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

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The Trademark Reporter®

UNITED STATES ANNUAL REVIEW

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

INTRODUCTION

*By Theodore H. Davis Jr.***

The Supreme Court's recent practice of granting petitions for writs of certiorari with a nexus to the Lanham Act may have run its course,¹ and the halcyon days of litigation and prosecution practice

* The Annual Review is a continuation of the work originated in 1948 by Walter J. Derenberg and written by him through The Twenty-Fifth Year in 1972. This Review primarily covers reported opinions reported between July 1, 2020, and June 30, 2021, as well as certain proceedings falling outside that twelve-month period.

** Author of the Introduction to, and Part III of, this Review; Partner, Kilpatrick Townsend & Stockton, LLP; member, Georgia, New York, and District of Columbia bars.

In the interest of full disclosure, the author notes his participation or that of his law firm in the following cases referenced by this Review: *Hepp v. Facebook*, 14 F.4th 204 (3d Cir. 2021) (counsel for defendant Facebook); *1-800 Contacts, Inc. v. Fed. Trade Comm'n*, 1 F.4th 102 (2d Cir. 2021) (counsel for amicus curiae American Intellectual Property Law Association in support of appellant); *Select Comfort Corp. v. Baxter*, 996 F.3d 925 (8th Cir.) (expert witness for plaintiffs), *cert. denied*, 142 S. Ct. 561 (2021); *Sulzer Mixpac AG v. A&N Trading Co.*, 988 F.3d 174 (2d Cir. 2021), *petition for cert. docketed*, No. 21-417 (U.S. Sept. 16, 2021) (counsel for amici curiae Intellectual Property Professors Suneal Bedi, Jake Linford, and Sandra L. Rierson in support of petitioner); *Ezaki Glico Kabushiki Kaisha v. Lotte Int'l Am. Corp.*, 986 F.3d 250 (3d Cir. 2021) (counsel for amici curiae The National Confectioners Association and Mondelēz International, Inc. in support of petitioners for rehearing en banc), *as amended* (Mar. 10, 2021), *cert. denied*, 142 S. Ct. 420 (2021) (counsel for amicus curiae Mondelēz International, Inc. in support of petitioners); *Car-Freshner Corp. v. Am. Covers, LLC*, 980 F.3d 314 (2d Cir. 2020) (counsel for defendants); *J-B Weld Co. v. Gorilla Glue Co.*, 978 F.3d 778 (11th Cir. 2020) (mediator following remand); *RVC Floor Decor, Ltd. v. Floor & Decor Outlets of Am., Inc.*, 527 F. Supp. 3d 305 (E.D.N.Y. 2021) (counsel for defendant); *Mahindra & Mahindra Ltd. v. FCA US LLC*, 503 F. Supp. 3d 542 (E.D. Mich. 2020) (counsel for defendant).

The author gratefully acknowledges the editorial contributions of Mary Kathryn Hagge, as well as the cite-checking assistance of Cynthia Whitley Baldwin, M. Rebecca Hendrix, and Richard L. Sieg in preparing his portions of this Review for publication.

¹ See *Select Comfort Corp. v. Baxter*, 142 S. Ct. 561 (2021) (denying cert.); *Belmora LLC v. Bayer Consumer Care AG*, 142 S. Ct. 483 (2021) (same); *Ezaki Glico Kabushiki Kaisha v. Lotte Int'l Am. Corp.*, 142 S. Ct. 420 (2021) (same); *Electra v. 59 Murray Enters.*, 142 S. Ct. 563 (2021) (same); *Dr. Seuss Enters. v. ComicMix LLC*, 141 S. Ct. 2803 (2021) (same); *Corcamore, LLC v. SFM, LLC*, 141 S. Ct. 2671 (2021) (same); *Solar-Somohano v. Coca-Cola Co.*, 141 S. Ct. 2641 (2021) (same), *reh'g denied*, No. 20-7407, 2021 WL 3711659 (U.S. Aug. 23, 2021).

under the Trademark Modernization Act (“TMA”) may lie in the future, but the twelve months between the seventy-fourth and seventy-fifth anniversaries of the Lanham Act’s effective date still produced numerous notable reported opinions. Those included one interpretation of the TMA protecting the installation of the Trademark Trial and Appeal Board’s administrative law judges against constitutional attack² and others restoring or validating (depending on the jurisdiction) the presumption of irreparable harm triggered by violations of the Lanham Act.³ Nevertheless, the former opinion reached its holding only by confirming the Board’s vulnerability to political interference, an outcome mandated by the Constitution’s Appointments Clause,⁴ and plaintiffs’ victories in the latter cases were qualified by confirmation that appropriate showings by defendants can rebut the presumption.⁵

In addition to emerging case law under the TMA, the year was marked by a distinct judicial and administrative skepticism toward claims of rights to nontraditional marks. For example, the Board served notice of its apparent intent to apply the Supreme Court’s decision in *United States Patent & Trademark Office v. Booking.com B.V.*⁶ narrowly by affirming refusals to register multiple claimed generic.com marks.⁷ On one level, a pair of the Board’s affirmances of refusals to register heeded *Booking.com*’s guidance by finding the applied-for marks descriptive, rather than generic, only to deny registration for want of acquired distinctiveness.⁸ On another, however, the Board fell back on its pre-*Booking.com* practice of finding claimed marks in the category generic.⁹

The Board’s general reluctance to allow applicants to push the envelope with respect to the proper subject matter of applied-for marks was apparent in a second line of opinions from that tribunal.

² See *Piano Factory Grp. v. Schiedmayer Celesta GmbH*, 11 F.4th 1363, 1372 (Fed. Cir. 2021).

³ See, e.g., *Suzie’s Brewery Co. v. Anheuser-Busch Cos.*, 519 F. Supp. 3d 839, 854-55 (D. Or. 2021).

⁴ U.S. Const. Art. II, § 2, cl. 2.

⁵ See *Zamfir v. Casperlabs, LLC*, 528 F. Supp. 3d 1136, 1142 (S.D. Cal. 2021) (declining to apply presumption based on plaintiff’s failure to prove a likelihood of success on the merits of motion for temporary restraining order but finding the presumption rebutted in any case by plaintiff’s delay in seeking relief).

⁶ 140 S. Ct. 2298 (2020).

⁷ See *In re Sausser Summers, PC*, 2021 U.S.P.Q.2d 618 (T.T.A.B. 2021) (ONLINETRADEMARKATTORNEYS.COM for legal services); *In re Consumer Protection Firm PLLC*, 2021 U.S.P.Q.2d 238 (T.T.A.B. 2021) (“the consumer protection firm.com” for legal services); *In re GJ & AM, LLC*, 2021 U.S.P.Q.2d 617 (T.T.A.B. 2021) (COOKINPELLETS.COM for “processed wood fuel in the nature of pellets for use in barbecue grills”).

⁸ See *Sausser Summers*, 2021 U.S.P.Q.2d 618, at *13-24; *GJ & AM*, 2021 U.S.P.Q.2d 617, at *36-47.

⁹ See *Consumer Protection Firm PLLC*, 2021 U.S.P.Q.2d 238, at *16-27.

Although the overall number of cases on its docket has expanded in recent years, the frequency with which the Board designates decisions as precedential has remained largely unchanged over the same period. Moreover, a curiously high percentage of opinions that *have* received that status address the identical issue—whether claimed marks fail to function *as* marks. Although a single opinion from the Board identified a possible strategy for overcoming a failure-to-function refusal—convincing the United States Patent Office (“USPTO”) an applied-for mark is primarily geographically descriptive¹⁰—the Board otherwise either affirmed numerous such refusals¹¹ or, in one case, reached a finding of a failure to function in an adversarial proceeding.¹² Without meaningful precedential guidance to applicants on the issue, failure-to-function refusals increasingly threaten to become the prosecution equivalents of astronomical black holes, from which applicants have no hope of escape.

Findings of functionality also proved insurmountable obstacles to the owners of claimed nontraditional marks.¹³ Some were standard fare and grounded in the disclosure of ambitiously worded related utility patents, whether owned by the claimant¹⁴ or other parties.¹⁵ Nevertheless, and although holding that a utility patent owned by the plaintiffs was not itself fatal to their claim of trade dress rights to the configuration of an elongated pastry product partially covered in chocolate,¹⁶ the Third Circuit adopted a

¹⁰ See *City of London Distillery, Ltd. v. Hayman Grp.*, 2020 U.S.P.Q.2d 11487, at *11-12 (T.T.A.B. 2020) (CITY OF LONDON for gin).

¹¹ See *In re Team Jesus LLC*, 2020 U.S.P.Q.2d 11489, at *3-7 (T.T.A.B. 2020) (“team Jesus” for clothing and educational and entertainment services promoting religion); *In re Greenwood*, 2020 U.S.P.Q.2d 11439, at *2-4 (T.T.A.B. 2020) (“God bless the USA” for accent pillows, decorative centerpieces of wood, and decorative wall hangings); *In re Texas With Love, LLC*, 2020 U.S.P.Q.2d 11290, at *2-7 (T.T.A.B. 2020) (“Texas love” for hats and shirts); *In re Vox Populi Registry Ltd.*, 2020 U.S.P.Q.2d 11289, at *2-8 (T.T.A.B. 2020) (“sucks” for domain-name registration services), *aff’d*, No. 2021-1496, 2022 WL 301855 (Fed. Cir. Feb. 2, 2022); *In re AC Webconnecting Holding B.V.*, 2020 U.S.P.Q.2d 11048, at *14-15 (T.T.A.B. 2020) (“cam” for various goods and services).

¹² See *Univ. of Ky. v. 40-0, LLC*, 2021 U.S.P.Q.2d 253, at *24-36 (T.T.A.B. 2021) (“40-0” for T-shirts).

¹³ See, e.g., *Shandong Shinho Food Indus. Co. v. May Flower Int’l, Inc.*, 521 F. Supp. 3d 222, 260-61 (E.D.N.Y. 2021) (granting motion to dismiss complaint alleging infringement of packaging trade dress based on failure to address issue outside a single sentence claiming nonfunctionality).

¹⁴ See *In re MK Diamond Prods., Inc.*, 2020 U.S.P.Q.2d 10882, at *5-11 (T.T.A.B. 2020) (affirming refusal to register configuration of circular saw blades based in part on disclosure of related utility patents owned by third parties).

¹⁵ See *McGowen Precision Barrels, LLC v. Proof Research, Inc.*, 2021 U.S.P.Q.2d 559, at *65 (T.T.A.B. 2021) (finding appearance of carbon fiber composite gun barrels functional based in significant part on disclosure of related utility patent owned by respondent).

¹⁶ See *Ezaki Glico Kabushiki Kaisha v. Lotte Int’l Am. Corp.*, 986 F.3d 250, 260 (3d Cir. 2021) (“The trade dress that [the plaintiff] defends is a stick-shaped snack that is partly coated with chocolate or cream. Yet those features are not the ‘central advance’ of its

definition of utilitarian functionality inconsistent with the distinction between de facto and de jure functionality: “[S]omething is functional as long as it is ‘practical, utilitarian’—in a word, useful. The word requires nothing more.”¹⁷ Likewise, based on evidence that a color-coding system indicated the diameter of dental instruments associated with particular hues, the Second Circuit reached a functionality as a matter of law on the theory that the colors affected the instruments’ quality,¹⁸ even if they were not necessary to the instruments’ use and even if they increased manufacturing costs.¹⁹

Plaintiffs did, however, enjoy at least some notable victories. For example, and despite a New York federal district court opinion to the contrary,²⁰ the Fifth Circuit declined to hold that the unlawful use of a plaintiff’s mark necessarily precludes a claim of priority.²¹ In other cases, the Fifth and Eighth Circuits confirmed that initial-interest confusion is actionable in infringement and unfair competition actions brought under the Act,²² mark owners generally defeated accusations of naked licensing leveled against them,²³ and courts proved unusually receptive to allegations of the typically moribund tort reverse passing off.²⁴ Likewise, having established

utility patent. Instead, the patent’s innovation is a better method for making the snack’s stick shape. The method is useful for making the shape whether or not the shape itself is useful for anything. Thus, the patent’s mention of the shape says nothing about whether the shape is functional.”), *as amended* (Mar. 10, 2021), *cert. denied*, 142 S. Ct. 420 (2021).

¹⁷ *Id.* at 256 (quoting *Functional*, OXFORD ENGLISH DICTIONARY (2d ed. 1989)).

¹⁸ *Sulzer Mixpac AG v. A&N Trading Co.*, 988 F.3d 174, 183 (2d Cir. 2021), *petition for cert. docketed*, No. 21-417 (U.S. Sept. 16, 2021).

¹⁹ *Id.* at 182-83.

²⁰ *See NYCITYVAN, LLC v. Thomas*, 501 F. Supp. 3d 145, 149 (E.D.N.Y. 2020) (holding that failure to secure required Department of Transportation license precluded defendant from establishing priority of rights).

²¹ *See Perry v. H. J. Heinz Co. Brands, L.L.C.*, 994 F.3d 466, 475 (5th Cir. 2021) (“[T]his court has not adopted the unlawful use doctrine—the doctrine that failing to abide by all laws and regulations can turn what would otherwise constitute ‘use’ into ‘non-use.’ We see no reason to adopt the doctrine here.”).

²² *See Jim S. Adler, P.C. v. McNeil Consultants, L.L.C.*, 10 F.4th 422, 429-30 (5th Cir. 2021) (reversing dismissal for failure to state a claim); *Select Comfort Corp. v. Baxter*, 996 F.3d 925, 935 (8th Cir.) (vacating grant of defense motion for summary judgment), *cert. denied*, 142 S. Ct. 561 (2021).

²³ *See, e.g., Authentic Apparel Grp. v. United States*, 989 F.3d 1008, 1016 (Fed. Cir. 2021) (affirming finding of no naked license as a matter of law); *Vineyard House, LLC v. Constellation Brands U.S. Operations, Inc.*, 515 F. Supp. 3d 1061, 1079 (N.D. Cal. 2021) (rejecting claim of naked license on motion for preliminary injunction); *BJB Ltd. v. iStar Jewelry LLC*, 533 F. Supp. 3d 83, 99 (E.D.N.Y. 2021) (denying naked licensing-based motion to dismiss).

²⁴ *See B&P Littleford, LLC v. Prescott Mach., LLC*, 530 F. Supp. 3d 729, 743 (E.D. Mich. 2021) (denying motion to dismiss); *DJ Direct, Inc. v. Margaliot*, 512 F. Supp. 3d 396, 413-19 (E.D.N.Y. 2021) (entering preliminary injunction), *appeal docketed*, No. 21-239 (2d

liability, some prevailing plaintiffs under the Act and related state-law causes of action secured expansive relief at the expense of their opponents, including injunctions prohibiting contributory infringement in buildings in which direct infringement had not been proven,²⁵ reaching conduct occurring overseas,²⁶ preventing the resale of genuine goods bearing a plaintiff's mark,²⁷ and even barring a defendant from all uses of the plaintiff's mark.²⁸ Finally, the Second Circuit rejected the Federal Trade Commission's argument that settlement agreements restricting the parties' use of each other's marks in future advertising are inherently suspect restraints of trade;²⁹ instead, that court held, those agreements are properly reviewed under a rule-of-reason analysis.³⁰

Finally, no twelve-month period would be complete without procedural developments, and the related doctrines of claim preclusion and issue preclusion took center stage in an unusually large number of reported opinions. For example, the Board held in one case that its prior *ex parte* classification of an applied-for mark as descriptive had claim-preclusive effect when the applicant attempted a second bite at the apple years later and could not demonstrate a material change in circumstances;³¹ dictum in a later Federal Circuit opinion called that holding into question,³² however, and the Third Circuit also took a restrictive approach to claim preclusion in holding that a plaintiff's failure to assert a Section 2(d) cause of action before the Board will not preclude the plaintiff from asserting likelihood-of-confusion-based claims in a later district court proceeding between the same parties.³³ In contrast, litigants asserting issue preclusion met with uniform success, with the Tenth Circuit according preclusive weight to a prior decision between parties by the EUIPO Board of Appeal,³⁴ another tribunal holding that the losing litigant in a prior International Trade Commission

Cir. Feb. 9, 2021); *John Bean Techs. Corp. v. B GSE Grp.*, 480 F. Supp. 3d 1274, 1309 (D. Utah 2020) (finding liability as a matter of law).

²⁵ See *Omega SA v. 375 Canal, LLC*, 984 F.3d 244, 259 (2d Cir. 2021).

²⁶ See *Hetronic Int'l, Inc. v. Hetronic Germany GmbH*, 10 F.4th 1016, 1045-46 (10th Cir. 2021).

²⁷ See *3M Co. v. CovCare, Inc.*, 537 F. Supp. 3d 385, 406 (E.D.N.Y. 2021).

²⁸ See *RXD Media, LLC v. IP Application Dev. LLC*, 986 F.3d 361, 376 (4th Cir. 2021).

²⁹ See *1-800 Contacts, Inc. v. Fed. Trade Comm'n*, 1 F.4th 102 (2d Cir. 2021).

³⁰ *Id.* at 114-19.

³¹ See *In re SolarWindow Techs., Inc.*, 2021 U.S.P.Q.2d 257, at * (T.T.A.B. 2021).

³² See *In re Vox Populi Registry Ltd.*, No. 2021-1496, 2022 WL 301855, at *3 n.2 (Fed. Cir. Feb. 2, 2022) ("This case does not involve traditional concepts of *res judicata* or collateral estoppel since the proceeding is *ex parte* and not adjudicatory.")

³³ See *Beasley v. Howard*, 14 F.4th 226, 234, 236 (3d Cir. 2021).

³⁴ See *Hetronic Int'l, Inc. v. Hetronic Germany GmbH*, 10 F.4th 1016, 1049-52 (10th Cir. 2021).

dispute could not relitigate the issue of likely confusion,³⁵ and a federal bankruptcy court refusing to allow the losing defendant in a false advertising case to contest the issue of its willfulness in the context of an attempt to discharge the judgment against it.³⁶

The most potentially significant procedural development, however, came with the Federal Circuit's decision in *Corcamore, LLC v. SFM, LLC*³⁷ to jettison the concept formerly known as standing in inter partes proceedings—so long as those proceedings remain before the Board.³⁸ Rather than pleading and proving standing in the historical sense, inter partes plaintiffs now must successfully demonstrate their entitlement to bring a statutory cause of action,³⁹ which the court held governed by the test for standing in false advertising actions under Section 43(a)(2) articulated by the Supreme Court in *Lexmark International, Inc. v. Static Control Components, Inc.*⁴⁰ As the court of appeals summarized that test, “*Lexmark* . . . established two requirements for determining whether a party is entitled to bring or maintain a statutory cause of action: a party must demonstrate (i) an interest falling within the zone of interests protected by the statute and (ii) proximate causation.”⁴¹

In announcing its new test, the court opined that it could “discern no meaningful, substantive difference between the analytical frameworks expressed in *Lexmark* and [prior Federal Circuit authority],”⁴² and the Board applied the new framework to dismiss (almost certainly correctly) a petition for the cancellation of a registration covering a mark incorporated into the (unused) petitioner's domain name.⁴³ So far, so good, but the Federal Circuit's next opinion on the subject—one issued after the twelve months covered by this Review and therefore to be addressed in greater detail later—muddied the waters considerably by holding that, even if not necessary for a plaintiff proceeding before the Board, a showing of Article III standing *is* necessary to appeal an adverse Board decision to the court.⁴⁴ Then, having thus required a two-

³⁵ See *Mahindra & Mahindra Ltd. v. FCA US LLC*, 503 F. Supp. 3d 542, 559 (E.D. Mich. 2020).

³⁶ See *In re Better Than Logs, Inc.*, 631 B.R. 670, 680-81 (Bankr. D. Mont. 2021).

³⁷ 978 F.3d 1298 (Fed. Cir. 2020), *cert. denied*, 141 S. Ct. 2671 (2021).

³⁸ See *Corcamore, LLC v. SFM, LLC*, 978 F.3d 1298 (Fed. Cir. 2020), *cert. denied*, 141 S. Ct. 2671 (2021).

³⁹ *Id.* at 1303.

⁴⁰ 572 U.S. 118 (2014).

⁴¹ *Corcamore*, 978 F.3d at 1303.

⁴² *Id.*

⁴³ *Philanthropist.com, Inc. v. Gen. Conference Corp. of Seventh-Day Adventists*, 2021 U.S.P.Q.2d 643 (T.T.A.B. 2021).

⁴⁴ See *Brooklyn Brewery Corp. v. Brooklyn Brew Shop*, 17 F.4th 129, 137-38 (Fed. Cir. 2021) (“This is because Article III of the U.S. Constitution limits federal courts to hearing

tiered showing by plaintiffs potentially aggrieved by Board decisions, the court came perilously close to adopting a view of likely confusion and standing previously consigned to the mists of antiquity, which was that “the issue for likelihood-of-confusion . . . purposes is typically whether the challenger and registrant compete in the same line of business and failure to cancel an existing mark [sic], or to refuse registration of a new mark, would be likely to cause the opposer competitive injury.”⁴⁵

Like other tribunals, the Federal Circuit itself has historically recognized “[d]irect competition between substantially identical goods is a factor to be considered, but it is not a prerequisite to trademark infringement,”⁴⁶ and that proposition appears even in the timeworn case law of the Federal Circuit’s predecessor, the Court of Customs and Patent and Appeals.⁴⁷ Although those opinions obviously predate *Lexmark*, the Supreme Court’s observation that “[b]y the time the Lanham Act was adopted, the common-law tort of unfair competition was understood not to be limited to actions between competitors”⁴⁸ appears to foreclose *Lexmark*’s use as a vehicle for reversing nearly a century’s worth of well-established unfair competition jurisprudence.⁴⁹ If it ultimately does prove to be such a vehicle, however, mark owners will be left holding something disfavored in United States jurisprudence since the earliest days of the republic: A statutory right without a remedy.⁵⁰

‘Cases’ or ‘Controversies,’ and ‘Congress cannot erase Article III’s standing requirements by statutorily granting the right to sue to [an appellant] who could not otherwise have standing.’” (first quoting U.S. CONST. ART. III, § 2, cl. 1; and then quoting *Phigenix, Inc. v. Immunogen, Inc.*, 845 F.3d 1168, 1175 (Fed. Cir. 2017)).

⁴⁵ *Id.* at 139.

⁴⁶ *Gamut Trading Co. v. U.S. Int’l Trade Comm’n*, 200 F.3d 775, 783 (Fed. Cir. 1999).

⁴⁷ *See, e.g., Safety-Kleen Corp. v. Dresser Indus.*, 518 F.2d 1399, 1404 (C.C.P.A. 1975) (“While the similarity or dissimilarity of the goods or service should, in appropriate cases, be considered in determining likelihood of confusion . . . the law has long protected the legitimate interests of trademark owners from confusion among noncompetitive, but related, products bearing confusingly similar marks.”).

⁴⁸ 572 U.S. at 136.

⁴⁹ As long ago as 1928, Judge Learned Hand properly recognized:

[I]t has of recent years been recognized that a merchant may have a sufficient economic interest in the use of his mark outside the field of his own exploitation to justify interposition by a court. His mark is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. If another uses it, he borrows the owner’s reputation, whose quality no longer lies within his own control. This is an injury, even though the borrower does not tarnish it, or divert any sales by its use; for a reputation, like a face, is the symbol of its possessor and creator, and another can use it only as a mask.

Yale Elec. Corp. v. Robertson, 26 F.2d 972, 974 (2d Cir. 1928).

⁵⁰ *See Marbury v. Madison*, 5 U.S. 137, 147 (1803) (“It is a settled and invariable principle, that every right, when withheld, must have a remedy, and every injury its proper redress.”).

PART I. EX PARTE CASES

*By John L. Welch**

A. Trademark Trial and Appeal Board

1. Section 2(d) Likelihood of Confusion

In re Joel Embiid

Is TRUST THE PROCESS for shoes confusable with TRUST THE PROCESS for clothing? You betcha! Joel Embiid of the NBA's Philadelphia 76ers was blocked in his attempt to register TRUST THE PROCESS for shoes, the Trademark Trial and Appeal Board ("TTAB" or "the Board") affirming a Section 2(d) likelihood of confusion refusal based on the identical mark registered for shirts and sweatshirts (and owned by television host Marcus Lemonis). Mr. Embiid tried various moves to overcome the refusal but the Board shut down every one of them.¹

Those who follow NBA basketball know that "the process" was a term created several years ago to refer to the plan of the Philadelphia 76ers to rebuild their roster into a winning combination after years of NBA misery. One aspect of the process in its early stages was to lose as many games as possible in order to garner high draft picks in the annual NBA player draft. Fans of the team indicated that they would "trust the process." Joel Embiid is perhaps the key component of the rejuvenated team, and he became known individually as "The Process."²

Marcus Lemonis is the host of the CNBC business-oriented television program *The Profit*, and is known for the mantra "People/Process/Product."³

Although the involved marks are identical, Mr. Embiid contended that they engender different commercial impressions: i.e., his mark TRUST THE PROCESS is uniquely associated with him when used in connection with shoes, while the cited mark TRUST THE PROCESS is uniquely associated with Marcus Lemonis when used for shirts and sweatshirts.

The Board agreed with the examining attorney that the decision of the United States Court of Appeals for the Federal Circuit

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¹ *In re Joel Embiid*, 2021 U.S.P.Q.2d 577 (T.T.A.B. 2021).

² *Id.* at *6-7.

³ *Id.* at *7-8.

(“CAFC”) in *i.am.symbolic*⁴ was “analogous and instructive in [its] consideration of the applicant’s evidence of fame outside the four corners of his application and the cited registration.”⁵ There, the CAFC upheld the conclusion of the Board that the mark I AM for goods identified as cosmetics “all associated with William Adams, professionally known as will.i.am”⁶ is likely to cause confusion with the identical mark likewise registered for cosmetics. The CAFC held that the application’s identification of goods “does not specify how Adams will be ‘associated with’ the goods” and so the court saw “no error with the Board’s determination that the will.i.am restriction ‘does not even represent that Mr. Adams will be named, or otherwise identified, in the promotion of the goods.’”⁷ The CAFC concluded that “there is nothing in the record that persuades us that the will.i.am restriction changes the meaning or overall commercial impression of the mark.”⁸

Here, the Board came to a similar conclusion:

[T]here is nothing in Applicant’s identification of “shoes” that would change the meaning of the mark as referring to Applicant in the context of the goods, and nothing in Registrant’s identification of “Clothing, namely, shirts and sweat shirts” that would change the meaning of the mark as referring to Marcus Lemonis, or the television program *The Profit* that he hosts, in the context of the goods as identified. *** There is nothing on the face of Applicant’s mark, such as his image or signature, which ties the mark to him, and nothing in the record that in the context of shoes, TRUST THE PROCESS would necessarily mean Applicant.⁹

In *i.am.symbolic*, the CAFC agreed with the Board’s finding that William Adams was not known as “I AM” or “i.am.” Here, the undisputed fact that Mr. Embiid may be known by the nickname “The Process” did not establish that the public knows him by another nickname, even if the nicknames contain common elements.

The Board therefore found that the involved marks are identical in appearance, sound, connotation, and commercial impression, and

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

⁵ *Joel Embiid*, 2021 U.S.P.Q.2d 577, at *16.

⁶ William Adams is the well-known front man for the music group The Black Eyed-Peas and performs under the pseudonym “will.i.am.”

⁷ *i.am.symbolic*, 123 U.S.P.Q.2d at 1748-49 (quoting *In re i.am.symbolic, llc*, 116 U.S.P.Q.2d 1406, 1410 (T.T.A.B. 2015).

⁸ *Id.* at 1749.

⁹ *Joel Embiid*, 2021 U.S.P.Q.2d 577, at *17-18.

so the first *DuPont* factor¹⁰ “weighs heavily’ in favor of a likelihood of confusion.”¹¹

With respect to the goods, the Board again agreed with the examining attorney that because there are no restrictions in the identification of goods in either the application or the cited registration, it is impermissible to “import restrictions into the identification[s] based on alleged real world conditions”¹² or to consider extrinsic evidence regarding Mr. Embiid and Mr. Lemonis themselves.¹³

The Board unsurprisingly found that shoes and shirts are sold together on the websites of clothing companies and appear together in numerous third-party registrations. Moreover, the channels of trade and classes of consumers plainly overlap.

In an attempt to show the weakness of the cited mark, Mr. Embiid submitted “at most” three third-party registrations but no evidence of third-party use of PROCESS-formative marks for clothing, “a far cry from the large quantum of evidence of third-party use and third-party registrations that was held to be significant” in both *Jack Wolfskin* and *Juice Generation*.¹⁴ The Board therefore found that the cited mark is not conceptually weak and is to be accorded “the normal scope of protection.”¹⁵

Finally, invoking the catch-all thirteenth *DuPont* factor,¹⁶ Mr. Embiid pointed to his ownership of a registration for THE PROCESS for various clothing items, relying on the Board’s

¹⁰ See *In re E.I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 U.S.P.Q. 563 (C.C.P.A. 1973). *DuPont* sets forth the principal factors that “must be considered” in determining likelihood of confusion. Under the first *DuPont* factor, the Board considers “the similarity or dissimilarity of the marks in their entirety as to appearance, sound, connotation and commercial impression.” *Id.* at 567.

¹¹ *Joel Embiid*, 2021 U.S.P.Q.2d 577, at *22, quoting *i.am.symbolic*, 123 U.S.P.Q.2d at 1748 (explaining that “when word marks are identical but neither suggestive nor descriptive of the goods associated with them, the first *DuPont* factor weighs heavily against the applicant.”).

¹² *New Era Cap Co. v. Pro Era, LLC*, 2020 U.S.P.Q.2d 10596, at *16 (T.T.A.B. 2020) (citing *Stone Lion Capital Partners, L.P. v. Lion Capital, LLP*, 746 F.3d 1317, 110 U.S.P.Q.2d 1157, 1162 (Fed. Cir. 2014)).

¹³ *Joel Embiid*, 2021 U.S.P.Q.2d 577, at *28.

¹⁴ *Id.* at *38-39, quoting *In re Inn at St. John’s, LLC*, 126 U.S.P.Q.2d 1742, 1746 (T.T.A.B. 2018), and citing *Jack Wolfskin Ausrüstung Fur Draussen GmbH & Co. v. Millennium Sports, S.L.U.*, 797 F.3d 1363, 116 U.S.P.Q.2d 1129, 1136 (Fed. Cir. 2015), and *Juice Generation, Inc. v. GS Enters. LLC*, 794 F.3d 1334, 115 U.S.P.Q.2d 1671, 1674 (Fed. Cir. 2015) (“extensive evidence” of third-party registration and use of similar marks was deemed “powerful on its face.”). In *Jack Wolfskin*, the Board considered at least 14 third-party registrations and uses, and in *Juice Generation* there were 26 registrations and uses.

¹⁵ *Joel Embiid*, 2021 U.S.P.Q.2d 577, at *39.

¹⁶ The thirteenth *DuPont* factor requires consideration of “any other established fact probative of the effect of use.” 177 U.S.P.Q. at 567.

Strategic Partners decision.¹⁷ That case involved the reversal of a Section 2(d) refusal in “the unique situation presented by the coexistence of applicant’s existing registration [for the mark ANYWEARS in standard form] with the cited registration [ANYWEAR BY JOSIE NATORI] for over five years, when applicant’s applied-for mark [ANYWEARS in stylized form] is substantially similar to its existing registered mark, both for identical goods [footwear].”¹⁸ The Board, however, readily distinguished that case, noting that here “there are meaningful differences between Applicant’s registered mark THE PROCESS . . . and his applied-for mark TRUST THE PROCESS, and Applicant’s mark THE PROCESS has been registered for fewer than five years and accordingly ‘may still be challenged in a cancellation proceeding under Section 2(d).’”¹⁹

In sum, the Board found that the first, second, and third *DuPont* factors supported a finding of a likelihood of confusion, and the fourth, sixth, eighth, and thirteenth factors were neutral. Concluding that confusion as to source is likely, the Board affirmed the Section 2(d) refusal to register.

2. Section 2(e)(1) Deceptive Misdescriptiveness

In re Dolce Vita Footwear, Inc.

Does the Board recognize initial interest confusion? It did so in a pair of decisions issued on the same day, affirming Section 2(e)(1) refusals of the proposed mark CLEAR for footwear, lingerie, and other clothing items, and for handbags, purses, wallets, and related items, all “excluding transparent goods.” The Board found the term “clear” to be deceptively misdescriptive of the goods, observing that consumers would not be aware of the “nontransparent” limitation in the trademark application, and pointing out that not all purchases of Applicant Dolce Vita’s goods would be made after direct inspection of the goods.²⁰

A mark is considered deceptively misdescriptive under Section 2(e)(1)²¹ if: (1) the mark misdescribes a quality, feature, function, or characteristic of the goods or services with which it is used; and (2) consumers would be likely to believe the misrepresentation.²²

¹⁷ *In re Strategic Partners, Inc.*, 102 U.S.P.Q.2d 1397 (T.T.A.B. 2012).

¹⁸ *Id.* at 1400.

¹⁹ *Joel Embiid*, 2021 U.S.P.Q.2d 577, at *44, quoting *In re Country Oven*, 2019 U.S.P.Q.2d 443903, at *18 (T.T.A.B. 2019).

²⁰ *In re Dolce Vita Footwear, Inc.*, 2021 U.S.P.Q.2d 478 and 479 (T.T.A.B. 2021).

²¹ Section 2(e)(1) of the Lanham Act, 15 U.S.C. § 1052(e)(1), in pertinent part, bars registration of a mark “which . . . when used on or in connection with the goods of the applicant is . . . deceptively misdescriptive of them”

²² *See, e.g., In re Quady Winery, Inc.*, 221 U.S.P.Q. 1213, 1214 (T.T.A.B. 1984). Note that if the misrepresentation is also a material factor in the purchasing decisions of a

The reasonably prudent consumer test is applied in assessing whether consumers are likely to believe the misrepresentation.²³

Dictionary definitions and third-party website evidence convinced the Board that consumers “will perceive CLEAR as describing a feature” of Dolce Vita’s clothing and accessories, handbags, wallets, etc.²⁴

As to Dolce Vita’s exclusion of “non-transparent goods,” the Board found that this exclusion “conclusively establishes” that CLEAR misdescribes a feature of the goods, satisfying the first element of the Section 2(e)(1) test.²⁵

Applicant’s contention that its proposed mark CLEAR does not describe a plausible feature of its goods because it has restricted its identification so that the recited goods do not include transparent footwear and clothing is unavailing. We cannot assume that consumers of Applicant’s goods will be aware that its identification is so restricted, and the restriction is not controlling of public perception. *See In re Aquitaine Wine USA, LLC*, 126 U.S.P.Q.2d 1181, 1187-88 (T.T.A.B. 2018). *Cf., e.g., In re Clorox Co.*, 578 F.2d 305, 198 U.S.P.Q. 337, 340 (C.C.P.A. 1978) (“[T]he locus of potential confusion is [not] in the files of the PTO.”); *In re Wada*, 48 U.S.P.Q.2d 1689, 1692 (T.T.A.B. 1998) (public is unaware of disclaimers that “quietly reside” in the records of the Office).²⁶

The Board observed that Dolce Vita “cannot avoid a finding of deceptive misdescriptiveness by excluding from its identification the very characteristic that its mark is misdescribing.”²⁷

As to the second element of the test, because the evidence showed that various types of clothing, footwear, and handbags may be transparent in whole or in part, the Board found that relevant consumers are likely to believe the misrepresentation. The Board rejected Dolce Vita’s argument that consumers are unlikely to believe the misrepresentation because they will visually inspect the goods before purchase, since not all consumers will have the opportunity to visually inspect the goods:

significant portion of the relevant consumers, the proposed mark is deceptive under Section 2(a). *See, e.g., In re Budge Mfg. Co.*, 857 F.2d 773, 8 U.S.P.Q.2d 1259, 1260 (Fed. Cir. 1988); *In re White Jasmine LLC*, 106 U.S.P.Q.2d 1385, 1394 (T.T.A.B. 2013).

²³ *In re Hinton*, 116 U.S.P.Q.2d 1051, 1052 (T.T.A.B. 2015) (citing *R. J. Reynolds Tobacco Co. v. Brown & Williamson Tobacco Corp.*, 226 U.S.P.Q. 169, 179 (T.T.A.B. 1985)).

²⁴ *Dolce Vita*, 2021 U.S.P.Q.2d 478, at *11.

²⁵ *Id.* at *12.

²⁶ *Id.* at *13.

²⁷ *Id. Cf. In re ALP of South Beach, Inc.*, 79 U.S.P.Q.2d 1009, 1010 (T.T.A.B. 2006) (“We find that the word CAFETERIA used in connection with restaurant services that explicitly exclude cafeteria-style restaurants does misdescribe the services.”).

If Applicant's goods were to be promoted by word-of-mouth or on social media or in print (e.g., in fashion blogs, magazine articles, or even Applicant's future advertising) without an image of the goods, a reasonable consumer seeking what the record shows to be a fashion trend would believe that Applicant's goods, promoted under the proposed CLEAR mark, would feature transparent or clear attributes.²⁸

Dolce Vita relied on three TTAB decisions dealing with the issue of deceptiveness—*In re Econoheat, Inc.*,²⁹ *Northwestern Golf Co. v. Acushnet Co.*,³⁰ and *In re Robert Simmons, Inc.*³¹—but the Board distinguished each of them. In *Econoheat*, consumers were not likely to believe that paint brushes sold under the mark WHITE SABLE would be made from the hair or fur of a sable. As to *Northwestern Golf*, the word “STEP” in the mark POWER-STEP did not necessarily signify that the golf club shafts had a single “step.” And as to *Robert Simmons*, involving the mark SOLAR QUARTZ for space heaters, there was no evidence that there existed such a thing as a solar quartz heater.

The second element of the Section 2(e)(1) test having been met, the Board concluded that the proposed mark is deceptively misdescriptive of the goods, and so it affirmed the refusals to register.

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

In re Recreational Equipment, Inc.

If a proposed mark describes the *source* of the goods, is the mark merely descriptive of the *goods* under Section 2(e)(1)?³² The TTAB faced that question in this appeal from a refusal to register the mark CO-OP for bicycles and bicycle parts. The examining attorney maintained that the term “co-op” merely describes something about Applicant REI, namely, that REI is a co-operative business. The TTAB reversed the refusal.³³

Applicant REI conceded that it is indeed a co-op.³⁴ According to the Board, the examining attorney, relying on *In re Major League*

²⁸ *Dolce Vita*, 2021 U.S.P.Q.2d 478, at *16.

²⁹ 218 U.S.P.Q. 381 (T.T.A.B. 1983).

³⁰ 226 U.S.P.Q. 240 (T.T.A.B. 1985).

³¹ 192 U.S.P.Q. 331 (T.T.A.B. 1976).

³² Section 2(e)(1) of the Lanham Act, 15 U.S.C. § 1052(e)(1), in pertinent part, bars registration of a mark that “when used on or in connection with the goods of the applicant is merely descriptive . . . of them.”

³³ *In re Recreational Equipment, Inc.*, 2020 U.S.P.Q.2d 11386 (T.T.A.B. 2020).

³⁴ REI's website states: “REI started as a cooperative, or co-op, in 1938 and we've stayed true to that business structure ever since.”

Umpires,³⁵ effectively applied a per se rule: “she found the mark merely descriptive of the source and then refused registration on the basis that the mark merely describes the goods.”³⁶

In *Major League Umpires*, the Board broadly stated that, “a term which describes the provider of goods or services is also merely descriptive of those goods and services.”³⁷ Here, however, the Board observed that, when that statement is read in context, “it becomes clear that *Major League Umpires* does not require or support the use of a per se rule.”³⁸

The mark at issue there was MAJOR LEAGUE UMPIRE. The evidence established that the applicant (an LLC called “Major League Umpires”) was owned and operated by three National League umpires. In addition, those three umpires “actually designed some of the goods, a fact touted in the applicant’s advertising.”³⁹ The Board also found that major league umpires are among the classes of purchasers of the goods and the goods are of a type used by major league umpires.

A careful reading of the *Major League Umpires* decision suggests the Board was not making a broad holding that all terms that describe something about the source of goods are per se unregistrable as merely descriptive of the goods, but rather the Board was stating that this result followed given the facts of the *Major League Umpires* case. The mark went well beyond simply describing something about the source of the goods. It also described characteristics of the goods.⁴⁰

There, the Board concluded that “the mark MAJOR LEAGUE UMPIRE would immediately convey to such purchasers a characteristic of the gear/clothing, i.e., that it is designed by a major league umpire.”⁴¹ Thus, *Major League Umpires* did not apply a per se rule, but rather found the mark to be merely descriptive of the goods in at least three different ways: as to the source, the nature of the designer, and a portion of the classes of consumers.⁴²

The Board acknowledged that in some cases a proposed mark that provides specific information about the source of the goods or services will be merely descriptive.

³⁵ 60 U.S.P.Q.2d 1059 (T.T.A.B. 2001).

³⁶ *Recreational Equipment*, 2020 U.S.P.Q.2d 11386, at *2.

³⁷ 60 U.S.P.Q.2d at 1060 (citing *In re E. I. Kane Inc.*, 221 U.S.P.Q. 1203 (T.T.A.B. 1984) and cases cited therein).

³⁸ *Recreational Equipment*, 2020 U.S.P.Q.2d 11386, at *2.

³⁹ *Id.* at *3.

⁴⁰ *Id.*

⁴¹ *Major League Umpires*, 60 U.S.P.Q.2d at 1061.

⁴² *Recreational Equipment*, 2020 U.S.P.Q.2d 11386, at *3.

When the mark describes a characteristic of the source, and that characteristic is used to actively promote the goods, the mark probably also describes a feature of the goods for purposes of Section 2(e)(1). See *In re MBNA Am. Bank, N.A.*, 340 F.3d 1328, 67 U.S.P.Q.2d 1778 (Fed. Cir. 2003) (emphasis on the MONTANA SERIES and PHILADELPHIA CARD marks in promotional materials signifies that they are “a significant feature of MBNA’s method of promoting and marketing these affinity credit cards as well as of the services themselves.”).

This principle was particularly applicable in *Major League Umpires* because of the nature of the goods. If the goods at issue in *Major League Umpires* had been luxury automobiles or fly fishing gear or sewing machines, a different result may have been reached. It is the connection between the mark and the nature of the goods that supported the Section 2(e)(1) refusal in *Major League Umpires*. Thus, the *Major League Umpires* decision should not be read as supporting a per se rule of law.⁴³

In the instant case, there was no evidence “showing what consumers are likely to think when they see the CO-OP mark on bicycles or bicycle components.”⁴⁴ There was no evidence of third-party use of “co-op” in connection with bicycles or parts, no descriptive use in REI’s advertising, and no use by consumers or in trade publications. Although some consumers may be aware that Applicant REI is a co-op (the largest consumer cooperative in the country), “the record does not support a finding that the mark CO-OP immediately conveys to average consumers information about a quality, feature, or characteristic of bicycles and the other goods identified in the application.”⁴⁵

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

In re tapio GmbH

The TTAB seemingly lowered the bar for proving that a proposed mark is primarily merely a surname under Section 2(e)(4)⁴⁶ when it affirmed a refusal to register the mark TAPIO for various Internet-related goods and services. The Board refused to adopt the applicant’s proposed standard requiring “celebrity status,” “national notoriety,” or “significant media attention” in order to establish that

⁴³ *Id.* at *4.

⁴⁴ *Id.* at *5.

⁴⁵ *Id.*

⁴⁶ Section 2(e)(4) of the Lanham Act, 15 U.S.C. § 1052(e)(4), bars registration of a mark that “is primarily merely a surname.”

a surname, although not common, has sufficient public exposure to be deemed primarily merely a surname.⁴⁷

The Board applied the ever-popular *Benthin* factors,⁴⁸ which provide “examples of inquiries that may lead to evidence regarding the purchasing public’s perception of a term’s primary significance.”⁴⁹

The examining attorney submitted LexisNexis® evidence showing 200 out of 374 occurrences of the surname “Tapio,” whitepages.com database search results reflecting 71,018 summary “hits” for the surname “Tapio,” six news items referring to five individuals with the “Tapio” surname who appear to be in the United States (including a South Dakota state senator), and a page from the Internet website of a forty-year-old construction business located in Vancouver, Washington, using the founder’s name “Tapio.” The Board found that this evidence was sufficient to establish that the purchasing public is exposed to the surname “Tapio.”

The applicant vigorously argued that “Tapio” is an extremely rare surname, citing 2010 Census data indicating that the surname ranked at number 65,244 in terms of popularity, and specifically showing 304 occurrences of the “Tapio” surname in America. The Board noted, however, that “given the massive number of surnames in the United States, even the most common surname would represent only a small fraction of the U.S. population.”⁵⁰

The applicant posited that “significant media attention” is required when determining whether a rare surname has primary surname significance in the minds of the purchasing public, and it argued that none of the identified individuals has gained any media attention. Moreover, the news items did not appear in widely read publications. Thus, according to the applicant, the evidence did not demonstrate widespread exposure to the surname “Tapio.”

The Board, however, refused to adopt “a heightened standard requiring ‘celebrity status,’ ‘national notoriety,’ or ‘significant media attention’ in order to find that a surname, although not common,

⁴⁷ *In re tapio GmbH*, 2020 U.S.P.Q.2d 11387 (T.T.A.B. 2020).

⁴⁸ *In re Benthin Mgmt. GmbH*, 37 U.S.P.Q.2d 1332 (T.T.A.B. 1995). In *Benthin*, the Board stated that “factors” to be considered in determining whether a term is primarily merely a surname include: (1) the degree of a surname’s rareness; (2) whether anyone connected with the applicant has that surname; (3) whether the term has any recognized meaning other than that of a surname; (4) whether the term has the “structure and pronunciation” of a surname; and (5) whether the stylization of lettering is distinctive enough to create a separate commercial impression. Of course, when the mark at issue is in standard characters, it is unnecessary to consider the fifth factor. *See, e.g., In re Integrated Embedded*, 120 U.S.P.Q.2d 1504, 1506 n.4 (2016) (involving the mark BARR GROUP in standard characters).

⁴⁹ *Tapio*, 2020 U.S.P.Q.2d 11387, at *9.

⁵⁰ *Id.* citing *In re Gregory*, 70 U.S.P.Q.2d 1792, 1795 (T.T.A.B. 2004).

has sufficient public exposure to be primarily merely a surname within the meaning of Section 2(e)(4) of the Trademark Act.”⁵¹

Here, the record evidence shows the purchasing public is exposed to the TAPIO surname, and not just on a limited basis. The surname is noticeable in articles published in widely-circulated publications, namely, the *New York Times*, *Sacramento Bee*, and *The Huffington Post*; TAPIO is the surname of a South Dakota state senator who has received national media coverage in publications such as the *New York Times* and *The Huffington Post*; 71,018 summary “hits” for the surname “Tapio” appear in a whitepages.com database; and there is a Tapio Construction company in Vancouver, Washington, which, given the nature of the construction business, would be expected to be encountered by a number of Americans. That is, construction companies can be expected to interact with contractors, subcontractors, suppliers, governmental entities, real estate professionals, potential buyers or renters, and many others.⁵²

Moreover, the Board observed once again that “[e]ven a rare surname may be held primarily merely a surname if its primary significance to purchasers is that of a surname.”⁵³ The Board concluded that, although “Tapio” is not a common surname, “there is meaningful and fairly widespread public exposure to the surname throughout the United States.”⁵⁴

Turning to the other *Benthin* factors, the applicant stated, without challenge, that no one with the surname “Tapio” is associated with it. As to non-surname meanings, it creatively claimed that TAPIO is a coined term “intended to suggest the functionality of Applicant’s software” by “suggest[ing] tapping on a smart phone or tablet, combined with the common computer-related abbreviation ‘I/O,’ for ‘input/output.’”⁵⁵ The applicant also contended

⁵¹ *Id.* at *10.

⁵² *Id.*

⁵³ *Id.* at *10-11 quoting *In re Beds & Bars Ltd.*, 122 U.S.P.Q.2d 1546, 1551 (T.T.A.B. 2017) (although “Belushi” is an “exceedingly rare” surname (only five people in the United States have the surname “Belushi”), “the celebrity of John Belushi and the continuing media attention on Jim Belushi support a finding that a substantial portion of Americans know BELUSHI to be a surname”); see also *In re Eximius Coffee LLC*, 120 U.S.P.Q.2d 1276, 1281 (T.T.A.B. 2016) (“Section 2(e)(4) makes no distinction between rare and commonplace surnames . . . and even a rare surname is unregistrable if its primary significance to purchasers is a surname”) (citations omitted); *In re Adlon GmbH & Co. KG*, 120 U.S.P.Q.2d 1717, 1720-21 (T.T.A.B. 2016) (finding “Adlon” merely a surname despite evidence that only seventy-five United States individuals have that name, and pointing out that the “strictly numerical approach to a surname analysis has been squarely rejected.”).

⁵⁴ *Id.* at *11.

⁵⁵ *Id.*

that the word “Tapio” refers to an East Finnish forest spirit god.⁵⁶ The Board, however, pointed out that there was no evidence that consumers would perceive TAPIO as a coined term, no evidence as to how frequently consumers are exposed to the term “TAP I/O,” and no evidence that TAPIO refers to a Finnish spirit god or that the relevant public would be aware of that meaning.

As to structure and sound, TAPIO is “nearly identical to the surname Tapia, which is also not an uncommon surname.”⁵⁷ The *Oxford Reference Dictionary of American Family Names* ranks “Tapia” at 3,902 out of over 70,000 surnames, and the surname Tapia is ranked 647th (occurring 17.9 times per 100,000 persons) according to 2010 U.S. Census records for the top 1,000 surnames. “This evidence leads us to conclude that Applicant’s mark, TAPIO, has the structure and pronunciation of a surname.”⁵⁸

Balancing “the results of our inquiries . . . and using the evidence of record,”⁵⁹ the Board found TAPIO to be primarily merely a surname.

5. Section 2(e)(5) Functionality

In re MK Diamond Prods., Inc.

Applying the oft-cited *Morton-Norwich*⁶⁰ factors, the Board upheld a Section 2(e)(5)⁶¹ refusal to register the product configuration mark shown below for “circular saw blades for power operated saws,” finding the proposed mark to be *de jure* functional. Alternatively, the Board agreed with the United States Patent and Trademark Office (“USPTO”) that Applicant MK Diamond failed to carry its “unusually high burden” of proving that the configuration had acquired distinctiveness.⁶²

⁵⁶ *Id.* at *12. The Board declined to take judicial notice that “Tapio” identifies an East Finnish forest spirit god of Finnish mythology, because the Board did not “believe that this [is] a commonly known fact, at least in the United States.” (*Id.* n.39).

⁵⁷ *Id.* at *13.

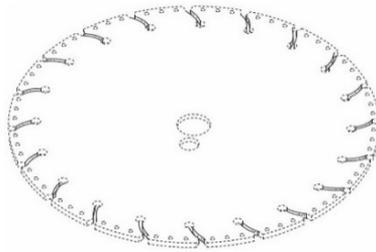
⁵⁸ *Id.*

⁵⁹ *Id.*

⁶⁰ *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 213 U.S.P.Q. 9 (C.C.P.A. 1982). The *Morton-Norwich* factors are: (1) the existence of a utility patent disclosing the utilitarian advantages of the design; (2) advertising materials in which the originator of the design touts the design’s utilitarian advantages; (3) the availability to competitors of functionally equivalent designs; and (4) facts indicating that the design results in a comparatively simple or cheap method of manufacturing the product.

⁶¹ Section 2(e)(5) of the Lanham Act, 15 U.S.C. § 1052(e)(5), bars registration of any mark that “comprises any matter that, as a whole, is functional.”

⁶² *In re MK Diamond Prods., Inc.*, 2020 U.S.P.Q.2d 10882 (T.T.A.B. 2020). The Section 2(f) issue is discussed in Section I.A.6, below.



The proposed mark comprised the curved portions of the slots or cut-outs around the circumference of the blade, shown in solid lines. Applicant MK claimed that the precise shape of the cut-outs was chosen arbitrarily in order to differentiate its “Tiger Tooth” diamond saw blades from those of competitors.

The Board first reviewed four third-party utility patents and two pending patent applications submitted by the examining attorney. MK argued that these patent documents were not probative because they did not disclose or claim the exact same configuration as the proposed mark, but the Board rejected that notion: “[t]he disclosures in such a patent may demonstrate that utilitarian benefits are provided by a basic design feature irrespective of its specific shape. Thus, patents (and applications) for analogous designs can provide competent evidence of *de jure* functionality.”⁶³

The Board concluded that the patent evidence supported a finding that cut-outs interspaced along the outer edge of a circular saw blade, regardless of shape, are *de jure* functional because, among other things, they provide one or more utilitarian benefits: they dissipate blade stress, prevent blade warpage, clean out kerf, or attain straighter cutting action. Evidence of third-party use of similar features on saw blades also tended to show that the features at issue are functional.

The weight of the evidence, including Applicant MK’s own statements, suggested that its saw blades are cooled more, and are provided with more stress relief, by using these cut-outs. Based on the totality of the evidence the Board found that the proposed configuration mark “as a whole is primarily functional.”⁶⁴

The overall appearance of the applied-for mark affects the quality of the blades under the *Inwood* test and, as a whole, “is in its particular shape because it works better in that shape,” *In re Becton, Dickinson and Co.*, 675 F.3d 1368, 102 U.S.P.Q.2d 1372, 1376-39 (Fed. Cir. 2012), because it provides cooling, stress relief, and other benefits such as the removal of swarf, particularly with respect to blades

⁶³ *Id.* at *10.

⁶⁴ *Id.* at *17.

manufactured without vacuum brazed technology or other means that do not eliminate added benefits provided by cut-outs in the blade's design. *** Applicant's slightly curved cut-out design is not manifestly different from other blade designs in a manner suggesting the cut-outs do not provide the same benefits that similar third-party blade cut-outs provide. Applicant understands that consumers expect cut-outs on diamond blade saws. If consumers expect them to be there, it is either because they are used decoratively, which the evidence here does not suggest, or it is because they make the products work better.⁶⁵

Having found the proposed mark to be functional under *Inwood*,⁶⁶ *TrafFix*,⁶⁷ and their progeny, there was no need for the Board to consider the other *Morton-Norwich* factors. Nonetheless, the Board reviewed MK's advertising and found that it did not tout the design in question. MK did not provide evidence of alternative designs that "offer the same performance benefits as" MK's cut-outs.⁶⁸ And there was no evidence that MK's design resulted from a simple or inexpensive method of manufacture.

The Board concluded that MK's configuration "is dictated by the function it performs," and is therefore "essential to the use or purpose of the goods and as a whole is functional."⁶⁹

To give Applicant the trademark registration it seeks here would give it a potential perpetual monopoly on a slightly curved basic design of cut-outs along the outer edges of a circular saw blade. One can envision only several different alternative configurations for the shape of cut-outs emanating from the perimeter of a circular saw blade – straight, angled, curved, or some combination thereof. We believe that a registration covering one of the few basic shapes available would interfere with the fundamental right to compete.⁷⁰

6. Section 2(f) Acquired Distinctiveness

In re Guaranteed Rate, Inc.

Conceding that GUARANTEED RATE is not inherently distinctive for its mortgage lending services, Applicant Guaranteed Rate, Inc. sought to register that phrase, and the word-plus-design

⁶⁵ *Id.*

⁶⁶ *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 214 U.S.P.Q. 1 (1982).

⁶⁷ *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 58 U.S.P.Q.2d 1001 (2001).

⁶⁸ *MK Diamond*, 2020 U.S.P.Q.2d 10882, at *18.

⁶⁹ *Id.*, quoting *TrafFix*, 58 U.S.P.Q.2d at 1006.

⁷⁰ *Id.* at *18-19.

mark shown below, on the basis of acquired distinctiveness under Section 2(f). The Board, however, found the phrase to be highly descriptive—indeed, a “key aspect”⁷¹—of the services and ruled that the applicant had failed to carry the resulting proportionately higher burden to establish acquired distinctiveness. And so, the Board affirmed the Section 2(e)(1) refusal of the word mark and likewise affirmed the requirement that the applicant disclaim GUARANTEED RATE in the word-and-design mark.⁷²



The examining attorney submitted dictionary definitions of the component words and copious evidence of third-party use of “guaranteed rate” and closely similar terms. The Board found from this evidence that “locking in’ a mortgage rate is referred to and explained as obtaining a ‘guaranteed rate’ . . . for a particular period,”⁷³ and it concluded that the phrase is highly descriptive of the recited services.

To determine whether the phrase has acquired distinctiveness, the Board looked to its decision in *SnoWizard, Inc.*⁷⁴

[T]he considerations to be assessed in determining whether a mark has acquired secondary meaning can be described by the following six factors: (1) association of the [mark] with a particular source by actual purchasers (typically measured by customer surveys); (2) length, degree, and exclusivity of use; (3) amount and manner of advertising; (4) amount of sales and number of customers; (5) intentional copying; and (6) unsolicited media coverage of the product embodying the mark.⁷⁵

The applicant relied on evidence under the second, third, fourth, and sixth *SnoWizard* factors, but did not submit a consumer survey or other direct evidence. The evidence showed use of the phrase in connection with mortgage services since 2000. Applicant owns

⁷¹ *Cf. Royal Crown Cola v. Coca-Cola*, 892 F.3d 1358, 127 U.S.P.Q.2d 1041, 1047 (Fed. Cir. 2018) (“The Board therefore must consider whether ZERO is generic because it refers to a key aspect of at least a subgroup or type of the claimed beverage goods.”).

⁷² *In re Guaranteed Rate, Inc.*, 2020 U.S.P.Q.2d 10869 (T.T.A.B. 2020).

⁷³ *Id.* at *3.

⁷⁴ 129 U.S.P.Q.2d 1001 (T.T.A.B. 2018).

⁷⁵ *Guaranteed Rate*, 2020 U.S.P.Q.2d 10869, at *2-3, citing *SnoWizard* 129 U.S.P.Q.2d at 1005. “All six factors are to be weighed together in determining the existence of secondary meaning.” *Converse*, 128 U.S.P.Q.2d at 1546.

registrations for GUARANTEED RATE AFFINITY in standard character and similar design form for the same services, both of which registrations issued with a claim of acquired distinctiveness for “GUARANTEED RATE.”

Since 2007, the applicant has spent more than \$140 million in promoting its services under the proposed mark, usually in the design form. The applicant garnered more than \$3 billion in revenues in the past eleven years and in 2016 was ranked as the country’s fifth largest mortgage company. It received favorable media coverage, advertised at the Super Bowl, and owns naming rights to the Chicago White Sox baseball stadium.⁷⁶

Although the Board found the applicant’s advertising and sales figures to be “impressive,” it was “not convinced that this evidence demonstrates consumer recognition of this highly descriptive wording as indicating a single source especially because of the extensive evidence of third-party use.”⁷⁷ It was not clear to what extent the applicant used the phrase “GUARANTEED RATE” standing alone. And the nature and number of third-party descriptive uses undercut applicant’s claim “because it interferes with the relevant public’s perception of the designation as an indicator of a single source.”⁷⁸

Given the number of third-party uses in the same field in which Applicant uses it, consumers are likely to perceive the term “Guaranteed Rate” when used in connection with mortgage lending services not as a trademark for one company, but rather as a term commonly used by many entities in the industry, and in common speech, to describe a feature of mortgage services.⁷⁹

The Board then turned to the applicant’s two registrations for the mark GUARANTEED RATE AFFINITY. Trademark Rule

⁷⁶ It will always be Comiskey Park to this author, born and raised on Chicago’s South Side.

⁷⁷ *Guaranteed Rate*, 2020 U.S.P.Q.2d 10869, at *6. See *In re Boston Beer Co.*, 198 F.3d 1370, 53 U.S.P.Q.2d 1056, 1058-59 (Fed. Cir. 1999) (annual sales under the purported mark THE BEST BEER IN AMERICA of approximately \$85 million, and annual advertising expenditures in excess of \$10 million, not sufficient to establish acquired distinctiveness in view of the highly descriptive nature of the mark, which was in part supported by “use of the phrase by others in its descriptive form”); *In re Melville Corp.*, 228 U.S.P.Q. 970, 972 (T.T.A.B 1986) (affirming the rejection of Section 2(f) evidence as insufficient despite \$70 million in advertising and \$3.7 billion in revenue, given “the absence of any direct evidence that the purchasing public has come to recognize applicant’s slogan [BRAND NAMES FOR LESS] as a term identifying applicant’s services”).

⁷⁸ *Id.* at *7. See, e.g., *Boston Beer*, 53 U.S.P.Q.2d at 1058.

