

2022-2023 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 no likelihood of confusion?

ISSUE NO. 2:

Did the district court err in finding that OFF THE CHARTS! functions as a trademark?

ISSUE NO. 3:

Did the district court err in finding that Rex's use of the BTX action figures was false endorsement?

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

REX'S RECORDS, INC. :
 :
 Plaintiff, :
 :
 vs. : *Civ. Dkt. 22-1252*
 BTX, INC. :
 :
 Defendant. :
 :

Plaintiff, Rex's Records, Inc. ("Plaintiff") filed suit against defendant BTX, Inc. ("Defendant" or "BTX") for trademark infringement, claiming likelihood of confusion between its registered tagline OFF THE CHARTS! with the tagline "WE'RE OFF THE CHARTS? YOU BTXHA!". BTX denied the claim and counterclaimed for false endorsement.

Plaintiff now moves for summary judgment on its likelihood of confusion claim. BTX cross-moves for summary judgment on its counterclaim for false endorsement.

In the District of Utopia, a court may grant summary judgment only if it concludes that the moving party has demonstrated that there is no genuine issue of material fact and that, based on the undisputed facts, the moving party is entitled to judgment as a matter of law. All evidence must be viewed in the light most favorable to the non-moving party. For the reasons set forth hereafter, the Court denies Plaintiff's motion and grants Defendant's motion.

FINDINGS OF FACT

THE PARTIES

1. Plaintiff, Rex's Records, Inc. is organized in the State of Utopia, with a principal place of business at 500 Main Street, Utopia 54329.
2. Defendant, BTX, Inc., is organized in the State of Utopia, with a principal place of business at 2675 Longshore Avenue, Utopia 54321.

PLAINTIFF

3. Plaintiff, Rex's Records, Inc. is owned by Rex Ricardo, and owns and operates a record store called Rex's Records in downtown Utopia. Rex Ricardo grew up loving music and always wanted to make a career out of it. In the 1980's, Rex started a band with his friends, and while they landed a few local gigs, they were unable to break out of the local bar scene, so Rex ultimately decided he had to give it up. But not wanting to abandon music entirely, Rex thought there might still be a way to pursue his dream. Over the years, Rex had gathered a sizable collection of records and thought he might try his hand in the retail business. He formed a corporate entity (Rex's Records, Inc.), and Rex's Records officially opened for business on September 5, 1990.
4. When Rex first opened Rex's Records, the store exclusively sold records and tape cassettes, as well as a novel, but now ancient, medium known as the compact disc, or CD. The selection was eclectic, but mostly featured music from the 1970s (classic and progressive rock), the 1980s (new wave and hip hop) and the 1990s (grunge and jam bands). While Rex was a fan of all music, jam bands were beginning to take hold in the early 90s, with one of his favorite bands being *Floosh*. He just could not get enough of their 90-minute tracks, which were light on lyrics, but heavy on atmosphere and improvised instrumentals.
5. Rex's Records was relatively successful with the older crowd, particularly on the theme nights he hosted at the store such as "Saturday Night Shakedown," "Thursday Evening Throwback" and "Monday Night Blues." He even got a good crowd at his "Jazzercise Sunday Brunch". But around the summer of 2017, business began to decline as his clientele aged and moved out of the downtown area and into the "burbs" to start families. Rex's new customers were teenagers who had no clue what a cassette was, and had no interest in buying CDs given that they were not alive during the glorious days of the late 20th century, when the now omnipresent Internet was but a twinkle in society's eye and cellular phones weighed five pounds and could only place and receive calls. Many of these people would now come into his store, browse the record collection, ask him if he has music by any recent artists, and when he said no, they would leave without making a purchase. Rex also heard some of these customers laughing about "who buys this stuff anymore when you can get all your music online?" Rex saw a significant drop in sales and he knew it was time to make some changes in order for his business to survive.

