

2021-2022 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 Southern 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 a likelihood of confusion between Plaintiff's SEALS trademark and Defendant's FOCA LIBRE trademark?

ISSUE NO. 2:

Did the District Court err in finding that the Defendant's use of its SEALS trademark was fair?

ISSUE NO. 3:

Did the District Court err in finding that Defendant's use of SEALS in the accused advertisements constituted false advertising?

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

NANCY FROST SKATES, LLC, :
 :
 Plaintiff, :
 :
 vs. : *Civ. Dkt. 21-1252*
 BILLY BLADES, INC., :
 :
 Defendant. :

Vaughan, R.

Plaintiff Nancy Frost Skates, LLC (“Plaintiff” or “Nancy Frost Skates”) filed suit against defendant Billy Blades, Inc. (“Defendant” or “Blades”) for trademark infringement, claiming likelihood of confusion between the SEALS and FOCA LIBRE trademarks and that Defendant engaged in false advertising under the Lanham Act.

Plaintiff now moves for a preliminary injunction, arguing that it owns SEALS as a trademark in connection with figure skates and that Defendant’s adoption and use of FOCA LIBRE in connection with hockey skates is likely to confuse consumers. Plaintiff argues that Defendant also engages in false and deceptive advertising in connection with the marketing of its FOCA LIBRE hockey skates and that the advertisements are causing, and have already caused, irreparable harm. Defendant opposes the motion, arguing that the parties’ respective marks are different, not likely to be confused, and that its advertising constitutes permissible comparative advertising in which the word SEALS was used fairly.

Section 34 of the Lanham Act empowers district courts to “grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark registered in the Patent and Trademark Office, or to prevent a violation under subsection (a) . . . of Section 1125 of Title 15 . . .” 15 U.S.C. § 1116(a). A plaintiff seeking a preliminary injunction must demonstrate: (1) a substantial likelihood of success on the merits; (2) a substantial threat that plaintiff will suffer irreparable harm if the injunction is not granted; (3) that the

threatened injury outweighs any damage that the injunction might cause the defendant; and (4) that the injunction will not disserve the public interest. Here, the Court only analyzes factors (1) and (2), finding that plaintiff is *likely* to prevail on the merits and therefore **grants** plaintiff's motion for the reasons set forth hereafter.¹

FINDINGS OF FACT

THE PARTIES

1. Plaintiff Nancy Frost Skates, LLC is organized in the State of Utopia, with a principal place of business at 3210 Rink Road, Winter Valley, Utopia 54321.

2. Defendant Billy Blades, Inc. is organized in the State of Utopia, with a principal place of business at 1980 Puck Path, Greatville, Utopia 54329.

PLAINTIFF - NANCY FROST SKATES, LLC

3. Plaintiff was founded in 2015 by its CEO, Nancy Frost Bailey, a Utopian champion figure skater. From the moment she could walk, Nancy had a love of figure skating. She was born in July, 1988, in a small southern town of Utopia. The daughter of Icelandic immigrants, Nancy watched her older brother William, founder of Defendant Billy Blades, Inc., play ice hockey as a youngster. She began skating when she was five, entering and winning her first figure skating competition a year later. She was so adept on the ice that she became known as "Nancy the Natural". Nancy was soon winning all of the youth figure skating competitions in which she competed, paving her way to the Utopian Winter Games.

4. During her teens, Nancy was a dominant force in the world of figure skating. She captured the world title in 2005, 2006, 2007, and 2010. At age 21, she competed in the Utopian Winter Games, taking the gold after becoming the first figure skater to ever land a quadruple axel.

5. Endorsements from various companies poured in. Across Utopia and the rest of the country, Nancy was featured in mouthwash commercials touting "icy, fresh breath." Utopian Digital Arts, a video game company, created a new video game – *Nancy Bailey on Ice!* In the game, players created a two-minute skating program with over 50 moves, including jumps, spins, and spirals that could be played

¹ The parties stipulated to this as a final, appealable order and that procedural issues should not be raised or briefed in the event of an appeal.

in “practice mode” or from regional competitions to the world championships. The game was a huge hit. Nancy graced the cover of Utopia magazines “Teen Sensation” and “Utopian Style,” starred in multiple TV specials, and was the subject of extensive media coverage. Nancy also was the spokesperson for a company named “Utopian Outerlayer,” which made high-end down-filled winter coats, ski pants, and accessories with goose feathers.

