

2017-2018 Saul Lefkowitz Moot Court Competition

Please note:

- A. The Facts in this Opinion are fictional. The parties' names, their businesses, and their trademarks and registrations are not intended, and should not be understood, to refer to or reference any individual (living or dead) or any institution, extant or defunct. Any resemblance to any real person, organization, product or situation is purely coincidental.

The Opinion below of the U.S. District Court for the Eastern District of Utopia is imaginary. Conclusions of law within the Opinion do not represent the opinion of the International Trademark Association ("INTA") or any of its members. No inference should be drawn about any actual person, organization, product or situation on the basis of any facts or conclusions of law in this Opinion. The Opinion was drafted without knowledge of any person's claims with respect to any trademarks or other claims of rights that are the same as or similar to those mentioned in the Opinion, and INTA takes no position with respect to any person's ownership of, or rights to, such trademarks or other claims of rights.

- B. Frequently, issues in a case that conceivably could be appealed are not. This Circuit, like most, will not entertain arguments that are not fairly comprehended within the formal "Issues on Appeal," which in this case are:

ISSUE NO. 1:

Did the District Court err in finding that HOLLYWOOD HOPS had acquired distinctiveness under Section 2(f) of the Trademark Act, 15 U.S.C. §1052(f)?

ISSUE NO. 2:

Did the District Court err in finding that HOLLYWOOD & VINE is likely to be confused with HOLLYWOOD HOPS under 15 U.S.C. § 1125(a)?

ISSUE NO. 3:

Did the District Court err in finding that Plaintiff acquiesced to Defendant's use of the word HOLLYWOOD in connection with Defendant's sale of wine?

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF UTOPIA

HOLLYWOOD HOPS, LLC, :
 :
 Plaintiff, :
 :
 vs. : *Civ. Dkt. 17-0725*
 HOLLYWOOD & VINE, INC. :
 :
 Defendant. :
 :

Vaughan, R.

Plaintiff Hollywood Hops, LLC filed suit against Defendant Hollywood & Vine, Inc., claiming that Hollywood & Vine’s use of HOLLYWOOD & VINE in connection with wine and a wine tasting services, is confusingly similar to HOLLYWOOD HOPS, which has long been used by Plaintiff as the name of its craft beers and in connection with beer tasting services. Plaintiff moved for a preliminary injunction, arguing that the HOLLYWOOD & VINE wine store, located just a few blocks away from plaintiff’s HOLLYWOOD HOPS facility, should be closed immediately. Defendant vehemently opposed the motion, (1) denying that confusion is likely, (2) arguing that its use of HOLLYWOOD & VINE was a fair use because it described the location of its wine business, and (3) contending that Plaintiff acquiesced to Defendant’s use of HOLLYWOOD.

In the District of Utopia, a court may grant a preliminary injunction only if it concludes that the following four factors weigh in favor of the moving party: (1) there is a likelihood of irreparable injury to the plaintiff as a result of the conduct complained of; (2) there is a

likelihood of little or no harm to defendant if the temporary injunctive relief is granted; (3) there is a likelihood that the plaintiff will prevail on the merits; and (4) an injunction will serve the public interest. Here, the Court only analyzes factor (3), finding that plaintiff is *unlikely* to prevail on the merits and therefore denies plaintiff's motion for the reasons set forth hereafter.¹

FINDINGS OF FACT

1. Plaintiff Hollywood Hops, LLC ("HH") is organized in the State of Utopia, with a principal place of business at 1377 Hollywood Boulevard, Hollywood, Utopia 20481, where it has a large warehouse-like space for beer tastings. HH is a craft beer brewery founded by child actor Dustin Diamond. The brewery sells six to twelve different craft brews, depending on the season, all under the name HOLLYWOOD HOPS.

2. Defendant Hollywood & Vine, Inc. ("H&V") is incorporated in the State of Utopia with a principal place of business on the corner of Hollywood Boulevard and Vine Street, Hollywood, Utopia 20313.

PLAINTIFF HOLLYWOOD HOPS

3. HH was founded by child actor Dustin Diamond, who starred as the privileged son of a movie producer in the hit show "Hollywood Hills." The series kept Dustin gainfully employed between the ages of ten to 16, and he was a heartthrob to many young teenagers. After the series ended, Dustin landed a number of small film roles, but nothing that matched the fame or success of his six-year television run.

