

2023-2024

SAUL LEFKOWITZ
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OFFICIAL PROBLEM



2023-2024 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 that confusion was likely?

ISSUE NO. 2:

Did the district court err in finding that Foley's five color trademarks are not generic?

ISSUE NO. 3:

Did the district court err in finding that the defense of laches applied to Foley's claim?

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

FOLEY’S FANTASTIC CANDIES, INC.

Plaintiff

vs.

LANCE’S LOLLIES, INC.

Defendant

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Civ. Dkt. 23-2170

Plaintiff, Foley’s Fantastic Candies, Inc (“Plaintiff” or “Foley’s”) filed suit against Defendant Lance’s Lollies, Inc. (“Defendant” or “Lollies”) claiming a likelihood of confusion between its candy products with Lollies’ candy products based on an alleged similarity between five colors. Lollies denied the trademark infringement claim and raised affirmative defenses of genericness and laches.

The United States District Court for the Southern District of Utopia held a bench trial. For the reasons set forth hereafter, the Court rules that Lollies did infringe Foley’s color trademarks, which the Court finds are protectable and not generic. However, the Court also finds that the laches defense applies.

FINDINGS OF FACT

THE PARTIES

1. Plaintiff Foley’s Fantastic Candies, Inc. is organized in the State of Utopia, with a principal place of business at 575 Mountain Avenue, Utopia 10112.

2. Defendant Lance's Lollies, Inc. is organized in the State of Utopia, with a principal place of business at 2930 Cranberry Circle, Utopia 10112.

PLAINTIFF – FOLEY'S FANTASTIC CANDIES, INC.

3. Foley Feldman ("Foley") is a reclusive billionaire candy magnate. He began his career in 1970 when he opened the first candy shop, Foley's Fantastic Candies, in downtown Utopia. Within the first few years, his modest shopfront was bustling with kids seeking his innovative and delectable candy. After a few years, he decided he needed to expand his venture to meet growing demand. In 1975, Foley incorporated Foley's Fantastic Candies, hired a full team of employees, and built a large candy factory on a mountain at the edges of Utopia. His factory began churning out hundreds of thousands of pieces of candy every week, which were then distributed to Foley's Fantastic Candies store, and grocery and corner stores throughout Utopia and beyond.
4. On cloudless days, children could look up towards the mountain and see the steam rising out of Foley's factory. Some kids even swore they could smell the candy sweetness wafting down from the factory. Foley's factory and store were tremendously successful and Foley became extremely wealthy. Despite his wealth and innovative ways, he was a recluse, preferring to live and stay on the grounds of his factory in the mountains most of the time.
5. In 1980, Foley decided to visit the Foley's Fantastic Candies store in disguise to see for himself how his customers were enjoying his candy. Foley was prideful and aimed to please. To his surprise, he overheard a handful of children who were standing in line at store cashiers complaining that they were bored with Foley's "same old" candy flavors.

Foley was crushed. He knew he had to think more creatively about his candy inventions and committed himself to conjuring up some new creations.

6. Foley was not without his share of candy competition in Utopia. Other candy stores began to open in downtown Utopia after Foley's. To Foley, losing customers to other candy stores was unacceptable. His candy-making was not just a job – it was his life, a scientific adventure and a way of exploring life through one's taste buds. He had dreams about candy and how he could improve his products.
7. Later in 1980, during one of Foley's monthly meetings with his team to discuss the State of Candy Affairs, he announced he was distraught by the company's current sales statistics, which were down. He needed a way to boost these numbers and regain his position as the top confectionary creator in Utopia.
8. Foley instructed his scientists that it was time to think differently. Gone were the days of using standard flavors like strawberry and grape. They were going to create new and completely artificial flavors that had never been tasted or even imagined in any child's wildest dreams. After thousands of taste tests, in the late Winter of 1980, Foley's launched Wunder Candies, consisting of five brand new never-before-tasted blended flavors in five unique colors. Each candy was a juicy, semi-soft gummy in a square shape. Wunder Candies were sold in individual squares or in packs of 12 squares. The packs consisted of either assorted flavors or one flavor. The five new Wunder Candies each had their own name, color scheme, and flavor:
 - ZOZZLE – a pale shade of canary yellow with a flavor profile of lemon with a hint of spicy beef jerky