6. Nancy was both successful and pragmatic. Like other Utopian Winter Games champions before her, she knew that she could not compete forever, so she started to shift her focus toward helping fellow figure skaters. Because she was typically freezing in the costumes she wore while competing, she partnered with a seamstress, a celebrity stylist, and an engineer she knew from “Utopian Outerlayer” to make new, fashionable figure skating costumes with technology that provided warmth, breathability and flexibility. While the costumes that Nancy and her team created *were* warm, and Nancy experienced a few years of success, the business venture came to an abrupt halt when Utopia citizens criticized the toxicity levels in the fabric.

7. While working as an announcer during the 2013 Utopian figure skating competition for the Utopian Sports Programming Network (“USPN”), a young up-and-coming skater twisted her ankle, prompting Nancy to think of a new business idea. She had always found her figure skates to be a bit too soft, leaving room for her ankle to move around in the boot. If the boots were more firm and inflexible, yet still soft and comfortable on the inside, the skates could reduce the chance of injury to users while boosting the ability of users to perform more technical maneuvers. Filled with a sense of ambition, she set out to design such a skate. She knew that the standard leather boot of a figure skate was typically made of kangaroo leather, which was the main source of rigidity. Along with the seamstress and engineer from “Utopian Outerlayer” from her prior costume endeavor, she toiled day and night, experimenting with various fabrics and materials. She found canvas to be lightweight and breathable, but flexible to the point of not providing enough support. It also wasn’t waterproof, which was a problem. Strong synthetic weaves, while durable, were too rigid. Ultimately, she knew that some sort of animal hide or comparable material would be necessary. She then recalled how warm and comfortable her seal skin boots felt, which were gifted to her by one of her sponsors. However, she was not about to make or sell a product that used real animal hide, so she sought out suitable materials that were comparable. After six months of travel to the farthest

corners of Utopia, Nancy was able to purchase faux seal skin from a small, local native tribe residing in the coldest part of Utopia. She crafted her first pair of faux seal skin figure skates and, upon testing, found these skates to possess the perfect balance of comfort and flexibility.

8. Feeling that she had a winning product, she formed Nancy Frost Skates and hired a third-party company to begin manufacturing her skates. Inspired by the faux seal skin used in the manufacture of her skates as well as their functionality, she decided to call her skates SEALS, an acronym for Stable Ergonomic Ankle Ligament Support. Nancy ran advertisements on the Nancy Frost Skate website and on all of the prominent social media platforms such as FaceDiary and PhotoGram. Within a few months, profits were soaring; SEALS skates were available nationally and were the preferred figure skate of the Utopian Figure Skaters Association.

9. Given the popularity of her SEALS figure skates, Nancy hired a trademark lawyer to file a trademark application on behalf of her company which resulted in the following federal trademark registration:

Mark: SEALS
Owner: Nancy Frost Skates, LLC
Goods: Figure skates
Registration No.: 7,234,567
Registration Date: April 4, 2016
Application Date: April 1, 2015
Filing Basis: Lanham Act § 1(a)
Date of First Use: February 1, 2015
Date of First Use in Commerce: February 1, 2015
Register: Principal

10. Nancy Frost Skates properly maintained the above registration as required between the fifth and sixth year after the registration date under Section 8 of the Lanham Act, and simultaneously filed an Affidavit of Incontestability under Section 15 of the Act, which was acknowledged and accepted by the USPTO.

DEFENDANT – BILLY BLADES, INC.

11. William Bailey, known as “Billy” from his youth and the older brother of figure skater extraordinaire Nancy Bailey, is President of Billy Blades, Inc.

12. Prior to forming Billy Blades, Inc., Billy was a professional ice hockey player for the Utopia Ice Demons. Billy is five years older than his sister Nancy and is believed to be the inspiration for Nancy's first foray onto the ice. The siblings were fiercely competitive with one another growing up but had a good relationship, albeit with some rivalry from time to time. Billy always thought figure skating was boring and he frequently shared this thought with Nancy. Nancy thought ice hockey was unnecessarily violent and lacking in grace, a thought she frequently shared with Billy. Still, they supported each other's careers as young athletes.