6. Rex went online and searched for “new music.” He saw that a new boy band, BTX, was all the rage with the age demographic he wished to attract. He decided it was time to brainstorm and revamp his record shop to feature new, hip music.
7. Rex hired an interior decorator and completely renovated his store to so that it had an updated, modern décor featuring voice-activated kiosks to search for inventory and self-serve touchscreen checkouts to make a purchase, feeding his youthful clientele’s phobia of human interaction.
8. Rex began to stock up on music by current pop artists that he saw on the Utopia Top-100 music charts. He also decided to add some new types of products to his merchandise besides just records, namely USB drives with compilations (a modern version of the beloved “mixed tape” in days of yore) of computer music files and online subscription services group discounts to Streamify for music streaming.
9. To match his new changes to the store, he decided to come up with a catchy tagline and wanted something that would show passersby that Rex’s Records was not old and stuffy, and instead that it was new and had the best new music.
10. In late 2017, Rex hung a huge new banner under his “Rex’s Records” sign that read “OFF THE CHARTS!”
11. At that time, Rex also made stickers that say “OFF THE CHARTS!” which he gave out for free at the store. Rex also added the tagline onto the paper bags and cloth bags used for purchases, which now read: REX’S RECORDS: OFF THE CHARTS! The tagline OFF THE CHARTS! also appeared at the top of Rex Record’s new website, where customers could order the store’s products and download music. Rex also sold tee-shirts displaying REX’S RECORDS: OFF THE CHARTS! both in the store and on the website for \$10.
12. In 2019, Rex hired the trademark lawyer who previously registered his REX’S RECORDS trademark to help apply for a trademark registration at the U.S. Patent and Trademark Office (“USPTO”) for the slogan. The trademark application details were as follows:

Mark:	OFF THE CHARTS!
Applicant:	Rex’s Records, Inc.
App. Serial No.:	99/888,771
Goods/services:	International Class 9: downloadable music files, phonograph records featuring music, pre-recorded CDs featuring music; International Class 35: retail music and record stores

Filing Date:	November 20, 2019
Filing Basis:	Lanham Act § 1(a)
Date of First Use:	September 13, 2017
Date of First Use in Commerce:	September 13, 2017

13. On February 3, 2020, while Rex's trademark application was pending with the USPTO, Rex's Records received an Office Action refusing registration as follows:

USPTO OFFICE ACTION

Failure to Function. Registration is refused on the grounds that the applied-for mark fails to function as a trademark. OFF THE CHARTS is merely a common advertising and merchandising slogan that merely conveys general information about the goods or services. The inclusion of an exclamation point, as OFF THE CHARTS!, does not change the connotation. Accordingly, OFF THE CHARTS! cannot be registered because it does not function as a trademark to identify and distinguish applicant's goods and services from those of others and to indicate the source of applicant's goods and services. Trademark Act Sections 1, 2, 3, and 45, 15 U.S.C. §§1051-1053, 1127.

14. Rex's Records' trademark lawyer diligently prepared a response to the Office Action, arguing that the mark OFF THE CHARTS! functions as a trademark because consumers identify the slogan with Rex's Records. She submitted evidence of (i) images of the banner displaying the mark that hung outside the store; (ii) images of Rex's shopping bags that displayed the tagline; (iii) a website screenshot of Rex's Records webpage showing OFF THE CHARTS!; (iv) a declaration from Rex that no other music stores in the U.S. use that slogan, (v) photos of Rex's stickers and tee-shirts; and (vi) a survey report of consumers aged 17 – 65 in Utopia where 50% of respondents responded they recognized the slogan to be associated with Rex's Records store. Ultimately, the USPTO accepted the evidence and registered the mark, issuing Registration No. 8,765,432 on May 5, 2020.
15. Rex was overjoyed about his new trademark registration and the burgeoning success of his revamped business. He noticed that more young people were coming into his store, learning of his business by word of mouth. He even heard a teenager standing outside of his store tell his friend that he thought the store was "lit." (Rex confirmed later that night on the Internet that the comment was, in fact, a good thing.) Sales were increasing and Rex's Records was flourishing.

16. However, Rex still felt like his store was missing something. He wanted to show his new target audience that he understood them and that Rex's Records should be their go-to music spot. During his daily evening browsing marathon on FaceDiary, he saw a post about the insanely popular boy band BTX. It was almost as if FaceDiary's AI algorithm had read his mind. (In fact, it probably did.) The post in question advertised recently released action figures of the BTX members. BTX's leader Jason Brayberlake's figure even had an action grip, allowing placement of a toy microphone, or other object, in the figure's hand.
17. Rex ordered the entire set of action figures and placed them on a pedestal near the store's cash register. Taking advantage of the Jason Brayberlake figure's action grip, Rex fashioned a sign that read REX'S RECORDS: OFF THE CHARTS! and placed it in the figure's hand. He also placed a stack of BTX CDs next to the figures.
18. Rex tested out his first ever "post" on his store's Speedgram account (one of his customers told him he needed to make a Speedgram profile account for Rex's Records store, which he did and has since been hooked) by snapping and posting a picture of the BTX action figures, displaying Rex's sign, and placed next to the BTX CDs set up in his store. He posted with the caption: "Come on down to the most popular records store in downtown Utopia! #RexsRecords #BTX #offthecharts #REXandBTX" #music4life #followforfollow." Rex got over 10,000 "likes."
19. Young customers came in and gushed over the action figures and after picking them up and laughing, several of them ended up purchasing a BTX CD. In light of this, Rex always made sure to have a steady supply of BTX CDs next to the action figures.