4. Without any solid acting roles, Dustin felt lost about his career prospects. He decided to attend a local college while living with his mom in Malibu, and working part-time at a

¹ The parties stipulated to this as a final, appealable order and procedural issues should not be briefed.

local bar that catered to surfers, beach-goers, and celebrities, some of whom Dustin knew from his acting days. It was during this time that Dustin started to appreciate the art of beer brewing. He started experimenting with “do-it-yourself” brew kits in his mom’s basement. At first, Dustin’s brewing experiments ended in mishap, but as time went on, he became better and better. He developed an ale that he called HOLLYWOOD HOPS, which was a play on his few and early years of acting fame in Hollywood, and the “hops” used to brew beer. Capitalizing on the burgeoning craft beer movement, and the country’s interest in natural and “green” products, Dustin went on the road in 2012 to research and buy only organic, non-GMO hops, and started to sell his HOLLYWOOD HOPS ale at farmers’ markets, and craft beer and music festivals. He could not travel that far, because he always needed to get back his mom’s basement to check on the beer that was brewing, but there were enough local markets and festivals to keep him busy, particularly in the spring and summer, when they occurred every weekend. During the winter, the markets and festivals died down a bit, but Dustin was still able to maintain sales on a nearly weekly basis, but most typically on a bi-weekly basis, in Southern Utopia. He had a 12-foot long banner displaying “HOLLYWOOD HOPS craft brews” that he used for his sales booth, that depicted HOLLYWOOD and HOPS in purple script, and “craft brews” in green block lettering, all set on a yellow background, shown below:



5. Dustin liked the contrast in this color scheme, and it reminded him of Mardi Gras, which he attended a few years back in New Orleans as a celebrity who was invited to ride on a float in one of the parades.

6. Dustin also used this label, albeit in a much smaller size, on his beer bottles (he did not sell cans due to BPA concerns). Dustin continued to brew different types of beer in his mom's basement, like IPAs and stouts, with different holiday and season-themed flavors, like HOLLYWOOD HOPS Cinnamon Ale during the winter holidays, and HOLLYWOOD HOPS Lemon Wheat Beer in the summer. As he developed his repertoire, Dustin would introduce new brews from time-to-time at the festivals and markets he attended.

7. Over the first few years of sales, beer aficionados started noticing Dustin's beer. Sales of the company's signature organic, dry-hopped, double IPA hit 150,000 cases in 2014. Sales of season-themed flavors were less, but were still impressive. For example, 50,000 cases of HOLLYWOOD HOPS Lemon Wheat Beer were sold in the summer of 2014. The company and its beer also garnered a fair amount of media attention, but primarily only in the local town papers that covered the markets and festivals in Southern Utopia papers.

8. After about two years on the road selling his beers at festivals and farmers' markets, Dustin had made enough money to retain trademark counsel to file a trademark application with the United States Patent and Trademark Office (the "USPTO") for the mark HOLLYWOOD HOPS in standard characters. Dustin's trademark application was refused by the USPTO on the Principal Register because the mark was deemed merely descriptive, but the examiner suggested registering the mark on the Supplemental Register instead. Dustin complied and ultimately obtained the following registration:

Word Mark: HOLLYWOOD HOPS
Goods and Services: Beer; Ale, Lager; Craft beers
International Class: 32
First Use in Commerce: June 1, 2012
Filing Date: August 9, 2014
Filing Basis: §1(a) use-based
Registration Number: 8072574
Registration Date: April 28, 2015
Register: Supplemental

9. At around the same time, Dustin also used his earnings to rent a small warehouse on Hollywood Boulevard that had been used to store a wealthy individual's art collection. Although the space was not large, it was big enough to brew beer and have a tasting room. After just a few months of renovations, Dustin opened his HOLLYWOOD HOPS craft beer tasting room. No food was sold, because there was no kitchen, but Dustin offered pretzels, chips, and peanuts for free. Business was slow at first, but picked up quickly once the word got out that Dustin's beer was non-GMO and sold only in BPA-free bottles.

10. In fact, in its first year of opening, media coverage of HOLLYWOOD HOPS grew to the national level, in part due to a college student Dustin hired on the cheap to handle online marketing, who got the word out over social media to hundreds of thousands of people. The signature organic, dry-hopped double IPA received extensive media coverage in such national, high-profile magazines such as "Brews & Blues" and "Hop To It!." Dustin was also interviewed by "Pints & Drafts" and appeared on the cover along with the title: "Hollywood Hops: How a Hollywood child actor became a brew master virtually overnight!" Press led to sales and, in 2015, the company sold over one million cases of the HOLLYWOOD HOPS organic, dry-hopped double IPA through a combination of walk-ins, and online orders from

around the country. The success of HOLLYWOOD HOPS remained steady through 2016 with the HOLLYWOOD HOPS tasting room becoming a weekend favorite among locals and tourists.