- FLAME – different hues of green in a swirled pattern with the flavor blend of pickle juice, peppermint and marshmallow
 - FLUFFELZ – bright pink with flavors of cotton candy and wintergreen
 - LIGHTNING – a deep, almost burgundy red and imparting flavors of fruit punch and wheat grass
 - SHIMMER – black with specs of glitter and with flavor notes of coffee and cumin
9. The recipes for these flavors and exact colors were Foley’s trade secrets. The company kept them locked in an air-tight vault that required a 24 digit alphanumeric passcode to open and used biometrics that allowed access to only Foley and his top three scientists.
 10. The new Wunder Candies were a hit and revolutionized the candy world in Utopia. Foley’s sales were astronomical. Kids and their parents waited in line for hours to try these flavors.
 11. The other candy store owners in Utopia were flummoxed and tried in vain to replicate the flavors and colors of Wunder Candies. For nearly 20 years, the only source of candy with these five unique flavors and colors was Foley’s.
 12. Despite Foley’s innovation, Foley was slow to seek intellectual property protection for his Wunder Candies. In 1995, 15 years after he first launched the Wunder Candies, Foley hired a trademark attorney to help protect his company’s candy colors.
 13. That same year, Foley’s lawyer filed five trademark applications with the U.S. Patent and Trademark Office (“USPTO”), one for each color of the Wunder Candies, claiming use of the marks since 1980 under Section 1(a) of the Lanham Act and seeking registration of each color in connection with “candy.”

14. The USPTO issued identical Office Actions for all five trademark applications, refusing registration of the marks on non-distinctiveness grounds, stating as follows:

United State Patent and Trademark Office

Office Action

Registration is refused for this color mark on the Principal Register unless the Applicant can establish that the mark has acquired distinctiveness under § 2(f). Here, Applicant's applied-for color is not inherently distinctive and thus, it does not function as a trademark under the Trademark Act. Should the Applicant believe it has a valid acquired distinctiveness claim under § 2(f), Applicant should submit sufficient evidence of use to demonstrate the mark has become distinctive of Applicant's goods in commerce.

15. Foley submitted evidence to the USPTO including (i) marketing and advertising promoting each candy's color, including representative samples of Foley's print advertisements in magazines, promotions in grocery store magazines, circulars, and pamphlets, (ii) Foley's sales revenue and profits, (iii) the amount of money Foley's spent on advertising, (iv) photographs of Foley's product packaging for the candies, (v) Foley's banners and retail store displays for the candies, (vi) fan mail from customers about the candies' colors, and (vii) newspaper articles and press coverage discussing the candies' colors. As a result, the refusals were withdrawn and Foley's obtained trademark registrations for each of the applied-for colors under § 2(f) of the Trademark Act.

DEFENDANT – LANCE'S LOLLIES, INC.

16. In 2000, a well-known food and beverage innovator, Lance Lolly, visited Utopia and its most well-known store—Foley's Fantastic Candies. Lolly was best known for inventing numerous delightful and innovative treats such as a well-known brand of butternut

squash-based ice cream, monk fruit-based liqueurs, goji berry crackers, and sour cabbage candies made with real cabbage and lime juice.

17. Intrigued with the flavors of the Wunder Candies, Lolly asked his sister, a flavor analyst and professional taste tester, to discern the recipe for each of the five flavors. After numerous testing and tasting sessions, Lolly thought he could replicate the flavors of the Wunder Candies.
18. In 2005, Lolly launched a new company, Lance's Lollies, Inc., to manufacture and sell LOLLIES' Pops, which were oval shaped hard sucker candies that tasted similar to each of the five Wunder Candies. And, depending on who you asked, LOLLIES' Pops also generally depicted the same colors as those of Foley's Wunder Candies, except that the colors of LOLLIES' Pops were translucent, essentially "see-through," and thus lighter in shade.
19. Beyond just the flavors, customers loved that, unlike Wunder Candies, LOLLIES' Pops were oval shaped, which made for a more enjoyable tasting experience. Also, all LOLLIES' Pops were wrapped in thick white paper, giving no indication of the color or flavor. When customers took their first lick, their eyes lit up with excitement while discerning what flavor they ended up with. It was common in these days to see groups of kids huddled outside candy stores ripping off wrappers and exclaiming their taste test guess of "cumin coffee!" The kids wanted to try them all.
20. After a few months, Foley learned that Lollies was selling LOLLIES' Pops, which people described as having similar color and flavor schemes as his Wunder Candies. While Foley was initially upset, being the recluse that he was, he decided not to fret over the matter and focus on bettering his own recipes. He did, however, call Lolly up one

