1181 (8th Cir. 2020) (affirming denial of accounting); *Pillar Dynasty LLC v. N.Y. & Co.*, 933 F.3d 202, 212-14 (2d Cir. 2019) (same); see also *Dependable Sales & Serv., Inc. v. TrueCar, Inc.*, 377 F. Supp. 3d 337, 354 (S.D.N.Y.) (applying Second Circuit rule requiring willfulness), *on reconsideration*, 394 F. Supp. 3d 368 (S.D.N.Y. 2019).

²³⁷⁶ See *Stone Brewing Co. v. MillerCoors LLC*, 445 F. Supp. 3d 1113, 1144 (S.D. Cal. 2020) (applying traditional Ninth Circuit rule requiring demonstration of willfulness); *Grasshopper House, LLC v. Clean & Sober Media LLC*, 394 F. Supp. 3d 1073, 1108 (C.D. Cal. 2019) (same).

part test apparently eschewing willfulness as an absolute requirement.²³⁷⁷

In *Romag Fasteners, Inc. v. Fossil, Inc.*,²³⁷⁸ the Supreme Court resolved that split in favor of plaintiffs, holding that a categorical rule requiring such a showing could not be reconciled with the statute's express text and was also inconsistent with the equitable nature of the remedy. The litigation underlying that holding was initiated by a manufacturer of magnetic snap fasteners, which accused the defendant of manufacturing handbags with fasteners bearing imitations of the plaintiff's mark. 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.

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, willful infringement is a prerequisite for an award of an infringer's profits"²³⁷⁹—the Supreme Court finally answered that question in the negative. 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.²³⁸⁰

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 misleading use of trademarks. And in cases like that, the

²³⁷⁷ See *PlayNation Play Sys., Inc. v. Vex Corp.*, 924 F.3d 1159, 1170 (11th Cir. 2019) ("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.")

²³⁷⁸ 140 S. Ct. 1492 (2020).

²³⁷⁹ Petition for Writ of Certiorari at I, *Romag Fasteners*, 140 S. Ct. 1492 (2020) (citation omitted).

²³⁸⁰ 140 S. Ct. at 1495 (quoting 15 U.S.C. § 1117(a) (2018)).

statutory language has *never* required a showing of willfulness to win a defendant's profits."²³⁸¹ 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."²³⁸² 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."²³⁸³

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."²³⁸⁴ 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."²³⁸⁵ 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."²³⁸⁶

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."²³⁸⁷ 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."²³⁸⁸ 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.²³⁸⁹

²³⁸¹ *Id.*

²³⁸² *Id.*

²³⁸³ *Id.*

²³⁸⁴ *Id.*

²³⁸⁵ *Id.* at 1496.

²³⁸⁶ *Id.*

²³⁸⁷ *Id.* at 1497.

²³⁸⁸ *Id.*

²³⁸⁹ *Id.*

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 Fasteners*,²³⁹⁰ 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.²³⁹¹ That result held below because of the plaintiff's failure to establish "any theory" on which it might be entitled to the remedy.²³⁹² 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."²³⁹³ Citing the "broad discretion in fashioning remedies for trademark infringement" accorded to district courts,²³⁹⁴ 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."²³⁹⁵

A Pennsylvania federal district court similarly denied an accounting in a pre-*Romag Fasteners* opinion invoking the Third Circuit's six factors for determining whether that remedy was appropriate, namely:

- (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.²³⁹⁶

The court did not proceed through the factors seriatim, but instead focused on three in particular, the first of which was the counterclaim defendant's apparent lack of a bad-faith intent to deceive (despite "some evidence" he had copied the counterclaim plaintiff's logo).²³⁹⁷ The second was the counterclaim plaintiff's failure to demonstrate "any actual diverted sales or other readily calculable monetary damages."²³⁹⁸ And the third was the court's

²³⁹⁰ See, e.g., *Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 941 (7th Cir. 1989).

²³⁹¹ See *Fabick, Inc. v. JFTCO, Inc.*, 944 F.3d 649 (7th Cir. 2019).

²³⁹² *Id.* at 658.

²³⁹³ *Id.*

²³⁹⁴ *Id.*

²³⁹⁵ *Id.* at 659.

²³⁹⁶ *Maduka v. Tropical Nats., Ltd.*, 409 F. Supp. 3d 337, 364-65 (E.D. Pa. 2019).

²³⁹⁷ *Id.* at 365.

²³⁹⁸ *Id.*

conclusion that a permanent injunction would adequately protect the counterclaim plaintiff's interests.²³⁹⁹ Especially in light of the absence of evidence that the counterclaim defendant had enjoyed profits in the first place, an accounting was inappropriate.²⁴⁰⁰

As significant as *Romag Fasteners* may prove to be—at least in some jurisdictions—the Supreme Court's opinion did not resolve all issues associated with the inquiry into whether an accounting is appropriate, and, indeed, at least one circuit split on the issue remains. Specifically, although the Eighth Circuit affirmed a district court's denial of an accounting based in part on the prevailing plaintiff failure to demonstrate actual confusion,²⁴⁰¹ the Second Circuit took a different direction. Noting the possible deterrent value of accountings, the latter court explained that:

Whether a Lanham Act plaintiff can demonstrate actual consumer confusion, to be sure, is an important factor in determining whether infringement occurred in the first place. The deterrence rationale for disgorgement of profits, however, focuses on the culpability of the willful infringer, and the presence or absence of actual consumer confusion may not always bear a logical connection to an infringer's good or bad faith. Moreover, we have long recognized that actual consumer confusion “in fact is very difficult to demonstrate,” and deserving plaintiffs may find it challenging and costly to make such a showing even in cases of blatant and intentional infringement.²⁴⁰²

It therefore held that the district court had not abused its discretion in ordering an accounting even in the absence of a showing of actual confusion.²⁴⁰³

Assuming that the lower federal courts run with the suggestion of the *Romag Fasteners* Court that willfulness properly should continue to inform the inquiry into whether an accounting is appropriate, the same Second Circuit opinion offered guidance on how to determine if willfulness exists. In a pre-*Romag Fasteners* opinion, the district court accepted a jury's advisory finding of willfulness, citing: (1) the defendants' failure to stop selling goods bearing an infringement of the plaintiff's mark even after the filing of the action; (2) their failure at trial to call the witnesses they previously had represented would testify regarding their adoption

²³⁹⁹ *Id.*

²⁴⁰⁰ *Id.*

²⁴⁰¹ See *Safeway Transit LLC v. Disc. Party Bus, Inc.*, 954 F.3d 1171, 1179 (8th Cir. 2020) (“On appeal, [the plaintiff] has offered no evidence of actual confusion to undermine the district court's unjust-enrichment finding.”).

²⁴⁰² See *4 Pillar Dynasty LLC v. N.Y. & Co.*, 933 F.3d 202, 213 (2d Cir. 2019) (citation omitted) (quoting *W.E. Bassett Co. v. Revlon, Inc.*, 435 F.2d 656, 662 (2d Cir. 1970)).

²⁴⁰³ *Id.* at 214-15.

of the infringing mark; and (3) the blatant nature of the defendants' infringement. Although suggesting that the defendants' challenge to the first of these considerations had "some force," the appellate court ultimately declined to disturb the determination of willfulness below, concluding that "while the record evidence of willfulness here may be sparse, we cannot conclude that the District Court's finding—which was aligned with the unanimous determination of an advisory jury and rendered after witnessing the trial—was clearly erroneous."²⁴⁰⁴

A Massachusetts federal district court took aim at the claim of two defendants in a summary judgment motion that the absence of direct competition between the parties precluded an accounting of the defendants' profits if they were ultimately found liable for infringement.²⁴⁰⁵ That argument came in a dispute arising from the defendants' sale of genuine, but diverted goods bearing the plaintiff's mark; while the plaintiff sold its goods at wholesale, the defendants sold the diverted goods coming into their possession directly to consumers. Despite the resulting absence of direct competition between the parties—and without reference to the Supreme Court's then-recent opinion in *Romag Fasteners*—the court held that "[d]isgorgement may still be appropriate, even absent direct competition, in the event of fraud or willful conduct."²⁴⁰⁶ Having reached that holding, the court determined that a reasonable jury could find willful misconduct based on the defendants' inaccurate representations that the goods they sold were covered by the plaintiff's warranty. It therefore denied the defendants' motion for summary judgment.²⁴⁰⁷

Finally, a Texas federal district court also denied a defense motion on the issue by applying the Fifth Circuit's six-factor test for determining the propriety of an accounting, which turned on:

- (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.²⁴⁰⁸

Weighing these factors in the light most favorable to the plaintiff, the court found that a factual dispute existed as to whether the defendants' continued use of their allegedly infringing mark

²⁴⁰⁴ *Id.* at 210.

²⁴⁰⁵ See *Monahan Prods. LLC v. Sam's E., Inc.*, 463 F. Supp. 3d 128 (D. Mass. 2020).

²⁴⁰⁶ *Id.* at 150.

²⁴⁰⁷ *Id.* at 151.

²⁴⁰⁸ *Firebirds Int'l, LLC v. Firebird Rest. Grp.*, 397 F. Supp. 3d 847, 869 (N.D. Tex. 2019) (quoting *Quick Techs., Inc. v. Sage Grp.*, 313 F.3d 338, 347 (5th Cir. 2002)).

constituted evidence of a bad-faith intent to deceive.²⁴⁰⁹ That supported the denial of the defendants' motion, despite the plaintiff's failure to adduce evidence or testimony of diverted sales under the second factor; the remaining four factors, the court concluded without extended explanation, could cut in either side's direction depending on the parties' showings at trial.²⁴¹⁰

(B) The Accounting Process

Section 35(a) provides “[i]n assessing profits the plaintiff shall be required to prove defendant’s sales only; [the] defendant must prove all elements of cost or deduction claimed.”²⁴¹¹ The potential perils faced by defendants under applications of that pro-plaintiff standard were apparent in an opinion from the Seventh Circuit in a case in which the plaintiff distributed below-ground storm shelters manufactured by the defendants, to which the plaintiff affixed a mark of its own creation.²⁴¹² One agreement between the parties restricted the plaintiff’s distribution of the defendants’ shelters to certain counties in Missouri and Arkansas; another licensed the defendants to sell shelters under the plaintiff’s mark but only in southern Illinois. When the defendants violated the second agreement by using the plaintiff’s mark throughout the country, the plaintiff secured a finding of infringement and an accounting of \$17.4 million from an Illinois federal district court.

Having failed to prove any permissible deductions from their revenues at trial, the defendants argued to the Seventh Circuit that the district court had erred by failing to exclude profits earned by the defendants outside of the plaintiff’s dealership territory. Deeming the defendants’ argument “meritless,” the appellate court held to the contrary that:

The dealership agreement did not impose geographic restrictions on [the plaintiff’s] trademark rights. The agreement gave [the plaintiff] the exclusive right to resell [the defendants’] products within the identified territory, but it placed no limits on [the plaintiff’s] right to sell other products—including storm shelters manufactured by other companies—anywhere in the United States.²⁴¹³

The court then rejected the defendants’ argument that the *Tea Rose-Rectanus* doctrine restricted the plaintiff to an accounting of the profits the defendants enjoyed from infringing sales in the limited

²⁴⁰⁹ *Id.* at 871.

²⁴¹⁰ *Id.* at 871-72.

²⁴¹¹ 15 U.S.C. § 1117(a) (2018).

²⁴¹² See *4SEMO.com Inc. v. S. Ill. Storm Shelters, Inc.*, 939 F.3d 905 (7th Cir. 2019), *cert. denied*, 140 S. Ct. 2642 (2020).

²⁴¹³ *Id.* at 912.

portions of Missouri and Arkansas in which the plaintiff was authorized to sell the defendants' shelters. According to the court, the defendants' intentional infringement disqualified them from the doctrine's protection.²⁴¹⁴

Beyond that outcome, a recurring issue in the accounting process was the proper allocation of the parties' respective burdens. On that issue, most interpretations of Section 35(a) place the burden of apportioning a defendant's revenues between lawful and unlawful sources of the goods,²⁴¹⁵ 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."²⁴¹⁶ 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";²⁴¹⁷ that 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, the appellate court 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.²⁴¹⁸

In contrast, the Fifth Circuit took a different course of action 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."²⁴¹⁹ 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]

²⁴¹⁴ *Id.*

²⁴¹⁵ *See, e.g.,* WMS Gaming Inc. v. WPC Prods. Ltd., 542 F.3d 601, 608 (7th Cir. 2008).

²⁴¹⁶ *See* Lawn Managers, Inc. v. Progressive Lawn Managers, Inc., 959 F.3d 903, 913 (8th Cir. 2020).

²⁴¹⁷ *Id.*

²⁴¹⁸ *Id.* at 914.

²⁴¹⁹ *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)).

therefore failed to show attribution. This failure is fatal to the disgorgement award.²⁴²⁰

An opinion from a California federal district court, also originating in a finding of false advertising, was to similar effect.²⁴²¹ It noted that “[the plaintiff] thematically argues throughout its briefs that the burden was on [the defendants] to prove that any profits earned during the relevant time period were attributable to something other than [the defendants’] Lanham Act violations.”²⁴²² Not only was that theory an inaccurate statement of the law as far as the court was concerned, but the plaintiff had failed to demonstrate causation as a factual matter. For example, although the trial record reflected a “sharp increase” in the defendants’ net income, which the plaintiff alleged coincided with the false advertising at issue, “[the plaintiff] acknowledges that much of that increased income was derived from other advertising activity not violating the Lanham Act,”²⁴²³ meaning that “it would be inappropriate for the Court to conclude that [the defendants’] spike in net income is a reasonable approximation of [the defendants’] earnings from its Lanham Act violations.”²⁴²⁴ The court then rejected a second theory of causation advanced by the plaintiff, namely, that a relationship existed between the defendants’ advertising spend and their profits; according to the court, the advertising spend “specifically in reference” to the particular advertising found to be false was insufficiently undetermined.²⁴²⁵ Finally, it declined “to estimate [the defendants’] financial benefit from its violations of the Lanham Act by pointing to the equivalent cost of [the defendants’] paying for advertising to reach the same number of consumers as there were visitors to [the false advertising],”²⁴²⁶ citing: (1) the absence from the record of “support [for] the conclusion that [the defendants] improperly financially benefitted from every viewer of the [false advertising], let alone any viewer, in the manner that [the plaintiff] suggests”;²⁴²⁷ and (2) the speculative nature of expert witness testimony proffered by the plaintiff to the effect that the defendants’ profits could be measured by the equivalent cost of advertising to reach the same number of consumers as those visiting the false advertising.²⁴²⁸ Nevertheless,

²⁴²⁰ *Id.*

²⁴²¹ See *Grasshopper House, LLC v. Clean & Sober Media LLC*, 394 F. Supp. 3d 1073 (C.D. Cal. 2019).

²⁴²² *Id.* at 1113.

²⁴²³ *Id.* at 1114.

²⁴²⁴ *Id.*

²⁴²⁵ *Id.* at 1115.

²⁴²⁶ *Id.* at 1116.

²⁴²⁷ *Id.* at 1117.

²⁴²⁸ *Id.* at 1117-18.

based on the defendants' argument that their profit was limited to a maximum of \$60,000, the court ordered an accounting in that amount.²⁴²⁹

Finally, in a case in which the proper methodology of an accounting apparently was not at issue, the court declined to order one based on the failure of the prevailing counterclaim plaintiff to demonstrate that its opponent had enjoyed revenues.²⁴³⁰ The counterclaim plaintiff only prevailed on its infringement claims in the first instance because the court declined to give weight to certain invoices proffered by the counterclaim defendant in an attempt to prove his priority of rights. Having done so, the court found in the context of the counterclaim plaintiff's prayer for monetary relief that "it would be inequitable for the Court to discount the counterclaim defendant's] invoices during its analysis of the merits of the trademark infringement and unfair competition claims, and then credit his invoices for purpose of trying to calculate a disgorgement of profits."²⁴³¹

iii. Adjustments of Awards of Damages and Accountings of Profits

Section 35 contains several provisions authorizing adjustments to an award of a plaintiff's actual damages or an accounting of a defendant's profits. To begin with, Section 35(a) provides, "[i]n assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount";²⁴³² the same provision also recites, "[i]f the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case."²⁴³³ Likewise, Section 35(b) provides for enhancements in cases in which a defendant has been found liable for having trafficked in goods or services associated with counterfeit marks:

In assessing damages . . . in a case involving use of a counterfeit mark . . . , the court shall, unless the court finds extenuating circumstances, enter judgment for three times such profits or damages, whichever amount is greater, together with a reasonable attorney's fee, if the violation consists of

²⁴²⁹ *Id.* at 1118-19.

²⁴³⁰ *See Maduka v. Tropical Nats., Ltd.*, 409 F. Supp. 3d 337 (E.D. Pa. 2019).

²⁴³¹ *Id.* at 365.

²⁴³² 15 U.S.C. § 1117(a) (2018).

²⁴³³ *Id.*

- (1) intentionally using a mark or designation, knowing such mark or designation is a counterfeit mark . . . , in connection with the sale, offering for sale, or distribution of goods or services; or
- (2) providing goods or services necessary to the commission of a violation specified in paragraph (1), with the intent that the recipient of the goods or services would put the goods or services to use in committing the violation.²⁴³⁴

Despite these multiple bases for the possible augmentation of awards of actual damages and accountings of profits, the entry of that relief was (characteristically) rare.²⁴³⁵ For example, in a case in which the court found the defendant liable for counterfeiting as a matter of law, it nevertheless rejected the plaintiff's motion for summary judgment as to whether the defendant had acted with sufficient willfulness to merit an augmented judgment under Section 35(b).²⁴³⁶ The court found from the summary judgment record that the plaintiff had "marshalled a variety of circumstantial evidence that [the defendant] knew or should have known that it was selling counterfeit goods[, including] the low prices charged by its suppliers, the cash transactions with those suppliers, and [the defendant's] shoddy record-keeping."²⁴³⁷ Nevertheless, it additionally found that "in each instance there are also potentially innocent explanations for defendant's conduct"²⁴³⁸ and that the plaintiff had "offered no evidence that [the defendant] was aware of the counterfeiting prior to this lawsuit."²⁴³⁹ Likewise, and at least for purposes of the plaintiff's motion, the court credited the defendant's showing that its store was "a small operation, run by a young manager with no known history of trademark infringement or litigation experience, and had only been in business a few months at the time of the lawsuit,"²⁴⁴⁰ as well as testimony from the defendant's principal that "certain distributors had seniority in the market and therefore could purchase higher quantities from [the plaintiff] at lower prices than he was able to do – passing along the savings to him."²⁴⁴¹ Finally, the court declined to find willfulness as a matter of law based on "poor record keeping by a young business manager with two months of experience at the time of the

²⁴³⁴ *Id.* § 1117(b).

²⁴³⁵ *See, e.g.*, 4 Pillar Dynasty LLC v. New York & Co., 933 F.3d 202, 217 (2d Cir. 2019) (holding, without extended analysis, that district court had not abused its discretion in reconsidering initial trebled accounting of profits).

²⁴³⁶ *See* BBK Tobacco & Foods, LLP v. Galaxy VI Corp., 408 F. Supp. 3d 508 (S.D.N.Y. 2019).

²⁴³⁷ *Id.* at 527.

²⁴³⁸ *Id.*

²⁴³⁹ *Id.*

²⁴⁴⁰ *Id.* at 528.

²⁴⁴¹ *Id.*

counterfeit sale (and a little over a year at the time of his deposition).²⁴⁴² The issue of the plaintiff's entitlement to a trebling of monetary relief therefore required resolution at trial.

In contrast, one court exercised its discretion under Section 35(a) to order an accounting despite the plaintiff's failure to demonstrate a causal relationship between the defendants' false advertising and any profits they enjoyed from it.²⁴⁴³ Although the plaintiff itself therefore had not demonstrated a particular quantum of profits to which it was entitled, the defendants responded to the plaintiff's various attempts to do so by arguing their exposure was limited to \$60,000. The court therefore ordered an accounting in that amount: "Given the absence of any other evidence showing [the defendants'] pecuniary gain from maintaining the [false advertising] with reasonable certainty, such a measure of profits is appropriate in these circumstances."²⁴⁴⁴

iv. Prejudgment and Post-Judgment Interest

On its face, Section 35(b) of the Lanham Act expressly authorizes prejudgment interest only in cases in which a defendant has willfully engaged in counterfeiting. Nevertheless, the Second Circuit has long held that awards of prejudgment interest are within the discretion of district courts, provided that a losing defendant's conduct rises to the level of an "exceptional case."²⁴⁴⁵ Having previously adopted the Supreme Court's opinion in *Octane Fitness* as the proper benchmark for awards of attorneys' fees under Section 35(a),²⁴⁴⁶ the Second Circuit perhaps not surprisingly adopted the same standard for evaluating the propriety of prejudgment interest.²⁴⁴⁷ It did not apply the standard for the first time on appeal, however, but instead chose to remand the action before it for the district court to do so.²⁴⁴⁸

v. Attorneys' Fees

Trial courts enjoy the discretion to award attorneys' fees under a number of mechanisms to prevailing parties in trademark and unfair competition litigation. Those parties in some jurisdictions

²⁴⁴² *Id.* at 529.

²⁴⁴³ *See* Grasshopper House, LLC v. Clean & Sober Media LLC, 394 F. Supp. 3d 1073 (C.D. Cal. 2019).

²⁴⁴⁴ *Id.* at 1118.

²⁴⁴⁵ *See, e.g.*, Am. Honda Motor Co. v. Two Wheel Corp., 918 F.2d 1060, 1064 (2d Cir. 1990) ("Although Section [35(a)] does not provide for prejudgment interest, such an award is within the discretion of the trial court and is normally reserved for 'exceptional' cases.").

²⁴⁴⁶ *See* Sleepy's LLC v. Select Comfort Wholesale Corp., 909 F.3d 519, 522 (2d Cir. 2018).

²⁴⁴⁷ *See* 4 Pillar Dynasty LLC v. New York & Co., 933 F.3d 202 (2d Cir. 2019).

²⁴⁴⁸ *Id.* at 216.

can secure awards of fees under state law,²⁴⁴⁹ but, as always, most cases awarding fees over the past year did so under federal law, which recognizes several bases for fee petitions. For example, and of perhaps greatest familiarity to trademark practitioners, Section 35(a) authorizes the imposition of fees upon the losing party in “exceptional cases,”²⁴⁵⁰ while Section 35(b) makes such an award virtually mandatory in cases in which a defendant has been found liable for trafficking in goods or services associated with counterfeit marks.²⁴⁵¹ The Federal Rules of Appellate Procedure authorize awards of fees to reimburse the expenses of frivolous appeals,²⁴⁵² and federal district courts also may award fees if a litigant has “unreasonably and vexatiously” multiplied the proceedings in a case.²⁴⁵³ Federal courts likewise have the inherent power to award fees if bad-faith litigation practices by the parties or other considerations justify them and also may impose awards of fees as sanctions for contempt, under Rules 11 and 41(d) of the Federal Rules of Civil Procedure,²⁴⁵⁴ or, in the case of discovery violations, under Rule 37.²⁴⁵⁵

A final potential basis for an award of fees perhaps merits particular attention. Section 21(b)(3) of the Act²⁴⁵⁶ 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 that—at least for now—the Fourth Circuit has held includes the Office’s attorneys’ fees and paralegal costs.²⁴⁵⁷ Thus, although Booking.com successfully appealed the USPTO’s determination that its flagship mark was generic, that success did not insulate it from an award of the Office’s fees.²⁴⁵⁸ Following that award, however, the Supreme Court in *Peter v. NantKkwest, Inc.*²⁴⁵⁹ struck down the USPTO’s practice of requesting automatic fee awards under the substantively identically

²⁴⁴⁹ See, e.g., *Denali Real Est., LLC v. Denali Custom Builders, Inc.*, 926 N.W.2d 610, 626 (Neb. 2019) (affirming, without extensive discussion, award of attorneys’ fees to prevailing plaintiff under Nebraska law).

²⁴⁵⁰ 15 U.S.C. § 1117(a) (2018).

²⁴⁵¹ *Id.* § 1117(b).

²⁴⁵² Fed. R. App. P. 38.

²⁴⁵³ 28 U.S.C. § 1927 (2018).

²⁴⁵⁴ Fed. R. Civ. P. 11 & 41(d).

²⁴⁵⁵ Fed. R. Civ. P. 37.

²⁴⁵⁶ 15 U.S.C. § 1071(b)(3) (2018).

²⁴⁵⁷ See *Shammas v. Focarino*, 784 F.3d 219, 222-27 (4th Cir. 2015).

²⁴⁵⁸ See *Booking.com B.V. v. U.S. Pat. & Trademark Off.*, 915 F.3d 171, 187-88 (4th Cir.), *as amended* (Feb. 27, 2019), *vacated and remanded*, 141 S. Ct. 187 (2020).

²⁴⁵⁹ 140 S. Ct. 365 (2019).

worded Section 145 of the Patent Act.²⁴⁶⁰ The Court then vacated and remanded the fee award in Booking.com’s appeal for reconsideration in light of the outcome in *NantKwest*.²⁴⁶¹ Although the Fourth Circuit subsequently referred the issue of the continued viability of its pre-*NantKwest* interpretation of Section 21(b)(3) to the district court,²⁴⁶² that interpretation appears to be a dead man walking.

(A) *Determination of the Prevailing Party*

Because a losing party is inevitably disqualified from pursuing a fee award,²⁴⁶³ an obvious initial inquiry for courts considering requests for such awards 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 Act.²⁴⁶⁴ 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.²⁴⁶⁵

²⁴⁶⁰ 25 U.S.C. § 145 (2018).

²⁴⁶¹ See *Booking.com B.V. v. U.S. Pat. & Trademark Off.*, 141 S. Ct. 187 (2020).

²⁴⁶² See *Booking.com B.V. v. U.S. Pat. & Trademark Off.*, No. 17-2459, slip op. (4th Cir. Dec. 14, 2020).

²⁴⁶³ See, e.g., *Adina’s Jewels, Inc. v. Shashi, Inc.*, 442 F. Supp. 3d 766, 774 (S.D.N.Y. 2020) (declining to award fees to plaintiff failing to challenge successfully defendant’s removal of state-court action to federal court).

²⁴⁶⁴ See *SnugglyCat, Inc. v. Opfer Commc’ns, Inc.*, 953 F.3d 522 (8th Cir. 2020).

²⁴⁶⁵ *Id.* at 527-28.

**(B) Eligibility of Prevailing Parties for
Awards of Attorneys' Fees**

(1) Fee Requests by Prevailing Plaintiffs

Outside the context of Section 35(b)'s virtually automatic award of fees to prevailing plaintiffs in counterfeiting cases, the Supreme Court's interpretation of the test for awards of attorneys' fees under Section 285 of the Patent Act²⁴⁶⁶ in *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*,²⁴⁶⁷ continued to play a significant role in interpretations of Section 35(a), which, like Section 285, codifies an "exceptional case" standard.²⁴⁶⁸ The most dramatic example of it doing so came in an appeal to the Seventh Circuit of a refusal to award fees despite a trial record establishing that the defendants had intentionally violated the plaintiff's rights to its mark, with the goal of buying the mark if the plaintiff objected.²⁴⁶⁹ Although the district court declined to grant the plaintiff's fee petition, the Seventh Circuit invoked *Octane Fitness* before concluding that:

Based on our reading of the [district] judge's findings and conclusions, this was an exceptional case. The judge found that the [defendants] engaged in a vast infringement campaign and indeed planned in advance to offer to buy the marks only "if and when [the plaintiff] discovered the[ir] improper use and complained." He found their conduct "willful, egregious[,] and intentional." Likewise, he found that they "acted in bad faith, intentionally, willfully[,] and maliciously[:] [and] have refused to cease the infringing activity[] and ... caused [the plaintiff] unnecessary trouble and expense." Then, in the next sentence, the judge summarily denied [the plaintiff's] motion for Lanham Act attorney's fees.²⁴⁷⁰

"Respectfully," the appellate court observed, "that conclusion simply doesn't follow from the factual findings of willfulness, maliciousness, and bad faith."²⁴⁷¹ It therefore reversed the district court's refusal to award fees as an abuse of discretion.²⁴⁷²

Both prongs of the *Octane Fitness* test led to a fee award in a case in which a counterclaim plaintiff turned the tables on its

²⁴⁶⁶ 35 U.S.C. § 285 (2018).

²⁴⁶⁷ 572 U.S. 545 (2014).

²⁴⁶⁸ See, e.g., *4 Pillar Dynasty LLC v. N.Y. & Co.*, 933 F.3d 202, 216 (2d Cir. 2019) (vacating and remanding fee award to prevailing plaintiffs based on intervening opinion adopting *Octane Fitness* analysis).

²⁴⁶⁹ See *4SEMO.com Inc. v. S. Ill. Storm Shelters, Inc.*, 939 F.3d 905 (7th Cir. 2019), cert. denied, 140 S. Ct. 2642 (2020).

²⁴⁷⁰ *Id.* at 914.

²⁴⁷¹ *Id.*

²⁴⁷² *Id.*

opponent by demonstrating that it enjoyed priority of rights and therefore was entitled to prevail on its counterclaims.²⁴⁷³ Evaluating the counterclaim defendant's claim of priority, the court found it supported by "woefully inadequate evidence of his use of the disputed marks in United States commerce, demonstrating the weakness of his litigation position."²⁴⁷⁴ It then faulted the counterclaim defendant's litigation-related misconduct, which included: (1) "discovery responses [that] were rarely without the necessity of motions, judicial cajoling, delay or similar conduct";²⁴⁷⁵ (2) a failure to pay the fees of his original counsel, which resulted in substantial delays;²⁴⁷⁶ (3) the prolonging of the case through discovery motions;²⁴⁷⁷ and (4) his latter-day insistence (shared by the counterclaim plaintiff) on a bench trial after earlier requesting one before a jury.²⁴⁷⁸ "Therefore," the court held, "because [the counterclaim defendant's] litigation position was weak and because of the manner in which he litigated this case, . . . the case is sufficiently 'exceptional' to allow for an award of [the counterclaim plaintiff's] fees."²⁴⁷⁹

Of course, applications of *Octane Fitness* also led to the denial of fee petitions by prevailing plaintiffs. The Eighth Circuit affirmed just such a disposition in an unusual case in which the losing defendants were the original prior users of the disputed marks but had discontinued their use of them prior to the plaintiffs' first use.²⁴⁸⁰ 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 the marks. That result therefore held even though the defendants had applied to register the marks and also secured domain names based on them.²⁴⁸¹

So too did an application of *Octane Fitness* lead a California federal district court to reject a prevailing plaintiff's motion for an award of fees, despite that plaintiff's successful demonstration at

²⁴⁷³ See *Maduka v. Tropical Nats., Ltd.*, 409 F. Supp. 3d 337 (E.D. Pa. 2019).