DEFENDANT

20. Defendant BTX, Inc. is a boy band, more commonly known as BTX, with five members – the aforementioned Jason Brayberlake, as well as Buster, J-Brad, Baylor, and Tom. The band members met when they were in college and sang in different acapella groups. They collectively decided their true love was pop music and thus BTX was born. In the three years since they formed in 2019, BTX became an international success, regularly topping the music charts and selling out concerts all over the world including the 25,000 capacity Utopia Arena.

21. On February 1, 2022, BTX began a six-month tour throughout America performing at over 60 venues.
22. BTX's costume designer, Johnny, told the BTX members that he created a new signature outfit for the members on their tour: a black tee-shirt with the following phrase written in gold glitter across the front: "**WE'RE OFF THE CHARTS? YOU BTXHA!**" (pronounced "betcha!"). Johnny explained to BTX that his inspiration for the phrase was the band's enormous popularity and chart-topping success all over the globe.
23. BTX's costume is complete when the tee-shirt is paired with black leather pants featuring gold stripes down the leg, and platform white sneakers. The boys tried on the new concert costumes and loved them. At each of the concerts, Johnny fitted the boys before they went on stage, and admired how the gold-sparkled phrase popped on the shirts, especially when the stage was lit up during the show.
24. Concert after concert, fans loved the performances. Along with the musical success, Johnny's designer T-shirts were going viral. Thousands of concert-goers posted close-up pictures of the band on the Speedgram and TimeZone social media apps with captions aweing over the costumes.

THE DISPUTE

25. On March 13, 2022, while Rex was on a lunch break in his store, he was scrolling on Speedgram and he saw a picture of BTX at one of the recent concerts wearing the costume. His immediate thought was that the phrase on the band's T-shirts looked just like his OFF THE CHARTS! store slogan.
26. Rex contacted his trademark lawyer, who sent a 'cease and desist' letter to BTX claiming infringement of Rex's Records' registered tagline. The letter demanded that BTX cease all use of the mark on tee-shirts and agree to never use the tagline or a similar tagline again.
27. On April 10, 2022, BTX's lawyer sent Rex's Records a reply letter denying all liability and refusing to cease use. BTX asserted that (1) the phrase on the tee-shirts, WE'RE OFF THE CHARTS? YOU BTXHA! was sufficiently distinct from the tagline that Rex's Records used and registered – OFF THE CHARTS!; (2) the phrase on the t-shirts is a fair and descriptive use because it accurately describes the band's music that is "off the charts"; and (3) the costumes were already made and

the band was halfway through their tour—it would be detrimental to the band to change the costume now (especially as the band’s fans now associated the costumes with this concert tour).

28. Someone that worked at BTX must have also taken a trip to Rex’s Records when the band played at the Utopia Arena, because the reply letter also raised the issue that Rex’s Records was displaying action figures of the BTX band members without BTX’s consent to advertise sales of BTX’s CDs and that, as a result, Rex’s Records was bringing in revenue based on its promotion and use of BTX, which unfairly traded off of the goodwill of the band. BTX demanded that Rex’s Records immediately cease all use of the BTX action figures in the Rex’s Records store.
29. This action followed soon thereafter.

PROCEDURAL HISTORY

30. On May 1, 2022, Rex’s Records filed a complaint in the United States District Court for the Southern District of Utopia alleging trademark infringement based on likelihood of confusion under Section 32 of the Lanham Act. BTX filed its Answer, denying all of Rex Records’ allegations, and filed a counterclaim alleging false endorsement under Section 43(a) of the Lanham Act.
31. The parties engaged in discovery and, thereafter, Rex’s Records moved for summary judgment on its trademark infringement claim. Defendant opposed Plaintiff’s motion, arguing that the parties’ taglines are distinct and consumer confusion is unlikely and that, even if there is confusion, the tagline OFF THE CHARTS! fails to function as a trademark and the registration should be cancelled. Defendant also cross-moved for summary judgment on its counterclaim of false endorsement for Rex’s Records’ use of BTX’s image and likeness on action figures to promote sales in the store.

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).