⁷⁹ *Id.* at *7-8. See *Apollo Med. Extrusion Techs., Inc. v. Med. Extrusion Techs., Inc.*, 123 U.S.P.Q.2d 1844, 1854 (T.T.A.B. 2017) (citing *Quake State Oil Refining Corp. v. Quaker Oil Corp.*, 453 F.2d 1296, 172 U.S.P.Q. 361, 363 (C.C.P.A. 1972) (“evidence of a significant and continuous concurrent use of the term by appellee rebuts appellant’s contention that it has exclusively and continuously used the mark with the result that it has become distinctive of its goods.”)).

2.41(a) provides that “in appropriate cases” ownership of registrations of the “same mark” may be accepted as prima facie evidence of distinctiveness “if the goods or services are sufficiently similar to the goods or services in the application.” However, “further evidence may be required.”⁸⁰

The Board found the prior registrations to be insufficient to prove acquired distinctiveness. First, the phrase GUARANTEED RATE is so highly descriptive that reliance on prior registrations is not, in and of itself, enough to establish acquired distinctiveness. The Board observed once again that each application must be examined on its own merits, and the existence of the two prior registrations without disclaimers “are insignificant in the mix of evidence in this particular set of circumstances.”⁸¹

Second, the two prior registrations are less than five years old and therefore could be challenged by a competitor on the ground of mere descriptiveness. The Board pointed out that its treatment of the two prior registrations is not an impermissible “attack on the validity of those registrations.”⁸²

The Board concluded that, despite the applicant’s substantial efforts, the public understands and uses the phrase “guaranteed rate” to describe a feature of the applicant’s mortgage lending services.

Requiring proof that an applicant has been effective in its efforts to sway public perception from primarily viewing a term in its ordinary descriptive sense to instead primarily signifying a brand works hand-in-hand with the corollary that “our society is better served if . . . highly descriptive or generic terms remain available for use among competitors.”⁸³

⁸⁰ Trademark Rule 2.41(a), 37 C.F.R. § 2.41(a), provides, in pertinent part:

For a trademark or service mark—(1) Ownership of prior registration(s). In appropriate cases, ownership of one or more active prior registrations on the Principal Register or under the Trademark Act of 1905 of the same mark may be accepted as prima facie evidence of distinctiveness if the goods or services are sufficiently similar to the goods or services in the application; however, further evidence may be required.

⁸¹ *Guaranteed Rate*, 2020 U.S.P.Q.2d 10869, at *9.

⁸² *Id. Cf. In re Am. Sail Training Ass’n*, 230 U.S.P.Q. 879, 880 (T.T.A.B. 1986), in which the Board held that an examining attorney may not require a disclaimer of TALL SHIPS in an application for registration of the mark RETURN OF THE TALL SHIPS, when applicant owns an “incontestable” registration for the mark TALL SHIPS covering identical services. Readers will recognize that the word “incontestable” applied to a registration is a misnomer.

⁸³ *Id.* at *9-10, quoting *In re Water Gremlin Co.*, 635 F.2d 841, 208 U.S.P.Q. 89, 91 (C.C.P.A. 1980) (footnote omitted).

In re MK Diamond Prods., Inc.

As discussed above, the TTAB affirmed a Section 2(e)(5) functionality refusal of a product configuration mark for “circular saw blades for power operated saws.”⁸⁴ For the sake of completeness—and assuming *arguendo* that the proposed design is not *de jure* functional—the Board also considered MK’s claim of acquired distinctiveness.

The Board began by observing that the burden of proving acquired distinctiveness is heavier for a product configuration, and further, because cut-outs in circular saw blades are common, MK had to make a “particularly strong showing.”⁸⁵

Applying the CAFC’s *Converse* factors,⁸⁶ the Board found that the extensive third-party use of substantially similar cut-outs undercut MK’s claim of “substantially exclusive” use as required under Section 2(f).⁸⁷

While absolute exclusivity is not required for a Section 2(f) registration, *see* L.D. Kichler Co. v. Davoil, Inc., 192 F.3d 1349, 52 U.S.P.Q.2d 1307 (Fed. Cir. 1999), the widespread use of other substantially similar peripheral cut-outs in the industry—cut-outs that vary only marginally from Applicant’s slightly curved design—is inconsistent with the “substantially exclusive” use required by the statute.⁸⁸

The examining attorney pointed out that MK’s advertising did not emphasize or call out the design through “look-for” advertising. MK complained that “look-for” advertising is not required in order to prove acquired distinctiveness, and the Board did not disagree, but it observed:

⁸⁴ *In re MK Diamond Prods., Inc.*, 2020 U.S.P.Q.2d 10882 (T.T.A.B. 2020). The Section 2(e)(5) issue is discussed in Section I.A.5, above.

⁸⁵ *Id.* at *20.

⁸⁶ *Converse, Inc. v. Int’l Trade Comm’n*, 909 F.3d 1110, 128 U.S.P.Q.2d 1538 (Fed. Cir. 2018). The *Converse* factors are:

(1) [A]ssociation of the trade dress with a particular source by actual purchasers (typically measured by customer surveys); (2) length, degree, and exclusivity of use; (3) amount and manner of advertising; (4) amount of sales and number of customers; (5) intentional copying; and (6) unsolicited media coverage of the product embodying the mark.

Id. at 1546. *See also In re SnoWizard, Inc.*, 129 U.S.P.Q.2d 1001, 1005 (T.T.A.B. 2018) (holding *Converse* applicable to Board proceedings).

⁸⁷ Section 2(f) of the Lanham Act, 15 U.S.C. § 1052(f), provides in pertinent part: “Except as expressly excluded in subsections (a), (b), (c), (d), (e)(3), and (e)(5) of this section, nothing herein shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant’s goods in commerce.” Note that the statute does not expressly say that “substantially exclusive” use is required to prove acquired distinctiveness.

⁸⁸ *MK Diamond*, 2020 U.S.P.Q.2d 10882, at *21.

Applicant is certainly free to choose not to emphasize the curved cut-outs in its saw blades over other product features or other marks shown in its advertising if it believes that would affect its sales. But in doing so, Applicant is also choosing not to avail itself of potentially persuasive evidence that might assist in overcoming the presumption that “[p]roduct design almost invariably serves purposes other than source identification” and consumer awareness that “even the most unusual product design is [usually] intended not to identify the source of the goods, but to render the product itself more useful or appealing.”⁸⁹

MK pointed to its increasing sales figures, but the Board noted that these figures lacked industry context and may have merely reflected the popularity of the product and not recognition of the proposed configuration mark.⁹⁰

MK submitted the declarations of twelve distributors who attested to recognizing the design as MK’s mark, but the Board was unimpressed. There was no evidence to suggest that this selection of declarants was representative of MK’s customers. Moreover, the probative value of the declarations was diminished because they were identical in form. The variations in the declarations as to what features are recognized as a source indicator was also of concern to the Board. Furthermore, twelve declarations were simply inadequate in number to establish acquired distinctiveness.

The Board therefore found that MK’s evidence failed to meet the high burden of proof to demonstrate that the primary significance of the proposed configuration mark is to identify the source of MK’s circular saw blades rather than being a mere feature of the blades.

In re Sausser Summers, PC

For some reason that completely escapes this author, the Board re-designated as precedential its decision affirming a Section 2(e)(1) mere descriptiveness refusal of the proposed mark ONLINETRADEMARKATTORNEYS.COM for “legal services.” Applicant Sausser Summers claimed acquired distinctiveness under Section 2(f), but its submissions were woefully inadequate to satisfy the heightened burden of proof for this highly descriptive mark.⁹¹

⁸⁹ *Id.* at *22, quoting *AS Holdings, Inc. v. H & C Milcor, Inc.*, 107 U.S.P.Q.2d 1829, 1837 (T.T.A.B. 2013).

⁹⁰ *Id.* at *23. See *Braun Inc. v. Dynamics Corp.*, 975 F.2d 815, 24 U.S.P.Q.2d 1121, 1133 (Fed. Cir. 1992) (“large consumer demand for Braun’s blender does not permit a finding the public necessarily associated the blender design with Braun.”); *In re Bongrain Int’l (Am.) Corp.*, 894 F.2d 1316, 13 U.S.P.Q.2d 1727, 1729 (Fed. Cir. 1990) (growth in sales may be indicative of popularity of product itself rather than recognition as denoting origin).

⁹¹ *In re Sausser Summers, PC*, 2021 U.S.P.Q.2d 618 (T.T.A.B. 2021).

The Board was first required to determine the degree of descriptiveness of the proposed mark because “[t]he greater the degree of descriptiveness the term has, the heavier the burden to prove it has attained secondary meaning.”⁹²

The examining attorney relied on dictionary definitions and evidence of third-party use of the term “online trademark attorney(s)” or close variants. Sausser Summers described its business model as “a law firm that runs completely online,” thereby keeping its overhead low, so that it “provides copyright and trademark registration services on a flat rate basis.”⁹³

Based on the examining attorney’s evidence and the applicant’s own description of its business model, the Board found that “‘on the scale ranging from generic to merely descriptive,’ *Royal Crown Cola*, 127 U.S.P.Q.2d at 1048, *ONLINETRADEMARKATTORNEYS.COM* is much closer to the generic end of the scale than to the merely descriptive end, making it highly descriptive of the ‘legal services’ identified in the application.”⁹⁴

In claiming acquired distinctiveness, Sausser Summers relied on both its verified statement that the proposed mark has been in substantially exclusive and continuous use for at least five years, and on its evidence of acquired distinctiveness. As to the five-year claim, the Board observed that under Section 2(f) the USPTO *may* accept such a statement as prima facie evidence of acquired distinctiveness, but the Office is not required to do so.⁹⁵ The Board ruled that, in view of the highly descriptive nature of the proposed mark, the examining attorney “was well within her discretion to reject Applicant’s claim of five years of substantially exclusive and continuous use as insufficient to prove acquired distinctiveness.”⁹⁶

As to Sausser Summers’ evidence, the Board applied the CAFC’s *Converse*⁹⁷ factors to determine whether the proposed mark had achieved acquired distinctiveness. The applicant offered neither consumer survey evidence nor declarations from clients attesting to

⁹² *Id.* at *7, quoting *Royal Crown Cola*, 127 U.S.P.Q.2d at 1048. *See also Guaranteed Rate*, 2020 U.S.P.Q.2d 10869, at *3.

⁹³ *Id.* at *11.

⁹⁴ *Id.* at *12.

⁹⁵ *Id.* at *14. *See In re La. Fish Fry Prods., Ltd.*, 797 F.3d 1332, 116 U.S.P.Q.2d 1262, 1265 (Fed. Cir. 2015). Section 2(f), 15 U.S.C. § 1052(f), states, in pertinent part:

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

⁹⁶ *Id.* at *15. *See La. Fish Fry*, 116 U.S.P.Q.2d at 1265 (“[p]articularly for a mark that is as highly descriptive as FISH FRY PRODUCTS, the Board was within its discretion not to accept Louisiana Fish Fry’s alleged five years of substantially exclusive and continuous use as prima facie evidence of acquired distinctiveness.”).

⁹⁷ The *Converse* factors are set out in a footnote in Part I.A.6, above.

their association of the proposed mark with the applicant. It did submit testimonials from 125 clients, but only a tiny fraction even mentioned the proposed mark; the vast majority referred to the applicant by its law firm name. In sum, the testimonials were nonprobative.

The fact that the applicant may have exclusive use of the domain name “onlinetrademarkattorneys.com” was of little probative value as to exclusivity of use in light of the evidence that “multiple third parties describe their legal services as being provided by ‘online trademark attorneys.’”⁹⁸

Sausser Summers claimed “vast and worldwide advertising” resulting in the expenditure of “a substantial amount in advertising each year,” but the Board pooh-poohed these “grandiose claims.”⁹⁹

It strains credulity that a business striving to keep overhead low and charging low flat fees would (or even could) engage in “vast and worldwide advertising” and “spend[] a substantial amount in advertising each year.” In the absence of supporting evidence, we cannot find that Applicant has advertised extensively.¹⁰⁰

Sausser Summers also claimed that it “advertised in print magazines, social media platforms, internet ads, and various other sources across the U.S. and in other countries” and “placed ads via social media platforms, and places advertisements via Googleads [sic] on a daily basis,” but it failed to provide any evidence regarding the duration and extent of exposure of any of those materials.¹⁰¹ It submitted only a single print advertisement from the July 2019 edition of the *Charleston Business Magazine*, a publication apparently directed to businesses located in Charleston, South Carolina, the city in which Sausser Summers has its “brick-and-mortar world address.”¹⁰² The Board observed that “we have no useful information regarding even Applicant’s efforts to establish such an association through its advertising and promotion, and we cannot infer anything about its success based on its evidence under this *Converse* factor.”¹⁰³

Sausser Summers did not reveal the amount of revenue garnered from its legal services, nor did it state the number of clients served. Although the applicant was listed for several years as one of the top-filing firms in the United States, that was under the firm name, not under the proposed mark. There was no

⁹⁸ *Sausser Summers*, 2021 U.S.P.Q.2d 618, at *19.

⁹⁹ *Id.*

¹⁰⁰ *Id.*

¹⁰¹ *Id.* at *20.

¹⁰² *Id.*

¹⁰³ *Id.* at *21.

probative evidence of intentional copying of the proposed mark by others, and no probative evidence regarding unsolicited media coverage.

Considered as a whole, Applicant's evidence on the *Converse* factors falls far short of carrying Applicant's heavy burden of showing that its highly descriptive proposed mark ONLINETRADEMARKATTORNEYS.COM has acquired distinctiveness for legal services.¹⁰⁴

7. Genericness

In re The Consumer Protection Firm PLLC

The Supreme Court's *booking.com* decision¹⁰⁵ taught us that a proposed mark comprising a generic term and the gTLD ".com" is not automatically generic but may be registrable depending on consumer perception. This applicant sought to register, on the Supplemental Register, the term "The Consumer Protection Firm" in standard form (FIRM disclaimed) and the proposed mark THE CONSUMER PROTECTION FIRM.COM & Design in the form shown below (FIRM.COM disclaimed), for legal services. The Board found both THE CONSUMER PROTECTION FIRM and THE CONSUMER PROTECTION FIRM.COM to be generic for the services, but it deemed the word-and-design mark to be registrable on the Supplemental Register with a disclaimer of THE CONSUMER PROTECTION FIRM.COM.¹⁰⁶



The determination of genericness involves a two-part test: (1) what is the genus of the goods or services at issue? and (2) is the proposed mark understood by the relevant public primarily to refer to that genus?¹⁰⁷ The examining attorney and the applicant agreed that the proper genus at issue is defined by the identification of

¹⁰⁴ *Id.* at *24.

¹⁰⁵ U.S.P.T.O. v. *Booking.com B.V.*, 140 S. Ct. 2298, 2020 U.S.P.Q.2d 10729 (2020).

¹⁰⁶ *In re The Consumer Protection Firm PLLC*, 2021 U.S.P.Q.2d 238 (T.T.A.B. 2021).

¹⁰⁷ *In re Reed Elsevier Props. Inc.*, 482 F.3d 1376, 82 U.S.P.Q.2d 1378, 1380 (Fed. Cir. 2007), quoting *H. Marvin Ginn Corp. v. Int'l Ass'n of Fire Chiefs, Inc.*, 782 F.2d 987, 228 U.S.P.Q. 528, 530 (Fed. Cir. 1986).

services in the involved applications, namely, “legal services,” and they also agreed that the relevant public comprises ordinary consumers of legal services. The issue, then, came down to the public perception of the two proposed marks.

Although the proposed marks must be assessed in their entireties, the Board may consider the meanings of portions of the marks “as a step in the process towards [an] ultimate finding of whether the proposed mark, as a whole, is generic for Applicant’s services.”¹⁰⁸ The Board observed that “[a] compound of generic elements is [also] generic if the combination yields no additional meaning to consumers capable of distinguishing the goods or services.”¹⁰⁹

The examining attorney submitted “a plethora of explanatory uses of ‘consumer protection,’ ‘consumer protection firm’ and ‘consumer protection law firm’ by the applicant and competitor law firms that practice ‘consumer protection law.’”¹¹⁰ The applicant asserted that the word “THE” makes a difference in consumer understanding of the phrase because it points to the source of the legal services and not the genus. The Board pointed out, however, that “it is well settled that adding the definite article ‘the’ to a generic term or phrase generally does not add any source-indicating significance or otherwise affect the term’s or phrase’s genericness.”¹¹¹

The evidence submitted by the applicant, comprising search engine results that direct the user to the applicant’s media sites and to various articles about the applicant and its attorneys, “speak less to the source-identifying significance of THE CONSUMER PROTECTION FIRM than to efforts by Applicant’s lawyers to make their law firm visible in social media and elsewhere on the Internet”¹¹²

Applicant made no evidence of record to support the premise that THE CONSUMER PROTECTION FIRM functions as a service mark simply because it appears higher within a list of GOOGLE search results. We are not privy to GOOGLE’s

¹⁰⁸ *Consumer Protection Firm*, 2021 U.S.P.Q.2d 238, at *17.

¹⁰⁹ *Id.* at *16, quoting *Booking.com*, 2020 U.S.P.Q.2d 10729, at *7.

¹¹⁰ *Id.* at *17.

¹¹¹ *Id.* at *18. See *In re The Place Inc.*, 76 U.S.P.Q.2d 1467, 1468 (T.T.A.B. 2005) (holding THE GREATEST BAR merely descriptive of restaurant and bar services; “the definite article THE . . . add[s] no source indicating significance to the mark as a whole”); *Conde Nast Publ’ns Inc. v. Redbook Publ’g Co.*, 217 U.S.P.Q. 356, 357, 360 (T.T.A.B. 1983) (deeming THE MAGAZINE FOR YOUNG WOMEN a “common descriptive or ‘generic’ name of a class or type of magazine” and incapable of indicating source; “[t]he fact that the slogan also includes the article ‘The’ is insignificant. This word cannot serve as an indication of origin, even if applicant’s magazine were the only magazine for young women.”).

¹¹² *Id.* at *19.

page ranking algorithm, and we cannot simply assume that the order of appearance in search results is an indicator of the trademark significance of Applicant's Proposed Marks.¹¹³

Moreover, in interviews with the applicant's lawyers, journalists "naturally would use their firm's name (although generic), because that is how Applicant refers to itself."¹¹⁴ Therefore, the Board concluded, those articles are not probative of non-genericness.

In any event none of this evidence assists Applicant, because "no matter how much money and effort the user of a generic term has poured into promoting the sale of its [service] . . . , it cannot deprive competing [providers] . . . of the [service] . . . of the right to call [a service] by its name."¹¹⁵

The evidence submitted by the examining attorney showed use of "Consumer Protection" by three organizations—Super Lawyers, Findlaw, and LawInfo—as a "filter" for a category of law, allowing consumers to narrow their search for attorneys to this particular field. The Board found this to be "the most direct evidence" that consumers understand "Consumer Protection" to be "a category of legal practice in which some lawyers and law firms specialize."¹¹⁶

The applicant pointed to several third-party registrations for allegedly "similar marks," but the Board pointed out that these marks present "dissimilar circumstances," such as design elements or disclaimers of relevant wording.¹¹⁷ In any event, each application must be examined on its own merits, and the USPTO's issuance of other registrations with some similar characteristics does not bind the Board.¹¹⁸

Evaluating the record as a whole, we find that the Examining Attorney has proven that Applicant's Proposed Word Mark "THE CONSUMER PROTECTION FIRM" refers to a "class or category" of "legal services," namely, legal services concerning the laws related to consumer protection, and is understood by the relevant public primarily to refer to that subgenus of legal services. Based on this record, we have

¹¹³ *Id.*

¹¹⁴ *Id.* at *20.

¹¹⁵ *Id.*, quoting *Booking.com*, 2020 U.S.P.Q.2d 10729, at *7.

¹¹⁶ *Id.* at *21-22. See *Reed Elsevier Props.*, 82 U.S.P.Q.2d at 1380 (generic nature of LAWYERS.COM "is amply demonstrated by the ubiquitous nature of the 'search for lawyers' and 'find a lawyer' functions both on web pages providing information about legal services generally and on pages providing information about specific legal practice areas.").

¹¹⁷ *Id.* at *22.

¹¹⁸ *Id.* See *In re Nett Designs, Inc.*, 236 F.3d 1339, 57 U.S.P.Q.2d 1564, 1566 (Fed. Cir. 2001) ("Even if some prior registrations had some characteristics similar to . . . [Applicant's mark], the [US]PTO's allowance of such prior registrations does not bind the Board or . . . [the Federal Circuit].").

no doubt as to the question of genericness of this proposed mark. We therefore affirm the finding of genericness for Applicant's Proposed Word Mark.¹¹⁹

Turning to the applicant's word-and-design mark, the Board noted that the applicant, by disclaiming FIRM.COM on the Supplemental Register, conceded that this term is generic.¹²⁰ As to the entire literal portion: the record as a whole, including generic use of very similar terms as second level domain names by third-party competitors (www.consumerlawgroup.com, www.michiganconsumerlaw.com, and www.consumerslaw.com) "supports a finding that 'THE CONSUMER PROTECTION FIRM.COM' is incapable of designating a single source of consumer protection legal services."¹²¹

However, in order to refuse registration on the Supplemental Register, there must be evidence supporting a finding "that the proposed mark as a whole would be perceived as incapable of functioning as a mark."¹²² The examining attorney did not provide any evidence that the design elements of the mark are "so common as to be incapable of protection."¹²³ Therefore, the Board was "constrained to find that the Examining Attorney failed to show that the [design] mark as a whole is generic."¹²⁴

The Board therefore affirmed both refusals but allowed the applicant thirty days within which to disclaim THE CONSUMER PROTECTION FIRM.COM and obtain a registration on the Supplemental Register for the word-and-design mark.

8. Failure-to-Function

In re AC Webconnecting Holding B.V.

The "failure-to-function" refusal seems to be gaining in popularity, at least at the USPTO, if not with trademark practitioners. Here, the Board affirmed refusals to register the term ".CAM" in standard character and stylized form (shown below) on

¹¹⁹ *Id.* at *23.

¹²⁰ *Id.* See *In re Volvo White Truck Corp.*, 16 U.S.P.Q.2d 1417, 1420 (T.T.A.B. 1990) (disclaimer of SLEEPER in an application to register INTEGRAL SLEEPER on the Supplemental Register for over-the-highway heavy-duty trucks and truck-tractors).

¹²¹ *Id.* at *26.

¹²² *Id.*

¹²³ *Id.*

¹²⁴ *Id.* at *27. See *In re Haden*, 2019 U.S.P.Q.2d 467424, at *6 (T.T.A.B. 2019) ("On this record, we cannot say that the combination of colors, borders, and stylization found in Applicant's mark [shown here 

the Supplemental Register for an extensive list of services in International Classes 35, 38, 42, and 45, finding that “.CAM,” in either form, is incapable of functioning as a source indicator under Section 23 of the Lanham Act. Applicant AC Webconnecting did not provide any evidence that “.CAM” is perceived as a service mark rather than a generic top-level domain name (“gTLD”).¹²⁵



After the applications at issue were filed, AC Webconnecting entered into a registry agreement with ICANN whereby AC Webconnecting was designated as the Registry Operator for the “.cam” gTLD. The applications do not explicitly and directly recite registry operator or registrar services, but AC Webconnecting acknowledged that its Class 45 services include domain name registration, conducting domain name searches, legal services, and consulting, all related to the “.cam” gTLD.

In order to qualify for registration on the Supplemental Register under Section 23, a service mark must be “capable of distinguishing” the applicant’s services, a determination that hinges on consumer perception.¹²⁶ The TTAB has previously found that a proposed mark consisting solely of a gTLD “engender(s) the commercial impression merely of a top-level domain associated with the term comprising the proposed mark.”¹²⁷ AC Webconnecting argued that its mark is not used solely as a gTLD, but rather “is always used and will always be used by Applicant to identify Applicant as the source of its numerous, high-quality services.”¹²⁸ However, its website consistently refers to .CAM as a gTLD and not as a mark. Moreover, excerpts from third-party websites demonstrated that .CAM is perceived only as a gTLD “intended to be used by multiple parties as part of their domain names to identify multiple websites offering a variety of goods and services.”¹²⁹

¹²⁵ *In re AC Webconnecting Holding B.V.*, 2020 U.S.P.Q.2d 11048 (T.T.A.B. 2020).

¹²⁶ Section 23(c) of the Lanham Act, 15 U.S.C. § 1091(c), permits registration on the Supplemental Register of a mark that “may consist of any . . . configuration of goods . . . that as a whole is not functional . . . but such mark must be capable of distinguishing the applicant’s goods or services.”

¹²⁷ *Webconnecting*, 2020 U.S.P.Q.2d 11048, at *4. See *In re theDot Commc’ns Network LLC*, 101 U.S.P.Q.2d 1062, 1067 (T.T.A.B. 2011) (.MUSIC found to be a merely descriptive top-level domain name similar to “.com” or “.net” in connection with multimedia goods and services in the field of entertainment.).

¹²⁸ *Id.* at *7.

¹²⁹ *Id.* at *8.

Turning to the specific services recited in the subject applications, the Board found that for at least one service in each class, the term “.CAM” is incapable of serving as a source indicator—e.g., domain name registration and related services in Class 45; database management services in Class 35; providing access to databases, the Internet and transmission of multimedia communications via the Internet in Class 38; and website hosting services and search engine optimization in Class 42. Because the proposed marks are incapable of distinguishing source with respect to at least one service in each of the four classes, they are unregistrable as to all refused services recited in those classes.¹³⁰

With respect to the stylized version of .CAM, the Board observed that “for a term otherwise unregistrable to be capable of distinguishing an applicant’s goods, the presentation of the term must be sufficiently striking, unique or distinctive so as to overcome its inherent incapacity and render the mark capable of serving as a source indicator.”¹³¹ The mark at issue here failed to meet that standard.

“The term ‘.CAM’ is displayed in a very slightly stylized script that is not unique or unusual and the ‘dot’ is displayed in the color green with no additional stylization or design.”¹³² The green color of the dot, the Board concluded, emphasizes the nature of the designation as a gTLD and will not be perceived as creating a separate commercial impression.

In sum, the proposed stylized mark “conveys the commercial impression of a gTLD.”¹³³ The stylization does not present any unique characteristics. “It does not create a commercial impression separate from the unregistrable term.”¹³⁴

In re Texas With Love, LLC

Brushing aside a claim of unconstitutionality, the TTAB upheld a failure-to-function refusal of TEXAS LOVE for “hats; shirts,” finding that the phrase “only serves as an expression of a concept or sentiment, and is widely used by third-parties, [and so] it would not be perceived as an indicator of source in the context of Applicant’s identified goods.”¹³⁵ The applicant insisted that the refusal violates the Equal Protection Clause of the United States Constitution

¹³⁰ *Id.* at *7. See *In re Stereotaxis Inc.*, 429 F.3d 1039, 77 U.S.P.Q.2d 1087, 1089 (Fed. Cir. 2005); *In re Analog Devices Inc.*, 6 U.S.P.Q.2d 1808, 1810 (T.T.A.B. 1988), *aff’d*, 871 F.2d 1097 (unpublished table decision), 10.

U.S.P.Q.2d 1879 (Fed. Cir. 1989).

¹³¹ *Id.* at *13, quoting *In re Cosmetic Factory, Inc.*, 220 U.S.P.Q. 1103 (T.T.A.B. 1983).

¹³² *Id.* at *14.

¹³³ *Id.*

¹³⁴ *Id.*

¹³⁵ *In re Texas With Love, LLC*, 2020 U.S.P.Q.2d 11290, at *8 (T.T.A.B. 2020).

because the USPTO treats Texas citizens differently from those of Florida, California, Nevada, Maine, and Hawaii. The Board showed no love for that argument.

Failure-to-Function: Although the applicant used the phrase in the manner of a trademark by displaying it in proximity to the hats and shirts offered on its website, the Board observed that “[n]ot every word, name, phrase, symbol or design, or combination thereof which appears on a product functions as a trademark,” and the “[m]ere intent that a phrase function as a trademark is not enough in and of itself to make it a trademark.”¹³⁶

Third-party evidence submitted by the examining attorney “reveals that TEXAS LOVE does not perform the desired trademark function and does not fall within the Act’s definition of a mark, . . . but instead [is] a widely-used phrase that merely conveys a well-recognized and commonly expressed concept or sentiment.”¹³⁷ The Board found that this evidence reflected use of the phrase “in a manner that will only be perceived by consumers as conveying ‘support for, or affiliation or affinity with the State of Texas,’ a well-recognized sentiment.”¹³⁸

The Board found this case closely analogous to *D.C. One Wholesaler, Inc. v. Chien*,¹³⁹ in which the Board sustained an opposition to registration of the phrase I ♥ DC for t-shirts, hats, and related products. There, the mark “conveys a message of love for Washington, D.C., just as Applicant’s proposed mark TEXAS LOVE conveys a message of love for or from Texas.”¹⁴⁰

Thus, as shown by this case and *D.C. One Wholesaler*, some widely-used messages are primarily understood as an expression of enthusiasm or affection for, or affiliation with, a person, place or thing, and when that is how consumers perceive them they are not functioning as terms or symbols that identify and distinguish goods or services in commerce and indicate their source. Here, because the evidence shows that TEXAS LOVE is an expression of a well-recognized sentiment, specifically, enthusiasm and support for or from Texas or Texans, and would be perceived as such when used

¹³⁶ *Id.* at *2-3, quoting *In re Pro-Line Corp. Corp.*, 28 U.S.P.Q.2d 1141, 1142 (T.T.A.B. 1993); see also *In re TracFone Wireless*, 2019 U.S.P.Q.2d 222983, at *1; *In re Wal-Mart Stores, Inc.*, 129 U.S.P.Q.2d 1148, 1152 (T.T.A.B. 2019) (“The mere fact that a phrase proposed for registration appears on the specimens of record does not establish its use as a service mark.”).

¹³⁷ *Id.* at *3.

¹³⁸ *Id.* at *5. See, e.g., *In re DePorter*, 129 U.S.P.Q.2d 1298, 1299 (T.T.A.B. 2019) (affirming failure to function refusal where “use of the wording #MAGICNUMBER108 in these messages identifies the subject matter of these tweets and posts as relating to and expressing support for the Chicago Cubs and their World Series win”).

¹³⁹ 120 U.S.P.Q.2d 1710, 1716 (T.T.A.B. 2016).

¹⁴⁰ *Texas With Love*, 2020 U.S.P.Q.2d 11290, at *6.

on Applicant's identified goods, it does not function as a mark for those goods.¹⁴¹

Not only is TEXAS LOVE a well-recognized sentiment, but the evidence "makes clear that TEXAS LOVE, in various forms, is widely used by Applicant's competitors in the clothing field and other third parties. Such widely used phrases often fail to function as trademarks."¹⁴² The Board emphasized that widespread use of a phrase, regardless of the message conveyed, may be enough to render it incapable of serving as a source indicator.

In short, the evidence shows that the phrase TEXAS LOVE is too commonly used in connection with a wide variety of goods that typically carry such messages for it to be perceived as a trademark, and Applicant should not be able to deny potential competitors (who according to the record also use the phrase) the right to use it freely.¹⁴³

Equal Protection: The Fourteenth Amendment to the U.S. Constitution states: "nor shall any State . . . deny to any person within its jurisdiction the equal protection of the laws."¹⁴⁴ The applicant maintained that the USPTO treats Texas citizens (like itself) differently from those of Florida, California, Nevada, Maine, and Hawaii in contextually identical situations.¹⁴⁵ This proposition was based on the fact that citizens of those states received federal registrations for the following marks: FLORIDA LOVE, CALIFORNIA LOVE, VERONA LOVE, BURMA LOVE, SOUTHERN LOVE, EAST COAST LOVE, and WAIKIKI LOVE.

The Board found that the applicant's argument lacked both factual and legal support. The applicant provided no evidence that the USPTO treats citizens of Texas differently than those of other states. There was no evidence as to how the other marks were used, whether there was third-party use on the same or similar goods, what meanings were conveyed by the marks, or how extensively the marks were used. "[W]ithout that information, there is no support

¹⁴¹ *Id.*

¹⁴² *Id.* See, e.g., *Wal-Mart*, 129 U.S.P.Q.2d at 1153 (widespread third-party use of a phrase "makes it less likely that the public will perceive it as identifying a single commercial source and less likely that it will be recognized by purchasers as a trademark"); *D.C. One Wholesaler*, 120 U.S.P.Q.2d at 1716 (due to "ubiquity" of I ♥ DC, "it does not create the commercial impression of a source indicator, even when displayed on a hangtag or label").

¹⁴³ *Texas With Love*, 2020 U.S.P.Q.2d 11290, at *7. Cf. *In re Hulting*, 107 U.S.P.Q.2d 1175, 1179 (T.T.A.B. 2013) ("The record evidence shows that consumers are accustomed to seeing the phrase 'No More RINOs!' displayed on bumper stickers, t-shirts, novelty pins and other items from many different sources. As a result, consumers will not perceive this wording as applied to applicant's goods as a source indicator pointing uniquely to applicant.").

¹⁴⁴ U.S. Const. amend. XIV, § 1.

¹⁴⁵ *Texas With Love*, 2020 U.S.P.Q.2d 11290, at *7.

for Applicant's contention that the refusal of its application was rendered in a situation that is 'contextually identical' to the circumstances leading to the allowance of these other registrations."¹⁴⁶ As the Supreme Court has pointed out, "[t]he Constitution does not require things which are different in fact or opinion to be treated in law as though they were the same."¹⁴⁷

Moreover, the CAFC has made clear that such an Equal Protection argument is untenable. For example, in *In re Shinnecock Smoke Shop*¹⁴⁸ the court explained that:

[A]llegations of disparate treatment, even if accurate, do not diminish the Board's and Examining Attorney's legitimate, nondiscriminatory reasons for denying registration. Even if his allegations were accurate, the most Applicant could establish is that the USPTO should have rejected the other marks. It does not follow that the proper remedy for such mischief is to grant Applicant's marks in contravention of section 1052(a).¹⁴⁹

In re Vox Populi Registry Ltd.

In yet another failure-to-function ruling, the Board affirmed refusals to register the term ".SUCKS" in the stylized form shown below, as a service mark for "[d]omain registry operator services related to the gTLD in the mark, in International Class 42," and the standard character mark .SUCKS for those same services and for "[d]omain name registration services featuring the gTLD in the mark; registration of domain names for identification of users on a global computer network featuring the gTLD in the mark, in International Class 45." Despite the applicant's attempts to use .SUCKS in the manner of a source-identifier, "the evidence shows that consumers will view it as only a non-source identifying part of a domain name, rather than as a mark."¹⁵⁰

¹⁴⁶ *Id.* at *8.

¹⁴⁷ *Id.*, quoting *Plyler v. Doe*, 457 U.S. 202, 216 (1982).

¹⁴⁸ 571 F.3d 1171, 91 U.S.P.Q.2d 1218, 1221 (Fed. Cir. 2009).

¹⁴⁹ *Texas With Love*, 2020 U.S.P.Q.2d 11290, at *8. See also *In re Int'l Flavors & Fragrances Inc.*, 183 F.3d 1361, 51 U.S.P.Q.2d 1513, 1518 (Fed. Cir. 1999) ("Furthermore, IFF was not denied equal protection. Each application for trademark registration must be considered on its own merits.").

¹⁵⁰ *In re Vox Populi Registry Ltd.*, 2020 U.S.P.Q.2d 11289, at *8 (T.T.A.B. 2020). The applicant appealed to the CAFC, but only with respect to the refusal to register the stylized version of the proposed mark. The appellate court affirmed the Board's decision. *In re Vox Populi Registry Ltd.*, 2022 U.S.P.Q.2d 115 (Fed. Cir. 2022).



There was no dispute that “.sucks” is a gTLD. By way of a 2014 Registry Agreement between ICANN and the applicant’s predecessor-in-interest, and a subsequent assignment, the applicant is the designated “Registry Operator” for the generic string gTLD “.sucks.” Section 1215.02(d) of the Trademark Manual of Examining Procedure (“TMEP”) provides guidance as to the examination of applications for marks composed entirely of gTLDs for domain name registry operator and domain name registration (or “registrar”) services:

A mark composed solely of a gTLD for domain-name registry operator or registrar services fails to function as a trademark because consumers are predisposed to view gTLDs as merely a portion of a web address rather than as an indicator of the source of domain-name registry operator and registrar services. Therefore, registration of such marks must initially be refused . . . on the ground that the gTLD would not be perceived as a mark.¹⁵¹

The TMEP recognizes that, because ICANN allowed the creation of new gTLDs based on existing brand names, a gTLD may have source-indicating significance “in some circumstances:”

[T]he applicant may, in some circumstances, avoid or overcome the refusal [on the ground of failure-to-function] by providing evidence that the mark will be perceived as a source identifier. In addition, the applicant must show that: (1) it has entered into a currently valid Registry Agreement with the Internet Corporation for Assigned Names and Numbers (“ICANN”) designating the applicant as the Registry Operator for the gTLD identified by the mark and (2) the identified services will be primarily for the benefit of others.¹⁵²

Here, in both appeals, the examining attorney conceded that a current, valid agreement exists showing that ICANN has designated the applicant as the Registry Operator for the gTLD “.sucks” and that the recited services will be for the benefit of others. The applicant did not own a prior trademark registration for .SUCKS; a prior registration would have been relevant evidence,

¹⁵¹ TMEP § 1215.02(d) (Jul. 2021).

¹⁵² *Id.*

though not conclusive, as to whether consumers would view the term as a source indicator.¹⁵³

The applicant's services involve offering to register domain names ending with the gTLD ".sucks", and it will be acting as the registry operator, maintaining the database, for all domain names that end with the gTLD ".sucks."

As the Board recently explained in *AC Webconnecting*, consumers are "highly conditioned" to view a gTLD as signifying its function as a portion of an Internet domain name, and due to this consumer predisposition and the fact that "gTLDs are intended to be used by multiple, often numerous, parties as part of their own domain names," a gTLD proposed for registration as a mark for services involving registration of domain names in the specified gTLD typically will not be perceived as a source indicator.¹⁵⁴

The applicant displayed the term ".SUCKS" prominently on its website, in a position where trademarks often appear, and it claimed to have made substantial sums in advertising and promotion under the "brand." However, the specimens of use made clear that its domain registry operator and registrar services relate specifically to Internet addresses that will have the gTLD ".sucks." Suggested third-party uses such as "cancer.sucks" would "reduce[] any possibility that consumers will view Applicant's use of the gTLD as a source-identifier."¹⁵⁵

Articles submitted by the examining attorney referred to .SUCKS only as a gTLD, and as merely one possible gTLD in connection with available second level domains. Three nearly identical third-party declarations submitted by the applicant, from individuals with a stake in the success of its services, ran counter to the examining attorney's evidence, each declaration ending with the same conclusory sentence—"When I see the .SUCKS service mark, I immediately recognize it as identifying the domain name registry services offered by Vox Populi [Applicant]."¹⁵⁶

The Board concluded that .SUCKS will not be perceived as a source indicator for the applicant's services.

Rather, the entirety of the evidence leads us to conclude that .SUCKS, when viewed in the context of domain registry and registrar services, will be perceived merely as one of many gTLDs that are used in domain names. We acknowledge Applicant's attempts to use .SUCKS in a manner that source-identifying marks are used; however, the evidence

¹⁵³ *Vox Populi*, 2020 U.S.P.Q.2d 11289, at *3. See *AC Webconnecting*, 2020 U.S.P.Q.2d 11048, at *3.

¹⁵⁴ *Id.* at *4, citing *AC Webconnecting*, 2020 U.S.P.Q.2d 11048, at *3.

¹⁵⁵ *Id.* at *5.

¹⁵⁶ *Id.* at *6.

shows that consumers will view it as only a non-source identifying part of a domain name, rather than as a mark.¹⁵⁷

Turning to the stylized version of the proposed mark, the Board noted that “[w]here an element of a mark is held unregistrable, as is the case here with .SUCKS, a design or stylization may render the overall mark registrable if it creates an impression on purchasers separate and apart from the impression made by the unregistrable term itself.”¹⁵⁸

The applicant referred to the stylization of the proposed mark as “a ‘retro’ pixelated font that resembles how letters were displayed on early CRT computer screens.”¹⁵⁹ Pointing to prior Board decisions involving the stylized marks CONSTRUCT-A-CLOSET¹⁶⁰ and JACKSON HOLE,¹⁶¹ the applicant asserted that its stylization “unmistakably sets the subject mark apart from marks composed solely of a gTLD.”¹⁶² The Board disagreed.

With respect to the pixelated design, or any “retro” suggestion, of Applicant’s mark, it does not create a sufficiently distinct commercial impression separate from the non-source-identifying element, .SUCKS. While the pixelated design may be antiquated since it was once “mandated by technological limitations,” given the ubiquity of the design in the “early days” of computing, consumers would view pixelated lettering as ordinary.¹⁶³

In re Mayweather Promotions, LLC

Undefeated boxing champion Floyd Mayweather, Jr., suffered a TTAB t.k.o. (trademark knock-out) in this bout to register the phrase “PAST PRESENT FUTURE” for “t-shirts.”¹⁶⁴ The applicant argued, inter alia, that “consumers recognize the PAST PRESENT FUTURE Mark as affiliated with Floyd Mayweather, and members

¹⁵⁷ *Id.* at *7-8.

¹⁵⁸ *Id.* at *8. *Cf. In re Cordua Rests.*, 823 F.3d 594, 118 U.S.P.Q.2d 1632, 1638-39 (Fed. Cir. 2016) (affirming the Board’s decision upholding a refusal to registration the mark ~~Chutmasca~~ on the Supplemental Register based on a finding that the stylization “does not create a separate commercial impression over and above that made by the generic term.”).

¹⁵⁹ *Id.*

¹⁶⁰ *In re Clutter Control Inc.*, 231 U.S.P.Q. 588 (T.T.A.B. 1986) (holding the stylized mark ~~CONSTRUCT-A-CLOSET~~ to be registrable despite finding component wording merely descriptive of goods used to construct personal storage systems).

¹⁶¹ *In re Jackson Hole Ski Corp.*, 190 U.S.P.Q. 175 (T.T.A.B. 1976) (stylized mark ~~JACKSON HOLE~~ held “sufficiently distinctive” and registrable with a disclaimer of the geographically descriptive wording JACKSON HOLE).

¹⁶² *Vox Populi*, 2020 U.S.P.Q.2d 11289, at *8.

¹⁶³ *Id.* at *9.

¹⁶⁴ *In re Mayweather Promotions, LLC*, 2020 U.S.P.Q.2d 11298 (T.T.A.B. 2020).

of the purchasing public have come to recognize [it] as a trademark identifying Appellant and its services and goods.”¹⁶⁵ The Board, however, found that the phrase “would be perceived by purchasers and prospective purchasers as a widely used commonplace expression of a familiar concept and not as a source indicator for t-shirts.”¹⁶⁶

In recent decisions, the Board has pounded into our heads the concept that “[w]idely used commonplace messages are those that merely convey ordinary, familiar concepts or sentiments and will be understood as conveying the ordinary concept or sentiment normally associated with them, rather than serving any source-indicating function.”¹⁶⁷

The examining attorney relied on third-party website evidence showing use of the phrase PAST PRESENT FUTURE in connection with a variety of products, including books, music albums, songs, and t-shirts. The applicant maintained that “PAST PRESENT FUTURE is known in the boxing industry as indicating the career of the champion boxer Floyd Mayweather, Jr. and the sports and entertainment related goods and services provided by his company.”¹⁶⁸ The Board, however, pointed out that there was no evidence in the record regarding Floyd Mayweather, Jr., his career, or even his purported legal connection to the applicant. Nor was there any evidence to support his attorney’s statement that significant resources were devoted to promoting the phrase, or that the mark “has become highly distinctive and well-known in the trade and to the relevant public.”¹⁶⁹

As to the “relevant public,” the subject application was not limited as to classes of consumers, and even if it were limited to boxing fans, the applicant failed “to grapple with the evidence of third-party use of the phrase on t-shirts that does not appear to be linked with Mr. Mayweather, which suggests that the broader class of t-shirt consumers would perceive only the common meaning of the phrase.”¹⁷⁰

¹⁶⁵ *Id.* at *2.

¹⁶⁶ *Id.* at *6.

¹⁶⁷ *Id.* at *1. *See, for example, D.C. One Wholesaler*, 120 U.S.P.Q.2d at 1716 (sustaining opposition to registration of I ♥ DC for clothing because it “has been widely used, over a long period of time and by a large number of merchandisers as an expression of enthusiasm, affection or affiliation with respect to the city of Washington, D.C.” and thus would not be perceived as a source indicator); *In re Volvo Cars of N. Am., Inc.*, 46 U.S.P.Q.2d 1455, 1460-61 (T.T.A.B. 1998) (affirming refusal to register DRIVE SAFELY for automobiles because it would be perceived as an everyday, commonplace safety admonition).

¹⁶⁸ *Id.* at *2.

¹⁶⁹ *Id.* at *3.

¹⁷⁰ *Id.*

The applicant next argued that the phrase does not provide any information about the goods, but the Board pointed out that the refusal was based on the “ubiquitous” use of the phrase, not on its informational nature. In any event, “[a] term may still fail to function as a mark even if it does not convey information about the goods.”¹⁷¹

[C]ontrary to Applicant’s contentions, the weight of the evidence does demonstrate ubiquitous third-party use of the phrase PAST PRESENT FUTURE to refer to the past, present and future of people, things, ideas and concepts. Further, as demonstrated by the record, in the clothing industry, this common message is used on t-shirts as a feature such that “the display itself is an important component of the product and customers purchase the product” not associating it with a particular source but because of the message.¹⁷²

The applicant pointed to several registrations for “sports-related slogans,” including its own registration for PAST, PRESENT & FUTURE OF SPORTS & ENTERTAINMENT for “online retail store services featuring sports apparel, clothing and hats.” The Board, as usual, found these registrations to be irrelevant because each of the registered marks is composed of wording that is different from the applicant’s proposed mark, and, in any case, the Board agreed with the examining attorney’s argument that the “prior decisions and actions of other trademark examining attorneys in registering other marks have little evidentiary value and are not binding upon the USPTO or the [Board].”¹⁷³

Finally, the applicant insisted that the phrase is registrable as an identifier of secondary source, but again it failed to land the blow. Here, the proposed mark was not finally refused on the ground of ornamentality, and so the secondary source theory does not apply.

This is not a situation where evidence of secondary source is relevant. Applicants may present secondary source evidence to show that a proposed mark used on goods in a decorative or ornamental manner also has a source-indicating function by showing that the applicant has used the proposed mark in a non-ornamental manner with goods or services in the past other than those being refused as ornamental.¹⁷⁴

¹⁷¹ *Id.* at *4.

¹⁷² *Id.*, quoting *D.C. One Wholesaler*, 102 U.S.P.Q.2d at 1716.

¹⁷³ *Id.* at *5. See *In re Weiss Watch Co.*, 123 U.S.P.Q.2d 1200, 1207 (T.T.A.B. 2017); *In re Nett Designs, Inc.*, 236 F.3d 1339, 57 U.S.P.Q.2d 1564, 1566 (Fed. Cir. 2001).

¹⁷⁴ *Id.* at *5-6. See *In re T.S. Designs, Inc.*, 95 U.S.P.Q.2d 1669, 1672 (T.T.A.B. 2010) (rejecting applicant’s attempts to rely on the theory of secondary source because there was “no factual parallel . . . to reported decisions where ornamental material on the clothing tells the purchasing public the source of the goods”); *In re Watkins Glen Int’l*,

In re Lee Greenwood

In view of the recent run of failure-to-function rulings, it is hardly surprising that the Board affirmed a refusal to register the phrase GOD BLESS THE USA for “accent pillows; decorative centerpieces of wood” and “decorative wall hangings, not of textile” on that same ground. The Board found that the phrase is a common expression of patriotism, affection, or affiliation with the United States of America that will not be perceived as a source indicator. The Board also affirmed a refusal to enter the applicant’s amendment of the mark to “THE LEE GREENWOOD COLLECTION GOD BLESS THE USA” because that amendment would constitute a material alteration of the proposed mark.¹⁷⁵

Failure-to-Function: The critical inquiry in determining whether a proposed mark functions as a trademark is how it would be perceived by the relevant public.¹⁷⁶ The examining attorney maintained that the subject mark is “a common patriotic message, analogous to and synonymous with ‘God Bless America.’”¹⁷⁷ Evidence from more than three dozen third-party websites established that this phrase is commonly used on a vast array of goods.

The Board found this case “reminiscent” of *D.C. One Wholesaler v. Chien*.¹⁷⁸ There, the phrase “I ♥ DC” was commonly available on a range of goods, from apparel and aprons to commuter cups and keychains. The Board found that the “widespread ornamental use of the phrase by third parties ‘is part of the environment in which the [proposed mark] is perceived by the public and . . . may influence how the [proposed mark] is perceived.’”¹⁷⁹

Similarly, the record here indicated that “the phrase GOD BLESS THE USA is displayed not as a source indicator, but as an expression of patriotism, affection, or affiliation with the United States of America.”¹⁸⁰

Applicant Greenwood, a country music artist, insisted that “God Bless the USA” would be commonly recognized as his signature song: “In view of [his] ‘talent and fame’ and ‘the notoriety of his iconic song ‘God Bless the USA’ and his close association therewith”

Inc., 227 U.S.P.Q. 727, 729 (T.T.A.B. 1985) (finding a stylized checkered flag design registrable for patches and clothing items, where applicant had previously registered WATKINS GLEN and checkered flag design for services).

¹⁷⁵ *In re Lee Greenwood*, 2020 U.S.P.Q.2d 11439 (T.T.A.B. 2020).

¹⁷⁶ *Vox Populi*, 2020 U.S.P.Q.2d 11289 at *4.

¹⁷⁷ *Lee Greenwood*, 2020 U.S.P.Q.2d 11439 at *3.

¹⁷⁸ 120 U.S.P.Q.2d at 1713-14.

¹⁷⁹ *Id.* at 1716 (quoting *Hulting*, 107 U.S.P.Q.2d at 1178).

¹⁸⁰ *Lee Greenwood*, 2020 U.S.P.Q.2d 11439 at *3.

Greenwood maintained that the public would regard the proposed mark as his trademark.¹⁸¹

The Board was unmoved. It pointed out that there were no limitations to the channels of trade or classes of consumers for the goods in Greenwood’s application, and so the relevant consumers included members of the general public who may or may not be country music fans.¹⁸² In any case, even consumers familiar with the song and with Greenwood may not associate the household items identified in the application with him or his song, when so many third parties offer household items displaying the same phrase.

The Board concluded that the proposed mark GOD BLESS THE USA is “devoid of source-identifying significance and therefore fails to function as a trademark.”¹⁸³

Mutilation: Trademark Rule 2.72 provides:

(a) In an application based on use in commerce under section 1(a) of the Act, the applicant may amend the description or drawing of the mark **only if**:

...

(2) The proposed amendment does not materially alter the mark. The Office will determine whether a proposed amendment materially alters a mark by comparing the proposed amendment with the description or drawing of the mark filed with the original application.¹⁸⁴

Greenwood pointed to his ownership of a registration for the mark THE LEE GREENWOOD COLLECTION for the same goods as those involved here and maintained that he is allowed to amend the proposed mark to include his previously registered mark because the TMEP states “[a]n amendment adding an element that the applicant has previously registered for the same goods or services may be permitted.”¹⁸⁵

The Board reviewed various precedents regarding this “mutilation” issue and concluded that, under current law, “the key comparison is between the proposed amendment and the drawing of the mark in the original application.”¹⁸⁶ The crucial question is

¹⁸¹ *Id.* at *4.

¹⁸² *Id.*, citing *CBS Inc. v. Morrow*, 708 F.2d 1579, 218 U.S.P.Q. 198, 199 (Fed. Cir. 1983); *Bell’s Brewery, Inc. v. Innovation Brewing*, 125 U.S.P.Q.2d 1340, 1345 (T.T.A.B. 2017), cited in *Mayweather Promotions*, 2020 U.S.P.Q.2d 11298 at *3.

¹⁸³ *Id.*, quoting *Hulting*, 107 U.S.P.Q.2d at 1181.

¹⁸⁴ Trademark Rule 2.72, 37 C.F.R. § 2.72 (emphasis by the Board).

¹⁸⁵ TMEP § 807.14(b).

¹⁸⁶ *Lee Greenwood*, 2020 U.S.P.Q.2d 11439, at *8. *See generally* Catherine Krebs & Radhika Raju, *Has the Rule Against Material Alteration of Trademark Drawings Been Materially Altered?* 90 TMR 770, 774-77 (2000).

whether the old and new forms of the mark create “essentially the same commercial impression.”¹⁸⁷

This is a question of fact, to be evaluated from the viewpoint of an ordinary consumer. “The commercial impression that a mark conveys must be viewed through the eyes of the consumer.” *DuoProSS Meditech Corp. v. Inviro Medical Devices, Ltd.*, 695 F.3d 1247, 103 U.S.P.Q.2d 1753, 1757 (Fed. Cir. 2012), quoted in *Hana Fin., Inc. v. Hana Bank*, 574 U.S. 418, 113 U.S.P.Q.2d 1365, 1367 (2015), cited in *Jack Wolfskin Ausrüstung Fur Draussen GmbH & Co. KGAA v. New Millennium Sports, S.L.U.*, 797 F.3d 1363, 116 U.S.P.Q.2d 1129, 1133 (Fed. Cir. 2015). These consumers, unfamiliar with registrations on the Principal Register, may see an applicant’s addition of his previously registered matter as a significant change from the mark as originally filed. Indeed, an applicant may own scores of previously registered marks, any one of which could be appended to the root mark as originally filed. The mark as originally filed could thereby serve as a placeholder for later amendments bearing “little resemblance to the mark as originally filed.”¹⁸⁸

Consequently, the Board held that “previous registration of matter added in a proposed amendment is not an exception to the rule against material alteration; it is a factor to be considered in determining whether the alteration is material.”¹⁸⁹

The Board, not surprisingly, agreed with the examining attorney that the addition of THE LEE GREENWOOD COLLECTION TO GOD BLESS THE USA would materially alter the original mark.

The additional four words would appear prominently as the first part of Applicant’s proposed mark, the part that “is most likely to be impressed upon the mind of a purchaser and remembered.” *In re Aquitaine Wine USA, LLC*, 126 U.S.P.Q.2d 1181, 1185 (T.T.A.B. 2018) (quoting *Presto Prods. Inc. v. Nice-Pak Prods., Inc.*, 9 U.S.P.Q.2d 1895, 1897 (T.T.A.B. 1988)). And the additional seven syllables would create a noticeably different pronunciation. *** Adding Applicant’s house mark would, moreover, make a substantial difference in connotation and commercial impression.¹⁹⁰

The Board therefore found that Applicant Greenwood’s proposed amendment would constitute a material alteration of the original

¹⁸⁷ *Id.*, citing *Visa Int’l Serv. Ass’n v. Life-Code Sys., Inc.*, 220 U.S.P.Q. 740, 743-44 (T.T.A.B. 1983); *In re Guitar Straps Online, LLC*, 103 U.S.P.Q.2d 1745, 1747 (T.T.A.B. 2012).

¹⁸⁸ *Id.* at *8-9.

¹⁸⁹ *Id.* at * 9.

¹⁹⁰ *Id.*

mark and was therefore impermissible under Trademark Rule 2.72(a)(2).

In re Team Jesus LLC

Here we go again! The TTAB wasted little time in upholding a failure-to-function refusal of the proposed mark TEAM JESUS for clothing items and educational and entertainment services promoting religion, under Sections 1, 2, 3, and 45 of the Trademark Act. The Board pointed out once again that “[m]atter that is widely used to convey ordinary or familiar concepts or sentiments, or social, political, religious, or similar informational messages that are in common use, would not be perceived as indicating source and is not registrable as a mark.”¹⁹¹

The examining attorney submitted numerous examples evidencing general use, in a variety of contexts, of the phrase TEAM JESUS to convey a Christian affiliation: including on various religious websites, in media articles, and on t-shirts, bracelets, lanyards, and buttons.

The Board found that, in light of the nature of use of TEAM JESUS, including on apparel from many sources, “it does not create the commercial impression of a source indicator, even when displayed on a hangtag or label.”¹⁹²

The record in this case demonstrates the “ubiquity of the phrase [TEAM JESUS] . . . on apparel and other [goods] of many makers,” *D.C. One Wholesaler*, 120 U.S.P.Q.2d at 1716, as well as in connection with educational and entertainment services. In addition, Applicant’s specimen for its own Class 41 services reinforces the nature of TEAM JESUS as a message of affiliation by referring to Christians generally as part of “Team Jesus.” We find that consumers will not perceive the widely-used message TEAM JESUS as distinguishing Applicant’s goods and services in commerce and indicating their source.¹⁹³

Applicant Team Jesus LLC claimed that the third-party uses were actually evidence of use of the phrase as a trademark. The Board disagreed, observing that most of the third-party clothing evidence “shows use of TEAM JESUS in an ornamental manner, such as the t-shirts . . . with the words emblazoned in large letters across the front, presumably offered for consumers who want to convey their Christian affiliation by wearing apparel that prominently proclaims that message.”¹⁹⁴

¹⁹¹ *In re Team Jesus LLC*, 2020 U.S.P.Q.2d 11489, at *3 (T.T.A.B. 2020).

¹⁹² *Id.* at *5, quoting *D.C. One Wholesaler*, 120 U.S.P.Q.2d at 1716.

¹⁹³ *Id.* at *7.

¹⁹⁴ *Id.* at *5. See *Mayweather Promotions*, 2020 U.S.P.Q.2d 11298, at *4.

9. Prosecution Issues

a. Indefiniteness of Recitation of Services

In re SICPA Holding SA

Applicant SICPA ran into double trouble when it applied to register the mark SHIFTMAG for “security consulting in the nature of professional consulting on magnetic stripe color shifting smart designs based on liquid crystal technology for visual card authentication, embed protection and brand identity customization.” In another dubiously precedential opinion, the Board agreed with the examining attorney that SICPA’s recitation of services was fatally indefinite, and the Board also upheld a second refusal based on SICPA’s failure to respond timely and adequately to a Rule 2.61(b) request for information.¹⁹⁵

The examining attorney maintained that, because of the indefiniteness of the recitation, the services cannot be properly classified. SICPA argued that it is a “one-of-a-kind business entity,” that the services it offers are “not in the ID Manual,” and that “[n]ot everything in the world is in the ID Manual.”¹⁹⁶

The Board sided with the USPTO, observing that specificity is required “to provide public notice and to enable the USPTO to classify the goods and services properly.”¹⁹⁷ Moreover, “[i]t is within the discretion of the PTO to require that one’s goods be identified with particularity.”¹⁹⁸

In *In re Omega SA*, the CAFC upheld a requirement that the term “chronographs” be identified more specifically because the term could refer to “watches” in International Class 14 or time recording instruments in Class 9. Similarly, here the term “security” in SICPA’s recitation of services is ambiguous: “[I]t is unclear whether the term refers to data security consulting [Class 42], as suggested by the services relating to ‘card authentication and identification,’ or to physical security consulting [Class 45].”¹⁹⁹ SICPA claimed that it “does not do data security,” but, the Board noted, that “does not make the identification unambiguous.”²⁰⁰

¹⁹⁵ *In re SICPA Holding SA*, 2021 U.S.P.Q.2d 613 (T.T.A.B. 2021). The Rule 2.61(b) issue is discussed in Section I.A.9.c, below.

¹⁹⁶ *Id.* at *3. “The ID Manual lists properly classified and acceptable identifications of goods and services. It is not exhaustive, but rather is intended as a guide to examining attorneys and the public.” *Id.* at n.4. The ID Manual may be found on the USPTO website at <https://idm-tmng.uspto.gov/id-master-list-public.html>.

¹⁹⁷ *Id.* at *4, quoting *In re Fiat Grp. Mktg. & Corp. Comm’ns S.p.A.*, 109 U.S.P.Q.2d 1593, 1597 (T.T.A.B. 2014).

¹⁹⁸ *Id.* See *In re Omega SA*, 494 F.3d 1362, 83 U.S.P.Q.2d 1541, 1544 (Fed. Cir. 2007) (quoting *In re Water Gremlin Co.*, 635 F.2d 841, 208 U.S.P.Q. 89, 91 (C.C.P.A. 1980)).

¹⁹⁹ *Id.* at *5.

²⁰⁰ *Id.*

Moreover, it was not clear from SICPA's examples of use whether it was offering a product or a product feature, rather than a service.