²⁴⁷⁴ *Id.* at 366.

²⁴⁷⁵ *Id.*

²⁴⁷⁶ *Id.*

²⁴⁷⁷ *Id.*

²⁴⁷⁸ *Id.*

²⁴⁷⁹ *Id.*

²⁴⁸⁰ See *Safeway Transit LLC v. Disc. Party Bus, Inc.*, 954 F.3d 1171 (8th Cir. 2020).

²⁴⁸¹ *Id.* at 1182-83.

trial that its adversaries had engaged in false advertising.²⁴⁸² Weighing the defendants' litigation-related conduct, the court found that "this case does not rise to the level of an 'exceptional' case necessitating an award of attorneys' fees. [The defendants'] defense throughout this case was not one of frivolity, and none of [their] legal arguments advanced during trial were objectively unreasonable."²⁴⁸³ It was similarly unimpressed with the nature of the defendants' unlawful conduct, which it determined was neither willful nor objectively unreasonable.²⁴⁸⁴ Finally, it declined to fault the defendants for having advanced an unsuccessful counterclaim, which the court found supported by a "legitimate argument" that the plaintiff had itself engaged in false advertising.²⁴⁸⁵

Significantly, *Octane Fitness* did not govern the disposition of all fee petitions by prevailing plaintiffs.²⁴⁸⁶ For example, a Washington federal district court seemed oblivious to the Ninth Circuit's prior adoption of *Octane Fitness*²⁴⁸⁷ in holding that the prevailing counterclaim plaintiffs before it were entitled to recover their fees "if the acts constituting the infringement were willful, deliberate, knowing, or malicious."²⁴⁸⁸ In any case, the court found that pre-*Octane Fitness* test satisfied by the failure of the counterclaim defendant to discontinue its infringing conduct and its decision instead to purchase a third party's rights in an unsuccessful attempt to assert those rights against the counterclaim plaintiffs. The fact that, in the court's estimation, the counterclaim defendant had accused the counterclaim plaintiffs of infringement "while aware that it had no legitimate trademark [rights]" rendered the case an exceptional one.²⁴⁸⁹

Similarly, although the Sixth Circuit previously had held the Supreme Court's standard applicable to Section 35(a),²⁴⁹⁰ that development was lost on a Kentucky federal district court.²⁴⁹¹ That

²⁴⁸² See *Grasshopper House, LLC v. Clean & Sober Media LLC*, 394 F. Supp. 3d 1073 (C.D. Cal. 2019).

²⁴⁸³ *Id.* at 1119.

²⁴⁸⁴ *Id.* at 1120.

²⁴⁸⁵ *Id.* at 1121.

²⁴⁸⁶ See, e.g., *Choice Hotels Int'l, Inc. v. Royal Touch Hosp., LLC (NC)*, 409 F. Supp. 3d 559, 570 (W.D. Va. 2019) (applying pre-*Octane Fitness* authority to award fees against group of holdover licensees failing to contest plaintiff's fee petition).

²⁴⁸⁷ See *SunEarth, Inc. v. Sun Earth Solar Power Co.*, 839 F.3d 1179, 1181 (9th Cir. 2016).

²⁴⁸⁸ See *BBC Grp. v. Island Life Rest. Grp.*, 413 F. Supp. 3d 1032, 1050 (W.D. Wash.), *reconsideration denied*, No. C18-1011 RSM, 2019 WL 4917060 (W.D. Wash. Oct. 4, 2019), *and reconsideration denied*, No. C18-1011-RSM, 2019 WL 4991533 (W.D. Wash. Oct. 8, 2019).

²⁴⁸⁹ *Id.*

²⁴⁹⁰ See *Evoqua Water Techs., LLC v. M.W. Watermark, LLC*, 940 F.3d 222, 235 (6th Cir. 2019), *cert. denied*, 140 S. Ct. 2762 (2020).

²⁴⁹¹ See *ServPro Intell. Prop., Inc. v. Blanton*, 451 F. Supp. 3d 710 (W.D. Ky. 2020).

tribunal previously had found the defendants liable for infringement as a matter of law based on their registration of a domain name incorporating the plaintiffs' mark and their use of it for a website promoting services directly competitive to those of the plaintiffs. Nevertheless, the plaintiffs' victory did not carry over to the attorneys' fees context, because the court, ignoring *Octane Fitness* altogether, held that "a case is not exceptional unless the infringement was malicious, fraudulent, willful, or deliberate."²⁴⁹² Reviewing the summary judgment record, the court credited testimony by the lead defendant taking issue with the plaintiffs' accusations that he and his company had represented to consumers that they provided the plaintiffs' services and had failed to comply with the plaintiffs' cease-and-desist letter (which the lead defendant claimed to have never received). The court therefore denied the plaintiffs' motion for summary judgment on the issue, holding that, "[t]he evidence here, taken in the light most favorable to [the defendants], shows that there is a genuine issue of material fact as to whether [the defendants] acted willfully and thus whether this is an 'exceptional' case permitting the awarding of attorney's fees."²⁴⁹³

Outside the context of fee petitions based on Section 35(a)'s exceptional case standard, the Eleventh Circuit affirmed an award of fees to a plaintiff that had successfully demonstrated its opponents' contempt of a permanent injunction.²⁴⁹⁴ The contemnors argued their good-faith attempts at compliance should preclude the fee award, but the appellate court disagreed. For one thing, it held, "no willful or intentional violation of a court order is required for attorneys' fees to be granted as a contempt sanction."²⁴⁹⁵ And, for another, "[w]e have previously affirmed an award of attorneys' fees for a mere 'failure to take reasonable steps to police' compliance with the court's order, finding that the violation of the order was 'at least a reasonably foreseeable consequence' of the party's actions."²⁴⁹⁶ The district court therefore had not abused its discretion by granting the plaintiff's motion for reimbursement of its fees.

Finally, a Delaware federal district court addressed a request for an award of fees under Section 35(b) by declining to resolve the issue on the motion of the (otherwise prevailing) plaintiff for summary judgment.²⁴⁹⁷ The plaintiff argued that the defendant had failed to discontinue its unlawful conduct immediately upon being put on

²⁴⁹² *Id.* at 732 (quoting *Audi AG v. D'Amato*, 469 F.3d 534, 550 (6th Cir. 2006)).

²⁴⁹³ *Id.*

²⁴⁹⁴ *See PlayNation Play Sys., Inc. v. Vexel Corp.*, 939 F.3d 1205 (11th Cir. 2019).

²⁴⁹⁵ *Id.* at 1215.

²⁴⁹⁶ *Id.* (quoting *Sizzler Fam. Steak Houses v. W. Sizzlin Steak House, Inc.*, 793 F.2d 1529, 1534 (11th Cir. 1986)).

²⁴⁹⁷ *See New Balance Athletics, Inc. v. USA New Burren Int'l Co.*, 424 F. Supp. 3d 334 (D. Del. 2019), *reconsideration denied in part*, No. CV 17-1700 (MN), 2020 WL 5593928 (D. Del. Sept. 18, 2020).

notice of the plaintiff's objections through an attack on the defendant's registrations by the plaintiff before the Trademark Trial and Appeal Board. In response, the defendant argued that it had eventually ceased use of the objectionable marks and also had voluntarily surrendered the registrations covering them for cancellation. Unable to determine from the summary judgment record the reason for the one-year delay in the defendant's corrective actions, the court announced it would "draw[] no conclusions at this time regarding whether or not [the defendant's] infringement was intentional or willful."²⁴⁹⁸

(2) Fee Requests by Prevailing Defendants

Just as it did in the context of a fee petition by a prevailing plaintiff,²⁴⁹⁹ the Seventh Circuit held *Octane Fitness* applicable to the request by a group of defendants for reimbursement of their fees after the plaintiff that had sued them for infringement "for over a year" voluntarily dropped its claims with prejudice.²⁵⁰⁰ Although acknowledging the Supreme Court's adoption of the *Octane Fitness* standard in patent cases, the district court had held itself bound by the Seventh Circuit's traditional (and highly restrictive) standard, which required prevailing defendants to demonstrate that their opponents' conduct rose to the level of abuse of process.²⁵⁰¹ Characterizing that standard as "suffer[ing] from . . . inflexibility"²⁵⁰² and noting "*Octane's* rejection of a similarly rigid standard for an identical fee-shifting provision,"²⁵⁰³ the appellate court rejected the plaintiff's argument that the old standard survived and remanded the matter for an application of *Octane Fitness*.²⁵⁰⁴

Other courts addressed the merits of defense fee petitions largely by rejecting them. Although the Sixth Circuit had merely suggested in a past precedential opinion that *Octane Fitness* was the law of the land within its boundaries,²⁵⁰⁵ that court bought into the standard while proving unreceptive to a claim that the unsuccessful

²⁴⁹⁸ *Id.* at 355.

²⁴⁹⁹ See *4SEMO.com Inc. v. S. Ill. Storm Shelters, Inc.*, 939 F.3d 905, 914 (7th Cir. 2019) (applying *Octane Fitness* to reverse denial of fees to prevailing plaintiff), *cert. denied*, 140 S. Ct. 2642 (2020).

²⁵⁰⁰ See *LHO Chi. River, LLC v. Perillo*, 942 F.3d 384 (7th Cir. 2019).

²⁵⁰¹ See *Nightingale Home Healthcare, Inc. v. Anodyne Therapy, LLC* 626 F.3d 958, 963-64 (7th Cir. 2010).

²⁵⁰² *LHO Chi. River*, 942 F.3d at 387.

²⁵⁰³ *Id.*

²⁵⁰⁴ *Id.* at 388-89.

²⁵⁰⁵ See *Slep-Tone Ent. Corp. v. Karaoke Store, Inc.*, 782 F.3d 313, 318 (6th Cir. 2015) (remanding issue of *Octane Fitness's* applicability to Section 35(a) for evaluation by district court).

prosecution of a false advertising cause of action warranted an award of fees.²⁵⁰⁶ 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."²⁵⁰⁷ 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");²⁵⁰⁸ (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");²⁵⁰⁹ 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").²⁵¹⁰

Judicial skepticism toward fee petitions by prevailing defendants also was apparent in a Federal Circuit opinion reversing a fee award to such a defendant as an abuse of discretion under Ninth Circuit law.²⁵¹¹ 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

²⁵⁰⁶ See *Evoqua Water Techs., LLC v. M.W. Watermark, LLC*, 940 F.3d 222, 235 (6th Cir. 2019), *cert. denied*, 140 S. Ct. 2762 (2020).

²⁵⁰⁷ *Id.* at 235.

²⁵⁰⁸ *Id.*

²⁵⁰⁹ *Id.* at 235-36.

²⁵¹⁰ *Id.* at 236.

²⁵¹¹ See *Munchkin, Inc. v. Luv n' Care, Ltd.*, 960 F.3d 1373 (Fed. Cir. 2020).

litigating a claim it was granted permission to pursue.”²⁵¹² Rejecting the defendants’ citation to third-party uses of similar designs, the appellate court then held that “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.”²⁵¹³ 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.²⁵¹⁴

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

(C) Calculation of Attorneys’ Fees

In a rare reported opinion bearing on the calculation of attorneys’ fees, the Eleventh Circuit affirmed an award of \$46,465.25 in fees and costs to a plaintiff that had successfully pursued a contempt motion, despite the plaintiff’s inability to prove more than \$1,500 in damages arising from the defendants’ violation of a permanent injunction.²⁵¹⁵ The disparity between the two figures, the court held, “does not change the fact that [the plaintiff’s] attorneys’ fees were ‘expenses reasonably and necessarily incurred in the attempt to enforce compliance.’”²⁵¹⁶ Moreover, “[i]f a party in [the plaintiff’s] position could not recover its attorneys’ fees, it would have a reduced incentive to monitor for violations of court orders, particularly when its provable actual damages are relatively small.”²⁵¹⁷ Finally, the appellate court rejected the defendants’ invitation to discount the district court’s fee award because the plaintiff had failed to prevail on a second motion for civil contempt

²⁵¹² *Id.* at 1381.

²⁵¹³ *Id.* at 1382.

²⁵¹⁴ *Id.* at 1381.

²⁵¹⁵ *See* *PlayNation Play Sys., Inc. v. Velez Corp.*, 939 F.3d 1205 (11th Cir. 2019).

²⁵¹⁶ *Id.* at 1215 (quoting *Rickard v. Auto Publisher, Inc.*, 735 F.2d 450, 458 (11th Cir. 1984)).

²⁵¹⁷ *Id.*

and one seeking a referral to the local U.S. Attorney's office to prosecute the defendants for criminal contempt.²⁵¹⁸

B. The Relationship Between Courts and the United States Patent and Trademark Office

1. Judicial Review of, and Deference to, United States Patent and Trademark Office Determinations

Litigants most commonly invite courts to defer to actions by the USPTO in three scenarios. The first occurs if the Trademark Trial and Appeal Board previously has produced findings and holdings bearing on one or more marks at issue. A court also may have an opportunity to defer to the USPTO if the parties are engaged in ongoing litigation before the Board, and one moves the court to stay its proceedings in favor of allowing the Board to take the first bite at the apple. Finally, litigants often encourage courts to defer to actions taken by examining attorneys in processing applications filed by one of the parties, or, less commonly, by a third party.

In a case arising from the first of these scenarios, the counterclaim defendant secured a federal registration of ROYAL PALM PROPERTIES in standard-character format for residential real estate brokerage services.²⁵¹⁹ 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 third-party registrations of the ROYALE PALMS and ROYALE PALMS AT KINGSTON SHORES for similar services.²⁵²⁰



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

²⁵¹⁸ *Id.* at 1216.

²⁵¹⁹ See *Royal Palm Props., LLC v. Pink Palm Props., LLC*, 950 F.3d 776 (11th Cir. 2020).

²⁵²⁰ The illustration in the text accompanying this footnote is reproduced from U.S. application Serial No. 86806416.

the cancellation of the counterclaim defendant's registration under Section 2(d)²⁵²¹ based on the alleged prior rights of the two third-party registrants. The gravamen of the counterclaim plaintiff's attack on the counterclaim defendant's registration was that, because the USPTO has refused registration to the counterclaim defendant's composite mark, confusion necessarily was likely between its standard-character format mark and the two third-party registered marks.

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.²⁵²²

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.

The third scenario raising the issue of the deference properly due USPTO determinations presented itself to a Georgia federal district court weighing a motion for summary judgment—one filed by a defendant that had successfully registered its allegedly infringing mark despite a prior registration of the plaintiff's mark.²⁵²³ Although granting the motion, the court did not defer to any great extent to the USPTO's administrative approval of the defendant's application in its determination that confusion was unlikely as a matter of law. Instead, it concluded, “as [the plaintiff] notes, the record does not indicate whether the USPTO actually found [the plaintiff's] mark during its due diligence search in conjunction with

²⁵²¹ 15 U.S.C. § 1052(d) (2018).

²⁵²² *Royal Palm Props.*, 950 F.3d at 789 n.9 (second alteration in original) (quoting *Syntex Lab'ys 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)).

²⁵²³ *See Tarsus Connect, LLC v. Cvent, Inc.*, 452 F. Supp. 3d 1334 (N.D. Ga. 2020).

the [defendant's] application. Thus, the Court will consider the USPTO's decision, but does not afford it deference or substantial weight."²⁵²⁴

2. Judicial Authority Over Federal Registrations and Applications

Section 37 of the Act provides that “[i]n any action involving a registered mark the court may determine the right to registration, order the cancelation of registrations, in whole or in part, restore cancelled registrations, and otherwise rectify the register with respect to the registrations of any party to the action.”²⁵²⁵ As always, some litigants invoked Section 37 to advance claims of the fraudulent procurement of registrations, including one plaintiff that challenged a series of registrations owned by the operators of a data center certification business.²⁵²⁶ The court summarized the cause of action at issue as alleging “that Defendants must have made fraudulent statements to the USPTO because [the Lead Defendant] received service mark registration[s] for marks that it uses as certification marks, and it avoided applying for certification mark registration because the rights associated with certification marks differ significantly from service marks.”²⁵²⁷ Weighing the defendants’ motion to dismiss, it held:

To assert a claim for fraudulent procurement of marks, a plaintiff must establish: “(1) a false representation regarding a material fact; (2) the registrant’s knowledge or belief that the representation is false; (3) the registrant’s intent to induce reliance upon the misrepresentation; (4) actual, reasonable reliance on the misrepresentation; and (5) damages proximately caused by that reliance.”²⁵²⁸

Then, without addressing the other prongs of the analysis, it granted the motion because the plaintiff had failed to aver a false statement in the first instance. In somewhat confused fashion, the court explained that:

Even if Plaintiff used its registered service mark[s] as [] certification mark[s], Plaintiff does not explain to the Court why Defendants’ representation that [they] used the . . . marks in connection with services is false. Defendants did use the marks in connection with their certification services. Plaintiff has not shown that the USPTO’s service mark

²⁵²⁴ *Id.* at 1351.

²⁵²⁵ 15 U.S.C. § 1119 (2018).

²⁵²⁶ *See Switch, Ltd. v. Uptime Inst., LLC*, 426 F. Supp. 3d 636 (D. Nev. 2019).

²⁵²⁷ *Id.* at 645.

²⁵²⁸ *Id.* at 644-45 (quoting *OTR Wheel Eng’g, Inc. v. West Worldwide Servs.*, 897 F.3d 1008, 1019 (9th Cir. 2018)).

application required Defendants to represent that [they] used [their] marks to identify the source of [their] own services.²⁵²⁹

A separate claim of fraud in a different case also failed as a matter of law, albeit on a motion for summary judgment, rather than one to dismiss.²⁵³⁰ The United States-based counterclaim defendant sold ballet shoes under the GRISHKO mark, which was the surname of Nikolai Grishko, the principal of the lead counterclaim plaintiff. At the inception of the parties' relationship, the shoes in question were manufactured in Russia by the counterclaim plaintiffs, which granted the counterclaim defendant an exclusive license to use the GRISHKO mark. During the license's pendency, the counterclaim defendant applied to register the mark, only to receive a refusal of its application based on the examiner's familiarity with Grishko. The counterclaim defendant successfully responded to the refusal by submitting signed letters from Grishko acknowledging the counterclaim defendant's ownership of the mark and consenting to its registration. Although the resulting registration lapsed after the counterclaim defendant failed to renew it, the counterclaim defendant subsequently pursued a number of other registrations of the same mark by submitting the original letters of consent, and four of those had passed their fifth anniversaries prior to the termination of the license by the counterclaim plaintiffs.

Following that termination and the outbreak of hostilities between the parties, the counterclaim plaintiffs sought the cancellation of the counterclaim defendant's registrations on the theory that the lapsing of the original registration had been at the counterclaim plaintiffs' instruction and that the counterclaim defendant had fraudulently represented to the USPTO that the earlier consents were still valid. The counterclaim defendant argued that the submission of the earlier consents had been an oversight attributable to the illness and possible death of its attorney, but the same attorney later made additional trademark filings on the counterclaim defendant's behalf. The court found it "rather odd" that the counterclaim defendant had not sought more up-to-date consents.²⁵³¹ Nevertheless, it also found that the counterclaim plaintiffs' claim to have instructed the counterclaim defendant not to renew the original registration lacked credibility; moreover, the counterclaim plaintiffs had acknowledged the counterclaim

²⁵²⁹ *Id.* at 645.

²⁵³⁰ *See* I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko," 397 F. Supp. 3d 721 (E.D. Pa.), order vacated in part on reconsideration, No. CV 18-5194, 2019 WL 5394113 (E.D. Pa.), and appeal dismissed sub nom. IM Wilson Inc. v. Grishko Dance SRO, No. 19-2953, 2019 WL 8008960 (3d Cir. Oct. 29, 2019).

²⁵³¹ *Id.* at 739.

defendant's ownership of the disputed mark after the filing of the counterclaim defendant's later series of applications. Faced with these conflicting accounts, the court concluded that "[a]lthough the Court is not convinced by either party's narrative, . . . the [counterclaim plaintiffs] have not proffered the 'clear and convincing' evidence required of them to demonstrate fraud and challenge [the counterclaim defendant's] incontestable marks on this basis."²⁵³²

Although it might have survived until a bench trial, a separate cause of action for fraudulent procurement grounded in the counterclaim defendant's alleged violation of the oath required of use-based applicants under Section 1(a)(3)(D)²⁵³³ failed at that stage.²⁵³⁴ Although the counterclaim plaintiff accused the counterclaim defendant of failing to disclose to the USPTO the use of confusingly similar marks by the counterclaim plaintiff and other parties, the court properly recognized that Section 1(a)(3)(D) requires only an averment that no other party has *the right* to use either the applied-for mark or one likely to be confused with it. Thus, at least where the counterclaim plaintiff was concerned, the claim of fraud "fails because this lawsuit is based upon [the counterclaim defendant's] allegations that [the counterclaim plaintiff] is the junior user and, therefore, it is reasonable to infer that [the counterclaim defendant] did not believe [the counterclaim plaintiff] had the right to use the [applied-for mark]."²⁵³⁵ Moreover, and with respect to third-party users of closely similar marks, the court found the counterclaim plaintiff had failed to advance the required "clear and convincing evidence of [the counterclaim defendant's] specific knowledge that other companies had the legal right to use the [applied-for mark]."²⁵³⁶

Much the same rationale led to the failure of a claim of fraudulent procurement raised in response to a preliminary injunction motion.²⁵³⁷ At the time the plaintiff applied to register its

²⁵³² *Id.* (quoting *Coverttech Fabricating, Inc. v. TVM Building Prods., Inc.*, 855 F.3d 163, 175 (3d Cir. 2017)).

²⁵³³ 15 U.S.C. § 1051(a)(3)(D) (2018). Section 1(a)(3)(D) provides requires applicants claiming Section 1(a) bases for their applications to aver under oath as part of the application process that:

[T]o the best of the verifier's knowledge and belief, no other person has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive . . .

Id.

²⁵³⁴ *See Pinnacle Advert. & Mktg. Grp. v. Pinnacle Advert. & Mktg. Grp.*, 418 F. Supp. 3d 1143 (S.D. Fla. 2019), *appeal docketed*, No. 19-15167 (11th Cir. Dec. 30, 2019).

²⁵³⁵ *Id.* at 1156.

²⁵³⁶ *Id.*

²⁵³⁷ *See Life After Hate, Inc. v. Free Radicals Project, Inc.*, 410 F. Supp. 3d 891 (N.D. Ill. 2019).

mark, two other parties used the same mark, and that circumstance formed the basis of the defendants' argument that the plaintiff's claim of an exclusive right to use its mark was necessarily fraudulent. The court rejected that argument after holding the following five-factor test applicable to it:

A claim for fraudulent procurement of a trademark requires (1) [a] false representation regarding a material fact; (2) the registrant's knowledge or belief that the representation is false (scienter); (3) the intention to induce action or refraining from action in reliance on the misrepresentation; (4) reasonable reliance on the misrepresentation; and (5) damages proximately resulting from such reliance.²⁵³⁸

Although the plaintiff's awareness of at least one of the two prior users as of its application date was beyond dispute, the plaintiff's witnesses testified credibly of their belief that the plaintiff had assumed the assets of that entity. The court concluded of that testimony that "[e]ven if this were not legally or technically accurate, [the plaintiff] established that its members sincerely believed it to be the case, and fraud requires proof that [the plaintiff] *knew* the representations it was making were false."²⁵³⁹ Moreover, with respect to the second user, the court found that "[i]t is absolutely clear from the record that [he] used the title in commerce, but there is no such clarity about when he began doing so, let alone clarity about when [the plaintiff] knew and whether it knew when it applied to register [its] mark."²⁵⁴⁰ Characterizing the fraudulent procurement claim as "flimsy at best," the court rejected it because "Defendants do not come close to proving fraud 'to the hilt with clear and convincing evidence,' as they must."²⁵⁴¹

In contrast, another court proved somewhat sympathetic to a counterclaim alleging fraudulent procurement based on the registrant's alleged submission of a false sworn averment under Section 1(a)(3)(D).²⁵⁴² The counterclaim defendant owned two restaurants, which operated under the ADDY'S BARBECUE mark, while the counterclaim plaintiffs used the ADDY'S BBQ mark for their own restaurant. In response to the counterclaim defendant's motion for a preliminary injunction, the counterclaim plaintiffs adduced evidence and testimony that, prior to applying to register his mark, the counterclaim defendant had affirmatively given them permission to use their allegedly infringing mark. They also filed a summary judgment motion seeking the cancellation of

²⁵³⁸ *Id.* at 906 (alteration in original) (quoting *Slep-Tone Ent. Corp. v. Kalamata, Inc.*, 75 F. Supp. 3d 898, 903 (N.D. Ill. 2014)).

²⁵³⁹ *Id.*

²⁵⁴⁰ *Id.* at 907.

²⁵⁴¹ *Id.* (quoting *In re Bose Corp.*, 580 F.3d 1240, 1243 (Fed. Cir. 2009)).

²⁵⁴² *See Khan v. Addy's BBQ LLC*, 419 F. Supp. 3d 538 (E.D.N.Y. 2019).

the counterclaim defendant's registration on the theory that he had secured it in bad faith and in derogation of the counterclaim plaintiffs' right to use their mark. Characterizing that counterclaim as one alleging fraudulent procurement of the counterclaim defendant's registration, the court denied the counterclaim plaintiffs' motion for summary judgment, but it did find the theory "plausible."²⁵⁴³ It therefore granted the counterclaim plaintiffs leave to amend their counterclaim to phrase their allegation of fraudulent procurement properly.²⁵⁴⁴

Of course, not all courts entertaining causes of action for cancellation under Section 37 addressed claims of fraud,²⁵⁴⁵ and more than one ordered that remedy after finding that a registered mark was confusingly similar to that of a prior user.²⁵⁴⁶ Thus, for example, although having secured a registration of its DUDU OSUM mark for soap, one unlucky mark owner failed to establish its priority of rights vis-à-vis another user of the exact same mark, and its registration was invalidated as a result.²⁵⁴⁷ Despite that outcome, the court declined to "cancel" an application by the losing party to register the closely similar DUDU OSUN mark for the same goods; according to the court, "[a]lthough the Lanham Act gives courts the authority to "order the cancelation of [trademark] registrations," nothing in the Act gives courts the authority to order the cancelation of trademark "applications."²⁵⁴⁸

²⁵⁴³ *Id.* at 858.

²⁵⁴⁴ *Id.* at 859.

²⁵⁴⁵ *See, e.g.,* Pinnacle Advert. & Mktg. Grp. v. Pinnacle Advert. & Mktg. Grp., 418 F. Supp. 3d 1143, 1161 (S.D. Fla. 2019) (ordering cancellation of two registrations covering descriptive marks found to lack secondary meaning), *appeal docketed*, No. 19-15167 (11th Cir. Dec. 30, 2019).

²⁵⁴⁶ *See, e.g.,* Oasis Legal Fin. Operating Co. v. Chodes, 454 F. Supp. 3d 724, 737 (N.D. Ill. 2020) (ordering cancellation of registration based on plaintiff's prior use of confusingly similar mark and lack of use of mark underlying registration), *appeal docketed*, No. 20-2951 (7th Cir. Oct. 9, 2020); Medscript Pharmacy, LLC v. D&D Pharma LTC, LLC, 444 F. Supp. 3d 909, 915 (N.D. Ill.) ("Defendant's prior use of the mark also entitles it to summary judgment on its claim that plaintiff's registration should be cancelled. Prior use is a valid ground for cancellation."), *appeal dismissed*, No. 20-1593, 2020 WL 5959672 (7th Cir. July 13, 2020); *see also* Tarsus Connect, LLC v. Cvent, Inc., 452 F. Supp. 3d 1334 (N.D. Ga. 2020) (considering plaintiff's request for cancellation of defendant's registration but ultimately denying it based on unlikelihood of confusion between parties' marks); Monster Energy Co. v. BeastUp LLC, 395 F. Supp. 3d 1334, 1362 (E.D. Cal. 2019) (considering plaintiff's request for cancellation of defendant's registration but ultimately denying that remedy in light of factual dispute as to likelihood of confusion between parties' marks).

²⁵⁴⁷ *See* Maduka v. Tropical Nats., Ltd., 409 F. Supp. 3d 337 (E.D. Pa. 2019).

²⁵⁴⁸ *Id.* at 367 (second alteration in original) (quoting 15 U.S.C. § 1119 (2018)).

For an opinion reaching the same outcome, but doing so based on the proposition that the court lacked federal subject-matter jurisdiction to consider a challenge to a pending application, *see D.B.C. Corp. v. Nucita Venezolana, C.A.*, 464 F. Supp. 3d 1323, 1332 (S.D. Fla. 2020).