DEFENDANT HOLLYWOOD & VINE

11. Chrystal Vandershoop is one of the most successful movie producers in Hollywood. Chrystal, and her husband Chris, have an affinity for wine that developed over many years of cast parties and awards ceremonies. The Vandershoops often travel north to Napa and Paso Robles for tastings and are self-anointed “wine snobs.” During one of their trips to wine country, they stopped at a local restaurant for dinner. Chrystal had taken note of a young man sitting at an adjacent table who resembled an actor from one of her favorite cancelled television shows, Hollywood Hills. It soon dawned on Chrystal that it was none other than Dustin Diamond, who happened to be in town searching for certain varieties of organic, fair trade hops. Curious to see where life had taken him, and possibly seeing if he would be interested in a part in one of her upcoming movies, Chrystal introduced herself to Mr. Diamond. After several minutes of friendly discussion, and several glasses of wine, Chrystal asked Dustin if he was still interested in acting. Dustin informed Chrystal that while he still maintained an interest, he was enjoying life as the owner of a successful brewery called HOLLYWOOD HOPS located right on Hollywood Boulevard. Chrystal, who herself had become jaded with the pretentious film industry, lamented to Dustin that it would be great if she could transform her passion for wine into a business. Dustin replied that it is never too late to follow one’s dream, that there was an empty building perfect for a wine bar located on the corner of Hollywood Boulevard and Vine Street, and wouldn’t it be cool if they both used the HOLLYWOOD name as a reference to their film industry experience. Dustin then handed Chrystal his HOLLYWOOD HOPS business card and told her that he would be happy to answer any questions about breaking

into the alcoholic beverage industry. He wished her luck and told her to keep him in mind if she had any interesting movie roles.

12. After the conversation with Dustin, Chrystal felt a renewed sense of purpose, and began to set her plan for a wine bar in motion. Gasoline in Utopia had risen to nearly \$5.00 per gallon, traffic jams were becoming larger and more frequent and Chrystal believed that people would therefore be thrilled at the prospect of not having to travel north for good wine. Chrystal and Chris purchased the building located on the corner of Hollywood and Vine and thinking of how its location served as a perfect double entendre for the name of a wine bar, HOLLYWOOD & VINE opened on New Year's Eve 2016, serving a selection of organic wines, crudité, cheese, and tapas.

13. Chris, who had a degree in plant hydroponics from The University of Southern Utopia, developed a system and method (for which a patent is pending) that converted the smog in Hollywood into filtered water suitable for human consumption. This water was the basis for all varieties of wine developed by HOLLYWOOD & VINE, and was the perfect match for the grapes grown as a small organic vineyard that Chris and Chrystal purchased from a retiring farmer.

14. In true Hollywood fashion, Chrystal hired an extremely expensive branding agency, which designed an elegant label that reflected the calm yet inviting nature of her posh new wine bar, and the relaxation people felt when drinking wine. It featured a lovely shade of lilac in the background, with the word VINE in dark purple—indicative of the purple-colored grapes she and Chris used to make their wine. The label featured the word HOLLYWOOD in white, which was reminiscent of, but not the same as, the lettering of the famous HOLLYWOOD sign:



15. The Vandershoops loved it and spent millions of dollars on branding and signage. Indeed, the label was on everything from napkins, and wine bottles, to a line of apparel and accessories (t-shirts, pins, etc.) worn by the staff, and sold at the wine bar and online. The branding agency had also designed an incredible website, with a lot of bells and whistles, which cost the Vandershoops nearly \$150,000. Within six months of opening, HOLLYWOOD & VINE was receiving rave reviews from critics, who praised the wines' earthy tones and eco-friendly manufacturing process. The wine bar was frequented by many A-list celebrities and reservations were typically booked a month out.

16. Dustin Diamond took notice of the wine bar, but shrugged it off as sales of his beer were strong and he wanted to focus on brewing new flavors. But then he started to receive phone calls, about one or two every other month or so, from people seeking to reserve a table at HOLLYWOOD & VINE. After several months, exasperated with having to explain that he only sold beer, and not wine, HOLLYWOOD HOPS sent HOLLYWOOD & VINE a letter demanding that it immediately cease operating under the HOLLYWOOD & VINE name, which

was an obvious attempt to associate itself with HOLLYWOOD HOPS and the success of its craft beers.