While Applicant's product may very well be "one-of-a-kind," that does not excuse Applicant from complying with the requirement to identify its goods or services with sufficient particularity and in an understandable way. Goods and services implementing emerging technologies, by their very nature, may not to [sic] be represented in the ID Manual. Nonetheless, the Trademark Rules and decisional law require an applicant to identify its goods or services in a clear manner that permits proper classification. Applicant did not do so here, however.²⁰¹

b. Acceptability of Specimens of Use

In re James S. Fallon

In a soporific but precedential decision, the Board affirmed two of three refusals of the proposed mark THERMAL MATRIX for a "heat responsive and malleable liner that is an integral component of an oral dental appliance used in the mouth and worn over the teeth of an individual while sleeping to reduce the effects of snoring and sleep apnea" (THERMAL disclaimed). The Board found the mark to be merely descriptive of the goods, and further found that the specimen of use did not show the mark in use in connection with the applicant's liners. However, the Board overturned the third refusal, concluding that the mark as depicted in the application drawing (i.e., THERMAL MATRIX in standard characters) is a substantially exact representation of the mark as actually used.²⁰²

Faulty Specimen: the examining attorney maintained that "[t]he picture of the dental appliance on the package does not show or highlight the lining of the dental appliance in a way where consumers are likely to associate the wording in the mark as the source indicator for a liner."²⁰³ The Board agreed:

Where, as here, an applicant seeks registration for a component of a product rather than for the product itself, it is particularly important that the specimen contain some visual or verbal identification of the component to create the required direct association between the mark and the identified goods. *See Minerva Assocs.*, 125 U.S.P.Q.2d at 1638-39. * * * The specimen that Applicant submitted does not sufficiently identify any specific component, much less the component for which registration is sought, visually or

²⁰¹ *Id.* at *6.

²⁰² *In re James S. Fallon*, 2020 U.S.P.Q.2d 11249 (T.T.A.B. 2020).

²⁰³ *Id.* at *3.

verbally, to create the required direct association between the proposed mark and that component.²⁰⁴

Mere Descriptiveness: Applicant Fallon argued that the examining attorney “focused entirely on the meanings of the individual words ‘thermal’ and ‘matrix’ while overlooking the significance of the mark THERMAL MATRIX taken as a whole.”²⁰⁵

The Board found that each word in the mark is “highly descriptive” of the goods. “As shown in [its webpages], Applicant’s ‘heat responsive and malleable liner’ embodies ‘a pattern of lines and spaces’ through which the user can personalize the fit of the oral appliance through the application of heat.”²⁰⁶

The Board then considered whether the combination of the two words yields “something more than merely the sum of its descriptive parts.”²⁰⁷ It pointed out that Fallon’s website “touts the product’s ‘Thermal Matrix Design,’ which ‘features a thermal matrix material that enables each user to personalize their device with a custom impression’ through ‘a simple step by step process that can be done in the comfort of your home.’”²⁰⁸

Third-party webpages confirmed that “when Applicant’s goods are advertised and promoted by others, the same descriptive message of the proposed mark would be understood by consumers.”²⁰⁹ Finally, Fallon argued (as expected) that some imagination, thought, or perception would be required before a consumer would glean any information about the product from the mark, and therefore the mark is suggestive. Although Fallon correctly stated the law, the facts did not cooperate.

Applicant’s own promotional materials and the third-party webpages shown and discussed . . . make it clear that “a consumer would immediately understand the intended meaning of” the proposed THERMAL MATRIX mark as a descriptor of a key product feature, *N.C. Lottery*, 123 U.S.P.Q.2d at 1710, and eliminate the need for any “imagination, thought or perception” to determine the term’s significance.²¹⁰

Concluding that Fallon failed to rebut the USPTO’s prima facie showing, the Board affirmed the Section 2(e)(1) refusal.

Mutilation: The examining attorney contended that the specimen of use displays the mark as NEW THERMAL MATRIX

²⁰⁴ *Id.* at *5.

²⁰⁵ *Id.* at *8 (emphasis by the Board).

²⁰⁶ *Id.* at *9.

²⁰⁷ *Id.*

²⁰⁸ *Id.* at *10.

²⁰⁹ *Id.*

²¹⁰ *Id.* at *11-12.

(see illustration below), since “NEW” is not a generic word but merely descriptive, whereas the application drawing displays the mark as THERMAL MATRIX. Applicant Fallon asserted that consumers would not see “NEW” as part of the mark because “the letter size and style of the word ‘NEW’ are visually distinguishable from those of the words ‘Thermal Matrix’ which are located separately on the package.”²¹¹



The Board agreed with Fallon on this one. It found that THERMAL MATRIX, as it appears on the specimen, “comprises a separate and distinct ‘trademark’ in and of itself.”²¹²

The word NEW appears in all capital letters on the specimen above the words “Thermal Matrix,” which are depicted in initial capital letters and are followed by the TM symbol. Given the descriptive, non-source identifying nature of the word NEW acknowledged by the Examining Attorney and Applicant, and the fact that the words “Thermal Matrix” are set apart visually from the word NEW, we find that the drawing of the mark as THERMAL MATRIX is “a substantially exact representation of the mark as used with the goods,” Trademark Rule 2.51(b), and we reverse the refusal to register based on that rule.²¹³

In re MN Apparel LLC

There’s nothing like TTAB specimen-of-use cases to cure your insomnia. Applicant MN Apparel applied to register the mark MOSTLY MN ONE WITH EVERYTHING for t-shirts, caps, and the like, but ran into two refusals aimed at its specimens of use: mutilation and failure to show use as a trademark. In a less than

²¹¹ *Id.* at *6.

²¹² *Id.*, quoting *Institut Nat’l Des Appellations d’Origine v. Vintners Int’l Co.*, 958 F.2d 1574, 22 U.S.P.Q.2d 1190, 1197 (Fed. 1992).

²¹³ *Id.* at *6-7.

pellucid opinion, the Board upended the first refusal but affirmed the second.²¹⁴

Mutilation: In a Section 1(a) application, the drawing of the mark must be a “substantially exact representation of the mark as used on or in connection with the goods.”²¹⁵ The examining attorney claimed that the specimen of use—which comprised five Internet webpage excerpts from the company website—showed the applicant’s house mark or trade name MN APPAREL along with different forms of the proposed mark, and therefore these forms of the mark could not be considered “substantially exact representation[s] of the mark on the drawing page.”²¹⁶ The Board was unimpressed. It noted that an applicant may apply to register any element of a composite mark that creates a separate and distinct commercial impression.²¹⁷ Here, the house mark was separated from the versions of the proposed mark and so the latter created separate commercial impressions.

Next, the examining attorney maintained that none of the specimen webpages displayed a substantially exact representation of the mark depicted on the application drawing. Instead of MOSTLY MN ONE WITH EVERYTHING, the following variations appeared on the specimen webpages:

MOSTLY MN AND ONE WITH EVERYTHING

MOSTLY MN, ONE WITH EVERYTHING

MOSTLY MINNESOTA, ONE WITH EVERYTHING

The Board pointed out that “exactly match” is not the standard, but rather “substantially exact representation.”²¹⁸ “[A] drawing displaying only a ‘minor alteration’ of the mark that ‘does not create a new and different mark creating a different commercial impression’ from the matter shown in the specimen is acceptable.”²¹⁹

The Board found MOSTLY MN, ONE WITH EVERYTHING to be a substantially exact representation of MOSTLY MN ONE WITH EVERYTHING, since the added comma does not change the mark’s meaning or commercial impression.²²⁰ Likewise, MOSTLY MN AND ONE WITH EVERYTHING was acceptable. However, not so with MOSTLY MINNESOTA ONE WITH EVERYTHING (despite the

²¹⁴ *In re MN Apparel LLC*, 2021 U.S.P.Q.2d 535 (T.T.A.B. 2021).

²¹⁵ Trademark Rule 2.51(a), 37 C.F.R. § 2.51(a).

²¹⁶ *MN Apparel*, 2021 U.S.P.Q.2d, at *8-9. Note that this is the opposite of what Rule 2.51(a) says.

²¹⁷ *See, e.g., In re Chem. Dynamics Inc.*, 839 F.2d 1569, 5 U.S.P.Q.2d 1828, 1830 (Fed. Cir. 1988); *Institut Nat’l des Appellations D’Origine*, 22 U.S.P.Q.2d at 1197.

²¹⁸ *MN Apparel*, 2021 U.S.P.Q.2d, at *12.

²¹⁹ *Id.*, quoting *In re Schechter Bros. Modular Corp.*, 182 U.S.P.Q. 694, 695 (T.T.A.B. 1974).

²²⁰ *See In re R.J. Reynolds Tobacco*, 222 U.S.P.Q. 552 (T.T.A.B. 1984) (BE-MORE-YOU in stylized form substantially identical to BE MORE YOU). *See also* TMEP 807.12(a)(iii).

fact that MN is a widely recognized abbreviation for Minnesota). The two terms are significantly different aurally and visually, and, further, the term “MN” in the applicant’s proposed mark may not be perceived as the state abbreviation.

Use as a Trademark: In the second refusal, the examining attorney argued that the specimen comprises mere advertising that does not qualify as a display associated with the goods,²²¹ and therefore the specimen does not show proper use of the mark in commerce. The Board agreed. “[T]o be more than mere advertising, a point-of-sale display associated with the goods must do more than simply promote the goods and induce a person to buy them; that is the purpose of advertising in general. The specimen must be ‘calculated to consummate a sale.’”²²²

To be calculated to consummate a sale, the specimen of use must provide “sufficient practical information about the goods and a way to order the goods, so as to put the prospective customer at the point of purchase.”²²³

Examples include a catalog order form, a telephone number through which the consumer is invited to call in a purchase, *Lands’ End Inc. v. Manbeck*, 797 F. Supp. 511, 24 U.S.P.Q.2d 1314, 1316 (E.D. Va. 1992), or in the case of webpage specimens, a way to “plac[e] orders for the goods via the Internet,” *In re Anpath Grp. Inc.*, 95 U.S.P.Q.2d 1377, 1381 (T.T.A.B. 2010), such as selecting goods and adding them to a virtual shopping cart.²²⁴

A specimen fails to qualify as a point-of-sale display if it contains more limited information and would require the customer to “contact applicant to obtain preliminary information necessary to order the goods” before an order could be placed.²²⁵

The Board thumbed through the five pages of MN Apparel’s specimen of use and found them wanting. Only one of the five displayed applicant’s goods along with pricing and a “shop now” button, but no version of the proposed mark appeared on the page. The other four pages “fail to include sufficient information to

²²¹ Section 45 of the Lanham Act, 15 U.S.C. § 1127, states in pertinent part that a mark is in “use in commerce” on goods when “(A) it is placed in any manner on the goods or their containers or *the displays associated* therewith or on the tags or labels affixed thereto . . . and (B) the goods are sold or transported in commerce.” [emphasis added].

²²² *In re U.S. Tsubaki, Inc.*, 109 U.S.P.Q.2d 2002, 2009 (T.T.A.B. 2014) (quoting *In re Bright of Am., Inc.*, 205 U.S.P.Q. 63, 71 (T.T.A.B. 1979)).

²²³ *MN Apparel*, 2021 U.S.P.Q.2d 535, at *16.

²²⁴ *Id.* at *16-17.

²²⁵ *Id.* at *17, quoting *Anpath Grp.*, 95 U.S.P.Q.2d at 1381; *see also U.S. Tsubaki*, 109 U.S.P.Q.2d at 2005.

function as a point of sale display associated with the identified goods.”²²⁶

And so, the Board affirmed the second refusal to register.

***c. Inadequate Response to Rule 2.61(b)
Request for Information***

In re SICPA Holding SA

In the second of two registration hurdles that Applicant SICPA failed to clear, the Board upheld a refusal to register based on SICPA’s failure to respond timely and adequately to a Rule 2.61(b) request for information.²²⁷

Under Rule 2.61(b), “[t]he Office may require the applicant to furnish such information . . . as may be reasonably necessary to the proper examination of the application.”²²⁸ “Equivocal, vague or evasive responses are unacceptable.”²²⁹ Failure to comply with a request for information is an independent ground for refusal of an application.²³⁰

Of the five requests made by the Examining Attorney, SICPA failed to respond to two of them until its final brief. “But that was too late.”²³¹

The Rule’s purpose is thwarted, proceedings are unduly prolonged, and the expenditure of agency resources is needlessly increased if the information is not provided until examination is over and the application is on appeal before the Board.²³²

10. Procedural Issues

a. Res Judicata

In re SolarWindow Technologies, Inc.

The TTAB sun twice failed to shine on Applicant SolarWindow Technologies, Inc. The Board applied the doctrine of res judicata in affirming a Section 2(e)(1) mere descriptiveness refusal of POWERCOATINGS for coatings for solar cells. SolarWindow filed an application in 2014 for the same mark for the same goods, and in

²²⁶ *Id.* at *21.

²²⁷ *SICPA*, 2021 U.S.P.Q.2d 613, at *6-10. The other refusal, based on the indefiniteness of SICPA’s recitation of services, is discussed in Section I.A.9.a., above.

²²⁸ Trademark Rule 2.61(b), 37 C.F.R. § 2.61(b).

²²⁹ *In re AOP LLC*, 107 U.S.P.Q.2d 1644, 1651 (T.T.A.B. 2013).

²³⁰ *SICPA*, 2021 U.S.P.Q.2d 613, at *6, citing *In re Cheezwhse.com Inc.*, 85 U.S.P.Q.2d 1917, 1919 (T.T.A.B. 2008); *In re DTIP’ship LLP*, 67 U.S.P.Q.2d 1699, 1701-02 (T.T.A.B. 2003).

²³¹ *Id.* at *8.

²³² *Id.* at *9.

2016 the Board affirmed a mere descriptiveness refusal of that application. SolarWindow filed again in 2018 and was rejected again under Section 2(e)(1) and also on the ground of *res judicata*. The Board upheld the USPTO's *res judicata* refusal because SolarWindow failed to show any change of conditions or circumstances that would excuse the application of that doctrine.²³³

Under the doctrine of *res judicata*, or claim preclusion, “a judgment on the merits in a prior suit bars a second suit involving the same parties or their privies based on the same cause of action.”²³⁴ The CAFC in *Bose* warned, however, that particular “caution is warranted in the application of [claim] preclusion by the PTO, for the purposes of administrative trademark procedures include protecting both the consuming public and the purveyors.”²³⁵

In general, there is nothing to preclude an applicant from attempting a second time in an *ex parte* proceeding to register a particular mark if conditions and circumstances have changed since the rendering of the adverse final decision in the first application. The question generally in the second proceeding is whether changes in facts and circumstances do exist and, if so, whether they can support the registration sought.²³⁶

Applicant SolarWindow argued that there are “additional facts” that preclude the application of *res judicata*. The Board observed, however, that “pointing to additional facts or even making a more persuasive argument based on those facts does not avoid preclusion from an earlier decision.”²³⁷ The losing applicant must demonstrate “a material change in the relevant conditions or circumstances,” and SolarWindow failed to do so.²³⁸

Applicant's arguments raised in its response to the Examining Attorney's assertion of *res judicata* are, at best, alternative arguments why it believes its mark is not merely descriptive of its goods. *See Bose*, 81 U.S.P.Q.2d at 1752 (rejecting argument that new evidence in the form of

²³³ *In re SolarWindow Technologies, Inc.*, 2021 U.S.P.Q.2d 257 (T.T.A.B. 2021).

²³⁴ *In re Bose Corp.*, 476 F.3d 1331, 81 U.S.P.Q.2d 1748, 1752 (Fed. Cir. 2007) (quoting *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 (1979)).

²³⁵ *Bose*, 81 U.S.P.Q.2d at 1752 (quoting *Mayer/Berkshire Corp. v. Berkshire Fashions Inc.*, 424 F.3d 1229, 76 U.S.P.Q.2d 1310, 1314 (Fed. Cir. 2005)).

²³⁶ *SolarWindow*, 2021 U.S.P.Q.2d 257, at *7, quoting *In re Honeywell Inc.*, 8 U.S.P.Q.2d 1600, 1601-02 (T.T.A.B. 1988). In *Honeywell*, involving the configuration of a circular thermostat cover, 17 years had elapsed between the refusal to register (on the ground of functionality), upheld by the TTAB and the CCPA, and the second application, during which time marketplace conditions had changed, and so *res judicata* was inapplicable.

²³⁷ *Id.* at *8. *Cf. SynQor, Inc. v. Vicor Corp.*, 2021 U.S.P.Q.2d 208, at *12 (Fed. Cir. 2021) (“A losing party does not get a second bite at the apple simply because they can find [] new and arguably more persuasive” evidence to present in the second proceeding.).

²³⁸ *Id.*

applicant’s new promotional materials “represent a changed circumstance such that we should bar application of the doctrine of *res judicata*”); *Honeywell*, 8 U.S.P.Q.2d at 1601-02.²³⁹

SolarWindow asserted that consumers may be confused as to whether the term “powercoatings” refers to a type of protective coating or finish applied to the product, or a method for applying the coating, or whether the term is a misspelling of the term “powder coating.”²⁴⁰ However, applicant failed to show that this argument was not available during prosecution of its first application.

In other words, Applicant does not demonstrate the required material change of circumstances or conditions merely by bringing up a new argument which could have been made during the prosecution of Applicant’s Prior Application.²⁴¹

b. Attempt to Amend Application During Appeal

In re Ox Paperboard, LLC

This rather mundane Section 2(d) appeal was apparently deemed precedential because of the applicant’s attempt, in its appeal brief, to amend the identification of goods in its application without seeking leave or requesting remand. The Board explained the proper procedure, rejected the amendment, and affirmed the refusal to register the word-and-design mark shown below, for “paper tubes and cores; paperboards used for protective packaging; and recycled paperboard,” not surprisingly finding a likelihood of confusion with the registered mark OX BOX for “corrugated containers” (BOX disclaimed).²⁴²



Applicant Ox Paperboard purported to amend its application to expand the listing of goods in Class 16 and to add two classes. The examining attorney objected on two bases: Ox did not seek to amend

²³⁹ *Id.*

²⁴⁰ *Id.* at *9.

²⁴¹ *Id.* (Emphasis by the Board).

²⁴² *In re Ox Paperboard, LLC*, 2020 U.S.P.Q.2d 10878 (T.T.A.B. 2020).

at any time during prosecution of the application, and the amendment was unacceptable because the expanded list exceeded the scope of the original identification. The Board addressed the first objection.

As a best practice, an applicant should seek an amendment as early as possible during prosecution. If not during prosecution, applicant should file a request for reconsideration after final refusal but before the deadline for appeal.²⁴³ The next preferred alternative is to file with the Board a separate request for remand and suspension of the appeal, ideally before the filing of an appeal brief.

Embedded amendments in an appeal brief are not prohibited but are discouraged because they may be overlooked by the Board before the examining attorney files his or her brief and may needlessly delay the appeal.²⁴⁴ If the examining attorney objects to the amendment, the Board typically treats the attempted amendment as a request for remand for further examination and it considers whether good cause has been shown for the remand.²⁴⁵

Good cause will generally be found, for example, when the amendment is an attempt to comply with a requirement, such as an amendment to the identification of goods or services in response to a requirement for an acceptable identification, when the amendment will obviate a ground for refusal, such as an amendment to the Supplemental Register or an amendment to assert a Trademark Act § 2(f) claim (15 U.S.C. § 1052(f)) in order to avoid or overcome a refusal under Trademark Act § 2(e)(1), Trademark Act § 2(e)(2) or Trademark Act § 2(e)(4), 15 U.S.C. § 1052(e)(1), 15 U.S.C. § 1052(e)(2) or 15 U.S.C. § 1052(e)(4), or when the examining attorney consents to remand for consideration of the amendment However, whether good cause will be found will depend, in part, on the stage of the appeal at the time the amendment is filed, including the reason given for the delay.²⁴⁶

Ox Paperboard failed to demonstrate the required good cause as to why the application should be remanded to the Office for consideration of its amendment. It did not even request amendment, but presumed it was entitled to amend, and it offered no explanation

²⁴³ See Trademark Rule 2.63(b)(3), 37 C.F.R. § 2.63(b)(3), which provides that if the examining attorney issues a final action that maintains a substantive refusal or a requirement, the applicant may respond by timely filing a request for reconsideration, an appeal to the TTAB, or, in the case of a requirement that is procedural, a petition to the Director for review of the requirement.

²⁴⁴ *Ox Paperboard*, 2020 U.S.P.Q.2d 10878, at *2. See TBMP § 1205.01 (June 2021) (proper procedure is to file a separately captioned request for remand because requests embedded in an appeal brief may not be noted by the Board).

²⁴⁵ *Id.*

²⁴⁶ TBMP § 1205.01(b)(1).

as to why it waited so long to “propose” the amendment.²⁴⁷ Moreover, the Board noted, even if accepted, the amendment would not overcome the Section 2(d) refusal because the amended goods and services would still be related to the registrant’s goods.

The Board concluded that Ox failed to establish good cause for suspension of the appeal and remand of the application. Had Ox proceeded in accordance with best practice, the Board noted, the issue could have been resolved prior to issuance of this final decision. “Applicants before the Board are strongly encouraged to follow preferred practice in order to ensure the orderly administration of ex parte appeals.”²⁴⁸

c. Attempt to Withdraw Application After Failed Appeal

In re Information Builders Inc.

In the shortest precedential decision in recent memory, the Board rejected this applicant’s attempt to expressly abandon its application “without prejudice” after the Board had issued a final decision affirming a refusal to register the subject mark. In a mere four pages, the Board pointed out that the purported abandonment was both untimely under Trademark Rule 2.68²⁴⁹ and in contravention of Rule 2.142(g),²⁵⁰ which limits the Board’s power to re-open an appeal after a final decision.²⁵¹

In April 2020, the Board affirmed a Section 2(d) refusal to register the mark INFORMATION BUILDERS and Design (below left) for database software and related design services, finding the mark confusingly similar to the design mark shown below right, for overlapping software and services.²⁵²

²⁴⁷ *Ox Paperboard*, 2020 U.S.P.Q.2d 10878, at *2.

²⁴⁸ *Id.* at *3.

²⁴⁹ Trademark Rule 2.68(a), 37 C.F.R. § 2.68(a), provides in pertinent part:

An applicant may expressly abandon an application by filing a written request for abandonment or withdrawal of the application, signed by the applicant, someone with legal authority to bind the applicant (e.g., a corporate officer or general partner of a partnership), or a practitioner qualified to practice under § 11.14 of this chapter, in accordance with the requirements of § 2.193(e)(2).

²⁵⁰ Trademark Rule 2.142(g), 37 C.F.R. § 2.142(g), states:

An application which has been considered and decided on appeal will not be reopened except for the entry of a disclaimer under section 6 of the Act of 1946 or upon order of the Director, but a petition to the Director to reopen an application will be considered only upon a showing of sufficient cause for consideration of any matter not already adjudicated.

²⁵¹ *In re Information Builders Inc.*, 2021 U.S.P.Q.2d 228 (T.T.A.B. 2021).

²⁵² *In re Information Builders Inc.*, 2020 U.S.P.Q.2d 10444 (T.T.A.B. 2020).



The applicant appealed the decision to the CAFC, but then withdrew the appeal (stating that it no longer had a bona fide intention to use the mark) and filed with the TTAB an express abandonment of its application, stating that the abandonment was “without prejudice.” The Board found that submission “improper and . . . of no effect.”²⁵³

Under Rule 2.68, an applicant may expressly abandon an application during prosecution, or during an ex parte appeal to the Board. However, once the Board issues a final decision, “prosecution is over and a different rule—Rule 2.142(g), 37 C.F.R. § 2.142(g)—applies.”²⁵⁴

Rule 2.142(g) provides, in pertinent part, that “[a]n application which has been considered and decided on appeal will not be reopened except for the entry of a disclaimer under section 6 of the Act of 1946 or upon order of the Director,” and so the Board concluded that, “[a]bsent reopening of the application under Rule 2.142(g) or a reviewing court order reversing the Board’s decision, an application that has been decided on appeal stands abandoned after a final decision of the Board affirming a refusal to register.”²⁵⁵

Here, the applicant did not seek to enter a disclaimer, nor was there an order from the Director permitting the purported express abandonment “without prejudice.” Nor did the disposition of the appeal provide any basis to disregard the Trademark Rules: “[t]here was no mandate vacating the Board’s decision, directing the Board to do anything more, or allowing Applicant to file this purported express abandonment.”²⁵⁶

In view of the foregoing, Applicant’s purported express abandonment of its application “without prejudice” is not only untimely under Rule 2.68, but also contravenes the limitations in Rule 2.142(g). The Board’s April 30, 2020 final decision affirming the refusals to register Applicant’s mark remains as issued. Applicant’s application stands abandoned as a result of that decision. Applicant cannot circumvent that adverse Board decision by filing an express abandonment of the involved application.²⁵⁷

²⁵³ *In re Information Builders*, 2021 U.S.P.Q.2d 228, at *2.

²⁵⁴ *Id.* at *3. See *In re Johanna Farms, Inc.*, 223 U.S.P.Q. 459, 460 (T.T.A.B. 1984) (after rendering a final decision, the Board is without power to entertain any request for additional prosecution except as provided in Rule 2.142(g)).

²⁵⁵ *Id.*

²⁵⁶ *Id.* at *4.

²⁵⁷ *Id.*

PART II. INTER PARTES CASES

A. United States Court of Appeals for the Federal Circuit

1. Section 2(d) Likelihood of Confusion

QuikTrip West, Inc. v. Weigel Stores, Inc.

In a precedential opinion worthy of little note, the CAFC affirmed the TTAB’s decision dismissing an opposition to registration of the mark shown first below, for “processed, ready to eat foods, namely, sandwiches, wrap sandwiches, pizza and pastries” and “restaurant services.”²⁵⁸ The Board ruled that Opposer QuikTrip West failed to prove a likelihood of confusion with its registered mark shown next below, for “garden, vegetable, meat, cheese and fruit salads” and “processed, ready to eat foods, namely, sandwiches, wraps, pastries and pasta salads,” finding that Weigel’s mark “is so dissimilar to Opposer’s pleaded mark, and the common element between them is so weak that no likelihood of confusion exists.”²⁵⁹



Likelihood of confusion is a legal determination based on underlying findings of fact relating to the *DuPont* factors.²⁶⁰ The CAFC reviews the Board’s factual findings for substantial evidence, but it weighs the collection of factors *de novo*.²⁶¹ On this appeal, QuikTrip questioned the TTAB’s analysis regarding the similarity of the marks (*DuPont* factor one) and Weigel’s bad faith (factor 13), and it also challenged the Board’s weighing of the factors.

Similarity of the Marks: The CAFC agreed with Appellee Weigel that the Board properly analyzed the marks. The Board accorded less weight to the shared term “KITCHEN(S)” because, as

²⁵⁸ *QuikTrip West, Inc. v. Weigel Stores, Inc.*, 984 F.3d 1031, 2021 U.S.P.Q.2d 35 (Fed. Cir. 2021).

²⁵⁹ *QuikTrip West, Inc. v. Weigel Stores, Inc.*, Opposition No. 91235273 (slip op. at 22) (T.T.A.B. October 24, 2019).

²⁶⁰ *DuPont*, 177 U.S.P.Q. at 567.

²⁶¹ *Swagway, LLC v. Int’l Trade Comm’n*, 934 F.3d 1332, 1338 (Fed. Cir. 2019).

established by the evidence, “kitchen” is a ‘highly suggestive, if not descriptive’ word.”²⁶² It also gave more weight to the dominant portions of the marks—Weigel’s encircled W next to the possessive surname “Weigel’s,” and QuikTrip’s “QT” in a square below a chef’s hat—in view of their prominent placement, unique design, and color.²⁶³

The Board properly compared the marks in their entireties and observed the differences in lettering and geometric shapes and the inclusion of a tilted chef’s hat in QuikTrip’s mark. It noted that the marks are not similar in sound because the “letters do not rhyme or otherwise sound close to one another, and the component WEIGEL’S adds an entirely different sound.”²⁶⁴ As to connotation, the Board found that Weigel’s mark connotes a kitchen run by a person named Weigel whereas QuikTrip’s mark connotes “a string of kitchens with chefs, run by QT.”²⁶⁵

The CAFC concluded that substantial evidence supported the Board’s factual finding that the marks, in their entireties, differ in appearance, sound, connotation, and commercial impression.

Bad Faith: A party’s bad faith in adopting a mark is relevant under the thirteenth *DuPont* factor.²⁶⁶ However, something more is required than mere knowledge of a prior mark: an intent to confuse must be proven.²⁶⁷

QuikTrip argued that the Board had failed to consider evidence that Weigel intentionally copied elements of its mark and surreptitiously photographed its stores. Moreover, it asserted, the Board failed to consider that the marks are more confusingly similar when presented “in comparable trade dress contexts.”²⁶⁸ Weigel, on the other hand, contended that its willingness to alter its mark on several occasions, in response to QuikTrip’s cease-and-desist letters, negated any inference of bad faith.

The CAFC sided with Weigel: the willingness to change its mark evidenced Weigel’s lack of bad faith. As to QuikTrip’s trade dress argument, the fact that the Board did not address it does not mean that it did not consider it. “We have held ‘on multiple occasions that

²⁶² *QuikTrip*, Opposition No. 91235273 (slip op. at 13).

²⁶³ See *In re Electrolyte Labs., Inc.*, 929 F.2d 645, 647 (Fed. Cir. 1990) (“More dominant features will, of course, weigh heavier in the overall impression of a mark.”).

²⁶⁴ *QuikTrip*, 2021 U.S.P.Q.2d 35, at *3.

²⁶⁵ *Id.*

²⁶⁶ *DuPont*, 177 U.S.P.Q. at 567; see also *Estrada v. Telefonos De Mex., S.A.B. de C.V.*, 447 F. App’x 197, 204 (Fed. Cir. 2011) (“An applicant’s bad faith is potentially relevant in the likelihood-of-confusion analysis.”).

²⁶⁷ *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 588 F.3d 97, 92 U.S.P.Q.2d 1769, 1782 (2d Cir. 2009) (“[T]he ‘only relevant intent is intent to confuse. There is a considerable difference between an intent to copy and an intent to deceive.’” (quoting 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 23.113 (5th ed. 2018)).

²⁶⁸ *QuikTrip*, 2021 U.S.P.Q.2d 35, at *4.

failure to explicitly discuss every issue or every piece of evidence does not alone establish that the tribunal did not consider it.”²⁶⁹

The court concluded that substantial evidence supported the Board’s finding that Weigel did not act in bad faith.

Weighing the Factors: The CAFC rejected QuikTrip’s claim that the Board gave undue weight to the first *DuPont* factor, noting that “one *DuPont* factor ‘may be dispositive in a likelihood of confusion analysis, especially when that single factor is the dissimilarity of the marks.’”²⁷⁰ The court saw no legal error in the Board’s determination that the differences between the marks was dispositive in the likelihood of confusion analysis.

2. Entitlement to a Statutory Cause of Action

Australian Therapeutic Supplies Pty. Ltd. v. Naked TM, LLC

Concluding that the TTAB erred in dismissing this petition for cancellation of a registration for the mark NAKED for condoms, the CAFC reversed and remanded. The Board ruled that Petitioner Australian Therapeutic lacked standing because it had agreed not to use or register the mark NAKED for condoms in the United States, and further had agreed that Respondent could use and register the mark. The Board concluded that Australian did not have a real interest in this proceeding or a reasonable basis for its belief of damage. The CAFC, however, held that “an absence of proprietary rights does not in itself negate an interest in the proceeding or a reasonable belief of damage.”²⁷¹

The CAFC began by observing that, although the Board discussed the issue in terms of “standing,” the proper question is whether Australian “has established entitlement to a statutory cause of action under Section 1064,”²⁷² which provides that a petitioner may seek cancellation if he “believes that he is or will be damaged” by the registered mark.²⁷³

²⁶⁹ *Id.*, quoting *Novartis AG v. Torrent Pharms. Ltd.*, 853 F.3d 1316, 122 U.S.P.Q.2d 1289, 1298 (Fed. Cir. 2017).

²⁷⁰ *Id.* at *5, quoting *Champagne Louis Roederer, S.A. v. Delicato Vineyards*, 148 F.3d 1373, 47 U.S.P.Q.2d 1459, 1460 (Fed. Cir. 1998).

²⁷¹ *Australian Therapeutic Supplies Pty. Ltd. v. Naked TM, LLC*, 965 F.3d 1370, 2020 U.S.P.Q.2d 10837, at *1 (Fed. Cir. 2020), *cert. denied*, ___ S. Ct. ___ (2021). In December 2021, on remand from the CAFC, the Board dismissed the petition for cancellation, finding that the petitioner had failed to prove likelihood of confusion (due to lack of proprietary rights in its purported marks NAKED and NAKED CONDOMS), lack of bona fide intent, and Section 2(a) false suggestion of a connection. (Cancellation No. 92056381 at 148 TTABVUE).

²⁷² *Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 753 F.3d 1270, 111 U.S.P.Q.2d 1058, 1061 (Fed. Cir. 2014) (citing *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118, 128 (2014) (applying “traditional principles of statutory interpretation” to determine whether party has a cause of action under the statute)).

²⁷³ Section 14 of the Lanham Act, 15 U.S.C. § 1064, provides, in pertinent part:

The Board was wrong in requiring Australian to establish proprietary rights in its unregistered mark in order to state a cause of action under Section 1064.²⁷⁴ The Board found that Australian had contracted away its right to use and register the marks NAKED and NAKED CONDOMS, and Australian had also agreed that Respondent could register and use the mark NAKED.²⁷⁵ However, according to the CAFC, “[c]ontracting away one’s rights to use a trademark does not preclude a petitioner from challenging a mark before the Board.”²⁷⁶ Although an agreement “could ultimately bar Australian from proving *actual* damages, Section 1064 requires only a *belief* of damage.”²⁷⁷

The CAFC then turned to the issue of whether Australian had a real interest and reasonable belief of damage such that it could bring a cause of action under Section 1064. The court concluded that Australian satisfied those requirements because it twice filed trademark applications that were refused registration based on likelihood of confusion with the respondent’s mark, and because it was producing and selling merchandise bearing its marks since 2003. The second application (filed after the cancellation proceeding was commenced in 2006) remained suspended pending the outcome of the cancellation proceeding.

The CAFC therefore reversed and remanded the case to the TTAB for further proceedings.

Judge Wallach’s dissent, which matched the majority opinion in length, agreed that a party need not prove a proprietary interest, but he disagreed that the Board required such proof and disagreed that Australian met its burden of proving a real interest and reasonable belief in damages. Judge Wallach opined that Australian did not have a legitimate commercial interest in the proceeding because it contracted away any such interest. Moreover, the Board merely required Australian to prove its allegations, not to prove that

A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed . . . by any person who believes that he is or will be damaged, including as a result of a likelihood of dilution by blurring or dilution by tarnishment under section 1125(c) of this title, by the registration of a mark on the principal register established by this chapter, or under the Act of March 3, 1881, or the Act of February 20, 1905.

²⁷⁴ See, e.g., *Jewelers Vigilance Comm., Inc. v. Ullenberg Corp.*, 823 F.2d 490, 2 U.S.P.Q.2d 2021 (Fed. Cir. 1987) (trade association may have standing to oppose a mark’s registration without having proprietary rights).

²⁷⁵ The CAFC then curiously stated “the Board made no finding on whether Australian agreed not to challenge Naked’s use and registration of the NAKED mark.” *Australian Therapeutic*, 2020 U.S.P.Q.2d 10837, at *2. But isn’t an agreement that the respondent could register the mark the same thing as agreeing not to challenge the registration?

²⁷⁶ *Id.* at *4. See *Selva & Sons, Inc. v. Nina Footwear, Inc.*, 705 F.2d 1316, 217 U.S.P.Q. 641, 647-48 (Fed. Cir. 1983) (holding that challenger established standing under Section 1064 notwithstanding the parties’ written agreement not to challenge each other’s registration or each other’s right to use and sell goods under the mark).

²⁷⁷ *Id.*, citing *Selva & Sons*, 217 U.S.P.Q. at 647-48.

Australian had proprietary rights in the mark. Finally, Judge Wallach pointed out that standing must exist at the commencement of the proceeding, and Australian did not file its second application until after the proceeding was commenced. Therefore, he agreed with the Board that Australian had failed to prove a legitimate commercial interest on which to base its petition for cancellation.

The CAFC subsequently denied Respondent Naked's petition for an *en banc* rehearing of this ruling.²⁷⁸ In denying the petition, the court stated merely that “[t]he petition for rehearing, response, and amicus brief were first referred to the panel that heard the appeal, and thereafter, to the circuit judges who are in regular active service. A poll was requested, taken, and failed.”²⁷⁹

Judge Wallach penned a 22-page dissent to this denial, expanding on his position that Australian, in light of its agreement, lacked a commercial interest in the NAKED mark and therefore did not have a valid cause of action against Respondent Naked. “Australian, therefore, having used and attempted to register the NAKED mark in breach of a settlement agreement and having sought cancellation in breach of that same settlement agreement, lacked a valid cause of action against Naked for registration of that mark.”²⁸⁰

In Judge Wallach's view, the court's decision:

(1) conflicts with our case law requiring a “legitimate commercial interest” to have a valid cause of action under 15 U.S.C. § 1064, *see Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 753 F.3d 1270, 1274 (Fed. Cir. 2014) (following *Lexmark*, noting that a petitioner must have a “legitimate commercial interest sufficient to confer standing”); (2) undermines our case law favoring the enforcement of settlement agreements, *see Wells Cargo, Inc. v. Wells Cargo, Inc.*, 606 F.2d 961, 965 (C.C.P.A. 1979) (“If there [is] a policy favoring challenges to trademark validity, it too has been viewed as outweighed by the policy favoring settlements.”); and (3) raises questions as to the impact of Supreme Court precedent on our statutory standing jurisprudence, *see Lexmark*, 572 U.S. at 128 n.4 (noting that statutory standing does not implicate Article III subject matter jurisdiction), 134 (providing “a direct application of the zone-of-interests test and the proximate-cause requirement [to] suppl[y] the relevant limits on who may sue”).²⁸¹

²⁷⁸ *Australian Therapeutic Supplies Pty. Ltd. v. Naked TM, LLC*, 981 F.3d 1083, 2020 U.S.P.Q.2d 11438 (Fed. Cir. 2020).

²⁷⁹ *Id.* at *1.

²⁸⁰ *Id.* at *7.

²⁸¹ *Id.* at *1-2.

Judge Wallach concluded that “[t]here is ‘no real controversy between the parties’—they resolved any such controversy between themselves through settlement in 2007—leaving Australian ‘no more than an intermeddler’ in the instant action.”²⁸² The judge asserted that “[e]n banc action is necessary to maintain the uniformity [of] our decisions and clarify the impact of *Lexmark* on those decisions. *See* Fed. R. App. P. 35(a)(1)–(2).”²⁸³

Corcamore, LLC v. SFM, LLC

Appellant Corcamore came up empty-handed in its attempt to overturn the TTAB’s entry of judgment²⁸⁴ in favor of SFM as a sanction for Corcamore’s misconduct before the Board. Corcamore contended that because SFM lacked standing to petition for cancellation, and because the sanction was unwarranted, the Board erred in entering judgment. The appellate court, however, concluded that “SFM was entitled to bring and maintain a petition under 15 U.S.C. § 1064, the statutory cause of action for cancellation of trademark registrations, and . . . the Board did not otherwise abuse its discretion in imposing default judgment as a sanction.”²⁸⁵

SFM petitioned for cancellation of Corcamore’s registration for the mark SPROUT for vending machine services, alleging priority and likelihood of confusion with its marks SPROUTS and SPROUTS FARMERS MARKET for retail grocery store services.

Corcamore relied on *Lexmark*²⁸⁶ in insisting that SFM lacked standing to bring the petition for cancellation. The Board, however, concluded that *Lexmark* applied only to civil actions under Section 43(a) of the Lanham Act²⁸⁷ and did not apply to a petition for

²⁸² *Id.* at *11, quoting *Coach Servs., Inc. v. Triumph Learning LLC*, 668 F.3d 1356, 101 U.S.P.Q.2d 1713, 1727 (Fed. Cir. 2012) (internal quotation marks and citation omitted); *cf.* *Gould v. Control Laser Corp.*, 866 F.2d 1391, 9 U.S.P.Q.2d 1718, 1719 (Fed. Cir. 1989) (“Settlement moots an action[.]”).

²⁸³ *Id.* Rule 35(a) of the Federal Rules of Appellate Procedure states:

When Hearing or Rehearing En Banc May Be Ordered. A majority of the circuit judges who are in regular active service and who are not disqualified may order that an appeal or other proceeding be heard or reheard by the court of appeals en banc. An en banc hearing or rehearing is not favored and ordinarily will not be ordered unless:

- (1) en banc consideration is necessary to secure or maintain uniformity of the court’s decisions; or
- (2) the proceeding involves a question of exceptional importance.

²⁸⁴ *SFM, LLC v. Corcamore, LLC*, 129 U.S.P.Q.2d 1072 (T.T.A.B. 2018).

²⁸⁵ *Corcamore, LLC v. SFM, LLC*, 2020 U.S.P.Q.2d 11277, at *1 (Fed. Cir. 2020), *cert. denied*, 141 S. Ct. 2671 (2021).

²⁸⁶ 572 U.S. 118 (2014).

²⁸⁷ Section 43(a)(a) of the Lanham Act § 43(a)(1), 15 U.S.C. § 1125(a)(1), states:

- (1) 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,

cancellation. Instead, the Board relied on *Empresa Cubana*²⁸⁸ in ruling that SFM had standing because it sufficiently alleged a real interest in the cancellation proceeding and a reasonable belief of damage, as required under 15 U.S.C. § 1064.²⁸⁹ Corcamore contended that this was error.

The CAFC first noted that there is some confusion in the law resulting from inconsistent use of the term “standing.” In *Lexmark*, Justice Scalia observed that “certain issues often discussed in terms of ‘standing’ are more appropriately viewed as requirements for establishing a statutory cause of action.”²⁹⁰ The CAFC therefore pointed out that “this appeal does not involve the traditional legal notions of Article III standing. This appeal focuses instead on the requirements that a party must satisfy to bring or maintain a statutory cause of action, such as a petition to cancel a registered trademark under 15 U.S.C. § 1064.”²⁹¹ The court, however, agreed with Corcamore on the point of law that *Lexmark* provides the applicable standard.

Lexmark “established two requirements for determining whether a party is entitled to bring or maintain a statutory cause of action: a party must demonstrate (i) an interest falling within the zone of interests protected by the statute and (ii) proximate causation.”²⁹²

The *Lexmark* analytical framework applies to § 1064 and § 1125(a) because both are statutory causes of action. As Justice Scalia exhorted, the zone-of-interests requirement “applies to all statutorily created causes of action” and it “applies unless it is expressly negated.” *Lexmark*, 572 U.S. at 129. The proximate-causation requirement generally applies to all statutory causes of action, even where a statute does not expressly recite a proximate-causation requirement. *** In view of the Supreme Court’s instructions, we see no

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.

²⁸⁸ 753 F.3d 1270 (Fed. Cir. 2014).

²⁸⁹ Section 14 of the Lanham Act, 15 U.S.C. § 1064.

²⁹⁰ *Corcamore v. SFM*, 2020 U.S.P.Q.2d 11277, at *4, citing *Lexmark*, 572 U.S. at 128 n.4.

²⁹¹ *Id.*

²⁹² *Id.* citing *Lexmark*, 572 U.S. at 129-34.

principled reason why the analytical framework articulated by the Court in *Lexmark* should not apply to § 1064.²⁹³

However, the CAFC found “no meaningful, substantive difference between the analytical frameworks expressed in *Lexmark* and *Empresa Cubana*.”²⁹⁴

The zone-of-interests requirement and the real-interest requirement share a similar purpose and application. The purpose of the zone-of-interests test is to “foreclose[] suit only when a plaintiff’s interests are so marginally related to or inconsistent with the purposes implicit in the statute that it cannot reasonably be assumed that Congress authorized that plaintiff to sue.” *Lexmark*, 572 U.S. at 130 (citation and quotation marks omitted). Likewise, a purpose of the real-interest test is to “distinguish [parties demonstrating a real interest] from mere intermeddlers or . . . meddlesome parties acting as self-appointed guardians of the purity of the Register.” *Selva & Sons, Inc. v. Nina Footwear, Inc.*, 705 F.2d 1316, 1325–26 (Fed. Cir. 1983) (citation and internal quotation marks omitted). Also like the zone-of-interests test, a petitioner can satisfy the real-interest test by demonstrating a commercial interest. *** Similarly, a party that demonstrates a reasonable belief of damage by the registration of a trademark demonstrates proximate causation within the context of § 1064.²⁹⁵

Applying the *Lexmark* framework to SFM’s petition for cancellation, the CAFC came to the same conclusion as the Board: “that SFM pleaded allegations sufficient to demonstrate a right to challenge Corcamore’s registered mark under § 1064.”²⁹⁶ SFM’s allegations of likely confusion identified an interest falling within the zone of interests protected by § 1064. Likewise, these allegations were sufficient to establish proximate cause because they demonstrate “SFM’s reasonable belief of damage resulting from a likelihood of confusion between SFM’s SPROUTS mark and Corcamore’s SPROUT mark.”²⁹⁷

We therefore hold that the Board correctly determined that SFM falls within the class of parties whom Congress has authorized to sue under the statutory cause of action of § 1064. *Cf. Lexmark*, 572 U.S. at 137–40. We are not

²⁹³ *Id.* at *6.

²⁹⁴ *Id.* at *4.

²⁹⁵ *Id.* at *7.

²⁹⁶ *Id.* at *8.

²⁹⁷ *Id.* See *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 U.S.P.Q. 185, 189 (C.C.P.A. 1982) (“To establish a reasonable basis for a belief that one is damaged by the registration sought to be cancelled, a petition may assert a likelihood of confusion which is not wholly without merit.”).

persuaded that we should disturb the result reached by the Board. In other words, SFM is entitled under § 1064 to petition for cancellation of the trademark registration to SPROUT.²⁹⁸

As to the sanction issue, the Board laid out the details of Corcamore's egregious behavior that led to the entry of judgment as a sanction for litigation misconduct:

Respondent has refused to cooperate in the discovery process for over sixteen months. Respondent's discovery violations are repeated, egregious and demonstrate Respondent's intent to thwart Petitioner's discovery of information and documents the Board has already determined are discoverable. There is no reason to assume that, given additional opportunities, Respondent will fulfill its obligations under the Federal and Trademark Rules and the Board's orders. Accordingly, Petitioner's motion for discovery sanctions in the form of judgment is granted under Trademark Rule 2.120(h).²⁹⁹

The CAFC, in turn, recited the laundry list of Corcamore's improper antics and ruled that the Board did not abuse its discretion in entering judgment as a sanction.

B. Trademark Trial and Appeal Board

1. Section 2(a) Deceptiveness

The Scotch Whisky Ass'n Ltd. v. ASW Distillery, LLC

The Scotch Whisky Association opposed an application to register the mark BURNS NIGHT for "Malt whisky; Whiskey" on two grounds: geographically deceptive misdescriptiveness under Section 2(e)(3),³⁰⁰ and deceptiveness under Section 2(a).³⁰¹ The

²⁹⁸ *Id.*

²⁹⁹ *SFM v. Corcamore*, 129 U.S.P.Q.2d at 1078. Trademark Rule 2.120(h)(1), 37 C.F.R. § 2.120(h)(1), states:

If a party fails to participate in the required discovery conference, or if a party fails to comply with an order of the Trademark Trial and Appeal Board relating to disclosure or discovery, including a protective order, the Board may make any appropriate order, including those provided in Rule 37(b)(2) of the Federal Rules of Civil Procedure

Fed. R. Civ. P. 37(b)(2)(A)(v) provides that when a party fails to obey an order to provide or permit discovery, the court may issue an order "dismissing the action or proceeding in whole or in part."

³⁰⁰ Section 2(e)(3) of the Lanham Act, 15 U.S.C. § 1052(e)(3), in pertinent part, bars registration of a mark that "when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them."

³⁰¹ Section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a).

Board had denied Applicant ASW's Rule 12(b)(6)³⁰² motion to dismiss for failure to state a claim, but on reconsideration granted the motion in part. It ruled that the Association failed to plead a claim under Section 2(e)(3) and under the "wines and spirits" provision of Section 2(a) but did sufficiently plead a claim under the general deceptiveness portion of that Section.³⁰³

Section 2(a): Applicant ASW argued that the Board erred in allowing the Association's claim under the more general deceptiveness provision of Section 2(a) because, it asserted, only the portion that specifically pertains to wines and spirits should apply here, and the Association failed to satisfy that portion. Section 2(a), in pertinent part, reads as follows:

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—

(a) Consists of or comprises . . . deceptive . . . matter . . . or a geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods and is first used on or in connection with wines or spirits by the applicant on or after [January 1, 1996].

The Board disagreed. First, it observed that "the plain language of the general deceptiveness provision does not exclude wines and spirits, and that provision previously has been held to apply to spirits."³⁰⁴ As to ASW's argument that the addition of the "wine and spirits" provision in 1996 made the general provision inapplicable, the Board pointed out that this language was added as a result of the implementation of TRIPS in order to provide "[a]dditional [p]rotection" for wines and spirits.³⁰⁵ Congress did not say that this addition rendered the general portion of the Section 2(a) descriptiveness provision inapplicable. Nor did Congress overrule the CAFC's decision in *Scotch Whiskey Ass'n v. U.S. Distilled Prods. Co.*,³⁰⁶ which applied the general provision in a case involving the mark MACADAMS for whisky.

The Board agreed, however, that the Association failed to state a claim under the "wines and spirits" portion of Section 2(a), which specifically refers to a "geographical indication" that "identifies a place."

³⁰² Fed. R. Civ. P. 12(b)(6).

³⁰³ *The Scotch Whisky Ass'n Ltd. v. ASW Distillery, LLC*, 2021 U.S.P.Q.2d 179 (T.T.AB 2021).

³⁰⁴ *Id.* at *4. See *In re Spirits Int'l, N.V.*, 563 F.3d 1347, 90 U.S.P.Q.2d 1489 (Fed. Cir. 2009).

³⁰⁵ *Id.* at *5. (Emphasis by the Board).

³⁰⁶ 952 F.2d 1317, 21 U.S.P.Q.2d 1145, 1146-47 (Fed. Cir. 1991).

The Notice of Opposition alleges only that the involved mark BURNS NIGHT “is highly evocative of Scotland when used on a whisky product” because the mark refers to celebration of Scottish poet Robert Burns’ birthday While Opposer, in the ESTTA cover form of the notice of opposition, alleges that the mark is a “[g]eographic indication which, if used on or in connection with wine or spirits, identifies a place other than the origin of the goods” . . . the mere general mention of a claim in the ESTTA cover form for a complaint is insufficient to plead that claim.³⁰⁷

The Board nevertheless found these allegations sufficient to plead a claim under the general deceptiveness provision of Section 2(a).

As to the Association’s Section 2(e)(3) claim, its allegations fell short. A mark is primarily geographically deceptively misdescriptive when:

(1) the primary significance of the mark is a generally known geographic **location**, (2) the goods or services do not originate in the place identified in the mark, and (3) purchasers would be likely to believe that the goods or services originate in the geographic place identified in the mark, and the misrepresentation is a material factor in a significant portion of the relevant consumer’s decision to buy the goods or use the services.³⁰⁸

ASW contended that a required element for a Section 2(e)(3) claim is missing from the Notice of Opposition: that the primary significance of the mark is a generally known geographic location. The Board agreed, and so it dismissed this claim.

The Association was allowed twenty days “to file an amended notice of opposition in accordance with the foregoing,” failing which, the case “will go forward under the general deceptiveness provision of Section 2(a) only.”³⁰⁹

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

The U.S. Olympic Comm. v. Tempting Brands Netherlands B.V.

The TTAB dismissed the United States Olympic Committee’s (“USOC”) opposition to registration of the mark PIERRE DE COUBERTIN for various goods in Classes 3, 9, 14, 18, 25, and 28, including perfume, sunglasses, jewelry, luggage, clothing, and sporting goods. The Board found that the USOC had failed to prove

³⁰⁷ *Scotch Whisky Ass’n*, 2021 U.S.P.Q. 179, at *6-7. See *Embarcadero Techs. Inc. v. RStudio Inc.*, 105 U.S.P.Q.2d 1825, 1827 n.2 (T.T.A.B. 2013).

³⁰⁸ *Id.* at *6, citing *In re Miracle Tuesday, LLC*, 695 F.3d 1339, 104 U.S.P.Q.2d 1330, 1332 (Fed. Cir. 2012). (Emphasis by the Board.)

³⁰⁹ *Id.* at *7-8.

its claim that the proposed mark falsely suggests a connection with the Olympic Movement in violation of Section 2(a) of the Lanham Act.³¹⁰

Pierre de Coubertin is the name of a French baron who died in 1937. Mr. de Coubertin was instrumental in reviving the Olympic Games in the late nineteenth century by co-founding the International Olympic Committee and later becoming its president. He designed the Olympic Rings logo, proposed the Olympic motto *Citius, Altius, Fortius* (Faster, Higher, Stronger), and created the Olympic Creed. The Olympic Games feature a sportsmanship award given only occasionally, named the Pierre de Coubertin medal.

Section 2(a), in pertinent part, bars registration of a mark that consists of or comprises matter that may falsely suggest a connection with a person or institution.³¹¹ There are four elements of a false suggestion of connection claim:

1. The mark is the same as, or a close approximation of, the name or identity previously used by another person or institution;
2. The mark would be recognized as such, in that it points uniquely and unmistakably to that person or institution;
3. The person or institution named by the mark is not connected with the activities performed by the applicant under the mark; and
4. The fame or reputation of the person or institution is such that, when the mark is used with the applicant's goods or services, a connection with the person or institution would be presumed.³¹²

The Board concluded that the USOC failed to establish the first two elements of the Section 2(a) test.

In establishing its entitlement to pursue the Section 2(a) claim, the USOC relied on its status as “part of the ‘institution’ to which use of the PIERRE DE COUBERTIN mark would falsely suggest a

³¹⁰ The U.S. Olympic Comm. v. Tempting Brands Netherlands B.V., 2021 U.S.P.Q.2d 164 (T.T.A.B. 2021). According to the website of the International Olympic Committee (<https://olympics.com/ioc/olympic-movement>), “The Olympic Movement is the concerted, organised, universal and permanent action, carried out under the supreme authority of the IOC, of all individuals and entities who are inspired by the values of Olympism.” Its goal is to “contribute to building a peaceful and better world by educating youth through sport practised in accordance with Olympism and its values.” The opposer, in its brief, described itself as “charged and empowered by the International Olympic Committee (IOC) to promote and protect the Olympic Movement here [the United States].” *U.S. Olympic Comm.*, 2021 U.S.P.Q.2d 164 at* 13 n.42.

³¹¹ 15 U.S.C. § 1052(a).

³¹² *Pierce-Arrow Socy v. Spintek Filtration, Inc.*, 2019 U.S.P.Q.2d 471774, at *14 (T.T.A.B. 2019); *see also* *Univ. of Notre Dame du Lac v. J.C. Gourmet Food Imps. Co.*, 703 F.2d 1372, 217 U.S.P.Q. 505, 508-10 (Fed. Cir. 1983) (providing foundational principles for the current four-part test used by the Board to determine the existence of a false suggestion of a connection).

connection—i.e., the Olympic Movement.”³¹³ The Board found that the evidence here “support[ed] the finding previously made by the Board in *In re Urbano* that ‘the entire organization which comprises the Olympic Games, as a whole, qualifies as an “institution” within the meaning of Section 2(a) of the Trademark Act.’”³¹⁴

In order to satisfy the first element of the test, USOC had to show that consumers associate PIERRE DE COUBERTIN “so closely with Opposer that they recognize it as Opposer’s name (or nickname), identity or persona.”³¹⁵ The USOC failed to clear that hurdle.

While Pierre de Coubertin certainly was associated with the Olympic Movement, this record does not demonstrate that the public would perceive Applicant’s mark as a name or identity of the Olympic Movement or Opposer, or a close approximation thereof. Thus, this mark differs from the SYDNEY 2000 mark at issue in *Urbano*, about which the Board stated, “we have no doubt that the general public in the United States would recognize this phrase as referring unambiguously to the upcoming Olympic Games in Sydney, Australia, in the year 2000.”³¹⁶

Here, the USOC admitted that it “does not use ‘Pierre de Coubertin’ interchangeably with ‘Olympic Games’ as a name for the Olympic Games.”³¹⁷ It also admitted that the name was not mentioned in the 2016 USOC Annual Report or in the U.S. Olympic and Paralympic Brand Usage Guidelines. Nor is the name listed in the Ted Stevens Olympic and Amateur Sports Act, which gives the USOC special statutory exclusive rights to certain specified Olympic-related designations.³¹⁸

The record lacked evidence like that in the ROYAL KATE³¹⁹ and MARGARITAVILLE³²⁰ cases, where the public “knew the person or

³¹³ *U.S. Olympic Comm.*, 2021 U.S.P.Q.2d 164, at *15.

³¹⁴ *Id.*, quoting *In re Urbano*, 51 U.S.P.Q.2d 1776, 1779 (T.T.A.B. 1999).

³¹⁵ *Id.* at *19, quoting *Bos. Athletic Ass’n v. Velocity, LLC*, 117 U.S.P.Q.2d 1492, 1497 (T.T.A.B. 2015).

³¹⁶ *Id.* at *21, quoting *Urbano*, 113 U.S.P.Q.2d at 1644.

³¹⁷ *Id.*

³¹⁸ *Id.* The Act, at 36 U.S.C. § 220506(a), gives the USOC the exclusive right to use, inter alia, “the words ‘Olympic’, ‘Olympiad’, ‘Citius Altius Fortius’, ‘Paralympic’, ‘Paralympiad’, ‘Pan-American’, ‘America Espirito Sport Fraternelite’, or any combination of those words.”

³¹⁹ *In re Nieves & Nieves*, 113 U.S.P.Q.2d 1639 (T.T.A.B. 2015) (finding that the proposed marks PRINCESS KATE and ROYAL KATE for cosmetics, jewelry, handbags, bedding and clothing falsely suggest a connection with Catherine, Duchess of Cambridge, the wife of Prince William of the United Kingdom).

³²⁰ *Buffett v. Chi-Chi’s, Inc.*, 226 U.S.P.Q. 428 (T.T.A.B. 1985) (denying motion for summary judgment by the applicant on Opposer Jimmy Buffet’s claim that the proposed mark MARGARITAVILLE for restaurant services falsely suggests a connection with him).

institution by the nickname or close approximation of a name or identity in the mark.”³²¹ Instead, the evidence showed that PIERRE DE COUBERTIN “would be understood as a reference to the historical person” and not to the Olympic Movement.³²²

Even assuming *arguendo* that PIERRE DE COUBERTIN were the USOC’s name or identity, or a close approximation thereof, the Board found that USOC failed to prove the second element of the Section 2(a) test because the opposed mark does not point uniquely and unmistakably to the USOC. Even in the context of the Olympics, the name “Pierre de Coubertin” is associated with the person “rather than serving merely as a synonym of the Olympic institution.”³²³

The USOC asserted that the applicant intended to create a false association with the Committee and the Olympics, but the Board was not persuaded by the evidence. Moreover, any intention on the part of the applicant to create a connection with the individual, rather than the USOC, “cannot help establish a Section 2(a) claim for Opposer.”³²⁴

Because the USOC failed to satisfy either of the first two elements of the Section 2(a) test, the Board found it unnecessary to consider the other two elements.

3. Section 2(e)(5) Functionality

McGowen Precision Barrels, LLC v. Proof Research, Inc.

In an impressively exhaustive opinion, the Board granted a petition for cancellation of a registration for the trade dress of a gun barrel (see drawing below), on the ground of *de jure* functionality under Section 2(e)(5).³²⁵ The registered mark “consists of trade dress applied to gun barrels formed with a mottled pattern of irregularly-sized, rippled patches, resembling a quilt having striated patches of varying shapes and reflectivity depending on the ambient light source and viewing angle.” As often happens in Section 2(e)(5) determinations, respondent’s own utility patent blew a hole in its case.³²⁶

³²¹ *U.S. Olympic Comm.*, 2021 U.S.P.Q.2d 164, at *26.

³²² *Id.* at *27.

³²³ *Id.* at *29.

³²⁴ *Id.* at *33.

³²⁵ Section 2(e)(5) of the Lanham Act, 15 U.S.C. § 1052(e)(5), bars registration of a mark that “comprises any matter that, as a whole, is functional.”