In another opinion addressing a non-fraud-based challenge to registrations, a Washington federal district court rejected the argument of a defendant accused of infringing the BLUETOOTH certification mark that the plaintiff had violated the anti-use-by-owner rule.²⁵⁴⁹ That rested on the plaintiff's submission to the USPTO in support of an application to register the mark as a *trademark* of specimens showing the mark's use as a *certification* mark. According to the defendant, the plaintiff's sworn representation that the specimens reflected trademark use established the invalidity of the mark as a certification mark. The court was unconvinced, and it rejected that theory on the parties' cross-motions for summary judgment. It did so, however, based on the dubious proposition that licensees of the plaintiff's certification mark were not bound by the anti-use-by-owner rule; instead, only the plaintiff itself was.²⁵⁵⁰

The nature of certification marks also came into play in a challenge to a registration addressed by a New York federal district court.²⁵⁵¹ The trademark covered by that registration, used in connection with olive oil, was a composite one, the verbal component of which included the words "Highest Standard" and "Certified*Lab Tested*Sensory Evaluated."²⁵⁵² According to the plaintiff, those words inaccurately suggested to consumers that an independent party had certified the oil sold under the mark, when, in fact, the oil merely met the defendant's own standards. The plaintiff therefore asserted both that the mark was deceptive in violation of Section 2(a) of the Act²⁵⁵³ and that the defendant had used it to misrepresent the source of the oil sold under it in violation of Section 14(3), but the company failed to state a claim under each of those theories:

[The first] argument mischaracterizes the registration for the [disputed] mark, which is not a service or certification mark, but rather a trademark that identifies the source of the goods, *i.e.*, olive oils produced by [the defendant] that meet a set of published standards. [The plaintiff] . . . concentrates on the term "Certified," arguing that it gives the "commercial impression" that a "separate certifying party is certifying different goods from different sources." As the use of the . . . mark does not misrepresent the source of the goods, relief under [Section 14(3)] is unavailable."²⁵⁵⁴

²⁵⁴⁹ See *Bluetooth SIG, Inc. v. FCA US LLC*, 463 F. Supp. 3d 1169 (W.D. Wash. 2020).

²⁵⁵⁰ *Id.* at 1201.

²⁵⁵¹ See *N. Am. Olive Oil Ass'n v. D'Avolio Inc.*, 457 F. Supp. 3d 207 (E.D.N.Y. 2020), *appeal withdrawn*, No. 20-1688, 2020 WL 5083332 (2d Cir. July 30, 2020).

²⁵⁵² *Id.* at 225.

²⁵⁵³ 15 U.S.C. § 1052(a) (2018).

²⁵⁵⁴ *N. Am. Olive Oil Ass'n*, 457 F. Supp. 3d at 228.

In another case presenting a non-fraud-based challenge to the registrability of a plaintiff's marks, the City of New York sought to enforce its rights to a number of federally registered marks associated with the New York Police Department and the Fire Department of the City of New York and used in connection with souvenir items such as clothing and toys.²⁵⁵⁵ In response, the defendants argued in a motion for summary judgment that registration of the marks violated the prohibition in Section 2(b) of the Act on the registration of "flag or coat of arms or other insignia of the United States, or of any State or municipality."²⁵⁵⁶ In denying the motion, the court reminded the defendants that "[t]he prohibition does not extend to bar marks of departments or agencies within the governments of the United States, a state, or a municipality. Indeed, numerous other trademarks have been issued for such entities by the PTO."²⁵⁵⁷ It then compared the City's official seal to the registered marks and concluded that only a single mark, one used by the NYPD, incorporated "a few of [the seal's] elements in a peripheral manner":²⁵⁵⁸



Because of the overall lack of similarity between the seal and the marks at issue, the court granted the City's motion for summary judgment and denied the defendants' counterclaim for cancellation, observing, "[m]ere use of select elements from the City Seal does not convert the NYPD Shield into an 'insignia' within the meaning of the Lanham Act."²⁵⁵⁹

²⁵⁵⁵ City of New York v. Blue Rage, Inc., 435 F. Supp. 3d 472 (E.D.N.Y. 2020).

²⁵⁵⁶ 15 U.S.C. § 1052(b) (2018).

²⁵⁵⁷ *Blue Rage*, 435 F. Supp. 3d at 487.

²⁵⁵⁸ *Id.* at 488.

²⁵⁵⁹ *Id.*

C. Constitutional Matters

1. Article III Case and Controversies

Both Article III of the U.S. Constitution and the federal Declaratory Judgment Act require federal courts acting under their authority to find the existence of an “actual controversy” before proceeding;²⁵⁶⁰ moreover, state law causes of action are inevitably subject to the same requirements. According to the Supreme Court in *MedImmune, Inc. v. Genentech, Inc.*,²⁵⁶¹ whether a particular dispute rises to this level properly should turn on “whether the facts alleged, under all the circumstances, show that there is a substantial controversy . . . of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.”²⁵⁶²

The filing of an inter partes challenge to a plaintiff’s registration or application generally did not itself create an actionable case and controversy under pre-*MedImmune* case law, but California federal district courts have increasingly accorded such filings dispositive weight. Thus, for example, one denied a motion to dismiss a declaratory judgment action by holding that “specific threats of an infringement action are not required; veiled threats of potential litigation, including a notice of opposition before the USPTO including the elements of infringement, are sufficient.”²⁵⁶³ As it explained, even in the apparent absence of threats by the defendants of infringement litigation, “Plaintiff alleges that the elements of Defendants’ petitions for cancellation and notices of opposition have placed it in reasonable apprehension of potential liability for infringement,”²⁵⁶⁴ and that was all that was necessary for the case to move forward.

That was not the only finding of an actionable case and controversy made by a California federal district court. On the contrary, a second one reached the same outcome on much easier facts.²⁵⁶⁵ Having been accused of infringing the plaintiff’s marks, the defendant sought a declaratory judgment that it had not done so and, additionally, that it enjoyed priority of rights. Not surprisingly, the court found “an actual controversy between the parties, such that the Court may exercise Article III jurisdiction over Defendant’s declaratory judgment Counterclaims”²⁵⁶⁶

²⁵⁶⁰ U.S. Const. art. III, § 2, cl. 1; 28 U.S.C. § 2201 (2018).

²⁵⁶¹ 549 U.S. 118 (2007).

²⁵⁶² *Id.* at 127 (quoting *Md. Cas. Co. v. Pac. Coal & Oil Co.*, 312 U.S. 270, 273 (1941)).

²⁵⁶³ *Switch, Ltd. v. Uptime Inst., LLC*, 426 F. Supp. 3d 636, 646 (D. Nev. 2019).

²⁵⁶⁴ *Id.* at 647.

²⁵⁶⁵ *See Stone Brewing Co. v. MillerCoors LLC*, 445 F. Supp. 3d 1113 (S.D. Cal. 2020).

²⁵⁶⁶ *Id.* at 1139.

The same outcome transpired in a different case lodged before yet another California federal district court.²⁵⁶⁷ The plaintiffs' infringement claims turned in part on the defendants' resale of hardware and software products originally produced by the plaintiffs. As summarized by the court, one of the plaintiffs' allegations was that "[the defendants] sell[] the products without, among other things, a manufacturer's warranty or customer support, which would be material to a customer's purchasing decision."²⁵⁶⁸ That allegation led the defendants to assert a counterclaim for a declaratory judgment for noninfringement, and the court sustained their ability to do so. In denying the plaintiffs' motion to dismiss the counterclaim for want of an actionable case and controversy, the court explained that:

Though [Plaintiffs'] complaint does not explicitly allege that lack of warranty alone renders the products Defendants sell infringing, it does expressly allege that the absence of a warranty is a "material[] differen[ce]" between the products Defendants sell and genuine . . . products. Thus, [Plaintiffs] directly raise[] the relationship between the presence or absence of a warranty and Defendants' alleged infringement.²⁵⁶⁹

The plaintiffs' own complaint therefore established the court's jurisdiction over the counterclaim.

In contrast, a Michigan federal district court declined to find an actionable case and controversy based on ongoing litigation between the parties in a separate prior-filed proceeding.²⁵⁷⁰ The separate proceeding was one for contempt in a case in which the plaintiff was subject to a permanent injunction, and that circumstance resulted in the dismissal of its bid for a declaratory judgment that it had not violated the defendant's rights. As the court explained:

Part of that settlement included an injunction that prevented [the plaintiff] from doing the very things that it fears might provoke a new lawsuit under the Lanham Act. Why would [the defendant] do that, when it could resort to the more direct expedient of seeking to enforce the settlement and injunction? There is no good answer, especially where all conduct that could be found infringing or could constitute unfair competition also would be prohibited by the permanent injunction and settlement agreement.²⁵⁷¹

²⁵⁶⁷ See *Cisco Sys., Inc. v. Beccela's Etc., LLC*, 403 F. Supp. 3d 813 (N.D. Cal. 2019).

²⁵⁶⁸ *Id.* at 820.

²⁵⁶⁹ *Id.* at 823-24 (citation omitted) (second and third alterations in original).

²⁵⁷⁰ See *Graminex, LLC v. Aktiebolaget Cernelle*, 451 F. Supp. 3d 732 (E.D. Mich. 2020).

²⁵⁷¹ *Id.* at 740.

Especially because the defendant had threatened the plaintiff with only the contempt filing, and not a separate infringement action, dismissal of the plaintiff's action was appropriate.²⁵⁷²

2. The First Amendment

a. The Right to Free Speech

The test for liability first set forth in *Rogers v. Grimaldi*,²⁵⁷³ 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.²⁵⁷⁴

For example, the Ninth Circuit vacated a finding of infringement in a declaratory judgment action in which the producer of JACK DANIEL'S whiskey—which had a licensing program that extended to pet-related products such as dog collars and dog houses—asserted counterclaims challenging the imitation of its marks and trade dress by the manufacturer of novelty pet products, including dog chews.²⁵⁷⁵ For comparison, the parties' goods are shown here:



According to the court of appeals, the district court erred by finding that the counterclaim defendant's product was not a creative,

²⁵⁷² *Id.*

²⁵⁷³ 875 F.2d 994 (2d Cir. 1989).

²⁵⁷⁴ *Id.* at 999.

²⁵⁷⁵ See *VIP Prods. LLC v. Jack Daniel's Props., Inc.*, 953 F.3d 1170 (9th Cir. 2020), *cert. denied*, No. 20-365, 2021 WL 78111 (U.S. Jan. 11, 2021).

expressive good eligible for the protection of *Rogers*.²⁵⁷⁶ 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 court remanded the matter for a determination of that issue.²⁵⁷⁷

In reaching this holding, the court accorded expressive work status to a product arguably different than the videogames, songs, television programs, greeting cards, and the like it previously had recognized as falling within that category.²⁵⁷⁸ Indeed, the court’s test for an expressive work focused less on the nature of the dog toys at issue and more on the imitations of the counterclaim plaintiffs’ marks and trade dress appearing on the toys:

[T]he Bad Spaniels dog toy, although surely not the equivalent of the *Mona Lisa*, is an expressive work. The toy communicates a “humorous message,” using word play to alter the serious phrase that appears on a Jack Daniel’s bottle—“Old No. 7 Brand”—with a silly message—“The Old No. 2.” The effect is “a simple” message conveyed by “juxtaposing the irreverent representation of the trademark with the idealized image created by the mark’s owner.”²⁵⁷⁹

The court therefore remanded the action with the instruction to the district court that “[i]f the [counterclaim] plaintiff satisfies one of the *Rogers* elements, ‘it still must prove that its trademark has been infringed by showing that the defendant’s use of the mark is likely to cause confusion.’”²⁵⁸⁰

Although the Ninth Circuit merely vacated and remanded the finding of infringement before it, other defendants successfully pursued the *Rogers* analysis to successful ends. For example, an Arizona federal district court held that nonfiction works can qualify as expressive works for purposes of the *Rogers* analysis.²⁵⁸¹ It made that threshold determination in a case in which the defendants, a clinical psychologist and his ghost writer, had written a book titled *The Power of When*, which posited “that an individual can be healthier and more productive by adjusting when she accomplishes

²⁵⁷⁶ *Id.* at 1176-77.

²⁵⁷⁷ *Id.* at 1177.

²⁵⁷⁸ See *Gordon v. Drape Creative, Inc.*, 909 F.3d 257 (9th Cir. 2018) (greeting cards); *Twentieth Century Fox Television v. Empire Distrib., Inc.*, 875 F.3d 1192 (9th Cir. 2017) (television series); *E.S.S. Ent. 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095 (9th Cir. 2008) (videogame); *Mattel, Inc. v. MCA Recs.*, 296 F.3d 894 (9th Cir. 2002) (song).

²⁵⁷⁹ *Id.* at 1175 (quoting *Empire Distrib.*, 875 F.3d at 1196; *Gordon*, 909 F.3d at 268–69; *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 29 (1st Cir. 1987)).

²⁵⁸⁰ *VIP Prods.*, 953 F.3d at 1176 (quoting *Gordon*, 909 F.3d at 265).

²⁵⁸¹ See *IOW, LLC v. Breus*, 425 F. Supp. 3d 1175 (D. Ariz. 2019).

certain tasks.”²⁵⁸² “Based on extensive research,” the court observed, “the book identifies four general chronotypes that inform when a person should do certain activities, and includes a ‘Bio-Time Quiz’ that helps readers identify their chronotype.”²⁵⁸³ Along with “[the lead author’s] creativity in developing his theories, categorizing and naming the chronotypes, and organizing the book,” these characteristics qualified the book for artistic work status as far as the court was concerned.²⁵⁸⁴

Turning to the *Rogers* test, the court noted that the plaintiffs did not contest the artistic relevance of the book’s title, leaving only the question of whether the title was explicitly misleading. Granting the defendants’ motion for summary judgment, the court found as a matter of law it was not. Although the plaintiffs adduced testimony that their “customers, potential customers, and potential investors were misled into believing that [the lead defendant] and his book were affiliated with or part of Plaintiffs’ business and services,”²⁵⁸⁵ the court held that “[m]ore [than likely confusion] is needed to satisfy the second *Rogers* prong.”²⁵⁸⁶ In particular, it explained, “[b]ecause Plaintiffs present no evidence that Defendants made ‘an explicit indication, overt claim, or explicit misstatement’ that *The Power of When* is affiliated with Plaintiffs or their business, Plaintiffs have failed to demonstrate a triable issue on the second *Rogers* prong.”²⁵⁸⁷

Applying Second Circuit authority, a New York federal district court offered the following explanation of *Rogers* while also granting a defense motion for summary judgment: “[A]n 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.”²⁵⁸⁸ The occasion for this observation was a suit by the manufacturer of the HUMVEE military vehicle against the producers of the *Call of Duty* videogame, which incorporated imitations of the plaintiff’s vehicle and at times referred to those imitations as “Humvees.” Applying the first *Rogers* prong while considering a defense motion for summary judgment, the court held that “Defendants’ uses of Humvees in *Call of Duty* games have artistic relevance.”²⁵⁸⁹ This

²⁵⁸² *Id.* at 1183.

²⁵⁸³ *Id.*

²⁵⁸⁴ *Id.* at 1193.

²⁵⁸⁵ *Id.* at 1194.

²⁵⁸⁶ *Id.*

²⁵⁸⁷ *Id.* (quoting *Twentieth Century Fox Television v. Empire Distrib., Inc.*, 875 F.3d 1192, 1199 (9th Cir. 2017)).

²⁵⁸⁸ *AM Gen. LLC v. Activision Blizzard, Inc.*, 450 F. Supp. 3d 467, 479 (S.D.N.Y. 2020).

²⁵⁸⁹ *Id.*

was because “[f]eaturing actual vehicles used by military operations around the world in video games about simulated modern warfare surely evokes a sense of realism and lifelikeness to the player who ‘assumes control of a military soldier and fights against a computer-controlled or human-controlled opponent across a variety of computer-generated battlefields.’”²⁵⁹⁰ “Accordingly,” it concluded, “any reasonable juror would conclude that the presence of Humvees in Call of Duty games possesses an artistic value that is at least ‘above zero.’”²⁵⁹¹

Turning to the second prong of the *Rogers* analysis, the court similarly concluded that no reasonable jury could find the defendants’ imitation of the plaintiff’s trade dress explicitly misleading. Consistent with Second Circuit authority suggesting that the second prong should be undertaken within the framework of the standard infringement factors,²⁵⁹² the court first worked its way through those factors, finding confusion unlikely as a matter of law.²⁵⁹³ It then reached the concomitant holding that “Plaintiff has failed to demonstrate that the contested uses ‘explicitly mislea[d] as to the source or the content of the work.’”²⁵⁹⁴ It then observed that:

The *Rogers* balancing inquiry examines whether the contested user has offered a “persuasive explanation” regarding the use’s status as an “integral element” of the artistic expression. Defendants have offered a persuasive explanation: the uses of Humvees in the Call of Duty games enhance the games’ realism. . . . The inclusions of Humvees in the foreground or background of various scenes—including several instances of players using Humvees to advance to the next level—are integral elements of a video game because they “communicate ideas ... through features distinctive to the medium (such as the player’s interaction with the virtual world).” Further, assuming *arguendo* that realism is the *only* artistic interest that *Call of Duty* games possess—an assumption potentially belied by the presence of narrative campaign modes in all of the challenged games—it is also true that realism can have artistic merit in itself.²⁵⁹⁵

²⁵⁹⁰ *Id.* (quoting *Novalogic, Inc. v. Activision Blizzard*, 41 F. Supp. 3d 885, 890 (C.D. Cal. 2013)).

²⁵⁹¹ *Id.* at 480 (quoting *Communico, Ltd. v. DecisionWise, Inc.*, No. 3:14-CV-1887 (RNC), 2018 WL 1525711, at *8 (D. Conn. Mar. 28, 2018)).

²⁵⁹² *See Twin Peaks Prods., Inc. v. Publ’ns Int’l, Ltd.*, 996 F.2d 1366, 1379 (2d Cir. 1993).

²⁵⁹³ *AM Gen.*, 450 F. Supp. 3d at 480-84.

²⁵⁹⁴ *Id.* (alteration in original) (quoting *Rogers*, 875 F.2d at 999).

²⁵⁹⁵ *Id.* at 484-85 (quoting *Simon & Schuster, Inc. v. Dove Audio, Inc.*, 970 F. Supp. 279, 300-01 (S.D.N.Y. 1997); *Brown v. Ent. Merchs. Ass’n*, 564 U.S. 786, 790 (2011)).

In light of the plaintiff's perceived failure to "present admissible evidence that Defendants' invocation of the First Amendment was pretextual," summary judgment of nonliability was appropriate.²⁵⁹⁶

Another New York federal district court adopted a hybrid approach while dismissing a challenge to a documentary film about deceased performer Whitney Houston, which included allegedly unauthorized footage of her ex-husband, Bobby Brown, and of her deceased daughter, Bobbi Kristina Brown.²⁵⁹⁷ Bobby Brown asserted a claim of false endorsement under Section 43(a), but the court disposed of that cause of action under a *Rogers*-based analysis. With respect to the first prong of the *Rogers* analysis, the court not surprisingly held that "the film is a biographical documentary charting Whitney Houston's life story, and Bobby Brown's appearance in the film is artistically relevant in depicting that story. Brown undoubtedly played a major role in Houston's life, as her ex-husband and father to her child";²⁵⁹⁸ this naturally meant "[t]he level of Bobby Brown's relevance is 'above zero' in this case."²⁵⁹⁹

The court then addressed the question of whether the identification in the film's credits of a company owned by Bobby Brown "as one of the many archival sources for the film" was so explicitly misleading as to be actionable.²⁶⁰⁰ On that issue, it held that "[a]lthough this determination is based on the same considerations as the likelihood of confusion factors for trademark infringement, only a 'particularly compelling' finding of likelihood of confusion can overcome the First Amendment interests."²⁶⁰¹ In the case before it, the court did not deem a factor-by-factor application of the test for likely confusion necessary, because, it explained, "[i]n the context of a motion to dismiss, courts have disposed of trademark claims where simply looking at the work itself, and the context in which it appears, demonstrates how implausible it is that a viewer will be confused into believing that the plaintiff endorsed the defendant's work."²⁶⁰² It then reached just such an outcome, concluding that "[t]he credit listing [Bobby Brown's company] is visible on screen for about eight seconds It is not plausible that a significant number of people watching the film would pay much attention to the end credits of the film, let alone the long list of archival sources presented near the very end of the end credits."²⁶⁰³

²⁵⁹⁶ *Id.* at 485.

²⁵⁹⁷ *See Brown v. Showtime Networks, Inc.*, 394 F. Supp. 3d 418 (S.D.N.Y. 2019).

²⁵⁹⁸ *Id.* at 442.

²⁵⁹⁹ *Id.*

²⁶⁰⁰ *Id.* at 443.

²⁶⁰¹ *Id.*

²⁶⁰² *Id.*

²⁶⁰³ *Id.*

That was not the end of the matter, however, for Bobby Brown and Bobbi Kristina Brown's estate also asserted right-of-publicity claims under California and Georgia law, respectively. Addressing the former, the court acknowledged that "[c]ommercial speech enjoys a limited measure of protection, commensurate with its subordinate position in the scale of First Amendment values, and is subject to modes of regulation that might be impermissible in the realm of noncommercial expression."²⁶⁰⁴ Nevertheless, "[u]nder the First Amendment," it continued, "a right of publicity cause of action may not be maintained against 'expressive works, whether factual or fictional.'"²⁶⁰⁵ Because "[i]t has long been established that motion pictures are a form of expression protected by the First Amendment,"²⁶⁰⁶ and because the film at issue addressed a matter of public interest,²⁶⁰⁷ Bobby Brown's California-based cause of action was unavailing.²⁶⁰⁸

The same conclusion held with respect to the posthumous right of publicity cause of action asserted by Bobbi Kristina Brown's estate under Georgia law. "[T]o navigate between the competing constitutionally protected rights of publicity and the rights of freedom of speech and of the press," the court concluded, "Georgia courts have adopted a 'newsworthiness' exception to the right of publicity."²⁶⁰⁹ The First Amendment's protection therefore meant that "[t]he use of a newsworthy person's name and likeness is protected, and this includes the use of a person's identity in news reporting, commentary, entertainment, works of fiction or nonfiction, or in advertising that is incidental to such uses."²⁶¹⁰ "Finally," the court held, "the marketing of the film does not give rise to a right of publicity claim under Georgia law. Since the use of

²⁶⁰⁴ *Id.* at 437 (quoting *Charles v. City of Los Angeles*, 697 F.3d 1146, 1151 (9th Cir. 2012)).

²⁶⁰⁵ *Id.* (quoting *Daly v. Viacom, Inc.*, 238 F. Supp. 2d 1118, 1123 (N.D. Cal. 2002)).

²⁶⁰⁶ *Id.* at 438.

²⁶⁰⁷ *Id.*

²⁶⁰⁸ In so holding, the court distinguished Bobby Brown's claim from those successfully advanced by past plaintiffs with the following observation:

Each of [the past cases] involves the misappropriation of a celebrity's persona, likeness and/or voice for use in *commercial advertisements*. . . .

Here, [Bobby] Brown's name, likeness, and persona were not appropriated to sell products, were not used in commercial advertisements, and did not appropriate the economic value of Brown's performance or persona. While Brown argues that Defendants used his name, persona, image and likeness when marketing and promoting the film, any depiction of Brown in the advertising for a constitutionally protected film is itself protected and not actionable under California's . . . right of publicity. . . . The fact that expressive works, including films, plays, books, and television shows, generate income for their creators does not diminish their constitutional protection.

Id. at 439.

²⁶⁰⁹ *Id.* at 440.

²⁶¹⁰ *Id.* at 440-41.

Bobbi Kristina’s likeness in the film itself is protected, the use of her likeness in any advertising of the film is also protected.”²⁶¹¹

Rogers was not the only analysis to lead to defense victories as a matter of law in cases with First Amendment implications. For example, a Colorado federal district court rejected the *Rogers* analysis altogether in a case in which the plaintiff sought to protect its WILD AMERICA mark for a nature-related documentary series against the use of *America the Wild* as the title of a similar series.²⁶¹² After surveying three decades’ worth of opinions applying *Rogers*, the court eschewed reliance on that test,²⁶¹³ holding instead that liability properly should turn on whether the defendants had a genuine artistic motive for their title. That inquiry, the court held, properly turned on the following considerations: (1) whether the parties’ uses identified the same or similar goods or services; (2) to what extent the defendants had added their own creative expression to their series beyond the challenged title; (3) whether the timing of the defendants’ use suggested a motive to capitalize on the popularity of the plaintiff’s mark; (4) in what way was the defendants’ use relevant to their series; (5) whether the defendants had made any statement to the public, or engaged in any conduct known to the public, suggesting a non-artistic motive; and (6) whether the defendants had made any statement in private or engaged in any conduct in private suggesting a non-artistic

²⁶¹¹ *Id.* at 441.

²⁶¹² See *Stouffer v. Nat’l Geographic Partners, LLC*, 400 F. Supp. 3d 1161 (D. Colo. 2019), *motion to dismiss granted*, 460 F. Supp. 3d 1133 (D. Colo. 2020), *appeal docketed*, No. 20-1208 (10th Cir. June 8, 2020).

²⁶¹³ The court took a particularly skeptical view of *Rogers*’s threshold inquiry into the degree of artistic relevance between the challenged use and the underlying work of which it is the title or into which it is incorporated. It identified two potential problems with that prong:

First, it can create an unwarranted distinction depending on how abstract the underlying work is. If a jazz trio writes a wordless piece titled “Rosa Parks,” how does one judge the artistic relevance of that title? Is the title obviously irrelevant (because there are no words in which to ground a finding of relevance) or is it at least arguably relevant (because there are no words through which to confirm a finding of irrelevance)? If it is arguably relevant, what do the arguments turn on? Is one style of jazz more reminiscent of Rosa Parks than another? As these rhetorical questions illustrate, “artistic relevance” sometimes raises more problems than it resolves.

Second, incongruity, irrelevance, and randomness can themselves be artistic choices. Imagine that the jazz trio names a suite of new pieces after toothpaste brands that a member of the trio encountered one day at the grocery store. It is difficult to say that the trio’s choice to associate itself with the randomly mundane can never have artistic or expressive value. Thus, “artistic relevance” is one factor to consider when evaluating whether the junior user acted on a genuine artistic motive or, in contrast, on a desire to profit from the senior user’s goodwill.

Id. at 1179-80.

motive.²⁶¹⁴ The court articulated this new test in an order addressing a *Rogers*-based defense motion to dismiss for failure to state a claim. In doing so, it declined to reach the merits of the defendants' motion but instead allowed the plaintiffs to replead their complaint in light of the court's new test.

Having done so, however, the plaintiffs found themselves faced with a new motion to dismiss.²⁶¹⁵ Supported by an amicus brief submitted by a group of intellectual property law professors, that motion took issue with the court's new test, arguing that "allowing an examination into motive and intent in the context of protected speech would lead to the unwarranted chilling of free expression by making it more difficult—with important First Amendment concerns at stake—to dismiss cases before discovery."²⁶¹⁶ Sticking to its guns, the court rejected the defendants' argument that it should revisit and apply *Rogers*, instead "stand[ing] by its view that the *Rogers* test . . . is needlessly rigid and fails to account for the realities of each situation."²⁶¹⁷ Nevertheless, applying the factors of its new test seriatim, it determined as a matter of law from the allegations in the amended complaint that: (1) the parties' respective uses identified similar "nature documentary television programming," a consideration weighing "heavily" in the defendants' favor;²⁶¹⁸ (2) the defendants had added their own expressive content to their series;²⁶¹⁹ (3) the amended complaint averred nothing suggesting that the defendants had attempted "to ride [the plaintiffs'] wave";²⁶²⁰ (4) the plaintiff used its mark and the defendants use their title "for the same purpose: to inform the viewer about what she should expect to see in the program";²⁶²¹ (5) the plaintiff's allegations that the defendants used *Wild America* (the identical words comprising the plaintiff's mark) as the title of their series outside the United States "could suggest a desire to use [the plaintiffs'] mark for its trademark value";²⁶²² and (6) the plaintiff's averment that the defendants had requested permission to use *Wild Americas* or *Wildest Americas* could suggest either "desire to use the mark (or something close to it) for its trademark value" or "a mere desire to avoid unnecessary conflict."²⁶²³

²⁶¹⁴ *Id.* at 1179.

²⁶¹⁵ *See Stouffer v. Nat'l Geographic Partners, LLC*, 460 F. Supp. 3d 1133 (D. Colo. 2020), appeal docketed, No. 20-1208 (10th Cir. June 8, 2020).

²⁶¹⁶ *Id.* at 1140-41.

²⁶¹⁷ *Id.* at 1143.

²⁶¹⁸ *Id.* at 1143, 1145.

²⁶¹⁹ *Id.* at 1143-44.

²⁶²⁰ *Id.* at 1146.

²⁶²¹ *Id.* at 1145.

²⁶²² *Id.*

²⁶²³ *Id.*

Undertaking a “synthesis” of these considerations, the court held that “this is the type of case where further inquiry into the junior user’s subjective motives is . . . excused.”²⁶²⁴ Thus, it concluded, “even viewing [the plaintiffs’] allegations in the light most favorable to [them], the objective facts establish that [the defendants’] titles for the Accused Series deserve First Amendment protection, even if [the plaintiffs] could prove likelihood of confusion.”²⁶²⁵

Not all successful invocations of the First Amendment transpired in the context of disputes over the titles or content of creative or expressive works. For example, 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 in the non-profit group’s “reports, trainings, and other informational services.”²⁶²⁶ 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 in the first instance,²⁶²⁷ it went beyond that to hold the plaintiff unable to recover unless it could prove both falsity *and* actual malice.²⁶²⁸

It did so based on the heightened requirements for defamation of a public figure set forth in *New York Times v. Sullivan*.²⁶²⁹ That opinion rarely makes appearances in false advertising jurisprudence, but the district court found:

[T]here is nothing in *New York Times v. Sullivan* and its progeny that suggests that, simply because a public figure that has entered the fray of public debate sells goods or services, it should when verbally attacked escape the heightened requirements for establishing liability under the First Amendment and should enjoy an uneven playing field, that is, an advantage over those public figures that do not sell goods and services.²⁶³⁰

The court identified further support for its holding in the “admittedly sparse” legislative history of the Trademark Law Revision Act of 1988, which the court found reflected “a conscious and intentional limitation imposed by Congress to exclude from the

²⁶²⁴ *Id.*

²⁶²⁵ *Id.* at 1146.