17. With an arsenal of attorneys at their immediate disposal, the Vandershoops quickly responded to Dustin’s allegations, and refused to stop use of HOLLYWOOD & VINE, arguing that the word HOLLYWOOD could not be owned by anyone, because it described their location. They also argued that in any event, Dustin *told* Chrystal to use HOLLYWOOD. Also, the Vandershoops contended, HOPS and VINE—which are clear references to beer and wine—are sufficiently distinct in sight, sound, and meaning. Further, due to the differences in wine and beer, and the different sorts of people who drank wine and beer, their respective products and venues were distinct. Finally, they argued that a few misplaced phone calls were no big deal and did not evidence actual confusion; if anything, they evidenced people misdialing numbers, which does not support a claim of trademark infringement.

CONCLUSIONS OF LAW

Jurisdiction and Venue

This action is brought pursuant to 15 U.S.C. § 1125(a) and the common law of unfair competition. Jurisdiction arises under 28 U.S.C. §§ 1331 and 1338(a) and (b). Venue is appropriate under 28 U.S.C. § 1391(b)(1).

Protectability of HOLLYWOOD HOPS as a Trademark, and Whether the Mark Is Merely Descriptive

- A. The term HOLLYWOOD is geographically descriptive because it describes the place where Plaintiff’s beer is brewed and sold.
- B. The term HOPS is merely descriptive because “hops” are an ingredient of beer.
- C. There was a heated debate at oral argument about the protectability of Plaintiff’s mark, which was refused registration on the Principal Register for being merely descriptive.

Defendant's counsel vehemently argued that Plaintiff's mark is both geographically descriptive and merely descriptive and thus cannot act as source identifier. Plaintiff's counsel conceded the descriptiveness of the word HOPS, as it relates to beer, but argued that HOLLYWOOD was not originally adopted to refer to the place where Plaintiff's beer was made (Malibu), and therefore was not geographically descriptive, and that the mark overall had acquired distinctiveness through Plaintiff's continuous, exclusive, and prominent use.

D. The Court finds that, while Plaintiff's mark was derived from, and adopted because of, its owner's Hollywood acting career, consumers are likely to presume that it denotes the location of where Plaintiff's products are made and sold, i.e., Hollywood. This is particularly true given the current location of Plaintiff's brewery. HOPS is also merely descriptive because it is an ingredient in Plaintiff's beer. The descriptiveness of these two terms is why HOLLYWOOD HOPS was refused registration on the Principal Register. While HOLLYWOOD was certainly merely descriptive when first adopted, Plaintiff's craft beers have been very successful, although success is primarily limited to the state of Utopia. Nevertheless, the Court finds that there is compelling evidence that consumers associate HOLLYWOOD HOPS exclusively with Plaintiff's products. HOLLYWOOD HOPS has received extensive media coverage in the media and favorable reviews on beer enthusiast's websites. Further, Plaintiff has sold over one million cases of its signature organic, dry-hopped double IPA. As such, the Court concludes that the HOLLYWOOD HOPS mark is recognized and associated by purchasers and prospective purchasers with the product offered by Plaintiff due to the impressive amount of sales and media attention the product and Plaintiff have garnered and has thus become distinctive under Section 2(f) of the Trademark Act, 15 U.S.C. §1052(f). The Court also finds

that the HOLLYWOOD HOPS mark acquired distinctiveness *before* HOLLYWOOD & VINE opened for business in 2016.

Infringement of HOLLYWOOD HOPS by HOLLYWOOD & VINE

E. Plaintiff contends that Defendant's use of HOLLYWOOD & VINE infringes its HOLLYWOOD HOPS mark.

F. The legal test for whether the HOLLYWOOD HOPS trademark is infringed is whether Defendant has used or is using in commerce any word, term, name, symbol, or device, or any combination thereof in connection with goods or services which is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association with another's mark. 15 U.S.C. § 1125(a)(1)(A).

G. The pertinent factors in evaluating whether there is likelihood of confusion, in descending order of importance, are: (i) the resemblance of the two marks in terms of sight, sound, and meaning; (ii) the relationship between the goods or services of the parties in terms of utility, use, and trade channels; (iii) the strength, both inherent and acquired, of the Plaintiff's mark; (iv) any evidence of actual confusion, or valid surveys indicative of such confusion; (v) an intent by the newcomer to derive benefit from the original mark's success; and (vi) any other factor recognized by this, or any other Utopian court, as probative of likelihood of confusion. *Bender v. Pretzel Co.*, 373 F.3d 1384, 1388 (Par. Cir. 2004); *American Forefathers Foundation v. All-American Founders Advocates*, 696 F. Supp. 2d 14, 20 (N.D. UA 2011); *Chase v. Eden Motors Corp.*, 682 F. Supp. 2d 1946, 1948 (E.D. UA 2010); *Knights Errant d/b/a UDOP~IA v. Utopia State University*, 673 F. Supp. 2d 2000, 2006 (E.D. UA 2009); *Icon Hotel Organization v. Uikkon, Ltd.*, 665 F. Supp. 2d 1812, 1815 (C.D. UA 2008). The Court will discuss each of these factors in order.