13. Known to his teammates and fans as Billy "Blades" Bailey, Billy's successful ice hockey career was cut short after he received a vicious hip check during a playoff game. Nancy, who was busy gracing magazine covers and modeling her line of figure skating costumes across Utopia in the national retail chain store "Fine Fashions," neglected to call Billy or visit him in the hospital. The siblings strayed apart after that. After months of physical therapy, and then playing video games (*not Nancy Bailey on Ice!*) in his apartment while living off the money he made as a hockey player, Billy grew aimless and restless. He was depressed that he could no longer play hockey. It was his true passion and all he knew. He felt he needed to find a way to channel that passion so that he could still be a part of the sport he loved.

14. During his time at home, Billy had learned of the success of his sister's SEALS figure skates. They were frequently advertised on USPN, the subject of numerous late-night infomercials, and USPN announcers loved to talk about how one of their fellow USPN announcers had a great product. Old feelings of sibling rivalry started bubbling to the surface. Billy believed that he could design a skate for ice hockey that would provide players with more support and bulletproof-like protection from the high-speed impact of hockey pucks that skates often sustained. It would also allow him to be a part of the sport he knew and loved, and to continue to compete with his sister, while offering a completely different product for an entirely different sport. After all, his sister used to say how she and her brother, and their respective sports, were polar opposites. In addition, being an avowed animal lover and card-carrying member of the Utopia Citizens for Animals Society, Billy thought it was abhorrent that Nancy's company used SEALS as a product name—animals should not be used to make products marketable or seem more enticing, even if the seal skin used to manufacture the skates was fake. Billy questioned just how

“fake” the skate hide was anyway and promised himself that he would research his sister’s product more closely. He was determined to create a functional skate that was socially responsible.

15. As Nancy had done, Billy tested various materials for his skates (none involving animal skins, of course), ultimately deciding on an organic, high-density, polymer weave that was recently invented at the University of Utopia, by scientists who figured out how to weave organic threads into a three-dimensional material using copper ions as a template. The result was a highly stable yet elastic product that was sustainable. The skates performed well in testing and on June 1, 2019, with his new skates ready to hit the market, Billy formed Billy Blades, Inc.

16. Billy knew that his skates needed a brand name. Billy Blades had a nice ring to it, but given that this venture represented a new chapter in his life, he ultimately decided against it. He was incredibly proud that the skates were responsibly and humanely made and what better way to convey that message than through his skates’ brand name. He therefore settled on FOCA LIBRE, which is Spanish for “seal free”.

17. Besides selling FOCA LIBRE skates in brick-and-mortar athletic stores, Billy created his own e-commerce website to sell the skates (www.focalibre.com) which, in light of people’s preference to purchase goods online, soon accounted for the majority of sales. Across the top of the page a banner advertisement read **“No seals are harmed in the making of FOCA LIBRE skates. FOCA LIBRE skates are ‘SEALS FREE!’**” This statement was also prominently displayed on the company’s FOCA LIBRE FaceDiary and PhotoGram social media sites.

18. FOCA LIBRE skates were also a hit with youth and adult hockey leagues of Utopia. The Utopia Professional Hockey Association purchased 200 pairs for the upcoming season and agreed to advertise FOCA LIBRE skates on the boards at the Utopia Ice Demons rink and run a video advertisement on the scoreboard between each period. Billy also made a deal with one of the ice hockey teams selected to compete in the next Utopian Winter Games — the entire team would be wearing his FOCA LIBRE skates. Knowing that his sister’s SEALS skates would be worn by champion figure skating athletes also competing at the Utopian Winter Games, Billy decided to run a few advertisements for the sake of sibling rivalry inside the hockey rink at the Games. His skates were sold to a different type of buyer for a different purpose -- it’s not like his ads would have any negative impact on his sister’s

business, particularly since the hockey rink was not used for figure skating competitions. One of Billy's FOCA LIBRE ads in the hockey rink at the Games stated this:

UTOPIAN WINTER GAMES ATHLETES PREFER FOCA LIBRE SKATES
The Most Durable and Protective Skates for High Performance Athletes
The Best Skaters Skate *SEALS FREE*
Purchase a Pair at www.focalibre.com Today!