²⁶²⁶ See *Coral Ridge Ministries Media, Inc. v. Amazon.com, Inc.*, 406 F. Supp. 3d 1258, 1284 (M.D. Ala. 2019), *appeal docketed*, No. 19-14125 (11th Cir. Oct. 10, 2019).

²⁶²⁷ *Id.* at 1286.

²⁶²⁸ *Id.* at 1283-84.

²⁶²⁹ 376 U.S. 254 (1964).

²⁶³⁰ *Coral Ridge Ministries Media*, 406 F. Supp. 3d at 1283.

prohibitions of § 43(a) allegedly false or misleading representations of *opinion*.”²⁶³¹ “While not conclusive,” the court held:

[T]his legislative history is consistent with this court’s analysis: it suggests Congress anticipated that a conflict would arise between the First Amendment and the Lanham Act if it were applied to speech on matters of public concern, and that, were a claim brought under the Lanham Act for such speech, the claim would be subject to the standard set forth in *New York Times v. Sullivan*, not those of the Lanham Act.²⁶³²

The court’s analysis did not extend beyond these observations, but it ultimately held that the First Amendment sufficiently protected the designation of the plaintiff as a hate group that the plaintiff had failed to state a claim for false advertising.²⁶³³

Another *Rogers*-less analysis came from a panel of the Ohio Court of Appeals.²⁶³⁴ Having had a local zoning board withdraw permission to display signage bearing its registered BROKE ASS PHONE mark for cell phone repair services, a mark owner invoked the Supreme Court’s opinion in *Iancu v. Brunetti*²⁶³⁵ to argue that the zoning board’s targeting of his allegedly offensive mark violated the First Amendment. Without undertaking a determination of 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*²⁶³⁶—the court instead rolled out the intermediate scrutiny test found in *Central Hudson Gas & Electric Corp. v. Public Service Commission of New York*.²⁶³⁷ 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.”²⁶³⁸ Noting that “[t]he zoning board and the trial court agreed that the

²⁶³¹ *Id.* at 1285 (quoting J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 27:96 (5th ed.)).

²⁶³² *Id.* at 1286.

²⁶³³ *Id.* at 1307.

²⁶³⁴ See *Broke Ass Phone v. Boardman Twp. Zoning Bd. of Appeals*, 149 N.E.3d 966 (Ohio Ct. App. 2019).

²⁶³⁵ 139 S. Ct. 2294 (2019).

²⁶³⁶ 137 S. Ct. 1744 (2017).

²⁶³⁷ 447 U.S. 557 (1980).

²⁶³⁸ *Broke Ass Phone*, 149 N.E.3d at 971 (quoting *Tipp City v. Dakin*, 929 N.E.2d 484, 490 (Ohio Ct. App. 2010)).

sign in question concerns a lawful activity and is not misleading,”²⁶³⁹ 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.”²⁶⁴⁰ 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.”²⁶⁴¹

Finally, a successful false advertising claim demonstrated the limits of the First Amendment’s protection in litigation involving false or otherwise misleading commercial speech.²⁶⁴² Seeking to fend off a permanent injunction, a defendant found liable for disseminating just such speech claimed the Constitution precluded an order requiring it to remove the challenged statements from a website. The court was unimpressed:

[The defendants] vaguely argue[] that an injunction would be “problematic” given [the defendants’] right to free speech under the First Amendment. While the Court agrees that such a right is generally implicated in the journalism context, [the defendants] [have] not adequately explained how [the defendants] maintain[] a right under the First Amendment to continue publishing an article that violates the Lanham Act. The fact that Congress enacted the Lanham Act to protect against false or misleading advertising statements, including the court’s ability to fashion equitable injunctive relief, indicates that First Amendment protections were not intended to, and do not, supersede any of the Lanham Act’s prohibitions.”²⁶⁴³

²⁶³⁹ *Id.* at 971.

²⁶⁴⁰ *Id.* at 972.

²⁶⁴¹ *Id.*

²⁶⁴² See *Grasshopper House, LLC v. Clean & Sober Media LLC*, 394 F. Supp. 3d 1073 (C.D. Cal. 2019).

²⁶⁴³ *Id.* at 1105 n.9 (citation omitted).

b. The Right to Petition

Under *Eastern Rail Road Presidents Conference v. Noerr Motor Freight, Inc.*,²⁶⁴⁴ and *United Mine Workers v. Pennington*,²⁶⁴⁵ petitioning government bodies is a privileged activity under the First Amendment. According to the Supreme Court’s most extensive explanation of the doctrine, a defendant’s petitioning activity is protected unless the plaintiff can establish the defendant’s conduct was a “sham” in the sense that: (1) it was objectively baseless; and (2) it was undertaken with a subjective intent to harm the plaintiff.²⁶⁴⁶ If a plaintiff cannot carry its burden under the first prong of this test, it will not be entitled to discovery bearing on the second.²⁶⁴⁷

Although the *Noerr-Pennington* doctrine often is broadly applied, one case demonstrated it has limits in the context of declaratory judgment actions.²⁶⁴⁸ The defendant in that lawsuit responded to the plaintiff’s complaint by serving a counterclaim for a declaratory judgment of noninfringement. The plaintiffs then moved to dismiss the counterclaim on the theory that, as the court summarized it, “the *Noerr-Pennington* doctrine bars Defendants’ declaratory judgment claim because Defendants point only to [Plaintiffs’] litigation activity as evidence that there is a case or controversy subject to a declaratory judgment.”²⁶⁴⁹ The court denied the motion, holding that:

Noerr-Pennington does not bar their declaratory judgment claim here. Defendants’ declaratory judgment claim is not seeking to hold [Plaintiffs’] liable for its protected activity of filing [their] complaint. Instead, the claim seeks a declaration that *Defendants* are *not* liable for infringement under the Lanham Act. The claim thus is outside the ambit of *Noerr-Pennington*. Put another way, Defendants do not seek remedies (be it damages or otherwise) from [Plaintiffs] on this claim. Moreover, [Plaintiffs have] already filed [their] complaint, such that Defendants’ declaratory judgment claim does not burden [Plaintiffs’] petitioning rights—[Plaintiffs have] already exercised those rights by filing this suit.²⁶⁵⁰

²⁶⁴⁴ 365 U.S. 875 (1961).

²⁶⁴⁵ 381 U.S. 657 (1965).

²⁶⁴⁶ See generally *Pro. Real Estate Inv., Inc. v. Columbia Pictures Indus.*, 508 U.S. 49, 60-61 (1993).

²⁶⁴⁷ *Id.* at 65.

²⁶⁴⁸ See *Cisco Sys., Inc. v. Beccela’s Etc., LLC*, 403 F. Supp. 3d 813 (N.D. Cal. 2019).

²⁶⁴⁹ *Id.* at 824.

²⁶⁵⁰ *Id.* at 824-25.

“If the *Noerr-Pennington* doctrine barred a declaratory judgment claim in this case,” the court concluded, “where the petitioning activity is a filed complaint and the claim seeks to adjudicate a controversy put at issue in the complaint, then a startling proportion of declaratory judgment claims under the Declaratory Judgment Act would seemingly be barred.”²⁶⁵¹

3. The Seventh Amendment

The Seventh Amendment provides that “[i]n Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.”²⁶⁵² The amendment’s text led a Washington federal district court to deny a defense motion to strike a jury trial in a case in which the plaintiff owned a certification mark for, among other things, radio head units, which were then installed in automotive vehicles.²⁶⁵³ The defendant purchased genuine certified units from third parties and incorporated them into its vehicles without entering into a license with the plaintiff or paying the “declaration fees” that would have been due if a license between the parties existed. The plaintiff sought to recover the fees, which the court characterized as a request for an award of actual damages in the form of lost royalties.²⁶⁵⁴ Having reached that conclusion, the court held the plaintiff entitled to a jury trial: “Given that a claim for trademark damages is a legal one, [the plaintiff] has a constitutional right to a jury trial.”²⁶⁵⁵

Of course, even a constitutional right—such as that to a jury trial under the Seventh Amendment—can be waived if not asserted on a timely basis, but Rule 39(b) of the Federal Rules of Civil Procedure grants federal courts the discretion to excuse untimely demands.²⁶⁵⁶ Although one plaintiff’s operative pleading failed to request a jury trial on its claim for punitive damages under Iowa law, that plaintiff successfully invoked Rule 39(b) to cure that omission.²⁶⁵⁷ The parties had agreed to try many of the other disputed issues in the case to a jury, and that circumstance played

²⁶⁵¹ *Id.* at 825.

²⁶⁵² U.S. Const. amend. VII.

²⁶⁵³ *See* Bluetooth SIG, Inc. v. FCA US LLC, 463 F. Supp. 3d 1169 (W.D. Wash. 2020).

²⁶⁵⁴ *Id.* at 1182-84.

²⁶⁵⁵ *Id.* at 1184.

²⁶⁵⁶ That rule provides, “[i]ssues on which a jury trial is not properly demanded are to be tried by the court. But the court may, on motion, order a jury trial on any issue for which a jury might have been demanded.” Fed. R. Civ. P. 39(b).

²⁶⁵⁷ TrueNorth Cos. v. TruNorth Warranty Plans of N. Am., LLC, 423 F. Supp. 3d 604 (N.D. Iowa 2019).

a large role in the outcome of the five factors used by the court to determine the merits of the plaintiff's latter-day request, namely: (1) whether the case involved issues best tried to a jury; (2) whether granting the Rule 39(b) motion would disrupt the court's schedule or that of an adverse party; (3) the degree of prejudice to the adverse party; (4) the length of the delay in having requested a jury trial; and (5) the reason for the movant's tardiness in requesting a jury trial. The court found the plaintiff's delay "significant" under the fourth factor, but it also found that "the length appears to be due to an oversight when it filed its second amended complaint, not because of some improper motive."²⁶⁵⁸ With the defendants unable to advance credible positions under the first three factors, the plaintiff's motion was well-taken.

D. Procedural Matters

1. Federal Subject-Matter Jurisdiction

The most notable opinion to conclude that the court issuing it lacked subject-matter jurisdiction came in an appeal to the United States district court for the Western District of North Carolina from a decision in an opposition proceeding before the Trademark Trial and Appeal Board.²⁶⁵⁹ The plaintiffs' appeal followed an earlier one to the Federal Circuit that had produced a vacatur and remand, and that circumstance led the district court to conclude that only the Federal Circuit could hear the new challenge to the outcome before the Board on remand. One basis of that conclusion was Section 21(a)(4)'s recitation that the Federal Circuit's determination of an appeal "shall govern the further proceedings in the case,"²⁶⁶⁰ of which the court observed:

If, despite this statutory requirement that the Federal Circuit's decision must control later proceedings, the statute were interpreted to permit de novo appeals to District Court of subsequent "decisions," as argued by Plaintiffs, then the supposed de novo review might be undercut and, perhaps more problematically, the appellate review of any District Court decision by its governing Circuit Court of Appeals would be constrained by the Federal Circuit's ruling.²⁶⁶¹

Consequently, "[t]he Federal Circuit, rather than this Court, is far better suited, particularly in the trademark area in which that

²⁶⁵⁸ *Id.* at 625.

²⁶⁵⁹ See *Princeton Vanguard, LLC v. Frito-Lay N. Am., Inc.*, 414 F. Supp. 3d 822 (W.D.N.C. 2019), *appeal docketed*, No. 19-2316 (4th Cir. Nov. 20, 2019).

²⁶⁶⁰ 15 U.S.C. § 1071(a)(4) (2018).

²⁶⁶¹ *Princeton Vanguard*, 414 F. Supp. 3d at 827 (footnote omitted).

circuit has extensive expertise, to determine if the TTAB has faithfully followed its earlier ruling.”²⁶⁶²

Two additional disputes also produced findings that the courts entertaining them lacked subject-matter jurisdiction. One came on a motion to dismiss, which succeeded because the complaint it targeted failed to aver that certain of the defendants’ allegedly infringing marks were used in commerce; rather, that pleading conceded they were not yet so used.²⁶⁶³ Although the marks were covered by pending intent-to-use applications in the USPTO, “courts nationwide have generally held that they cannot preempt the PTO and cancel a trademark application, as doing so infringes upon the PTO’s primary authority to adjudicate such applications in the first instance.”²⁶⁶⁴ The court recognized an exception to that rule if the mark covered by the challenged application was “sufficiently similar (such as in sound, look, and meaning) to [a] registered trademark at issue in the underlying litigation.”²⁶⁶⁵ Nevertheless, it held that exception inapplicable because the applied-for marks—SPIROLINO and SPIROCREME—lacked a nexus with the plaintiff’s registered marks, which included PIROULINE, CRÈME DE PIROULINE, PIROULUXE, and PIROUCRISP, “among others.”²⁶⁶⁶

In the second case, the plaintiff claimed to resell on Amazon genuine nutritional supplements produced by the defendant.²⁶⁶⁷ It accused the defendant of falsely representing that the goods in question bore counterfeit imitations of the defendant’s marks; that misrepresentation, the plaintiff claimed, tortiously interfered with the plaintiff’s contract with Amazon under Florida law. After the plaintiff asserted a cause of action to that effect in a Florida state court, the defendant removed the action to federal district court, only to have that court sua ponte remand the action for want of federal subject-matter jurisdiction. Noting the absence of federal claims in the defendant’s complaint, the court held that it still could exercise over a state-law claim if that claim necessarily implicated a “disputed and substantial” federal issue.²⁶⁶⁸ “To determine the importance of the issue to the federal system,” it continued, “courts look to three factors: (1) whether the question presents legal or

²⁶⁶² *Id.* at 829.

²⁶⁶³ *See* D.B.C. Corp. v. Nucita Venezolana, C.A., 464 F. Supp. 3d 1323 (S.D. Fla. 2020).

²⁶⁶⁴ *Id.* at 1331.

²⁶⁶⁵ *Id.* at 1132.

²⁶⁶⁶ *Id.* at 1326 n.1, 1132.

For an opinion reaching the same outcome, although not under a federal subject-matter-jurisdiction rubric, see *Maduka v. Tropical Naturals, Ltd.*, 409 F. Supp. 3d 337, 367 (E.D. Pa. 2019).

²⁶⁶⁷ *See* Get Fit Fast Supplements, LLC v. Richpianauncensored.com, LLC, 393 F. Supp. 3d 1136 (S.D. Fla. 2019).

²⁶⁶⁸ *Id.* at 1139.

factual issues; (2) whether the determination at issue will control many other cases; and (3) whether the government has a strong interest in litigating in a federal forum.”²⁶⁶⁹ The answer to the first of those inquiries favored a remand because “[t]he question of whether an allegedly infringing mark is likely to cause confusion is highly fact-bound, which means that any question of whether a specific mark has been infringed is less likely to present a substantial federal question.”²⁶⁷⁰ The answer to the second did so as well, with the court observing that “because infringement is a fact-bound question, it is unlikely to control in many other cases.”²⁶⁷¹ Finally, “the government likely does not have a strong interest in litigating in a federal forum. The issue presented by this case does not implicate the federal government’s conduct or policies, and it does not call into question the validity of any federal laws.”²⁶⁷² The case therefore returned to state court.

In contrast, other challenges to the existence of federal subject-matter jurisdiction fell short. Under the *Dawn Donut* doctrine,²⁶⁷³ a federal registrant is entitled to an injunction against a remote junior user of a confusingly similar mark only if there is a likelihood of the registrant’s entry into the disputed territory; in other words, the registrant has a nationwide *right*, but the injunctive *remedy* does not ripen until the registrant has taken concrete plans to enter that territory. Faced with a *Dawn Donut* scenario, a Nashville, Tennessee-defendant attached the sufficiency of the plaintiff’s complaint by arguing that the complaint’s failure to aver the imminent entry into Nashville by the plaintiff deprived the court of federal subject-matter jurisdiction.²⁶⁷⁴ According to the defendant, that failure prevented the parties’ dispute from having the requisite ripeness for judicial review. The court disagreed, holding instead that the defendant’s purported jurisdictional argument was really an attack on the merits of the plaintiff’s allegations of likely confusion.²⁶⁷⁵ Concluding that “Plaintiff’s claims are ripe when judged by the allegations present on the face of Plaintiff’s Complaint,” it therefore denied the defendant’s motion to dismiss.²⁶⁷⁶

A separate reported opinion rejecting a motion to dismiss turned on the proper interpretation of Section 37 of the Act and that

²⁶⁶⁹ *Id.*

²⁶⁷⁰ *Id.* at 1140.

²⁶⁷¹ *Id.*

²⁶⁷² *Id.*

²⁶⁷³ See *Dawn Donut Co. v. Hart’s Food Stores, Inc.*, 267 F.2d 358, 830-32 (2d Cir. 1959).

²⁶⁷⁴ See *Cap. Grille Holdings, Inc. v. Historic Hotels of Nashville, LLC*, 448 F. Supp. 3d 819 (M.D. Tenn. 2020).

²⁶⁷⁵ *Id.* at 829.

²⁶⁷⁶ *Id.*

statute's grant of authority to courts to determine the right to registration, including the ability to order the cancellation or restoration of registrations.²⁶⁷⁷ As a dissatisfied licensee of the defendants' certification marks, the plaintiff accused the defendants of breach of contract for failing to maintain the marks' value and of deceptive trade practices for misrepresenting that value; having also concluded that the defendants had failed to police third-party users of similar marks, the plaintiff also sought the cancellation of the registrations covering the defendants' marks on the ground that the defendants had abandoned their rights. The defendants advanced the usually successful position that Section 37 is not an independent basis for federal subject-matter jurisdiction, but that argument failed after the court concluded that "Plaintiff's Complaint has plausibly alleged two claims involving Defendants' marks—breach of contract and deceptive trade practices—for which it seeks relief other than cancellation. Therefore, pursuant to Section 37 of the Lanham Act, this Court has jurisdiction over Plaintiff's cancellation claims."²⁶⁷⁸

A third opinion to reject a challenge to a federal district court's subject-matter jurisdiction arose in an action in which the parties had apparently resolved their differences with a settlement agreement providing for the entry of a permanent injunction.²⁶⁷⁹ The court order disposing of that earlier stage of the parties' dispute provided for continuing jurisdiction over the enforcement of the agreement, but that temporally limited provision expired before the plaintiff accused the defendants of violating the agreement. That led the defendants to move the court to dismiss the plaintiff's motion to enforce the agreement for want of federal subject-matter jurisdiction, but the court held that "[a] district court may enforce a settlement agreement that produced the dismissal of an earlier federal suit, even if it did not retain the authority to do so in a dismissal order, when the court has diversity or federal question jurisdiction over the breach-of-settlement-agreement controversy."²⁶⁸⁰ Because the financial recovery sought by the plaintiff for the defendants' alleged breach exceeded the amount-in-controversy requirement for diversity jurisdiction, the defendants' motion to dismiss was without merit.²⁶⁸¹

A final opinion sustaining an exercise of federal subject-matter jurisdiction also turned on the language of a contract, namely, a settlement agreement from an earlier trademark dispute between

²⁶⁷⁷ See *Switch, Ltd. v. Uptime Inst., LLC*, 426 F. Supp. 3d 636 (D. Nev. 2019).

²⁶⁷⁸ *Id.* at 646.

²⁶⁷⁹ See *Cernelle v. Graminex, LLC*, 437 F. Supp. 3d 574 (E.D. Mich. 2020).

²⁶⁸⁰ *Id.* at 593.

²⁶⁸¹ *Id.* at 594 (citing 28 U.S.C. § 1332(a) (2018)).

the lead defendant and the plaintiff's predecessor.²⁶⁸² The plaintiff accused the defendants of violating the agreement in a new suit, in response to which the defendants asserted that the plaintiff had not validly acquired the mark underlying the original dispute because the mark's assignment to the plaintiff had been an impermissible assignment in gross. Convinced that the invalid assignment of the mark under Section 10 of the Act²⁶⁸³ deprived the plaintiff of Article III standing to prosecute its breach of contract action, the district court dismissed the action for want of subject-matter jurisdiction, but the Second Circuit reversed. According to the appellate court, "[n]othing in [Section 10] suggests that Congress intended to limit the broad grant of federal question jurisdiction . . . and diversity jurisdiction . . . as to exclude cases where trademarks were assigned without accompanying good will."²⁶⁸⁴

2. Appellate Jurisdiction

A timely notice of appeal is both mandatory and jurisdictional in nature,²⁶⁸⁵ and, under Federal Rule of Appellate Procedure 3(c)(1), it should: (1) "specify the party or parties taking the appeal by naming each one in the caption or body of the notice"; (2) "designate the judgment, order, or part thereof being appealed"; and (3) "name the court to which the appeal is taken."²⁶⁸⁶ The first of these requirements notwithstanding, Rule 3(c)(4) provides that "[a]n appeal must not be dismissed . . . for failure to name a party whose intent to appeal is otherwise clear from the notice."²⁶⁸⁷ In an appeal from a fee award against a corporation and two of its principals, only the corporation filed a notice of appeal, although that document specified that it covered the fee order.²⁶⁸⁸ Faced with a choice between Rule 3(c)(1) and Rule 3(c)(4), the Eleventh Circuit gave controlling weight to the latter. Noting that the district court's imposition of joint-and-several liability on the corporation and the principals, the court concluded that the three of them had "precisely" the same interest in the appeal. It therefore concluded, "[w]e think it was objectively clear that [the individuals] intended to appeal the award of attorneys' fees both as it applied to them and as to the corporation they owned and controlled. Their omission

²⁶⁸² See *SM Kids, LLC v. Google LLC*, 963 F.3d 206 (2d Cir. 2020).

²⁶⁸³ 15 U.S.C. § 1060 (2018).

²⁶⁸⁴ *SM Kids*, 963 F.3d at 213.

²⁶⁸⁵ See *Budinich v. Becton Dickinson & Co.*, 486 U.S. 196, 203 (1988) ("[T]he taking of an appeal within the prescribed time is mandatory and jurisdictional . . .").

²⁶⁸⁶ Fed. R. App. P. 3(c)(1).

²⁶⁸⁷ Fed. R. App. P. 3(c)(4).

²⁶⁸⁸ See *PlayNation Play Sys., Inc. v. Vex Corp.*, 939 F.3d 1205 (11th Cir. 2019).

from [the corporation’s] notice of appeal does not deprive us of jurisdiction.”²⁶⁸⁹

The court then rejected another challenge to its jurisdiction over the appellants’ claim that the district court had improperly found them in contempt. Federal Rule of Appellate Procedure 4(a)(1)(A) requires the filing of notices of appeal within thirty days of a final judgment,²⁶⁹⁰ and whether a finding of contempt is such a judgment even if the court making that finding holds under advisement a fee petition by the prevailing party on the contempt motion is a frequent source of litigation. Although the usual rule is that the thirty-day clock begins to run upon the finding of contempt,²⁶⁹¹ the Eleventh Circuit held that the order against the appellants was final (and therefore appealable) only when the district court had entered an order setting the quantum of fees to which the appellee was entitled. Apparently unaware of Supreme Court authority recognizing the “uniform rule that an unresolved issue of attorney’s fees for the litigation in question does not prevent judgment on the merits from being final,”²⁶⁹² the court observed that “[h]ere, there was no final decree until the amount of attorneys’ fees and costs awarded as part of the contempt order was set [by the district court].”²⁶⁹³ The court then compounded its error by holding in the alternative that the appellee’s motion to amend the ultimate fee award to hold the individual appellants jointly and severally liable had tolled the appeal deadline;²⁶⁹⁴ by then, that deadline had long since run.

3. Standing

To establish its standing to pursue a cause of action for purposes of Article III of the Constitution, a plaintiff must credibly aver a redressable injury attributable to the defendant’s conduct;²⁶⁹⁵ it must then also satisfy any additional requirements for standing under the particular cause of action under which it is proceeding. In *Lexmark International v. Static Control Components, Inc.*,²⁶⁹⁶ a case

²⁶⁸⁹ *Id.* at 1211.

²⁶⁹⁰ Fed. R. App. P. 4(a)(1)(A).

²⁶⁹¹ *See, e.g., Gnesys, Inc. v. Greene*, 437 F.3d 482, 487 (6th Cir. 2005) (holding that pendency of motion for attorneys’ fees did not toll (missed) deadline for noticing appeal from contempt finding).

²⁶⁹² *Budinich v. Becton Dickinson & Co.*, 486 U.S. 196, 202 (1988); *accord Ray Haluch Gravel Co. v. Cent. Pension Fund of Int’l Union of Operating Eng’rs & Participating Emps.*, 571 U.S. 177, 179 (2014) (“Whether the claim for attorney’s fees is based on a statute, a contract, or both, the pendency of a ruling on an award for fees and costs does not prevent, as a general rule, the merits judgment from becoming final for purposes of appeal.”).

²⁶⁹³ *Id.* at 1212.

²⁶⁹⁴ *Id.*

²⁶⁹⁵ *See generally Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560-61 (1992).

²⁶⁹⁶ 572 U.S. 118 (2014).

presenting allegations of false advertising under Section 43(a) of the Act, the Supreme Court established a two-part test for standing. First, the plaintiff's interest must be within the zone of interests the Act is intended to protect.²⁶⁹⁷ And, second, the plaintiff must allege that its injuries were proximately caused by defendant's deceptive practices.²⁶⁹⁸ Not surprisingly, *Lexmark* has played a major role in the resolution of the standing inquiry in false advertising disputes since its issuance; somewhat less predictably, though, the Supreme Court's analysis also has appeared in many, but not all, opinions addressing other causes of action under the Act.

a. Opinions Finding Standing

Without a doubt, the most dubious opinion over the past year to recognize a claim of standing came from the Eleventh Circuit.²⁶⁹⁹ 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). 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.²⁷⁰⁰

Interpretations of this ground for cancellation 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.²⁷⁰¹ 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.

Although the Eleventh Circuit itself has recognized that rule in the past,²⁷⁰² it lost its way in *Royal Palm Properties*. The

²⁶⁹⁷ *Id.* at 1388.

²⁶⁹⁸ *Id.* at 1390.

²⁶⁹⁹ *See Royal Palm Props., LLC v. Pink Palm Props., LLC*, 950 F.3d 776 (11th Cir 2020).

²⁷⁰⁰ 15 U.S.C. § 1052(d) (2018).

²⁷⁰¹ *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.”).

²⁷⁰² *See, e.g., Coach House Rest., Inc. v. Coach & Six Rests., Inc.*, 934 F.2d 1551, 1557-58 (11th Cir. 1991) (“[T]o prosecute successfully a petition for cancellation, petitioner must prove: (1) That it has standing to petition for cancellation because it is likely to be damaged, and (2) that there are valid grounds for discontinuing registration. The first

counterclaim plaintiff did not enjoy the prior use of its own mark, but 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, only to do 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."²⁷⁰³

The court's error on this point extended beyond its failure to recognize that common-law rights can exist in the absence of registration. 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.*,²⁷⁰⁴ 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."²⁷⁰⁵ Likewise, it leaned heavily on *Ritchie v. Simpson*,²⁷⁰⁶ 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*.²⁷⁰⁷

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.²⁷⁰⁸ 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

element is ostensibly satisfied because petitioner claims to have prior identity rights in the mark, and a registration of the same mark could give the registrant an incontestable right to own and exclusively use the mark anywhere in the United States." (footnote omitted).

²⁷⁰³ *Royal Palm Props.*, 950 F.3d at 788.

²⁷⁰⁴ 308 F.3d 1156 (Fed. Cir. 2002).

²⁷⁰⁵ *Id.* at 1162 (emphasis added).

²⁷⁰⁶ 170 F.3d 1092 (Fed. Cir. 1999).

²⁷⁰⁷ 139 S. Ct. 2294 (2019).

²⁷⁰⁸ *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)).

the ineligibility of plaintiffs' marks for registration under Section 2(d) and Section 43(c). As Professor McCarthy has explained, such a result "would expand many trademark disputes far beyond a mere two-party conflict."²⁷⁰⁹ Specifically, "[b]efore [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."²⁷¹⁰

An additional opinion recognizing the standing of a litigant to pursue the cancellation of its opponent's federal registrations came from an Arizona federal district court.²⁷¹¹ The counterclaim defendants' complaint accused the counterclaim plaintiffs of infringing fourteen registered marks, but the counterclaim defendants eventually abandoned their claims to two of the fourteen. Having done so, they sought the summary disposal of the counterclaim plaintiffs' bid for the cancellation of the registrations covering the marks dropped from the case, but the court rejected their claim of a lack of standing with the cursory observation that "[a]lthough [the counterclaim defendants] have recently conceded their claim that [the counterclaim plaintiffs] infringe the [two marks in question], [the counterclaim defendants] originally asserted all fourteen registered marks against [the counterclaim plaintiffs]. [The counterclaim plaintiffs] therefore have standing to challenge the validity of all fourteen marks."²⁷¹²

Outside the context of standing to pursue the cancellation of registrations, one court addressed the perennial question of whether a licensee of a mark has standing to protect it under a federal infringement cause of action.²⁷¹³ In no small part because of the express text of Section 32, which restricts its cause of action to "registrant[s],"²⁷¹⁴ the clear trend in recent years has been to hold that licensees of registrants cannot bring actions under it, even if Section 43(a) is available to them. Occasionally, however, courts find that *exclusive* licensees have standing under Section 32, and that result held in an action in which the exclusive licensee for sports memorabilia of former NBA star Michael Jordan successfully claimed standing to vindicate Jordan's trademark rights. Significantly, the license granted to the licensee the right to pursue enforcement actions, which, in the court's estimation, meant that the licensee had received "a property interest in the marks," thereby

²⁷⁰⁹ J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 31:160 (5th ed.).

²⁷¹⁰ *Id.*

²⁷¹¹ *See* *IOW, LLC v. Breus*, 425 F. Supp. 3d 1175 (D. Ariz. 2019).

²⁷¹² *Id.* at 1197.

²⁷¹³ *See* *Upper Deck Co. v. Panini Am., Inc.*, 469 F. Supp. 3d 963 (S.D. Cal. 2020).