³²⁶ *McGowen Precision Barrels, LLC v. Proof Research, Inc.*, 2021 U.S.P.Q.2d 559 (T.T.A.B. 2021).



The Board provided a lengthy and detailed explanation of the technology and the process for manufacturing carbon fiber composite gun barrels. There was no dispute that carbon fiber composite barrels provide various functional benefits to rifles.

What the parties dispute is whether the particular appearance of Respondent’s carbon fiber composite barrels is functional because it is a natural by-product of the manufacturing process that creates the barrels, as Petitioner claims, or whether it is simply the result of Respondent’s cosmetic efforts to create a trade dress that consumers associate with Respondent.³²⁷

The Board observed that a product design or feature is considered functional under Section 2(e)(5) if it is “essential to the use or purpose of the article” or if it “affects the cost or quality of the article.”³²⁸ If functionality is established under the *Inwood* test, “a full analysis of all types of *Morton-Norwich* evidence will not change the result—in particular, the availability of alternatives—and is unnecessary.”³²⁹

The Board looked to the respondent’s utility patent, noting that “[a] prior [utility] patent . . . has vital significance in resolving the trade dress claim” and “is strong evidence that the features therein claimed are functional.”³³⁰ The Board found that respondent’s trade dress is the result of a manufacturing process that follows Claim 22 of the respondent’s U.S. Patent 10,168,117, entitled “Fiber Winding System for Composite Projectile Barrel Structure.”

The Board further found that respondent employs what the respondent itself deemed the “best mode”³³¹ for practicing its patented invention, which yields the trade dress at issue when

³²⁷ *Id.* at *36-37.

³²⁸ *TrafFix*, 58 U.S.P.Q.2d at 1006 (quoting *Inwood Labs.*, 214 U.S.P.Q. at 4 n.10).

³²⁹ *Id.* In *Morton-Norwich*, 213 U.S.P.Q. at 15-16, the U.S. Court of Customs and Patent Appeals set forth four nonexclusive types of evidence that may be helpful in determining the issue of functionality:

- (1) the existence of a utility patent disclosing the utilitarian advantages of the design;
- (2) advertising materials in which the originator of the design touts the design’s utilitarian advantages;
- (3) the availability to competitors of functionally equivalent designs; and
- (4) facts indicating that the design results in a comparatively simple or cheap method of manufacturing the product.

³³⁰ McGowen, 2021 U.S.P.Q.2d 559, at *39, quoting *TrafFix*, 58 U.S.P.Q.2d at 1005.

³³¹ Section 112 of the Patent Statute, 35 U.S.C. § 112, requires that the patent applicant “set forth the best mode contemplated by the inventor or joint inventor of carrying out the invention.”

ground down with no coating applied. In short, the appearance of the barrel is dictated by its function.

[W]e view the disclosures in the [117] Utility Patent as so strong as to be sufficient, by [themselves], to sustain the functionality refusal without consideration of the other *Morton-Norwich* categories of evidence.” *In re OEP Enters., Inc.*, 2019 U.S.P.Q.2d 309323, at *10-11 (T.T.A.B. 2019). *See also Grote Indus.*, 126 U.S.P.Q.2d at 1203. Simply put, the patent evidence, combined with the evidence regarding Respondent’s manufacturing process, is dispositive on the issue of functionality.³³²

And so, the Board granted the petition for cancellation under Section 2(e)(5).

4. Section 2(f) Acquired Distinctiveness

City of London Distillery, Ltd. v. Hayman Grp. Limited

Applicant Hayman Group Limited squeaked by with a Supplemental Registration for the mark CITY OF LONDON for gin (LONDON disclaimed), after surviving an opposition based on four grounds: Section 2(e)(1) mere descriptiveness,³³³ Section 2(e)(2) geographical descriptiveness,³³⁴ Section 2(e)(3) geographically deceptive misdescriptiveness,³³⁵ and failure-to-function as a trademark under Sections 1, 2, and 45 of the Lanham Act. The Board sustained the geographical descriptiveness claim, dismissed the other three, and rejected Hayman Group’s claim of acquired distinctiveness, but it granted the Hayman Group’s motion to amend its application to seek registration on the Supplemental Register.³³⁶

Section 2(e)(2)—Primarily Geographically Descriptive: The Board found that CITY OF LONDON is the name of a geographic place known generally to the American gin drinking and purchasing public, namely London, England. Although the “City of London” is technically a subdivision of London, American consumers are likely to perceive the mark CITY OF LONDON as referring generally to

³³² *McGowen*, 2021 U.S.P.Q.2d 559, at *65.

³³³ Section 2(e)(1) of the Lanham Act, 15 U.S.C. § 1052(e)(1), in pertinent part, bars registration of a mark that “when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them.”

³³⁴ Section 2(e)(2) of the Lanham Act, 15 U.S.C. § 1052(e)(2), in pertinent part, bars registration of a mark that “when used on or in connection with the goods of the applicant is primarily geographically descriptive of them.”

³³⁵ Section 2(e)(3) of the Lanham Act, 15 U.S.C. § 1052(e)(3), in pertinent part, bars registration of a mark that “when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them.”

³³⁶ *City of London Distillery, Ltd. v. Hayman Grp. Limited*, 2020 U.S.P.Q.2d 11487 (T.T.A.B. 2020).

London, England. Alternatively, if they perceive CITY OF LONDON as a sub-area within London, that necessarily means they perceive it as referring to London.

While Applicant Hayman Group's gin does not originate in the technical City of London (i.e., within the boundaries of the financial district subdivision of London), it does originate in London. "Thus, Applicant is using the mark CITY OF LONDON to reflect its association with the geographic location known as the city of London."³³⁷

We find, therefore, that a goods-place association exists (the third element of a 2(e)(2) claim) because American gin purchasers and drinkers will believe that Applicant's gin originates within or near the city limits of London and there is some association or connection between the gin and London.³³⁸

Section 2(e)(3)—Primarily Geographically Deceptively Misdescriptive: The Board gave short shrift to the Section 2(e)(3) issue: "Because Applicant produces its gin in London and bottles it in nearby Essex, the mark CITY OF LONDON for gin does not present any material misrepresentation of fact. Accordingly, the opposition is dismissed as it pertains to Opposer's Section 2(e)(3) claim."³³⁹

Section 2(e)(1)—Merely Descriptive: The opposer contended that CITY OF LONDON is merely descriptive because it immediately conveys to purchasers that Hayman Group's gin is a type of gin called "London dry." The Board, however, pointed out that the opposed mark, which includes CITY OF, is not the equivalent of or synonymous with LONDON DRY. In short, the evidence did not establish that CITY OF LONDON immediately conveys any information concerning a feature, quality, or characteristic of the gin itself.

[T]he City of London is a historic district of London serving as London's central business district known as a finance center. American consumers of gin will not view CITY OF LONDON as connoting a characteristic of the gin itself, but, as we have just held regarding the Trademark Act Section 2(e)(2) claim, as describing where it comes from. CITY OF LONDON does not directly convey to the American gin

³³⁷ *Id.* at *10.

³³⁸ *Id.* See *In re Spirits of New Merced, LLC*, 85 U.S.P.Q.2d 1614, 1621 T.T.A.B. 2007 (affirming Section 2(e)(2) refusal of YOSEMITE for beer brewed in Merced, California, near Yosemite National Park); see also *In re Joint-Stock Co. "Baik,"* 80 U.S.P.Q.2d 1305, 1310 (T.T.A.B. 2006) (affirming a refusal of BAIKALSKAYA for vodka, because BAIKALSKAYA means "from Baikal," and the Board therefore presumed "a goods/place association because applicant is located near Lake Baikal, in the city of Irkutsk [Russia].").

³³⁹ *Id.*

drinker or purchaser that Applicant's product is a London dry gin or any other type of gin.³⁴⁰

Failure-to-Function: The opposer argued that "the words 'city of London' are merely informational as they are highly geographically descriptive and/or highly descriptive of the style, purity, quality, ingredients and geographic origin of gin, such that CITY OF LONDON fails to function as a mark."³⁴¹

Although the opposer referred to the mark as "informational," the real issue was the allegedly highly descriptive nature of CITY OF LONDON as to gin. The CAFC identified the same issue in *In re Boston Beer Co.*, where it held that the purported mark THE BEST BEER IN AMERICA was so highly descriptive of the goods and so commonly used by others in connection with the goods "as to be incapable of acquiring distinctiveness as a trademark."³⁴²

The Board, however, did not "view the record here as showing that the phrase is so highly geographically descriptive and commonly used in connection with gin that it is incapable of being perceived, in the eyes of the gin-consuming public, as a source identifier."³⁴³ Therefore, it dismissed the failure-to-function claim.

Motion to Amend: The Board then turned to Hayman Group's motion to amend its application, in the alternative, to seek registration under Section 2(f) of the Trademark Act, or on the Supplemental Register.

Trademark Rule 2.133³⁴⁴ provides that an applicant may not amend in substance its application that is the subject of an opposition, except with the consent of the other party or parties and the approval of the Board, or except upon motion granted by the Board. Such a motion should be made before trial in order to give fair notice to the other party or parties.³⁴⁵ Hayman Group filed its motion to amend after the close of discovery but before the opposer's pretrial disclosures were due, and therefore it was timely.

The opposer insisted that, because it did not have the opportunity to conduct discovery on this issue, it should be allowed to take discovery as to whether the opposed mark has acquired distinctiveness. The Board observed that the motion to amend would add issues that are in the nature of affirmative defenses.

³⁴⁰ *Id.* at *11.

³⁴¹ *Id.*

³⁴² 198 F.3d 1370, 53 U.S.P.Q.2d 1056, 1058 (Fed. Cir. 1999).

³⁴³ *City of London*, 2020 U.S.P.Q.2d 11487, at *12.

³⁴⁴ Trademark Rule 2.133(a), 37 C.F.R. § 2.133(a), states:

An application subject to an opposition may not be amended in substance nor may a registration subject to a cancellation be amended or disclaimed in part, except with the consent of the other party or parties and the approval of the Trademark Trial and Appeal Board, or upon motion granted by the Board.

³⁴⁵ *City of London*, 2020 U.S.P.Q.2d 11487, at *12.

Although Hayman Group did not plead its Section 2(f) claim or its alternative amendment to the Supplemental Register in its Amended Answer, it “was not categorically precluded from raising either basis for registration later by way of motion to amend the application.”³⁴⁶ See, e.g., *Embarcadero Tech. Inc. v. RStudio Inc.*, 105 U.S.P.Q.2d 1825, 1828-29 (T.T.A.B. 2013). Rule 2.133(a) permits a party to file a motion to amend its application “so long as the motion gives Opposer sufficient notice to prepare for trial.”³⁴⁷

Finally, the opposer’s claim that the mark CITY OF LONDON for gin fails to function as a mark “presupposes that it is incapable of functioning as a mark and, therefore, is not registrable on the Supplemental Register. Therefore, we find that Opposer has not shown that it needs additional discovery on this claim because it is part of Opposer’s case in chief.”³⁴⁸

In sum, the Board found that the motion to amend was timely and would not prejudice opposer if it were granted.

Acquired Distinctiveness: Because the evidence established that “London is so well-known and so closely-associated with gin generally—indeed, it gives its name to a specific and popular type of dry gin—we find CITY OF LONDON highly geographically descriptive in connection with gin.”³⁴⁹ Consequently, Hayman Group’s burden of establishing acquired distinctiveness under Section 2(f) was commensurately high.

Hayman Group did not submit any direct evidence of acquired distinctiveness, such as testimony from actual consumers or a customer survey. It has continuously and substantially exclusively used the CITY OF LONDON mark in the United States since 2012, with sales from October 2012 through November 22, 2019 (date of the declaration) exceeding \$1.5 million. However, it provided no context in the form of market share or growth, and so “these numbers do not show that CITY OF LONDON has acquired distinctiveness.”³⁵⁰ Hayman Group offered no data regarding advertising expenditures, nor any evidence of intentional copying or of unsolicited media exposure. Not good enough, said the Board. “We considered the evidence as a whole and find that in light of the highly geographically descriptive nature of the mark, this meager showing falls far short of proving acquired distinctiveness.”³⁵¹

Nonetheless, in light of the finding that CITY OF LONDON is capable of functioning as a mark, the Board granted Hayman

³⁴⁶ *Id.* at *14.

³⁴⁷ *Id.*

³⁴⁸ *Id.*

³⁴⁸ *Id.*

³⁴⁹ *Id.* at *16.

³⁵⁰ *Id.* at *17.

³⁵¹ *Id.* at *18.

Group’s Rule 2.133(a) motion to amend and “approve[d] Applicant’s mark for registration on the Supplemental Register.”³⁵²

5. Section 14(3) Misrepresentation of Source

The Coca-Cola Company v. Meenaxi Enterprise, Inc.

Section 14(3) cases are as rare as a White Sox fan in Boston. Not since the infamous FLANAX case³⁵³ had the TTAB tackled this issue, and here it reached the same outcome: cancellation of two registrations on the ground that Registrant Meenaxi used its registered marks THUMS UP and LIMCA to misrepresent the source of its soft drink products. Petitioner Coca-Cola proved that it owns those two marks in India and has sold soft drinks in the United States under the marks; therefore, it was entitled to bring a statutory cause of action under Section 14(3). The Board found that Meenaxi deliberately caused consumers to believe that its products were licensed or produced by the same source as the products sold in India.³⁵⁴



Section 14(3) provides, in pertinent part, that a registration is subject to cancellation if “the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used.”³⁵⁵ The Board observed that the misrepresentation “must involve a respondent deliberately passing off its goods as those of another.”³⁵⁶

The claim “refers to situations where it is deliberately misrepresented by or with the consent of the respondent that

³⁵² *Id.*

³⁵³ Bayer Consumer Care AG v. Belmora LLC, 110 U.S.P.Q.2d 1623 (T.T.A.B. 2014), *rev’d in relevant part*, 84 F. Supp. 3d 490 (E.D. Va. 2015), *rev’d and remanded*, 819 F.3d 697 (4th Cir. 2016), *cert. denied*, 137 S. Ct. 1202 (2017), *aff’d in relevant part*, 338 F. Supp. 3d 477 (E.D. Va. 2018), *aff’d in relevant part*, 987 F.3d 284, 2021 U.S.P.Q.2d 126 (4th Cir. 2021), *cert. denied*, ___ S. Ct. ___ (2021).

³⁵⁴ The Coca-Cola Company v. Meenaxi Enterprise, Inc., 2021 U.S.P.Q.2d 709 (T.T.A.B. 2021).

³⁵⁵ Section 14(3) of the Lanham Act, 15 U.S.C. § 1064(3).

³⁵⁶ *Coca-Cola v. Meenaxi*, 2021 U.S.P.Q.2d 709, at *22-23.

goods and/or services originate from a manufacturer or other entity when in fact those goods and/or services originate from another party.” *Belmora*, 110 U.S.P.Q.2d at 1632 (quoting *Osterreichischer Molkerei-und Kasereiverband Registrierte GmbH v. Marks & Spencer Ltd.*, 203 U.S.P.Q. 793, 794 (T.T.A.B. 1979) and citing *Global Maschinen GmbH v. Global Banking Sys., Inc.*, 227 U.S.P.Q. 862, 864 n.3 (T.T.A.B. 1985)). The respondent’s use must be a “blatant misuse of the mark . . . in a manner calculated to trade on the goodwill and reputation of petitioner.” *Otto Int’l Inc. v. Otto Kern GmbH*, 83 U.S.P.Q.2d 1861, 1863 (T.T.A.B. 2007).³⁵⁷

Laches: Meenaxi asserted a defense of laches based on the three-and-a-half-year gap between issuance of the registrations and Coca-Cola’s filing of its petition for cancellation. The Board, without deciding whether laches is an available defense to a Section 14(3) claim, and assuming *arguendo* that the delay was unreasonable, found that Meenaxi failed to provide any evidence that it suffered prejudice resulting from the delay.³⁵⁸

Entitlement to a Statutory Cause of Action: A party may petition to cancel a registration when the cause of action is within the zone of interests protected by Section 14 and when the party has a reasonable belief in damage proximately caused by the continued registration of the mark.³⁵⁹

Coca-Cola submitted evidence of its ownership of the marks THUMS UP and LIMCA in India for soft drinks, where the marks are well known. The reputation of those products extends to the United States, “at least among the significant population of Indian-American consumers.”³⁶⁰ The beverages are imported and sold in the United States, and Coca-Cola plans to market THUMS UP and LIMCA beverages more widely in this country.

The Board observed that in *Belmora*, involving “a factual scenario similar to the one in this case,” the Board found that Bayer had the requisite entitlement to a cause of action, even though Bayer acknowledged that it did not use the mark FLANAX in the United States.³⁶¹ Here, in contrast, Coca-Cola proved that its products are sold by third-party importers in the United States.

As to its belief in damage caused by Meenaxi’s misrepresentations, Coca-Cola pointed to the “upset expectations”

³⁵⁷ *Id.* at *23.

³⁵⁸ *Id. See, generally*, *Ava Ruha Corp. v. Mother’s Nutritional Ctr.*, 113 U.S.P.Q.2d 1575 (T.T.A.B. 2015).

³⁵⁹ *Corcamore*, 2020 U.S.P.Q.2d 11277, at *6-7.

³⁶⁰ *Coca-Cola v. Meenaxi*, 2021 U.S.P.Q.2d 709, at *18.

³⁶¹ *Id.* In *Belmora*, Bayer also disavowed any intention to use the mark FLANAX in the United States.

of consumers and to Meenaxi's attempts to block importation of Coca-Cola's beverages into the United States.³⁶²

The Board unsurprisingly concluded that Coca-Cola "is not a mere intermeddler" and was entitled to bring its Section 14(3) cause of action.³⁶³

Section 14(3): The evidence showed that Coca-Cola's THUMS UP and LIMCA brands are well known in India and their reputation extends to the Indian-American population in the United States. Meenaxi is a purveyor of food products made in India and distributed primarily to Indian grocers in the United States.

Meenaxi claimed, incredibly, that it came up with the brand names on its own, although it was clear that Meenaxi's founders were familiar with the products sold in India. Meenaxi developed logos that "strongly resemble" those used by Coca-Cola.³⁶⁴

Respondent's adoption of logos essentially identical to both the older and updated versions of Petitioner's logo reflects an effort to dupe consumers in the United States who were familiar with Petitioner's THUMS UP cola from India into believing that Respondent's THUMS UP cola was the same drink. See *E.E. Dickinson Co. v. T.N. Dickinson Co.*, 221 U.S.P.Q. 713, 715 (T.T.A.B. 1984) (properly pleaded claim of misrepresentation of source alleged that in addition to use of the same mark as plaintiff, registrant marketed its goods using trade dress similar to plaintiff's).³⁶⁵

Moreover, Meenaxi adopted the same tagline, "Taste the Thunder," that Coca-Cola used in India to market the THUMS UP beverage. The evidence also showed that Meenaxi engaged in a pattern of adopting marks that were essentially identical to those owned by others.

We find that Respondent participated directly in a pattern of copying for use in the United States third-party marks with which Respondent was familiar from products in India, and a further pattern of creating similar logos, which pattern includes the marks at issue here. See *L'Oreal S.A. v. Marcon*, 102 U.S.P.Q.2d 1434, 1442 (T.T.A.B. 2012). ("Applicant's demonstrated pattern of filing applications to register various well-known marks convinces us that applicant's adoption of the L'OREAL PARIS mark was in bad faith, with the intention to trade off of opposer's famous L'OREAL and L'OREAL PARIS marks").³⁶⁶

³⁶² *Id.* at *22.

³⁶³ *Id.*

³⁶⁴ *Id.* at *36.

³⁶⁵ *Id.* at *38.

³⁶⁶ *Id.* at *48.

Meenaxi maintained that it had priority of use in the United States, but it acknowledged that Coca-Cola “need not establish priority for its misrepresentation of source claim.”³⁶⁷

As the Fourth Circuit Court of Appeals held, “neither § 14(3) nor Lexmark mandate that the plaintiff have used the challenged mark in United States commerce as a condition precedent to its claim.” *Belmora*, 819 F.3d at 715 (citing *Empresa*, 753 F.3d at 1278 (“In the proceedings before the Board, however, Cubatabaco need not own the mark to cancel the Registrations under [Section 14(3)].”).³⁶⁸

The Board concluded that Meenaxi intended “to cause consumers exposed to Respondent’s use of the . . . marks to draw the logical conclusion that Respondent’s products in the United States are licensed or produced by the source of the same types of cola and lemon-lime soda sold under these marks for decades in India.”³⁶⁹

Therefore, the Board granted the petition for cancellation.

6. Nonuse

NT-MDT LLC v. Irina Kozodaeva

In another questionably precedential decision, the Board granted a petition for cancellation of a registration for the mark NT-MDT (in the design form shown below) for, inter alia, microscopes, sustaining the petitioner’s claim that Registrant Irina Kozodaeva did not use the registered mark prior to expiration of the time for filing a statement of use in her underlying Section 1(b) trademark application. Although Kozodaeva admitted that she had not used the mark, she claimed to have acquired trademark rights via several prior transactions that would provide her with an early use date. However, her proofs were inadequate.³⁷⁰



³⁶⁷ *Id.* at *51. Note that in *Belmora*, the Fourth Circuit stated that *Belmora* owns the FLANAX mark in the United States, despite the order to cancel the FLANAX registration and despite Bayer’s claim of unfair competition. 819 F.3d at 713. Here, Meenaxi asserted that it is the prior user of the marks THUMS UP and LIMCA in the United States. Does that mean that Meenaxi owns these two marks in this country?

³⁶⁸ *Id.*

³⁶⁹ *Id.* at *52.

³⁷⁰ *NT-MDT LLC v. Irina Kozodaeva*, 2021 U.S.P.Q.2d 433 (T.T.A.B. 2021).

The Board noted that Ms. Kozodaeva’s admission that she never used the subject mark in United States commerce “would appear to seal Petitioner’s victory on the nonuse claim.”³⁷¹ However, Kozodaeva contended that she was entitled to rely on several trademark assignments that provided her with a 1999 first use date, and on that basis she could amend the dates in her registration to claim that early date and thereby overcome the nonuse problem.

The Board observed that Section 7(e) of the Lanham Act requires a showing of “good cause” for an amendment to a registration.³⁷² Moreover, “clear and convincing” evidence is required to justify an amendment claiming an earlier first use date than that set forth in a registration.³⁷³

Despite Kozodaeva’s violation of the applicable rules—she failed to pay the required fee and failed to submit the required verified statement³⁷⁴—the Board chose to consider the merits of her motion. Reviewing in detail the three agreements that Kozodaeva relied upon to support her claim of a 1999 first use date, the Board found that the agreements did not establish that she had obtained rights in the subject mark. The Board therefore sustained the petitioner’s claim of nonuse in commerce prior to the expiration of Respondent Kozodaeva’s time period for filing a statement of use.

7. Lack of Bona Fide Intent

Société des Produits Nestlé S.A. v. Taboada

Section 66(a) of the Trademark Act requires that an applicant for extension of protection to the United States under the Madrid Protocol must declare that he has a bona fide intention to use the mark in commerce for the identified goods and/or services.³⁷⁵ The

³⁷¹ *Id.* at *16.

³⁷² Section 7(e) of the Lanham Act, 15 U.S.C. § 1057(e), provides in pertinent part that “[u]pon application of the owner and payment of the prescribed fee, the Director for good cause may permit any registration to be amended or to be disclaimed in part”

³⁷³ See *Bass Pro Trademarks LLC v. Sportsman’s Warehouse, Inc.*, 89 U.S.P.Q.2d 1844, 1856 (T.T.A.B. 2008) (citing *Hydro-Dynamics Inc. v. George Putnam & Co.*, 811 F.2d 1470, 1 U.S.P.Q.2d 1772, 1773 (Fed. Cir. 1987) (dates of first use earlier than that alleged in the application is a change of position from one “considered to have been made against interest at the time of filing the application,” and therefore requires enhanced proof)).

³⁷⁴ *NT-MDT*, 2021 U.S.P.Q.2d 433, at *19. The Board pointed out that a request to amend a registration under Trademark Rule 2.173(b), 37 C.F.R. § 2.173(b), must (a) include the fee required by Trademark Rule 2.6(a)(11), 37 C.F.R. § 2.6(a)(11), and (b) be verified and signed in accordance with Trademark Rule 2.193(e)(6), 37 C.F.R. § 2.193(e)(6).

³⁷⁵ Section 66(a) of the Lanham Act, 15 U.S.C. § 1141f(a), states:

A request for extension of protection of an international registration to the United States that the International Bureau transmits to the United States Patent and Trademark Office shall be deemed to be properly filed in the United States if such request, when received by the International Bureau, has attached to it a declaration of bona fide intention to use the mark in commerce that is verified by the applicant for, or holder of, the international registration.

Board sustained this opposition to a Section 66(a) application to register NESPORT for various products in Classes 5, 30, and 32, including nutritional supplements, energy bars, and sports drinks, finding that Applicant Cándido Viñuales Taboada lacked the requisite bona fide intent. Opposer Nestlé mistakenly cited Section 1(b) as the statutory basis for its claim, rather than Section 66(a), but the Board found this error excusable because the pleading had put Taboada on adequate notice of Nestlé's claim. On the other hand, Taboada's lack of documentation evidencing a bona fide intent as of his filing date proved fatal to his application.³⁷⁶

Proper Pleading?: Opposer Nestlé's notice of opposition referenced Section 1(b) rather than Section 66(a) in its claim that Applicant Taboada lacked a bona fide intent at the time of his filing. Both statutory provisions require a verified statement of bona fide intent.

The Board observed that “[c]itation of the incorrect statutory section in Opposer's Notice of Opposition, however, is not fatal to Opposer's claim.”³⁷⁷ Although an opposition to a Section 66(a) application may not be amended to add grounds for opposition (Trademark Rule 2.107(b)), here the Board found that the claim of lack of bona fide intent was “sufficiently pleaded ab initio.”³⁷⁸

Although Opposer cited the wrong provision of the Trademark Act, it was in this case sufficient to provide notice of the ground for opposition. There is no leapfrog from one legal claim to another.³⁷⁹

Lack of Bona Fide Intent: The Board first observed that the same case law applies to the bona fide intent issue under Section 66(a) as under 1(b).³⁸⁰

Applicant Taboada confirmed in discovery responses that the mark NESPORT had not been used in commerce, and that he had no advertising or promotional expenditures except for his website.

³⁷⁶ *Société des Produits Nestlé S.A. v. Taboada*, 2020 U.S.P.Q.2d 10893 (T.T.A.B. 2020).

³⁷⁷ *Nestlé*, 2020 U.S.P.Q.2d 10893 at *3.

³⁷⁸ *Id.* at *4. Trademark Rule 2.107(b), 37 C.F.R. § 2.107(b), states:

Pleadings in an opposition proceeding against an application filed under Section 66(a) of the Act may be amended in the same manner and to the same extent as in a civil action in a United States district court, except that, once filed, the opposition may not be amended to add grounds for opposition or goods or services beyond those identified in the notice of opposition, or to add a joint opposer. The grounds for opposition, the goods or services opposed, and the named opposers are limited to those identified in the ESTTA cover sheet regardless of what is contained in any attached statement.

³⁷⁹ *Id.* at *5.

³⁸⁰ *Id.* at *8. *See Honda Motor Co. v. Winkelmann*, 90 U.S.P.Q.2d 1660, 1662 (T.T.A.B. 2009). (“In determining whether an applicant under § 44(e) has the requisite bona fide intent to use the mark in U.S. commerce, the Board uses the same objective, good-faith analysis that it uses in determining whether an applicant under § 1(b) has the required bona fide intent to use the mark in U.S. commerce.”).

He had no assignees or licensees, no agreements with potential manufacturers, no documents regarding attempted regulatory approval or attendance at trade shows, and no anticipated packaging or labels.

Taboada stated that he held off from developing his business pending the outcome of this opposition and others overseas. As support for his alleged bona fide intent, Taboada pointed to his U.S. trademark application, numerous trademark filings and domain name registrations throughout the world, his website, and documents from an Australian opposition involving Nestlé. In his testimonial declaration, Taboada discussed his twenty years of experience in sales and marketing in the food and beverage industry, and his studies in California and Spain, where he made high-level business contacts. His documentation consisted of a business plan, cost estimates, mass e-mails to U.S. manufacturers and distributors, and updates to his website, all occurring in 2018 (after the commencement of this proceeding).

The Board pointed out once again that the mere act of filing an application does not suffice to establish a bona fide intent.³⁸¹ A lack of documentary evidence may be rebutted if the applicant can show a capacity to market and manufacture the identified goods consistent with the expansion of its existing product line.³⁸² Furthermore, although evidence dated prior to applicant's filing date is the strongest evidence, evidence after the filing date may also be considered if sufficiently contemporaneous.³⁸³

The Board found that Nestlé made a prima facie showing of lack of bona fide intent. Taboada provided no evidence of his capacity, expertise, or infrastructure to produce and distribute the wide range of products in his application (including pharmaceuticals, teeth filling and dental impression materials, vermin control products, herbicides, and various foods and beverages). Although his application was filed in 2016, his discovery responses in 2017 indicated his lack of documentation and pertinent activities.

Nestlé submitted the results of its investigation showing an absence of a social media presence for the NESPORT mark. Moreover, Taboada's various registered domain names either were

³⁸¹ *Id.* at *11-12, citing *Research in Motion Ltd. v. NBOR Corp.*, 92 U.S.P.Q.2d 1926, 1931 (T.T.A.B. 2009) ("If the filing and prosecution of a trademark application constituted a bona fide intent to use a mark, then in effect, lack of a bona fide intent to use would never be a ground for opposition or cancellation, since an inter partes proceeding can only be brought if the defendant has filed an application.").

³⁸² *Id.* at *12. *Rolex Watch U.S.A. Inc. v. AFP Imaging Corp.*, 101 U.S.P.Q.2d 1188, 1197-98 (T.T.A.B. 2011), judgment vacated as moot, 107 U.S.P.Q.2d 1626 (T.T.A.B. 2013); *see also* *Wet Seal Inc. v. FD Mgt. Inc.*, 82 U.S.P.Q.2d 1629, 1643 (T.T.A.B. 2007) (applicant's capacity to market and/or manufacture goods, having produced them in the past under different marks, rebuts a claim that applicant lacked a bona fide intent to use).

³⁸³ *Id.* at *13. *See, e.g., Lane Ltd. v. Jackson Int'l Trading Co.*, 33 U.S.P.Q.2d 1351, 1356 (T.T.A.B. 1994).

not operational or merely resolved to his website, which itself did not promote or offer any of the goods identified in his trademark application. In 2016 and 2017, the website displayed only a “COMING SOON” holder page, and not until August 2018 (after discovery closed and Nestlé’s partial summary judgment motion had been denied), did Taboada publish any content on the website, and that was minimal.

Not until 2018 did Taboada make any real effort to commercialize the NESPORT mark via a business plan, cost estimates, and mass e-mails to U.S. manufacturers and distributors. However, the business plan lacked sufficient detail to demonstrate a bona fide intention to introduce NESPORT products into the marketplace. According to the plan, Taboada would proceed with the development of his business after securing his trademark registration.

Conclusion: The Board found that Taboada’s activities in 2018 were not sufficiently contemporaneous with the filing of his trademark application, and were not sufficiently extensive or focused, to establish his bona fide intention to use the NESPORT mark in commerce in 2016, when his application was filed. Taboada’s litigations with Nestlé did not excuse him from his burden to rebut Nestlé’s prima facie case arising from his lack of documentation.

Therefore, the Board sustained the opposition on that ground.

8. Abandonment

Peterson v. Awshucks SC, LLC

Respondent Awshucks SC, LLC fended off a petition for cancellation of its registration of the mark A.W. SHUCK’S (standard characters) for “restaurant and bar services” by proving that, during its period of nonuse of the mark (more than three years), it maintained an intent to resume use (i.e., it did not intend not to resume use). Although the subsequent use of the mark was in the form AW SHUCK’S (without the periods), that was not a material alteration from its registered form and therefore did not constitute abandonment of the original mark.³⁸⁴

The respondent purchased the A.W. SHUCK’S restaurant in Charleston, South Carolina, in June 2015 and continued to operate the restaurant under that name until January 2016, when it changed the name because it wanted to develop a fast casual concept for use with A.W. SHUCK’S.

The respondent’s sole member (John Keener) researched the fast casual concept during 2016 and hired a real estate agent to look for a new location. In 2017, Keener tried unsuccessfully to negotiate a

³⁸⁴ Peterson v. Awshucks SC, LLC, 2020 U.S.P.Q.2d 11526 (T.T.A.B. 2020).

lease in Charleston, and then found space at 66 State Street, next to the former location. During that year, he worked on menu design, signage, decor, and equipment plans. Keener hired an architect to prepare plans for the restaurant, but the city rejected the plans because that very old building could not have a kitchen.

In the first part of 2018, the respondent negotiated for purchase of a restaurant in Charleston County. In March, a restaurant designer was engaged, and construction was resumed at the old building, but without a kitchen (a kitchen being available at the restaurant next door). The new restaurant, according to Keener, opened in March 2019, and in May 2019 he took over another restaurant at 208 King Street in Charleston under a different legal entity but using the name “AW Shuck’s Seafood Shack.”

Under Section 45 of the Lanham Act, a mark is deemed abandoned when “its use has been discontinued with intent not to resume such use.”³⁸⁵ Because a registration is presumed valid under Section 7(b),³⁸⁶ a party seeking cancellation bears the burden of proving abandonment by a preponderance of the evidence.³⁸⁷

If the party claiming abandonment proves nonuse of the mark for 3 consecutive years, a prima facie case of abandonment is established.³⁸⁸

The burden of production (i.e., going forward) then shifts to the respondent to produce evidence that he has either used the mark or that he has intended to resume use (e.g., a convincing demonstration of “excusable non-use” that would negate any intent not to resume use of the mark). The burden of persuasion remains with the plaintiff to prove abandonment by a preponderance of the evidence.³⁸⁹

Petitioner Jill E. Peterson claimed that the respondent, after discontinuing use of the mark in January 2016, did not resume use. The Board found, based on the respondent’s own testimony, that use was not resumed until at least March 2019, more than three years later, and so Peterson was entitled to a rebuttable presumption that

³⁸⁵ Section 45 of the Lanham Act, 15 U.S.C. § 1127.

³⁸⁶ Section 7(b) of the Lanham Act, 15 U.S.C. § 1057(b), provides that:

A certificate of registration of a mark upon the principal register provided by this chapter shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the owner’s ownership of the mark, and of the owner’s exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate.

³⁸⁷ See *Cold War Museum, Inc. v. Cold War Air Museum, Inc.*, 586 F.3d 1352, 92 U.S.P.Q.2d 1626, 1628 (Fed. Cir. 2009) (citing *W. Fla. Seafood v. Jet Rests.*, 31 F.3d 1122, 1125, 31 U.S.P.Q.2d 1660 (Fed. Cir. 1994)).

³⁸⁸ 15 U.S.C. § 1127.

³⁸⁹ *Peterson v. Awshucks*, 2020 U.S.P.Q.2d 11526, at *9, citing *Noble House Home Furnishings, LLC v. Floorco Enters., LLC*, 118 U.S.P.Q.2d 1413, 1417 (T.T.A.B. 2016).

Respondent had abandoned the mark. The burden of production shifted to Respondent to rebut this prima facie showing by offering evidence that it discontinued use of the mark without “an intent not to resume use.”³⁹⁰

In assessing evidence of a registrant’s intent to resume use in this context, the registrant’s “plans must be to resume commercial use of a mark within the ‘reasonably foreseeable future.’” *Executive Coach Builders, Inc. v. SPV Coach Co.*, 123 U.S.P.Q.2d 1175, 1198-99 (T.T.A.B. 2017) (quoting *Hornby v. TJX Cos.*, 87 U.S.P.Q.2d 1411, 1421-22 (T.T.A.B. 2008)). Subsequent use may be probative of whether the registrant intended to commence use during a previous period of nonuse *Crash Dummy Movie, LLC v. Mattel, Inc.*, 601 F.3d 1387, 94 U.S.P.Q.2d 1315, 1317 (Fed. Cir. 2010).³⁹¹

The Board first addressed whether the respondent could rely on the 208 King Street restaurant as evidence of its intent. Although that restaurant was not operated by the respondent but by a new entity, that entity and the Respondent are wholly owned and controlled by Mr. Keener and that entity used the mark with Keener’s permission and under the respondent’s control. The Board found the respondent and the new entity to be related companies under Section 5 of the Lanham Act,³⁹² and so the respondent was entitled to rely on use of the mark by the new entity.³⁹³

Moreover, the Board “can infer that there is an implied license” between the new entity and Respondent, even without a formal agreement.³⁹⁴ “Here, the conditions arising from Mr. Keener’s sole

³⁹⁰ See *Imperial Tobacco Ltd. v. Philip Morris Inc.*, 899 F.2d 1575, 14 U.S.P.Q.2d 1390, 1393 (Fed. Cir. 1990).

³⁹¹ *Peterson v. Awshucks*, 2020 U.S.P.Q.2d 11526, at *10.

³⁹² Section 5 of the Lanham Act, 15 U.S.C. § 1055, provides:

Where a registered mark or a mark sought to be registered is or may be used legitimately by related companies, such use shall inure to the benefit of the registrant or applicant for registration, and such use shall not affect the validity of such mark or of its registration, provided such mark is not used in such manner as to deceive the public. If first use of a mark by a person is controlled by the registrant or applicant for registration of the mark with respect to the nature and quality of the goods or services, such first use shall inure to the benefit of the registrant or applicant, as the case may be.

³⁹³ *Peterson v. Awshucks*, 2020 U.S.P.Q.2d 11526, at *11, citing *Noble House*, 118 U.S.P.Q.2d at 1421 (“Section 5 of the Trademark Act permits an applicant or registrant to rely on use of the mark by related companies.”).

³⁹⁴ *Id.* at *12. See, e.g., *Woodstock’s Enters. Inc. (Cal.) v. Woodstock’s Enters. Inc. (Or.)*, 43 U.S.P.Q.2d 1440, 1447 (T.T.A.B. 1997) (“It is settled . . . that a license can be implied . . . [T]he reality of the situation is akin to an informal, implied license from respondent to petitioner to use the registered mark in California.”) (*quoted in Sock It To Me, Inc. v. Aiping Fan*, 2020 U.S.P.Q.2d 10611, at * 4 (T.T.A.B. 2020)).

ownership of both companies indicates to us that the companies are related for purposes of Section 5.”³⁹⁵

The Board agreed with Peterson that the respondent did not show use of the mark at the 66 State Street location, but it found that the evidence of the respondent’s efforts to put the mark into use there was probative of its “overall efforts showing that it maintained an intent to resume use of the mark in commerce.”³⁹⁶

Peterson contended that the respondent’s intention was to use AW SHUCKS (without the periods and the apostrophe) and not the registered mark. The Board found that the evidence supported the respondent’s contention that it intended to use the apostrophe; however, as to use of the periods the evidence was “slim.”³⁹⁷ The Board therefore was “unable to find that Respondent intended to continue using the mark in the exact form shown in the registration.”³⁹⁸

The question then was whether the respondent’s intention to resume use of the mark as “AW Shuck’s” (without the periods) and subsequent use in that form at 208 King Street, constituted a continuous intention to use the registered mark (with the periods).

The applicable standard for evaluating whether a change to a registered mark is permissible is found in *Paris Glove of Canada Ltd. v. SBC/Sporto Corp.*: i.e., “material alteration.”³⁹⁹

A material alteration exists if the old and new formats do not create the same general commercial impression. In contrast, a change in the form of a mark does not constitute abandonment or a break in continuous use if the change neither creates a new mark nor changes the commercial impression of the old mark. Marks entirely comprised of words can sometimes be varied as to their style of lettering,

³⁹⁵ *Id.*

³⁹⁶ *Id.* at *16 n.127.

³⁹⁷ *Id.* at *14.

³⁹⁸ *Id.* See *In re USA Warriors Ice Hockey Program, Inc.*, 122 U.S.P.Q.2d 1790, 1794 (T.T.A.B. 2017) (“[W]hen it is within a party’s power to produce a certain kind of persuasive testimony or documentary evidence on an urged factual finding, and it fails to do so, a tribunal is at least permitted—perhaps even compelled—to draw the inference that that fact is unsupported and/or untrue.”).

³⁹⁹ 84 U.S.P.Q.2d 1856, 1861 (T.T.A.B. 2007). See Trademark Rule 2.72, 37 C.F.R. § 2.72, which provides, in pertinent part:

(a) In an application based on use in commerce under Section 1(a) of the Act, the applicant may amend the description or drawing of the mark only if: (1) The specimens originally filed, or substitute specimens filed under § 2.59(a), support the proposed amendment; and (2) The proposed amendment does not materially alter the mark. The Office will determine whether a proposed amendment materially alters a mark by comparing the proposed amendment with the description or drawing of the mark filed with the original application.

size and other elements of form without resulting in a material alteration of the mark.⁴⁰⁰

The Board noted that “[p]unctuation, such as quotation marks, hyphens, periods, commas, and exclamation marks, generally does not significantly alter the commercial impression of the mark.”⁴⁰¹ It then found that omission of the periods did not result in a material alteration to the mark “because ‘AW Shuck’s’ and ‘A.W. Shuck’s’ have the same continuing commercial impression.”⁴⁰²

Here, “A.W. Shuck’s” is an obvious play on the informal term “aw-shucks,” which means “being or marked by an unsophisticated, self-conscious, or self-effacing manner // [e.g.,] an aw-shucks grin.” It is written in the format of a person’s initials (A.W.) and surname (Shuck’s) in the possessive form while at the same time calling to mind the playful meaning the term would have without that punctuation. * * * Consumers who understand the meaning of the term “aw-shucks,” will likely see either manner of use as both an expression of that meaning and as a person’s name, fictional or not. Consumers who do not know the meaning of the term, perhaps a younger generation of consumers, will view either term as a person’s name. Initials are often displayed without periods. Consequently, we find that Respondent intended to use a mark that is not materially different from the registered mark. *Jack Wolfskin*, 116 U.S.P.Q.2d at 1133.⁴⁰³

The Board concluded that the respondent overcame the presumption of abandonment by proving that it did have an intention to resume use (i.e., it did not have an intention not to resume use) during the period of nonuse.

9. Genericness

Int’l Dairy Foods Ass’n v. Interprofession du Gruyère and Syndicat Interprofessionnel du Gruyère

The Board consolidated four oppositions (filed by four different entities) to registration of the proposed mark GRUYERE as a certification mark for “cheese,” and then sustained three of them on the ground of genericness. It dismissed the fourth opposition because the opposer failed to prove its “standing.” The Board found that “purchasers and consumers of cheese understand the term

⁴⁰⁰ *Peterson v. Awshucks*, 2020 U.S.P.Q.2d 11526, at *15 (some internal citations omitted).

⁴⁰¹ *Id.* at *15-16, quoting TBMP § 807.14(c) (Oct. 2018).

⁴⁰² *Id.* at *16.

⁴⁰³ *Id.*

‘gruyere’ as a designation that primarily refers to a category within the genus of cheese that can come from anywhere.”⁴⁰⁴

The Board first dealt with numerous evidentiary objections, finding it unnecessary to rule on all of them because the Board is “capable of weighing the relevance and strength or weakness of the objected-to evidence, including any inherent limitations.”⁴⁰⁵ It then pointed out problems with some of the evidence, noting that documents submitted in a foreign language have limited probative value absent an English translation,⁴⁰⁶ that materials from foreign websites are likewise of limited probative value since they do not reflect usage of or exposure of the term “gruyere” to U.S. consumers,⁴⁰⁷ and that a mere listing of web addresses is insufficient to make the associated webpages of record.⁴⁰⁸

The evidence revealed that GRUYÈRE cheese [note the accent mark] has been made in Switzerland since 1115 AD, and the name derives from the district in which it was first made. GRUYÈRE cheese has also been produced in France for hundreds of years. Millions of pounds are imported into the United States from Switzerland every year, and some 14,000 pounds were imported from France during the period 2013–2017. The Swiss government and the European Union have recognized the term “Gruyère” as a Protected Designation of Origin (“PDO”), and the French government approved the term as a “protected geographical indication” (“PGI”). The joint applicants enforce the certification rules for the production of GRUYÈRE cheese in Switzerland and France, respectively.

⁴⁰⁴ *Int’l Dairy Foods Assoc. v. Interprofession du Gruyère and Syndicat Interprofessionnel du Gruyère*, 2020 U.S.P.Q.2d 10892, at *24 (T.T.A.B. 2020).

⁴⁰⁵ *Id.* at *7. *See e.g.*, *Norris v. PAVE: Promoting Awareness, Victim Empowerment*, 2019 U.S.P.Q.2d 370880, at *2 (T.T.A.B. 2019) (quoting *Inter IKEA Sys. B.V. v. Akea, LLC*, 110 U.S.P.Q.2d 1734, 1737 (T.T.A.B. 2014)); *Tao Licensing, LLC v. Bender Consulting Ltd.*, 125 U.S.P.Q.2d 1419, 1047 (T.T.A.B. 2017)).

⁴⁰⁶ *Id.* *See Swiss Watch Int’l Inc. v. Fed. of the Swiss Watch Ind.*, 101 U.S.P.Q.2d 1731, 1734 n.8 (T.T.A.B. 2012); TBMP § 104 (“If a party intends to rely upon any submissions that are in a language other than English, the party should also file a translation of the submissions. If a translation is not filed, the submissions may not be considered”), and cases cited therein.

⁴⁰⁷ *Id.* *See In re Consolidated Cigar Corp.*, 13 U.S.P.Q.2d 1481, 1483 (T.T.A.B. 1989) (“We agree with applicant that the evidence relating to generic use of ‘whiffs’ in Great Britain is, by and large, irrelevant to the genericness of the term in the United States. The relevant test is, of course, consumer perception in this country.”); *cf. In re Bayer AG*, 488 F.3d 960, 82 U.S.P.Q.2d 1828, 1835 (Fed. Cir. 2007) (information originating on foreign websites or in foreign news publications may be relevant to discern United States consumer impression of a proposed mark if it is shown they are accessible to the United States public).

⁴⁰⁸ *Id.* at 7-8. *In re Olin Corp.*, 124 U.S.P.Q.2d 1327, 1332 n.15 (T.T.A.B. 2017) (“Because the information displayed at a link’s Internet address can be changed or deleted, merely providing a link to a website is insufficient to make information from that site of record.”).

As usual, the Board applied the two-part genericness test of *Marvin Ginn*,⁴⁰⁹ unsurprisingly finding the genus at issue to be “cheese” and the relevant consumers to be members of the general public who purchase or consume cheese. The opposers had the burden to prove genericness by a preponderance of the evidence.⁴¹⁰

The opposers relied on dictionary definitions (e.g., “a firm tangy cheese”), media references (“Wisconsin gruyere”), trade publications (“all the countries surrounding the Alps—Germany, Austria, France and Switzerland—have a tradition of making Gruyere”), Internet evidence (“American-made Gruyere will be aged 3 months”), the Code of Federal Regulations (“CFR”) (which provides a standard of identity for “gruyere cheese,” without reference to origin), USDA statistics (showing importation of processed gruyere from various countries), and witness testimony regarding importation and sale of gruyere cheese.⁴¹¹ Emmi Roth, a cheese producer in Wisconsin, testified that it agreed not to brand its own cheese “gruyere” but supplied massive amounts of gruyere cheese for private label sale to resellers who were not restricted from use of the term “gruyere.”⁴¹²

The applicants relied on other dictionary definitions (“[a] kind of cheese made in Gruyère, Switzerland”), their own publicity and educational efforts (e.g., visits to trade fairs), policing of the mark (letters requesting cessation of use of the term), and Emmi Roth’s agreement not to use the term “gruyere” as the name for its cheeses (although applicants admitted that some of the purchasers of cheese from Emmi Roth continue to label the cheese as “Gruyère”).

The Board found that the reference materials “describe a category of cheese that may be made anywhere and evoke[s] the Swiss and (occasionally) French origin of the cheese.”⁴¹³ The evidence showed that “gruyere” cheese is sold by major retailers either under their own brand names, or sometimes under a group brand name like “Boar’s Head.” Gruyere cheese is made in the United States and also imported from non-Swiss and non-French producers and sold as “gruyere.” With regard to the applicants’ letter-writing campaign, there was no uncontroverted evidence that the recipients of the letters stopped using the term “gruyere.”

⁴⁰⁹ *H. Marvin Ginn Corp. v. Int’l Ass’n of Fire Chiefs, Inc.*, 782 F.2d 987, 228 U.S.P.Q. 528, 530 (Fed. Cir. 1986).

⁴¹⁰ *Princeton Vanguard, LLC v. Frito-Lay N. Am., Inc.*, 786 F.3d 960, 114 U.S.P.Q.2d 1827, 1830 (Fed. Cir. 2015) (“In an opposition or cancellation proceeding, the opposer or petitioner bears the burden of proving genericness by a preponderance of the evidence.”) (citing *Magic Wand Inc. v. RDB Inc.*, 940 F.2d 638, 19 U.S.P.Q.2d 1551, 1554 (Fed. Cir. 1991); *Alcatraz Media, Inc. v. Chesapeake Marine Tours Inc.*, 107 U.S.P.Q.2d 1750, 1761 (T.T.A.B. 2013), *aff’d*, 565 Fed. Appx. 900 (Fed. Cir. 2014)).

⁴¹¹ *Int’l Dairy Foods Assoc.*, 2020 U.S.P.Q.2d 10892 at *12-17.

⁴¹² *Id.* at *16.

⁴¹³ *Id.* at *19.

As for the media and Internet items, the Board found that lowercase references to “gruyere” evidenced use of the term to refer to a type of cheese. There was no evidence that the applicants’ recent policing and educational efforts changed consumer understanding of the term. Contrary to the applicants’ arguments, the CFR references are probative, even if consumers are not aware of them, because they inform manufacturers and distributors of the name to be included on labels for cheese having certain characteristics. Case law has recognized that administrative regulations are relevant to the question of genericness.⁴¹⁴ The Board noted that the regulations do not offer any alternative term for this type of cheese.

The applicants pointed to the lack of survey evidence, but the Board pointed out that a survey is not required when a coined or arbitrary mark is not involved.⁴¹⁵ Moreover, the evidence of record was sufficiently persuasive that a survey was unnecessary.

Finally, the applicants asserted that any doubt should be resolved in their favor, but the Board observed “there is no resolution of doubt in an applicant’s favor in an opposition proceeding.”⁴¹⁶ In any case, the Board had no doubt on the question of genericness.

10. Failure-to Function

University of Kentucky v. 40-0, LLC

In a case “markedly similar” to the #MAGICNUMBER108 case of two years ago (which Chicago Cub fans may remember),⁴¹⁷ the Board sustained the opposition of University of Kentucky (the “University”) to registration of the proposed mark “40-0” for t-shirts and other clothing items, finding the term to be a widely used common expression that fails to function as a trademark. The University did not go undefeated, however. The Board dismissed the University’s fraud claim and granted the applicant’s motion to

⁴¹⁴ *Id.* at *22-23. See *Institut National Des Appellations D’Origine v. Vintners Int’l Co.*, 958 F.2d 1574, 22 U.S.P.Q.2d 1190, 1196 (Fed. Cir. 1992) (finding the term “chablis” generic, stating “[s]upport for this ‘generic’ determination is found in . . . BATF [U.S. Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms; not the Alcohol and Tobacco Tax and Trade Bureau (“TTB”)] regulations” and stating “[t]he BATF regulations actually lend support to the argument that the term is generic. The BATF regulations define ‘Chablis’ as a ‘semi-generic’ term which is a name of geographic significance and also the designation of a class or type of wine.”); *Luxco, Inc. v. Consejo Regulador del Tequila, A.C.*, 121 U.S.P.Q.2d 1477, 1485 (T.T.A.B. 2017) (TTB regulations “are probative in determining whether a term is distinctive or generic.”).

⁴¹⁵ *Id.* at *23. See *Hikari Sales USA*, 2019 U.S.P.Q.2d 111514, at *11 (T.T.A.B. 2019).

⁴¹⁶ *Id.*

⁴¹⁷ *In re DePorter*, 129 U.S.P.Q.2d 1298 (T.T.A.B. 2019) (affirming a failure-to-function refusal of the proposed mark #MAGICNUMBER for shirts because the term conveys an informational message referring to the Chicago Cubs winning the World Series in 2016 after a 108-year drought and does not serve as a source identifier.)

amend its use-based application to delete certain goods for which the mark had not been used.⁴¹⁸

For those of you who didn't know (or care), in the basketball world, "40-0" refers to a perfect winning record in NCAA Division I basketball, something that the University (and every other Division I school) desires to achieve.⁴¹⁹ The applicant's owner, David Son, unsuccessfully sought to work with the University in marketing the "40-0" clothing.

Entitlement to a Cause of Action (f/k/a "Standing"): The applicant challenged the University's entitlement to bring this opposition, asserting that the University would not be damaged by registration of 40-0 because it has no proprietary interest in the term, is not a competitor of the applicant, and need not fear an infringement suit by the applicant. The Board was unimpressed, pointing out that one need not have a proprietary interest in a term to be entitled to bring an opposition.⁴²⁰ A "present or prospective interest" in using the term in its business is sufficient.⁴²¹

The Board concluded from the record evidence, including the use by Baylor University and the University of Connecticut of 40-0 and the University of Kentucky's own use of "16-0," "31-0," and "34-0" on t-shirts, that the University "has a present or prospective interest in using the term '40-0' on T-shirts and other apparel to indicate its aspiration or achievement of an undefeated season, either in men's or women's basketball."⁴²² Moreover, the University has a "direct commercial interest in licensing and selling apparel products" and, regardless of whether the applicant is a competitor, it has "a reasonable basis for its belief in damage" from registration of the mark 40-0.⁴²³

The applicant's forbearance from suing the University (or Baylor University or the University of Connecticut) for trademark infringement "misses the point, as registration would accord Applicant rights it does not presently have . . ."⁴²⁴ A registration, which enjoys the presumptions afforded by Section 7(b) of the

⁴¹⁸ *Univ. Ky. v. 40-0, LLC*, 2021 U.S.P.Q.2d 253 (T.T.A.B. 2021).

⁴¹⁹ 40-0 perfection in NCAA's Division 1 has been achieved twice: by the women's basketball teams at Baylor University in 2012 and the University of Connecticut in 2014. *Id.* at *15.

⁴²⁰ *Id.* at *11, citing *Australian Therapeutic Supplies Pty. Ltd. v. Naked TM, LLC*, 965 F.3d 1370, 2020 U.S.P.Q.2d 10837 (Fed. Cir. 2020).

⁴²¹ *Id. Cf. De Walt, Inc. v. Magna Power Tool Corp.*, 289 F.2d 656, 129 U.S.P.Q. 275, 280 (C.C.P.A. 1961) (standing "will be presumed or inferred when . . . the opposer or petitioner is one who has a sufficient interest in using the descriptive term in its business.").

⁴²² *Id.* at *13.

⁴²³ *Id.* at *14-15. See *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 55 U.S.P.Q.2d 1842, 1844 (Fed. Cir. 2000) cited in *Int'l Dairy Foods Ass'n*, 2020 U.S.P.Q.2d 10892, at *9 (belief in likely damage can be shown by establishing a direct commercial interest).

⁴²⁴ *Id.* at *15.

Lanham Act, could be used to harass the University or others “into ceasing use of [the term] on pain of defending a lawsuit.”⁴²⁵ The Board has followed the same reasoning in mere descriptiveness cases under Section 2(e)(1):

The rationale behind these cases involving damage from the registration of merely descriptive terms lies in the presumptions afforded a registration under Section 7(b) of the Statute. That section provides that registration on the Principal Register is prima facie evidence of the registrant’s “exclusive right to use the mark in commerce in connection with the goods.” Implicit in the “exclusive right” to use is the right “to exclude” others. Thus, a registration of a merely descriptive term would be inimical to the right of others in the trade engaged in the sale of the same or similar goods to use the notation as a word of art in describing their goods and would bestow upon the applicant a competitive advantage to the extent that purchasers may be deceived or misled into believing goods so marketed are the only ones of that type available in the marketplace. This constitutes damage within the intent and meaning of Section 13.⁴²⁶

Motion to Amend Application: The applicant admitted that, as of the filing date of the underlying application, it had used the mark 40-0 only on t-shirts. It moved under Trademark Rule 2.133(a)⁴²⁷ to delete the improperly included goods, agreeing to accept judgment as to those deleted goods. The Board, applying the test set forth in *Brooklyn Brewery Corp. v. Brooklyn Brew Shop, LLC*,⁴²⁸ granted the motion and entered judgment against the applicant as to the deleted goods.

Fraud: At the time of this decision, the TTAB had upheld only one fraud claim since the CAFC’s *Bose* decision in 2009.⁴²⁹ It kept

⁴²⁵ *Id.*, quoting *De Walt*, 129 U.S.P.Q. at 280.

⁴²⁶ *Id.* at *15-16, quoting *Southwire Co. v. Kaiser Aluminum & Chem. Corp.*, 196 U.S.P.Q. 566, 572-73 (T.T.A.B. 1977).

⁴²⁷ 37 C.F.R. § 2.133(a).

⁴²⁸ 2020 U.S.P.Q.2d 10914, at *5 (T.T.A.B. 2020):

An acceptable amendment to the identification of goods or services may be permitted, even where an opposer objects, if: 1) the proposed amendment serves to limit the broader identification of goods or services; 2) applicant consents to the entry of judgment with respect to the broader identification of goods or services present at publication; 3) the specimens of record support the goods or services as amended; and 4) if the applicant wishes to avoid the possibility of a res judicata effect by the entry of judgment on the original identification, the applicant must make a prima facie showing that the proposed amendment serves to change the nature and character of the goods or services or restrict their channels of trade and customers so as to introduce a substantially different issue for trial.

⁴²⁹ *In re Bose Corp.*, 580 F.3d 1240, 91 U.S.P.Q.2d 1938 (Fed. Cir. 2009)). The Board sustained the fraud claim in *Nationstar Mortgage LLC v. Ahmad*, 112 U.S.P.Q.2d 1361

that record intact by denying the University's claim that the applicant committed fraud when it included in its application goods for which the mark had not been used.

A party that alleges fraud in the procurement of a registration "bears the heavy burden of proving fraud with clear and convincing evidence."⁴³⁰ "There is no room for speculation, inference or surmise and, obviously, any doubt must be resolved against the charging party."⁴³¹ Here, applicant admittedly made a false and material statement to the USPTO regarding use of the mark 40-0. The question, then, was whether the statement was made knowingly, with an intent to deceive the Office.

The University pointed out that the applicant's founder and owner, Mr. Son, is a Harvard graduate and a lawyer. Moreover, his law firm holds itself out as a provider of intellectual property services. According to the University, Mr. Son's deposition testimony "suggests that Applicant's intellectual property counsel signed the declaration on Applicant's behalf with full knowledge that the mark had not been used on any goods but t-shirts."⁴³²

Mr. Son testified that he had no experience filing trademark applications and was not familiar with the rules of practice. He thought he was applying for the right to use the mark on all the goods he listed. The Board noted that his education did not "imbue him with knowledge of trademark law."⁴³³ Moreover, Mr. Son took the advice of his counsel, who signed the application. The University did not depose that attorney and there was no meaningful evidence of his or her state of mind.

Acting on "advice of counsel" may not automatically immunize one from a charge of fraud; but on this record, where Applicant misunderstood the requirements for a use-based application and sought the advice of counsel, "the overly expansive description of goods, while a false statement, falls short of constituting a fraudulent statement which carries with it an actual or implied intent to deceive the USPTO."⁴³⁴

And so, the Board dismissed the fraud claim.

(T.T.A.B. 2014). More recently, the Board sustained fraud claims in two more cases: *Fuji Med. Instruments Mfg. Co., Ltd. v. Am. Crocodile Int'l Grp., Inc.*, 2021 U.S.P.Q.2d 831 (T.T.A.B. 2021), and *Chutter, Inc. v. Great Mgmt. Grp., LLC and Chutter, Inc. v. Great Concepts, LLC*, 2021 U.S.P.Q.2d 1001 (T.T.A.B. 2021).

⁴³⁰ *Univ. Ky.*, 2021 U.S.P.Q.2d 253, at *19, citing *Bose*, 91 U.S.P.Q.2d at 1941.

⁴³¹ *Bose*, 91 U.S.P.Q.2d at 1939 (quoting *Smith Int'l, Inc. v. Olin Corp.*, 209 U.S.P.Q. 1033, 1044 (T.T.A.B. 1981)).

⁴³² *Univ. Ky.*, 2021 U.S.P.Q.2d 253, at *21.