19. Nevertheless, Nancy did see her brother's ad in the hockey rink while serving as a VIP guest announcer at the Utopian Winter Games. She was not amused for one second. In fact, she was furious. Particularly when, later that night, she looked at the Billy Blades website and social media accounts and saw the claim that **"No seals are harmed in the making of FOCA LIBRE skates. FOCA LIBRE skates are 'SEALS FREE!'"**

20. Nancy believed that Billy's company was clearly trying to damage the goodwill of her company's SEALS brand by using a confusingly similar mark, FOCA LIBRE, and by claiming that his skates were preferable. Also, his advertising impliedly—yet clearly in her view—commented negatively on her SEALS skates by suggesting that they were made with real seal skin by exclaiming that his skates were "SEALS FREE." She also could not believe that Billy had the audacity to use her SEALS trademark in his company's advertising. The fact that his mark translated to "seal free" was of no import; it just made his behavior worse in her view. Further, in the weeks after Billy's ads ran, several individuals posted on Nancy Frost Skates' FaceDiary page to express their outrage that the company used seals in the manufacture of its skates and vowed to boycott them.

21. Nancy had her trademark attorney send Billy a cease and desist letter asserting that his company's use of the FOCA LIBRE trademark was a clear attempt to trade upon the goodwill that Nancy Frost Skates had built in its distinctive and well-known SEALS brand, and that its advertising at the Games and on the Billy Blades website and social media accounts was false and/or misleading. The letter demanded that Defendant immediately rename its skates, take down all of its FOCA LIBRE advertisements, and agree never to use the word SEAL or SEALS, in any language, again.

22. Billy hired his own trademark attorney to respond for Billy Blades. Blades' response argued that the FOCA LIBRE mark was not confusingly similar to SEALS given that it was in a completely different language, rendering it different in overall sight and sound, and because the SEALS mark was intended to be a double entendre by Nancy Frost Skates, serving the dual purpose of indicating that her skates were made from faux seal skin and provided Stable Ergonomic Ankle Ligament Support, rendering it different in overall meaning. Further, Billy Blades argued that its use of the word SEALS in the advertisements was fair, and that the advertisements were not false or misleading, but instead permissible comparative advertising.

23. Dissatisfied with Blades' response, Nancy Frost Skates quickly filed a complaint in the United States District Court for the Southern District of Utopia alleging trademark infringement and false advertising under the Lanham Act, along with the instant motion for preliminary injunction, which Billy Blades has opposed.

CONCLUSIONS OF LAW

Jurisdiction and Venue.

A. This action is brought pursuant to 15 U.S.C. §§ 1114 and 1125(a). Jurisdiction arises under 28 U.S.C. §§ 1331 and 1338(a). Venue is appropriate under 28 U.S.C. § 1391(b)(1).

Likelihood of Confusion

B. The legal test for whether a 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, that 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. §§ 1114, 1125(a)(1)(A).

C. Under longstanding and precedential Utopian law, the pertinent factors in evaluating whether there is a likelihood of confusion 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; (iii) the relationship between the parties' trade channels; (iv) the strength, both inherent and acquired, of the Plaintiff's mark; (v) any evidence of actual confusion, or valid surveys indicative of such confusion; (vi) an intent by the newcomer to derive benefit from the original mark's success; and (vii) any other factor recognized by this,

or any other Utopian court, as probative of likelihood of confusion. The Court discusses each of these factors in order.

- (i) *The resemblance of the marks:* On their face, the marks do not look or sound similar, nor do they appear to convey similar commercial impressions. Under the doctrine of foreign equivalents, however, a foreign word—from a language familiar to an appreciable segment of Utopian consumers—and the English equivalent may be held to be confusingly similar. Here, FOCA means SEAL in Spanish and the Court takes judicial notice of the fact that many Utopians are fluent in Spanish or at least have a working understanding of the Spanish language. Therefore, under the doctrine of foreign equivalents, the Court finds that the marks are similar. However, the Court notes that Plaintiff's mark SEALS is a double entendre, serving the dual purpose of indicating that Plaintiff's skates were made from faux seal skin and provide "Stable Ergonomic Ankle Ligament Support," rendering it different in overall meaning. But Defendant did not submit any evidence of how consumers perceive the SEALS mark, so its argument in this regard is unpersuasive.
- (ii) *The relationship between the goods or services of the parties:* The parties both sell skates. Therefore, the Court finds that the parties' goods are similar.
- (iii) *The relationship between the parties' trade channels:* The parties' skates are both sold to professional athletes. Therefore, the Court finds that the parties' trade channels are similar.
- (iv) *The strength, both inherent and acquired, of the Plaintiff's mark:* The Court finds that Plaintiff's mark is commercially strong because its owner, Nancy Bailey, is quite well known in Utopia. But the mark SEALS is conceptually weak because it is an acronym for a phrase that merely describes characteristics of the product. For this reason, this factor is neutral.
- (v) *Any evidence of actual confusion, or valid surveys indicative of such confusion:* None.
- (vi) *An intent by the newcomer to derive benefit from the original mark's success:* The Court finds that Defendant did have an intent to trade off of Plaintiff's goodwill when, in full knowledge of SEALS skates, it adopted the FOCA LIBRE mark. This factor favors Plaintiff.