²⁷¹⁴ 15 U.S.C. § 1114(1) (2018).

giving it standing under Section 32.²⁷¹⁵ Moreover, the same analysis led the court to hold that the licensee enjoyed standing to prosecute a right of publicity cause of action under California law as well.²⁷¹⁶

The court then doubled down on those holdings by concluding that the licensee also enjoyed standing to bring a claim of likely dilution under Section 43(c). Because it is limited to the “owner[s]” of famous marks, standing under that section is even more restrictive than under Section 32, and there was no dispute that Jordan, and not the licensee, remained the owner of the licensed properties.²⁷¹⁷ Nevertheless, the court considered it appropriate to “look at the terms of the licensing agreement to assess whether the licensor granted the licensee rights that are functionally equivalent to that of an owner or assignee.”²⁷¹⁸ Having done so, it held that “[o]n a motion to dismiss, Plaintiff has sufficiently alleged that it has exclusive rights to the trademarks”;²⁷¹⁹ how those exclusive rights translated into *ownership* went unaddressed.

Finally, an application of the *Lexmark* test for standing in the context in which that test was first articulated—a false advertising action under Section 43(a)—led to a finding of standing for a number of models suing a group of strip clubs that allegedly had used the models’ images in the clubs’ advertising without authorization.²⁷²⁰ The defendants in that action argued that the plaintiffs had failed to allege injuries of a nature bringing them within the zone of interests protected by Section 43(a), but the plaintiff successfully responded that their perceived affiliation with the defendants’ clubs harmed their respective brands and commercial interests because commercial clients were less likely to hire them. That led the court to deny the defendants’ motion to dismiss with the explanation that “Plaintiffs have alleged an injury that has already occurred, damaged their reputation, and allegedly stemmed from the Defendants’ alleged misappropriation of their images and photos, an injury which could be remedied through the awarding of damages.”²⁷²¹

b. Opinions Declining to Find Standing

The Supreme Court rejected the concept of consumer standing under the Lanham Act in *Lexmark*,²⁷²² and that proposition tripped

²⁷¹⁵ *Upper Deck*, 469 F. Supp. 3d at 978.

²⁷¹⁶ *Id.* at 984.

²⁷¹⁷ *Id.* at 980.

²⁷¹⁸ *Id.* at 979.

²⁷¹⁹ *Id.* at 980.

²⁷²⁰ *See Geiger v. C&G of Groton, Inc.*, 424 F. Supp. 3d 276 (D. Conn. 2019).

²⁷²¹ *Id.* at 293.

²⁷²² *See* 572 U.S. at 132 (“A consumer who is hoodwinked into purchasing a disappointing product may well have an injury-in-fact cognizable under Article III, but he cannot

up a plaintiff seeking to use Section 43(a) to challenge YouTube's "demonetization" of certain videos he had posted on that platform.²⁷²³ The plaintiff alleged that that action rendered false and misleading YouTube's value statement, which recited, *inter alia*, that "[w]e believe that everyone deserves to have a voice, and that the world is a better place when we listen, share and build community through our stories."²⁷²⁴ The court, however, did not reach the merits of the plaintiff's false advertising cause of action because it found as a matter of law that the plaintiff lacked standing. As the court summarized the plaintiff's theory of standing, he had been damaged "by lower and diverted viewership, decreased and lost ad revenue, a reduction in advertisers, and damage to his brand, reputation and goodwill."²⁷²⁵ That theory, the court concluded, was fatally infirm:

Even if Plaintiff could allege facts to show that Defendants' statements about the openness of its forum caused Plaintiff some loss to his commercial interest or reputational harm, the harm occurred by YouTube's enforcement of its policies to those who post on its website. In other words, it is a harm Plaintiff incurred by interacting with YouTube as a consumer, not as a competitor.²⁷²⁶

The attempted pursuit of a Section 43(a) claim by a different consumer failed as a matter of law for much the same reason.²⁷²⁷ The plaintiff advancing that claim was a garment manufacturer that had contracted with the defendant to develop a fabric with fire-resistant qualities. After the fabric began to fail tests conducted to confirm its fire resistance, the plaintiff accused the defendant of having substituted one fiber for another without notice to the plaintiff. Whatever that alleged action may have constituted, the court held it did not qualify as actionable false advertising, at least where the plaintiff was concerned. The plaintiff opposed the defendant's motion by averring it had invested resources into a line of garments incorporating the fabric in question and also that it had

invoke the protection of the Lanham Act—a conclusion reached by every Circuit to consider the question.”).

²⁷²³ See *Lewis v. Google LLC*, 461 F. Supp. 3d 938 (N.D. Cal. 2020), *appeal docketed*, No. 20-16073 (9th Cir. June 1, 2020). According to the court:

YouTube has a program which enables participants to receive a share of advertising revenue generated from advertisements posted on videos, which the parties label as “monetization.” If YouTube determines that certain content is not suitable for advertisement, YouTube may restrict the advertisement, and that action is referred to as “demonetization.”

Id. at 945.

²⁷²⁴ *Id.* at 949.

²⁷²⁵ *Id.* at 950.

²⁷²⁶ *Id.* at 958.

²⁷²⁷ See *Carhartt, Inc. v. Innovative Textiles, Inc.*, 440 F. Supp. 3d 710 (E.D. Mich. 2020).

made representations to its own customers regarding the garments' properties. The court, however, held that "[w]ithout more, [the plaintiffs] arguments are exactly the types of claims excluded under *Lexmark*, which requires more than an allegation that a customer was 'hoodwinked into purchasing a disappointing product.'"²⁷²⁸ It therefore granted the defendant's motion to dismiss for want of standing.

The plaintiffs in another ill-fated false advertising action under Section 43(a) were victims of a mass shooting made possible through the shooter's use of a bump stock manufactured by the defendant to increase his fire rate.²⁷²⁹ According to the plaintiffs, the defendant had falsely advertised its bump stocks by creating the impression they could be used by members of the public and also by suggesting that the Bureau of Alcohol, Firearms, and Explosives had approved them. The defendant moved the court to dismiss the plaintiffs' cause of action for want of standing, and the court found the motion well-taken. Citing *Lexmark*, it noted that the injury alleged by the plaintiffs was limited to their inability to carry on with their commercial businesses, rather than the required damage to their "commercial interest[s] in [their] reputation[s] and sale[s]."²⁷³⁰ Moreover, and of equal importance, the plaintiffs' averments also failed to establish that consumers had withheld trade from them as a result of the defendant's deception.²⁷³¹ The court therefore dismissed the plaintiffs' Section 43(a) cause of action without prejudice and took the same action with respect to their corresponding claims under Nevada law.²⁷³²

Finally, three federal district courts found that challengers to federal registrations lacked standing to proceed. In the first case, a trade association claimed its opponent had registered a trademark deceptively suggesting it actually was a certification mark in violation of Section 2(a) and, that because of that deception, the defendant had misused the mark to misrepresent the source of its goods in violation of Section 14(3).²⁷³³ Weighing the defendant's motion to dismiss, the court held that "[a] party has standing to seek cancellation where it has 'a real commercial interest in the cancellation—that is, reason to believe it will be harmed absent relief.' To demonstrate a 'real interest,' the party must 'have a direct

²⁷²⁸ *Id.* at 718 (quoting *Lexmark*, 572 U.S. at 129).

²⁷²⁹ See *Prescott v. Slide Fire Sols., LP*, 410 F. Supp. 3d 1123 (D. Nev. 2019).

²⁷³⁰ *Id.* at 1145 (quoting *Lexmark*, 572 U.S. at 131-32).

²⁷³¹ *Id.*

²⁷³² *Id.* at 1145-46.

²⁷³³ See *N. Am. Olive Oil Ass'n v. D'Avolio Inc.*, 457 F. Supp. 3d 207 (E.D.N.Y. 2020), *appeal withdrawn*, No. 20-1688, 2020 WL 5083332 (2d Cir. July 30, 2020).

and personal stake in the outcome of the cancellation.”²⁷³⁴ The court found the plaintiff’s averments of standing deficient as a matter of law under an application of this standard, holding, “[n]otably, [the plaintiff] does not allege that the [defendant’s] mark creates any confusion with, or harm to, [the plaintiff’s] own [certification program].” As [the plaintiff] has not adequately pled its direct stake in the cancellation of the [defendant’s] mark [sic], it does not have standing to seek cancellation”²⁷³⁵

The cause of action at issue in the second case was a counterclaim for the cancellation of a federal registration covering the lead counterclaim defendant’s word mark, which the two counterclaim plaintiffs argued was generic and therefore unprotectable.²⁷³⁶ In granting the lead counterclaim defendant’s motion for summary judgment, the court noted that the lead counterclaim defendant had accused only one of the counterclaim plaintiffs of infringing its mark. Although not laying out its analysis at length, the court held that the other counterclaim plaintiff—the one not charged with infringement—lacked standing to pursue invalidation of the lead counterclaim defendant’s mark and registration.²⁷³⁷

The plaintiff in the third case challenged two federal registrations owned by its opponent as fraudulently procured.²⁷³⁸ The marks underlying those registrations had been the subject of earlier litigation between the parties in which the plaintiff had agreed to a permanent injunction against the marks’ use. When the defendant threatened, and then initiated, a contempt proceeding against the plaintiff based on the plaintiff’s alleged resumption of that use, the plaintiff responded with a declaratory judgment action for noninfringement that included a cause of action under Section 38 of the Act for damages arising from the defendant’s putatively fraudulent registrations. The court held the plaintiff lacked standing to pursue that claim, and it therefore granted the defendant’s motion to dismiss. The court found in the complaint “no allegations that [the plaintiff] has attempted to register its own marks, or that its applications for those marks were rejected based on the existence of [the defendant’s] registrations.”²⁷³⁹ “Instead, it noted, “[the plaintiff] focuses exclusively on the threat of litigation posed by [the defendant’s] cease-and-desist letters, the basis for

²⁷³⁴ *Id.* at 227 (quoting *Gucci Am., Inc. v. Guess?, Inc.*, 868 F. Supp. 2d 207, 242 (S.D.N.Y. 2012); *Quality Serv. Grp. v. LJMJR Corp.*, 831 F. Supp. 2d 705, 712 (S.D.N.Y. 2011))

²⁷³⁵ *Id.*

²⁷³⁶ *See Focus Prods. Grp. Int’l, LLC v. Kartri Sales Co.*, 454 F. Supp. 3d 229 (S.D.N.Y. 2020), *reconsideration denied*, No. 15 Civ. 10154 (PAE), 2020 WL 2115344 (S.D.N.Y. May 3, 2020).

²⁷³⁷ *Id.* at 246-47.

²⁷³⁸ *See Graminex, LLC v. Aktiebolaget Cernelle*, 451 F. Supp. 3d 732 (E.D. Mich. 2020).

²⁷³⁹ *Id.* at 743.

which — alleged violations of the permanent injunction and settlement agreement — would have existed regardless of the registrations.”²⁷⁴⁰

c. Opinions Deferring Resolution of the Standing Inquiry

A lead plaintiff’s relationship with a sublicensee of its mark led to a defense motion for summary judgment but not a successful one.²⁷⁴¹ The sublicensee had secured a federal registration of the mark, which led the defendants to argue that the sublicensee owned the mark and that only it, and not the lead plaintiff, enjoyed standing to an infringement action. Although not itself moving for summary judgment, the lead plaintiff responded by calling the court’s attention to a provision in the license requiring the sublicensee to assign to the lead plaintiff any application filed by the sublicensee to register a mark falling within the scope of the sublicense. Because a reasonable jury could find that the disputed mark did indeed fall within the sublicense’s scope—based, for example, on evidence that the sublicensee had applied it to the packaging for goods indisputably covered by the sublicense—summary judgment in the defendants’ favor was inappropriate.²⁷⁴²

4. Personal Jurisdiction

Most disputes over the propriety of an exercise of personal jurisdiction over a nonresident defendant require a two-part analysis. “Courts first apply the long-arm statute of the forum state to see whether it permits the exercise of personal jurisdiction over the defendants. If the laws of the forum state permit jurisdiction, courts then consider whether the exercise of such jurisdiction comports with constitutional due process.”²⁷⁴³ If the reach of the relevant long-arm statute is coextensive with the reach of due process, the two inquiries fold into each other and only the

²⁷⁴⁰ *Id.*

²⁷⁴¹ *See* Focus Prods. Grp. Int’l, LLC v. Kartri Sales Co., 454 F. Supp. 3d 229 (S.D.N.Y.), *reconsideration denied*, No. 15 Civ. 10154 (PAE), 2020 WL 2115344 (S.D.N.Y. May 3, 2020).

²⁷⁴² *Id.* at 248.

²⁷⁴³ *Brown v. Showtime Networks, Inc.*, 394 F. Supp. 3d 418, 430 (S.D.N.Y. 2019); *see also* Spin Master Ltd. v. 158, 463 F. Supp. 3d 348, 362 (S.D.N.Y.), *report and recommendation adopted*, No. 18-cv-1774 (LJL), 2019 WL 6726152 (E.D.N.Y. Dec. 11, 2019)), *adhered to in part on reconsideration*, No. 18-cv-1774 (LJL), 2020 WL 5350541 (S.D.N.Y. Sept. 4, 2020); *Regenexx, LLC v. Regenex Health LLC*, 446 F. Supp. 3d 469, 477 (S.D. Iowa 2020); *TrueNorth Cos. v. TruNorth Warranty Plans of N. Am., LLC*, 423 F. Supp. 3d 604, 611 (N.D. Iowa 2019).

constitutional analysis is necessary;²⁷⁴⁴ if not, however, that conflation of inquiries is not possible.²⁷⁴⁵

The due process inquiry is itself subject to multiple steps. Specifically, if its contacts with the forum are sufficiently continuous and systematic, a defendant may be subject to an exercise of general jurisdiction. “General jurisdiction arises where the defendant’s contacts with the forum state are so continuous and systematic as to render it essentially at home there.”²⁷⁴⁶ Under the Supreme Court’s opinion in *Daimler AG v. Bauman*,²⁷⁴⁷ the test for general jurisdiction is a restrictive one and normally will be satisfied only if a forum is either the jurisdiction in which a defendant is organized or has its primary place of business.

Alternatively, as the Seventh Circuit explained over the past year, the courts of the forum can exercise specific jurisdiction over a defendant if three essential requirements are met:

First, the defendant’s contacts with the forum state must show that it “purposefully availed [itself] of the privilege of conducting business in the forum state or purposefully directed [its] activities at the state. Second, the plaintiff’s alleged injury must have arisen out of the defendant’s forum-related activities. And finally, any exercise of personal jurisdiction must comport with traditional notions of fair play and substantial justice.”²⁷⁴⁸

²⁷⁴⁴ See, e.g., *Curry v. Revolution Lab’s*, 949 F.3d 385, 393 (7th Cir. 2020) (Illinois long-arm statute coextensive with due process); *C5 Med. Werks, LLC v. CeramTec GmbH*, 937 F.3d 1319, 1322 (10th Cir. 2019) (“Because Colorado’s long-arm statute confers maximum jurisdiction permitted by constitutional due process, our only question here is whether the district court’s exercise of personal jurisdiction comports with due process.” (citation omitted)); *Regenexx*, 446 F. Supp. 3d at 477 (“Iowa’s long-arm statute ‘expands Iowa’s jurisdictional reach to the widest due process parameters allowed by the United States Constitution.” (quoting *Hammond v. Fla. Asset Fin. Corp.*, 695 N.W.2d 1, 5 (Iowa 2005))).

²⁷⁴⁵ See *Rothschild & Co. Continuation Holdings A.G. v. Sklarov*, 440 F. Supp. 3d 1385, 1389 (N.D. Ga. 2020) (Georgia long-arm statute not coextensive with due process).

²⁷⁴⁶ *C5 Med. Werks*, 937 F.3d at 1323; see also *Brown*, 394 F. Supp. 3d at 430.

²⁷⁴⁷ 571 U.S. 117 (2014).

²⁷⁴⁸ *Curry v. Revolution Lab’s*, 949 F.3d 385, 398 (7th Cir. 2020) (alterations in original) (quoting *Lexington Ins. Co. v. Hotai Ins. Co.*, 938 F.3d 874, 878 (7th Cir. 2019)); see also *Rothschild & Co. Continuation Holdings A.G. v. Sklarov*, 440 F. Supp. 3d 1385, 1392 (N.D. Ga. 2020) (applying substantively identical three-part test).

The Tenth Circuit offered up a variation of this standard:

Specific jurisdiction means that a court may exercise jurisdiction over an out-of-state party only if the cause of action relates to the party’s contacts with the forum state. Specific jurisdiction calls for a two-step inquiry: (a) whether the plaintiff has shown that the defendant has minimum contacts with the forum state; and, if so, (b) whether the defendant has presented a compelling case that the presence of some other considerations would render jurisdiction unreasonable. The minimum contacts test also has two requirements: (i) that the defendant must have purposefully directed its activities at residents of the forum

a. Opinions Exercising Personal Jurisdiction

One dispute over the propriety of an exercise of personal jurisdiction was easily resolved.²⁷⁴⁹ The Georgia long-arm statute is not coextensive with the limits of due process.²⁷⁵⁰ Nevertheless, three plaintiffs successfully invoked that statute by averring in their complaint that, although organized under St. Kitts and Nevis, the Bahamas, and Wyoming, three defendants used their allegedly infringing mark from offices within Georgia, where they employed at least one individual agent (who was also a named defendant). That was enough to satisfy one prong of the statute, which authorized the exercise of jurisdiction over any defendant transacting business within the state.²⁷⁵¹ Nevertheless, the court also went on to hold that the Bahamian defendant was additionally subject to the court's jurisdiction because it had pursued a federal application to register the infringing mark with the intent of allowing the other defendants to use the mark in Georgia.²⁷⁵² Because the restrictive statute allowed the defendants to be haled into court in Georgia, there was no need for an extensive due process analysis.²⁷⁵³

As has been the case over the past two decades, the proper significance of online sales by defendants played an outsize role in personal-jurisdiction inquiries. That included one undertaken by the Seventh Circuit in reversing the dismissal of an action brought in the Northern District of Illinois against a nonresident lead defendant that, in the course of selling dietary supplements to Illinois residents, had allegedly engaged in unfair competition, false advertising, likely dilution, cybersquatting, and associated violations of Illinois law.²⁷⁵⁴ Reviewing the allegations in the plaintiff's complaint, the court noted that the lead defendant's website required the customer to select a shipping address, in the course of which Illinois was "among the 'ship-to' options from which the customer must choose."²⁷⁵⁵ The 767 Illinois residents purchasing

state, and (ii) that the plaintiff's injuries must arise out of the defendant's forum-related activities.

C5 Med. Werks, 937 F.3d 1323 (alterations omitted) (citations omitted).

²⁷⁴⁹ See *Rothschild & Co. Continuation Holdings A.G. v. Sklarov*, 440 F. Supp. 3d 1385 (N.D. Ga. 2020).

²⁷⁵⁰ *Id.* at 1389 (interpreting Ga. Code Ann. § 9-10-91 (2018)).

²⁷⁵¹ Ga. Code Ann. § 9-10-91(1).

²⁷⁵² *Rothschild & Co.*, 440 F. Supp. 3d at 1394 ("By filing the application and authorizing the business use of the [infringing] mark in Georgia by the [other defendants], [the Bahamian defendant] has transacted business in the state and is subject to personal jurisdiction under [the long-arm statute].").

²⁷⁵³ *Id.* at 1392.

²⁷⁵⁴ See *Curry v. Revolution Lab's*, 949 F.3d 385 (7th Cir. 2020).

²⁷⁵⁵ *Id.* at 399.

the lead defendant's products had received e-mails from the lead defendant thanking them for their business, confirming their order, and listing their Illinois shipping address. Under these circumstances, the court held the lead defendant had purposefully availed itself of the privilege of doing business in Illinois:

In the face of this sales arrangement, it is not persuasive to say that [the defendant] did not exploit the Illinois market simply because its advertising was not especially aimed at that state. There is no *per se* requirement that the defendant especially target the forum in its business activity; it is sufficient that the defendant reasonably could foresee that its product would be sold in the forum.²⁷⁵⁶

The court next answered the question of whether the plaintiff's alleged injury arose out of the lead defendant's forum-related activities affirmatively, citing the plaintiff's allegations that "the direct sales that [the lead defendant] made in Illinois involved . . . a product that bears the allegedly infringing trademark that forms the very basis of this action"²⁷⁵⁷ and that "[the lead defendant's] advertisement and sale of its product in the national market caused confusion and consequently deprived [the plaintiff] of the value of his trademark in those states, including Illinois, where the product was sold."²⁷⁵⁸ Finally, the court rejected the lead defendant's argument that forcing it to defend the action in Illinois would be unconstitutionally unfair because the lead defendant had "held itself as conducting business nationwide through both its interactive website and other websites"²⁷⁵⁹ and, additionally, because "Illinois has a strong interest in providing a forum for its residents, including [the plaintiff], to seek redress for harms suffered within the state by an out-of-state actor."²⁷⁶⁰

A much less developed assertion of specific personal jurisdiction under the Florida long-arm statute²⁷⁶¹ based on an allegedly infringing use on a website similarly succeeded in an infringement action against a Massachusetts-based defendant.²⁷⁶² In denying the defendant's motion to dismiss, the court held as an initial matter that "a nonresident defendant need not have a physical presence in Florida for the Court to assert personal jurisdiction. Instead, such a nonresident defendant need only commit a tortious act that causes

²⁷⁵⁶ *Id.*

²⁷⁵⁷ *Id.* at 401.

²⁷⁵⁸ *Id.*

²⁷⁵⁹ *Id.* at 402.

²⁷⁶⁰ *Id.*

²⁷⁶¹ Fla. Stat. § 48.193(1)(a) (2017).

²⁷⁶² See 3Lions Publ'g, Inc. v. Interactive Media Corp., 389 F. Supp. 3d 1031 (M.D. Fla. 2019).

injury within Florida.”²⁷⁶³ Although it might be true that “a website ‘must not only be *accessible* in Florida, but also be *accessed* in Florida’ to subject a nonresident to Florida’s jurisdiction,”²⁷⁶⁴ it also was true that the court was required to draw all reasonable inferences in the plaintiff’s favor. Moreover, “the Court can reasonably infer that the webpage containing the [allegedly infringing use] was accessed within Florida by at least one person or entity — [the plaintiff].”²⁷⁶⁵ With the defendant failing to contest the plaintiff’s allegations of sales in Florida, the court found the requirements of the long-arm statute and due process equally satisfied, especially in light of Florida’s “strong interest in affording its residents a forum to obtain relief from intentional misconduct of nonresidents causing injury in Florida.”²⁷⁶⁶

A similar result held in an action before a New York federal district court, in which a large number of defendants defaulted.²⁷⁶⁷ Prior to filing suit, the plaintiffs purchased goods allegedly bearing counterfeit imitations of their registered marks from six of the defendants and had those goods delivered to New York. The court held that the plaintiffs’ averments describing the purchases satisfied the requirements of the New York long-arm statute,²⁷⁶⁸ which is not coextensive with due process.²⁷⁶⁹ It first observed that “[a] single sale may be sufficient provided that the defendant’s activities were purposeful and there was a substantial relationship between the transaction and the claim asserted.’ That is so even when the sale is made to a representative of the plaintiff’s law firm.”²⁷⁷⁰ The court then found from the plaintiffs’ averments “no question that the business transaction (*i.e.*, the offer and/or sale of the Counterfeit Products) in New York has a substantial relationship with the claim asserted in this action against the six Defaulting Defendants (*i.e.*, Defaulting Defendants’ offers or sales

²⁷⁶³ *Id.* at 1037 (citation omitted).

²⁷⁶⁴ *Id.* at 1038 (quoting *Internet Solutions Corp. v. Marshall*, 39 So. 3d 1201, 1203 (Fla. 2010)).

²⁷⁶⁵ *Id.*

²⁷⁶⁶ *Id.* at 1039.

²⁷⁶⁷ See *Spin Master Ltd. v. 158*, 463 F. Supp. 3d 348 (S.D.N.Y.), *report and recommendation adopted*, No. 18-cv-1774 (LJL), 2019 WL 6726152 (E.D.N.Y. Dec. 11, 2019)), *adhered to in part on reconsideration*, No. 18-cv-1774 (LJL), 2020 WL 5350541 (S.D.N.Y. Sept. 4, 2020).

²⁷⁶⁸ N.Y. C.L.P.R. 302.

²⁷⁶⁹ See *Banco Ambrosiano, S.P.A. v. Artoc Bank & Trust Ltd.*, 464 N.E.2d 432, 435 (N.Y. 1984) (“[I]n setting forth certain categories of bases for long-arm jurisdiction, [the New York long-arm statute] does not go as far as is constitutionally permissible.”).

²⁷⁷⁰ *Spin Master*, 463 F. Supp. 3d at 363 (quoting *WowWee Grp. v. Meirly*, No. 18-CV-706 (AJN), 2019 WL 1375470, at *3 (S.D.N.Y. Mar. 27, 2019)).

of products that infringe upon trademarks or contain counterfeited trademarks).²⁷⁷¹

b. Opinions Declining to Exercise Personal Jurisdiction

The extent to which the transmittal of a demand letter into a particular jurisdiction can expose the sender to an exercise of personal jurisdiction in a declaratory judgment action is a recurring theme in trademark and unfair competition litigation, and it made an appearance in an appeal to the Tenth Circuit from a holding that a corporate defendant based in Germany had purposefully injected itself into Colorado for purposes of that state's long-arm statute.²⁷⁷² The demand letter was not the full extent of the defendant's contacts with Colorado, for it also had sent representatives to three trade shows in the state, as well as instigated the seizure in France of goods produced by the Colorado-based plaintiff. Unlike the district court, however, the appellate court determined that a finding of specific personal jurisdiction did not lie over the defendant.

It initially rejected the plaintiff's reliance on the defendant's promotional activities in Colorado because they did not show the purposeful availment of Colorado necessary for jurisdiction to arise:

[The defendant's] attendance at various tradeshows in Colorado, as opposed to some other state, was by chance. As [the plaintiff] concedes, [the defendant] did not choose where the tradeshows were held; it only chose to attend. But [the plaintiff] asserts that merely engaging in commercial promotion in the forum state—even if the location of the promotion is determined by others—is sufficient to invoke the jurisdiction of the forum state. We decline to take that position. These “fortuitous” contacts are not the “purposeful availment” required for a finding of specific jurisdiction.²⁷⁷³

The plaintiff's reliance on the defendant's enforcement practices was equally unsuccessful because “to the extent that [the defendant] engaged in enforcement activity, it did so entirely outside of Colorado.”²⁷⁷⁴ Even if the “brunt of the harm” associated with the seizure of the plaintiff's goods in France had fallen in Colorado, “merely interacting with a plaintiff ‘known to bear a strong connection to the forum state’ is not enough to establish jurisdiction”;²⁷⁷⁵ moreover, “[the plaintiff] has not made a prima

²⁷⁷¹ *Id.* at 364.

²⁷⁷² *See* C5 Med. Werks, LLC v. CeramTec GMBH, 937 F.3d 1319 (10th Cir. 2019) (interpreting and applying Colo. Rev. Stat. § 13-1-124 (2016)).

²⁷⁷³ *Id.* at 1323-24 (Bell Helicopter Textron, Inc. v. Heliqwest Int'l, Ltd., 385 F.3d 1291, 1296 (10th Cir. 2004)).

²⁷⁷⁴ *Id.* at 1324.

²⁷⁷⁵ *Id.* (quoting Rockwood Select Asset Fund XI (6)-1, LLC v. Devine, Millimet & Branch, 750 F.3d 1178, 1180 (10th Cir. 2014)).

facie case that [the defendant's] seizure was intended to do anything more than stop [the plaintiff's] immediate marketing efforts in France, that is, outside the forum."²⁷⁷⁶ Finally, the court held, "a single cease-and-desist letter is insufficient to confer jurisdiction in a declaratory judgment action like this one."²⁷⁷⁷

The British Broadcasting Corporation escaped an attempt to hale it into a New York federal district court in a case in which the estate of Whitney Houston's daughter and Houston's ex-husband, Bobby Brown, objected to a documentary film about Houston's life in which allegedly unauthorized footage of the daughter and the ex-husband appeared.²⁷⁷⁸ The plaintiffs asserted that the BBC's promotion (but not broadcast) of the challenged film in New York, its broadcasting in New York of programs other than the challenged film through contracts with New York-based companies, the presence of a pair of its subsidiaries in the state, its alleged tortious interference with contractual relations, and its appearance in three past New York cases exposed it to an exercise of personal jurisdiction. Although acknowledging the BBC's contacts with New York were "without a doubt *in some sense* continuous and systematic,"²⁷⁷⁹ the court found they did not rise to the level required for an exercise of general jurisdiction; moreover, the same was true with respect to the plaintiff's tortious interference claim, which the court held relevant only to the specific-personal-jurisdiction inquiry.²⁷⁸⁰

The court was equally unimpressed with the plaintiffs' assertion that it should exercise specific personal jurisdiction over the BBC. The BBC's contracts with New York-based entities failed to get the job done because they related to the distribution of the disputed film in countries other than the United States, which precluded them from having a nexus to the plaintiffs' claims.²⁷⁸¹ So it also was with the plaintiffs' tortious interference claim, the court's analysis of which focused on the fact that the plaintiffs were not themselves New York domiciliaries but instead resident in California and Georgia: Coupled with the BBC's location in the United Kingdom, that consideration meant that the plaintiffs "do not allege that they

²⁷⁷⁶ *Id.*

²⁷⁷⁷ *Id.*

²⁷⁷⁸ See *Brown v. Showtime Networks, Inc.*, 394 F. Supp. 3d 418 (S.D.N.Y. 2019). The plaintiffs did not hold back in drafting their complaint, asserting false endorsement under Section 43(a) of the Lanham Act and state law claims under California, Georgia, and New York law for right of publicity violations and tortious interference with contractual relations.

²⁷⁷⁹ *Id.* at 432.

²⁷⁸⁰ As the court explained, "the commission of a tort in a state does not suffice to confer *general* jurisdiction over a party; at most, such conduct suffices for *specific* jurisdiction." *Id.* at 433.