⁴³³ *Id.* at *22.

⁴³⁴ *Id.* at *23, quoting *M.C.I. Foods, Inc. v. Bunte*, 96 U.S.P.Q.2d 1544, 1549 (T.T.A.B. 2010).

Failure-to-Function: As the Board has pointed out in a stream of recent failure-to-function cases, the critical issue is “how the relevant public perceives the term sought to be registered.”⁴³⁵ Mr. Son testified that the mark 40-0 was intended to convey “the concept of a perfect basketball season concluding with a national championship. It represents the pursuit of perfection. It’s kind of like a holy grail.”⁴³⁶

The applicant’s use of the term “40-0” on its social media sites was, the Board found, “informational, indicating historical or aspirational perfect basketball seasons, not the source of the T-Shirts.”⁴³⁷ Moreover, the applicant displayed the term “40-0” in large numerals on the front of the t-shirts and nowhere else.

We agree with Opposer that Applicant’s proposed mark “40-0” is merely informational in nature, expressing support, admiration or affiliation with college basketball teams that either have achieved perfect records in a single season or aspire to do so. Consumers understand such a widely used, commonplace message as conveying the ordinary concept or sentiment normally associated with it, rather than serving any source-indicating function.⁴³⁸

The applicant maintained that there was no evidence that the term “40-0” is in widespread use, but the Board disagreed. The record showed use of “40-0” on t-shirts by Baylor University and University of Connecticut, and in numerous “posts” by third parties using “40-0” in an informational sense.⁴³⁹

The preponderance of evidence thus shows widespread, common use of “40-0” in an informational manner to convey a perfect, undefeated NCAA basketball season. Applicant cannot appropriate the term exclusively to itself, denying the competing colleges, as well as their fans, the right to use it freely. “[I]t is the type of expression that should remain free for all to use.” *In re Eagle Crest Inc.*, 96 U.S.P.Q.2d 1227, 1230 (T.T.A.B. 2010). It therefore fails to function as a trademark.⁴⁴⁰

⁴³⁵ *Id.* at *25, citing *In re Greenwood*, 2020 U.S.P.Q.2d 11439, at *2 (T.T.A.B. 2020).

⁴³⁶ *Id.* at *26.

⁴³⁷ *See Wal-Mart Stores*, 129 U.S.P.Q.2d at 1152 (“The text on Applicant’s website confirms the merely informational nature of the phrase.”).

⁴³⁸ *Id.* at *33. *See, e.g., In re Mayweather*, 2020 U.S.P.Q.2d 11298, at *1 (PAST, PRESENT, FUTURE); *Greenwood*, 2020 U.S.P.Q.2d 11439, at *2 (GOD BLESS THE USA); *In re Team Jesus*, 2020 U.S.P.Q.2d 11489 at *5-6 (TEAM JESUS); *see generally*, TMEP § 1202.04(b).

⁴³⁹ *Id.* at *35-36.

⁴⁴⁰ *Id.* at *36.

11. Entitlement to a Statutory Cause of Action

Spanishtown Enterprises, Inc. v. Transcend Resources, Inc.

In this proceeding seeking cancellation of a registration for the mark PURÍSIMA & Design for wine, Respondent Transcend moved for summary judgment on two grounds: that Petitioner Spanishtown (1) was prohibited from seeking cancellation because it is suspended from doing business in its state of incorporation, and (2) lacked “standing” to assert the alleged date of first use underlying its Section 2(d) claim because the mark was used by two individuals who were not parties to this proceeding. The Board denied the motion.⁴⁴¹

“Standing”: The Board first observed that the CAFC, in *Australian Therapeutics*, had recently pointed out that the inquiry regarding “standing” “is more accurately referred to as “entitlement to a statutory cause of action.”⁴⁴² Even more recently, the CAFC ruled in *Corcamore*⁴⁴³ that the proper analytical framework to be applied in determining entitlement to a cause of action under Sections 13 and 14 of the Lanham Act is that of *Lexmark Int’l, Inc. v. Static Control Components, Inc.*⁴⁴⁴ Under *Lexmark*, the Board must assess “whether the party demonstrated (i) an interest falling within the zone of interests protected by the statute and (ii) proximate causation.”⁴⁴⁵

In *Corcamore*, the CAFC observed that there is “no meaningful, substantive difference in the analysis” between the requirements of *Lexmark* compared to the CAFC’s and the Board’s prior decisions that analyzed the issue in terms of whether a party demonstrated a “real interest” in the proceeding and a “reasonable belief in damage” by the registration of the mark.⁴⁴⁶

As the [CAFC] explained, demonstrating a real interest in opposing or cancelling a registration of a mark satisfies the zone-of-interests requirement, and demonstrating a reasonable belief in damage by the registration of a mark demonstrates damage proximately caused by registration of the mark. *Corcamore*, 2020 U.S.P.Q.2d 11277, at 7-8. Thus, our prior decisions and those of the Federal Circuit assessing

⁴⁴¹ *Spanishtown Enterprises, Inc. v. Transcend Resources, Inc.*, 2020 U.S.P.Q.2d 11388 (T.T.A.B. 2020).

⁴⁴² *Id.* at *1, citing *Australian Therapeutic*, 2020 U.S.P.Q.2d 10837, at *2-6 (re-characterizing the issue of the interest required for a party to pursue an opposition or cancellation proceeding as “entitlement to bring a cause of action”).

⁴⁴³ *Corcamore*, 2020 U.S.P.Q.2d 11277, at *4-6.

⁴⁴⁴ 572 U.S. 118, 129-34 (2014).

⁴⁴⁵ *Spanishtown*, 2020 U.S.P.Q.2d 11388, at *1, citing *Corcamore*, 2020 U.S.P.Q.2d 11277, at *4-6.

⁴⁴⁶ *Id.* at *1-2, citing *Corcamore*, 2020 U.S.P.Q.2d 11277, at *7.

a party's "standing" under Sections 13 and 14 remain applicable despite the change in nomenclature of the inquiry to entitlement to a statutory cause of action. *Id.*⁴⁴⁷

Petitioner's Capacity to Sue: Respondent Transcend maintained that because Spanishtown stood suspended by the State of California for failure to pay certain corporate taxes and penalties, Spanishtown was precluded by Rule 17(b) of the Federal Rules of Civil Procedure from pursuing its petition for cancellation because it lacked the capacity to sue or be sued. The Board agreed with Spanishtown that this is merely an issue of capacity and is different from the question of entitlement to bring a statutory cause of action.⁴⁴⁸

Under Fed. R. Civ. P. 17(b), a party that intends to raise the issue of capacity to sue "must do so by specific denial, which must state any supporting facts that are peculiarly within the party's knowledge."⁴⁴⁹ The specific denial should be made in the party's responsive pleading or via motion prior to the answer.⁴⁵⁰

Here, Transcend failed to raise the issue of capacity in a timely manner. The general denial in its answer that it lacked knowledge or information regarding Spanishtown's corporate status was not sufficient. Therefore, the Board concluded that Transcend failed to give fair notice of this defense and so it denied Transcend's summary judgment motion as to this ground. However, the Board allowed Transcend twenty days to amend its answer to include this defense, while noting that a suspended corporation, upon revival after payment of taxes, may proceed before the Board.

Use of Mark by Individual Owners: Transcend contended that Spanishtown was not entitled to bring a petition for cancellation based on priority and likelihood of confusion because it cannot rely on the dates of first use of the mark PURISSIMA for vodka by the corporation's individual owners before the corporation was legally created. Wrong again, said the Board.

Transcend couched this argument in terms of "prudential standing" but the Board again pointed out that the *Lexmark* framework applies and the issue "is not properly described as a question of 'prudential standing.'"⁴⁵¹

⁴⁴⁷ *Id.* at *2.

⁴⁴⁸ *Id.* at *3.

⁴⁴⁹ *Id.*

⁴⁵⁰ *Id.* at *4. See Charles A. Wright, et al., *Federal Practice and Procedure (Civil)* § 1294 (4th ed. 2020).

⁴⁵¹ *Id.* See *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118, 128 (2014).

Furthermore, it is well established that a party may prove priority on the basis of prior use by a predecessor in interest.⁴⁵² Spanishtown alleged that “[i]t is owned by Cesar and Ulrike Bisono,” and that the corporation and the Bisonos have been using a “virtually identical” mark since October 2014.⁴⁵³ In a prior order, the Board had found these allegations, if proven, sufficient to establish entitlement to a statutory cause of action under Section 14.

The Board therefore denied Transcend’s motion for summary judgment as to the second ground.

*Philanthropist.com, Inc. v.
The General Conference Corp. of Seventh-Day Adventists*

Finding that the petitioner failed to demonstrate its entitlement to maintain its genericness claim, the Board tossed out this petition for cancellation of two registrations for the mark ADVENTIST for religious publications, film production and distribution, educational services, and religious and missionary services. The Board concluded that the petitioner did not satisfy either prong of the *Lexmark* test at the time of trial: its interests did not fall within the protectable zone of interests of Section 14, and there was no reasonable basis in fact for a belief in damage.⁴⁵⁴

In every inter partes proceeding the plaintiff must establish its entitlement to a statutory cause of action,⁴⁵⁵ and must maintain that entitlement throughout the proceeding, including at the time of trial. In its case-in-chief, a plaintiff must introduce evidence to support the allegations in its pleading that relate to its entitlement.⁴⁵⁶ For a cancellation proceeding under Section 14, a plaintiff must demonstrate “an interest falling within the zone of interests protected by the statute and . . . proximate causation.”⁴⁵⁷

Another way of stating the requirement is that a plaintiff must prove a real interest in the proceeding and a reasonable belief of damage.⁴⁵⁸ The CAFC has found “no meaningful, substantive

⁴⁵² *Id. See, e.g.,* Metro Traffic Control, Inc. v. Shadow Network Inc., 104 F.3d 336, 41 U.S.P.Q.2d 1369, 1372 (Fed. Cir. 1997) (Board correctly found that petitioner’s predecessor-in-interest used the mark before respondent’s predecessor-in-interest).

⁴⁵³ *Id.* at *5.

⁴⁵⁴ *Philanthropist.com, Inc. v. The Gen. Conference Corp. of Seventh-Day Adventists*, 2021 U.S.P.Q.2d 643 (T.T.A.B. 2021).

⁴⁵⁵ *Empresa Cubana*, 753 F.3d 1270, 111 U.S.P.Q.2d 1058, 1062 (Fed. Cir. 2014).

⁴⁵⁶ *See* Lipton Indus., Inc. v. Ralston Purina Co., 670 F.2d 1024, 213 U.S.P.Q. 185, 189 (C.C.P.A. 1982).

⁴⁵⁷ *Corcamore*, 2020 U.S.P.Q.2d 11277, at *4 (citing *Lexmark*, 572 U.S. at 129-34).

⁴⁵⁸ *Australian Therapeutic*, 2020 U.S.P.Q.2d 10837, at *3; *see also Empresa Cubana*, 111 U.S.P.Q.2d at 1062.

difference between the analytical frameworks expressed in *Lexmark* and *Empresa Cubana*.”⁴⁵⁹

[A] party that demonstrates a real interest in cancelling a trademark under [Trademark Act Section 14, 15 U.S.C.] § 1064 has demonstrated an interest falling within the zone of interests protected by [the Trademark Act] . . . Similarly, a party that demonstrates a reasonable belief of damage by the registration of a trademark demonstrates proximate causation within the context of § 1064.⁴⁶⁰

Often a party that challenges a term as generic will base its entitlement on the fact that it is engaged in marketing goods or services that are the same or similar to those of the other party. That was not the case here. The petitioner’s business is the acquisition and sale of domain names.

Although Section 14 states that any person “who believes that he is or will be damaged” may petition for cancellation, “there are limits to this statutory right—that is, the cancellation plaintiff must meet the ‘zone of interests’ and ‘proximate causation’ tests set out in *Lexmark*, 109 U.S.P.Q.2d at 2068-70.”⁴⁶¹

The purpose of the zone-of-interests test is to ‘foreclose[] suit . . . when a plaintiff’s interests are so marginally related to or inconsistent with the purposes implicit in the statute that it cannot reasonably be assumed that Congress authorized that plaintiff to sue.’” *Corcamore*, 2020 U.S.P.Q.2d 11277, at *7 (quoting *Lexmark*, 109 U.S.P.Q.2d at 2068 (citation and quotation marks omitted)).⁴⁶²

In November 2016, the respondent sent a cease-and-desist letter demanding that the petitioner transfer the domain name “adventist.com” to the respondent. The petitioner refused but offered to sell the domain name for \$1.2 million. When that offer was declined, the petitioner filed the instant petition for cancellation in January 2017, a few days before the National Arbitration Forum ruled against the respondent in a UDRP proceeding seeking transfer of the domain name. The respondent did not appeal the UDRP decision or take any further action with respect to the domain name.

The petitioner never published any content at any website resolving to the domain name. “All Petitioner has ever done . . . is to hold it for future sale at an inflated price (a practice known as

⁴⁵⁹ *Corcamore*, 2020 U.S.P.Q.2d 11277, at *4.

⁴⁶⁰ *Id.* at *7.

⁴⁶¹ *Philanthropist.com*, 2021 U.S.P.Q.2d 643, at *13.

⁴⁶² *Id.* at *14.

‘warehousing’), or to redirect Internet users to the TTABVUE docket page for these proceedings.”⁴⁶³

The petitioner claimed that it was under a “legal threat” from the ADVENTIST registration, but the Board noted that the cancellation petition included only three of the four classes of goods and services in the registrations, and so even if the petitioner prevailed in this proceeding, it would ostensibly remain under threat from the respondent’s continuing ownership of one of the registrations (covering employee health care programs and insurance). The Board concluded that the petitioner failed to satisfy either prong of the *Lexmark* test:

We find that Petitioner’s interests, which do not have anything to do with trademark concerns (whether its own trademark concerns or concerns about how others’ trademark rights might endanger its business model), are outside the zone of interests reflected in Trademark Act Section 14. Further, it cannot reasonably be assumed Congress intended to authorize a party in Petitioner’s circumstances to bring and maintain these cancellation proceedings. *Corcamore*, 2020 U.S.P.Q.2d 11277, at *7. We further find that Petitioner’s claim of proximate causation (its belief in damage) has no “reasonable basis in fact.” *Ritchie v. Simpson*, 170 F.3d 1092, 50 U.S.P.Q.2d 1023, 1027 (Fed. Cir. 1999). To the extent Petitioner’s belief in damage may have existed at the time Petitioner brought these proceedings in January 2017, clearly it has not been maintained. We therefore conclude that Petitioner has not shown its entitlement to the statutory cause of action it asserts here.⁴⁶⁴

12. Laches/Acquiescence

The Brooklyn Brewery Corp. v. Brooklyn Brew Shop, LLC

In an exhaustive 70-page opinion, the Board denied a petition for cancellation of a registration for the mark BROOKLYN BREW SHOP (in standard form) and dismissed an opposition to registration of that term in the stylized form shown below, for “beer making kits,” ruling that laches and acquiescence barred Section 2(d) claims of Brooklyn Brewery (“Brewery”). In reaching that conclusion, the Board found that confusion between the marks of Defendant Brooklyn Brew Shop (“BBS”) marks and Brewery’s

⁴⁶³ *Id.* at *15.

⁴⁶⁴ *Id.* at *16.

marks BROOKLYN and BROOKLYN BREWERY for beer was not inevitable.⁴⁶⁵



Defendant BBS's registration for BROOKLYN BREW SHOP issued on October 4, 2011, based on an application published on July 19, 2011. Brewery filed its petition for cancellation on December 10, 2015. However, it admitted that it first became aware of BBS's use of BROOKLYN BREW SHOP in 2010. In fact, between 2011 and 2016 the parties collaborated on projects related to beer making, including co-branding beer-making kits.

Laches, estoppel, and acquiescence are defenses available in trademark proceedings.⁴⁶⁶ Even if proven, however, these equitable defenses cannot bar a Section 2(d) claim if confusion is inevitable because any injury to defendant is outweighed by the public interest in preventing confusion.⁴⁶⁷

Laches: Although the defense of laches is generally not available in an opposition proceeding (since laches does not begin to run until the application is published for opposition),⁴⁶⁸ the defense may be available if the applicant owns a prior registration "for substantially the same mark and goods."⁴⁶⁹ Here, BBS's prior registration for mark BROOKLYN BREW SHOP in standard character form for beer-making kits "entitle[d] it to use the wording in any font style, including that [of the opposed application] for the same goods."⁴⁷⁰

⁴⁶⁵ *The Brooklyn Brewery Corp. v. Brooklyn Brew Shop, LLC*, 2020 U.S.P.Q.2d 10914 (T.T.A.B. 2020), *aff'd in part, rev'd in part*, 2021 U.S.P.Q.2d 1069 (Fed. Cir. 2021) (reversing and remanding on the issue of mere descriptiveness of BBS's stylized mark, due to lack of factual findings by the Board).

⁴⁶⁶ See Section 1069 of the Lanham Act ("In all inter partes proceedings equitable principles of laches, estoppel, and acquiescence, where applicable may be considered and applied.").

⁴⁶⁷ *Brooklyn Brewery*, 2020 U.S.P.Q.2d 10914, at *8. See, e.g., *Ultra-White Co. v. Johnson Chem. Indus., Inc.*, 465 F.2d 891, 175 U.S.P.Q. 166, 167 (C.C.P.A. 1972).

⁴⁶⁸ *Id.*, citing *Nat'l Cable Television Ass'n v. Am. Cinema Editors, Inc.*, 937 F.2d 1572, 19 U.S.P.Q.2d 1424, 1432 (Fed. Cir. 1991).

⁴⁶⁹ *Id.* See *Aquion Partners Ltd. P'ship v. Envirogard Prods. Ltd.*, 43 U.S.P.Q.2d 1371, 1373 (T.T.A.B. 1997) ("[A] laches defense in an opposition proceeding may be based upon an opposer's failure to object to an applicant's earlier registration of substantially the same mark for substantially the same goods.").

⁴⁷⁰ *Id.*, citing *Citigroup Inc. v. Capital City Bank Grp., Inc.*, 98 U.S.P.Q.2d 1253, 1259 (Fed. Cir. 2011) (registration of standard character mark entitles use of any font style, size, or color); see also *In re Aquitaine Wine USA, LLC*, 126 U.S.P.Q.2d 1181, 1187 (T.T.A.B. 2018) (literal elements of standard character marks may be presented in any font style, size, or color). The author notes that the phrase "entitles it to use" may be incorrect, since defendant is not "entitled to use" the mark in a style that would result in infringement

And so, the Board concluded that the laches defense was available in this opposition as well as in the cancellation proceeding.

To establish a laches defense, a party must prove (1) an unreasonable delay in the assertion of rights, and (2) material prejudice attributable to the delay.⁴⁷¹ Because the Brewery was aware of BBS's use of the mark BROOKLYN BREW SHOP since 2010, laches began to run on the date of publication of the underlying application (July 19, 2011).⁴⁷² Moreover, because the marks in BBS's registration and application are "substantially the same," BBS could also rely on that date for its laches defense in the opposition.⁴⁷³ Brewery filed its notice of opposition about four years and two months later, and its cancellation petition about four years and five months later. The Board found these delays unreasonable because Brewery undoubtedly had full knowledge of BBS's activities during that time period.⁴⁷⁴

Moreover, Brewery's claim that its delay was justified by BBS's progressive encroachment was rejected by the Board, since the beer-making kits sold by defendant did not change over that period of time.⁴⁷⁵ Moreover, Brewery was aware of BBS's nationwide sales, and so those sales could not be considered a "low level" of encroachment.⁴⁷⁶

The Board found that BBS suffered material prejudice because of the delay: it continued to grow its business, increased its

of another mark; perhaps it would be better to say that the registration "covers all variations of the mark."

⁴⁷¹ *Id. See, e.g.,* Bridgestone/Firestone Rsch. Inc. v. Auto. Club de l'Ouest de la France, 245 F.3d 1359, 58 U.S.P.Q.2d 1460, 1463 (Fed. Cir. 2001) ("Mere delay in asserting a trademark-related right does not necessarily result in changed conditions sufficient to support the defense of laches. There must also have been some detriment due to the delay.").

⁴⁷² *Id.* at *8-9. *See* Ava Ruha Corp. v. Mother's Nutritional Ctr., Inc., 113 U.S.P.Q.2d 1575, 1580 (T.T.A.B. 2015) ("If there is actual knowledge of a defendant and its mark prior to publication for opposition, the date of publication is the operative date for laches."); Christian Broad. Network, 84 U.S.P.Q.2d 1560, 1572 (T.T.A.B. 2007).

⁴⁷³ *Id.* at 9.

⁴⁷⁴ The Board noted that delays of as little as three and a half years have constituted laches when coupled with sufficient prejudice to registrants. *See* Teledyne Techs., Inc. v. W. Skyways, Inc., 78 U.S.P.Q.2d 1203, 1211 (T.T.A.B. 2006) (a delay of three years, eight months supported a laches defense to a petition for cancellation based on Section 2(d) likelihood of confusion), *aff'd*, 208 F. App'x 886 (Fed. Cir. 2006); *Ava Ruha*, 113 U.S.P.Q.2d at 1581 (finding a laches defense to cancellation supported by a delay of three years and two months); TPI Holdings, Inc. v. TrailerTrader.com, LLC, 126 U.S.P.Q.2d 1409, 1414 (T.T.A.B. 2018) (four years and two months "within the realm of time found to be sufficient for purposes of laches.").

⁴⁷⁵ "Under the doctrine of 'progressive encroachment,' a trademark owner is not forced by the rule of laches to sue until the likelihood of confusion caused by the accused use presents a significant danger to the mark." *Jansen Enters. Inc. v. Rind*, 85 U.S.P.Q.2d 1104, 1116 (T.T.A.B. 2007) (quoting *J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition* § 31:20 (4th ed. updated 2006)).

⁴⁷⁶ *Brooklyn Brewery*, 2020 U.S.P.Q.2d 10914, at *11.

advertising expenditure, published two books of recipes, and tripled its sales. Loss of trademark rights would result in “severe economic prejudice” resulting from Brewery’s delay.⁴⁷⁷

And so, the Board concluded that BBS “has proven laches as to the beer-making kits.”⁴⁷⁸

Acquiescence: Unlike laches, the defense of acquiescence requires some affirmative act by the trademark owner. To establish this defense, a defendant must prove that the plaintiff’s conduct amounted to “an assurance by the plaintiff to the defendant, either express or implied, that plaintiff will not assert his trademark rights against the defendant.”⁴⁷⁹

Acquiescence requires proof of three elements, namely that: (1) plaintiff actively represented that it would not assert a right or a claim; (2) the delay between the active representation and assertion of the right or claim was not excusable; and (3) the delay caused defendant undue prejudice. *See* *Coach House Rest. Inc. v. Coach and Six Rests., Inc.*, 934 F.2d 1551, 19 U.S.P.Q.2d 1401, 1409 (11th Cir. 1991) (acquiescence requires active consent).⁴⁸⁰

In view of BBS’s public collaboration with Brewery, the Board found that Brewery actively represented that it would not assert its rights against BBS’s use of BROOKLYN BREW SHOP for beer making kits. Moreover, the Board concluded that the delay was inexcusable, and that BBS was unduly prejudiced by the delay. In sum, Brewery actions constituted a “classic example of acquiescence.”⁴⁸¹

Inevitable Confusion: In determining this issue, the Board applied the relevant *DuPont* factors.⁴⁸² It found, not surprisingly, that beer-making kits are related to beer and are sold in the same channels of trade to overlapping classes of consumers.

The Board found Brewery’s marks to be inherently weak, noting that they were registered with a claim of acquired distinctiveness under Section 2(f), “an admission that the marks are not inherently distinctive.”⁴⁸³ Brewery is located in Brooklyn, and the addition of

⁴⁷⁷ *Id.*

⁴⁷⁸ *Id.*

⁴⁷⁹ *Id.* at *11-12, quoting *CBS, Inc. v. Man’s Day Publ’g Co.*, 205 U.S.P.Q. 470, 473-74 (T.T.A.B. 1980).

⁴⁸⁰ *Id.* at *12.

⁴⁸¹ *Id.* at *13, quoting *Man’s Day Publ’g*, 205 U.S.P.Q. at 475.

⁴⁸² *Id.* at *14-15, citing *Turner v. Hops Grill & Bar, Inc.*, 52 U.S.P.Q.2d 1310, 1313 (T.T.A.B. 1999) (“[T]o determine whether confusion is inevitable, we must use the multifactor analysis required by [*DuPont*]”).

⁴⁸³ *Id.* at *17. *See* *Cold War Museum, Inc. v. Cold War Air Museum, Inc.*, 586 F.3d 1352, 92 U.S.P.Q.2d 1626, 1629 (Fed. Cir. 2009) (“Where an applicant seeks registration on the basis of Section 2(f), the mark’s descriptiveness is a nonissue; an applicant’s reliance on Section 2(f) during prosecution presumes that the mark is descriptive.”); *Yamaha Int’l*

the generic term “brewery” “does little to bolster the inherent strength of Plaintiff’s primarily geographically descriptive BROOKLYN BREWERY mark.”⁴⁸⁴ However, the marks have achieved a degree of commercial recognition. Concluding that these findings offset one another, the Board ruled that Brewery’s marks are “entitled neither to an enhanced nor a diminished scope of protection.”⁴⁸⁵ Comparing the marks at issue, the Board found them to be more similar than dissimilar.

Brewery asserted that the evidence of actual confusion was overwhelming, but the Board disagreed. Although there were many instances of confusion, they were not entitled to the weight that Brewery ascribed to them. Much of the alleged confusion occurred during the period when the parties were actively promoting the co-branded beer-making kits. “Given the parties’ co-branding of beer-making kits and joint participation in numerous marketing events, it is hardly surprising that consumers could have been confused as to whether the parties were affiliated in some way.”⁴⁸⁶

Simply put, although some customers may have been confused as to whether the companies were affiliated, they cannot have been confused as to the source of the goods because both parties were in fact the source of the goods. Accordingly, Plaintiff’s evidence from 2012 and later does not establish actual confusion among consumers.⁴⁸⁷

The remaining examples of actual confusion were “too infirm” to constitute evidence of sufficient probative value to support a finding of actual confusion.⁴⁸⁸

The standard of confusion for a finding of inevitable confusion is “an increment higher than that required for a finding of a likelihood of confusion.”⁴⁸⁹ Generally, inevitable confusion has been found when the marks and the goods/services are identical, or nearly so.⁴⁹⁰ Here, the evidence failed to establish that confusion is inevitable as to BBS’s beer-making kits. Neither the marks nor the goods are identical. Brewery’s CEO stated that he had “no problem” with

Corp. v. Hoshino Gakki Co., 840 F.2d 1572, 6 U.S.P.Q.2d 1001, 1005 (Fed. Cir. 1988) (“Where, as here, an applicant seeks a registration based on acquired distinctiveness under Section 2(f), the statute accepts a lack of inherent distinctiveness as an established fact.”).

⁴⁸⁴ *Id.* See *In re JT Tobacconists*, 59 U.S.P.Q.2d 1080 (T.T.A.B. 2001) (MINNESOTA CIGAR COMPANY primarily geographically descriptive of cigars).

⁴⁸⁵ *Id.* at *18.

⁴⁸⁶ *Id.* at *24.

⁴⁸⁷ *Id.*

⁴⁸⁸ *Id.* at *26.

⁴⁸⁹ *Id.*, quoting *Coach House*, 19 U.S.P.Q.2d at 1409; see also *Turner*, 52 U.S.P.Q.2d at 1313 n.5.

⁴⁹⁰ *Id.* See, e.g., *Metro Traffic Control, Inc. v. Shadow Network Inc.*, 104 F.3d 336, 41 U.S.P.Q.2d 1369, 1373 (Fed. Cir. 1997).

BBS's use of BROOKLYN BREW SHOP for the kits.⁴⁹¹ The Board observed that, “[i]f Plaintiff's CEO has ‘no problem’ . . . confusion is not inevitable as to the kits.”⁴⁹²

And so, the Board dismissed the opposition and denied the cancellation petition as to Brewery's Section 2(d) claims regarding beer making kits.

Mere Descriptiveness: Brewery also sought cancellation on the ground that BROOKLYN BREW SHOP is merely descriptive of BBS's kits. The Board noted that the defense of laches and acquiescence are not available against claims of mere descriptiveness.⁴⁹³ The Board agreed with Brewery that the mark is geographically descriptive of the goods, since BBS is located in Brooklyn, but plaintiff did not plead Section 2(e)(2).⁴⁹⁴ The mark does not describe a “quality, feature, function, or characteristic” of the goods, and therefore it is not merely descriptive under Section 2(e)(1).⁴⁹⁵

Other Goods: The opposed application also included beverage glassware and sanitizing preparations. The equitable defenses did not apply to those goods, and so the Board went through an ordinary *DuPont* analysis. As to the glassware, the Board found confusion likely, since Brewery also sold glassware, but as to the sanitizing preparations, the difference in the goods was dispositive.

13. Procedural Issues

a. Supplementation of Expert Report

Empresa Cubana Del Tabaco d.b.a Cubatabaco v. General Cigar Co., Inc.

In this long-smoldering proceeding involving the mark COHIBA for cigars, the Board rejected Respondent General Cigar's supplemental expert report submitted on the same day as its pretrial disclosures. The Board first found that the Supplemental Report did not make the original expert report complete or accurate,

⁴⁹¹ *Id.* at *27.

⁴⁹² *Id.*

⁴⁹³ *Id.* See *Saint-Gobain Abrasives Inc. v. Novina Indus. Automation Sys. Inc.*, 66 U.S.P.Q.2d 1355, 1359 (T.T.A.B. 2003).

⁴⁹⁴ Section 2(e)(2) of the Lanham Act, 15 U.S.C. § 1052(e)(2), in pertinent part, bars registration of a mark that “when used on or in connection with the goods of the applicant is primarily geographically descriptive of them.”

⁴⁹⁵ “A mark is merely descriptive if it immediately conveys information concerning a feature, quality, or characteristic of the goods or services for which registration is sought.” *Real Foods Pty Ltd. v. Frito-Lay N. Am., Inc.*, 906 F.3d 965, 128 U.S.P.Q.2d 1370, 1373 (Fed. Cir. 2018) (quoting *In re N.C. Lottery*, 866 F.3d 1363, 123 U.S.P.Q.2d 1707, 1709 (Fed. Cir. 2017)). See *In re Joint-Stock Co. “Baik,”* 80 U.S.P.Q.2d 1305, 1311 (T.T.A.B. 2006) (“Showing that BAIKALSKAYA describes the geographic origin of an ingredient of the goods is not sufficient to make out a separate basis for refusal under Section 2(e)(1).”).

but instead was an improper attempt to bolster the expert's original opinions with new examples and illustrations. Then, applying the *Great Seats* factors,⁴⁹⁶ the Board found that the untimely disclosure of the Supplemental Report was not substantially justified or harmless.⁴⁹⁷

The Federal Rules of Civil Procedure permit supplementation of an expert report “if the party learns that in some material respect the disclosure . . . is incomplete or incorrect”; any such supplementation must be disclosed “in a timely manner.”⁴⁹⁸ As to supplementation of an expert report, the additions or changes “must be disclosed by the time the party’s pretrial disclosures are . . . due.”⁴⁹⁹ “A supplemental report which seeks to clarify an expert’s earlier opinions or provides new examples and illustrations to bolster them is not proper supplementation.”⁵⁰⁰

Permissible Supplementation?: General Cigar argued that the Supplemental Report was permitted because a determination of likelihood of confusion is based on facts at the time of trial, and the original report was submitted 32 months previously and was now incomplete. The Board disagreed. The 32-month gap does not by itself “permit a deviation from the narrow scope of permissible supplementation under Fed. R. Civ. P. 26(e).”⁵⁰¹

While the Board may allow, in appropriate situations, parties to supplement the factual record during trial, Respondent does not demonstrate that the Supplemental Report corrects, clarifies, or fills in a gap in the Original Report that rendered the original disclosure inaccurate or misleading. Respondent’s contention that the new information is necessary for the Board to evaluate Mr. Hacker’s opinion, and to [sic] “to show that [his] expert opinion . . . remains valid in light of current facts” is not a basis for supplementation under the Rule.⁵⁰²

Exclusion? An untimely supplementation may still be accepted if the untimely disclosure was substantially justified or harmless.⁵⁰³ The Board applies the following five-factor test:

1) the surprise to the party against whom the evidence would be offered; 2) the ability of that party to cure the surprise;

⁴⁹⁶ *Great Seats, Inc. v. Great Seat, Ltd.*, 100 U.S.P.Q.2d 1323, 1327 (T.T.A.B. 2011).

⁴⁹⁷ *Empresa Cubana Del Tabaco d.b.a Cubatabaco v. General Cigar Co., Inc.*, 2020 U.S.P.Q.2d 10988 (T.T.A.B. 2020).

⁴⁹⁸ Fed. R. Civ. P. 26(e)(1)(a).

⁴⁹⁹ Fed. R. Civ. P. 26(e)(1)(A) and (e)(2).

⁵⁰⁰ *Empresa Cubana*, 2020 U.S.P.Q.2d 10988, at *3, quoting *Gemological Inst. of Am., Inc. v. Gemology Headquarters Int’l, LLC*, 111 U.S.P.Q.2d 1559, 1562 (T.T.A.B. 2014).

⁵⁰¹ *Id.* at *4.

⁵⁰² *Id.*

⁵⁰³ *Id.* at *4-5.

3) the extent to which allowing the testimony would disrupt the trial; 4) importance of the evidence; and 5) the nondisclosing party's [or the late disclosing party's] explanation for its failure to disclose the evidence. *Gemological Inst. of Am.*, 111 U.S.P.Q.2d at 1562 (quoting *Great Seats*, 100 U.S.P.Q.2d at 1327 (internal citation omitted); see also *ProMark Brands Inc. v. GFA Brands, Inc.*, 114 U.S.P.Q.2d 1232, 1240 (T.T.A.B. 2015)).⁵⁰⁴

The first factor favored Petitioner Empresa Cubana, since it had already presented its case-in-chief based on prior discovery with no indication that General Cigar intended to supplement its expert report. The second and third factors also favored the petitioner. The discovery period ended two years prior and so the ability to cure the surprise was significantly diminished.⁵⁰⁵ "Reopening discovery at this late stage in this twenty-three-year-old proceeding would cause further disruption and delay."⁵⁰⁶

The Board found that the fourth factor weighed in favor of General Cigar because (according to General Cigar) the supplement supported the Original Report and its conclusions, and so the Board deemed the Supplemental Report "cumulative" and of "marginal importance."⁵⁰⁷

Finally, as to the fifth factor, the Board noted that this case was suspended or the dates extended numerous times after service of General Cigar's Original Report (on May 31, 2017), and yet Cigar waited until December 2019, just prior to its own pre-trial disclosures, to ask the expert witness if there were any factual developments of relevance to his Original Report. "Respondent should have inquired into the need to 'supplement' the Original Report earlier in this proceeding or informed Petitioner that Respondent was going to update the Original Report to reflect new information that arose after May 2017."⁵⁰⁸

The Board concluded that General Cigar's failure to timely disclose the Supplemental Report was not substantially justified or harmless, and so it granted the motion to strike the report.

⁵⁰⁴ *Id.* at *5.

⁵⁰⁵ *Id.* at *6. See *Spier Wines Ltd. v. Shepher*, 105 U.S.P.Q.2d 1239, 1245 (T.T.A.B. 2012) (Board precluded testimony of trial witness first identified more than one year after discovery closed).

⁵⁰⁶ *Id.*

⁵⁰⁷ *Id.*

⁵⁰⁸ *Id.*

b. Submission of Internet Evidence

STX Financing, LLC v. Terrazas

In this Section 2(d)/dilution opposition to registration of the marks BAD MOMS UNLIMITED and BAD MOMS BIBLE for audio books, printed matter, clothing, and charitable foundation services, Opposer STX Financing (producer of the film “Bad Moms”) filed a motion to strike the exhibits listed in Applicant Stacey Michelle Terrazas’s notice of reliance. STX achieved little from its all-out attack but did give the Board the opportunity to clarify or explain several issues concerning the submission of Internet evidence.⁵⁰⁹

Terrazas’s notice of reliance listed the following items: (1) Copies of third-party registrations and applications obtained from the TESS database; (2) selected pages from the file history of Opposer STX’s pleaded pending applications obtained from the TSDR database; (3) screenshots of various websites; and (4) STX’s interrogatory responses.

The Board granted STX’s motion to strike only to the extent of requiring Terrazas to indicate the relevance of items 1 and 4, under Trademark Rule 2.122(g). Terrazas had stated only that the exhibit was offered “to show no likelihood of confusion and/or dilution.”⁵¹⁰ That was too broad because, under Rule 2.122(g), a party must associate each “exhibit with a specific fact or a particular element of the claim of likelihood of confusion or dilution.”⁵¹¹ The Board allowed Terrazas fifteen days to file and serve an amended notice of reliance.

Third-Party Applications and Registrations: As to the first item, the Board pointed out that, under Rule 2.122(e)(1),⁵¹² copies of third-

⁵⁰⁹ STX Financing, LLC v. Terrazas, 2020 U.S.P.Q.2d 10989 (T.T.A.B. 2020).

⁵¹⁰ *Id.* at * 2.

⁵¹¹ *Id.* Trademark Rule 2.122(g), 37 C.F.R. § 2.122(g), provides, in pertinent part, that:

For all evidence offered by notice of reliance, the notice must indicate generally the relevance of the evidence and associate it with one or more issues in the proceeding. Failure to identify the relevance of the evidence, or associate it with issues in the proceeding, with sufficient specificity is a procedural defect that can be cured by the offering party within the time set by Board order.”

⁵¹² Trademark Rule 2.122(e)(1), 37 C.F.R. § 2.122(e)(1), provides as follows:

(1) Printed publications, such as books and periodicals, available to the general public in libraries or of general circulation among members of the public or that segment of the public which is relevant in a particular proceeding, and official records, if the publication or official record is competent evidence and relevant to an issue, may be introduced in evidence by filing a notice of reliance on the material being offered in accordance with paragraph (g) of this section. The notice of reliance shall specify the printed publication (including information sufficient to identify the source and the date of the publication) or the official record and the pages to be read; and be accompanied by the official record or a copy thereof whose authenticity is established under the Federal Rules of Evidence, or by the printed publication or a copy of the relevant portion thereof. A copy of an official record of the Office need not be certified to be offered in evidence.

party registrations are admissible under notice of reliance as official records. STX argued that because the copies submitted by Terrazas were obtained via the Internet, they must include the date the material was accessed and printed, and the source. Not so, said the Board. Since these printouts are admissible as official records, it “was not necessary for Applicant to provide the access date or URL for any of the third-party applications or registrations.” Applicant clearly provided a ‘copy’ of the records obtained from TESS, which is all that is required.”⁵¹³

File History Excerpts: Since pages from the file history are official records, they are admissible by way of notice of reliance. “There is no requirement in Trademark Rule 2.122(e)(1) that a party submit the entirety of the file history of a registration.”⁵¹⁴ STX went so far as to gripe about a typographical error in Terrazas’s identification of the serial number of one of the file histories. The Board pointed out, however, that the correct serial number is apparent from a review of the exhibit.

Internet Materials: Each of Terrazas’s Internet exhibits included the URL for the specific page of the exhibit but did not include the date the webpages were accessed or printed. However, that information was provided on the accompanying notice of reliance. STX contended that this information must appear on the face of the documents for purposes of admissibility. Wrong again. Rule 2.122(e) was amended in January 2017 to codify the Board’s holdings in *Safer*⁵¹⁵ and *Rocket Trademark*⁵¹⁶ by stating that Internet materials are admissible “so long as the date the internet materials were accessed and their source (e.g., URL) are provided.”⁵¹⁷ The rule does not require that the date or source information appear on the document themselves, but only that the information be “provided.” “If the access date and source are

⁵¹³ *STX Financing*, 2020 U.S.P.Q.2d 10989, at *1.

⁵¹⁴ *Id.* at *2. *Cf. Kohler Co. v. Baldwin Hardware Corp.*, 82 U.S.P.Q.2d 1100, 1103 (T.T.A.B. 2007) (portion of the file history of petitioner’s pleaded registration admissible); *Weyerhaeuser Co. v. Katz*, 24 U.S.P.Q.2d 1230, 1231 n.1 (T.T.A.B. 1992) (copy of drawing from abandoned application admissible).

⁵¹⁵ *Safer, Inc. v. OMS Invs., Inc.*, 94 U.S.P.Q.2d 1031, 1039 (T.T.A.B. 2010) (“if a document obtained from the Internet identifies its date of publication or date that it was accessed and printed, and its source (e.g., the URL), it may be admitted into evidence pursuant to a notice of reliance in the same manner as a printed publication in general circulation in accordance with Trademark Rule 2.122(e).”).

⁵¹⁶ *Rocket Trademarks Pty Ltd. v. Phard S.p.A.*, 98 U.S.P.Q.2d 1066, 1071 (T.T.A.B. 2011) (considering exhibits submitted under notice of reliance where “[t]he URL or internet address of the documents is visible on the documents and the date the documents were accessed is either provided in the notice of reliance or on the documents.”).

⁵¹⁷ *STX Financing*, 2020 U.S.P.Q.2d 10989, at *3. *See* Trademark Rule 2.122(e)(2), 37 C.F.R. § 2.122(e)(2), which states: “Internet materials may be admitted into evidence under a notice of reliance in accordance with paragraph (g) of this section, in the same manner as a printed publication in general circulation, so long as the date the internet materials were accessed and their source (e.g., URL) are provided.”

identified clearly in the notice of reliance, the webpages are in compliance with Trademark Rule 2.122(e)(2).⁵¹⁸

STX also argued that complete copies of the website documents must be submitted, but the Board again disagreed. Rule 2.122(e)(2) says that Internet materials may be submitted “in the same manner as a printed publication in general circulation” and Rule 2.122(e)(1) says that a “printed publication **or a copy of the relevant portion thereof**” may be submitted under notice of reliance.⁵¹⁹

STX pointed to Section 704.08(b) of the TBMP, which states that the submitting party must ensure the completeness of the evidence submitted. The Board pointed out, however, that “[t]he TBMP is a resource and guide, but does not modify, amend, or serve as a substitute for any existing statutes, rules, or decisional law and is not binding upon the Board.”⁵²⁰ Moreover, STX misconstrued Section 704.08(b), which indicates merely that the submitting party must ensure that the entire exhibit is uploaded, not that each exhibit must be a complete copy.

Interrogatory Answers: STX’s only objection to the Terrazas’s submission of STX’s interrogatory answers concerned the failure to properly identify their relevance. As discussed above, to that extent the motion was granted.

And so, the end result of STX’s motion was little more than a six-month delay in the resolution of this proceeding.

14. Discovery and Motion Practice

a. Motion to Dismiss Under Fed. R. Civ. P. 12(b)(6)

Major League Soccer, L.L.C. v. F.C. Internazionale Milano S.p.A.

Major League Soccer (“MLS”) added a team known as “Inter Miami” in 2020, but was already in a TTAB clash with F.C. Internazionale Milano S.p.A. (“Milan”) (a famous Italian soccer club), which had applied to register the mark INTER for goods and services in seven International Classes, including “entertainment

⁵¹⁸ *Id.* at *3. *Cf. Rocket Trademarks*, 98 U.S.P.Q.2d at 1071 (webpages also admissible as exhibits to testimonial deposition, even where deponent had no personal knowledge of access date or source, so long as it is possible to determine the URL and date of access); *In re Mueller Sports Med., Inc.*, 126 U.S.P.Q.2d 1584, 1586 (T.T.A.B. 2018) (citing *In re Max Capital Grp. Ltd.*, 93 U.S.P.Q.2d 1243, 1246 n.6 (T.T.A.B. 2010)) (noting that Internet materials may be accepted where the access date and URL are provided on the webpage itself or otherwise provided in an office action or an applicant’s response to an office action).

⁵¹⁹ *Id.* at *4, quoting Trademark Rule 2.122(e), 37 C.F.R. § 2.122(e) (Emphasis by the Board).

⁵²⁰ *Id.* See Introduction to TBMP (June 2020 edition), which states: “The manual does not modify, amend, or serve as a substitute for any existing statutes, rules, or decisional law and is not binding upon the Board, its reviewing tribunals, the Director, or the USPTO.”

services, namely, organizing, conducting, and staging professional soccer games and exhibitions and production of radio and television programs in the nature of professional soccer games and exhibitions.” MLS opposed the application on two grounds: Section 2(d) likelihood of confusion and Section 2(e)(1) mere descriptiveness. As to the Section 2(d) claim, MLS relied on use of the mark INTER by third parties prior to Applicant Milan’s filing of its intent-to-use application (Inter Miami having been created after Milan’s filing date). Milan moved to dismiss under Rule 12(b)(6) of the Federal Rules of Civil Procedure for failure to state a claim upon which relief can be granted. The Board granted the motion.⁵²¹

The Board generally has held that in order to set forth a valid ground for opposition under Section 2(d) and withstand a motion to dismiss for failure to state a claim, an opposer need only allege that (1) it has valid proprietary rights in a mark that are prior to those of the applicant, or that it owns a registration, and (2) the applicant’s mark so resembles the opposer’s mark as to be likely to cause confusion.⁵²²

However, the Board has also recognized that a plaintiff’s “proprietary interest” need not be present if the plaintiff alleges some other “legitimate interest” in preventing a likelihood of confusion between the pleaded mark on which it predicates the Section 2(d) claim. Three prior decisions were “most relevant”⁵²³ to the issue: *Jewelers Vigilance Comm., Inc. v. Ullenberg Corp.* (“*Jewelers Vigilance I*”),⁵²⁴ *Jewelers Vigilance Comm., Inc. v. Ullenberg Corp.* (“*Jewelers Vigilance II*”),⁵²⁵ and the Board’s later decision in *Holmes Prods. Corp. v. Duracraft Corp.*⁵²⁶

MLS did not claim a prior proprietary interest in the pleaded marks, nor did it claim privity with the entities that own those marks (four youth soccer organizations and a youth soccer team). Thus, the question here was whether MLS had “a ‘legitimate interest’ in preventing a likelihood of confusion with the pleaded third-party marks, as that term was contemplated in *Holmes* and in accordance with the *Jewelers Vigilance I* and *Jewelers Vigilance II* decisions.”⁵²⁷

In *Holmes*, the opposer, a corporation, did not have any proprietary rights in the pleaded third-party marks, nor was it in

⁵²¹ Major League Soccer, L.L.C. v. F.C. Internazionale Milano S.p.A., 2020 U.S.P.Q.2d 11488 (T.T.A.B. 2020).

⁵²² *Id.* at *4, citing Nike, Inc. v. Palm Beach Crossfit Inc., 116 U.S.P.Q.2d 1025, 1030 (T.T.A.B. 2015). See also Lanham Act § 2(d), 15 U.S.C. § 1052(d); Otto Roth & Co. v. Universal Foods Corp., 640 F.2d 1317, 209 U.S.P.Q. 40 (C.C.P.A. 1981).

⁵²³ *Id.*

⁵²⁴ 823 F.2d 490, 2 U.S.P.Q.2d 2021 (Fed. Cir. 1987).

⁵²⁵ 853 F.2d 888, 7 U.S.P.Q.2d 1628 (Fed. Cir. 1988).

⁵²⁶ 30 U.S.P.Q.2d 1549 (T.T.A.B. 1994).

⁵²⁷ *Major League Soccer*, 2020 U.S.P.Q.2d 11488, at *5.

privity with their owners. The Board held that the opposer failed to establish any legitimate interest in the other corporations' trademark uses of the term at issue.

The *Jewelers Vigilance* decisions involved a nonprofit jewelry trade association that represented 2500 firms in the United States, including suppliers, wholesalers, distributors, and retailer of diamonds and diamond jewelry. The association was able to rely on third-party marks.

[T]he trade association [opposer] convincingly established that it was not a mere intermeddler in asserting a claim predicated on a third party's name and had sound reasons for fearing damage to itself and its members if [applicant's] mark were registered. In sum, [opposer] asserted its own claim which happened to involve the proprietary rights of a third party.⁵²⁸

The Board in *Holmes* cautioned that the *Jewelers Vigilance* decisions should be read in the factual context of that case: "Specifically, the plaintiff's interest was to see that the continued use of the DEBEERS mark by its members was protected against a potential claim by applicant, a junior user of the DEBEERS mark, of a right to exclusive use of the DEBEERS mark and likelihood of confusion."⁵²⁹ The Board noted that in *Jewelers Vigilance*, the trade association had a connection with DBCM, the owner of the DEBEERS name "such that any confusion that arose from the contemporaneous use by DBCM of its name and by applicant . . . would affect the association [the opposer]."⁵³⁰

Here, although Opposer MLS is a professional league comprising teams from around the country, it did not sufficiently plead a "legitimate interest" in avoiding a likelihood of confusion between Milan's mark and the pleaded third-party marks.

One major difference in this proceeding from *Jewelers Vigilance* is that Opposer here is not seeking to protect any prior proprietary rights of its member teams. In contrast, the opposer in *Jewelers Vigilance* was a trade association seeking to protect use of the term DEBEERS by its members and, through them, itself. Although Opposer pleads ownership of several applications for marks containing the term INTER which have been refused registration based on the involved application and these pleaded facts help show Opposer is statutorily entitled to bring this opposition, it has

⁵²⁸ *Id.*, quoting *Holmes*, 30 U.S.P.Q.2d at 1552.

⁵²⁹ *Id.*

⁵³⁰ *Id.*

not pleaded a valid basis for the necessary element of priority with respect to Opposer's applied-for marks.⁵³¹

The facts alleged by MLS (taken as true for purposes of the motion to dismiss) revealed only that MLS and the prior users of INTER may draw the same fans and that some of the players from these prior users may mature into MLS players. "Such a general shared interest in the development of the sport of soccer in this country does not demonstrate how Opposer itself or any of its members would be detrimentally affected by the likelihood of confusion between Applicant's mark and those of third parties or prior U.S. INTER users."⁵³²

In sum, Opposer's likelihood of confusion claim is legally insufficient because it has not sufficiently alleged priority, *i.e.*, its section 2(d) claim is not based on any allegations of prior proprietary rights in a mark of Opposer and Opposer has not set forth factual allegations that, all taken as true, constitute a legitimate interest in preventing likelihood of confusion between Applicant's mark and those of the "prior U.S. INTER users."⁵³³

And so, the Board dismissed the Section 2(d) claim and issued a new scheduling order vis-a-vis the remaining mere descriptiveness claim.

DrDisabilityQuotes.com, LLC v. Krugh

Petitioner DrDisabilityQuotes.com sought cancellation of two registrations, one for the word-and-design mark shown below ("the Stethoscope Mark") and the other for the standard character mark DOCTOR DISABILITY, both for insurance brokerage services. Respondent Charles Krugh moved under Fed. R. Civ. P. 12(b)(6) to dismiss the two counts aimed at the standard character mark—fraud and likelihood of confusion—asserting that petitioner had failed to state claims upon which relief can be granted. The Board denied the motion.⁵³⁴



⁵³¹ *Id.* at *6.

⁵³² *Id.*

⁵³³ *Id.* at *7.

⁵³⁴ DrDisabilityQuotes.com, LLC v. Krugh, 2021 U.S.P.Q.2d 262 (T.T.A.B. 2021).

In the DOCTOR DISABILITY standard character application, Krugh claimed acquired distinctiveness under Section 2(f) by way of his ownership of the Stethoscope Mark registration and also by way of use of the standard character mark for at least five years.⁵³⁵

With respect to the petitioner's claim of fraud, the Board observed that a properly pleaded fraud claim must allege that:

- 1) the respondent made a false representation (misrepresentation) to the USPTO; 2) the false representation is material to the determination of registrability (or maintenance) of a mark; 3) the respondent had knowledge of the falsity of the representation; and 4) the respondent made the representation with the intent to deceive the USPTO to issue (or maintain) the registration.⁵³⁶

Rule 9(b) of the Federal Rules of Civil Procedure requires that fraud be pleaded "with particularity."⁵³⁷ The petitioner alleged that Krugh's Section 2(f) claim was false and misleading because Krugh had abandoned and ceased using the Stethoscope Mark, and also because he had not used the DOCTOR DISABILITY standard character mark for the five years preceding his Section 2(f) claim. It further alleged that these false statements were material to his application, were made with the intent to deceive the USPTO, and were relied upon by the USPTO in issuing the registration.

The Board found that that the petitioner's allegations satisfied the requirements of Rule 9(b), and it concluded that the petitioner had stated a claim for fraud on the USPTO.

In order to state a Section 2(d) claim of likelihood of confusion, a plaintiff must allege that it owns prior proprietary rights in a mark or name for its goods or services, and use by the defendant of a mark or name that is likely to cause confusion, mistake, or deception of consumers as to the source of the goods or services.⁵³⁸

The petitioner alleged that it owns prior common law rights in the mark DrDisabilityQuotes.com for the same services as those of Krugh, that the standard character mark DOCTOR DISABILITY is confusingly similar to its mark, and that there results a likelihood of confusion in the marketplace. Krugh contended that the claim

⁵³⁵ The statement appeared in the application as filed, signed by Krugh's attorney.

⁵³⁶ *DrDisabilityQuotes.com*, 2021 U.S.P.Q.2d 262, at *7, citing *Bose Corp.*, 91 U.S.P.Q.2d at 1941.

⁵³⁷ Fed. R. Civ. P. 9(b) states: "In alleging fraud or mistake, a party must state with particularity the circumstances constituting fraud or mistake. Malice, intent, knowledge, and other conditions of a person's mind may be alleged generally."

⁵³⁸ See *Herbko Int'l, Inc., v. Kappa Books, Inc.*, 308 F.3d 1156, 64 U.S.P.Q.2d 1375, 1378 (Fed. Cir. 2002); *Hornblower & Weeks, Inc. v. Hornblower & Weeks, Inc.*, 60 U.S.P.Q.2d 1733, 1735 (T.T.A.B. 2001); but see *Major League Soccer*, 2020 U.S.P.Q.2d 11488, at *4 ("the Board has also recognized that a plaintiff's 'proprietary interest' need not be present if the plaintiff alleges some other 'legitimate interest' in preventing a likelihood of confusion between the pleaded mark on which it predicates the Section 2(d) claim.").

should be dismissed because the petitioner could not establish priority because, according to Krugh, he enjoys “constructive priority under 15 U.S.C. § 1057(c) because of the registration of the Stethoscope Mark in 2006,” the priority of which may be tacked onto the standard character mark.⁵³⁹

The Board, however, found Krugh’s tacking argument to be premature. A motion to dismiss under Rule 12(b)(6) tests only the sufficiency of the pleaded allegations, not the merits of the claim. Once Krugh files his answer, he may plead tacking and then he may try to establish “the stringent elements of tacking.”⁵⁴⁰

The Board concluded that the petitioner had properly pleaded a Section 2(d) likelihood of confusion claim.

b. Motion for Discovery Under Fed. R. Civ. P. 56(d)

Chavakula v. Praise Broadcasting aka Praise FM

Rather than respond to Praise Broadcasting’s discovery requests, Petitioner Anand K. Chavakula filed a motion for summary judgment in this proceeding for cancellation of a registration for the mark PRAISELIVE & Design for broadcasting services. Praise moved for discovery under Fed. R. Civ. P. 56(d) on the relevant Section 2(d) issues. The Board granted the motion, noting that one purpose of Rule 56(d) is to “protect a party from being ambushed by a summary judgment motion filed before the party had a fair opportunity to obtain discovery that could bear on the disposition of the summary judgment motion.”⁵⁴¹

Rule 56(d)⁵⁴² provides that if a party served with a summary judgment motion shows that it cannot present essential facts to justify its opposition to the motion, the court may deny or defer the motion, allow time for discovery, or issue any other appropriate order. The party seeking discovery must state the specific reasons why it needs such discovery and must set forth the specific areas of discovery that it seeks.

Praise maintained that it required discovery regarding priority and certain *DuPont* factors, pointing out which of its interrogatories

⁵³⁹ *DrDisabilityQuotes.com*, 2021 U.S.P.Q.2d 262, at *13.

⁵⁴⁰ *Id.* at *14. *See generally* Hana Fin., Inc. v. Hana Bank, 135 S. Ct. 907, 113 U.S.P.Q.2d 1365, 1366 (2015) (holding that tacking is a factual determination; tacking is available “when the original and revised marks are ‘legal equivalents’ in that they create the same, continuing commercial impression.”).

⁵⁴¹ *Chavakula v. Praise Broadcasting aka Praise FM*, 2020 U.S.P.Q.2d 10855, at *5 (T.T.A.B. 2020).

⁵⁴² Fed. R. Civ. P. 56(d) provides that:

If a nonmovant shows by affidavit or declaration that, for specified reasons, it cannot present facts essential to justify its opposition, the court may: (1) defer considering the motion or deny it; (2) allow time to obtain affidavits or declarations or to take discovery; or (3) issue any other appropriate order.

and document requests were on point, including those that covered certain “undisputed facts” set forth by Petitioner Chavakula.⁵⁴³

The Board noted that the summary judgment motion placed in issue “any matters . . . probative of the Petitioner’s asserted priority, and likelihood of confusion.”⁵⁴⁴ It further noted that a party seeking Rule 56(d) discovery need not have previously sought discovery. Here, Praise delineated the interrogatories and document requests by which it timely sought relevant information and documents. The Board found that Praise had adequately explained “why it is unable to prepare a response without discovery and confirms that what it needs is largely within Petitioner’s possession, custody or control.”⁵⁴⁵

In short, Respondent’s need for Petitioner’s discovery responses is evident under the circumstances: it seeks key information regarding priority and the various *du Pont* factors, the responsive information and documents are in Petitioner’s possession and control, and after Petitioner stated by email that its responses would be sent, it instead moved for summary judgment. “Rule 56(f) provides nonmovants with protection from being ‘railroaded’ by premature summary judgment motions.” *Opryland USA Inc. v. Great Am. Music Show Inc.*, 970 F.2d 847, 23 U.S.P.Q.2d 1471, 1475 (Fed. Cir. 1992) (quoting *Celotex v. Catrett*, 477 U.S. 317, 326 (1986)).⁵⁴⁶

Although the Board applies Rule 56(d) rigorously, and although it noted that Praise’s motion for discovery was not “ideally supported,” the Board pointed out that it will not penalize a party “when the motion arises from the actions of an uncooperative or recalcitrant adversary who gridlocks discovery.”⁵⁴⁷ Chavakula’s failure to cooperate in the discovery process was troubling to the Board: “Petitioner’s behavior is emblematic of how a party’s failure to meet its discovery obligations can lead to avoidable motions practice that stalls a proceeding.”⁵⁴⁸

Chavakula was allowed twenty days to respond to the identified discovery requests, without objection on the merits of the requests, and was ordered to provide all requested documents, labeled by Bates stamping.

⁵⁴³ *Chavakula*, 2020 U.S.P.Q.2d 10855, at *2.

⁵⁴⁴ *Id.* at *3.

⁵⁴⁵ *Id.*

⁵⁴⁶ *Id.* at *4.

⁵⁴⁷ *Id.* at *5.

⁵⁴⁸ *Id.* at *4.

c. Motion to Amend Application Under Rule 2.133(a)*Royal Crown Co. and Dr. Pepper/Seven Up, Inc. v.
The Coca-Cola Co.*

On March 30, 2021, the Board reached back and deemed precedential its May 3, 2019, decision granting Coca-Cola’s Rule 2.133(a) motion to amend sixteen pending and opposed applications for ZERO-formative marks by entering a disclaimer of ZERO.⁵⁴⁹ Opposers Royal Crown and Dr. Pepper/Seven-Up (“Royal Crown”) had squawked because they wanted a determination whether the word “zero” is generic or merely descriptive of soft drinks. The Board, however, agreed with Coca-Cola that the disclaimer of ZERO rendered the issue moot and so the oppositions were dismissed.

The history of the case is somewhat complicated. Royal Crown challenged Coca-Cola’s applications on the ground that the term “zero” is generic or merely descriptive of no-calorie beverages. In 2016, the Board ruled that Coca-Cola’s marks (e.g., COKE ZERO, SPRITE ZERO, and PIBB ZERO) could be registered with a disclaimer of ZERO because the marks had acquired distinctiveness.⁵⁵⁰ In June 2018, the CAFC vacated the TTAB’s decision, ruling that the Board “erred in its legal framing” of the genericness issue and also erred in failing to assess the level of descriptiveness of the term “zero.”⁵⁵¹ The court remanded the case, instructing the Board to consider whether “zero” refers to a “key aspect” of the genus and to “make an express finding regarding the degree of the mark’s [sic] descriptiveness on the scale ranging from generic to merely descriptive, and . . . explain how its assessment of the evidentiary record reflects that finding.”⁵⁵²

The Board never reached those issues because Coca-Cola filed its Rule 2.133(a) motion, which resulted in entry of the disclaimer of ZERO and dismissal of the oppositions.