(vii) *Any other factor recognized by this, or any other Utopian court, as probative of likelihood of confusion:* None.

D. After a review of all of the likelihood of confusion factors, the Court finds that there **is** a likelihood of confusion between the SEALS and FOCA LIBRE marks.

Fair Use

E. Fair use is a defense to a trademark infringement claim when the junior user argues that it is using a senior user's mark fairly, in a non-confusing manner, and/or to describe its own goods or services. There are two types of use of another's mark that fall under the umbrella of fair use – classic and nominative.

F. Classic fair use, sometimes referred to as descriptive fair use, occurs when one uses another's mark to describe its own goods or services, not to refer to the other's trademark or branded product or service.

G. Nominative fair use occurs when one uses another's trademark to identify that trademark owner's product or service, but such use cannot be in a way that suggests affiliation, sponsorship, or endorsement by the trademark owner. When one uses the mark of a competitor truthfully to compare that competitor's products to its own, confusion of customers will generally be unlikely. In addition to the likelihood of confusion factors discussed above, the following factors are evaluated to determine whether the alleged use is fair:

1. *Does the use falsely suggest sponsorship or endorsement by the trademark owner?*
2. *Is the usage only so much as necessary to identify the product or service?*
3. *Is the product readily identifiable without the use of the trademark?*

H. After a review of all of the relevant factors, the Court finds that Defendant's use of SEALS in the accused advertisements **was** fair. Defendant's mention of SEALS in the accused advertisements was only a passing reference and explanatory in nature. Also, Defendant's use of SEALS did not falsely suggest sponsorship or endorsement by Nancy Frost Skates—quite the opposite in fact.

False Advertising

I. Section 43 of the Lanham act bars commercial advertising that misrepresents the nature, characteristics, qualities, or geographic origin of an advertiser's or her or another person's goods,

services, or commercial activities. Courts have created two categories of false advertising: (1) an accused message which is literally false; and (2) an accused message which is literally true, but in context is misleading. Many § 43(a) claims arise in the context of allegedly misleading comparative advertising where a defendant claims that its product is superior to a competitor's product or has a quality which its competitor's product does not. An advertisement need not specifically name a competitor in order to be a form of false comparative advertising. A false advertising claim that some product feature "outperforms" unnamed competitors or provides "longer" life and "better" protection can be actionable if the information conveyed is false, or if it includes an innuendo or ambiguity that would have a tendency to deceive the buying public.