evening—emboldened after a day of taste testing a new tangerine and lime-flavored liqueur—to express his irritation with Lolly’s copying. Lolly merely rebuffed the matter. After that call, Foley spent years in his lab (from about 2005-2010) fine-tuning his recipes and thinking about new flavors and new colors for different types of candy.

21. In the years that followed Lollies’ launch, the company experienced continued success by opening more stores and adding 25 more flavors—each represented by a particular color. Lollies had to expand its business operations to keep up with its booming success. It hired and trained 150 more employees - including an entire marketing department that created popular TV commercials and lollipop-themed merchandise - opened three new factories, and entered into partnerships with other candy shops. Lollies also developed a highly lucrative export business that sent weekly shipments of all 30 flavors of LOLLIES’ Pops and merchandise to countries all over the world. In fact, the company made so much money in such a short timeframe that Lance Lolly retired early, bought a catamaran shaped like two lollipops stuck together, and embarked on a cruise around the world.

THE CONFECTIONARY MARKETPLACE LEADING UP TO THIS SUIT

22. Following the launch of LOLLIES’ Pops, not only did Lollies experience success, but others did too. No one could quite replicate the unique and peculiar colors of the Wunder Candies exactly, but they came quite close. Charlotte’s Chocolate Factory hung a banner outside its store downtown proclaiming “Come on in and get your canary yellow lemon jerky!” Rip Van Sprinkle told customers that left with a candy purchase to “have a glittering coffee cumin day!” Candyland Emporium had flyers throughout town that advertised “purchase one flamin’ green pickle peppermint and pick one free!”

23. By 2008, there were over two dozen grocery stores, candy shops, and corner stores throughout the city of Utopia that offered similar color and flavor combination confections in the form of cotton candy, chewing gum, lollipops, and taffy. Children could be heard saying: “Is that a swirly green? That’s my favorite” or “My mom tried to pick me up more black glitters the other day but the store was all out!”
24. In 2010, after witnessing how many other candy shops were attempting to imitate him, Foley finally hired an attorney, who sent cease and desist letters to Lance’s Lollies, Inc. and the dozens of other candy shop owners imitating Foley’s Wunder Candies. This letter writing went on for quite some time. Some candy stores agreed to stop selling their products. But other candy shop owners either did not respond or defended their use by arguing that their colors and/or types of candy were different, or pointing to the other third parties in the market using the same or similar color schemes as Foley’s.
25. Foley spoke with his attorney about his options. He did not want to file a lawsuit but thought it might be the only way to curtail all of the replicas being sold in the market. He and his counsel decided to sue Lollies as the instigator of all of the marketplace infringement.

PROCEDURAL HISTORY

26. On March 1, 2017, Foley filed a complaint in the United States District Court for the Southern District of Utopia alleging trademark infringement against Lance’s Lollies, Inc. based on likelihood of confusion under Section 32 of the Lanham Act. Lollies filed its Answer denying all of Foley’s allegations and asserting affirmative defenses of genericness and laches.
27. The parties engaged in discovery and, thereafter, the Court held a bench trial.

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. 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 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). The Court discusses each of these factors in order.

- (i) *The resemblance of the marks:* The court finds that the parties' respective colors are similar.
- (ii) *The relationship between the goods or services of the parties:* Both parties' goods are candy. While their particular types of candy are different (gummy v. lollipop) the court finds them to be similar enough. This factor favors Plaintiff. Also, the parties have overlapping consumers: children and adults who enjoy eating candy. The candies also are purchased in overlapping trade channels: candy stores in Utopia. Accordingly, this factor favors Plaintiff.