In the subsequent appeal from the 2019 dismissal, Royal Crown raised three challenges: that the Board’s granting of the motion was procedurally improper, that the Board was required by the Administrative Procedure Act (“APA”)⁵⁵³ to render a reasoned decision on the merits, and that the disclaimers did not moot this appeal since Coca-Cola might file new ZERO applications in the future. The CAFC, however, ruled that the Board did not abuse its

⁵⁴⁹ Royal Crown Co. and Dr. Pepper/Seven Up, Inc. v. The Coca-Cola Co., 2021 U.S.P.Q.2d 387 (T.T.A.B. 2021).

⁵⁵⁰ Royal Crown Co. and Dr. Pepper/Seven Up, Inc. v. The Coca-Cola Co., Oppositions Nos. 91178927 et al. (T.T.A.B. May 23, 2016).

⁵⁵¹ Royal Crown Co. and Dr. Pepper/Seven Up, Inc. v. The Coca-Cola Co., 892 F.3d 1358, 127 U.S.P.Q.2d 1041, 1043 (Fed. Cir. 2018).

⁵⁵² *Id.* at 1048.

⁵⁵³ 5 U.S.C. §§ 551 et seq.

discretion in granting the motion, and that entry of the disclaimer render the appeal moot.⁵⁵⁴

Rule 2.133(a) allows the Board to grant amendments to an opposed application even without consent of the other party. Royal Crown offered no support for the argument that such motions are forbidden after trial, and the court found it “improbable” that the Board has no power to grant a motion entering a disclaimer when that is all the opposer seeks.⁵⁵⁵

Royal Crown contended that because Coca-Cola did not concede whether “zero” is generic or merely descriptive, Coca-Cola may apply for other ZERO-formative marks. The court observed that “litigation is conducted for the purpose of obtaining relief, not an advisory opinion.”⁵⁵⁶ Although such an advisory opinion might be useful to Royal Crown, that interest is “too speculative to invoke the jurisdiction of this court.”⁵⁵⁷

⁵⁵⁴ Royal Crown Co. v. The Coca-Cola Co., 823 Fed. Appx. 960, 2020 U.S.P.Q.2d 10881 (Fed. Cir. 2020).

⁵⁵⁵ *Id.* at *3.

⁵⁵⁶ *Id.* at *4.

⁵⁵⁷ *Id.*

**PART III. LITIGATION IN THE FEDERAL COURTS AND
STATE COURTS OF GENERAL JURISDICTION**

By Theodore H. Davis Jr.

A. Infringement, Unfair Competition, and Related Torts

1. Establishing Liability

a. Violations of Trademark and Service Mark Rights

i. Defining Claimed Marks

Under Section 45 of the Act, a trademark conceivably can consist of “any word, name, symbol, or device, or any combination thereof”; the same statute contains a substantively identical definition of “service mark.”⁵⁵⁸ Despite the breadth of those definitions, plaintiffs asserting rights to nontraditional marks sometimes face motions to dismiss or for summary judgment because they allegedly have failed to define their putative marks with enough detail as to inform their adversaries of the nature of claims against them. That scenario arose in a dispute in which the counterclaim defendants had once distributed ballet shoes manufactured by the counterclaim plaintiffs before sourcing those goods from another manufacturer and in response to which the counterclaim plaintiffs accused the counterclaim defendants of trade dress infringement.⁵⁵⁹ Although the counterclaim defendants claimed in a motion to dismiss that the counterclaim plaintiffs had failed to define their claimed trade dress with clarity, the court disagreed, in part because of the counterclaim plaintiffs’ affixation of photographs of their shoes as exhibits to their operative pleading. That document also described the claimed trade dress in writing, including in the description such details as the shoes’ pink color, stitch patterns, verbal marks, size and width markings, and “HANDMADE IN RUSSIA” country-of-origin designations. “To be sure,” the court observed, “use of pink satin for the exterior of the pointe shoes made of an unremarkable shade of pink is not unique.”⁵⁶⁰ It nevertheless denied the motion to dismiss with the explanation that “[a]llegations of trade dress which include a description of the product, photographs, [and] associated trademarks have been held sufficient to withstand dismissal.”⁵⁶¹

A second ill-fated motion to dismiss also failed, although not necessarily based on the incorporation of photographs of the plaintiff’s claimed packaging trade dress in its operative

⁵⁵⁸ 15 U.S.C. § 1127 (2018).

⁵⁵⁹ See *I.M. Wilson, Inc. v. Otvetstvennostyou “Grichko,”* 500 F. Supp. 3d 380 (E.D. Pa. 2020), *later proceedings*, No. 18-5194, 2020 WL 6703585 (E.D. Pa. Nov. 13, 2020).

⁵⁶⁰ *Id.* at 408.

⁵⁶¹ *Id.*

complaint.⁵⁶² That pleading included the following verbal description of a tub container in which the plaintiff sold soybean paste and bean curd products:

(a) the green color of the tub container; (b) the yellow color of the container cap; (c) the yellow color stripe across the bottom portion of the front panel of the product label; (d) the predominantly green landscape image, which appears above the yellow color stripe on the front panel of the product label; and (e) the square shaped tub container.⁵⁶³

That was enough for the court to deny the defendants' motion, which it did by observing that "Plaintiff's description of its trade dress is not 'pitched at an improper level of generality,' but rather is 'quite detailed' because it describes the various colors included on the container, the imaging on the container, the shape of the container, and stripes running across the product."⁵⁶⁴

Finally, the most unusual claimed trade dress to pass muster at the pleadings stage comprised a "Health Industry Number ('HIN') system for identifying healthcare entities."⁵⁶⁵ The plaintiff's complaint described the system as a "creative 9-digit alphanumeric character" with three components:

[T]he first six characters of the identifier comprise the "base HIN" which identifies a healthcare entity at a particular location, the seventh character is a check digit for verifying the accuracy of the first six characters, and the last two characters are a suffix that uniquely identify a specific ship-to location, alternative location, or affiliation within the particular healthcare entity.⁵⁶⁶

The defendants argued that the plaintiffs had failed to articulate this description in a sufficiently clear manner to give the defendants fair warning of the plaintiff's allegations, but the court agreed with the plaintiff that "'complexity is not the standard' in this context."⁵⁶⁷ It thus concluded that "Plaintiff has provided more than 'an unadorned, the-defendant-unlawfully-harmed-me accusation . . .'" before denying the defendants' motion to dismiss.⁵⁶⁸

In contrast, however, one court balked at allowing use of the Lanham Act to protect a chemical formula used by a counterclaim

⁵⁶² See *Shandong Shinho Food Indus. Co. v. May Flower Int'l, Inc.*, 521 F. Supp. 3d 222 (E.D.N.Y. 2021).

⁵⁶³ *Id.* at 256.

⁵⁶⁴ *Id.* (quoting *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 381 (2d Cir. 1997)).

⁵⁶⁵ See *Health Indus. Bus. Commc'ns Council v. Animal Health Inst.*, 481 F. Supp. 3d 941 (D. Ariz. 2020).

⁵⁶⁶ *Id.* at 949.

⁵⁶⁷ *Id.* at 952.

⁵⁶⁸ *Id.*

plaintiff against alleged misappropriation by competitors.⁵⁶⁹ For one thing, the court observed while granting a defense motion for summary judgment, “[a]s early as 1924, the Supreme Court observed that a party generally has ‘no exclusive right to the use of its formula’ under trademark law.”⁵⁷⁰ And, for another, “[the counterclaim plaintiff] has not demonstrated that its formula is either a feature that only exists to enable unique marketing or a feature without which a competitor may make an equally functional product. As a result, [the counterclaim plaintiff’s] formula is not protectable trade dress.”⁵⁷¹

ii. Establishing Protectable Rights

(A) *The Effect of Federal Registrations on the Mark-Validity Inquiry*

Although a federal registration is not a prerequisite for the assertion of rights under the Lanham Act or common law,⁵⁷² a plaintiff lacking such a registration on the Principal Register must prove the validity of its claimed mark.⁵⁷³ If the plaintiff does own such a registration, Sections 7(b) and 33(a) of the Act both provide that the registration is “prima facie evidence” of the registered mark’s validity,⁵⁷⁴ even before the registrant files a declaration of incontestability under Section 15,⁵⁷⁵ and, according to one outlying opinion, even if the registration has lapsed prior to a lawsuit to

⁵⁶⁹ See *EST Inc. v. Royal-Grow Prods., LLC*, 526 F. Supp. 3d 943 (D. Kan. 2021).

⁵⁷⁰ *Id.* at 958 (quoting *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526, 531 (1924)).

⁵⁷¹ *Id.* at 959.

⁵⁷² See, e.g., *Gem State Roofing, Inc. v. United Components, Inc.*, 488 P.3d 488, 494 (Idaho 2021).

⁵⁷³ See, e.g., *Underwood v. Bank of Am. Corp.*, 996 F.3d 1038, 1053 (10th Cir. 2021) (“When, as here, the plaintiff’s marks are unregistered, the plaintiff has the ‘burden to demonstrate that [the mark] is protectable’” (first alteration in original) (quoting *Donchez v. Coors Brewing Co.*, 392 F.3d 1211, 1216 (10th Cir. 2004))); *San Diego Cty. Credit Union v. Citizens Equity First Credit Union*, 541 F. Supp. 3d 1110, 1119 (S.D. Cal. 2021) (“In this case, under the common law, there is no presumption of validity of the subject mark. As such, to establish validity, the initial burden falls on [the counterclaim plaintiff] to demonstrate ownership of the common law mark and then the burden shifts to [the counterclaim defendant] to demonstrate that it is invalid.”), appeal docketed, No. 21-55642 (9th Cir. June 21, 2021); *Golden Eye Media USA, Inc. v. Trolley Bags UK Ltd.*, 525 F. Supp. 3d 1145, 1221 (S.D. Cal.) (“[W]hen a mark is not registered, the presumption of validity does not apply.” (quoting *Yellow Cab Co. of Sacramento v. Yellow Cab of Elk Grove, Inc.*, 419 F.3d 925, 928 (9th Cir. 2005))), motion to certify appeal granted, No. 3:18-cv-02109-BEN-LL, 2021 WL 2072382 (S.D. Cal. May 24, 2021), appeal docketed, No. 21-2096 (Fed. Cir. June 25, 2021); *Holbrook Mfg. LLC v. Rhyno Mfg., Inc.*, 497 F. Supp. 3d 319, 330 (N.D. Ill. 2020) (“When a mark is unregistered—as is the case here—the plaintiff has the burden to establish its entitlement to protection under the Lanham Act based on the ‘distinctiveness’ of the mark.”).

⁵⁷⁴ 15 U.S.C. §§ 1057(b), 1115(a) (2018).

⁵⁷⁵ *Id.* § 1065.

protect it.⁵⁷⁶ In the most detailed examination of the meaning of that phrase, the Eleventh Circuit confirmed its adherence to the majority rule, namely, that prima facie evidence shifts the burden of proof, and not merely the burden of production, to any party challenging the validity of a registered mark.⁵⁷⁷ The court then elaborated on the significance of that burden-shifting to the distinctiveness inquiry:

It is . . . important to emphasize . . . that “trademark holders are never entitled to presumptions of both ‘inherent’ and ‘acquired’ distinctiveness—they get only one or the other.” “The sort of presumption appropriate depends on whether or not the [PTO] required proof of secondary meaning.” When the PTO does not require proof of secondary meaning, the “presumption is that the mark is inherently distinctive,” but when the PTO requires proof of secondary meaning, the “presumption is that the mark has acquired distinctiveness by obtaining secondary meaning.”⁵⁷⁸

⁵⁷⁶ See *Wilson v. Tessmer L. Firm, PLLC*, 483 F. Supp. 3d 416, 424-25 (W.D. Tex. 2020) (“Even if the ‘019 Registration was later cancelled, the registration is prima facie evidence of the Mark’s distinctiveness.” (footnote omitted)). In the court’s (partial) defense, its conclusion on this point was perhaps influenced by the plaintiff’s ownership of an active registration covering a “nearly identical” second mark. *Id.* at 425 n.2.

⁵⁷⁷ See *Pinnacle Advert. & Mktg. Grp. v. Pinnacle Advert. & Mktg. Grp.*, 7 F.4th 989, 1004-05 (11th Cir. 2021) (“When a mark is registered, a challenger seeking cancellation of the registration must ‘overcome the presumption of validity by showing—by a preponderance of the evidence—that the mark is not distinctive.” (quoting *Royal Palm Proprs., LLC v. Pink Palm Proprs., LLC*, 950 F.3d 776, 783 (11th Cir. 2020), *on remand*, No. 17-80476-CV-MIDDLEBROOKS, 2021 WL 1056621 (S.D. Fla. Feb. 17, 2021), *appeal docketed*, No. 21-10872 (11th Cir. Mar. 17, 2021))).

These holdings occurred in the context of the district court’s post-trial invalidation of the plaintiff’s marks despite the registrations covering them and the jury’s finding of validity. Vacating that action, the Eleventh Circuit held:

The district court misapplied these standards when it analyzed [the defendant’s] cancellation counterclaim. The district court noted that there is a presumption of distinctiveness for registered marks, but it failed to explain or apply this presumption properly. First, in its recitation of the presumption, the district court did not distinguish between the presumption for registered marks that required proof of secondary meaning (presumption of acquired distinctiveness) and registered marks that did not require proof of secondary meaning (presumption of inherent distinctiveness). Second, the district court failed to consider whether [the defendant] rebutted the presumption that [the plaintiff’s] marks were inherently distinctive.

Accordingly, on remand, the district court should hold [the defendant] to its “double burden” to (1) demonstrate that “no reasonable jury” could have found [the plaintiff’s] marks to be distinctive, and (2) rebut the presumption that [the plaintiff’s] marks are inherently distinctive.

Id. at 1005.

⁵⁷⁸ *Id.* (third alteration in original) (first quoting *Royal Palm Proprs.*, 950 F.3d at 783; then quoting *Welding Servs., Inc. v. Forman*, 509 F.3d 1351, 1357 n.3 (11th Cir. 2007); and then quoting *Royal Palm Proprs.*, 950 F.3d at 784).

“In this case,” the court further observed, “it is undisputed that the PTO did not require [the plaintiff] to provide proof of secondary meaning as part of the registration process for the registrations at issue. Accordingly, [the plaintiff] is entitled to a presumption that its marks are inherently distinctive.”⁵⁷⁹

Although similarly holding that “the fact that [a mark] is registered as a trademark on the principal register is sufficient on its own to allow the court to draw a reasonable inference that chartreuse is non-functional and had acquired secondary meaning by the time of its registration,”⁵⁸⁰ an Iowa federal district court placed a temporal limitation on the evidentiary value of such a registration:

This does not mean that registration on the principal register is sufficient to plausibly allege the existence of a common law trademark in every case. For example, because a registered mark’s presumption of validity applies only prospectively from the time of registration, a plaintiff alleging infringement prior to registration must point to other facts justifying an inference that the mark was protectable at common law during that time.⁵⁸¹

In contrast to the weaker language of Sections 7(b) and 33(a), Section 33(b) provides that a registration for which the registrant has filed a declaration of incontestability under Section 15 of the Act⁵⁸² is, subject to certain exceptions, “conclusive evidence” of the registered mark’s validity.⁵⁸³ Not surprisingly, owners of incontestable rights to their marks generally fared better in the mark-validity inquiry. For example, the Third Circuit held that that conclusive evidence obligated a defendant against which they were asserted to prove the invalidity of the underlying marks.⁵⁸⁴ Likewise, the Fifth Circuit required a defendant seeking to invalidate the rights to another incontestable mark under an abandonment-based theory to prove its case by clear and convincing evidence.⁵⁸⁵

⁵⁷⁹ *Id.* at 1005.

⁵⁸⁰ *Weems Indus. v. Teknor Apex Co.*, 540 F. Supp. 3d 839, 851 (N.D. Iowa 2021).

⁵⁸¹ *Id.*

⁵⁸² 15 U.S.C. § 1065 (2018).

⁵⁸³ *Id.* § 1115(b).

⁵⁸⁴ *See Ezaki Glico Kabushiki Kaisha v. Lotte Int’l Am. Corp.*, 986 F.3d 250, 259 (3d Cir. 2021), *as amended* (Mar. 10, 2021), *cert. denied*, 142 S. Ct. 420 (2021).

⁵⁸⁵ *See Perry v. H. J. Heinz Co. Brands, L.L.C.*, 994 F.3d 466, 474 (5th Cir. 2021).

(B) The Common-Law Requirements for Mark Validity

(1) Use in Commerce

**(a) The Nature and Quality of Use in Commerce
Necessary to Establish Protectable Rights**

Prior use historically is a prerequisite for common-law trademark rights: Indeed, the Supreme Court opined over a century ago that “as between conflicting claimants to the right to use the same mark, priority of appropriation determines the question.”⁵⁸⁶ As one court summarized the rule, “[a]t common law, trademark ownership is acquired by actual use of a mark in a given market, rather than by creation or registration of the mark.”⁵⁸⁷ Thus, “[w]hen more than one user claims the exclusive right to use an unregistered mark, priority is determined by ‘the first actual use of [the] mark in a genuine commercial transaction.’”⁵⁸⁸

Consistent with that prerequisite, courts typically have required plaintiffs seeking to avail themselves of the cause of action for false designation of origin set forth in Section 43(a)(1)⁵⁸⁹ to prove prior use of a protectable mark.⁵⁹⁰ Not so, however, according to a California federal district court faced with a motion to dismiss such a cause of action by a plaintiff unable to prove any prior use of a mark confusingly similar to that of the defendant.⁵⁹¹ Citing to the Supreme Court’s opinion in *Lexmark International, Inc. v. Static Control Components, Inc.*,⁵⁹² which addressed the requirements for standing to pursue a claim for *false advertising* under Section 43(a)(2) of the Act,⁵⁹³ the court improbably held on a motion for a temporary restraining order that the plaintiff’s inability to demonstrate prior use of an allegedly infringed mark was no

⁵⁸⁶ *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 100 (1918).

⁵⁸⁷ *Intercollegiate Women’s Lacrosse Coaches Ass’n v. Corrigan Sports Enters.*, 505 F. Supp. 3d 570 (M.D.N.C. 2020).

⁵⁸⁸ *Id.* at 589 (second alteration in original) (quoting *Emergency One, Inc. v. Am. Fire Eagle Engine Co.*, 332 F.3d 264 (4th Cir. 2003)); *see also* *Wilson v. Tessmer L. Firm, PLLC*, 483 F. Supp. 3d 416, 424 (W.D. Tex. 2020) (“The first one to use a mark is generally held to be the ‘senior’ user and is entitled to enjoin other ‘junior’ users from using the mark, or one that is deceptively similar to it, subject to limits imposed by the senior user’s market and natural area of expansion.”).

⁵⁸⁹ 15 U.S.C. § 1125(a)(1) (2018).

⁵⁹⁰ *See, e.g.,* *Planetary Motion, Inc. v. Techsplosion, Inc.*, 261 F.3d 1188, 1193 (11th Cir. 2001) (“To prevail [on a unfair trade practices claim involving false designation of origin], a claimant must show (1) that it had prior rights to the mark at issue and (2) that the defendant had adopted a mark or name that was the same, or confusingly similar to its mark, such that consumers were likely to confuse the two.”).

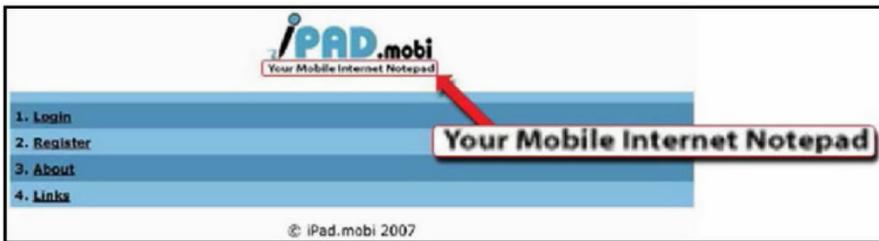
⁵⁹¹ *See Zamfir v. Casperlabs, LLC*, 528 F. Supp. 3d 1136 (S.D. Cal. 2021).

⁵⁹² 572 U.S. 118 (2014).

⁵⁹³ 15 U.S.C. § 1125(a)(2) (2018).

obstacle to its false designation of origin cause of action.⁵⁹⁴ Ultimately, however, it denied the plaintiff's motion in substantial part because the plaintiff had failed to overcome the prima facie evidence of mark ownership represented by a federal registration of the disputed mark owned by the defendant.⁵⁹⁵

Otherwise, one of the more notable reported opinions to address prior use over the past year turned on competing claims to the IPAD mark, one by the counterclaim defendant, a provider of social media services, and the other by Apple Inc.⁵⁹⁶ In 2007, the counterclaim defendant introduced a "mobile Internet notepad," which allowed its users to make simple lists online and which featured the following appearance:⁵⁹⁷



Following Apple's introduction of its touch-screen tablet under the IPAD mark in January 2010, the counterclaim defendant launched a "rebranded" website advertising "cloud storage" services that allowed users to upload photographs, videos, music, and documents. That site had the following appearance:⁵⁹⁸

⁵⁹⁴ *Zamfir*, 528 F. Supp. 3d at 1145-49.

⁵⁹⁵ *Id.* at 1149 ("Because the Motion does not provide argument or evidence sufficient to challenge the prima facie evidence of ownership of, and right to use, the [disputed mark] conferred by Defendant's trademark registration, the Court concludes that Plaintiff has not met his burden of showing he is likely to succeed on his false designation of origin claim.").

⁵⁹⁶ *See* *RXD Media, LLC v. IP Application Dev. LLC*, 986 F.3d 361 (4th Cir. 2021).

⁵⁹⁷ *Id.* at 366.

⁵⁹⁸ *Id.* at 367.



The parties agreed the mark was descriptive, but they strongly disagreed as to which of their uses had acquired distinctiveness first. Their dispute began before the Trademark Trial and Appeal Board, which found Apple to be the mark's senior user. The counterclaim defendant appealed to the United States District Court for the Eastern District of Virginia, but that tribunal both affirmed the Board's finding of priority and entered summary judgment of liability on Apple's counterclaims for infringement and unfair competition.

The plaintiff's subsequent appeal to the Fourth Circuit fared no better. The court of appeals identified several reasons why the counterclaim defendant's circa-2007 use did not give it priority of rights. The first was Apple's acquisition in 2010 of a third party's pending (and ultimately successful) application to register the mark for what the court characterized as "computer and digital goods as

well as business and marketing services.”⁵⁹⁹ Properly noting that “[a] party can become a senior user of a mark by acquiring from a previous owner an assignment of rights,” the court held Apple entitled to rely on both the assignor’s January 2002 date of first use and the March 7, 2003, nationwide constructive priority date attaching to its registration.⁶⁰⁰ As it explained, “[a]fter a valid assignment, ‘the assignee steps into the shoes of the assignor.’”⁶⁰¹

The remaining reasons underlying the court’s determination of priority were closely related and arose from the plaintiff’s relaunch of its IPAD mark in 2016. For one thing, the court held, “Apple was not required to prove that it had established secondary meaning in the mark before [the plaintiff’s] use of *ipad.mobi* in 2007 but could succeed on its claim by establishing secondary meaning status before October 2016”;⁶⁰² that showing was accomplished by both the introduction of the purchased registration (for which Apple had filed a declaration of incontestability) and Apple’s showing of the widespread commercial success of its goods.⁶⁰³ For another thing:

Here, the evidence showed that [the counterclaim defendant’s] original product line . . . in 2007 was limited to a mobile internet notepad, which consumers could use to create simple lists such as grocery and “to do” lists. By January 2010, however, Apple had released the handheld “iPad” device, which had a touch-screen design and possessed broad capabilities that included, among other things, a camera, access to email functions through use of the internet, and access to an unlimited number of internet websites. Thus, even if [the counterclaim defendant] were assumed to be the “first user” of the “ipad” mark, by January 2010, Apple had begun using the mark as an “intervening user” of a product much different and much more sophisticated than the internet notepad marketed unsuccessfully by [the counterclaim defendant].⁶⁰⁴

“Accordingly,” the court held, “we conclude that Apple had an established, protected mark capable of being infringed by [the counterclaim defendant’s] use of the mark in 2016.”⁶⁰⁵

A different claim of prior use in commerce fell equally short of the mark in a suit brought by an Internet service provider against

⁵⁹⁹ *Id.* at 366.

⁶⁰⁰ *Id.* at 370.

⁶⁰¹ *Id.* (quoting *ICEE Distribs., Inc. v. J&J Snack Foods Corp.*, 325 F.3d 586, 593 (5th Cir. 2003)).

⁶⁰² *Id.* at 371.

⁶⁰³ *Id.*

⁶⁰⁴ *Id.*

⁶⁰⁵ *Id.* at 372.

a seller of wireless broadband equipment.⁶⁰⁶ The claimed mark at issue was a so-called Home Network Identity (HNI) code comprising the number 311980. Although the defendant's use of the same and a similar number in connection with its business led to actual confusion, the plaintiff failed to convince the court in support of a preliminary injunction motion that it had used the number in commerce in a manner creating protectable trademark rights. On the contrary, the court found in denying the plaintiff's motion for a preliminary injunction, "[the plaintiff] neither uses nor displays its HNI code in the actual sale or advertising of its services to consumers. Rather, it advertises wireless services without any specific reference to its HNI code."⁶⁰⁷ Thus, users of the plaintiff's services "would have no knowledge whatsoever of what an HNI code is, how it is used in the technology, or how it affects the services rendered much less be able to associate it with a particular service provider."⁶⁰⁸

Still another failed claim of use in commerce victimized a marketer and distributor of chemical agricultural products when that company asserted a counterclaim for infringement against a company that formerly had manufactured those goods for it.⁶⁰⁹ The allegedly infringed mark was E MAX, and, as the court concluded from the summary judgment record, "the uncontroverted facts confirm that [the counterclaim plaintiff's] product was sold in containers that had *a* mark on them, just not the E Max mark."⁶¹⁰ The counterclaim plaintiff attempted to circumvent that problem by citing to the mark's appearance "on various documents associated with product shipments and sales, such as receipts, invoices, bills of lading, and web pages."⁶¹¹ The court rejected that showing, holding that "[u]se of marks on these types of documents can constitute 'use in commerce' if, but only if, the goods themselves are of such a nature that a mark cannot physically be affixed to them."⁶¹² The counterclaim plaintiff's claim of priority therefore failed as a matter of law.

In contrast, a possibly opportunistic challenge in litigation originating in a Colorado federal district court produced mixed

⁶⁰⁶ See *LigTel Commc'ns, Inc. v. Baicells Techs., Inc.*, 455 F. Supp. 3d 792 (N.D. Ind. 2020), *appeal dismissed*, No. 20-1896, 2020 WL 9813549 (7th Cir. Nov. 12, 2020).

⁶⁰⁷ *Id.* at 804.

⁶⁰⁸ *Id.* at 805.

⁶⁰⁹ See *EST Inc. v. Royal-Grow Prods., LLC*, 526 F. Supp. 3d 943 (D. Kan. 2021).

⁶¹⁰ *Id.* at 954. The counterclaim proffered a single photograph purporting to show a shipping label bearing the E MAX mark on one of its packages, but the court excluded that evidence because the counterclaim plaintiff had failed to disclose it during discovery. *Id.* at 955.

⁶¹¹ *Id.* at 954.

⁶¹² *Id.*

results in an appeal to the Tenth Circuit.⁶¹³ The individual lead plaintiff bringing the case claimed to have developed a business plan in 2009 that included a virtual assistant called E.R.I.C.A. He presented the concept to the Atlanta office of the Small Business Administration and potential investors, distributed “nearly 1,500” business cards,⁶¹⁴ unsuccessfully proposed a joint venture with AT&T, and included in his pitches the following graphic to demonstrate how his product would interact with users:⁶¹⁵



In October 2010, the lead plaintiff successfully registered a mark consisting of “a multi national computer animated woman . . . [named] Erica” covering the following services: “E.R.I.C.A. verbally tells the news and current events through cell phone and computer applications.”⁶¹⁶ Finally, the plaintiffs also registered the my24erica.com domain name, at which they made available a search engine capable of identifying movies and television shows in response to queries; the parties disagreed on the subject of when that functionality became available to the public, with the plaintiffs claiming it had occurred on March 19, 2015, while the defendant alleged the introduction had not taken place until June 2018.

The subject of the plaintiffs’ ire was Bank of America’s use and registration (with an October 2016 priority date) of the ERICA mark for “voice controlled information and personal assistant devices in the field of banking and personal finance.”⁶¹⁷ Although the lead plaintiff asserted claims based on his Georgia state registration, the district court concluded as a matter of law that the registration was

⁶¹³ See *Underwood v. Bank of Am. Corp.*, 996 F.3d 1038 (10th Cir. 2021).

⁶¹⁴ *Id.* at 1046.

⁶¹⁵ *Id.*

⁶¹⁶ *Id.* at 1047 (alterations in original).

⁶¹⁷ *Id.*

properly cancelled based on his admission that he had not used the mark in connection with any of the services covered by the registration as of the registration's issuance. That tribunal then rejected the plaintiffs' claim of prior use under federal law for the same reason and because "it assumed that customers must have 'purchased' the services offered or that [the plaintiffs] must have generated revenue to qualify as actual use."⁶¹⁸ Finally, the district court disposed of the plaintiffs' claim of analogous use as well, finding on the summary judgment record that the plaintiffs had failed to demonstrate protectable service mark rights to the my24erica.com domain name, despite the plaintiffs' claim that visitors to the site associated with the domain name could use it to access a Facebook page that had received 772 "likes" by September 2018.

The plaintiffs enjoyed marginally better luck in their appeal to the Tenth Circuit. The appellate court's analysis began by affirming the district court's invalidation of the lead plaintiff's Georgia registration for the same lack of use identified by the district court.⁶¹⁹ Noting that "[i]t is . . . normally difficult for a plaintiff to show that, beyond serving this logistical location-identifying function, the domain name is also 'used to identify and to distinguish goods or services,'"⁶²⁰ the appellate court also agreed that the plaintiffs had failed to demonstrate sufficient use of the my24erica.com domain name on a standalone basis to create protectable rights to it.⁶²¹ Finally, to the extent the plaintiffs claimed to have rights to the E.R.I.C.A. mark through analogous use, the court found that claim fatally lacking because, *inter alia*: (1) the plaintiffs' promotion of services to be provided under the mark was unknown "outside of a small handful of industry

⁶¹⁸ *Id.* at 1057.

⁶¹⁹ Seeking to salvage the registration, the plaintiff argued the court should "reform" the registration "to reflect that he used the E.R.I.C.A. mark in partial conformity with the registration." *Id.* at 1051. As the district court had been, the Tenth Circuit was unsympathetic to that request, concluding that Georgia law did not authorize the wholesale substitution of descriptions of goods and services. *Id.* at 1051-52.

⁶²⁰ *Id.* at 1059 (quoting *Brookfield Commc'ns, Inc. v. W. Coast Ent. Corp.*, 174 F.3d 1036, 1051 (9th Cir. 1999)).

⁶²¹ The court elaborated on this point with the following explanation:

[The plaintiff] cannot show that my24erica.com is one of the "small percentage" of domain names that qualify as service marks. There is no evidence [the plaintiff] deployed the designation my24erica.com for anything more than "as an address by means of which one may reach [his] Internet website." For example, there is no evidence that my24erica.com, as opposed to the E.R.I.C.A. mark, had a prominent place on the website, or that anything in the display "focused the web-user's attention on that name." Nor did the my24erica.com domain name appear on any advertisements or other promotional materials

Id. at 1059 (third alteration in original) (first quoting *In re Roberts*, 87 U.S.P.Q.2d 1474, 1479 (T.T.A.B. 2008); and then quoting *St. Luke's Cataract & Laser Inst. v. Sanderson*, 573 F.3d 1186, 1207 (11th Cir. 2009)).

actors”;⁶²² and (2) “the evidence concerning [the] my24erica.com [domain name]—the fact of its existence and [772] Facebook likes—is insufficient to demonstrate widespread association in the public mind between the Plaintiffs’ search engine services and the E.R.I.C.A. mark.”⁶²³

Nevertheless, the appellate court held that the district court had erred in rejecting the plaintiffs’ claim of rights to the E.R.I.C.A. mark for services outside those listed in his state registration. That error comprised two separate components, the first of which was the district court’s assumption “that customers must have ‘purchased’ the services offered or that [the plaintiff] must have generated revenue to qualify as actual use” when, in fact, “a service mark is used when ‘the service provider *in fact* benefits third parties, regardless of its reason for providing its services.”⁶²⁴ The second was the district court’s erroneous limitation of the services at issue to those listed in the Georgia registration, when “[i]t should have considered the search engine and personal assistant services that [the plaintiff] claims my24erica.com offered and that form the basis of [the plaintiff’s] Section 43(a) claim.”⁶²⁵ The court summarized its reasons for vacating entry of summary judgment of nonliability on the issue in the following manner:

Under the correct view of the law, to establish a protectable interest in the E.R.I.C.A. mark based on actual use, [the plaintiffs] must establish (1) my24erica.com—the only place where [the plaintiffs] claims services were offered in connection with the mark—was publicly accessible before [Bank of America’s] priority date of October 2016; (2) search engine and personal assistant services on my24erica.com were “rendered to others” before October 2016; and (3) as it appeared on the my24erica.com website display, the E.R.I.C.A. mark “clearly identif[ied] and distinguish[ed]” the services offered “on the website.”⁶²⁶

A final notable reported opinion addressed the significance of using a claimed mark in conjunction with the claimant’s house mark.⁶²⁷ In the litigation producing it, the defendant’s evidence of

⁶²² *Id.* at 1057.

⁶²³ *Id.* at 1058.

⁶²⁴ *Id.* at 1057 (citation omitted) (quoting *Morningside Grp. v. Morningside Cap. Grp.* 182 F.3d 133, 138 (2d Cir. 1999)).

⁶²⁵ *Id.*

⁶²⁶ *Id.* (first quoting *Morningside Grp.*, 182 F.3d at 138; and then quoting 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 16:32.70 (5th ed.)).

⁶²⁷ See *San Diego Cty. Credit Union v. Citizens Equity First Credit Union*, 541 F. Supp. 3d 1110 (S.D. Cal. 2021), *appeal docketed*, No. 21-55642 (9th Cir. June 21, 2021)).

use of the NOT A BANK. BETTER. mark for credit union services consisted of showings such as the following:⁶²⁸



Following a bench trial, the court found that the defendant had failed to prove rights to the NOT A BANK. BETTER. mark independent of the defendant's CEFCU house mark:

Based on the evidence presented at trial, [the defendant] has not demonstrated that it has created independent trademark significance for NOT A BANK. BETTER. First, it did not engage in a constant pattern or effort to use the mark in a manner separate and distinct from the housemark. In fact, [the defendant] took pains to use the housemark along with the tagline. While the print style, font size and position of the tagline may support a finding of independent trademark significance, by themselves, they do not establish it. Next, . . . the Court gives [the defendant's expert witness's] testimony [of a differing commercial impression] little or minimal weight. Finally, [the defendant's] argument that it has used NOT A BANK. BETTER. and spent 'tens of millions of dollars' on advertising using the tagline since 2006 is not persuasive because [the defendant's] use of NOT A BANK. BETTER. in advertising has nearly always been used with the housemark, CEFCU.⁶²⁹

Thus, although the plaintiff owned a federal registration on the Principal Register covering the CEFCU. NOT A BANK. BETTER. mark in standard-character format, it still bore the burden of proving its priority of rights to NOT A BANK. BETTER.⁶³⁰

(b) Lawful vs. Unlawful Use

To create protectable rights under federal law, the use of a mark generally must be lawful, and that proposition tripped up an individual defendant who operated a moving business under the MAN WITH A VAN mark.⁶³¹ As part of a counterclaim for cancellation, the defendant asserted prior common-law rights to the

⁶²⁸ *Id.* at 1118.

⁶²⁹ *Id.* at 1125 (citation omitted).

⁶³⁰ *Id.* at 1220.

⁶³¹ See *NYcityVAN, LLC v. Thomas*, 501 F. Supp. 3d 145 (E.D.N.Y. 2020).

mark dating back to 2002, but the plaintiff successfully pursued a motion for judgment on the pleadings based on the defendant's failure until 2017 to secure a license from the U.S. Department of Transportation to provide her services in interstate commerce.⁶³² Citing approvingly to Trademark Trial and Appeal Board authority,⁶³³ the court held that it would “adopt the TTAB’s standard and find unlawful use where (1) a government agency or court previously found noncompliance with a federal law or agency rule; or (2) a per se violation of federal law has occurred.”⁶³⁴ “Regardless of which route is chosen,” the court elaborated, “the party alleging unlawful use must show that the other party’s noncompliance was ‘material.’ This means it must be of ‘such gravity and significance that the usage [of the mark] must be considered unlawful,’ and there must be some ‘nexus’ between the alleged regulatory violations and the use of the mark.”⁶³⁵ Although the defendant attempted to downplay the possible significance to consumers of her failure to secure the required license, the court concluded that “[the defendant’s] abject failure to comply with licensing requirements intended to promote public safety is ‘material’ even in the absence of a particularized showing of harm to the public.”⁶³⁶ It therefore held the defendant lacked prior rights as a matter of law.

In stark contrast, the Fifth Circuit proved far more sympathetic to allegedly unlawful use by a plaintiff.⁶³⁷ In a dispute between competitors in the historically underserved market for combination mayonnaise-plus-ketchup condiment products, the defendant sought to foreclose a finding of liability by arguing that the plaintiff, whose primary businesses were a nine-room motel and a used-car lot, had failed to comply with applicable state and federal food labelling regulations; according to the defendant, that noncompliance precluded the plaintiff from establishing his priority of rights. The court rejected that argument, explaining that “this court has not adopted the unlawful use doctrine—the doctrine that failing to abide by all laws and regulations can turn what would otherwise constitute ‘use’ into ‘non-use.’ We see no reason to adopt

⁶³² The plaintiff had gleaned knowledge of that failure during discovery in a prior-pending proceeding between the parties before the Trademark Trial and Appeal Board. *Id.* at 147-48.

⁶³³ See *Satinine Societa in Nome Collettivo di S.A. e.M. Usellini v. P.A.B. Produits et Appareils de Beaute*, 209 U.S.P.Q. 958, 964 (T.T.A.B. 1981).

⁶³⁴ *NYcityVan*, 501 F. Supp. 3d at 149.

⁶³⁵ *Id.* (alteration in original) (quoting *Dessert Beauty, Inc. v. Fox*, 617 F. Supp. 2d 185, 190 (S.D.N.Y. 2007)).

⁶³⁶ *Id.*

⁶³⁷ See *Perry v. H. J. Heinz Co. Brands, L.L.C.*, 994 F.3d 466 (5th Cir. 2021).

the doctrine here.”⁶³⁸ The allegedly unlawful nature of the plaintiff’s use therefore played no further role in the case.

(c) Use-Based Geographic Rights

One of the most important benefits of a federal registration on the Principal Register is the nationwide constructive priority attaching to the underlying mark under Section 7(c) of the Act.⁶³⁹ Nevertheless, under the *Dawn Donut* doctrine,⁶⁴⁰ a federal registrant is entitled to enjoin a remote junior user of the mark only if there is a likelihood of the registrant’s entry into the disputed territory. In other words, the registrant has a nationwide *right*, but the injunctive *remedy* does not ripen until the registrant has taken concrete plans to enter that territory.

The latter of these propositions precluded the grant of cross-motions for summary judgment in litigation between users of the EVER ARGUED WITH A WOMAN? mark for legal services.⁶⁴¹ The defendants did not dispute the likelihood of confusion between the parties’ respective uses in the abstract, but they argued that the Bartow, Florida-based plaintiff’s rights to her registered mark did not reach the geographic markets in Texas served by the defendants. Seeking to satisfy *Dawn Donut*’s requirements, the plaintiff argued that she had specific plans to license the use of a version of the mark to a Texas attorney and supported that argument with evidence that she previously had licensed the mark’s use elsewhere and that Texas residents had contacted her for potential engagements. Although that showing precluded the defendants from prevailing as a matter of law, it failed to convince the court to grant the plaintiff’s own motion:

Even if the Court were to find that the Plaintiff’s licensing of the Mark in Texas and Defendants’ use of the Mark created a likelihood of confusion, there remains a genuine dispute as to whether or not Plaintiff truly plans to enter the Texas market. Plaintiff has only provided her statement of intent to do so and history of doing so in other states. That is not enough to rebut Defendants’ argument that this lawsuit amounts to a licensing shakedown, and, more importantly at this stage in the proceedings, it certainly does not compel a finding as a matter of law.⁶⁴²

⁶³⁸ *Id.* at 475 (citations omitted).

⁶³⁹ 15 U.S.C. § 1057(c) (2018).

⁶⁴⁰ See *Dawn Donut Co. v. Hart’s Food Stores, Inc.*, 267 F.2d 358, 830-32 (2d Cir. 1959).

⁶⁴¹ See *Wilson v. Tessmer L. Firm, PLLC*, 483 F. Supp. 3d 416 (W.D. Tex. 2020).

⁶⁴² *Id.* at 427.

(2) Distinctiveness

(a) *Determining the Inherent Distinctiveness of Verbal and Two-Dimensional Design Marks*

(i) Generic Designations

Actual findings of genericness were rare, but they did occur, including in the long-running litigation over the claimed “pretzel crisp” mark for a pretzel product.⁶⁴³ The latest installment came in an appeal to a North Carolina federal district court from a finding of genericness by the Trademark Trial and Appeal Board. Rather than applying the Fourth Circuit’s test for genericness, the district court framed the issue by holding that:

According to the Federal Circuit [in an earlier appeal of the same case], determining a mark’s genericness requires “a two-step inquiry: First, what is the genus (or class) of goods or services at issue? Second, is the term sought to be registered or retained on the register understood by the relevant public primarily to refer to that genus of goods or services?”⁶⁴⁴

Because the parties did not dispute that “[t]he genus of goods at issue is ‘pretzel crackers’ and the relevant public are ‘ordinary consumers who purchase and eat pretzel crackers,’”⁶⁴⁵ the court analyzed whether the combination of the generic terms “pretzel” and “crisps,” conveyed an additional meaning to consumer beyond that combination’s constituent parts. It answered that question in the negative, finding that “the failure of the combined term to convey any additional meaning that allows it to function as a ‘descriptive’ term further supports a finding that the combined term is merely ‘a common name for the goods’ which is appropriately placed in the lower category of generic goods.”⁶⁴⁶ That was not the only record evidence and testimony supporting that result however, for the court also considered and discounted the absence of dictionary definitions covering “pretzel crisps” as a whole,⁶⁴⁷ the

⁶⁴³ See *Snyder’s Lance, Inc. v. Frito-Lay N. Am., Inc.*, 542 F. Supp. 3d 371 (W.D.N.C. 2021), appeal dismissed, No. 21-1758, 2021 WL 6330712 (4th Cir. Aug. 31, 2021).

⁶⁴⁴ *Id.* at 381-82 (footnote omitted) (quoting *Princeton Vanguard, LLC v. Frito-Lay N. Am., Inc.*, 786 F.3d 960, 965 (Fed. Cir. 2015)).

⁶⁴⁵ *Id.* at 382.

⁶⁴⁶ *Id.*

⁶⁴⁷ *Id.* at 386-87 (“[W]hile there is no dictionary definition of ‘pretzel crisps,’ there is also no dictionary definition of ‘pretzel crackers,’ ‘pretzel chips,’ or ‘pretzel thins,’ all of which Plaintiffs agree are generic terms. And, similarly, a reasonable search by the Court finds no dictionary definition of other non-pretzel generic snack food names such as ‘pita chips.’ In other words, names of particular food products, whether brand specific or generic, are unlikely to be in the dictionary, presumably because dictionary editors do not find the term noteworthy enough to warrant an entry of any type.”).

plaintiffs' past success in enforcing the rights to their claimed mark,⁶⁴⁸ unsolicited media references to the claimed mark,⁶⁴⁹ survey evidence proffered by the plaintiffs putatively documenting 55% and 38.7% net positive response rates,⁶⁵⁰ the appearance of the claimed mark in social media postings,⁶⁵¹ and the perceived unavailability of alternative generic names for the product.⁶⁵² Although crediting the plaintiffs' success in developing a market for their product, the court ultimately found their claimed brand name generic and unprotectable.⁶⁵³

⁶⁴⁸ *Id.* at 389 (“In the Court’s view, after reviewing the particular circumstances and communications described above, the various agreements not to use ‘pretzel crisps’ do not reflect any ‘recognition’ that PRETZEL CRISPS is a brand name. Rather, the agreements represent the considered practical judgment of the accused companies (which in all cases but one were significantly smaller enterprises) that it wasn’t worth the cost to resist Plaintiffs’ threats. On the contrary, the Court finds the generic use by these unrelated companies to be a clear indication of public perception that ‘pretzel crisps’ is a name for a type of pretzel snack rather than a brand name.”).

⁶⁴⁹ The court discounted the plaintiffs’ showing on that issue in part because of its skepticism toward the method in which the evidence was assembled by a witness identified as a “Senior Legal Research Analyst” employed by the plaintiffs’ law firm. *Id.* at 391 (“There is no evidence that [the witness] has any legal education or particular training or expertise in trademark law (although the Court expects he has received appropriate supervision as a non-attorney staff member of the law firm). And, as a member of Plaintiffs’ legal team, he is (and should be in accordance with the rules of professional responsibility) inherently biased in favor of his firm’s clients. Accordingly, the Court will consider the contentions of [the witness] not as settled ‘facts,’ as repeatedly portrayed by Plaintiffs, but rather as ‘attorney’ argument as to what the documents (which the Court has independently reviewed in detail) show.” (footnote omitted)). The court also faulted the witness’s coding of the references he had identified through LEXIS searches and also held that “it is misleading to simply add up the references and conclude that the highest number of “hits” reflects an accurate assessment of consumer preferences.” *Id.* at 392. It explained that “[n]ot all references are equal, far from it. Instead, the nature, depth and source of the references must be considered to fairly draw any conclusions from the collection of articles.” *Id.*

⁶⁵⁰ Citing the 7% margin of error of the first survey, the court found that “if the percentages of those who believed that the term is a brand or common name are fully adjusted up or down for the margin of error then the difference between them could be very small, 48% to 43%,” *id.* at 400; it also discounted the results because the survey’s universe was “not representative of the relevant population, either by age or geography,” *id.*, because respondents’ reaction to the controls suggested that “the bulk of survey respondents did not fully understand the distinction between common names and brands,” *id.*, and because the results, in its view, were evidence of secondary meaning, rather than genericness. *Id.* at 401. Although the second survey was conducted to measure the acquired distinctiveness attaching to the claimed mark, the court found that what it considered the low net positive results favored a finding of genericness. *Id.* at 403.

⁶⁵¹ The court found that most of the plaintiffs’ showings on the social media front consisted of the plaintiffs’ own postings. *Id.* at 403-04.

⁶⁵² *Id.* at 405.

⁶⁵³ *Id.* at 406.

A finding of genericness also transpired on a counterclaim to protect the “cartoon classics” portion of the following composite mark for the streaming of cartoons on the Internet:⁶⁵⁴



The counterclaim plaintiffs’ disclaimer of the verbal component of its claimed mark from an application to register it did not help their cause, and, indeed, they did not seriously dispute the counterclaim plaintiff’s claim the words were unprotectable. They did, however, contest the counterclaim defendant’s argument that the entirety of their composite mark was generic, and they succeeded in doing so, in part because of the USPTO’s approval for publication of their application.⁶⁵⁵

A final notable reported opinion on the subject elaborated on the nature of generic designations without reaching an actual finding of genericness.⁶⁵⁶ It was a summary judgment order from a California federal district court, which rejected the claim by a counterclaim defendant that the TROLLEY BAGS mark was generic for reusable shopping bags designed for mounting on shopping carts. There was no material dispute that “trolley” was generic for shopping carts outside the United States, but showing by the counterclaim defendants failed to establish the mark’s unprotectability under federal law, at least on the parties’ cross-motions for summary judgment; on the contrary, the court held, “[the counterclaim defendant] has failed to show the absence of a genuine issue of fact as to whether the term ‘trolley’ is generic within the United States. Rather, the evidence in the record supports a finding that a reasonable jury would conclude the term is not, in fact, generic.”⁶⁵⁷

(ii) Descriptive Marks

One mark found descriptive following a bench trial was NOT A BANK. BETTER., used by the defendant for credit union services.⁶⁵⁸ One standard applied by the California federal district court

⁶⁵⁴ See *Beyond Blond Prods., LLC v. Heldman*, 479 F. Supp. 3d 874, 879 (C.D. Cal. 2020), *appeal docketed*, No. 21-55990 (9th Cir. Sept. 10, 2021).

⁶⁵⁵ *Id.* at 885-86.

⁶⁵⁶ See *Golden Eye Media USA, Inc. v. Trolley Bags UK Ltd.*, 525 F. Supp. 3d 1145 (S.D. Cal.), *motion to certify appeal granted*, No. 3:18-cv-02109-BEN-LL, 2021 WL 2072382 (S.D. Cal. May 24, 2021), *appeal docketed*, No. 21-2096 (Fed. Cir. June 25, 2021).

⁶⁵⁷ *Id.* at 1223.

⁶⁵⁸ See *San Diego Cty. Credit Union v. Citizens Equity First Credit Union*, 541 F. Supp. 3d 1110 (S.D. Cal. 2021), *appeal docketed*, No. 21-55642 (9th Cir. June 21, 2021)).

reaching that finding was the Ninth Circuit’s “imagination test,” which the court characterized as turning on “whether ‘imagination or a mental leap is required in order to reach a conclusion as to the nature of the product being referenced.’”⁶⁵⁹ The court then rejected the defendant’s claim of inherent distinctiveness under that test, finding instead that:

As to “BETTER”, the term is descriptive as a laudatory term. Meanwhile, “NOT A BANK” is not subtle and does not require a multistage reasoning process or a mental leap from the mark to the product that it describes, a credit union. Plainly, a credit union is not a bank although both are financial institutions that engage in similar types of services such as extending various types of loans and providing services such as checking and savings accounts and debit cards.⁶⁶⁰

Accordingly, the court found that “there is little reflection required to ‘cull some direct information’ that [the defendant] is a financial institution that is not a bank or to recognize the puffery supplied that it is better than a bank.”⁶⁶¹

The court then turned to the Ninth Circuit’s “competitor test,” which it held to turn on the “the extent to which a mark is actually needed by competitors to identify their goods or services.”⁶⁶² Once again, the results were to the defendant’s disadvantage, with the court finding that “the language that makes up the tagline is sufficiently generic as a means to distinguish credit unions from banks, that competitors would have a need to employ similar language in presenting themselves as different and better than banks”; indeed, the court improbably found that the defendant’s own use of its mark established a competitive need in the industry to use it.⁶⁶³ It therefore found the mark descriptive despite the defendant’s showings that dictionaries were devoid of definitions of the mark and that the USPTO had registered a larger mark without requiring a disclaimer of the words making up the claimed mark from the registration.⁶⁶⁴

An additional claimed mark found to lack inherent distinctiveness was MIDTOWN WINE & SPIRITS for the retail sale of alcoholic beverages in the midtown portion of Hattiesburg,

⁶⁵⁹ *Id.* at 1128 (quoting *Zobmondo Entm’t, LLC v. Falls Media, LLC*, 602 F.3d 1108, 1115 (9th Cir. 2010)).

⁶⁶⁰ *Id.*

⁶⁶¹ *Id.* (quoting 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 11:71 (4th ed.)).

⁶⁶² *Id.* (quoting *Zobmondo Entm’t*, 602 F.3d at 1117).

⁶⁶³ *Id.* at 1129.

⁶⁶⁴ *Id.* at 1130.

Mississippi.⁶⁶⁵ The trial court had found the mark generic, but, despite finding “no error” in that determination, the Mississippi Court of Appeals did not itself expressly reach the same conclusion. Noting that “[t]here is no dispute that ‘wine’ and ‘spirits’ are generic terms,”⁶⁶⁶ it held with respect to the final element of the mark that “[t]he word ‘Midtown’ is a common geographical term, generally used to indicate the central part of a city between the uptown and downtown areas”⁶⁶⁷ and “[t]he use of the term ‘Midtown’ does not identify liquor-store services but a general area of a city.”⁶⁶⁸ The court then examined the plaintiff’s evidence of acquired distinctiveness (which it found wanting), suggesting that, rather than being generic, the claimed mark was instead geographically descriptive when viewed in its entirety.

Finally, a New York state trial court applied the traditional rule that surnames are considered descriptive for purposes of their placement on the spectrum of distinctiveness.⁶⁶⁹ The marks at issue were MANNINO’S PIZZERIA RESTAURANT, MANNINO’S RESTAURANT & LOUNGE, and MANNINO’S ITALIAN KITCHEN & LOUNGE, all used in connection with restaurant and catering services. Not surprisingly in light of the generic nature of the accompanying verbiage, the court’s analysis of the marks’ conceptual strength focused on the Mannino surname. It held:

It would be incorrect to insist that the defendant is always entitled to use his own name in business. It would be equally incorrect to insist that the defendant is never entitled to use his own name to compete with the same, and perhaps more famous, business name of the plaintiff. As a consequence, courts generally are hesitant to afford strong protection to proper names, since to do so preempts others with the same name from trading on their own reputation. Thus, a proper name such as “Maninno’s” is inherently weak and accorded only minimal protection as a descriptive mark unless it has acquired a secondary meaning.⁶⁷⁰

(iii) Suggestive Marks

“A mark is suggestive if it merely suggests the features of the product, requiring the purchaser to use imagination, thought, and

⁶⁶⁵ See *T.M.T., LLC v. Midtown Mkt. Wine & Spirits, LLC*, 310 So. 3d 1217 (Miss. Ct. App. 2021).

⁶⁶⁶ *Id.* at 1224.

⁶⁶⁷ *Id.* at 1223.

⁶⁶⁸ *Id.* at 1224.

⁶⁶⁹ See *JFM Corp. v. Mannino’s Bagel Bakery*, 132 N.Y.S.3d 582 (Sup. Ct. 2020).

⁶⁷⁰ *Id.* at 590 (citations omitted).

perception to reach a conclusion as to the nature of the goods”;⁶⁷¹ thus, “[i]f a consumer must use imagination or any type of multistage reasoning to understand the mark’s significance, then the mark does not describe the product’s features, but suggests them.”⁶⁷² Applying substantively identical definitions, several courts reached findings of suggestiveness without extended discussions. For example, a dispute between competitors in the automotive air freshener industry led the Second Circuit to affirm a finding as a matter of law that the BAYSIDE BREEZE mark was suggestive of those goods in a short and succinct analysis: “Bayside Breeze’ is arguably suggestive of the freshening effect of a breeze”⁶⁷³ Another equally succinct conclusion came from the Sixth Circuit, which declined to disturb a finding of suggestiveness for the ATLAS mark when used in connection with the transportation of freight and household items.⁶⁷⁴ And one court found the VETERANS 360 mark suggestive as a matter of law for charitable services focused on supporting veterans with the explanation that “[a]lthough one need not have a substantial amount of imagination to make the inference that 360 is intended to mean comprehensive, this inference is still required nonetheless.”⁶⁷⁵

In addition to those somewhat cursory analyses, a California federal district court found an unregistered mark suggestive despite apparently undisputed evidence that the mark was generic in English-language countries outside the United States, including the United Kingdom.⁶⁷⁶ The mark at issue was TROLLEY BAGS, used by the counterclaim plaintiffs in connection with “reusable shopping bags . . . used with ordinary shopping carts, also known as trolleys.”⁶⁷⁷ There was no dispute that trolley was a generic term for shopping carts in other countries. That consideration was not fatal to the counterclaim plaintiffs’ claim of inherent distinctiveness, however, for, according to the court, “[t]rademarks may be generic

⁶⁷¹ Shandong Shinho Food Indus. Co. v. May Flower Int’l, Inc., 521 F. Supp. 3d 222, 249 (E.D.N.Y. 2021) (quoting Lane Cap. Mgmt., Inc. v. Lane Cap. Mgmt., Inc., 192 F.3d 337, 344 (2d Cir. 1999)).

⁶⁷² Golden Eye Media USA, Inc. v. Trolley Bags UK Ltd., 525 F. Supp. 3d 1145, 1224 (S.D. Cal.) (quoting Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery, 150 F.3d 1042, 1047 n.8 (9th Cir. 1998), *motion to certify appeal granted*, No. 3:18-cv-02109-BEN-LL, 2021 WL 2072382 (S.D. Cal. May 24, 2021), *appeal docketed*, No. 21-2096 (Fed. Cir. June 25, 2021)).

⁶⁷³ Car-Freshner Corp. v. Am. Covers, LLC, 980 F.3d 314, 330 (2d Cir. 2020), *on remand*, No. 5:17-cv-171 (TJM/ATB), 2021 WL 4502281 (N.D.N.Y. Sept. 30, 2021).

⁶⁷⁴ See AWGI, LLC v. Atlas Trucking Co., 998 F.3d 258, 265 (6th Cir. 2021), *reh’g en banc denied* (June 17, 2021).

⁶⁷⁵ Collins v. U.S. Dep’t of Veterans Affs., 497 F. Supp. 3d 885 (S.D. Cal. 2020).

⁶⁷⁶ See Golden Eye Media USA, Inc. v. Trolley Bags UK Ltd., 525 F. Supp. 3d 1145 (S.D. Cal.), *motion to certify appeal granted*, No. 3:18-cv-02109-BEN-LL, 2021 WL 2072382 (S.D. Cal. May 24, 2021), *appeal docketed*, No. 21-2096 (Fed. Cir. June 25, 2021).

⁶⁷⁷ *Id.* at 1174.

in a foreign country and suggestive within the United States.”⁶⁷⁸ The court then concluded from the summary judgment record that:

The term “trolley bag” does, in fact, describe the product. However, the Court finds that the average consumer would not understand “trolley bag” to describe a bag for a shopping cart but rather would require “multistage reasoning to understand the mark’s significance” (e.g., knowing that trolley is a term for a shopping cart in the United Kingdom). Accordingly, the Court determines that the term “trolley bag” is a suggestive mark.⁶⁷⁹

Another case with international and genericness overtones also produced a determination of suggestiveness, this one at the pleadings stage.⁶⁸⁰ By the time it filed an amended complaint in the matter, the plaintiff owned a registration on the Principal Register, for which its predecessor had filed a declaration of incontestability, covering the following composite mark for “food seasonings; sauces; [and] soy bean paste”:⁶⁸¹



The mark’s verbal component transliterated to “CONG BAN LÜ” or “CONG BAN LV” and translates to “Companion of Scallion.”⁶⁸²

The defendants argued the mark was generic, but, as the court held, that argument assumed “that the Chinese characters translate to words that are solely descriptive of the product and that an American trademark examiner may not have appreciated the translation of the CONG BAN LV Mark.”⁶⁸³ In fact, the court further concluded, because the mark was used in connection with soybean paste and bean curd products, “the combination of the translated words ‘scallion’ and ‘companion’ or ‘mate’ do not necessarily ‘conjure[] up the image of the precise good with which it is

⁶⁷⁸ *Id.* at 1223.

⁶⁷⁹ *Id.* at 1224 (citation omitted).

⁶⁸⁰ *See* Shandong Shinho Food Indus. Co. v. May Flower Int’l, Inc., 521 F. Supp. 3d 222 (E.D.N.Y. 2021).

⁶⁸¹ *Id.* at 232 (alteration in original).