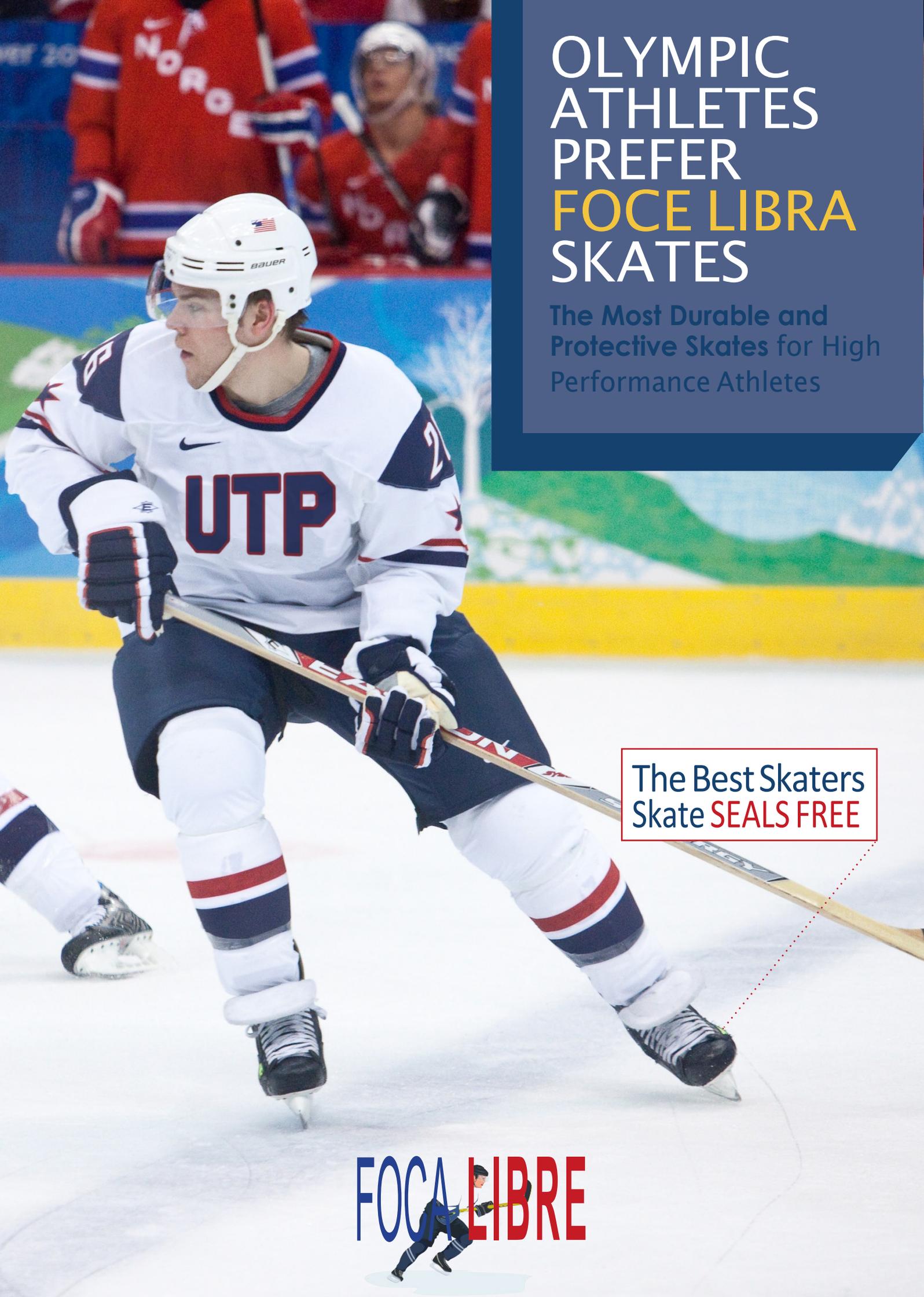
J. The Court finds that while Defendant sought to use Plaintiff's SEALS mark to compare its products to those of Plaintiff, its use of SEALS on its website, social media, and in advertisements misled consumers to believe that Plaintiff's skates were made with seal skin. Indeed, at least one consumer posted on the Plaintiff's FaceDiary page about this. Yet there is no evidence that Plaintiff experienced diminished sales as a result of any confusion. Further, Defendant's advertisement at the Utopian Winter Games falsely suggested that FOCA LIBRE skates are preferred over SEALS skates and that FOCA LIBRE skates are the "most durable and protective" skates as compared to SEALS skates. Therefore, Defendant's use of SEALS in the accused advertisements constitutes false advertising.

WHEREFORE, and due to recent changes to trademark law under the Trademark Modernization Act of 2020, this Court hereby **grants** Plaintiff's motion for a preliminary injunction.

SO ORDERED.

Exhibits:



A professional ice hockey player in a white and blue uniform with "UTP" on the chest is skating on an ice rink. He is wearing a white Bauer helmet and holding a hockey stick. In the background, other players in red uniforms are visible.

OLYMPIC ATHLETES PREFER FOCE LIBRA SKATES

The Most Durable and
Protective Skates for High
Performance Athletes

The Best Skaters
Skate **SEALS FREE**

FOCALIBRE

The logo for FOCALIBRE, featuring the word "FOCALIBRE" in a stylized font. The "FOCA" part is blue and the "LIBRE" part is red. Below the text is a small silhouette of a skater in motion.