²⁷⁸¹ *Id.* at 434-35.

were injured *within New York state* as a result of BBC's alleged tortious act outside the state."²⁷⁸² The plaintiffs' claim of specific personal jurisdiction therefore was fatally deficient and dismissal of their causes of action against the BBC warranted.²⁷⁸³

The lack of a cognizable injury within New York led another federal district court in that state to dismiss an action against certain defendants accused of counterfeiting, despite their failure to appear in the case.²⁷⁸⁴ In declining to enter a default judgment against those defendants, the court credited the plaintiffs' argument that "the . . . Defaulting Defendants have committed the tortious acts of trademark and copyright violations outside New York by creating and offering for sale Counterfeit Products through the internet, and that the causes of action in this case arise from those acts."²⁷⁸⁵ Nevertheless, the court faulted the plaintiffs for failing to aver they had been injured within New York, and it identified the reason for that failure, namely, that the plaintiffs did not have their principal places of business in the state,²⁷⁸⁶ a circumstance that also precluded them from establishing the defendants expected or reasonably should have expected their actions to have consequences in New York.²⁷⁸⁷ The plaintiffs' inability to satisfy the requirements of the state long-arm statute obviated the need for a constitutional due process analysis as to the defendants in question, and default judgments against them therefore were inappropriate.²⁷⁸⁸

In yet another case dismissed for want of personal jurisdiction, the plaintiffs, one of whom was based in the Southern District of Florida, sought to have the court assert personal jurisdiction over a number of corporate and individual defendants domiciled outside of that state.²⁷⁸⁹ In support of their motion to dismiss, the defendants averred without contradiction that their direct ties to Florida were limited to one bank account and one customer, and that led the court to reject any suggestion they were subject to an exercise of general jurisdiction in the state.²⁷⁹⁰ Moving on, the court found that "the exercise of specific personal jurisdiction over any of the Defendants with regard to the [plaintiffs' trademark claims] would violate due

²⁷⁸² *Id.* at 436.

²⁷⁸³ *Id.*

²⁷⁸⁴ See *Spin Master Ltd. v. 158*, 463 F. Supp. 3d 348 (S.D.N.Y.), *report and recommendation adopted*, No. 18-cv-1774 (LJL), 2019 WL 6726152 (E.D.N.Y. Dec. 11, 2019), *adhered to in part on reconsideration*, No. 18-cv-1774 (LJL), 2020 WL 5350541 (S.D.N.Y. Sept. 4, 2020).

²⁷⁸⁵ *Id.* at 365.

²⁷⁸⁶ *Id.* 366.

²⁷⁸⁷ *Id.*

²⁷⁸⁸ *Id.* at 366-67.

²⁷⁸⁹ See *Argos Glob. Partner Servs., LLC v. Ciuchini*, 446 F. Supp. 3d 1073 (S.D. Fla. 2020).

²⁷⁹⁰ *Id.* at 1085-86.

process because there is scant evidence Defendants' suit-related contacts connect them to Florida in a meaningful way."²⁷⁹¹ Indeed, boiled down to their essentials, the plaintiffs' averments on that subject were limited to allegations that: (1) the defendants' website was visible in Florida; and (2) the defendants had a relationship with a third party located in Florida, which had sent an invoice that confused the parties and which also had served as a "trade reference" for one of the defendants. Neither sufficed to allow the defendants to be haled into court in the state because, in the court's estimation: (1) "the mere posting of an infringing trademark on a website 'without more' is insufficient to demonstrate that [Defendants] purposefully aimed [their] activity toward Florida";²⁷⁹² and (2) there was a lack of a nexus between the third party and the plaintiffs' claims.²⁷⁹³ Moreover, although one of the Florida-based plaintiffs claimed to have suffered an injury in the state, that allegation, even if true, proved only a connection to a plaintiff there, rather than the required connection to the forum.²⁷⁹⁴

Two attempts to hale nonresident defendants into Iowa federal district courts also failed on motions to dismiss. In the first case, the Iowa-based plaintiff accused the Texas-based defendants of trademark infringement and claimed they were subject to exercises of both general and specific personal jurisdiction.²⁷⁹⁵ The first of those claims failed based on the defendant's apparently un rebutted showings that their continuous and systematic ties to Iowa were limited to two websites accessible in the state and a single sale made to an Iowa domiciliary that the plaintiff itself had orchestrated.²⁷⁹⁶ Likewise, the second claim (that of specific personal jurisdiction) also failed after the court found that one of the websites in question was completely informational and that the other was interactive only in the sense that it allowed visitors to request information; according to the court, "[t]he defendant could be viewed as having contact with the forum by receiving the request [for information through the interactive website], or even inviting it, but specific jurisdiction is inappropriate until the defendant makes more direct contact with the forum by responding to the inquiry in some manner."²⁷⁹⁷ Under the circumstances, the defendants could not be

²⁷⁹¹ *Id.* at 1090.

²⁷⁹² *Id.* at 1092 (quoting *DCS Real Est. Invs., LLC v. Bella Collina Events, LLC*, No. 5:14-cv-678-JSM-PRL, 2015 WL 628586, at *3 (M.D. Fla. Feb. 12, 2015)).

²⁷⁹³ *Id.*

²⁷⁹⁴ *Id.*

²⁷⁹⁵ See *Regenexx, LLC v. Regenex Health LLC*, 446 F. Supp. 3d 469 (S.D. Iowa 2020).

²⁷⁹⁶ *Id.* at 477-78.

²⁷⁹⁷ *Id.* at 480.

characterized as having purposefully harmed the plaintiff in Iowa, and their motion to dismiss was therefore meritorious.²⁷⁹⁸

The defendant in the second case claimed to be a mere holding company affiliated with the lead defendant, one that had no presence or business in Iowa and, indeed, had not even existed during much of the relevant time period.²⁷⁹⁹ According to the plaintiff, however, the moving defendant had sent an e-mail blast to Iowa-based recipients featuring both its logo (which incorporated an allegedly infringing mark) and that of the lead defendant (which also featured an allegedly infringing mark); moreover, the plaintiff argued, the moving defendant claimed to have a “dealer partnership” with 45 Iowa entities that were actually affiliated with the lead defendant. The court found the plaintiff’s showing of direct contacts between the moving defendant and Iowa wanting, explaining that “[a]t most, [the plaintiff] has shown that [the moving defendant] sent an email to [the lead defendant’s] Iowa dealers. This is insufficient to establish personal jurisdiction.”²⁸⁰⁰

The court next weighed the plaintiff’s argument that the moving defendant and the lead defendant were one and the same. It initially held that a finding that one was the alter ego of the other was appropriate if “(1) the other entity influences and governs the subject entity; (2) a unity of interest and ownership exists such that the two entities cannot be separated[;] and (3) giving effect to the fictional separation between the two entities would sanction a fraud or promote injustice.”²⁸⁰¹ Nevertheless, it then invoked Iowa corporate law to hold that:

In determining whether the corporate veil should be pierced, the court should consider whether: “(1) the corporation is undercapitalized, (2) without separate books, (3) its finances are not kept separate from individual finances, individual obligations are paid by the corporation, (4) the corporation is used to promote fraud or illegality, (5) corporate formalities are not followed or (6) the corporation is merely a sham.”²⁸⁰²

Whatever the test applied, the plaintiff’s showing again fell short. Although it accused the moving defendant and the lead defendant of having failed to observe corporate formalities, the court rejected that accusation as “based on speculation and conjecture.”²⁸⁰³ Even if

²⁷⁹⁸ *Id.* at 481.

²⁷⁹⁹ *See TrueNorth Cos. v. TruNorth Warranty Plans of N. Am., LLC*, 423 F. Supp. 3d 604 (N.D. Iowa 2019).

²⁸⁰⁰ *Id.* at 613.

²⁸⁰¹ *Id.* at 614.

²⁸⁰² *Id.* (quoting *Lakota Girl Scout Council, Inc. v. Havey Fund-Raising Mgmt., Inc.*, 519 F.2d 634, 638 (8th Cir. 1975)).

²⁸⁰³ *Id.* at 615.

an exercise of personal jurisdiction over the lead defendant was appropriate, that did not extend to the moving defendant.²⁸⁰⁴

c. Opinions Deferring Resolution of the Personal-Jurisdiction Inquiry

Inquiries into the propriety of exercises of personal jurisdiction are typically resolved by reference to the allegations in plaintiffs' complaint and any responsive showings by defendants in support of motions to dismiss. Nevertheless, a Georgia federal district court ordered limited jurisdictional discovery into the ties to that state of two defendants based on additional considerations. One was the factual showing adduced by the plaintiffs in support of a preliminary injunction motion, while, unusually, another was the existence of another otherwise unrelated suit brought by one of the defendants in which it claimed to have a principal place of business in Georgia. Recognizing a qualified right to take jurisdictional discovery if the jurisdictional question was genuinely in dispute, the court found discovery appropriate.²⁸⁰⁵

5. Venue

Under 28 U.S.C. § 1391(b), venue in a federal court action will properly lie in a district in which “any defendant resides, if all defendants are residents of the State in which the district is located,” “in which a substantial part of the events or omissions giving rise to the claim occurred,” or in which any defendant may be found “if there is no district in which an action may otherwise be brought.”²⁸⁰⁶ A challenge to the venue chosen by a plaintiff can take the form of a motion to dismiss brought under Federal Rule of Civil Procedure 12(b)(3) and 28 U.S.C. § 1406(a), the latter of which authorizes federal district courts to transfer or dismiss cases “laying venue in the wrong division or district,”²⁸⁰⁷ and which is arguably a codification of the common-law doctrine of *forum non conveniens*.²⁸⁰⁸ A venue challenge can also include a motion to transfer under 28 U.S.C. § 1404(a), which provides, “[f]or the convenience of [the] parties and the witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought”²⁸⁰⁹ Finally, under Federal Rule of

²⁸⁰⁴ *Id.*

²⁸⁰⁵ *Id.* at 1395.

²⁸⁰⁶ 28 U.S.C. § 1391(b) (2018).

²⁸⁰⁷ *Id.* § 1406(a).

²⁸⁰⁸ See generally *Sinochem Int'l Co. v. Malaysia Int'l Shipping Corp.*, 549 U.S. 422, 423 (2007) (noting that dismissal or transfer appropriate under *forum non conveniens* “when considerations of convenience, fairness, and judicial economy so warrant”).

²⁸⁰⁹ 28 U.S.C. § 1404(a) (2018).

Civil Procedure 45(f), a showing of “exceptional circumstances” can justify the transfer of subpoena-related motions to the court of issuance.²⁸¹⁰

a. Opinions Finding Venue Proper

Claims of *forum non conveniens* are relatively infrequent in trademark and unfair competition litigation, and one failed at the hands of a Washington federal district court.²⁸¹¹ The plaintiff owned a certification mark, and its license agreements with certified parties designated Delaware as the proper forum for any agreement-related disputes. Based on that designation, the defendant urged the court either to dismiss the action or to transfer it to Delaware. Citing the absence of a license in place between the parties, the court rejected both aspects of the plaintiff’s request, holding that “[t]he Court will not enforce a forum selection clause of an agreement that does not exist.”²⁸¹²

A New York federal district court denied a motion for a transfer resting on a more conventional ground, namely, the convenience of the parties and the witnesses under 28 U.S.C. § 1404(a).²⁸¹³ The timing of the motion was somewhat unusual in that the defendants sought to transfer the action to their home forum of the District of Colorado only at the summary judgment stage of the case, rather than as an initial response to the plaintiff’s complaint. In rejecting the motion, the court held the inquiry governed by a number of nonexclusive factors, including: (1) the plaintiff’s choice of forum; (2) the convenience of witnesses; (3) the location of relevant documents and relative ease of access to sources of proof; (4) the parties’ convenience; (5) the locus of the operative facts, (6) the availability of process to compel the attendance of unwilling witnesses; (7) the relative means of the parties; (8) the familiarity of the courts involved with the governing law; and (9) judicial economy.²⁸¹⁴ The defendants argued the litigation had “virtually no connection to this District,”²⁸¹⁵ it was undisputed that “no witnesses are located near New York while at least one is in Colorado,”²⁸¹⁶ the locus of the operative factors favored a transfer because only two goods bearing allegedly infringing marks had been sold in New

²⁸¹⁰ Fed. R. Civ. P. 45(f).

²⁸¹¹ See *Bluetooth SIG, Inc. v. FCA US LLC*, 463 F. Supp. 3d 1169 (W.D. Wash. 2020).

²⁸¹² *Id.* at 1182.

²⁸¹³ See *Hamilton Int’l Ltd. v. Vortic LLC*, 414 F. Supp. 3d 612 (S.D.N.Y. 2019), *reconsideration denied*, No. 17CV5575AJNOTW, 2020 WL 122908 (S.D.N.Y. Jan. 10, 2020).

²⁸¹⁴ *Id.* at 623.

²⁸¹⁵ *Id.* at 624.

²⁸¹⁶ *Id.*

York,²⁸¹⁷ and the defendants had “significantly fewer resources than Plaintiff.”²⁸¹⁸ Nevertheless, citing the need for a new judge “to invest significant resources to gain familiarity with this action,”²⁸¹⁹ the court declined to grant the requested transfer because, in its view, “[t]he issue of judicial economy and timeliness of Defendants’ motion outweigh everything else. It is very late in the litigation process to change forums and Defendants do not demonstrate an overwhelming need to litigate in Colorado.”²⁸²⁰

A more timely motion under Section 1404(a) to transfer an action pending in the Eastern District of Virginia to the Middle District of Florida failed because of an equally deficient showing by the movants.²⁸²¹ In declining to order the transfer, the court noted the defendants’ concession that they had sold goods bearing their allegedly infringing mark in the Commonwealth of Virginia, which established the propriety of venue in the plaintiff’s choice of forum.²⁸²² Of equal importance, the defendants failed to advance a convincing case to disturb that choice. Instead, as the court found, “Defendants argue that litigating in the Eastern District of Virginia would burden defendants because their witnesses and evidence are located in the Middle District of Florida. This argument for transfer fails; the purpose and function of § 1404(a) is not to “shift the balance of inconvenience” from defendant to plaintiff.”²⁸²³ “Where, as here,” it concluded, “plaintiff’s choice to sue in its home forum must be given substantial weight, a motion to transfer must be denied when the transfer’s primary effect would be to shift the balance of inconvenience between the parties.”²⁸²⁴

Finally, one court confirmed the common-sense proposition that a defendant executing a forum-selection clause in a trademark license with the plaintiff likely will have great difficulty escaping the clause’s effect.²⁸²⁵ The defendant learning that lesson the hard way was a former franchisee of the plaintiff and had agreed to litigate any disputes arising under the franchise agreement in Indiana. When the plaintiff sued the defendant in that forum for continuing to use the plaintiff’s marks following the termination of the franchise, the defendant sought to have the action transferred to his home turf of the Western District of Oklahoma. The plaintiff

²⁸¹⁷ *Id.*

²⁸¹⁸ *Id.*

²⁸¹⁹ *Id.*

²⁸²⁰ *Id.*

²⁸²¹ *See* Safety Equip. Inst. v. Signature Lacrosse, LLC, 438 F. Supp. 3d 685 (E.D. Va. 2020).

²⁸²² *Id.* at 688-89.

²⁸²³ *Id.* at 689 (quoting *Smithfield Packing Co. v. V. Suarez & Co.*, 857 F. Supp. 2d 581, 589 (E.D. Va. 2012)).

²⁸²⁴ *Id.*

²⁸²⁵ *See* Noble Roman’s, Inc. v. Allison, 412 F. Supp. 3d 989 (S.D. Ind. 2019).

responded to the defendant's motion in part by invoking the forum-selection clause, and the defendant failed to address the clause's significance in his reply brief. In light of that failure, as well as the marginal difference in the pendency of cases in the two districts (which the defendants' moving papers *did* address), the clause mandated the denial of the defendant's motion.²⁸²⁶

b. Opinions Declining to Find Venue Proper

Unusually, the only reported opinion to order a transfer of a trademark or unfair competition dispute did so not in an infringement action but instead one to enforce the terms of a trademark license.²⁸²⁷ The impetus for that outcome was a finding by the Florida federal district court assigned to the case that it lacked personal jurisdiction over the Illinois-based defendant. The court noted that it might ordinarily be "powerless to take further action,"²⁸²⁸ but also that "under the limited circumstance of a motion to transfer venue, a district court may do so despite not having jurisdiction."²⁸²⁹ It therefore granted the defendant's motion in the alternative for a transfer to the Northern District of Illinois.²⁸³⁰

6. Issue and Claim Preclusion

a. Issue Preclusion (Collateral Estoppel)

As the Supreme Court explained in *B & B Hardware, Inc. v. Hargis Industries*,²⁸³¹ issue preclusion applies when two different tribunals are asked to decide the same issue:

[T]he decision of the first tribunal usually must be followed by the second, at least if the issue is really the same. Allowing the same issue to be decided more than once wastes litigants' resources and adjudicators' time, and it encourages parties who lose before one tribunal to shop around for another.²⁸³²

Few reported opinions in trademark and unfair competition litigation over the past year gave prior proceedings between the parties issue-preclusive effect. One that did adopted the following test for the doctrine:

²⁸²⁶ *Id.* at 995.

²⁸²⁷ *See For Life Prods., LLC v. Rust-Oleum Corp.*, 440 F. Supp. 3d 1364 (S.D. Fla. 2020).

²⁸²⁸ *Id.* at 1368 (quoting *Posner v. Essex Ins. Co.*, 178 F.3d 1209, 1214 n.6 (11th Cir. 1999)).

²⁸²⁹ *Id.*

²⁸³⁰ *Id.*

²⁸³¹ 135 S. Ct. 1293 (2015).

²⁸³² *Id.* at 1298–99.

Collateral estoppel, i.e., issue preclusion, applies when: “(1) the issue necessarily decided at the previous proceeding is identical to the one which is sought to be relitigated; (2) the first proceeding ended with a final judgment on the merits; and (3) the party against whom [issue preclusion] is asserted was a party or in privity with a party at the first proceeding.”²⁸³³

It did so in a case in which the plaintiff previously had accused a group of retailers of false advertising after they stocked their shelves with goods manufactured by a third party and bearing labeling the plaintiff believed contained false representations.²⁸³⁴ Those defendants escaped liability for false advertising on a motion for summary judgment, and their victory proved the basis for the subsequent victory of another group of retailers who were sued by the same plaintiff for the same alleged tort. Confronted with its defeat as a matter of law in the earlier case, the plaintiff argued that issue-preclusion did not apply under the second prong of the relevant analysis because the deadline for it to appeal the summary judgment order had not yet run. Noting that “[t]o be ‘final’ for [issue preclusion] purposes, a decision need not possess ‘finality’ in the sense of . . . the threshold for finality required on appeal,”²⁸³⁵ the court rejected that theory. “Rather,” it held, “[i]ssue preclusion [has been applied to] matters resolved by preliminary rulings or to determinations of liability that have not yet been completed by an award of damages or other relief.”²⁸³⁶ With the plaintiff not contesting either the first or the third prerequisites for an application of issue preclusion, the court held that the plaintiff had failed to state a claim for *direct* liability against the defendants; nevertheless, because the plaintiff’s complaint asserted an additional cause of action not litigated in the initial proceeding, namely, the defendants’ possible *contributory* liability for false advertising, the court’s holding did not extend to that cause of action.²⁸³⁷

As another opinion demonstrated, however, the first and second requirements for an application of issue preclusion, namely, an identity of issues actually resolved on the merits, is a very real one.²⁸³⁸ That opinion arose in a second round of litigation between

²⁸³³ *In re Outlaw Lab’y, LLP*, 463 F. Supp. 3d 1068, 1080 (S.D. Cal.) (alteration in original) (quoting *Paulo v. Holder*, 669 F.3d 911, 917 (9th Cir. 2011)), *on reconsideration*, No. 3:18-CV-0840-GPC, 2020 WL 3840559 (S.D. Cal. July 8, 2020).

²⁸³⁴ *See In re Outlaw Lab’y, LP Litig.*, 424 F. Supp. 3d 973 (S.D. Cal. 2019).

²⁸³⁵ *Id.* at 1080 (first and second alteration in original) (quoting *Syverson v. IBM*, 472 F.3d 1072, 1079 (9th Cir. 2007)).

²⁸³⁶ *Id.* (alterations in original) (quoting *Syverson*, 472 F.3d at 1079).

²⁸³⁷ *Id.* at 1081.

²⁸³⁸ *See Factory Direct Wholesale, LLC v. iTouchless Housewares & Prods., Inc.*, 411 F. Supp. 3d 905 (N.D. Cal. 2019).

the parties before a California federal district court; the first had been before a Georgia federal district court. Following the Georgia court's dismissal of the plaintiff's false advertising cause of action for failure to state a claim, the plaintiff supplemented its original allegations by incorporating into its California complaint additional details of the defendant's conduct, which included both alleged false advertising and trademark infringement post-dating the filing of the Georgia action. Denying the defendant's motion to dismiss for failure to state a claim, the court held that "when a later-filed action contains new factual allegations that were not present in the earlier-filed action, those allegations may not have been actually litigated or decided in the prior proceedings."²⁸³⁹

b. Claim Preclusion (Res Judicata)

Under the doctrine of claim preclusion, or *res judicata*, "a final judgment on the merits of an action precludes the parties or their privies from relitigating issues that were or could have been raised in that action."²⁸⁴⁰ Having explored the parameters of the separate doctrine of issue preclusion in *B & B Hardware*, the Supreme Court turned to claim preclusion in *Lucky Brand Dungarees, Inc. v. Marcel Fashions Grp.*²⁸⁴¹ by reversing the outcome of an appeal to the Second Circuit. The lower court's opinion²⁸⁴² was the latest development in a series of adversarial proceedings, in the first round of which the plaintiff accused the defendants in 2001 of infringing the plaintiff's GET LUCKY mark for apparel through the defendants' use of "Get Lucky" in their advertising; that suit was resolved by a settlement agreement in which the defendants agreed to stop using the phrase "Get Lucky" and the plaintiff released any claims regarding the defendants' use of their own LUCKY BRAND mark. Then, when the lead defendant filed suit against the plaintiff in 2005 for infringement, the plaintiff asserted counterclaims based on the defendants' alleged violation of the settlement agreement in the 2001 suit through their continued original use of "Get Lucky" on a standalone basis and their apparently new use of "Get Lucky" together with the defendants' LUCKY BRAND mark. The defendants responded to those counterclaims by arguing in a motion to dismiss that the mutual releases in the settlement agreement from the 2001 suit barred the new suit. After the district court denied that motion, the defendants asserted claim preclusion as an affirmative defense in their answer, but otherwise did not raise the

²⁸³⁹ *Id.* at 922-23.

²⁸⁴⁰ *Allen v. McCurry*, 449 U.S. 90, 94 (1980).

²⁸⁴¹ 140 S. Ct. 1589 (2020).

²⁸⁴² *See Marcel Fashions Grp. v. Lucky Brand Dungarees, Inc.*, 898 F.3d 232 (2d Cir. 2018) ("*Marcel II*"), *rev'd*, 140 S. Ct. 1589 (2020).

issue again. The 2005 action produced a jury verdict in the plaintiff's favor and a new injunction against the defendants.

In 2011, the plaintiff again filed suit based on the defendants' continued use of their own "lucky"-formative marks, rather than their alleged continued use of "Get Lucky." The defendants successfully moved the district court for summary judgment based on the plaintiff's earlier release of them from liability, only to have the Second Circuit reverse that disposition: According to the appellate court, the release did not apply to alleged misconduct occurring after the earlier judgment.²⁸⁴³ On remand, the plaintiff amended its complaint, which the district court dismissed for failure to state a claim after concluding that the plaintiff's amended claims related only to conduct predating the plaintiff's execution of the release. In the process, the district court held claim preclusion inapplicable to defenses such as the one asserted by the defendants.

The Second Circuit reversed once again, observing as an initial matter that "[f]or the past quarter of a century, we have assumed that claim preclusion may bar a litigation defense but we have not had a case in which we have found a defense to be so precluded."²⁸⁴⁴ It then summarily held that "though our rulings, when read together, mean that [the plaintiff's] claims are not barred by *res judicata* but that one of [the defendants'] defenses to those claims is so precluded, there is no unfairness in that. Both are traditional applications of claim preclusion principles."²⁸⁴⁵ Because of the inconsistency of that outcome with holdings to opposite effect from the Ninth Circuit,²⁸⁴⁶ the Eleventh Circuit²⁸⁴⁷ and the Federal Circuit,²⁸⁴⁸ the Supreme Court granted the defendants' petition for a writ of certiorari, which presented the following question: "Whether, when a plaintiff asserts new claims, federal preclusion principles can bar a defendant from raising defenses that were not actually litigated and resolved in any prior case between the parties."²⁸⁴⁹

²⁸⁴³ See *Marcel Fashions Grp. v. Lucky Brand Dungarees, Inc.*, 779 F.3d 102, 108 (2d Cir. 2015) ("*Marcel I*").

²⁸⁴⁴ *Marcel II*, 898 F.3d at 237.

²⁸⁴⁵ *Id.* at 242 n.10.

²⁸⁴⁶ See *Orff v. United States*, 358 F.3d 1137, 1141 (9th Cir. 2004) (holding defensive claim preclusion inapplicable in subsequent case asserting claims post-dating resolution of earlier case), *aff'd on other grounds*, 545 U.S. 596 (2005).

²⁸⁴⁷ See *McKinnon v. Blue Cross & Blue Shield of Ala.*, 935 F.2d 1187, 1192 (11th Cir. 1991) ("For *res judicata* to apply [to a defense], the same cause of action must be involved in both cases (i.e., the cases must be based upon the same factual predicate).").

²⁸⁴⁸ See *Nasalok Coating Corp. v. Nylok Corp.*, 522 F.3d 1320, 1327 (Fed. Cir. 2008) (holding that "the plaintiff and defendant" are "treated equally" when it comes "to *res judicata*").

²⁸⁴⁹ Petition for Writ of Certiorari at *i, *Lucky Brand Dungarees, Inc. v. Marcel Fashions Grp.*, 139 S. Ct. 2777 (2019) (No. 18-1086).

Following oral argument, the unanimous Court made short work of the Second Circuit's conception of defensive claim preclusion. "This Court," it held, "has never explicitly recognized 'defense preclusion' as a standalone category of *res judicata*, unmoored from the two guideposts of issue preclusion and claim preclusion. Instead, our case law indicates that any such preclusion of defenses must, at a minimum, satisfy the strictures of issue preclusion or claim preclusion."²⁸⁵⁰ Digging into the parties' numerous rounds of litigation, it then concluded that they lacked a common nucleus of operative facts. As the Court explained:

[C]laims to relief may be the same for the purposes of claim preclusion if, among other things, "a different judgment in the second action would impair or destroy rights or interests established by the judgment entered in the first action." Here, however, the 2011 Action did not imperil the judgment of the 2005 Action because the lawsuits involved both different conduct and different trademarks.

In the 2005 Action, [the plaintiff] alleged that [the lead defendant] infringed [the plaintiff's] "Get Lucky" mark both by directly imitating its "Get Lucky" mark and by using the "Get Lucky" slogan alongside [the lead defendant's] other marks in a way that created consumer confusion. [The plaintiff] appears to admit, thus, that its claims in the 2005 Action depended on [the lead defendant's] alleged use of "Get Lucky." By contrast, the 2011 Action did not involve any alleged use of the "Get Lucky" phrase. Indeed, [the lead defendant] had been enjoined in the 2005 Action from using "Get Lucky," and in the 2011 Action, [the defendants were] found not to have violated that injunction.²⁸⁵¹

"Not only that," it continued, "but the complained-of conduct in the 2011 Action occurred after the conclusion of the 2005 Action."²⁸⁵² Especially in light of the fact that "the enforceability of a mark and likelihood of confusion between marks often turns on extrinsic facts that change over time,"²⁸⁵³ the 2001 and 2011 suits lacked a common nucleus of operative facts, and "claim preclusion did not and could not bar [the defendants] from asserting [their] settlement agreement defense in the 2011 Action."²⁸⁵⁴

Another significant opinion addressing the metes and bounds of claim preclusion—and one involving substantive issues of

²⁸⁵⁰ *Lucky Brand Dungarees*, 140 S. Ct. at 1595.

²⁸⁵¹ *Id.* at 1596 (citations omitted) (quoting 18 Wright & Miller, *Fed. Prac. & Proc. Juris.* § 4407 (3d ed.)).

²⁸⁵² *Id.*

²⁸⁵³ *Id.*

²⁸⁵⁴ *Id.*

trademark law—came from the Ninth Circuit.²⁸⁵⁵ In the appeal before that court, the plaintiff had years earlier opposed an application to register the disputed IDHAYAM mark for sesame oil by the defendant’s predecessor in interest, only to have the Trademark Trial and Appeal Board dismiss that proceeding after the plaintiff failed to prosecute it; following that disposition, the defendant itself secured two more registrations of the same mark for edible oils. When the plaintiff later challenged the defendant’s use of the IDHAYAM mark in an infringement action, the district court held the action barred by the outcome of the earlier opposition, only to have the Ninth Circuit reverse that disposition on appeal. The appellate court noted that “[a]n interparty proceeding before the TTAB is a limited proceeding involving registration of a trademark.”²⁸⁵⁶ This meant the Board lacked the authority to enter the injunctive and monetary relief sought by the plaintiff’s infringement action and, “[a]s a result, “it would be unfair to preclude [the plaintiff] from litigating these claims and seeking relief when barriers existed that prevented it from doing so in the first action.”²⁸⁵⁷ The court therefore not only allowed the plaintiff to proceed with its infringement claim, it also reversed the district court’s refusal to allow the plaintiff to pursue the cancellation of the defendant’s original registration as fraudulently procured.²⁸⁵⁸

So too did trade dress litigation between participants in the wooden craft industry produce a rejection in its entirety of a claim of issue preclusion.²⁸⁵⁹ An earlier dispute between the plaintiffs and another set of defendants had gone to arbitration, and the arbitrator had rejected the plaintiffs’ claim that the decorative wood products at issue qualified for trade dress protection. In moving to dismiss the plaintiffs’ complaint for failure to state a claim, the defendants in the second case argued the arbitrator’s decision should receive issue-preclusive effect. The court denied the motion, holding that, although introducing into evidence the arbitrator’s decision, the defendants had failed to establish that the goods at issue in the two

²⁸⁵⁵ See *V.V. & Sons Edible Oils Ltd. v. Meenakshi Overseas, LLC*, 946 F.3d 542 (9th Cir. 2019).