- (iii) *The strength, both inherent and acquired, of the Plaintiff's mark:* Foley has demonstrated acquired distinctiveness in his mark based on the evidence he submitted to the USPTO showing the nature and extent of his promotion and public recognition of the mark. However, Lollies provided evidence of widespread third-party use, which weakens a trademark's protection. Accordingly, this factor is neutral.
- (iv) *Any evidence of actual confusion, or valid surveys indicative of such confusion:* None.
- (v) *An intent by the newcomer to derive benefit from the original mark's success:* The Court finds that there is no evidence that Defendant chose its trademark to derive benefit from Foley. While Lollies had knowledge of Plaintiff's highly successful candies, Foley was unable to show any bad intent by Lollies rather than to simply compete in the candy market. This factor favors Defendant.
- (vi) *Any other factor recognized by this, or any other Utopian court, as probative of likelihood of confusion:* None.

C. After a review of all of the likelihood of confusion factors, the Court finds that the balance of these factors weighs in favor of Plaintiff.

GENERICNESS

D. For the sake of completeness, the Court also analyzes Lollies' defenses.

E. Generic terms are terms that the relevant purchasing public understands primarily as the common or class name for the goods or services. Generic terms are refused registration

on the Principal Register under Trademark Act §§1, 2, and 45, for trademarks, and §§1, 2, 3, and 45, for service marks. See 15 U.S.C. §§1051, 1052, 1053, 1127.

- F. A mark is generic if its primary significance to the relevant public is the class or category of goods or services on or in connection with which it is used.
- G. A two-part inquiry is used to determine whether a designation is generic: (1) What is the genus of goods or services at issue?; and (2) Does the relevant public understand the designation primarily to refer to that genus of goods or services?
- H. The genus is candy. The relevant public is consumers that purchase candy.
- I. Genericide can occur as a result of a trademark owner's failure to police the mark resulting in widespread usage by competitors such that the public appropriates the trademark as the name of the product itself. In the trade dress context, common usage may render trade dress that was once distinctive generic if, based on the use, consumers cannot identify or understand the trade dress to represent the source of the product.
- J. Lollies argues that Plaintiff abandoned any trade dress rights it owned in its colors because others have entered the market to produce replica candy colors on similar types of candy, which are produced to this day. Lollies alleges that Plaintiff knew of these replicas and did nothing to stop their production. Thus, because Plaintiff's alleged color trade dress has been used for so many years by numerous entities, Plaintiff does not own exclusive rights to its asserted colors, which have become generic.
- K. The Court finds that Foley's failure to police its color marks and third parties' widespread use of similar colors on candy have resulted in the colors being common in the industry. However, the Court also finds that the third party uses in the record reflect slightly

different colors used on different types of candy and confections than the Wunder Candies. Thus, the Court does *not* find that Foley’s trade dress had become generic.

LACHES

L. Laches arises when a plaintiff has “unreasonably and inexcusably delayed” in bringing a cause of action and the delay has prejudiced the defendant.

M. To measure the length of a delay, the laches clock begins to run when the trademark owner knew or should have known of the allegedly infringing conduct and had a provable infringement claim against the infringer. The clock is stopped on running the laches period when the plaintiff files a lawsuit.

N. In Utopia, the courts have deemed that a delay of over five years is unreasonable. Here, Foley’s waited many years to file suit against Lollies. While Plaintiff sent a cease-and-desist letter to Lollies in 2010, it did nothing further to put Lollies on notice of a claim. As a result, Lollies relied on the fact that Foley’s would not initiate a lawsuit and it invested significant money and time into its business through expansion of factories, hiring and training new employees, exporting worldwide, expanding marketing efforts, and creating new merchandise. Lollies was therefore prejudiced by Foley’s inexcusable delay in bringing a suit.

WHEREFORE, this Court hereby finds that:

- A. Lollies infringed Foley’s five color trademarks;
- B. Foley’s five color trademarks are not generic; and
- C. Foley unreasonably delayed in filing suit such that the defense of laches applies.

SO ORDERED.

EXHIBITS

WUNDER CANDIES