(i) The resemblance of the two marks in terms of sight, sound, and meaning: At oral argument, Defendant argued that there can be no confusion between its use of the HOLLYWOOD & VINE mark and Plaintiff's HOLLYWOOD HOPS mark. Defendant contends that while the marks share the term HOLLYWOOD, VINE and HOPS differ in appearance, sound, and meaning, and are clear references to the distinct products sold by these companies, i.e., beer and wine, thus giving the marks different commercial impressions. Additionally, Defendant argued that HOLLYWOOD & VINE serves a double entendre, specifically, that it connotes that Defendant's wines are made in *Hollywood* from grapes from the *vine* and that it informs the consumer of the *location* of its wine bar. Defendant also noted that the design elements and color schemes in each mark differ, adding yet another layer of distinction. The Court notes that the font and color scheme used for the term HOLLYWOOD in the respective marks is similar, but the overall visual impressions beyond this differ. This factor favors Defendant.

(ii) The relationship between the goods or services of the parties in terms of utility, use, and trade channels: Wine and beer are different products. However, given the parties are both selling alcoholic beverages, which numerous courts have held to be competitive products, and because both parties tout their organic method of manufacturing, the Court holds that this factor weighs in favor of Plaintiff.

(iii) The acquired strength of the Plaintiff's mark: As noted, there was a heated debate at oral argument about the protectability of Plaintiff's mark, which was refused registration on the Principal Register for being merely descriptive. Defendant's counsel vehemently argued that Plaintiff's mark is both geographically descriptive and merely descriptive and thus cannot act as source identifier. Plaintiff's counsel conceded the descriptiveness of the word HOPS, as it

relates to beer, but argued that HOLLYWOOD was not originally adopted to refer to the place where Plaintiff's beer was made (Malibu), and therefore was not geographically descriptive, and that the mark overall had acquired distinctiveness through Plaintiff's continuous, exclusive, and prominent use. The Court agrees for the reasons already explained above. With that said, however, the mark is not incredibly strong, given its descriptive nature. As such, this factor is neutral.

(iv) Any evidence of actual confusion, or valid surveys indicative of such confusion:

Phone calls to HOLLYWOOD HOPS for reservations at HOLLYWOOD & VINE is a strong indication that consumers are confused. Accordingly, this factor weighs in favor of Plaintiff.

(v) An intent by the newcomer to derive benefit from the original mark's success: The Court finds no such intent by Defendant. This factor weighs in favor of Defendant.

(vi) Any other factor recognized by this, or any other Utopian court, as probative of likelihood of confusion: The Court is aware of none, and none has been cited by either party.

This is a close call, but the Court finds that the balance of these likelihood of confusion factors weighs in favor of Plaintiff.

Acquiescence

H. Defendant contends that Dustin Diamond acquiesced to Defendant's use of HOLLYWOOD in connection with wine.

I. In the District of Utopia, there is a three-part test to find acquiescence: (1) the senior user actively represented that it would not assert a right or claim; (2) the delay between the representation and the assertion of the right or claim was not excusable; and (3) the delay caused the junior user undue prejudice.

J. The facts of this case support a finding of acquiescence. During their meeting, Dustin Diamond told Ms. Vandershoop that it was never too late for her to pursue her dream of opening a wine bar and commented that their dual use of HOLLYWOOD would be “cool.” Plaintiff also waited at least six months after HOLLYWOOD & VINE opened, and several months after receiving mistaken phone calls for HOLLYWOOD & VINE, to file suit. Further, given the millions of dollars spent on purchasing a winery, hiring a branding agency, and on branding/marketing as a whole, it appears clear that Defendant has taken steps such as making significant investment decisions and building the bulk of its business based on the reasonable assumption that it had permission to use HOLLYWOOD and that such investment or capital would be lost if the Defendant could no longer use its mark. As such, the last factor, undue prejudice, is also satisfied.

WHEREFORE, this Court hereby *denies* Plaintiff’s motion for a preliminary injunction.

SO ORDERED.