²⁸⁵⁶ *Id.* at 546.

²⁸⁵⁷ *Id.*

²⁸⁵⁸ *Id.*

On the issue of fraudulent procurement, of course, the court’s analysis stood on far shakier ground because the Board does enjoy the authority to entertain such a challenge. Thus, the plaintiff’s failure to pursue that remedy in the earlier action properly should have had claim-preclusive effect. As the Board has explained, “[u]nder *res judicata*, a final judgment on the merits of an action . . . precludes the parties or their privies from relitigating issues that were or could have been raised in that action.” *U.S. Soil, Inc. v. Colovic*, 214 U.S.P.Q 471, 473 (T.T.A.B. 1982).

²⁸⁵⁹ See *Crafty Prods., Inc. v. Michaels Cos.*, 424 F. Supp. 3d 983 (S.D. Cal. 2019), *aff’d sub nom.* *Crafty Prods., Inc. v. Fuqing Sanxing Crafts Co.*, No. 20-55010, 2020 WL 7388083 (9th Cir. Dec. 16, 2020).

actions overlapped, especially because the earlier decision merely referred to “the infringed products” and “[the plaintiffs] trade dress.”²⁸⁶⁰ “Without proof that the products are the same,” the court could not determine that “the trade dress issue decided by the arbitrator is ‘identical’ to the issue here.”²⁸⁶¹

A California federal district court similarly rejected, at least in part, an attempted interposition of claim preclusion defense grounded in prior litigation between the parties in Georgia.²⁸⁶² In both cases, the plaintiff objected to the defendant’s requests for various changes to the plaintiff’s Amazon listings, but, after concluding that the plaintiff had failed to alleged that those changes were false or otherwise misrepresented anything to the consuming public, the Georgia court dismissed the plaintiff’s complaint for failure to state a claim. The plaintiff subsequently filed another suit in California, in which its operative pleading contained “additional detail about Amazon’s rules and policies[] and . . . more specific allegations about Defendant’s purported actions and how the changes to Plaintiff’s listings ‘falsely advertised’ or misrepresented Plaintiff’s products as products ‘manufactured and branded by Defendant.’”²⁸⁶³ Moreover, that pleading also included a new trademark cause of action based on the defendant’s newly discovered advertising of a trash can under a mark identical to one used by the plaintiff for the same product.

Addressing the defendant’s motion to dismiss, the California court quickly determined that claim preclusion did not bar the plaintiff’s cause of action for false advertising under the Lanham Act because that cause of action turned on new conduct undertaken by the defendant following the filing of the Georgia suit.²⁸⁶⁴ Then, addressing the plaintiff’s trademark claim, it identified four factors governing the inquiry into whether claims in the two cases were identical for claim-preclusion purposes, namely:

- (1) whether the two suits arise out of the same transactional nucleus of facts; (2) whether rights or interests established in the prior judgment would be destroyed or impaired by prosecution of the second action; (3) whether the two suits involve infringement of the same right; and (4) whether substantially the same evidence is presented in the two actions.²⁸⁶⁵

²⁸⁶⁰ *Id.* at 990.

²⁸⁶¹ *Id.*

²⁸⁶² *See* Factory Direct Wholesale, LLC v. iTouchless Housewares & Prods., Inc., 411 F. Supp. 3d 905 (N.D. Cal. 2019).

²⁸⁶³ *Id.* at 912.

²⁸⁶⁴ *Id.* at 916-17.

²⁸⁶⁵ *Id.* at 915 (quoting *Mpoyo v. Litton Electro-Optical Sys.*, 430 F.3d 985, 987 (9th Cir. 2005)).

An application of those factors led the court to reach the same overall conclusion as in the false advertising context. “[T]he earlier-filed Georgia action,” it held, “centered on Defendant’s misrepresentations to Amazon On the other hand, in the instant action, Plaintiff’s trademark infringement claim is predicated on Defendant’s alleged use of Plaintiff’s registered trademark without authorization or license.”²⁸⁶⁶

7. Extraterritorial Applications of the Lanham Act

Only one readily apparent reported opinion addressed the propriety of an extraterritorial application of the Lanham Act, and it did so in the context of a motion to dismiss for want of personal jurisdiction under the Georgia long-arm statute.²⁸⁶⁷ One of the corporate defendants advancing that motion argued that, because it was organized under St. Kitts and Nevis law, the court lacked the authority to entertain the plaintiffs’ infringement claims against it. In denying the motion, the court held that “jurisdiction [is] appropriate ‘over extraterritorial disputes involving trademark infringement and unfair competition when: 1) Defendant is a United States corporation; 2) the foreign activity had substantial effects in the United States; and 3) exercising jurisdiction would not interfere with the sovereignty of another nation.’”²⁸⁶⁸ The court found all three requirements satisfied by the averments of the plaintiffs’ complaint, beginning with the allegation that the defendant in question was merely the alter ego of a Georgia resident (who was also a named defendant).²⁸⁶⁹ With respect to the second prong, it credited averments in the defendants’ own promotional materials of the magnitude of their operations in the United States.²⁸⁷⁰ Finally, as to the third prong, “there is simply no evidence or claim made whatsoever that the sovereignty of another nation might be interfered with by this Court’s exercise of jurisdiction, or that there exists another case concerning this controversy elsewhere outside of the United States.”²⁸⁷¹

8. Sanctions

Although rarely invoked in trademark and unfair competition law, much less invoked successfully, 28 U.S.C. § 1927 provides that

²⁸⁶⁶ *Id.* at 921.

²⁸⁶⁷ *See* Rothschild & Co. Continuation Holdings A.G. v. Sklarov, 440 F. Supp. 3d 1385 (N.D. Ga. 2020).

²⁸⁶⁸ *Id.* at 1391 (quoting *Int’l Café, S.A.L. v. Hard Rock Cafe Int’l (U.S.A.), Inc.*, 252 F.3d 1274, 1278 (11th Cir. 2001)).

²⁸⁶⁹ *Id.*

²⁸⁷⁰ *Id.* at 1393.

²⁸⁷¹ *Id.*

“[a]ny attorney . . . who so multiplies the proceedings in any case unreasonably and vexatiously may be required by the court to satisfy personally the excess costs, expenses, and attorneys’ fees reasonably incurred because of such conduct.”²⁸⁷² Decisions by district courts either to award or refuse sanctions under Section 1927 are subject to an abuse-of-discretion standard of review and that deferential standard proved the downfall of one appeal to the Seventh Circuit of the denial of a Section 1927 motion.²⁸⁷³ The motion arose from a defense claim of priority that the defendants acknowledged lacked factual and legal bases but only after “several years of litigation.”²⁸⁷⁴

In declining to overturn the district court’s refusal to sanction the defendants’ lawyers, the appellate court held that “[v]exatious-litigation sanctions under § 1927 require a showing of either subjective or objective bad faith. [The plaintiff] focuses on the latter. Objective bad faith consists of reckless indifference to the law: ‘pursu[ing] a path that a reasonably careful attorney would have known, after appropriate inquiry, to be unsound.’”²⁸⁷⁵

[The plaintiff] insists that [defense counsel] engaged in vexatious behavior and made objectively unreasonable legal arguments. The district court disagreed. Though he ruled summarily, we see no abuse of discretion. [The defendant’s attorneys] were entitled to zealously represent their clients, and although [the plaintiff’s] claims were meritless, we’re hard-pressed to find reckless indifference.²⁸⁷⁶

The plaintiff therefore went home empty-handed as far as Section 1927 was concerned, although it did recover its attorneys’ fees under Section 35(a) based on the exceptional nature of the defendants’ infringement.²⁸⁷⁷

An alternative basis for an award of sanctions is, of course, Rule 11 of the Federal Rules of Civil Procedure,²⁸⁷⁸ but an attempted invocation of that mechanism by a group of defendants failed at the hands of an Iowa federal district court.²⁸⁷⁹ The gravamen of the defendants’ motion was that, in an attempt to establish personal jurisdiction over an individual defendant, a Texas physician, the plaintiff had falsely represented to the court that that defendant did

²⁸⁷² 28 U.S.C. § 1927 (2018).

²⁸⁷³ See *4SEMO.com Inc. v. S. Ill. Storm Shelters, Inc.*, 939 F.3d 905 (7th Cir. 2019), *cert. denied*, 140 S. Ct. 2642 (2020).

²⁸⁷⁴ *Id.* at 909.

²⁸⁷⁵ *Id.* at 913 (third alteration in original) (citation omitted) (quoting *Riddle & Assocs., P.C. v. Kelly*, 414 F.3d 832, 835 (7th Cir. 2005)).

²⁸⁷⁶ *Id.*

²⁸⁷⁷ *Id.* at 913-14.

²⁸⁷⁸ Fed. R. Civ. P. 11.

²⁸⁷⁹ See *Regenexx, LLC v. Regenex Health LLC*, 446 F. Supp. 3d 469 (S.D. Iowa 2020).

business in Iowa, when, in fact, that defendant was not licensed to practice medicine in the state. Although dismissing the action for want of personal jurisdiction, the court declined to sanction the plaintiff's counsel under Rule 11. Noting that the individual defendant was the managing member of the other defendants, which were limited liability companies with websites accessible in Iowa and one of which had made a sale to an Iowa resident, the court concluded that "Plaintiff's assertion that [the individual defendant] conducts business in Iowa is not tantamount to saying he practices medicine in the State";²⁸⁸⁰ moreover, "it is not clear [he] would be prohibited from treating in Texas a patient from another state."²⁸⁸¹ In the final analysis, "[t]he Court does not find that the facts or applicable law of this case were so clear as to manifest the intentional or reckless disregard of the duties Plaintiff's attorneys owe this Court."²⁸⁸²

9. Arbitration

Although the Federal Arbitration Act²⁸⁸³ codifies a strong policy in favor of the enforcement of arbitration clauses in agreements, it does not expressly extend that policy to disputes arising years after the termination of those agreements. In a case presenting that scenario, the parties had entered into a circa-1992 exclusive trademark license and distributorship agreement providing for the arbitration of "[a]ny dispute, controversy or claim arising out of or in connection with this Agreement, or the breach, termination of [sic] invalidity thereof."²⁸⁸⁴ The defendants terminated the agreement in 2016, but not before the plaintiff had secured a series of federal registrations covering the mark covered by the license. When the plaintiff accused the defendants of infringing that same mark in 2018, the defendants responded by moving the court to dismiss the plaintiff's complaint in favor of the arbitration the defendants claimed was required under the agreement.

In denying the defendants' motion, the court adopted as the relevant framework the Supreme Court's holding in *Litton Financial Printing Division v. N.L.R.B.*,²⁸⁸⁵ that "an expired contract has by its own terms released all its parties from their respective contractual obligations, except obligations already fixed

²⁸⁸⁰ *Id.* at 484.

²⁸⁸¹ *Id.*

²⁸⁸² *Id.*

²⁸⁸³ 9 U.S.C. §§ 201-208 (2018).

²⁸⁸⁴ *I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko,"* 397 F. Supp. 3d 721, 730 (E.D. Pa.), order vacated in part on reconsideration, No. CV 18-5194, 2019 WL 5394113 (E.D. Pa.), and appeal dismissed *sub nom.* *IM Wilson Inc. v. Grishko Dance SRO*, No. 19-2953, 2019 WL 8008960 (3d Cir. Oct. 29, 2019).

²⁸⁸⁵ 501 U.S. 190 (1991).

under the contract but as yet unsatisfied.”²⁸⁸⁶ “Given that the defendants undisputedly terminated the contract in this case,” the court held, “the only way the arbitration provision governs is if this dispute relates back to the time when the [1992 agreement] was in operation and is covered by the arbitration provision.”²⁸⁸⁷ It then concluded that the parties’ dispute did not properly relate back to the agreement because the marks upon which the plaintiff relied had been registered for over five years and become incontestable, a circumstance that deprived the defendants of the opportunity to characterize the dispute as one over the marks’ *ownership* under the agreement; instead, the court held, the case was really about *infringement* and therefore outside the scope of the agreement.²⁸⁸⁸ The court therefore declined to order arbitration.

A refusal to order arbitration similarly emerged from litigation brought by a law firm against a former attorney from that firm and his new firm.²⁸⁸⁹ The individual defendant’s employment contract contained an arbitration clause for all disputes arising out of the employment relationship, but that clause was subject to a carve out allowing the parties to pursue preliminary injunctive relief pending a decision from the arbitrator. Because the plaintiff’s prayer for relief requested just that remedy and nothing more, the complaint fell within the scope of the carve out, and the arbitration clause did not preclude the court from entertaining the plaintiff’s preliminary injunction motion.²⁸⁹⁰

The court then addressed and also rejected an additional argument advanced by the defendants in support of their attempt to secure the dismissal of the action in favor of arbitration. The first was that the arbitration clause restricted any monetary relief recovered by the plaintiff to \$500.00, which the defendants claimed foreclosed the entry of an injunction, but which the court held “exists merely to limit the amount of money damages that the [plaintiff] can receive. There is nothing in this sentence to indicate that \$500.00 is the exclusive remedy or that the Employer may not seek injunctive relief in addition to this \$500.00.”²⁸⁹¹ The arbitration

²⁸⁸⁶ *Id.* at 206 (alteration omitted).

²⁸⁸⁷ *I.M. Wilson*, 397 F. Supp. 3d at 748.

²⁸⁸⁸ *Id.* at 748-59.

²⁸⁸⁹ *See* *George Sink, P.A. Injury Laws. v. George Sink II Law Firm LLC*, 407 F. Supp. 3d 539 (D.S.C.), *modified sub nom.* *George Sink PA Injury Laws. v. George Sink II Law Firm LLC*, No. 2:19-CV-01206-DCN, 2019 WL 6318778 (D.S.C. Nov. 26, 2019), *appeal dismissed sub nom.* *Sink v. George Sink II Law Firm LLC*, No. 19-2359, 2019 WL 9042869 (4th Cir. Dec. 18, 2019), *and appeal dismissed sub nom.* *George Sink, P.A. v. George Sink II Law Firm, LLC*, No. 19-1960, 2019 WL 8112874 (4th Cir. Dec. 18, 2019).

²⁸⁹⁰ *Id.* at 548.

²⁸⁹¹ *Id.*

clause in the parties' prior agreement therefore did not bar the court's entry of the relief sought by the plaintiff.²⁸⁹²

10. Class Certification

Courts rarely certify class certification in cases presenting persona-based causes of action, and the Seventh Circuit did not buck that tendency.²⁸⁹³ The gravamen of the complaint before that court was that the proposed lead plaintiff had posted on Instagram a picture of herself and her boyfriend dining at a restaurant. 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,²⁸⁹⁴ 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,"²⁸⁹⁵ 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."²⁸⁹⁶

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).²⁸⁹⁷ 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."²⁸⁹⁸ 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'?"²⁸⁹⁹ 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

²⁸⁹² *Id.* at 549.

²⁸⁹³ *See* Dancel v. Groupon, Inc., 949 F.3d 999 (7th Cir. 2019).

²⁸⁹⁴ 765 Ill. Comp. Stat. § 1075/5, 3 (2014).

²⁸⁹⁵ *Dancel*, 949 F.3d at 1002 (alteration in original).

²⁸⁹⁶ *Id.*

²⁸⁹⁷ Fed. R. Civ. P. 23(b)(3).

²⁸⁹⁸ *Id.*

²⁸⁹⁹ *Dancel*, 949 F.3d at 1007 (quoting *Tyson Foods, Inc. v. Bouaphakeo*, 136 S. Ct. 1036, 1045 (2016)).

identifies that specific individual who is behind that username and its associated account.”²⁹⁰⁰ Because “[the] individualized evidentiary burden [mandated by the statute] prevents identity from being a predominating common question under Rule 23(b)(3),”²⁹⁰¹ the district court properly had declined to certify the plaintiff’s proposed class.

11. Joinder

Unusually, two reported opinions addressed defendants’ attempts to join additional parties in the cases before them under Rule 19(a) of the Federal Rules of Civil Procedure.²⁹⁰² The first arose in the context of a plaintiff’s motion for preliminary injunction.²⁹⁰³ The defendants’ opposition to that motion posited that a third-party user of a mark similar to that of the plaintiff was a necessary party under the rule, but the court found that theory fatally infirm. It determined from the parties’ respective submissions that “alleged actions by [the third party] qualify it only as another infringing entity or, at most, a junior user of the mark.”²⁹⁰⁴ “Contrary to Defendants’ contentions,” it continued, “courts have consistently held that Rule 19 does not require the joinder of additional infringing entities or junior users of a mark in trademark enforcement litigation.”²⁹⁰⁵ Moreover, “Defendants have not shown how . . . complete relief cannot be granted without [the third party], how any interest of [the third party] may be impeded or impaired, or how Defendants could be at substantial risk for multiple or inconsistent obligations.”²⁹⁰⁶ The defendants’ Rule 19-based motion to dismiss therefore was without merit.

Joinder also came into play in a case in which a plaintiff was both a trademark owner in its own right and an exclusive licensee of other marks for cosmetics and beauty products and sued numerous online retailers allegedly selling competitive goods under counterfeit imitations of the plaintiff’s marks and those of its licensees.²⁹⁰⁷ The plaintiff sought a temporary restraining order enjoining the defendants’ sales and freezing their assets, but the court sua sponte deferred action on that request in light of what it viewed as the potential improper joinder of the defendants in a

²⁹⁰⁰ *Id.* at 1009.

²⁹⁰¹ *Id.* at 1010.

²⁹⁰² Fed. R. Civ. P. 19(a).

²⁹⁰³ See *Fletcher’s Original State Fair Corny Dogs, LLC v. Fletcher-Warner Holdings LLC*, 434 F. Supp. 3d 473 (E.D. Tex. 2020).

²⁹⁰⁴ *Id.* at 498.

²⁹⁰⁵ *Id.*

²⁹⁰⁶ *Id.* at 499.

²⁹⁰⁷ See *Estee Lauder Cosmetics Ltd. v. Partnerships & Unincorporated Ass’ns Identified on Schedule A*, 334 F.R.D. 182 (N.D. Ill. 2020).

single action. Citing Rule 20(a)(2) of the Federal Rules of Civil procedure,²⁹⁰⁸ it noted:

Under Rule 20(a)(2), defendants may be joined in a single action if two requirements are satisfied: (1) the claims against them must be asserted “with respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences,” and (2) there must be a “question of law or fact common to all defendants.” To determine whether the rights asserted arise out of the same transaction or occurrence, courts should “consider the totality of the claims, including the nature of the claims, the legal basis for recovery, the law involved, and the respective factual backgrounds.”²⁹⁰⁹

In applying these requirements, the court held that “it is not enough for a plaintiff to simply allege that multiple defendants have infringed the same . . . trademark to meet Rule 20’s requirements.”²⁹¹⁰ It then disposed of the plaintiff’s characterization of the defendants as “an interrelated group of counterfeiters acting in active concert,”²⁹¹¹ by finding from the averments of the complaint that: (1) “not all of the Defendants use the same product images and product descriptions”;²⁹¹² (2) “some of the images and descriptions, even if similar to one another, are so generic that no inference of a connection between those defendants can be drawn”;²⁹¹³ and (3) many of the defendants sold their goods at different price points.²⁹¹⁴ Under the circumstances alleged by the plaintiff, “[t]here is no way that ‘substantially the same evidence’ will be used to support or to refute [the plaintiff’s] claims against these dozens of Defendants.”²⁹¹⁵ The court then took particular aim at the plaintiff’s claim that joinder would promote judicial economy:

[P]resenting dozens or hundreds of defendants in one lawsuit actually undermines judicial economy, because this Court must evaluate the evidence submitted in support of liability and, eventually, damages. That is especially true in the *ex parte* setting of a temporary restraining order, as well as for default-judgment motions. It is much more of a burden to

²⁹⁰⁸ Fed. R. Civ. P. 20(a)(2).

²⁹⁰⁹ *Estee Lauder Cosmetics*, 334 F.R.D. at 185 (quoting Fed. R. Civ. P. 20(a)(2)(A)-(B); *Ross v. Bd. of Educ. of Twp. High Sch. Dist. 211*, 486 F.3d 279, 284 (7th Cir. 2007)).

²⁹¹⁰ *Id.* at 187.

²⁹¹¹ *Id.* at 188.

²⁹¹² *Id.*

²⁹¹³ *Id.*

²⁹¹⁴ *Id.*

²⁹¹⁵ *Id.*

satisfy that duty when there are dozens or hundreds of online retailers named in one case.²⁹¹⁶

Although permitting the plaintiff to amend its complaint “narrowing the claims down to a subset of Defendants who are properly joined,” the court also warned the plaintiff that “[a]ny amended complaint must be accompanied by a memorandum explaining specifically why *each* Defendant is properly joined to *all* of the others.”²⁹¹⁷

E. Evidentiary Matters

1. Admissibility of Expert Witness Testimony

As a general proposition, courts applying Federal Rule of Evidence 702²⁹¹⁸ admitted the testimony and reports of survey experts and monetary relief experts, but proffered experts in other areas received less enthusiastic receptions. Not the least of those was a trademark attorney retained by a plaintiff to opine that: (1) the plaintiff’s mark was not descriptive but was instead a distinct source identifier that “any reasonable trademark practitioner” would identify as confusingly similar to the defendant’s use; (2) a reasonable trademark attorney would not have recommended the adoption of the defendant’s use; and (3) the defendant did not qualify for the descriptive fair use defense.²⁹¹⁹ The court excluded the attorney’s testimony on each subject. Noting his lack of expert qualifications “in consumer psychology, marketing, or linguistics,” it first held that:

The fact that [the witness’s] legal practice intersects with and involves issues of consumer confusion does not render him an expert on the topic, any more than a medical malpractice attorney is an expert on human physiology or a real estate attorney is an expert on construction. To hold otherwise would allow attorneys to qualify as experts in

²⁹¹⁶ *Id.* at 189.

²⁹¹⁷ *Id.* at 190.

²⁹¹⁸ That rule provides:

A witness who is qualified as an expert by knowledge, skill, experience, training, or education may testify in the form of an opinion or otherwise if:

- (a) the expert’s scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue;
- (b) the testimony is based on sufficient facts or data;
- (c) the testimony is the product of reliable principles and methods; and
- (d) the expert has reliably applied the principles and methods to the facts of the case.

Fed. R. Evid. 702.

²⁹¹⁹ See *Saxon Glass Techs., Inc. v. Apple Inc.*, 393 F. Supp. 3d 270, 291 (W.D.N.Y. 2019), *aff’d*, 824 F. App’x 75 (2d Cir. 2020).

areas far outside the legal field, simply because they have concentrated their practice in a particular subject matter.²⁹²⁰

The court then rejected the witness's testimony that he agreed with the conclusions of a survey expert retained by the plaintiff, holding "[an] [expert], however well credentialed he may be, is not permitted to be the mouthpiece of a[n] [expert] in a different specialty."²⁹²¹ Finally, it declined to allow the witness to offer "improper and speculative opinions regarding Defendant's motivations."²⁹²² Nevertheless, the court did admit the witness's testimony "as to whether Defendant's actions are those that would be recommended by a reasonable trademark attorney."²⁹²³

2. Admissibility of Other Evidence and Testimony

An Eleventh Circuit opinion affirmed a bevy of evidentiary rulings made in the course of a jury trial in which the defendants were found contributorily liable for the infringement of subtenants at a mall either owned or managed by the defendants.²⁹²⁴ They included the appellate court's refusal to disturb the admission of: (1) testimony from an investigator retained by the plaintiffs despite the destruction of her notes in light of her near-contemporaneous e-mails summarizing what she had seen and because "we have found no case holding that destruction of a witness's contemporaneous notes—especially when not done in bad faith—requires the harsh sanction of complete exclusion of the witness's testimony";²⁹²⁵ (2) exhibits comprising plastic bags of goods despite the court's rearranging of the exhibits outside the presence of the jury "to ensure that each [set of goods] was placed in the correct bag before making the exhibit available to the jury for its deliberations";²⁹²⁶ (3) evidence of unlawful sales at the mall prior to the lead defendant's ownership of it because "evidence of serious and widespread sales of counterfeit goods increases the likelihood that the defendants knew about and failed to stop the infringement of [the plaintiffs'] marks";²⁹²⁷ (4) evidence of the infringement of third-party marks at the mall, citing "a limiting instruction that [the jury] could not find the defendants liable based solely on evidence of alleged infringement of other brands, a straightforward instruction

²⁹²⁰ *Id.* at 293.

²⁹²¹ *Id.* (second, third, and fourth alterations in original) (quoting *Dura Auto. Sys. of Ind., Inc. v. CTS Corp.*, 285 F.3d 609, 614 (7th Cir. 2002)).

²⁹²² *Id.*

²⁹²³ *Id.* at 294.

²⁹²⁴ See *Luxottica Grp., S.p.A. v. Airport Mini Mall, LLC*, 932 F.3d 1303 (11th Cir. 2019).

²⁹²⁵ *Id.* at 1318.

²⁹²⁶ *Id.* at 1319.

²⁹²⁷ *Id.*

‘that the jury could easily understand and take to heart’²⁹²⁸ and (5) testimony of a rebuttal witness undisclosed in the pretrial order because “[r]ebuttal witnesses are a recognized exception to all witness disclosure requirements,’ and ‘[t]he trial judge has broad discretion in determining whether to admit evidence and witnesses not included in pretrial orders.”²⁹²⁹

In contrast to the TTAB’s refusal to entertain such requests, courts generally accepted invitations to take judicial notice of the USPTO’s records.²⁹³⁰ For example, a California federal district court weighing a motion for judgment on the pleadings addressed the requests of both parties before it to take judicial notice of several broad categories of documents.²⁹³¹ Taken together, they comprised: (1) records retrieved from the USPTO’s website; (2) screenshots of the parties’ websites and websites of third parties; and (3) a printout from an online dictionary. The first category did not trouble the court because “[m]aterials in the online files of the USPTO and other matters of public record are proper subjects of judicial notice.”²⁹³² Similarly, with respect to the second, it held that “websites and their contents may be judicially noticed.”²⁹³³ Finally, “[d]ictionary definitions are also a proper subject for judicial notice.”²⁹³⁴ Nevertheless, despite granting the parties’ requests, the court cautioned them that:

Notably, the parties have not asked the Court to take judicial notice of *particular facts or statements* within these documents or the fact that these documents contain certain information. Yet, “[j]ust because the document itself is susceptible to judicial notice does not mean that every assertion of fact within that document is judicially noticeable for its truth.” The Court therefore concludes it is appropriate to take judicial notice only of the contents in the submitted

²⁹²⁸ *Id.* at 1320 (quoting *United States v. Mateos*, 623 F.3d 1350, 1365 (11th Cir. 2010)).

²⁹²⁹ *Id.* at 1320 (second alteration in original) (quoting *United States v. Windham*, 489 F.2d 1389, 1392 (5th Cir. 1974); *Calamia v. Spivey*, 632 F.2d 1235, 1237 (5th Cir. Unit A 1980)).

²⁹³⁰ *See, e.g.*, *Strobel v. Rusch*, 431 F. Supp. 3d 1315, 1324 n.2 (D.N.M. 2020) (“The Court completed its own search at the official United States Patent and Trademark Office website, . . . and attaches the resulting registration record as an exhibit to this Memorandum Opinion and Order. Judicial notice of this record is proper, because the record ‘can be accurately and readily determined from sources whose accuracy cannot reasonably be questioned.’” (quoting Fed. R. Evid. 201(b)(2)).

²⁹³¹ *See* *Threshold Enters. v. Pressed Juicery, Inc.*, 445 F. Supp. 3d 139 (N.D. Cal. 2020).

²⁹³² *Id.* at 145.

²⁹³³ *Id.* at 144.

²⁹³⁴ *Id.*

documents The Court does not take judicial notice of the truth of that content.²⁹³⁵

F. Trademark- and Service Mark–Related Transactions

1. Interpretation and Enforcement of Trademark and Service Mark Assignments

Taken in conjunction with each other, two reported opinions addressing alleged assignments in gross comprised the most notable ones of the year to address the validity of claims of priority grounded in strategic purchases of the rights of the third parties. The first, from an Illinois federal district court, sustained the validity of the transaction at issue.²⁹³⁶ The counterclaim defendant victimized by that outcome asserted rights to its registered MEDSCRIPT and MEDSCRIPT PHARMACY marks for pharmaceutical compounding services, which it alleged the counterclaim plaintiff had infringed by using the same mark for prescription drug services. The counterclaim plaintiff’s claim of priority rested on two assignments, pursuant to one of which the assignee allowed the assignor to continue using the mark while the assignee itself did not do so. That did not concern the court, nor did the apparent evolution of the services provided under the assigned mark from “a prescription drug plan and perhaps a related mail order pharmacy service” to “a brick and mortar retail pharmacy in Indiana that sells pharmacy services to nursing homes and adult care facilities”;²⁹³⁷ as to the latter issue, the court concluded that “the two companies were both offering a variety of pharmacy services.”²⁹³⁸ Finally, the court rejected the counterclaim defendant’s accusation that one of the transactions had been an “attempt to put a placeholder on the name Medscript,”²⁹³⁹ holding that “[t]he 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.”²⁹⁴⁰

In contrast, a Washington federal district court, reached a (likely mistaken) finding of an invalid assignment in gross as a matter of law.²⁹⁴¹ In a dispute between restaurateurs, the counterclaim

²⁹³⁵ *Id.* at 146 (quoting *Khoja v. Orexigen Therapeutics, Inc.*, 899 F.3d 988, 999-1000 (9th Cir. 2018), *cert. denied sub nom.* *Hagan v. Khoja*, 139 S. Ct. 2615 (2019)).