Failure to Function as a Trademark

- B. Before analyzing Plaintiff’s trademark infringement claim, the Court will analyze Defendant’s asserted defense that OFF THE CHARTS! fails to function as a trademark. To create trademark

rights, a designation must perform the job of identification: to identify one source and distinguish it from other sources. See 15 U.S.C. §§1051, 1052, and 1127. Whether a designation functions as a mark depends on the commercial impression it makes on the relevant public; that is, whether purchasers would be likely to regard it as a source-indicator for the goods or services. A designation that is not used as a trademark “fails to function” as a trademark. The trademark owner must satisfy its burden of proof by showing that it has used the designation in such a manner that both customers and competitors are likely to recognize it as an indication of origin. The critical inquiry in determining whether a designation functions as a mark is how the designation would be perceived by the relevant public.

- C. Slogans, phrases, and other terms that are considered to be merely informational in nature are generally not registrable or protectable. The Court finds that Rex’s Records’ mark OFF THE CHARTS! does function as a trademark and is protectable because Rex’s Records uses the mark to indicate source. Rex’s Records uses the mark prominently on a banner on its store building and on its website, which is sufficient. Further, the survey produced by Plaintiff showed that 50% of the respondents recognized the slogan to be associated with Rex’s Records. Accordingly, Rex’s Records tagline functions as a trademark.

Likelihood of Confusion

- D. 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).
- E. 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 similarity of the marks:* The Court finds that OFF THE CHARTS! and WE'RE OFF THE CHARTS? YOU BTXHA! are not similar. While they both contain OFF THE CHARTS, Defendant's mark contains WE'RE in the first position and YOU BTXCHA! in the last position. Further, consumers would likely understand that "BTXHA" is a play on words referring to the trademark owner BTX, which is a famous band around the globe. Accordingly, this factor favors Defendant.
- (ii) *The relationship between the goods or services of the parties:* Both parties' goods and services relate to music. Accordingly, this factor favors Plaintiff.
- (iii) *The relationship between the parties' trade channels:* The parties have overlapping consumers: music-lovers in a similar age group (teens and young adults). However, the goods and services are in different channels: a retail store and website versus live performances by a musical artist. Accordingly, this factor favors Defendant.
- (iv) *The strength, both inherent and acquired, of the Plaintiff's mark:* The Court has determined that the tagline functions as a trademark, and also notes that it is federally registered. The Court therefore finds the tagline to be strong. This factor favors Plaintiff.
- (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 there is no evidence that BTX chose its alleged slogan to derive benefit from Rex Records or had any knowledge of Plaintiff's use.
- (vii) *Any other factor recognized by this, or any other Utopian court, as probative of likelihood of confusion:* Lanham Act § 33(b)(4) recognizes that a Defendant can establish fair use as a defense to a charge of trademark infringement when the Defendant (1) uses the term not as a trademark, (2) uses the term fairly and in

good faith, and (3) uses the term only to describe the Defendant's goods or services. Defendant uses its tagline to aptly describe Defendant's goods/services and how consumers would view the tagline, because Defendant's band is popular, and thus legitimately "off the music charts." This factor favors Defendant.

- F. After a review of all of the likelihood of confusion factors, the Court finds that there is no likelihood of confusion between Plaintiff's OFF THE CHARTS! and Defendant's WE'RE OFF THE CHARTS? YOU BTXHA taglines.

False Endorsement

- G. Lanham Act § 43(a), 15 U.S.C. § 1125(a) states:

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which:

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

False endorsement occurs when someone's identity is used in connection with a product or service without their authorization in such a way that consumers are likely to be misled about their sponsorship or approval of the product or service. The Court finds that Rex's Records' use of BTX's images on the toy action figures constitutes false endorsement because a customer would likely be misled into believing that the band BTX had sponsored, approved, or endorsed Rex's

Records. This is made clear by the manner in which Rex's Records displayed the action figures in the store and on its Speedgram account. To induce consumers to purchase BTX CDs at Rex's Records, Rex displayed the BTX action figures next to BTX CDs with a REX'S RECORDS sign in one of the figure's hands. The "#BTX" and "#REXandBTX" Speedgram posts also suggest an affiliation between Rex's Records and BTX. At bottom, Rex's Records use of BTX's image and likeness, and the BTX name, to advertise and promote its own products could mislead consumers into believing that Rex's Records is endorsed or sponsored by, or affiliated with, BTX.

WHEREFORE, this Court hereby:

1. Denies Plaintiff's motion for summary judgment on its claim for likelihood of confusion; and
2. Grants Defendant's cross-motion for summary judgment on its counterclaim for false endorsement.

SO ORDERED.

Exhibits:



S P E E D G R A M



Rex's Records
Utopia



Liked by **ted_boyle** and **239 others**

Rex's Records

Come on down to the most popular records store in downtown Utopia! [#RexsRecords](#) [#BTX](#) [#offthecharts](#) [#REXandBTX](#) [#music4life](#) [#followforfollow](#)

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