⁶⁸² *Id.*

⁶⁸³ *Id.* at 250.

associated’ because the ingredients contained therein are not the same as the words used in the mark itself.”⁶⁸⁴ Beyond that, “the CONG BAN LV Mark is not just a word mark; the Chinese characters are superimposed on a green rectangular background design with a five-petal flower at the top intersecting with the background.”⁶⁸⁵ In the final analysis, “Plaintiff’s CONG BAN LV Mark is suggestive and thus inherently distinctive and entitled to protection.”⁶⁸⁶

A motion for judgment on the pleadings similarly produced a finding of suggestiveness for the registered THE GROW STORE mark when used in connection with retail garden supply stores and mail order garden supply services.⁶⁸⁷ “Unlike the phrases ‘plant store,’ ‘plumbing store,’ and ‘grocery store,’” the court explained, “the phrase ‘grow store’ does not clearly indicate what one purchases from a business using that name. A ‘grow’ is not an object for purchase like a plant, plumbing, or groceries.”⁶⁸⁸ Instead, it found, “[t]he term ‘grow’ calls to mind anything capable of growing, including plants, animals, muscles, or even something abstract like wealth, knowledge, or personal development. It does not obviously refer to garden supplies.”⁶⁸⁹ Moreover, “trademark protection of the phrase ‘the grow store’ does not prevent other garden-supply stores from describing the nature of their businesses.”⁶⁹⁰ All of that meant that “‘grow store’ is suggestive, not generic. It ‘requires the observer or listener to use imagination and perception to determine the nature of the goods.’”⁶⁹¹

Tasked with placing the TRAVELTIME mark for slip-on shoes on the spectrum of distinctiveness in the context of a defense motion for summary judgment, a different court concluded that mark also was suggestive, and not, as the plaintiff argued, arbitrary, or as the defendant argued, merely descriptive.⁶⁹² As the court explained:

“Traveltime” does not necessarily call footwear to mind, nor do the individual words “travel” and “time.” With that said, “Traveltime” is not so abstract that it fails to “communicate any information about the product either directly or by suggestion.” Rather, the ability to associate the term “Traveltime” with footwear requires an imaginative jump.

⁶⁸⁴ *Id.* (footnote omitted) (alteration in original) (quoting *Cross Com. Media, Inc. v. Collective, Inc.*, 841 F.3d 155, 163 (2d Cir. 2016)).

⁶⁸⁵ *Id.* at 251.

⁶⁸⁶ *Id.*

⁶⁸⁷ *See J.M. Smucker Co. v. Hormel Food Corp.*, 526 F. Supp. 3d 285 (N.D. Ohio 2021).

⁶⁸⁸ *Id.* at 290.

⁶⁸⁹ *Id.*

⁶⁹⁰ *Id.*

⁶⁹¹ *Id.* (quoting *Induct-O-Matic v. Inductotherm Corp.*, 747 F.2d 358, 362 (6th Cir. 1984)).

⁶⁹² *See Easy Spirit, LLC v. Skechers U.S.A., Inc.*, 515 F. Supp. 3d 47 (S.D.N.Y. 2021).

“Traveltime” connotes that it is time to engage in movement, and movement often requires putting on a pair of shoes. The Traveltime trademark is therefore suggestive and inherently distinctive.⁶⁹³

A finding of suggestiveness also transpired in litigation to protect the BLIZZARD and THE ORIGINAL BLIZZARD ONLY AT DQ marks for soft-serve ice cream blended with fruit, nuts, candy pieces, and other flavorings.⁶⁹⁴ Noting the defendant’s concession of suggestiveness, the court found it undisputed that “the BLIZZARD® mark requires imagination and reasoning by consumers to make the connection between the cold connotations of the word ‘blizzard’ and [the plaintiff’s] product.”⁶⁹⁵ Moreover, “[the] BLIZZARD® mark is not an arbitrary mark that consists of words in common usage that do not suggest or describe any quality, ingredient, or characteristic of the goods to which they apply.”⁶⁹⁶ “Nor,” the court continued, “is it merely a descriptive mark that conveys an ‘immediate idea of the ingredients, qualities or characteristics of the goods.’”⁶⁹⁷

Finally, although not reaching an actual determination of suggestiveness, the Ninth Circuit entertained an appeal from a district court’s determination as a matter of law that the registered SMARTSYNC mark merely described computer software using compression and replication to transfer data efficiently in bandwidth-challenged environments.⁶⁹⁸ The appellate court concluded from the summary judgment record that “[w]hile we agree with the district court that [the plaintiff’s] mark could be considered descriptive, given the presumption of distinctiveness established by [the plaintiff’s] federal registration, and the elusive nature of the inquiry, a reasonable jury could conclude the mark is suggestive.”⁶⁹⁹ It therefore vacated the defendant’s victory on summary judgment and remanded the matter.

(iv) Arbitrary Marks

Findings of arbitrary marks were rare. One came from the Second Circuit, which agreed with a district court whose decision it was reviewing that BLACK ICE was arbitrary when used in

⁶⁹³ *Id.* at 71-72 (citation omitted).

⁶⁹⁴ *See* Am. Dairy Queen Corp. v. W.B. Mason Co., 543 F. Supp. 3d 695 (D. Minn. 2021).

⁶⁹⁵ *Id.* at 713.

⁶⁹⁶ *Id.*

⁶⁹⁷ *Id.* (quoting Frosty Treats Inc. v. Sony Computer Ent. Am. Inc., 426 F.3d 1001, 1005 (8th Cir. 2005)).

⁶⁹⁸ *See* Ironhawk Techs., Inc. v. Dropbox, Inc., 2 F.4th 1150 (9th Cir. 2021).

⁶⁹⁹ *Id.* at 1162.

connection with automotive air fresheners.⁷⁰⁰ According to the court, “[w]e consider ‘Black Ice’ inherently distinctive. As applied to automotive air fresheners, inclusion of the word ‘ice’ could be thought to suggest a product that has the ability to provide cooling refreshment, but the total phrase ‘Black Ice,’ as applied to an automotive air freshener, is close to, if not actually, arbitrary.”⁷⁰¹

A second finding of arbitrariness transpired in an opinion departing from the usual rule that surnames are considered descriptive when used as a mark.⁷⁰² The mark at issue was HOLBROOK for commercial and industrial fasteners. The plaintiffs seeking to protect the mark apparently did not advise the court of their view of where the mark fell on the spectrum of distinctiveness, but the court still found on their motion for a preliminary injunction that “a fair reading of evidence presented suggests that it is an arbitrary mark, like ‘KODIAK.’”⁷⁰³ The reason for that determination was perhaps apparent in the court’s explanation in a footnote that “Defendants explicitly decline to dispute the protectability of the HolbrookTM mark.”⁷⁰⁴

(v) Coined or Fanciful Marks

As is usually the case, actual findings that marks were coined or fanciful were rare, and, indeed, one opinion that initially reached such a finding wound up waffling on the issue.⁷⁰⁵ Two of three marks sought to be protected by the plaintiffs were SAFEX TOKENS and SAFEX for cryptocurrencies, in connection with which the plaintiffs used a logo. In entering a preliminary injunction against the defendants’ imitation of the marks and logo, the court found that “[the plaintiffs] have shown that their trademark is likely inherently distinctive, because the name and logo, consisting of a made-up word and an abstract image, possibly of a dolphin, bear no intrinsic connection to the products Safex offers using that trademark”⁷⁰⁶ Before long, however, the court also characterized at least the SAFEX mark as arbitrary.⁷⁰⁷

⁷⁰⁰ See *Car-Freshner Corp. v. Am. Covers, LLC*, 980 F.3d 314 (2d Cir. 2020), *on remand*, No. 5:17-cv-171 (TJM/ATB), 2021 WL 4502281 (N.D.N.Y. Sept. 30, 2021).

⁷⁰¹ *Id.* at 329.

⁷⁰² See *Holbrook Mfg. LLC v. Rhyno Mfg., Inc.*, 497 F. Supp. 3d 319 (N.D. Ill. 2020).

⁷⁰³ *Id.* at 330.

⁷⁰⁴ *Id.* at 331.

⁷⁰⁵ See *Safex Found., Inc. v. Safeth, Ltd.*, 531 F. Supp. 3d 285 (D.D.C. 2021).

⁷⁰⁶ *Id.* at 299.

⁷⁰⁷ *Id.*

(b) Determining the Inherent Distinctiveness of Trade Dress and Nontraditional Marks

It may be true in the Second Circuit that “[b]ecause manufacturers and retailers have a virtually unlimited choice of packaging and labeling materials available to them, most packaging trade dress is arbitrary, fanciful or suggestive,”⁷⁰⁸ but an opinion from a New York federal district court demonstrated that plaintiffs may need to do more than simply rely on that proposition to escape motions to dismiss.⁷⁰⁹ On its face, the packaging in the case leading to that result might have seemed like an inherently distinctive indicator of origin for the soybean paste products sold in it by the plaintiff:⁷¹⁰



The court rejected the defendants’ feeble argument that the plaintiff’s claimed trade dress comprised a product configuration, rather than packaging,⁷¹¹ but it otherwise was receptive to the theory that the plaintiff had adequately failed to aver that the packaging was inherently distinctive. It explained its agreement with the plaintiff in the following manner:

⁷⁰⁸ *Nora Beverages, Inc. v. Perrier Grp. of Am., Inc.*, 164 F.3d 736, 743 (2d Cir. 1998).

⁷⁰⁹ *See Shandong Shinho Food Indus. Co. v. May Flower Int’l, Inc.*, 521 F. Supp. 3d 222 (E.D.N.Y. 2021).

⁷¹⁰ *Id.* at 234.

⁷¹¹ As the court explained:

[W]hen the bottle or container for a food or beverage item is not the product itself sought after by consumers but rather contains the product inside, the bottle or container constitutes product packaging trade dress. If, on the other hand, the bottle or container is part of the sought-after product itself, such as with a collector seeking to acquire the bottle in addition to the soda contained therein, the bottle or container may constitute product design trade dress.

Plaintiff’s . . . Trade Dress signifies the soybean product it contains; the container itself is not the product.

Id. at 254 (citation omitted).

Plaintiff has not pled inherent distinctiveness. Plaintiff's container is a "square[-]shaped tub," which is a "common basic shape." While the containers are adorned with particular designs and borders, such as the "yellow color stripe across the bottom portion of the front panel of the product label" and the "green landscape image" positioned "above the yellow color stripe." Plaintiff makes no allegations about similar products offered in the market in which it competes. Accordingly, the Court finds that Plaintiff has not sufficiently pled inherent distinctiveness.⁷¹²

In contrast, a Florida federal district court declined to hold on a defense motion for summary judgment that the appearance of the following cans for an energy drink was not inherently distinctive.⁷¹³



To reach that result, the court applied the familiar tripartite test for inherent distinctiveness originating in the Court of Customs and Patent Appeals' decision in *Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*,⁷¹⁴ holding that:

In assessing inherent distinctiveness, courts must examine the trade dress and consider "whether [it] is a common basic shape or design, whether it is unique or unusual in a particular field, and whether it is a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods."⁷¹⁵

Seeking to establish the allegedly pedestrian nature of the plaintiff's claimed trade dress under the *Seabrook* test, the defendant papered the summary judgment record with examples of allegedly similar designs, including those appearing in the following composite exhibit:⁷¹⁶

⁷¹² *Id.* at 257 (quoting *Star Indus. v. Bacardi & Co.*, 412 F.3d 373, 382 (2d Cir. 2005)).

⁷¹³ *See Vital Pharms., Inc. v. Monster Energy Co.*, 472 F. Supp. 3d 1237, 1252 (S.D. Fla. 2020).

⁷¹⁴ 568 F.2d 1342 (C.C.P.A. 1977).

⁷¹⁵ *Vital Pharms.*, 472 F. Supp. 3d at 1251 (quoting (*Miller's Ale House, Inc. v. Boynton Carolina Ale House, LLC*, 702 F.3d 1322, 1323 (11th Cir. 2012))).

⁷¹⁶ *Id.* at 1244.



The court was unconvinced, at least for purposes of the defendant's motion for summary judgment. It identified several features unique to the plaintiff's cans, including: (1) "a bold, brightly colored rim that spans the top of the can";⁷¹⁷ (2) "the phrase 'POTENT BRAIN AND BODY FUEL' below the product name";⁷¹⁸ (3) "a '0 CALORIES PER CAN' designation, outlined in a white box, on the bottom corner of the front of the can, which is largely absent from the other cans the parties have submitted";⁷¹⁹ (4) a "completely black" background;⁷²⁰ and (5) the plaintiff's "'b' logo."⁷²¹ "Although many of these elements appear *individually* on other energy drink cans," the court held, "a reasonable factfinder could conclude that [the plaintiff's] combination of these elements conveys a 'unique' overall impression."⁷²² The court reinforced that point by quoting the assessment of an employee of the defendant that "[t]hey've used powerful color combinations to really pop off shelf. It's definitely working and managed to capture a new consumer base."⁷²³ As the court concluded, "[i]t is difficult to see how the [plaintiff's] cans could 'pop off the shelf,' so to speak, if the packaging were only a 'mere refinement' of other drinks on the market."⁷²⁴

Likewise, another court declined to hold at the pleadings stage that the following claimed trade dress for a line of "float juices" could not possibly qualify as inherently distinctive:⁷²⁵

⁷¹⁷ *Id.* at 1251.

⁷¹⁸ *Id.*

⁷¹⁹ *Id.*

⁷²⁰ *Id.*

⁷²¹ *Id.*

⁷²² *Id.* at 1252.

⁷²³ *Id.* (emphasis omitted).

⁷²⁴ *Id.*

⁷²⁵ See *Golden Star Wholesale, Inc. v. ZB Importing, Inc.*, 531 F. Supp. 3d 1231, 1239 (E.D. Mich. 2021).



Although citing approvingly to the generic-descriptive-suggestive-fanciful spectrum of distinctiveness first articulated in *Abercrombie & Fitch Co. v. Hunting World, Inc.*,⁷²⁶ the court did not attempt to place the counterclaim plaintiffs’ claimed trade dress on that spectrum. Instead, based on the counterclaim plaintiffs’ description (and photographs) of their cans, and despite the counterclaim defendant’s having pleaded the existence of allegedly similar cans used by third parties in its complaint for a declaratory judgment of noninfringement, the court concluded in rather cursory fashion that the counterclaim plaintiffs had “plausibly set forth sufficient facts to show inherent distinctiveness.”⁷²⁷

(c) Acquired Distinctiveness (Secondary Meaning)

(i) Opinions Finding Acquired Distinctiveness

As always, numerous courts evaluated claims of the existence of acquired distinctiveness by applying multifactor tests for it,⁷²⁸ including a Texas federal district court tasked with determining the protectability of the following frosting design for Bundt cakes:⁷²⁹

⁷²⁶ 537 F.2d 4 (2d Cir. 1976).

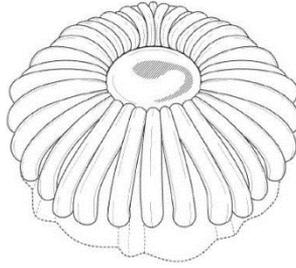
⁷²⁷ *Golden Star Wholesale*, 531 F. Supp. 3d at 1244.

⁷²⁸ For example, although assuming for the purposes of argument that the plaintiffs’ claimed mark had acquired distinctiveness rather than reach an actual finding to that effect, one court observed that:

Factors a court may consider in determining whether the mark has achieved secondary meaning include: (1) extent of sales and advertising that lead to associations by consumers; (2) length of use; (3) exclusivity of use; (4) whether others copy the mark; (5) customer surveys; (6) customer testimony; (7) the mark’s use within trade journals; (8) the size of the seller; (9) the amount of sales; (10) the volume of customers; and (11) actual confusion.

Cornette v. Graver, 473 F. Supp. 3d 437, 462-63 (W.D. Pa. 2020).

⁷²⁹ *Denbra IP Holdings, LLC v. Thornton*, 521 F. Supp. 3d 677, 682 n.1 (E.D. Tex. 2021).



Without discussing the significance of a federal registration covering the design, the court looked to Fifth Circuit authority to hold that:

Courts consider the following to determine if a mark has acquired secondary meaning:

- (1) length and manner of use of the mark or trade dress, (2) volume of sales, (3) amount and manner of advertising, (4) nature of use of the mark or trade dress in newspapers and magazines, (5) consumer-survey evidence, (6) direct consumer testimony, and (7) the defendant's intent in copying the [mark].⁷³⁰

In pursuing a preliminary injunction, the plaintiff benefitted from its showings under each of the relevant factors other than the sixth, beginning with its use of the design for “over two decades,” as well as sales by its franchisees of \$100 million annually.⁷³¹ The plaintiff's “pervasive” advertising also favored a finding of acquired distinctiveness, especially because that advertising helped produce an 83% recognition rate among respondents to a survey commissioned by the plaintiff.⁷³² Finally, although the plaintiff did not adduce direct evidence of the defendant's intentional copying of its design, the defendant had apparently imitated the plaintiff's verbal marks in a manner warranting “an inference that [the defendant] likely intended to replicate other aspects of [the plaintiff's] business as well, such as its frosting patterns.”⁷³³ The plaintiff's frosting therefore had acquired distinctiveness.

(ii) Opinions Declining to Find Acquired Distinctiveness

The Tenth Circuit affirmed a finding on a defense motion for summary judgment that the appearance of a “spiral-bound organizer” had not acquired the secondary meaning necessary to

⁷³⁰ *Id.* at 685 (alteration in original) (quoting *Test Masters Educ. Servs., Inc. v. Robin Singh Educ. Servs., Inc.*, 799 F.3d 437, 445 (5th Cir. 2015)).

⁷³¹ *Id.* at 685.

⁷³² *Id.*

⁷³³ *Id.* at 686.

qualify it for trade dress protection.⁷³⁴ Lacking direct evidence of acquired distinctiveness, “such as consumer surveys or testimony from consumers,”⁷³⁵ the counterclaim plaintiff’s showing consisted only of circumstantial evidence, and even that showing did not extend to all the categories of that evidence the Tenth Circuit previously had recognized as potentially relevant to the inquiry.⁷³⁶ With respect to two of those categories, the court previously had suggested that significant sales and intentional copying by a defendant could create a factual dispute as to the acquired distinctiveness of a claimed trade dress,⁷³⁷ but it greatly limited the applicability of that proposition in litigation to protect trade dress comprising product designs such as the one at issue. To begin with, “[s]tanding alone, sales volume may not be indicative of secondary meaning because it could be related to factors other than source identification.”⁷³⁸ Moreover:

[B]ecause trade-dress protection exists to prevent deception, . . . some evidence [is required] that the trade dress infringement caused deception. For product-packaging trade dress, such deception could be shown by a defendant’s intentional copying, because the “very purpose” of distinctive product packaging is to identify the source. . . .

But these considerations do not hold when the relevant trade dress is for product design, as it is here. Because unlike a product’s packaging, a product’s design often goes directly to its function.⁷³⁹

Adopting an inference in the counterclaim defendant’s (rather than in the counterclaim plaintiff’s) favor, the court affirmed the district court’s entry of summary judgment of nonliability below after concluding that the copying at issue “likely” had been “to take advantage of an already popular layout and size,” which it held

⁷³⁴ See *Craft Smith, LLC v. EC Design, LLC*, 969 F.3d 1092, 1098 (10th Cir. 2020).

⁷³⁵ *Id.* at 1107 (quoting *Water Pik, Inc. v. Med-Sys., Inc.*, 726 F.3d 1136, 1154 (10th Cir. 2013)).

⁷³⁶ Those categories were:

(1) the length and manner of the trade dress’s use; (2) the nature and extent of advertising and promotion of the trade dress; (3) the efforts made in the direction of promoting a conscious connection, in the public’s mind, between the trade dress and a particular product or venture; (4) actual consumer confusion; (5) proof of intentional copying; or (6) evidence of sales volume. Sales volume, however, only suggests secondary meaning when presented in conjunction with other evidence; standing alone, sales volume may not be indicative of secondary meaning because it could be related to factors other than source identification.

Id. (quoting *Savant Homes, Inc. v. Collins*, 809 F.3d 1133, 1148 (10th Cir. 2016)).

⁷³⁷ See *Sally Beauty Co. v. Beautyco, Inc.*, 304 F.3d 964, 977 (10th Cir. 2002).

⁷³⁸ *Craft Smith*, 969 F.3d at 1109 (alteration in origina) (quoting *Sally Beauty*, 304 F.3d at 978).

⁷³⁹ *Id.* at 1110 (quoting *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 212 (2000)).

related “to the product’s functionality, rather than its source.”⁷⁴⁰ Thus, “[f]or product-design trade dress,” the court held, “we decline to adopt a per se rule that evidence of intentional copying and significant sales alone render secondary meaning a jury question.”⁷⁴¹

The court’s skepticism extended beyond its dismissal of the counterclaim defendant’s allegedly intentional copying. It noted from the summary judgment record that, despite the counterclaim plaintiff’s claim of long-standing use, that use was limited to a modest one-year period prior to the counterclaim defendant’s entry into the marketplace; moreover, the counterclaim plaintiff had “routinely altered [its product] significantly, including with new colors, artwork, covers, and layout,” leading the court to observe that “[w]e fail to see how a constantly updated product’s design can develop secondary meaning through long-term use,”⁷⁴² especially because third-party competitors used at least some of the design’s elements.⁷⁴³ The counterclaim plaintiff also lost ground because, rather than calling attention to its claimed trade dress as an indicator of origin, its advertising had emphasized the design’s functionality.⁷⁴⁴ Finally, although the counterclaim plaintiff claimed that third parties had characterized the counterclaim defendant’s design as a “knockoff,” that allegation did not evidence actual consumer confusion and therefore also did not place the lack of distinctiveness of the counterclaim plaintiff’s design into dispute.⁷⁴⁵ The district court therefore properly had entered summary judgment in the counterclaim defendant’s favor.⁷⁴⁶

A finding of no acquired distinctiveness as a matter of law also occurred in litigation brought to protect the appearance of a “a light-weight slip-on mule style [shoe] with an open back” sold under the TRAVELTIME mark.⁷⁴⁷ Prior to turning to the summary judgment record, the New York federal district court reaching that finding held that:

The Second Circuit has identified six non-exclusive factors relevant to the secondary meaning inquiry: “(1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product,

⁷⁴⁰ *Id.*

⁷⁴¹ *Id.* at 1109.

⁷⁴² *Id.* at 1112.

⁷⁴³ *Id.*

⁷⁴⁴ *Id.*

⁷⁴⁵ *Id.*

⁷⁴⁶ *Id.* at 1112-13.

⁷⁴⁷ See *Easy Spirit, LLC v. Skechers U.S.A., Inc.*, 515 F. Supp. 3d 47, 56 (S.D.N.Y. 2021).

(4) sales success, (5) attempts to plagiarize the mark, and (6) length and exclusivity of the mark's use."⁷⁴⁸

With respect to the first of those factors, the summary judgment record established that “[the plaintiff] spent approximately \$8,132,000 on marketing and advertising for [its overall] brand *as a whole* between 2017 and 2019,” but, as the court found, “brand-level marketing and advertising expenditures do not evince secondary meaning for the Traveltime trade dress.”⁷⁴⁹ It similarly dismissed the plaintiff’s claim to have invested “\$96,798 in online search-related fees for the Traveltime shoe between November 2012 and March 2019” because “that modest sum is inadequate to support secondary meaning,”⁷⁵⁰ as well as many of the plaintiff’s proffered examples of advertising because they postdated the introduction of the defendant’s competitive product and failed to emphasize the claimed trade dress.⁷⁵¹ The plaintiff fared even more poorly under the second factor, as it failed to proffer survey evidence of its own, while a survey commissioned by the defendant “found that only 1% of respondents associated the Traveltime trade dress with a single source.”⁷⁵² The “handful” of examples of alleged unsolicited media coverage of the plaintiff’s shoe did not create a factual dispute either, as they “barely discuss[ed]” the shoe’s appearance, “let alone the claimed trade dress.”⁷⁵³ So too did the court decline to credit the plaintiff’s claim that the defendant’s intentional copying demonstrated the distinctiveness of its design, holding instead that “it is well-established in this Circuit that ‘imitative intent . . . does not necessarily mandate’ a finding of secondary meaning,”⁷⁵⁴ especially in light of the apparent absence of copying by parties other than the defendant.⁷⁵⁵ Finally, although the plaintiff’s design had been on the market for “roughly” fourteen years before the introduction of the defendant’s competitive design, the summary judgment record was “filled with images of [the defendant’s] and third-party shoes that [the plaintiff’s] witnesses conceded possess most—and in several cases all—of the Traveltime trade dress elements in combination,” rendering the plaintiff’s use less than exclusive.⁷⁵⁶ The plaintiff’s sale of 396,090 pairs of its shoe before

⁷⁴⁸ *Id.* at 61 (quoting *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc.*, 696 F.3d 206, 226 (2d Cir. 2012)).

⁷⁴⁹ *Id.* at 62.

⁷⁵⁰ *Id.*

⁷⁵¹ *Id.* at 63.

⁷⁵² *Id.*

⁷⁵³ *Id.* at 64.

⁷⁵⁴ *Id.* at 67 (alteration in original) (quoting *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1042 (2d Cir. 1992)).

⁷⁵⁵ *Id.*

⁷⁵⁶ *Id.*

the first sale of the defendant's shoe might weigh in the plaintiff's favor,⁷⁵⁷ but it did not do so strongly enough to prevent the court from granting the defendant's motion for summary judgment under federal law,⁷⁵⁸ as well as under New York law.⁷⁵⁹

A separate cause of action under New York law failed as a matter of law under an application of the same six acquired-distinctiveness factors.⁷⁶⁰ The plaintiffs claimed to own three marks—MANNINO'S PIZZERIA RESTAURANT, MANNINO'S RESTAURANT & LOUNGE, and MANNINO'S ITALIAN KITCHEN & LOUNGE—for restaurant and catering services. The first and third of those marks were covered by federal registrations on the Principal Register, but the possible evidentiary significance of those filings went unaddressed by the court, which instead focused on the cursory nature of the plaintiffs' allegations of acquired distinctiveness. Reviewing a single supporting affidavit proffered by the plaintiffs, the court found that "[h]ere, the plaintiffs contend that the [plaintiffs and their principals] have been operating restaurants . . . using their own name since 1996, that they have expended significant resources to promote their restaurants, and that their brand has become well-known among consumers for high-quality Italian food and outstanding service . . ." ⁷⁶¹ Those "generalized assertions," the court concluded on the parties' cross-motions for summary judgment, were "insufficient to establish that the name 'Mannino' has acquired a secondary meaning."⁷⁶²

Finally, some findings of no acquired distinctiveness came after bench trials.⁷⁶³ For example, the claimed mark at issue was NOT A BANK. BETTER., which the defendant used in connection with credit union services.⁷⁶⁴ Having found the mark descriptive, the court opined that:

"A plaintiff may establish secondary meaning through direct and circumstantial evidence." Direct evidence, such as consumer surveys[,] provides the most persuasive evidence of secondary meaning. "A plaintiff may also establish secondary meaning through circumstantial evidence, such

⁷⁵⁷ *Id.* at 64-65.

⁷⁵⁸ *Id.* at 68.

⁷⁵⁹ *Id.* at 68-70.

⁷⁶⁰ *See JFM Corp. v. Mannino's Bagel Bakery*, 132 N.Y.S.3d 582 (Sup. Ct. 2020).

⁷⁶¹ *Id.* 591.

⁷⁶² *Id.*

⁷⁶³ *See, e.g., T.M.T., LLC v. Midtown Mkt. Wine & Spirits, LLC*, 310 So. 3d 1217, 1225 (Miss. Ct. App. 2021) (affirming finding of no acquired distinctiveness without extended analysis).

⁷⁶⁴ *See San Diego Cty. Credit Union v. Citizens Equity First Credit Union*, 541 F. Supp. 3d 1110 (S.D. Cal. 2021), *appeal docketed*, No. 21-55642 (9th Cir. June 21, 2021)).

as: exclusivity, manner, and length of use, amount and manner of advertising, amount of sales and the number of customers, and plaintiff's established place in the market.⁷⁶⁵

The court then found the defendant's showings under those considerations deficient, in substantial part because of the court's finding that the defendant used NOT A BANK. BETTER. primarily in conjunction with its CEFCU house mark. That determination led the court to discount evidence and testimony that otherwise established: (1) the defendant's use of NOT A BANK. BETTER. for fourteen years;⁷⁶⁶ (2) "tens of millions of dollars spent on print, television, radio, internet and member education activity";⁷⁶⁷ (3) "hundreds of millions of dollars earned" under the claimed mark;⁷⁶⁸ (4) "tens of thousands of new members attracted while using the [claimed mark]";⁷⁶⁹ (5) "billions of dollars of assets managed";⁷⁷⁰ (6) an absence of evidence of third-party use of similar marks;⁷⁷¹ and (7) evidence that a secondary meaning survey commissioned by the defendant had yielded a net positive rate of 27%.⁷⁷² The court dismissed the first five of those showings because they related only to the acquired distinctiveness of the combination CEFCU NOT A BANK. BETTER. mark. It then rejected the sixth because "nonuse of the tagline by competitors, by itself, cannot demonstrate secondary meaning"⁷⁷³ and the seventh because the methodology used by the plaintiff's expert was not a matter of record.⁷⁷⁴ Finally, the court similarly declined to credit the (undisclosed) results of a confusion survey commissioned by the defendant because of numerous perceived flaws in the survey's methodology.⁷⁷⁵

(iii) Opinions Deferring Resolution of the Acquired-Distinctiveness Inquiry

Courts declining to resolve the acquired-distinctiveness inquiry included an unusually large number called upon to rule on motions to dismiss on the subject. One did so in litigation that arose between the domestic distributor of ballet shoes manufactured by a Russian

⁷⁶⁵ *Id.* at 1131 (quoting *Cont'l Lab'y Prods., Inc. v. Medax Int'l, Inc.*, 114 F. Supp. 2d 992, 999 (S.D. Cal. 2000)).

⁷⁶⁶ *Id.*

⁷⁶⁷ *Id.*

⁷⁶⁸ *Id.*

⁷⁶⁹ *Id.*

⁷⁷⁰ *Id.*

⁷⁷¹ *Id.*

⁷⁷² *Id.*

⁷⁷³ *Id.* at 1131-32.

⁷⁷⁴ *Id.* 1132.

⁷⁷⁵ *Id.* at 1132-36.

company after the distributor filed suit against the manufacturer and its principals and those parties asserted counterclaims for infringement of the trade dress of a shoe configuration.⁷⁷⁶ After the distributor (and now counterclaim defendant) moved to dismiss the counterclaim plaintiffs' accusation of trade dress infringement, the Pennsylvania federal district court hearing the case identified the following Third Circuit factors as governing the relevant inquiry into whether the trade dress had achieved the secondary meaning required to qualify it for protection:

- (1) the extent of sales and advertising leading to buyer association;
- (2) length of use;
- (3) exclusivity of use;
- (4) the fact of copying;
- (5) customer surveys;
- (6) customer testimony;
- (7) the use of the mark in trade journals;
- (8) the size of the company;
- (9) the number of sales;
- (10) the number of customers; and
- (11) actual confusion.⁷⁷⁷

The court then reviewed the allegations of the complaint bearing on these factors, which averred: (1) the lead counterclaim plaintiff's exclusive use of the claimed trade dress; (2) its use of the trade dress from over three decades; (3) its sale of over one million pairs of shoes; (4) the fact that its aggregate sales ranged from "between \$45 million and \$60 million dollars"; (5) the "extensive advertising efforts" necessary to achieve those sales; (6) association by the trade and the public of the shoes' configuration with the lead plaintiff; and (7) the counterclaim defendant's intentional copying of the shoes' configuration.⁷⁷⁸ Citing to authority applying Second Circuit law,⁷⁷⁹ the counterclaim defendant argued that the counterclaim plaintiffs' averments were deficient because they failed to "plead that the advertisements and sales stressed or emphasized the alleged trade dress,"⁷⁸⁰ but the court opted to rely on Third Circuit case law instead. Observing that "[a]lthough courts in the Second Circuit apply stringent standards for alleging these claims, courts in this Circuit are more flexible as to claimants,"⁷⁸¹ it denied the counterclaim defendant's motion to dismiss because "[a]t the [pleadings] stage, the Court finds that [the lead counterclaim defendants] plausibly alleged secondary meaning by alleging length

⁷⁷⁶ See *I.M. Wilson, Inc. v. Otvstvennostyou "Grichko,"* 500 F. Supp. 3d 380 (E.D. Pa. 2020), *later proceedings*, No. 18-5194, 2020 WL 6703585 (E.D. Pa. Nov. 13, 2020).

⁷⁷⁷ *Id.* at 409 (quoting *Commerce Nat'l Ins. Servs., Inc. v. Commerce Ins. Agency, Inc.*, 214 F.3d 432, 438 (3d Cir. 2000)).

⁷⁷⁸ *Id.*

⁷⁷⁹ See *Carson Optical, Inc. v. Prym Consumer USA, Inc.*, 11 F. Supp. 3d 317, 343-44 (E.D.N.Y. 2014).

⁷⁸⁰ *I.M. Wilson*, 500 F. Supp. 3d at 410.

⁷⁸¹ *Id.*

of use, exclusivity of use, the size of the company, the alleged fact of copying, and the number of sales.”⁷⁸²

A complaint seeking to protect another claimed trade dress—that of the packaging for the plaintiff’s soybean paste and bean curd products—also survived a motion to dismiss grounded in the theory that the plaintiff had failed sufficiently to aver that the packaging had acquired distinctiveness.⁷⁸³ In reaching that conclusion, the New York federal district court assigned to the case initially noted that “[t]o assess whether a trade dress has acquired secondary meaning, courts in the Second Circuit consider the following factors: ‘(1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and, (6) length and exclusivity of the mark’s use.’”⁷⁸⁴ It then concluded that “Plaintiff has plausibly pled secondary meaning for the . . . Trade Dress because it has offered evidence as to the first, second, and sixth factors — advertising expenditures, consumer studies linking the mark to a source, and the length and exclusivity of the mark’s use.”⁷⁸⁵ The court did not require particularly compelling averments with respect to the first factor, instead crediting the plaintiff’s claim to have featured its packaging “in advertising and other materials.”⁷⁸⁶ But the plaintiff’s averments of its survey evidence were considerably more detailed: (1) a secondary meaning survey of 800 respondents had yielded a positive response rate of 80%; and (2) 11.7% of respondents to a confusion survey believed the defendants’ competitive product “put out by a company that is affiliated, connected, or associated with the company that puts out [the plaintiff’s] product,’ which suggests that the product [packaging’s] appearance was linked to the product’s source.”⁷⁸⁷ And, finally, the plaintiff’s claim to have used its packaging for ten years weighed against dismissal.⁷⁸⁸ The court therefore sustained the alleged protectability of the plaintiff’s claimed trade dress against the defendants’ attack, despite finding the plaintiff’s averments (or lack thereof) of sales success, unsolicited media coverage, and intentional copying lacking in detail.⁷⁸⁹

⁷⁸² *Id.*

⁷⁸³ *See* Shandong Shinho Food Indus. Co. v. May Flower Int’l, Inc., 521 F. Supp. 3d 222 (E.D.N.Y. 2021).

⁷⁸⁴ *Id.* at 258 (quoting Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc., 696 F.3d 206, 226 (2d Cir. 2012)).

⁷⁸⁵ *Id.*

⁷⁸⁶ *Id.*

⁷⁸⁷ *Id.*

⁷⁸⁸ *Id.* at 259.

⁷⁸⁹ *Id.* at 258, 259.

The claimant to a separate packaging trade dress, namely, the appearance of the cans of a line of energy drinks also survived an acquired-distinctiveness-based motion to dismiss.⁷⁹⁰ In denying the motion, the Michigan federal district court entertaining it looked to Sixth Circuit authority to hold that:

The court applies a seven-factor test to determine whether a trade dress has acquired secondary meaning: “(1) direct consumer testimony, (2) consumer surveys, (3) exclusivity, length, and manner of use, (4) amount and manner of advertising, (5) amount of sales and number of customers, (6) established place in the market, and (7) proof of intentional copying.”⁷⁹¹

To begin with, the court noted, “[the plaintiff] adequately pleads that [the defendant] intentionally copied the appearance of its [packaging] On its own, that allegation may be sufficient to survive dismissal because ‘evidence of intentional copying shows the strong secondary meaning of [a product].’”⁷⁹² There was more to the relevant allegations in the plaintiff’s complaint than a mere accusation of copying, however, for that pleading also recited that the plaintiff’s cans were well-known to consumers and associated with the plaintiff’s verbal brand, that its trade dress was “used globally in more than 70 countries,” and that it had “imported, marketed, sold and distributed” its products in Michigan “[f]or several years.”⁷⁹³

A final unsuccessful motion to dismiss was filed in response to a complaint averring protectable rights to a system of unique identifiers for healthcare entities.⁷⁹⁴ According to the court’s summary of the operative pleading, the complaint alleged that because of “[Plaintiff’s] continuous, widespread, and exclusive use of a 9-digit alphanumeric identifier for healthcare trading partners for over thirty years, . . . customers have come to associate any 9-digit alphanumeric identifier of a trading partner in the healthcare supply chain as being an identifier generated by [Plaintiff].”⁷⁹⁵ In addition, the court continued, “Plaintiff also alleges that it has received complaints from confused customers and has attached

⁷⁹⁰ See *Golden Star Wholesale, Inc. v. ZB Importing, Inc.*, 531 F. Supp. 3d 1231 (E.D. Mich. 2021).

⁷⁹¹ *Id.* at 1243-44 (quoting *Gen. Motors Corp. v. Lanard Toys, Inc.*, 468 F.3d 405, 418 (6th Cir. 2006)).

⁷⁹² *Id.* at 1245 (fifth alteration in original) (quoting *Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, Inc.*, 280 F.3d 619, 639 (6th Cir. 2002)).

⁷⁹³ *Id.*

⁷⁹⁴ See *Health Indus. Bus. Commc’ns Council Inc. v. Animal Health Inst.*, 481 F. Supp. 3d 941 (D. Ariz. 2020).

⁷⁹⁵ *Id.* at 953.

examples to the Complaint as exhibits.”⁷⁹⁶ It therefore declined to resolve the matter prior to the proof stage of the case, holding instead that “[t]hese allegations are sufficient to allege secondary meaning at the motion to dismiss stage.”⁷⁹⁷

Beyond unsuccessful motions to dismiss, factual disputes at the summary judgment stage of cases also led courts to defer resolution of the acquired-distinctiveness inquiry. One did so in an action brought to protect the admittedly descriptive FLOOR DECOR mark for the retail sale and installation of carpet, vinyl, and hard-surface flooring.⁷⁹⁸ Weighing the plaintiff’s claim that its mark had acquired distinctiveness as a matter of law prior to the defendant’s entry into the relevant market in 2015, the court examined six factors, namely: “(1) length and exclusivity of use; (2) advertising expenditures; (3) consumer studies linking the product to the product source; (4) sales success; (5) unsolicited media coverage of the product; and (6) attempts to plagiarize.”⁷⁹⁹ Denying the plaintiff’s motion for summary judgment on the issue, the court did not address the sixth factor, but it credited the defendant’s showings under the first five that: (1) the plaintiff had used marks other than the one it sought to protect, and third parties had used similar ones;⁸⁰⁰ (2) the plaintiff’s showing of advertising expenditures was testimonial, not documentary, in nature, and not tailored to the particular mark at issue;⁸⁰¹ (3) the results of a survey commissioned by the defendant yielded a meager net positive rate of 2.5%;⁸⁰² (4) the defendant’s showing of sales success was largely testimonial and supported by records dating back to only 2011;⁸⁰³ and (5) “[t]he only media coverage identified dates to one event in 1984, when the Mayor of Rockville Centre[, New York] gave Plaintiff an award for ‘most improved building’ at its new location’s grand opening.”⁸⁰⁴ “A rational trier of fact,” the court concluded, “could rely on the consumer study’s conclusions and the absence of unsolicited media coverage to find in Defendant’s favor on this issue. Therefore, granting summary judgment to Plaintiff is not appropriate.”⁸⁰⁵

The reverse outcome—namely, that a reasonable fact finder could find the existence of acquired distinctiveness for a claimed

⁷⁹⁶ *Id.*

⁷⁹⁷ *Id.*

⁷⁹⁸ See *RVC Floor Decor, Ltd. v. Floor & Decor Outlets of Am., Inc.*, 527 F. Supp. 3d 305 (E.D.N.Y. 2021).

⁷⁹⁹ *Id.* at 316.

⁸⁰⁰ *Id.* at 318-19.

⁸⁰¹ *Id.* at 319.

⁸⁰² *Id.* at 319-20.

⁸⁰³ *Id.* at 320.

⁸⁰⁴ *Id.*

⁸⁰⁵ *Id.* at 321.

packaging trade dress—led to the denial of a defense motion for summary judgment under an application of the Eleventh Circuit’s standard factors:

- (1) The length and manner of its use; (2) the nature and extent of advertising and promotion; (3) the efforts made by the plaintiff to promote a conscious connection in the public’s mind between the trade dress and the plaintiff’s business; and (4) the extent to which the public actually identifies the trade dress with the plaintiff’s products.⁸⁰⁶

The plaintiff did not adduce survey evidence in response to the defendant’s motion for summary judgment, but it did establish to the court’s satisfaction that it had enjoyed the substantially exclusive use of the cans for its energy drinks for over three years before the defendant’s introduction of competing beverages in allegedly confusingly similar cans; that “relatively short amount of time” might not be “a particularly strong indication of secondary meaning,” but it nevertheless weighed in the plaintiff’s favor.⁸⁰⁷ The court then not only credited the plaintiff’s showings of a \$1.7 million advertising spend prior to the defendant’s entry into the market, but also found that the following graphics from the plaintiff’s advertising “*prominently featured*” the claimed trade dress in a manner emphasizing and calling attention to it, even if the graphics did not necessarily qualify as “look-for” advertising:⁸⁰⁸



As a final relevant consideration, the court found the following illustration of the defendant’s possible intentional copying of the plaintiff’s trade dress, especially considering internal documents produced by the defendant repeatedly referencing the appearance of the plaintiff’s cans throughout the design of the cans for the defendant’s REIGN-branded drinks:⁸⁰⁹

⁸⁰⁶ Vital Pharms., Inc. v. Monster Energy Co., 472 F. Supp. 3d 1237, 1255 (S.D. Fla. 2020) (quoting Olem Shoe Corp. v. Wash. Shoe Co., No. 09-23494-CIV, 2011 WL 6202282, at *20 (S.D. Fla. Dec. 1, 2011), *aff’d*, 591 F. App’x 873 (11th Cir. 2015)).

⁸⁰⁷ *Id.*

⁸⁰⁸ *Id.* at 1257-58.

⁸⁰⁹ *Id.* at 1259.



Although the defendant characterized that evidence as reflecting an intent to compete, rather than necessarily an intent to copy, a reasonable fact finder could take the opposite view. A factual dispute over the acquired distinctiveness of the plaintiff's trade dress therefore precluded the entry of summary judgment in the defendant's favor.⁸¹⁰

(d) Survey Evidence of Distinctiveness

As was the case in the context of confusion surveys, the methodology of surveys conducted to measure mark distinctiveness received unusually little attention. The leading exception to that general characteristic of reported opinions transpired in a district court appeal from a finding of genericness for the claimed "pretzel crisp" mark.⁸¹¹ Seeking the reversal of that finding, the plaintiff invoked the results of a *Teflon* survey⁸¹² indicating that a net 55% of respondents recognized the claimed mark as a brand name. The court, however, took issue with numerous perceived flaws in the methodology and analysis of the expert under whose supervision the survey had been conducted, beginning with her acknowledgement that the results had "a maximum sampling error of approximately +/-7 percentage points at the 95% confidence level";⁸¹³ taking that acknowledgement into account, the court concluded that "a finding that fewer than a majority of respondents perceived PRETZEL CRISPS as a brand is within the survey's margin of error."⁸¹⁴ It was

⁸¹⁰ *Id.* at 1260.

⁸¹¹ See *Snyder's Lance, Inc. v. Frito-Lay N. Am., Inc.*, 542 F. Supp. 3d 371 (W.D.N.C. 2021), appeal dismissed, No. 21-1758, 2021 WL 6330712 (4th Cir. Aug. 31, 2021).

⁸¹² See *E. I. DuPont de Nemours & Co. v. Yoshida Intern., Inc.*, 393 F. Supp. 502 (E.D.N.Y. 1975).

⁸¹³ *Snyder's Lance*, 542 F. Supp. 3d at 399.

⁸¹⁴ *Id.* at 400.

no more generous in its discussion of the survey's controls, one of which was properly recognized by "less than half" of respondents as a brand,⁸¹⁵ a perceived flaw that the court saw as evidence that that a substantial portion of the survey results reflect secondary meaning (the association of a product with a particular source) rather than a recognition of genericness."⁸¹⁶

If the results of the plaintiff's genericness survey did not establish the mark's protectability, the results of its acquired distinctiveness survey were affirmatively harmful to its claim of nongenericness. The expert responsible for that survey opined that a net 38.7% of respondents associated the words "pretzel crisp" with only a single company, but the court found that net percentage favored the defendant because the second survey also used a *Teflon* format: "Although [the expert responsible for the second survey] argues that he didn't specifically ask the participants if each term was a 'brand' or 'common' name, in light of the clear instructions given at the beginning of the survey, the Court finds this survey is close to the functional equivalent."⁸¹⁷ "Therefore," it concluded, "the [second] Survey is clear evidence that its consumer respondents primarily perceived PRETZEL CRISPS as a "common" (i.e., generic) name associated with more than one company in accordance with the instructions they were given. Accordingly, the Court finds that [that] supports a finding that PRETZEL CRISPS is a generic mark [sic]."⁸¹⁸

Another examination of the results of a distinctiveness survey came in a case in which the defendant's survey expert tested for the acquired distinctiveness of an unregistered mark used in connection with the retail sale and installation of "carpet, vinyl and hard surface flooring," as well as "bedding, furniture, fabrics, barware, vases, mirrors, wall art, interior design services, and window

⁸¹⁵ According to the court:

[T]he answers of the survey respondents with respect to a number of the "control" terms do not inspire confidence in the survey results and appear to reflect that the survey respondents' choices may have been driven, in significant part, by commercial success or notoriety rather than a valid assessment of the distinction between generic and trademark names. While over 90% of respondents correctly identified "macadamia nuts" and "onion rings" as generic names, 25% incorrectly identified "gourmet popcorn" as a brand. More significantly, less than half of respondents correctly identified FLAVOR TWISTS (which are twisted corn chips) as a brand. The Court finds that this failure indicates that the bulk of survey respondents did not fully understand the distinction between common names and brands. The mark FLAVOR TWISTS is plainly not a common name (TWISTS is certainly not a common name for corn chips, if it has any "common" meaning at all).

Id. at 400.

⁸¹⁶ *Id.*

⁸¹⁷ *Id.* at 403.

⁸¹⁸ *Id.*

treatment[s].”⁸¹⁹ The survey’s universe comprised respondents who were potential purchasers of the plaintiff’s goods and services and excluded homeowners. Although the plaintiff challenged that decision, the court was unconcerned by it, concluding that “excluding homeowners does not necessarily suggest [the expert] failed to consider ‘a representative sample’ consumer population.”⁸²⁰ The court therefore credited the modest 2.5% net positive results from the survey, concluding that “[t]he ‘consumer studies’ factor weighs against secondary meaning because Plaintiff has not submitted any opposing study that supports its case.”⁸²¹

In contrast, the results of two surveys proffered by a defendant to prove the acquired distinctiveness of its NOT A BANK. BETTER. mark for credit union services met with judicial misfortune after a full trial on the issue.⁸²² The court discounted the results of the first survey because its methodology was not a matter of record, and it identified several perceived flaws in the methodology of the second. The first of those perceived flaws was that the survey had been conducted to measure the degree of actual confusion between the parties’ marks, which led the court to find that “[the] confusion survey questions did not test for secondary meaning and [the defendant] has not explained how the questions posed to the respondents could elicit secondary meaning.”⁸²³ Another was the involvement of the defendant’s lead counsel in the survey’s preparation, which called into question “the reliability of the questions that were . . . modified by input from [that] counsel, who is not a survey expert.”⁸²⁴ Beyond those considerations, the court credited testimony by rebuttal experts retained by the plaintiff that the following questions merely allowed respondents to guess, a circumstance that merited giving responses to them reduced weight:

Q64 Please indicate whether this slogan is one you have, or have not, ever seen or heard used by a financial institution in the greater Peoria area? . . .

Q66 If you know or have an opinion, what financial institution uses [the defendant’s claimed mark]? (please be as specific as possible)[.]⁸²⁵

The court then faulted the survey’s controls—YOUR MONEY WORKS HERE and THE FUTURE IS YOURS TO SAVE—because

⁸¹⁹ RVC Floor Decor, Ltd. v. Floor & Decor Outlets of Am., Inc., 527 F. Supp. 3d 305, 313 (E.D.N.Y. 2021).

⁸²⁰ *Id.* at 320.

⁸²¹ *Id.*

⁸²² See San Diego Cty. Credit Union v. Citizens Equity First Credit Union, 541 F. Supp. 3d 1110 (S.D. Cal. 2021), *appeal docketed*, No. 21-55642 (9th Cir. June 21, 2021).

⁸²³ *Id.* at 1133.

⁸²⁴ *Id.*

⁸²⁵ *Id.* (first alteration in original).

they did not follow the “general rule” that controls should be as similar as possible to the test stimulus without infringing.⁸²⁶ Finally, the survey both did not exclude the defendants’ own customers from the universe of respondents and did not change the order of the key questions.⁸²⁷ Consequently, although acknowledging the possibility of the results of a confusion survey establishing the existence of acquired distinctiveness,⁸²⁸ the court found that the results of the particular survey at issue failed to do so.⁸²⁹

(3) Nonfunctionality

(a) Utilitarian Nonfunctionality

Some opinions reached findings of utilitarian functionality as a matter of law,⁸³⁰ with two federal appellate opinions doing so coming perilously close to eliminating the distinction between de jure and de facto functionality. In the first, the Third Circuit declined to give dispositive effect to the disclosure of a related utility patent in an action brought to protect the configuration of the following snack food:⁸³¹



On appeal, the appellate court identified four nonexhaustive categories of evidence and testimony relevant to the protectability of the plaintiff’s configuration, namely: (1) the parties’ respective showings on the issue of whether the configuration made the

⁸²⁶ *Id.* at 1136.

⁸²⁷ *Id.*

⁸²⁸ *Id.* at 1132 (“It is true that evidence proving secondary meaning and evidence proving likelihood of confusion may sometimes overlap. But not always.” (quoting Parks LLC v. Tyson Foods, Inc., 863 F.3d 220, 234 (3d Cir. 2017))).

⁸²⁹ *Id.* at 136.

⁸³⁰ *See, e.g.*, Shandong Shinho Food Indus. Co. v. May Flower Int’l, Inc., 521 F. Supp. 3d 222, 260-61 (E.D.N.Y. 2021) (granting motion to dismiss complaint alleging infringement of packaging trade dress based on failure to address issue outside a single sentence claiming nonfunctionality); *cf.* Aluminum Trailer Co. v. Westchester Fire Ins. Co., 522 F. Supp. 3d 464, 470-74 (N.D. Ind. 2021) (granting insurance carrier’s motion for summary judgment based on absence of allegations of nonfunctionality from complaint in underlying action), *aff’d*, No. 21-1538, 2022 WL 278614 (7th Cir. Jan. 31, 2022).

⁸³¹ *See Ezaki Glico Kabushiki Kaisha v. Lotte Int’l Am. Corp.*, 986 F.3d 250, 259 (3d Cir. 2021), *as amended* (Mar. 10, 2021), *cert. denied*, 142 S. Ct. 420 (2021).

product work better; (2) advertising touting the configuration's functionality; (3) the existence of a utility patent in which the configuration was claimed; and (4) the availability of alternative designs.⁸³²

The district court found the configuration functional as a matter of law based in part on a utility patent owned by the plaintiff, but the Third Circuit declined to affirm on that basis. On the contrary, it observed with respect to the patent that:

The trade dress that [the plaintiff] defends is a stick-shaped snack that is partly coated with chocolate or cream. Yet those features are not the “central advance” of its utility patent. Instead, the patent’s innovation is a better method for making the snack’s stick shape. The method is useful for making the shape whether or not the shape itself is useful for anything. Thus, the patent’s mention of the shape says nothing about whether the shape is functional.⁸³³

Instead, the court rejected the plaintiff’s appeal based on the configuration’s inherent utility. According to its definition of functionality, “something is functional as long as it is ‘practical, utilitarian’—in a word, useful. The word requires nothing more.”⁸³⁴ Applying that definition, the court concluded from the summary judgment record that:

Every feature of [the plaintiffs’] [configuration] relates to the practical functions of holding, eating, sharing, or packing the snack. Consider each stick’s uncoated handle. [The plaintiffs’] internal documents show that it wanted to make a snack that people could eat without getting chocolate on their hands. [The product] was born when [the plaintiffs] found that [they] could coat just part of a cookie stick, leaving people an uncoated place to hold it. So [they] designed [the product’s] handle to be useful.⁸³⁵

Although paying lip service to its two other categories of relevant evidence and testimony—finding that the plaintiff’s advertising touted the “useful features” of its configuration,⁸³⁶ and that the plaintiff’s proffered nine alternative designs were unimpressive⁸³⁷—the court therefore affirmed because “[t]here is no real dispute that [the plaintiff’s] design is useful, so the trade dress is not protectable.”⁸³⁸

⁸³² *Id.*

⁸³³ *Id.* at 260.

⁸³⁴ *Id.* at 256 (quoting *Functional*, OXFORD ENG. DICTIONARY (2d ed. 1989)).

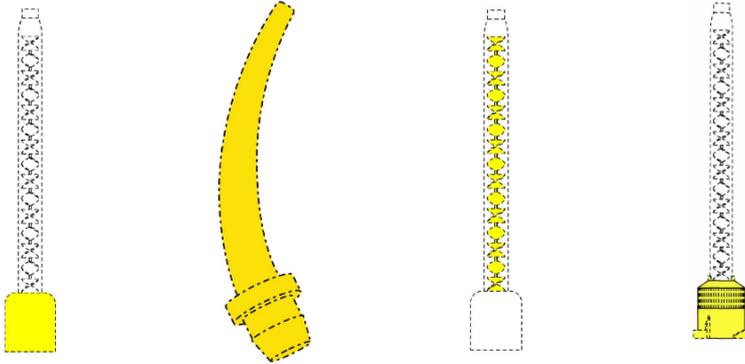
⁸³⁵ *Id.* at 259.

⁸³⁶ *Id.* at 260.

⁸³⁷ *Id.*

⁸³⁸ *Id.* at 260-61.

The Second Circuit also found functionality as a matter of law in an action in which no related utility patent played a role.⁸³⁹ The claimed designation of origin at issue was a color-coding system for mixing tips and cartridges used by dentists to create impressions of teeth. The plaintiff had secured federal registrations of its colors, examples of which appear below:⁸⁴⁰



The district court had reached a factual finding that the plaintiff's colors were nonfunctional, but the appellate court reversed that determination outright. The latter tribunal noted that "[i]n our Circuit, 'a product feature is considered to be "functional" in a utilitarian sense if it is (1) essential to the use or purpose of the article,' or if it (2) 'affects the cost or quality of the article.'"⁸⁴¹ Focusing on the second part of the second prong of that test,⁸⁴² the court determined that "[t]he evidence elicited at the bench trial . . . firmly establishes that the colors [of the mixing tips] signify diameter, which in turn assists users with selecting the proper cartridge for their needs."⁸⁴³ That rendered the colors functional and unprotectable as a matter of law, thereby obviating the need for the

⁸³⁹ See *Sulzer Mixpac AG v. A&N Trading Co.*, 988 F.3d 174 (2d Cir. 2021).

⁸⁴⁰ The illustrations in the text accompanying this footnote do not appear in the opinion but are reproduced from the file-wrapper histories of U.S. Registration Nos. 4674109, 5252589, 5337287, and 3762232.

⁸⁴¹ *Sulzer Mixpac*, 988 F.3d at 182 (quoting *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc.*, 696 F.3d 206, 219 (2d Cir. 2012)).

⁸⁴² The court expressly eschewed reliance on evidence of whether the plaintiff's registered color marks were essential to the use or purpose of the goods associated with the marks. See *id.* at 182-83 ("The evidence elicited at the bench trial does not support [the defendants'] argument that use of colors on mixing tips is essential to use of the product. . . . The district court did not make a factual finding that colors are essential to the use or purpose of mixing tips, and we decline to do so on this record."). Likewise, it affirmed the district court's factual finding that the addition of the disputed colors to Petitioner's goods increased Petitioner's manufacturing costs. *Id.* at 182.

⁸⁴³ *Id.* at 183.

court to address the defendants' challenge to the district court's finding of liability.⁸⁴⁴

In contrast, a Georgia federal district court declined to reach a finding of either utilitarian functionality or utilitarian nonfunctionality as a matter of law for the following configuration of an office chair:⁸⁴⁵



In denying the parties' cross-motions for summary judgment on the issue, the court credited the defendant's "extraordinary effort to separate out each individual part of the [plaintiff's] chairs and explain the functional purpose for each part, and the evidence shows that many aspects of the . . . chairs indeed have functional purposes."⁸⁴⁶ Nevertheless, it also accepted the plaintiff's argument that the chair's overall appearance was sufficiently unique as to be nonfunctional.⁸⁴⁷ Consequently, neither party was entitled to summary judgment.⁸⁴⁸

Finally, the inherently factual nature of the utilitarian functionality inquiry led some courts to decline to grant motions to dismiss for failure to state claims. For example, while denying a motion to dismiss, one court explained that "[f]unctionality is 'typically a fact-intensive inquiry.' For this reason, 'some courts have held that it is improper to resolve the issue at the pleadings stage.'"⁸⁴⁹ The court did not describe in detail the complaint's allegations of the nonfunctionality of the plaintiff's claimed system

⁸⁴⁴ *Id.* at 183-84.

⁸⁴⁵ *See Herman Miller, Inc. v. Belnick LLC*, 510 F. Supp. 3d 1342 (N.D. Ga. 2021). The illustration in the text accompanying this footnote does not appear in the court's opinion but is reproduced from the file-wrapper history of U.S. Registration No. 3105591.

⁸⁴⁶ *Herman Miller*, 510 F. Supp. 3d at 1352.

⁸⁴⁷ *Id.*

⁸⁴⁸ *Id.*

⁸⁴⁹ *Health Indus. Bus. Comm'ns Council v. Animal Health Inst.*, 481 F. Supp. 3d 941, 952 (D. Ariz. 2020) (quoting *Century Int'l Arms Inc. v. XTech Tactical LLC*, No. CV-18-03404-PHX-GMS, No. CV-18-03404-PHX-GMS, 2019 WL 2269392, at *2 (D. Ariz. May 28, 2019)).

of unique numerical identifiers for healthcare entities, but, whatever they may have been, they were enough to allow the plaintiff's case to survive until the proof stage.

Another tribunal denying a motion to dismiss had before it a claim of trade dress rights to the appearance of a line of ballet shoes, of which it remarked that “[c]ertain aspects of the alleged trade dress could be seen as inherently functional (i.e., ‘the unique identifier number’ used to identify the cobbler that inspected the shoes, the placement and orientation of the size and width markings).”⁸⁵⁰ “Even so,” it continued, “other aspects of the trade dress are plausibly inherently aesthetic (i.e., the pink satin trim, white inner sole, stitch patterns, and diamond sole mark)—and thus nonfunctional.”⁸⁵¹ Thus, in the final analysis, “[a]lthough [the lead counterclaim defendant] emphasizes potentially functional purposes of the various elements of the alleged trade dress, the Court finds that the elements, taken together, could plausibly achieve a nonfunctional ‘composite tapestry of visual effects.’”⁸⁵²

(b) Aesthetic Nonfunctionality

Denying a pair of cross-motions for summary judgment, a Georgia federal district court found a dispute over the aesthetic functionality or nonfunctionality of the configuration of an office chair.⁸⁵³ Drawing upon the Supreme Court's opinion in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*,⁸⁵⁴ the court noted that:

A claimed trade dress has aesthetic functionality if it serves an aesthetic purpose wholly independent of any source identifying function, such that its protection under trademark law would put competitors at a “significant non-reputation-related disadvantage” by forcing them to use alternative designs that would make their products more costly to sell or would make their products less marketable for reasons having nothing to do with the reputation of any source.⁸⁵⁵

The court's analysis of the defendant's motion for summary judgment was more detailed than that of the plaintiff's cross-motion. In denying the former, it noted the plaintiff's proffer of “evidence to show that its aesthetic and artistic configurations of

⁸⁵⁰ *I.M. Wilson, Inc. v. Otvetstvennostyou “Grichko,”* 500 F. Supp. 3d 380, 408-09 (E.D. Pa. 2020) (quoting *Fair Wind Sailing, Inc. v. Dempster*, 764 F.3d 303, 311 (3d Cir. 2014)), later proceedings, No. 18-5194, 2020 WL 6703585 (E.D. Pa. Nov. 13, 2020).

⁸⁵¹ *Id.* at 409 (footnote omitted).

⁸⁵² *Id.* (quoting *Fair Wind Sailing*, 764 F.3d at 311).