²⁹³⁶ *See Medscript Pharmacy, LLC v. D&D Pharma LTC, LLC*, 444 F. Supp. 3d 909 (N.D. Ill.), *appeal dismissed*, No. 20-1593, 2020 WL 5959672 (7th Cir. July 13, 2020).

²⁹³⁷ *Id.* at 915.

²⁹³⁸ *Id.*

²⁹³⁹ *Id.* (quoting *Archer Daniels Midland Co. v. Narula*, No. 99 C 6997, 2001 WL 804025, at *5 (N.D. Ill. July 12, 2001)).

²⁹⁴⁰ *Id.*

²⁹⁴¹ *See BBC Grp. v. Island Life Rest. Grp.*, 413 F. Supp. 3d 1032 (W.D. Wash.), *reconsideration denied*, No. C18-1011 RSM, 2019 WL 4917060 (W.D. Wash. Oct. 4, 2019),

plaintiff owned the BOK A BOK mark, and, prior to the onset of litigation, had objected to the counterclaim defendants' use of the BOK BOK mark. Seeking to turn the tables on the counterclaim plaintiff, the counterclaim defendants purchased the BOCBCO CHICKEN DELICIOUS mark from a third party and then licensed that mark's use back to the third party; the counterclaim defendants then filed a suit accusing the counterclaim plaintiff of infringing their newly acquired mark.

The court was not impressed by the counterclaim defendants' tactics, and it agreed with the counterclaim plaintiff that the assignment was an invalid one in gross. "When a trademark is acquired through assignment," it held "[t]he law is well settled that there are no rights in a trademark alone and that no rights can be transferred apart from the business with which the mark has been associated."²⁹⁴² This meant that "[g]oodwill must accompany the assigned mark in order to maintain the continuity of the product or service symbolized by the mark,"²⁹⁴³ but the court found that no such continuity existed. Under Section 5 of the Act and cases interpreting it, the third party's licensed use of the BOCBCO CHICKEN DELICIOUS mark should have inured to the counterclaim defendants' benefit, thereby obviating the need for an assignment-in-gross analysis in the first place.²⁹⁴⁴ Nevertheless, the court improbably concluded that:

"BOCBCO Chicken Delicious" restaurants [operated by the third-party licensee] serve Korean-style fried chicken in mall food courts, while "BOK BOK" restaurants [operated by the counterclaim defendants] in Nevada are stand-alone restaurants selling a variety of Mediterranean food. Because no reasonable juror could find continuity between restaurant chains selling two different cuisines in two different contexts, the Court finds the assignment was an "assignment in gross" and therefore invalid as a matter of law.²⁹⁴⁵

The counterclaim plaintiff, and not the counterclaim defendants, therefore enjoyed priority of rights.

and reconsideration denied, No. C18-1011-RSM, 2019 WL 4991533 (W.D. Wash. Oct. 8, 2019).

²⁹⁴² *Id.* at 1041 (alteration in original) (quoting *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1289 (9th Cir. 1992)).

²⁹⁴³ *Id.*

²⁹⁴⁴ *See, e.g.*, *Buzz Off Insect Shield, LLC v. S.C. Johnson & Son, Inc.*, 606 F. Supp. 2d 571, 581-82 (M.D.N.C. 2009) (sustaining jury verdict in favor of plaintiff relying on rights purchased from third party and then licensed back to third party).

²⁹⁴⁵ *BBC Grp.*, 413 F. Supp. 3d at 1042 (citations omitted).

Another notable opinion interpreting an assignment came from a Wisconsin appellate panel.²⁹⁴⁶ The defendants, a husband-and-wife couple, had operated a lakefront resort property under the BIBS RESORT mark, which they converted to a condominium that operated under the BIBS RESORT CONDOMINIUM mark. The defendants eventually sold the condominium to the plaintiffs but failed to discontinue their use of the BIBS RESORT mark. In the resulting litigation, the defendants argued that the sale had not transferred the rights to the mark, but the trial court entered summary judgment in the plaintiffs' favor, and that outcome was affirmed on appeal. The appellate court articulated three reasons why the plaintiffs had received the disputed mark, the first of which was that "by converting their resort to a condominium, the [defendants] necessarily transferred control of their property—including control of its marketing, advertising, and general renting authority—to the [condominium] Association."²⁹⁴⁷ The second was testimony by one of the defendants (supported by certain documentation) that she and her husband could not themselves have transferred the mark to the plaintiffs because it already was the property of the association.²⁹⁴⁸ "Third," the court held, "the [defendants] decision to name the Association 'Bibs Resort Condominium' is consistent with an intent to transfer the goodwill associated with the name Bibs Resort—and therefore the trademark rights—to the Association at the time of the condominium conversion."²⁹⁴⁹ The plaintiffs therefore had been, and remained, entitled to prevail as a matter of law.²⁹⁵⁰

A Maryland federal district court reached a similar conclusion, holding that a prior agreement between the parties worked an assignment to the plaintiff of all rights of the defendant to a service mark claimed by both parties.²⁹⁵¹ The parties' relationship was a long one: The defendant was the founder of the plaintiff, a medical device company; after leaving the plaintiff briefly, the defendant returned as an employee, but the plaintiff eventually terminated him. When the defendant subsequently continued to maintain ownership of certain domain names incorporating the plaintiff's service mark (or imitations of it), the plaintiff asserted a claim for breach of a provision in the defendant's employment contract, pursuant to which he transferred "any and all ownership or other rights . . . in any intellectual property . . . or other property, tangible

²⁹⁴⁶ See *Ritter v. Farrow*, 933 N.W.2d 167 (Wis. Ct. App. 2019), *review granted*, 940 N.W.2d 336 (Wis. 2020).

²⁹⁴⁷ *Id.* at 176.

²⁹⁴⁸ *Id.* at 176-77.

²⁹⁴⁹ *Id.* at 177.

²⁹⁵⁰ *Id.* at 178-79.

²⁹⁵¹ See *Hyperheal Hyperbarics, Inc. v. Shapiro*, 404 F. Supp. 3d 953 (D. Md. 2019).

or intangible, that has ever been used in or with respect to the business operated by [the plaintiff].”²⁹⁵² Finding that the defendant had assigned away his rights, the court confirmed the plaintiff’s ownership of the disputed domain names that the defendant had received prior to his termination.²⁹⁵³ Perhaps significantly, however, the court held the defendant had transferred only those service mark rights existing within the geographic market served by the plaintiff at the time of the agreement, and it also held that a factual dispute precluded a finding on summary judgment that the employment agreement obligated the defendant to assign to the plaintiff domain names he had registered after his termination.²⁹⁵⁴

Finally, a failed partnership in the alcoholic cordial business produced litigation over ownership of the trademark under which the parties had once intended to do business.²⁹⁵⁵ The partnership agreement recited that one of the defendants, who owned a registration of the disputed mark, “hereby undertakes to convey to the [partnership] all rights to the . . . trademark,”²⁹⁵⁶ and the plaintiffs averred that that defendant had, in fact, executed the documents necessary to effect the assignment. The defendants responded with an affirmative defense that the defendant registrant remained the owner of the mark because the lead plaintiff had failed to record the assignment and pay the associated fee. Taking judicial notice of the USPTO’s records, the court held that the partnership agreement did not so conclusively deprive the registrant of her rights to the mark that dismissal of the affirmative defense at the pleadings stage was appropriate.²⁹⁵⁷

2. Interpretation and Enforcement of Settlement Agreements

Without a doubt, the most significant reported opinion interpreting and enforcing a prior settlement agreement between the parties came from a New York federal district court.²⁹⁵⁸ The plaintiff before that court produced and sold fruit-juice drinks in foil packages and had previously sued the defendant for trade dress infringement before the parties resolved their differences in a settlement agreement that included an agreement by the defendant not to challenge the validity of the plaintiff’s trade dress. When the defendant terminated certain aspects of the agreement, the plaintiff

²⁹⁵² *Id.* at 966 (first and second alterations in original).

²⁹⁵³ *Id.*

²⁹⁵⁴ *Id.* at 968-69.

²⁹⁵⁵ *See Strobel v. Rusch*, 431 F. Supp. 3d 1315 (D.N.M. 2020).

²⁹⁵⁶ *Id.* at 1235.

²⁹⁵⁷ *Id.* at 1325-26.

²⁹⁵⁸ *See Capri Sun GmbH v. Am. Beverage Corp.*, 414 F. Supp. 3d 414 (S.D.N.Y. 2019).

once again accused the defendant of infringing its trade dress, in response to which the defendant responded with an affirmative defense grounded in the alleged functionality of the plaintiff's packaging.

The plaintiff moved to strike the affirmative defenses as barred by the prior settlement's no-challenge provision and for a protective order prohibiting the defendant from conducting discovery on the issue. The court considered at length the defendant's invocation of *Lear, Inc. v. Adkins*,²⁹⁵⁹ in which the Supreme Court limited the enforceability of contract and license provisions explicitly or implicitly precluding challenges to the validity of patents, but the court ultimately held that *Lear* did not mandate the denial of the plaintiff's motion. "Unsurprisingly," it observed as an initial matter, "courts applying the *Lear* balancing test in the trademark context 'have generally precluded licensees from challenging the validity of a mark they have obtained the right to use.'"²⁹⁶⁰ Although the public interest in a possible departure from that general practice—the protection of competition—was a "weighty one,"²⁹⁶¹ the court recognized the existence of a countervailing interest, namely the strong judicial policy favoring the settlement of litigation.²⁹⁶² Moreover, with respect to the particular facts established by the summary judgment record, "the significant investment of time and energy that the parties and the court invested in the Prior Litigation, as reflected in the parties having reached a settlement 27 days before the close of discovery, squarely implicates the judicial interest in settlements."²⁹⁶³ As a matter of law, therefore, "functionality has no proper role to play in this litigation,"²⁹⁶⁴ and the plaintiff was entitled to the relief it sought.

In an opinion turning on an application of Michigan contract law, the Sixth Circuit addressed the issue of the assignability of a consent judgment between a predecessor of the plaintiff, on the one hand, and the lead defendant, on the other.²⁹⁶⁵ The consent judgment in question provided that its terms applied to assignees and successors of the lead defendant but was silent on the issue of whether assignees and successors of the plaintiff's predecessor could enforce those terms. The district court held that the consent judgment's varying treatment of the original parties meant that the

²⁹⁵⁹ 395 U.S. 653 (1969).

²⁹⁶⁰ *Capri Sun*, 414 F. Supp. 3d at 427 (quoting *Idaho Potato Comm'n v. M & M Produce Farm & Sales*, 335 F.3d 130, 136 (2d Cir. 2003)).

²⁹⁶¹ *Id.* at 428.

²⁹⁶² *Id.* at 429-30.

²⁹⁶³ *Id.* at 422.

²⁹⁶⁴ *Id.* at 434.

²⁹⁶⁵ See *Evoqua Water Techs., LLC v. M.W. Watermark, LLC*, 940 F.3d 222 (6th Cir. 2019), *cert. denied*, 140 S. Ct. 2762 (2020).

rights of the plaintiff's predecessor did not survive the acquisition of the predecessor by the plaintiff, but the court of appeals disagreed. "Under Michigan law," it held, "rights can be assigned unless the assignment is clearly restricted."²⁹⁶⁶ This meant that "[t]he Consent Decree's mere silence on the question of assignability does not evince an intent to prohibit assignment."²⁹⁶⁷ Of equal importance:

[T]hat the Consent Judgment explicitly binds [the lead defendant's] successors and assigns but does not address [the original plaintiff's] successors and assigns makes sense in light of the fact that the Consent Judgment addresses only [the lead defendant's] future actions and obligations—that it may not infringe on certain trademarks . . .—and does not address [the original plaintiff's].²⁹⁶⁸

The district court therefore had erred in holding that the plaintiff could not enforce the consent decree's prohibitions.

G. The Relationship Between the Lanham Act and Other Statutes

1. The Red Cross Statute

The so-called "Red Cross Statute" prohibits, as a matter of federal criminal law, the use of a red Greek cross against "a white background" or "any sign or insignia made or colored in imitation thereof."²⁹⁶⁹ That statute made a rare appearance in a civil action in which, having been found liable for infringement of the following mark for storm shelters, a group of defendants argued on appeal to the Seventh Circuit that the plaintiff's rights were invalid because the mark fell within the scope of the Red Cross Statute:²⁹⁷⁰

²⁹⁶⁶ *Id.* at 229 (quoting *Jawad A. Shah, M.D., PC v. State Farm Mut. Auto. Ins. Co.*, 920 N.W.2d 148, 158 (Mich. Ct. App. 2018)).

²⁹⁶⁷ *Id.* at 230.

²⁹⁶⁸ *Id.*

²⁹⁶⁹ 18 U.S.C. § 706 (2018).

²⁹⁷⁰ *See 4SEMO.com Inc. v. S. Ill. Storm Shelters, Inc.*, 939 F.3d 905, 908 (7th Cir. 2019), *cert. denied*, 140 S. Ct. 2642 (2020).



Citing differences between the plaintiff's mark and the one defined by the statute, the court took a dim view of the defendants' contention. It observed that "[t]he logo at the center of this dispute is a red Greek cross on a *black* background emblazoned with 'Life Saver Storm Shelters' in large, yellow letters. The words fill nearly the entire horizontal bar of the cross, making it predominantly yellow."²⁹⁷¹ "These different design elements," the court determined, "provide . . . an obvious distinguishing feature from the traditional icon of the American Red Cross. [The plaintiff's] logo thus is not 'made or colored in imitation' of the Red Cross symbol, so [the statute] does not bar [the plaintiff's] commercial use or negate the [district court's] finding of trademark infringement."²⁹⁷²

2. The Communications Decency Act of 1996

Section 230(c)(2) of the Communications Decency Act of 1996 (CDA) immunizes computer-software providers from liability if they take certain actions to help their end users block violent, objectionable, or "otherwise objectionable" material;²⁹⁷³ Section 230(e)(2), however, provides that "[n]othing in this section shall be construed to limit or expand any law pertaining to intellectual property."²⁹⁷⁴ Two such providers wound up before the Ninth Circuit after one configured its software to block users from accessing the other's software, and the other provider responded to that treatment with a Section 43(a) false advertising claim challenging the first provider's characterization of its software as malware.²⁹⁷⁵

The defendant—the first provider—convinced the district court that its advertising fell within Section 230(c)(2)'s exception, but the Ninth Circuit disagreed. Noting that Section 43(a) contemplated

²⁹⁷¹ *Id.* at 910-11.

²⁹⁷² *Id.* at 911.

²⁹⁷³ 47 U.S.C. § 230(c)(2) (2018).

²⁹⁷⁴ *Id.* § 230(e)(2).

²⁹⁷⁵ See *Enigma Software Grp. USA, LLC v. Malwarebytes, Inc.*, 946 F.3d 1040 (9th Cir. 2019), *cert. denied*, 141 S. Ct. 13 (2020).

causes of action for trademark-related unfair competition, on the one hand, and for false advertising, on the other, it then observed:

The intellectual property exception is a limitation on immunity, and the CDA's stated congressional purpose counsels against an expansive interpretation of the exception that would diminish the scope of immunity. If the intellectual property law exception were to encompass any claim raised under the Lanham Act—including false advertising claims that do not directly involve intellectual property rights—it would create a potential for new liability that would upset, rather than “preserve” the vibrant culture of innovation on the internet that Congress envisioned.²⁹⁷⁶

The district court therefore had erred in dismissing the plaintiff's Section 43(a) cause of action for failure to state a claim.²⁹⁷⁷

In contrast, a Pennsylvania federal district court concluded on a motion to dismiss that a state-law right of publicity claim fell outside Section 230(c)(2)'s exception.²⁹⁷⁸ The gravamen of the plaintiff's cause of action under Pennsylvania law was that third parties had posted copies of an unauthorized photograph of her (captured by a security camera in a New York convenience store) on various websites and social media platforms, the operators of which were named defendants in the lawsuit. Adopting a restrictive interpretation of the exception, the court granted the defendants' motion with the explanation that:

State laws that could arguably be construed as implicating “intellectual property” vary and are not uniform in their purposes and policy goals. Conditioning CDA immunity on the diverse potentially applicable state laws would have a negative effect on the development of the internet, and, therefore, would run contrary to the purpose and intent of the CDA.²⁹⁷⁹

3. The Food, Drug, and Cosmetic Act

The issue of when the Food, Drug, and Cosmetic Act bars causes of action challenging allegedly deceptive promotional claims concerning goods within the FDCA's scope has long been the subject of judicial attention. In *POM Wonderful LLC v. Coca-Cola Co.*,²⁹⁸⁰ the Supreme Court held that the FDCA does not prevent the use of Section 43(a) by plaintiffs claiming that beverage labels are

²⁹⁷⁶ *Id.* at 1053.

²⁹⁷⁷ *Id.* at 1054.

²⁹⁷⁸ See *Hepp v. Facebook, Inc.*, 465 F. Supp. 3d 491 (E.D. Pa. 2020), *appeal docketed*, No. 20-2725 (3d Cir. Aug. 21, 2020).

²⁹⁷⁹ *Id.* at 500.

²⁹⁸⁰ 573 U.S. 102 (2014).

unlawfully misleading, but the Court left open the decision's significance to products other than foods and beverages. Although the lower federal courts have had little difficulty applying *POM Wonderful's* holding in similar cases, the limited scope of the Court's holding (deliberate or otherwise) has opened the door for future litigants to dispute the extent to which *POM Wonderful* applies in other contexts.

One group of defendants successfully invoking the FDCA in support of a motion to dismiss produced and sold beet-based products.²⁹⁸¹ The plaintiff accused the defendants of having unlawfully marketed those products as food or dietary supplements, but its complaint failed to aver any facts supporting that theory. In the absence of those facts, the court chose to interpret the plaintiff's claim as one under 21 U.S.C. § 343(a)(1) for the alleged misbranding of the defendants' goods. Because only the FDA and Justice Department had standing to pursue claims under that particular section, the court dismissed the plaintiff's objection to the defendants' advertising, albeit with leave to replead it in a manner satisfying the requirements of Section 43(a).²⁹⁸²

H. Insurance-Related Issues

1. Opinions Ordering Coverage

The principles governing the interpretation of insurance contracts favor policyholders in most states, and those extant in New York are no exception. For example, en route to a holding that a carrier had failed to comply with its contractual obligations under an advertising injury policy, a New York federal district court framed the relevant inquiry in the following terms:

Under New York law, an insurer's duty to defend is "exceedingly broad" and "far more expansive than the duty to indemnify its insured." The insurer must defend its insured "whenever the allegations in a complaint against the insured fall within the scope of the risks undertaken by the insurer, regardless of how false or groundless those allegations might be." "[I]f any of the claims against the insured arguably arise from covered events, the insurer is required to defend the entire action." Finally, "insurers are to look beyond the four corners of the complaint in deciding whether there is coverage."

In light of the foregoing principles, an "insurer may deny its insured a defense 'only if it could be concluded as a matter of law that there is no possible factual or legal basis on which

²⁹⁸¹ See *ThermoLife Int'l, LLC v. NeoGenis Labs, Inc.*, 411 F. Supp. 3d 486 (D. Ariz. 2019).

²⁹⁸² *Id.* at 502.

the insurer might eventually be held to be obligated to indemnify the insured under any provision of the insurance policy.”²⁹⁸³

The plaintiff in the underlying dispute complained that the insured’s “unauthorized importation, advertisement, and subsequent distribution [of diverted genuine goods in packaging bearing the plaintiff’s mark and infringing its packaging trade dress] causes, or is likely to cause, consumer confusion, mistake, and deception to the detriment of [the plaintiff].”²⁹⁸⁴ The carrier argued that this allegation brought the underlying action within the scope of an exclusion referencing “[p]ersonal and advertising injury arising out of the infringement of copyright, patent, trademark, trade secret or other [IP] rights. Under this exclusion, such other [IP] rights do not include the use of another’s advertising idea in your ‘advertisement.’”²⁹⁸⁵ In particular, the carrier asserted, the plaintiff had failed to establish a causal relationship between the insured’s advertising and any harm suffered by the plaintiff. The court rejected that theory, citing numerous recitations in the plaintiff’s complaint to the effect that, for example, “the advertisement *and* sales of diverted international [goods] cause great damage to [the plaintiff] and the goodwill of [the plaintiff’s] valuable trademarks.”²⁹⁸⁶ As the court explained in rejecting the exclusion’s applicability, “were [the plaintiff] concerned only with wrongful sales, it could have easily omitted any reference to advertising in its complaint and initial disclosures. Yet, [the plaintiff] explicitly alleged injuries caused by, among other things, the [insured’s] advertising of diverted [goods] using the infringing trademarks and trade dress.”²⁹⁸⁷

The court then turned to a second exclusion relied upon by the carrier, namely, one carving out from coverage the defense of allegations of “[p]ersonal and advertising injury” caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict ‘personal and advertising injury.’”²⁹⁸⁸ Like the other exclusion, the court held it inapplicable as a matter of law. “Although [the plaintiff] alleged willful misconduct,” it correctly observed, “courts have found that allegations of Lanham Act violations preclude application of an intentional acts exclusion because one can be found strictly liable

²⁹⁸³ Value Wholesale, Inc. v. KB Ins. Co., 450 F. Supp. 3d 292, 303 (E.D.N.Y. 2020) (footnote omitted) (quoting High Point Design, LLC v. LM Ins. Corp., 911 F.3d 89, 94-95 (2d Cir. 2018)).

²⁹⁸⁴ *Id.* at 296.

²⁹⁸⁵ *Id.* at 295 (second and third alterations in original).

²⁹⁸⁶ *Id.* at 304.

²⁹⁸⁷ *Id.* at 305.

²⁹⁸⁸ *Id.* at 295.

under the Lanham Act, with no finding made as to one's intent."²⁹⁸⁹ The insured therefore was entitled to summary judgment.

2. Opinions Declining to Order Coverage

As always, exclusions from coverage led some courts to deny coverage, often as a matter of law.²⁹⁹⁰ For example, an expansive exclusion led to an order denying coverage by a New York federal district court.²⁹⁹¹ That exclusion precluded coverage for any injury in any suit alleging the infringement of an intellectual property right, "whether such allegation of infringement or violation is made against you or any other party involved in the claim or 'suit', regardless of whether this insurance would otherwise apply."²⁹⁹² The plaintiffs in the underlying suit accused the insured of a variety of torts, "among them breach of contract, tortious interference with advantageous business relationship, common law unfair competition, breach of fiduciary duty, breach of the covenant of good faith and fair dealing, and unjust enrichment."²⁹⁹³ The cause of action for common-law unfair competition rested on the insureds' alleged violations of a trademark license, which had led to likely confusion over the marks on goods sold by the insureds outside the license's scope. Although acknowledging that their policy did not cover the defense of every claim against them, the insureds nevertheless argued that at least some causes of action did trigger coverage. The court, however, disagreed: Because the insureds' proffered case law "provides no support for the argument that an unfair competition claim that explicitly invokes the infringement of an intellectual property right is beyond the scope of an IP Exclusion,"²⁹⁹⁴ it held on the parties' cross-motions for summary judgment that the exclusion constituted "a complete bar to coverage."²⁹⁹⁵

A different carrier similarly prevailed on summary judgment in litigation over the scope of a more conventional exclusion referencing the defense of allegations of "[p]ersonal and advertising injury' arising out of the infringement of copyright, patent,

²⁹⁸⁹ *Id.* at 306.

²⁹⁹⁰ *See, e.g.,* Sterngold Dental, LLC v. HDI Glob. Ins. Co., 929 F.3d 1, 10 (1st Cir. 2019) ("To the extent that [the plaintiff in the underlying case's] complaint can be said to have alleged an advertising injury, that injury unquestionably arose out of [the plaintiff's] trademark infringement claim. The Policy makes it luminously clear that such an injury is excluded from the scope of coverage.").

²⁹⁹¹ *See* Lepore v. Hartford Fire Ins. Co., 374 F. Supp. 3d 334 (S.D.N.Y. 2019), *aff'd*, 800 F. App'x 29 (2d Cir. 2020).

²⁹⁹² *Id.* at 340.

²⁹⁹³ *Id.*

²⁹⁹⁴ *Id.* at 348.

²⁹⁹⁵ *Id.* at 345.

trademark, trade secret or other intellectual property rights” and also reciting that “this exclusion does not apply to infringement, in your ‘advertisement,’ of copyright, trade dress or slogan.”²⁹⁹⁶ The complaint in the underlying litigation accused the insured of infringing the plaintiff’s rights to the HOTEL CHICAGO service mark. Relying on a parking sign outside of its establishment allegedly bearing those words, the insured attempted to characterize the plaintiff’s claims as sounding in trade dress infringement, but the court rejected that characterization for two reasons, one of which was that the plaintiff’s complaint was devoid of any references to the sign in question;²⁹⁹⁷ the other was that the complaint’s allegations on their face targeted only the insured’s verbal mark.²⁹⁹⁸

A final reported opinion of note disposed of a creative argument by an insured accused of trademark infringement in the underlying litigation.²⁹⁹⁹ Seeking to escape an intellectual property exclusion providing that no coverage existed for the defense of allegations of, inter alia, “trademark,” “service mark,” and “trade name” infringement,³⁰⁰⁰ the insured asserted that the exclusion’s breadth rendered the prospect of coverage for advertising injury illusory. The court disagreed, and it therefore granted the carrier’s motion to dismiss, holding in the process that:

[T]he narrower subset of “advertising injury” is not “swallowed up” by the IP Exclusion. In other words, numerous personal injury and advertising activities are still covered. Among others, the policy still provides broad “advertising injury” coverage for claims including defamation, libel, or slander in an advertisement. At most, the IP Exclusion eliminates some claims, which was [the carrier’s] right based on the premium charged.³⁰⁰¹

3. Opinions Deferring Resolution of the Coverage Inquiry

Reliance on several exclusions of coverage from an advertising injury policy failed to carry the day for a carrier seeking to prevail on summary judgment.³⁰⁰² The plaintiffs in the underlying action

²⁹⁹⁶ See *Rosemoor Suites, LLC v. Harleysville Lake States Ins. Co.*, 444 F. Supp. 3d 902, 903-04 (N.D. Ill.), *appeal dismissed*, No. 20-1935, 2020 WL 7055811 (7th Cir. Oct. 30, 2020).

²⁹⁹⁷ *Id.* at 907-09.

²⁹⁹⁸ *Id.* at 907.

²⁹⁹⁹ See *Direct Techs. Int’l, Inc. v. Maxum Indem. Co.*, 418 F. Supp. 3d 112 (W.D.N.C. 2019).

³⁰⁰⁰ *Id.* at 118.

³⁰⁰¹ *Id.* at 120.

³⁰⁰² See *Bullseye Rest., Inc. v. James River Ins. Co.*, 387 F. Supp. 3d 273 (E.D.N.Y. 2019).

The carrier did establish beyond material dispute that certain of the torts alleged by the complaint in the underlying action occurred outside the coverage period. *Id.* at 282.

were models, who accused the insureds of using unauthorized copies of their images in social media postings to promote the insureds' strip club. The first exclusion addressed by the court was one referencing the defense of claims grounded in alleged violations of the Telephone Consumer Protection Act,³⁰⁰³ the CAN-SPAM Act of 2003,³⁰⁰⁴ or “[a]ny [other] statute, ordinance, or regulation . . . that prohibits or limits the sending, transmitting, communicating or distribution of material or information.”³⁰⁰⁵ “The common denominator of both these statutes,” the court held, “is that they regulate only communications or information distributed, for want of a better term, electronically.”³⁰⁰⁶ Thus, it concluded, “one possible interpretation of the Statutory Exclusion is that it covers only statutes which similarly are limited to the electronic transmission of communications and information.”³⁰⁰⁷ Because that interpretation conflicted with the carrier’s assertion that the exclusion covered the social media postings, summary judgment in the carrier’s favor was inappropriate under that exclusion.

The result was the same under the carrier’s second argument, namely, that the insureds had failed to give the carrier timely notice of the underlying suit. Holding that the relevant time period began running as of the service of the complaint, the court found as a matter of law that the resulting delay of eight months was untimely as a matter of law, but it declined to give that consideration dispositive effect in the absence of evidence that the carrier had suffered prejudice arising from the delay. On that issue, the carrier raised the specter of spoliated evidence, but it apparently advanced little to support that suggestion other than the fact that some of the materials the insureds had produced in discovery had themselves been produced to the insureds by the plaintiff in the underlying action. That circumstance, the court held, did not “necessarily equate to Bullseye having destroyed records after it became aware of the Underlying Action. It is possible that relevant documents were disposed of before the obligation to impose a litigation hold arose.”³⁰⁰⁸

Finally, the court rejected the carrier’s attempt to avail itself of an exclusion of coverage for the defense of accusations of “[c]oercion, conversion or misappropriation of other’s funds or property,” “[a]ny dishonest, fraudulent, criminal, malicious acts or omissions of the insured, partner or employee or any person for whom you are legally responsible,” or “[a]ny activities or operations performed in the

³⁰⁰³ 47 U.S.C. § 227 (2018).

³⁰⁰⁴ 15 U.S.C. § 7704 et seq. (2018).

³⁰⁰⁵ *Bullseye Rest.*, 387 F. Supp. 3d at 281.

³⁰⁰⁶ *Id.* at 283.

³⁰⁰⁷ *Id.*

³⁰⁰⁸ *Id.* at 285.

capacity of a fiduciary.”³⁰⁰⁹ To be sure, the court found that, with respect to the first of these categories, “in the event such a claim were to succeed, coverage would not exist.”³⁰¹⁰ Nevertheless, “[a]s to the second subpart, there is a question of fact, based on the materials submitted on this motion, as to whether any of the acts or omission alleged were ‘dishonest, fraudulent, criminal or malicious,’ as opposed to negligent.”³⁰¹¹ Finally, to the extent the summary judgment record supported an inference that the individual responsible for the postings was merely an employee, rather than a fiduciary, for the lead insured, the carrier was not entitled to prevail as a matter of law under that language as well.³⁰¹²

³⁰⁰⁹ *Id.*

³⁰¹⁰ *Id.*

³⁰¹¹ *Id.*

³⁰¹² *Id.* at 285-86.

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