⁸⁵³ See *Herman Miller, Inc. v. Belnick LLC*, 510 F. Supp. 3d 1342 (N.D. Ga. 2021).

⁸⁵⁴ 532 U.S. 23 (2001).

⁸⁵⁵ *Belnick*, 510 F. Supp. 3d at 1351 (quoting *TrafFix Devices*, 532 U.S. at 33).

those parts are . . . unique.”⁸⁵⁶ But, in denying the latter, it also found “evidence in the record from which a jury could reasonabl[y] infer that the designs of the [plaintiff’s] chairs are functional because the design aspects are essential to the use or purpose of all chairs in general.”⁸⁵⁷ The plaintiff’s claim of aesthetic nonfunctionality therefore survived until trial.

(C) Ownership

Federal registrations on the Principal Register are either prima facie or conclusive evidence of the registrant’s ownership of the registered mark under Sections 7(b), 33(a), or 33(b) of the Act, but one court resolved a dispute over the ownership of two registered marks without referring to the language of those sections.⁸⁵⁸ Having executed applications to register her personal name on behalf of a limited liability company of which she was (then) the only member, the plaintiff before that tribunal claimed that, after her departure from the company, she owned the registered marks. The court made short work of that position, instead holding that the successful prosecution of the applications and the maturation of registrations covering them judicially estopped the plaintiff from claiming the company did not own them.⁸⁵⁹

In a second dispute requiring the resolution of a threshold question over mark ownership, a Missouri federal district court addressed, and rejected, an ownership-based challenge to the standing of two plaintiffs to pursue alleged infringements of those plaintiffs’ marks.⁸⁶⁰ According to the operative complaint, the plaintiffs had acquired the rights to those marks through an assignment. The reference to the assignment led one defendant to argue, as the court summarized its position, that “[i]n order to survive a motion to dismiss, . . . Plaintiffs ‘must plead *the terms* of the alleged Assignment it claims gave it that commercial interest,’ with specificity.”⁸⁶¹ Describing that argument as “unpersuasive,” the court denied the defendants’ motion to dismiss because “Plaintiffs have done more than claim ownership through conclusory allegations; their allegations specify which Plaintiff owns which mark and how the Plaintiff acquired each mark. At this stage, Plaintiffs do not need to show more.”⁸⁶² In particular, it held,

⁸⁵⁶ *Id.* at 1352.

⁸⁵⁷ *Id.*

⁸⁵⁸ *See Kennedy v. Basil*, 531 F. Supp. 3d 828 (S.D.N.Y. 2021).

⁸⁵⁹ *Id.* at 838-40.

⁸⁶⁰ *See Phyllis Schlafly Revocable Tr. v. Cori*, 512 F. Supp. 3d 916 (E.D. Mo. 2021).

⁸⁶¹ *Id.* at 928.

⁸⁶² *Id.*

“Plaintiffs need not attach documentation in support of their claims of ownership at the motion to dismiss stage.”⁸⁶³

iii. Violations of Trademark and Service Mark Rights

(A) Actionable Uses in Commerce by Defendants

As a prerequisite for liability, the Lanham Act’s primary statutory causes of action, namely, those set forth in Sections 32,⁸⁶⁴ 43(a),⁸⁶⁵ and 43(c),⁸⁶⁶ require the challenged uses be in connection with goods or services in commerce. Likewise, corresponding state-law causes of action often contemplate similar showings by plaintiffs, albeit without requiring that use to occur across state lines.⁸⁶⁷ These requirements often lead defendants to challenge the adequacy of plaintiffs’ averments or proof of the necessary use.

(1) Opinions Finding Actionable Uses in Commerce

Courts did not expressly find that defendants had engaged in actionable uses of their allegedly unlawful marks with any degree of frequency. Indeed, the only readily apparent such finding in a reported opinion related to the defendant’s promotion of a blockchain protocol under the CASPER mark.⁸⁶⁸ Curiously, the court did not address the potential significance of the defendant’s ownership of a federal use-based registration or the averments of use it might have made during the prosecution of the application maturing into that registration. Instead, its analysis was limited to the cursory statement that:

There can also be no question that Defendant’s use of the designation, namely through promoting to consumers their network and token under the name “Casper,” at the very least affects interstate commerce. Defendant’s use of the term Casper is in connection with “goods or services” because it used the name to describe its product offerings.⁸⁶⁹

⁸⁶³ *Id.*

⁸⁶⁴ 15 U.S.C. § 1114 (2018).

⁸⁶⁵ *Id.* § 1125(a).

⁸⁶⁶ *Id.* § 1125(c).

⁸⁶⁷ *See, e.g.*, N.Y. GEN. BUS. LAW § 360-k(a) (MCKINNEY 2012) (providing for cause of action against “any person who shall . . . (a) use, without the consent of the registrant, any reproduction, counterfeit, copy, or colorable imitation of a mark registered under this article in connection with the sale, distribution, offering for sale, or advertising of any goods or services on or in connection with which such use is likely to cause confusion or mistake or to deceive as to the source of origin of such goods or services”).

⁸⁶⁸ *See Zamfir v. Casperlabs, LLC*, 528 F. Supp. 3d 1136 (S.D. Cal. 2021).

⁸⁶⁹ *Id.* at 1144 (citations omitted).

(2) Opinions Declining to Find Actionable Uses in Commerce

The majority rule where conventional infringement claims are concerned is that a challenged use need not be as a trademark or service mark to be actionable, but the structure of Section 43(c) suggests that a different rule applies to causes of action for likely dilution by blurring.⁸⁷⁰ That rule came into play when one plaintiff, a professional saxophonist, objected to the equipping of videogame avatars with functionality the plaintiff claimed as his “signature move.”⁸⁷¹ “Significantly,” the court noted while granting the defendant’s motion to dismiss, “[the plaintiff] concedes that the Complaint does not allege that [the defendant] used his Signature Move as [the defendant’s] own trademark to identify [the defendant’s game].”⁸⁷² That omission meant the plaintiff’s dilution claim turned on the ability of the defendant’s use to function as a mark for itself, a proposition the court rejected. The plaintiff’s cause of action therefore failed to state a claim.⁸⁷³

A second successful (at least in part) motion to dismiss came in a lawsuit in which the plaintiff, the successor in interest to marine explorer and conservationist Jacques-Yves Cousteau, accused the defendants of violating various rights claimed by the plaintiff through the defendants’ production and promotion of a documentary film.⁸⁷⁴ As the defendants pointed out, the operative complaint lacked any allegations that the defendants had distributed the documentary or any materials promoting it in the United States. In addition, although the plaintiff asserted the rights to numerous trademarks associated with Cousteau, including “the image of Jacques-Yves Cousteau’s red cap,”⁸⁷⁵ it had neglected to aver that the defendant had used any of those marks in either the film itself or any materials used to promote it. Those of the plaintiff’s trademark claims based on the film itself and the materials used to promote it therefore fell victim to the defendant’s motion to dismiss.⁸⁷⁶

⁸⁷⁰ See generally 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:122 (5th ed.).

⁸⁷¹ See *Pellegrino v. Epic Games, Inc.*, 451 F. Supp. 3d 373 (E.D. Pa. 2020).

⁸⁷² *Id.* at 391.

⁸⁷³ *Id.*

⁸⁷⁴ See *Cousteau Soc’y, Inc. v. Cousteau*, 498 F. Supp. 3d 287 (D. Conn. 2020).

⁸⁷⁵ *Id.* at 312.

⁸⁷⁶ *Id.* at 311-12.

(3) Opinions Deferring Resolution of the Actionable-Use-in-Commerce Inquiry

Some reported opinions denied motions to dismiss allegations of actionable uses in commerce, albeit in ways seeming to foreclose attempts by the moving defendants to revisit the issue, including in a case in which the owner of the FLYSENSE mark for a vape-detecting sensor device sought relief against the use of the www.flysense.com domain name by the purveyors of a competitive device.⁸⁷⁷ Even though that domain name redirected to the defendants' website, the defendants ambitiously claimed they did not use it in commerce. Citing to the statutory definition of use in commerce found in Section 45,⁸⁷⁸ the New York federal district court hearing the case held that:

Both the plain text of this definition and the relevant caselaw support the conclusion that [the lead defendant's] use of the domain name www.flysense.com to redirect customer traffic to its website constitutes a "use in commerce" of the Flysense Mark. Defendants do not dispute that in the physical world a retailer who used a competitor's trade name or trademark as the name and/or identifier for a store would have used that name "in commerce" even if the customer—upon entering the store—did not see any products bearing the prohibited trademark.

The law is no different in the virtual world. A domain name is not categorically only an address that a consumer can use to navigate to a store whose name it already knows; it can also serve as a sign used by a retailer to identify the contents of a store to those who might browse the web (much like one browses a shopping center) and has a choice to make whether to enter.⁸⁷⁹

There was another reason for that disposition, namely, that denial of the defendants' motion was consistent with the Second Circuit's recognition of initial-interest confusion as an actionable tort.⁸⁸⁰ As a final consideration, the court rejected the defendants' argument that passage of the Anticybersquatting Consumer Protection Act⁸⁸¹ somehow precluded the use of Sections 32 and 43(a) to get at the defendants' conduct: "To hold that the ACPA reflects Congress's intent to preclude trademark claims based on the use of another's trade name in a web address to market similar or identical products

⁸⁷⁷ See *Soter Techs., LLC v. IP Video Corp.*, 523 F. Supp. 3d 389 (S.D.N.Y. 2021).

⁸⁷⁸ 15 U.S.C. § 1127 (2018).

⁸⁷⁹ *Soter Techs.*, 523 F. Supp. 3d at 398 (citation omitted).

⁸⁸⁰ *Id.* at 399-400.

⁸⁸¹ 15 U.S.C. § 1125(d) (2018).

would . . . be to conclude that Congress, while closing one gap in the law opened another.”⁸⁸²

A second ill-fated motion on this theory came in a case in which the granddaughter of famed oceanic explorer, documentarian, and conservationist Jacques-Yves Cousteau and several companies associated with her produced a documentary intended to retrace his steps and to explore how the planet had changed since his 1997 death.⁸⁸³ Granddaughter or not, Cousteau’s successor in interest filed suit in Connecticut federal district court under a variety of trademark, unfair competition, and persona-based causes of action. According to the plaintiff’s complaint, the defendants had promoted the documentary on the Internet, and that accusation disposed of the defendants’ claim in a motion to dismiss that they had not made any actionable uses in commerce of the plaintiff’s marks. Noting that “[t]he Lanham Act defines ‘commerce’ as ‘all commerce which may lawfully be regulated by Congress,’”⁸⁸⁴ the court held that the Act granted “broad jurisdictional powers upon the courts of the United States.”⁸⁸⁵ Because Second Circuit authority recognized the Internet as “an instrumentality of interstate commerce,”⁸⁸⁶ that meant “any alleged use of or trading off [the plaintiff’s] marks over the internet constitutes use in commerce under the Lanham Act.”⁸⁸⁷

The most notable opinion deferring a final resolution of the use-in-commerce inquiry at the summary judgment stage came from the Sixth Circuit, in which that court reversed a restrictive definition of the concept applied by the district court.⁸⁸⁸ The plaintiff in the action was The Ohio State University, which objected to the sale of goods bearing imitations of its federally registered marks on Redbubble’s online platform. Redbubble successfully pursued a motion for summary judgment of nonliability for direct infringement by arguing that it merely provided “independent artists” an online platform through which to sell their goods and to access Redbubble’s relationships with manufacturers and shippers.⁸⁸⁹ The appellate court found that defense wanting, and it therefore vacated Redbubble’s victory below with the following explanation:

Although Redbubble utilizes a third-party to manufacture goods sold on its site, the degree of control and involvement exercised by Redbubble over the manufacturing, quality

⁸⁸² *Soter Techs.*, 523 F. Supp. 3d at 403.

⁸⁸³ *See Cousteau Soc’y, Inc. v. Cousteau*, 498 F. Supp. 3d 287 (D. Conn. 2020).

⁸⁸⁴ *Id.* at 310 (quoting 15 U.S.C. § 1127 (2018)).

⁸⁸⁵ *Id.* (quoting *Steele v. Bulova Watch Co.*, 344 U.S. 280, 283 (1952)).

⁸⁸⁶ *Id.* at 311 (quoting *United States v. Cheng Le*, 902 F.3d 104, 112 (2d Cir. 2018)).

⁸⁸⁷ *Id.*

⁸⁸⁸ *See Ohio State Univ. v. Redbubble, Inc.*, 989 F.3d 435 (6th Cir. 2021).

⁸⁸⁹ *Id.* at 449-51.

control, and delivery of goods to consumers is relevant to an assessment of whether the offending goods can fairly be tied to Redbubble for the purpose of liability. The record below lacks sufficient development of the facts to affirmatively decide this issue.

All said, it appears that Redbubble brings trademark-offending products into being by working with third-party sellers to create new Redbubble products, not to sell the artists' products. So it's more than just a passive facilitator. And Redbubble classifies its goods as "Redbubble products" and makes clothes identifiable as "Redbubble garments." That differs from Amazon's marketplace and makes more "use" of the trademark than non-labile facilitators in cases from other circuits. Given that the district court strayed from this understanding of the Lanham Act, we find that it wrongly entered summary judgment for Redbubble on the direct Lanham Act liability claim.⁸⁹⁰

The court therefore remanded the case for additional fact-finding under an application of the proper standard.⁸⁹¹

In a summary judgment opinion predating that of the Sixth Circuit, a California federal district court also declined to decide as a matter of law whether Redbubble had or had not used imitations of a plaintiff's marks in commerce, the primary difference being that it did so on the parties' cross-motions for summary judgment.⁸⁹² On the plaintiff's side, the summary judgment record demonstrated that "Redbubble undertakes at least four of the five steps necessary to complete a sales transaction; the artist uploads the art, but Redbubble manages the order, coordinates the creation of the goods, arranges for delivery, and handles all customer service issues, returns, and refunds";⁸⁹³ the court did not expressly identify the fifth step in the process, for which Redbubble was not responsible, but it was apparently the quality of the content of the finished goods.⁸⁹⁴ Beyond that, the court held, "[a] party is strictly liable for selling infringing goods even if it does not itself affix the [infringing] mark,"⁸⁹⁵ and, in any case, "a 'sale' is not limited to sales by the owner."⁸⁹⁶ Moreover, "Redbubble is the only party that can be said to advertise and is strictly liable for any trademark infringement

⁸⁹⁰ *Id.* at 448 (citations omitted).

⁸⁹¹ *Id.* at 451.

⁸⁹² *See* Atari Interactive, Inc. v. Redbubble, Inc., 515 F. Supp. 3d 1089 (N.D. Cal. 2021), *appeal docketed*, No. 21-17062 (9th Cir. Dec. 16, 2021).

⁸⁹³ *Id.* at 1098.

⁸⁹⁴ *Id.*

⁸⁹⁵ *Id.* at 1102.

⁸⁹⁶ *Id.* at 1103.

that occurs as a result.”⁸⁹⁷ “At the same time,” the court continued when weighing the record evidence and testimony in Redbubble’s favor, “Redbubble does not fit neatly into the category of either an ‘auction house on the one hand, that will generally be free from liability for direct infringement, or a company that itself manufactures and ships products on the other, on which liability for direct infringement can be readily imposed.”⁸⁹⁸ As a final consideration precluding summary judgment in either party’s favor, it determined that “[a] visitor to Redbubble’s website could conclude that either Redbubble or the [third-party] artist was the offeror for the same reasons that they could conclude that either was the seller.”⁸⁹⁹

(B) Likelihood of Confusion

(1) The Standard Multifactor Test for Likelihood of Confusion

(a) Factors Considered

(i) The First Circuit

The sole readily apparent reported opinion to address the multifactor test for likely confusion held it to turn on the following nonexhaustive considerations: (1) the similarity of the parties’ marks; (2) similarity of the parties’ goods; (3) the relationship between the parties’ channels of trade; (4) the relationship between the parties’ advertising; (5) the classes of prospective purchasers; (6) evidence of actual confusion; (7) the defendant’s intent in adopting its mark; and (8) the strength of the plaintiff’s mark.⁹⁰⁰

(ii) The Second Circuit

As usual, the *Polaroid* factors⁹⁰¹ governed applications of the likelihood-of-confusion test for infringement in the Second Circuit, with courts there examining: (1) the strength of the plaintiff’s mark; (2) the degree of similarity between the marks; (3) the proximity of the goods or services; (4) the likelihood of the senior user bridging any gap between its goods or services and those of the junior user; (5) evidence of actual confusion between the parties’ marks; (6) whether the defendant adopted its mark in good faith; (7) the quality of the defendant’s goods or services; and (8) the

⁸⁹⁷ *Id.* at 1106.

⁸⁹⁸ *Id.* at 1105 (quoting *Y.Y.G.M. SA v. Redbubble, Inc.*, No. 2:19-cv-04618-RGK(JPR), 2020 WL 3984528, at *3 (C.D. July 10, 2020)).

⁸⁹⁹ *Id.*

⁹⁰⁰ *See Jaho, Inc. v. Adagio Teas, Inc.*, 501 F. Supp. 3d 7, 10 (D. Mass. 2020).

⁹⁰¹ *See Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

sophistication of the parties' respective customers.⁹⁰² “[N]o single factor,” three courts observed, “is determinative.”⁹⁰³

(iii) The Third Circuit

Only two reported opinions addressed the Third Circuit's *Lapp* test for likelihood of confusion,⁹⁰⁴ which mandated consideration of the following ten factors: (1) the degree of similarity between the parties' marks; (2) the strength of the plaintiff's mark; (3) the degree of care exercised by consumers; (4) the length of coexistence of the parties' marks without actual confusion; (5) the defendant's intent when adopting its mark; (6) evidence of actual confusion; (7) the parties' use of the same channels of trade and promotional media; (8) the overlap in the targets of the parties' sales efforts; (9) the relationship of the parties' goods or services in consumers' minds; and (10) other facts suggesting that the consuming public might expect the plaintiff to expand into the defendant's market.⁹⁰⁵

(iv) The Fourth Circuit

The Fourth Circuit test for likely confusion turned on examinations of the following nine factors: (1) the strength of the plaintiff's mark; (2) the degree of similarity between the parties' marks; (3) the similarity between the parties' goods and services; (4) the similarity of the facilities used by the parties; (5) the

⁹⁰² See *Car-Freshner Corp. v. Am. Covers, LLC*, 980 F.3d 314, 327 (2d Cir. 2020), *on remand*, No. 5:17-cv-171 (TJM/ATB), 2021 WL 4502281 (N.D.N.Y. Sept. 30, 2021); *RVC Floor Decor, Ltd. v. Floor & Decor Outlets of Am., Inc.*, 527 F. Supp. 3d 305, 323 (E.D.N.Y. 2021); *Soter Techs., LLC v. IP Video Corp.*, 523 F. Supp. 3d 389, 405 (S.D.N.Y. 2021); *Uber Inc. v. Uber Techs., Inc.*, 521 F. Supp. 3d 455, 463 (S.D.N.Y. 2021); *Kid Car NY, LLC v. Kidmoto Techs. LLC*, 518 F. Supp. 3d 740, 758 (S.D.N.Y. 2021); *Easy Spirit, LLC v. Skechers U.S.A., Inc.*, 515 F. Supp. 3d 47, 70-71 (S.D.N.Y. 2021); *Cousteau Soc'y, Inc. v. Cousteau*, 498 F. Supp. 3d 287, 309 (D. Conn. 2020); *Shetel Indus. v. Adin Dental Implant Sys., Inc.*, 493 F. Supp. 3d 64, 125 (E.D.N.Y. 2020), *later proceedings*, No. 17-CV-2505(SJF)(ARL), 2021 WL 1108666 (E.D.N.Y. Mar. 23, 2021); *Spin Master Ltd. v. 158, 463 F. Supp. 3d 348, 368 (S.D.N.Y. 2020)*, *adhered to in part on reconsideration*, No. 18-CV-1774 (LJL), 2020 WL 5350541 (S.D.N.Y. Sept. 4, 2020); *Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co.*, 454 F. Supp. 3d 229, 247 (S.D.N.Y. 2020), *reconsideration denied*, No. 15 Civ. 10154 (PAE), 2020 WL 2115344 (S.D.N.Y. May 3, 2020); *see also Electra v. 59 Murray Enters.*, 987 F.3d 233, 257 (2d Cir.) (applying *Polaroid* factors in context of claim of false endorsement), *cert. denied*, 142 S. Ct. 563 (2021); *JJFM Corp. v. Mannino's Bagel Bakery*, 132 N.Y.S.3d 582, 589 (Sup. Ct. 2020) (applying *Polaroid* factors in action for infringement under New York law).

⁹⁰³ *Uber*, 521 F. Supp. 3d at 464; *see also Kid Car*, 521 F. Supp. 3d at 759; *Cousteau Soc'y*, 498 F. Supp. 3d at 309.

⁹⁰⁴ See *Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460, 463 (3d Cir. 1983).

⁹⁰⁵ See *Cornette v. Graver*, 473 F. Supp. 3d 437, 463 (W.D. Pa. 2020); *Juul Labs v. 4X PODS*, 439 F. Supp. 3d 341, 353 (D.N.J. 2020), *appeal dismissed*, No. 20-1490, 2020 WL 5240430 (3d Cir. July 24, 2020); *New Balance Athletics, Inc. v. USA New Bunren Int'l Co.*, 424 F. Supp. 3d 334, 346 (D. Del. 2019), *reconsideration denied in part*, No. 17-1700 (MN), 2020 WL 5593928 (D. Del. Sept. 18, 2020).

similarity of the parties' advertising; (6) the defendant's intent; (7) the presence of actual confusion; (8) the quality of the defendant's goods or services; and (9) the sophistication of the consumers targeted by the parties.⁹⁰⁶ "These factors," the Fourth Circuit itself held, "are not always weighted equally, and consideration of all the factors is not mandatory."⁹⁰⁷

(v) The Fifth Circuit

The Fifth Circuit applied an eight-factor test for infringement, which turned on the following nonexclusive considerations: (1) the type of the plaintiff's mark; (2) the similarity between the parties' marks; (3) the competitive proximity between the parties' goods or services; (4) the similarities between the parties' outlets and purchasers; (5) the similarity between the parties' advertising media; (6) the defendant's intent; (7) actual confusion; and (8) the degree of care exercised by the parties' customers.⁹⁰⁸ A Louisiana federal district court, however, added a ninth factor, namely, whether the defendant's use was a parody of the plaintiff's mark.⁹⁰⁹

(vi) The Sixth Circuit

The eight *Frisch's* factors⁹¹⁰ remained those of choice in the Sixth Circuit. They included: (1) the strength of the plaintiff's mark; (2) the relatedness of the parties' goods or services; (3) the similarity of the parties' marks; (4) evidence of any actual confusion; (5) the marketing channels used by the parties; (6) the probable degree of purchaser care and sophistication; (7) the defendant's intent in selecting its mark; and (8) the likelihood of either party expanding its product line under its mark.⁹¹¹

(vii) The Seventh Circuit

As they have for decades, likelihood-of-confusion determinations in the Seventh Circuit turned on seven factors. Those were: (1) the degree of similarity between the parties' marks in appearance and suggestion; (2) the degree of similarity between the parties'

⁹⁰⁶ See *RXD Media, LLC v. IP Application Dev. LLC*, 986 F.3d 361, 373 (4th Cir. 2021).

⁹⁰⁷ *RXD Media*, 986 F.3d at 373.

⁹⁰⁸ See *Perry v. H. J. Heinz Co. Brands, L.L.C.*, 994 F.3d 466, 471 (5th Cir. 2021); *Denbra IP Holdings, LLC v. Thornton*, 521 F. Supp. 3d 677, 686 (E.D. Tex. 2021); *Wilson v. Tessmer L. Firm, PLLC*, 483 F. Supp. 3d 416, 425 (W.D. Tex. 2020).

⁹⁰⁹ See *Dupart v. Roussell*, 497 F. Supp. 3d 102, 111 (E.D. La. 2020).

⁹¹⁰ See *Frisch's Rest., Inc. v. Shoney's Inc.*, 759 F.2d 1261, 1264 (6th Cir. 1985).

⁹¹¹ See *AWGI, LLC v. Atlas Trucking Co.*, 998 F.3d 258, 264-65 (6th Cir. 2021), *reh'gen banc denied* (June 17, 2021); *Golden Star Wholesale, Inc. v. ZB Importing, Inc.*, 531 F. Supp. 3d 1231, 1246 (E.D. Mich. 2021); *Sadieboo, Inc. v. MJ Tools Corp.*, 526 F. Supp. 3d 285, 290-91 (W.D. Mich. 2021).

products; (3) the area and manner of concurrent use; (4) the degree of care likely to be exercised by consumers; (5) the strength of complainant's mark; (6) the extent of any actual confusion; and (7) the defendant's intent to palm off his goods or services as those of the plaintiff.⁹¹²

(viii) The Eighth Circuit

The six *SquirtCo* factors⁹¹³ remained controlling in the Eighth Circuit. Those factors included: (1) the strength of the plaintiff's mark; (2) the similarity between the plaintiff's mark and the defendant's mark; (3) the competitive proximity between the parties' goods or services; (4) the defendant's intent to pass off its goods as those of the plaintiff; (5) incidents of actual confusion; and (6) the conditions under which the parties' goods or services were sold and the degree of care exercised by purchasers.⁹¹⁴

(ix) The Ninth Circuit

The *Sleekcraft* test for infringement⁹¹⁵ continued to govern likelihood-of-confusion inquiries in the Ninth Circuit. It considered the following factors: (1) the strength of the plaintiff's mark; (2) the proximity or relatedness of the parties' goods; (3) the similarity of the parties' marks; (4) evidence of actual confusion; (5) the marketing channels used by the parties; (6) the type of the parties' goods or services and the degree of care likely to be exercised by purchasers; (7) the defendant's intent in selecting its mark; and (8) the likelihood of an expansion of the parties' lines of goods or services.⁹¹⁶

⁹¹² See *Holbrook Mfg. LLC v. Rhyno Mfg., Inc.*, 497 F. Supp. 3d 319, 331 (N.D. Ill. 2020); *LigTel Commc'ns, Inc. v. Baicells Techs., Inc.*, 455 F. Supp. 3d 792, 806 n.11 (N.D. Ind. 2020), *appeal dismissed*, No. 20-1896, 2020 WL 9813549 (7th Cir. Nov. 12, 2020).

⁹¹³ See *SquirtCo v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980).

⁹¹⁴ See *Select Comfort Corp. v. Baxter*, 996 F.3d 925, 933 (8th Cir.), *cert. denied*, 142 S. Ct. 561 (2021).

⁹¹⁵ See *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979), *abrogated on other grounds by* *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792 (9th Cir. 2003).

⁹¹⁶ See *Ironhawk Techs., Inc. v. Dropbox, Inc.*, 2 F.4th 1150, 1160 (9th Cir. 2021); *Zamfir v. Casperlabs, LLC*, 528 F. Supp. 3d 1136, 1144 (S.D. Cal. 2021); *Longoria v. Kodiak Concepts LLC*, 527 F. Supp. 3d 1085, 1107 (D. Ariz. 2021); *Golden Eye Media USA, Inc. v. Trolley Bags UK Ltd.*, 525 F. Supp. 3d 1145, 1225 (S.D. Cal. 2021), *motion to certify appeal granted*, No. 3:18-CV-02109-BEN-LL, 2021 WL 2072382 (S.D. Cal. May 24, 2021), *appeal docketed*, No. 21-2096 (Fed. Cir. June 25, 2021); *Vineyard House, LLC v. Constellation Brands U.S. Operations, Inc.*, 515 F. Supp. 3d 1061, 1073 (N.D. Cal. 2021); *Collins v. U.S. Dep't of Veterans Affs.*, 497 F. Supp. 3d 885, 894 (S.D. Cal. 2020); *Pinder v. 4716 Inc.*, 494 F. Supp. 3d 618, 638-39 (D. Ariz. 2020); *Beyond Blond Prods., LLC v. Heldman*, 479 F. Supp. 3d 874, 886 (C.D. Cal. 2020), *appeal docketed*, No. 21-55990 (9th Cir. Sept. 10, 2021).

(x) The Tenth Circuit

The Tenth Circuit's test for likely confusion continued to turn on: (1) the degree of similarity between the marks; (2) the intent of the alleged infringer in adopting its mark; (3) evidence of actual confusion; (4) the relation in use and the manner of marketing between the goods or services marketed by the competing parties; (5) the degree of care likely to be exercised by purchasers; and (6) the strength or weakness of the plaintiff's mark.⁹¹⁷

(xi) The Eleventh Circuit

Courts in the Eleventh Circuit applied the same test for likely confusion they always have. Its seven factors considered: (1) the type of the plaintiff's mark; (2) the similarity of the parties' marks; (3) the similarity of the parties' products; (4) the similarity of the parties' retail outlets and customers; (5) the similarity of the parties' advertising media; (6) the defendant's intent; and (7) any actual confusion.⁹¹⁸

(xii) The District of Columbia Circuit

There were no readily apparent reported opinions addressing or applying the D.C. Circuit's test for likely confusion.

(b) Findings and Holdings

(i) Opinions Finding Confusion Likely on Motions for Preliminary Injunctive Relief

The past year produced several predictably successful preliminary injunction motions. One was filed by the owners of the SAFE EXCHANGE COIN, SAFEX TOKENS, and SAFEX marks for three separate cryptocurrencies against junior users of the SAFEX PLATINUM mark for a competitive cryptocurrency;⁹¹⁹ for good measure, the defendants also adopted a logo "nearly identical" to that of the plaintiffs,⁹²⁰ before successfully using allegations of infringement to convince Twitter to suspend an account belonging to one of the plaintiffs and unsuccessfully attempting to convince a cryptocurrency exchange to suspend trading in the plaintiffs' cryptocurrencies. Finally, they posted numerous allegedly defamatory statements concerning the plaintiffs' business.

⁹¹⁷ See *EST Inc. v. Royal-Grow Prods., LLC*, 526 F. Supp. 3d 943, 956 (D. Kan. 2021); *John Bean Techs. Corp. v. B GSE Grp., LLC*, 480 F. Supp. 3d 1274, 1314 (D. Utah 2020).

⁹¹⁸ See *Vital Pharms., Inc. v. Monster Energy Co.*, 472 F. Supp. 3d 1237, 1269 (S.D. Fla. 2020); see also *Maki v. Real Est. Expert Advisors, Inc.*, 855 S.E.2d 72, 74-75 (Ga. Ct. App. 2021) (citing approvingly to same factors).

⁹¹⁹ See *Safex Found., Inc. v. Safeth, Ltd.*, 531 F. Supp. 3d 285 (D.D.C. 2021).

⁹²⁰ *Id.* at 294.

Having previously entered a temporary restraining order against the defendants, the court had little difficulty converting that remedy into a preliminary injunction, despite informal opposition from the defendants that apparently consisted of “pepper[ing]” the court and plaintiffs’ counsel with e-mails. The court found that the inherent distinctiveness of the plaintiffs’ marks favored a finding of likely confusion, but it otherwise did not engage in a full-blown multifactor likelihood-of-confusion analysis. Instead, its methodology was succinct and to the point: “In these circumstances, where two parties use the same mark and nearly identical logos to advertise and sell functionally similarly products, confusion is likely.”⁹²¹

In a separate case with a predictable outcome, an ill-advised social media campaign may or may not have enriched the companies and individuals undertaking it, but it certainly resulted in the entry of a preliminary injunction against them by a New Jersey federal district court.⁹²² The plaintiff successfully pursuing that remedy owned the JUUL mark for e-cigarette devices and related goods, including pods containing liquid nicotine and flavorings for insertion into the devices, while the defendants sold similar pods compatible with the plaintiff’s devices. To promote their pods, the defendants used the JUUL mark in hashtags on Facebook, Instagram, and Twitter, of which the following were examples:⁹²³

 EonSmoke Electronic Cigarette
July 11, 2018
We think we are launching Black Cherry next in pods! Yay or Nay?
In the meantime here is worlds only Grape 6% for you. #eonsmoke #juul #juuling #juulgang #juulvapor #juulmemes #juulnation #phix #sourin #smok #smoktech #sourin #suorin



 EonSmoke Electronic Cigarette
July 11, 2018
We think we are launching Black Cherry next in pods! Yay or Nay?
In the meantime here is worlds only Grape 6% for you. #eonsmoke #juul #juuling #juulgang #juulvapor #juulmemes #juulnation #phix #sourin #smol #smoktech #sourin #suorin

The plaintiff’s investment into a survey paid off, with the court according its results “substantial weight” because “[t]he 46.2%

⁹²¹ *Id.* at 299.

⁹²² *See Juul Labs, Inc. v. 4X PODS*, 509 F. Supp. 3d 52 (D.N.J. 2020).

⁹²³ *Id.* at 60.

confusion rate well exceeds the 15% rate which the Third Circuit has found ‘sufficient to demonstrate actual confusion.’”⁹²⁴ But the plaintiff also adduced at least some anecdotal evidence of actual confusion among consumers,⁹²⁵ even if the court found it “not particularly strong.”⁹²⁶ In addition, the defendants’ evasiveness when questioned about why they used the plaintiff’s mark in their hashtags was evidence of an intent “to piggyback on [the plaintiff’s] online presence and name recognition.”⁹²⁷ Likewise, with respect to the degree of care exercised by consumers, the court found that:

This is a consumable item; a consumer would not exercise the same caution he or she employs in buying an appliance or an automobile. As to the hashtags, common experience suggests that a typical social media user tends to scroll through posts to glean the essentials, without necessarily poring over the fine print. There is at least a risk that the quick-eyed user, having searched for Juul, would conclude that he or she had found [the plaintiff], and perceive some association without drilling down to the issue of mere compatibility.⁹²⁸

Finally, the court determined, “the parties operate in the same industries, offer very similar products and target the same audiences, often through social media and online advertising.”⁹²⁹ With the defendants failing to demonstrate their eligibility for the affirmative defense of nominative fair use,⁹³⁰ the plaintiff received the preliminary injunction it sought.

A second court’s grant of a preliminary injunction motion was both routine and novel.⁹³¹ The plaintiffs successfully prosecuting that motion sought in part to protect the HOLBROOK mark—deemed arbitrary by the court—for commercial and industrial fasteners against several direct competitors who had “embedded” that mark into their website. The identity of the parties’ uses, together with the competitive proximity of their businesses, and the likelihood of initial-interest confusion all favored liability. Without

⁹²⁴ *Id.* at 65 (quoting *Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharms. Co.*, 290 F.3d 578, 594 (3d Cir. 2002)).

⁹²⁵ “First,” the court found, “[a corporate defendant’s] general manager testified that she had received calls asking for Juul pods. Next, [the plaintiff] points to a . . . Facebook post stating “all i want is a juul eonsmoke pod kit and those capsules for my vape pen.” *Id.* at 66.

⁹²⁶ *Id.*

⁹²⁷ *Id.* at 67.

⁹²⁸ *Id.* at 68.

⁹²⁹ *Id.* (quoting *Juul Labs, Inc. v. 4X PODS*, 439 F. Supp. 3d 341, 357-58 (D.N.J. 2020), *appeal dismissed*, No. 20-1490, 2020 WL 5240430 (3d Cir. Aug. 17, 2020))

⁹³⁰ *Id.* at 68-71.

⁹³¹ See *Holbrook Mfg. LLC v. Rhyno Mfg., Inc.*, 497 F. Supp. 3d 319 (N.D. Ill. 2020).

necessarily finding that the parties' customers exercised a low degree of care, the court held with respect to the last of these considerations that "[c]onsumers' degree of care could lead to initial interest confusion, which 'occurs when a customer is lured to a product by the similarity of the [defendant's] mark, even if the customer realizes the true source of the goods before the sale is consummated.'"⁹³²

Unusually, the court also found confusion likely with respect to the defendants' unauthorized use of certain marks owned by a third party. Those marks—TORX and TORX PLUS—were affixed to fasteners for which the plaintiff was an authorized distributor. Despite what might be seen in some quarters as the plaintiffs' lack of standing to prosecute a claim of infringement based on those marks, as well as the fact that the infringement claim might have more properly sounded in false advertising, the court found that the appearance of the third party's marks in the defendants' advertising created an additional actionable likelihood of confusion. "[B]ased on the likelihood of initial interest consumer confusion," it concluded, "combined with the other factors discussed herein, Plaintiffs have adequately established that consumers are likely to be confused by Defendants' misuse of the marks at issue."⁹³³

Finally, although successful claims of trade dress protection to product features in recent years have not been what they once were, one plaintiff secured a preliminary injunction against the imitation of a frosting pattern found on its Bundt cakes, albeit in the absence of any opposition from the defendant.⁹³⁴ Having demonstrated the acquired distinctiveness of the pattern, the plaintiff bootstrapped that finding into one that the pattern was a strong indicator of origin. It was all downhill for the defendant from there, as the identity of the parties' patterns, the directly competitive nature of their products, overlapping channels of distribution and promotional media, the defendant's "likely" intent to create confusion, and the low degree of care exercised by consumers all favored a finding of liability, even if the plaintiff did not have any evidence of actual confusion.⁹³⁵ Based on these considerations, the court found the likelihood of confusion between the parties' uses "clear."⁹³⁶

⁹³² *Id.* at 331 (quoting *Promatek Indus. v. Equitrac Corp.*, 300 F.3d 808, 812 (7th Cir. 2002), *as amended* (Oct. 18, 2002)).

⁹³³ *Id.*

⁹³⁴ *See Denbra IP Holdings, LLC v. Thornton*, 521 F. Supp. 3d 677 (E.D. Tex. 2021).

⁹³⁵ *Id.* at 686-88.

⁹³⁶ *Id.* at 688.

**(ii) Opinions Finding Confusion Likely
as a Matter of Law**

Courts finding that an absence of factual disputes rendered summary judgment of liability appropriate were few and far between. One was the Fourth Circuit, which entertained an appeal from a finding that concurrent uses of the IPAD mark it were confusingly similar as a matter of law.⁹³⁷ The prevailing counterclaim plaintiffs were Apple and one of its subsidiaries who used the mark in connection with Apple's touch-screen tablet devices, while the counterclaim defendant was the junior user of the mark in connection with "cloud storage" services allowing users the ability to upload photographs, videos, music, and documents"; the counterclaim defendant promoted those services on a website displaying photographs of Apple devices with its version of the IPAD mark superimposed on their screens.⁹³⁸

As had the district court before it, the court of appeals had little difficulty ruling in Apple's favor. A key consideration underlying its affirmance of Apple's victory was "very strong" survey evidence establishing that 27% of respondents mistakenly believed there was a connection between the parties' goods and services,⁹³⁹ coupled with "anecdotal evidence of actual confusion [in the form of] comments posted on [the counterclaim defendant's] Facebook page."⁹⁴⁰ The commercial strength of Apple's version of the mark also favored a finding of liability,⁹⁴¹ as did the identity of the parties' marks,⁹⁴² the parties' concurrent use of the Internet as a promotional tool,⁹⁴³ and the counterclaim defendant's bad faith, which was apparent in part in its mimicry of "elements of Apple's branding."⁹⁴⁴ The court acknowledged its past authority holding the infringement inquiry particularly susceptible to resolution by a

⁹³⁷ See *RXD Media, LLC v. IP Application Dev. LLC*, 986 F.3d 361 (4th Cir. 2021).

⁹³⁸ *Id.* at 367.

⁹³⁹ The court considered "[t]his figure plainly . . . much higher than the percentage of consumer confusion that we found compelling in prior decisions." *Id.* at 373.

⁹⁴⁰ "For example," the court noted of the summary judgment record that "one person questioned why [the counterclaim defendant] was able to use "ipadtoday.com" as its domain name. Another individual asked how [the counterclaim defendant] had received authorization to name its software after Apple's products." *Id.* at 373-74.

⁹⁴¹ *Id.* at 374 ("Here, the evidence showed that Apple has experienced undeniable commercial success, has promoted its products through regular advertising using the mark, and has obtained extensive media coverage regarding its 'iPad' device.").

⁹⁴² *Id.*

⁹⁴³ *Id.*

⁹⁴⁴ *Id.* The court also noted that "[a]fter one forum user stated online regarding [the counterclaim defendant's] use of ipad.mobi, '[s]ounds like a trademark infringement there, I doubt it[']s worth developing,' [the counterclaim defendant's] founder replied: '[Apple could] do all they want . . . they don't own the trademark' and 'bring it on.'" *Id.* (third and fifth alterations in original).

jury,⁹⁴⁵ but, “[b]ased on the record,” it held that “a jury could not have reasonably concluded that [the counterclaim defendant’s] use of the ‘ipad’ mark was unlikely to cause consumer confusion. Accordingly, the district court did not err in awarding summary judgment to Apple on its claim of trademark infringement.”⁹⁴⁶

(iii) Opinions Finding Confusion Likely After Trial

Even in jurisdictions in which likely confusion is a mixed question of fact and law, a finding of infringement after a full trial on the merits may be difficult to challenge successfully on appeal. Three defendants learning that lesson the hard way after a bench trial were accused of infringing the plaintiffs’ ATLAS mark for shipping and logistics services through their operation of a steel-distribution business under the ATLAS LOGISTICS mark.⁹⁴⁷ The defendants’ appeal to the Sixth Circuit got off to an unpromising start after they failed to convince that tribunal that the district court had erred in finding the plaintiffs’ mark commercially strong by relying on the plaintiffs’ advertising expenditures⁹⁴⁸ and by disregarding the defendants’ showing of alleged third-party uses of similar marks because some of those were outside the transportation industry and others were apparently defunct.⁹⁴⁹ The appellate court also rejected the defendants’ argument that they only transported steel, noting the district court’s finding that the parties were “engaged in the same industry and served common customers.”⁹⁵⁰ Where the similarity of the parties’ respective marks was concerned, the defendants invoked the anti-dissection rule to argue that the district court had failed to account for the appearance of the word “logistics” in their mark, but that court had “permissibly assign[ed] more weight to the dominant features of the marks” in finding them confusingly similar.⁹⁵¹ The plaintiffs’ showing of actual

⁹⁴⁵ *Id.* (citing *Anheuser-Busch, Inc. v. L & L Wings, Inc.*, 962 F.2d 316, 318 (4th Cir. 1992)).

⁹⁴⁶ *Id.* at 375.

⁹⁴⁷ See *AWGI, LLC v. Atlas Trucking Co.*, 998 F.3d 258 (6th Cir. 2021), *reh’g en banc denied* (June 17, 2021).

⁹⁴⁸ *Id.* at 265 (“Although advertising expenditures, standing alone, do not always prove commercial strength, they are sufficient in this case because [the plaintiffs] extensively advertised and the district court could have reasonably inferred that it created ‘actual market recognition.’” (citation omitted) (quoting *Homeowners Grp. v. Home Mktg. Specialists*, 931 F.2d 1100, 1108 (6th Cir. 1991))).

⁹⁴⁹ *Id.* at 265-66 (“True, [the defendants] offered records, but the court properly discounted those due to overbreadth of the search. That is, the court found that the records [the defendants] offered as evidence encompassed businesses beyond the transportation industry and marks from companies no longer existing. [The defendants] needed to show that other transportation businesses ‘are actively using the marks,’ not just the ‘existence of marks in the records.’” (quoting *Lucky’s Detroit, LLC v. Double L, Inc.*, 533 F. App’x 553, 557 (6th Cir. 2013))).

⁹⁵⁰ *Id.* at 266.

⁹⁵¹ *Id.*

confusion in the form of five anecdotal instances among consumers and survey results reflecting a net 19% rate of positive results among respondents also favored the finding of liability below, with the court explaining that “[n]othing shows the likelihood of confusion more than the fact of actual confusion;”⁹⁵² it did, however, characterize the plaintiffs’ survey evidence as “slim.”⁹⁵³ Other considerations supporting the plaintiffs’ victory included the defendants’ adoption of their mark with knowledge of the plaintiffs’ prior use, which the district court had been within its rights to treat as creating an inference of “adverse intent,”⁹⁵⁴ the parties’ overlapping customers, and their use of “websites, social media, and salesmen as marketing tools.”⁹⁵⁵ Although the parties’ customers might have been sophisticated, the court dismissed that consideration because “the marks are functionally identical, so the degree of purchaser care has little to no impact on the resolution of the case, and the district court correctly determined that this factor is ‘neutral.’”⁹⁵⁶ With all other relevant factors favoring the plaintiffs’ case, the district court’s finding of infringement stood.

In a post-trial order not producing an appellate opinion, a California federal district court handed a victory to the owner of the incontestable TO KALON and TO KALON VINEYARDS marks for wine after that party asserted counterclaims for infringement and unfair competition against a competitor’s uses of the same words on its bottles.⁹⁵⁷ Those uses were relatively small and putatively intended only to describe a connection to a historical vineyard that had operated under the TO KALON mark and that the counterclaim defendant argued (unsuccessfully) had consisted in part of the parcel of real estate on which the counterclaim defendant’s vines were grown. Nevertheless, the court found the mark-similarity factor to favor liability because “[the counterclaim defendant] used the precise words of the trademark on both sides of [its] bottle which establishes similarity: To Kalon and To Kalon Vineyard.”⁹⁵⁸ Not surprisingly, the competitive proximity of the parties’ “high end luxury wines” also supported the counterclaim plaintiff’s position, as did their overlapping use of wine clubs and the Internet to make sales.⁹⁵⁹ The counterclaim plaintiff additionally benefitted from the

⁹⁵² *Id.* at 267 (quoting *Progressive Distrib. Servs., Inc. v. United Parcel Serv., Inc.*, 856 F.3d 416, 433 (6th Cir. 2017)).

⁹⁵³ *Id.*

⁹⁵⁴ *Id.* at 268.

⁹⁵⁵ *Id.* at 267.

⁹⁵⁶ *Id.* at 268.

⁹⁵⁷ *See Vineyard House, LLC v. Constellation Brands U.S. Operations, Inc.*, 515 F. Supp. 3d 1061 (N.D. Cal. 2021).

⁹⁵⁸ *Id.* at 1073.

⁹⁵⁹ *Id.* at 1074-75.

court's finding that its marks enjoyed "substantial notoriety in the wine market among consumers and those in the trade."⁹⁶⁰ Finally, even the counterclaim defendant's professed intent to associate itself only with the historical vineyard—now owned by the counterclaim plaintiff—increased the likelihood of confusion between the parties' respective uses.⁹⁶¹

(iv) Opinions Finding Confusion Unlikely on Motions for Preliminary Injunctive Relief

Having been criticized by a plaintiff named Jim Cornette (a wrestling commentator who sold merchandise bearing his name), a professional wrestler (the lead defendant) and his associates launched a line of T-shirts bearing imitations (albeit heavily altered ones) of the plaintiff.⁹⁶² The plaintiff responded with a lawsuit and a motion for a preliminary injunction against the defendants' continued distribution of the shirts and their promotion on websites accessible at domain names based on the plaintiff's name. The resulting opinion denying the motion turned heavily on the dissimilarities between the parties' respective uses:

[The lead defendant's] use of [the plaintiff's] name and likeness on the Shirts, or in the website names, is not similar to [the plaintiff's] use on his own merchandise and website. Although [the defendants have] used [the plaintiff's] name and likeness, no consumer is likely to get the same overall impression from either: (1) a t-shirt with [the plaintiff] depicted as a clown—and called "Clownette;" or (2) bloodied, gagged, and with tattoo needles in his forehead—with the words "Fuck Jim Cornette" surrounding his image—as they would from a t-shirt with [the plaintiff's] face or his face and the words "Thank you, Fuck you, Bye." The fact that the word "fuck" appears on both [the plaintiff's] shirts and [one of the defendants' shirts] is irrelevant because the usage of the word is completely separate: in one, [the plaintiff] is telling off his critics, while in the other, [the lead defendant] is expressing his distaste for [the plaintiff]. For the same reasons, no consumer would receive the same impression from visiting a website that had either the URL www.fuckjimcornette.com or www.clownette.com as from visiting www.jimcornette.com.⁹⁶³

⁹⁶⁰ *Id.* at 1075.

⁹⁶¹ *Id.*

⁹⁶² *See* *Cornette v. Graver*, 473 F. Supp. 3d 437 (W.D. Pa. 2020).

⁹⁶³ *Id.* at 463-64. For the benefit of readers unclear on the concept, the court explained that "[t]he word 'fuck,' when used in connection with a person's name, conveys a particularly

The plaintiff fared little better under the remaining likelihood-of-confusion factors. For example, the court found that “[the plaintiff] has not provided any evidence of record as to the strength of his mark, either that it is distinct or conceptually strong, nor has he provided evidence of its recognition throughout the wrestling world,” with the result that “[the plaintiff] has failed to show that his mark is strong, and the strength of mark factor favors [the defendants].”⁹⁶⁴ It then determined that the preliminary injunction record was similarly devoid of evidence or testimony establishing the defendants’ bad-faith intent to confuse,⁹⁶⁵ the existence of actual confusion,⁹⁶⁶ overlapping marketing channels,⁹⁶⁷ shared potential customers,⁹⁶⁸ or, improbably, similarities in the goods sold by the parties.⁹⁶⁹ Although it might be true that the parties’ goods were sold at low price points,⁹⁷⁰ that consideration was not enough to support a finding that the plaintiff was likely to prevail on the merits of his claims.⁹⁷¹

A second failed preliminary injunction motion came in a declaratory judgment action in which the counterclaim plaintiffs asserted likely confusion between their mark, shown below on the left and used for online videos featuring cartoons, and that of the counterclaim defendant, shown below on the right and used in connection with the provision of public domain videos and cartoon classics on online streaming platforms:⁹⁷²

harsh message, generally meant to offend, and indicating the speaker’s contempt, anger, or disgust for the intended recipient.” *Id.* at 464.

⁹⁶⁴ *Id.* at 464.

⁹⁶⁵ *Id.* at 465.

⁹⁶⁶ *Id.*

⁹⁶⁷ *Id.*

⁹⁶⁸ On this issue, the court leaned heavily on the plaintiff’s status as a commentator on mainstream wrestling, which it found contrasted with the lead defendant’s participation in deathmatch wrestling:

Although both parties target their merchandise to wrestling fans, the record evidence demonstrates that they each target different sectors of the professional wrestling fandom. [One defendant] is a counterculture retailer that caters to wrestling types that are not mainstream, like deathmatch wrestling, and [that defendant] specifically targeted the Shirts to deathmatch fans, not to the professional wrestling fandom writ large, especially [the plaintiff’s] fans. [The plaintiff], on the other hand, is a self-described celebrity in the mainstream wrestling community. [The plaintiff] and his fans, the Cult of Cornette, oppose deathmatch wrestling, and are therefore not the targets of merchandise supporting deathmatch wrestling or criticizing those who criticize deathmatch wrestling.

Id. at 465.

⁹⁶⁹ *Id.* at 466.

⁹⁷⁰ *Id.* at 464.

⁹⁷¹ *Id.* at 466.

⁹⁷² See *Beyond Blond Prods., LLC v. Heldman*, 479 F. Supp. 3d 874, 879 (C.D. Cal. 2020), *appeal docketed*, No. 21-55990 (9th Cir. Sept. 10, 2021).



It might be true that “both marks include the generic phrase ‘cartoon classics’ and have substituted the two ‘o’s in ‘cartoon’ with eyes,”⁹⁷³ but the marks otherwise were distinguishable in light of the counterclaim defendant’s showing that the substitution of eyes for the letter “o” in the word “cartoon” was a common practice; “[m]oreover,” the court continued, “the marks here contain different colors, different fonts, different capitalization and punctuation, different arrangement, and different eye styles.”⁹⁷⁴ Beyond that, the counterclaim plaintiffs’ failure to proffer any evidence of a bad-faith intent on the counterclaim defendant’s part and the absence from the preliminary injunction record of evidence of actual confusion tipped the balance in the counterclaim defendant’s favor.⁹⁷⁵

(v) Opinions Finding Confusion Unlikely as a Matter of Law

Although likely confusion is a question of fact in the Fifth Circuit,⁹⁷⁶ a Louisiana federal district court found noninfringement as a matter of law at the pleadings stage of the case before it.⁹⁷⁷ The gravamen of the plaintiffs’ claims was that the defendant, who had a cosmetic business, had posted videos with negative comments about competing cosmetic products produced by the lead plaintiff and, additionally, had implied the plaintiffs were in a same-sex marriage. The plaintiffs moved the court for a preliminary injunction against references in the defendant’s videos to marks owned by the plaintiffs, and the court treated the defendant’s response as a motion to dismiss, which it granted. According to the court, “Plaintiffs do not allege any facts that could show a likelihood of confusion. To the contrary, plaintiffs’ factual allegations suggest just the opposite—defendant uses plaintiffs’ marks in a manner that differentiates his products from plaintiffs’ marks, mostly by making negative comments about [the lead plaintiff’s goods] or [plaintiffs’]

⁹⁷³ *Id.* at 877.

⁹⁷⁴ *Id.* at 887.

⁹⁷⁵ *Id.* at 887-78.

⁹⁷⁶ *See, e.g., Sun Banks v. Sun Fed. Sav. & Loan Ass’n*, 651 F.2d 311, 314 (5th Cir. 1981).

⁹⁷⁷ *See Dupart v. Roussell*, 497 F. Supp. 3d 102 (E.D. La. 2020).

personally.”⁹⁷⁸ “Because plaintiffs fail to plausibly allege a likelihood of confusion between any of the marks at issue,” the court concluded, “the plaintiffs fail to state a trademark-infringement claim under the Lanham Act.”⁹⁷⁹

Claims of likely confusion also fell short as a matter of law on motions for summary judgment. One such claim rested on the plaintiff’s sale of a combination mayonnaise-plus-ketchup product sold in the following packaging under the incontestable METCHUP mark:⁹⁸⁰



The plaintiff objected to the defendant’s marketing of a competitive product in the packaging below on the left, which was never actually sold because of the defendant’s eventual choice to proceed with the packaging below on the right.⁹⁸¹

⁹⁷⁸ *Id.* at 111.

⁹⁷⁹ *Id.* at 112.

⁹⁸⁰ *See Perry v. H. J. Heinz Co. Brands, L.L.C.*, 994 F.3d 466, 472 (5th Cir. 2021).

⁹⁸¹ *Id.*



The weakness of the plaintiff's mark played a key role in the failure of his case, for, as the court observed, "the market is not covered in [the plaintiff's] Metchup";⁹⁸² instead, the plaintiff had sold only 50 to 60 bottles of his product (the first of them to his mother) "exclusively from the lobby of a nine-room motel adjacent to his used-car dealership in Lacombe, Louisiana."⁹⁸³ The court also concluded of the parties' respective containers that "[t]he products' distinguishable packaging mitigates against [the defendant's] use of the word Metchup because the packaging differences make confusion less likely."⁹⁸⁴ So too did the defendant benefit from the suggestiveness of the plaintiff's mark,⁹⁸⁵ the differing markets served by the parties,⁹⁸⁶ the lack of overlapping advertising media,⁹⁸⁷ the reasonableness of the defendant's conclusion in the

⁹⁸² *Id.* at 468.

⁹⁸³ *Id.*

⁹⁸⁴ *Id.* at 472.

⁹⁸⁵ *Id.* The weakness accompanying the mark's suggestiveness was not cured by the plaintiff's having filed a declaration of incontestability for the registration covering the mark. Rather, the court held, "[i]ncontestable status does not make a weak mark strong" *Id.* at 473 (quoting *Oreck Corp. v. U.S. Floor Sys., Inc.*, 803 F.2d 166, 171 (5th Cir. 1986)).

⁹⁸⁶ The court concluded on this point that:

Both [parties] are selling to potential condiment purchasers. But they have to date targeted different segments of this market. [The plaintiff] has limited his sales efforts to the travelers staying at his nine-room motel in Lacombe, Louisiana, and to visitors to his used car lot. The small motel and the adjoining used car lot are not the first place condiment purchasers go for ketchup and mayonnaise in any form. Moreover, [the plaintiff] has neither sold Metchup online nor shipped orders of Metchup. He has made only minimal efforts to expand his distribution. And when he did attempt to expand, his efforts involved, not approaching local restaurants, stores, or farmer's markets, but sending unsolicited samples to national grocery chains in Florida and a hot sauce store in New Orleans.

Id. at 472.

⁹⁸⁷ *Id.* at 472-73.

clearance process that the plaintiff had abandoned the use of his mark,⁹⁸⁸ and the absence of actual confusion.⁹⁸⁹ Although the competitive nature of the parties' goods and the goods' inexpensive price points favored the plaintiff's position,⁹⁹⁰ and although the plaintiff proffered expert testimony from a marketing professor concerning the alleged visual and auditory similarity of the METCHUP and MAYOCHUP marks,⁹⁹¹ the court held there was no material dispute as to the unlikelihood of confusion between the parties' respective uses of those marks.⁹⁹²

The Second Circuit also affirmed a finding of unlikely confusion as a matter of law, at least with respect to certain of the marks at issue.⁹⁹³ The plaintiff and the defendants sold the following competitive automotive air fresheners, which they sold under the BAYSIDE BREEZE and BOARDWALK BREEZE mark, respectively:⁹⁹⁴



⁹⁸⁸ *Id.* at 473.

⁹⁸⁹ *Id.*

⁹⁹⁰ *Id.* at 472.

⁹⁹¹ The plaintiff's expert "pointed out that the words only differ by three letters and noted that Twitter users asked Heinz about the pronunciation of Mayo-chup, 'Is it pronounced May-o-chup or Metchup?'" *Id.* at 473. The court was unimpressed, observing that "asking questions about pronunciation does not show that the Twitter users were actually confusing Heinz's Mayo-chup with [the plaintiff's] Metchup. Confusion about how to pronounce the product's name does not show actual confusion as to its source, sponsorship, or affiliation." *Id.*

⁹⁹² *Id.*

⁹⁹³ See *Car-Freshner Corp. v. Am. Covers, LLC*, 980 F.3d 314 (2d Cir. 2020), *on remand*, No. 5:17-cv-171 (TJM/ATB), 2021 WL 4502281 (N.D.N.Y. Sept. 30, 2021).

⁹⁹⁴ *Id.* at 324.

The court agreed with the plaintiff that BAYSIDE BREEZE was suggestive, but extensive third-party use of “breeze” by third parties outweighed any conceptual strength the mark might have enjoyed; according to the court, “[w]hen the word that makes a mark somewhat suggestive is widely used [with] competitive, nearly competitive, and other products, its suggestive quality substantially loses what that quality would otherwise contribute to the strength of a trademark.”⁹⁹⁵ Comparing the marks themselves, the court was unimpressed with the plaintiff’s reliance on the common word “breeze” because “the use of a single word from a suggestive mark, coupled with differences in the appearance of the packaging, tends to weigh the similarity factor in favor of [the defendants]”⁹⁹⁶ It likewise held that the absence of cognizable actual confusion, even if “not fatal,” nevertheless favored the defendants.⁹⁹⁷ Although the summary judgment record contained communications between the defendants’ employees that the court perceived as evidence a bad-faith intent to emulate the plaintiff’s mark,⁹⁹⁸ and despite the low level of consumer sophistication and low price points in the industry,⁹⁹⁹ summary judgment in the defendants’ favor had been appropriate.¹⁰⁰⁰

At the trial court level, a demand letter from the owner of the TROLLEY BAGS mark for reusable bags for mounting on shopping carts produced a declaratory judgment action for noninfringement by a competitor using the LOTUS TROLLEY BAG mark for the same goods; that action entailed a predictable, but ultimately unsuccessful, counterclaim for infringement.¹⁰⁰¹ As they appeared in the marketplace, the parties’ marks were “markedly different,” and that consideration weighed in the counterclaim defendant’s favor, especially in light of its use of the LOTUS house mark.¹⁰⁰²

⁹⁹⁵ *Id.* at 330.

⁹⁹⁶ *Id.* at 332.

⁹⁹⁷ *Id.*

⁹⁹⁸ *Id.* at 333.

⁹⁹⁹ *Id.* at 334.

¹⁰⁰⁰ *Id.*

¹⁰⁰¹ See *Golden Eye Media USA, Inc. v. Trolley Bags UK Ltd.*, 525 F. Supp. 3d 1145 (S.D. Cal. 2021), *motion to certify appeal granted*, No. 3:18-CV-02109-BEN-LL, 2021 WL 2072382 (S.D. Cal. May 24, 2021), *appeal docketed*, No. 21-2096 (Fed. Cir. June 25, 2021).

¹⁰⁰² *Id.* at 1219-20, 1227-28.



Although the counterclaim plaintiffs asserted their mark was strong, the court faulted them for failing to provide “evidence showing the scope of [their] advertising, exclusivity, and/or public use, and it also noted the absence from the summary judgment record of any proof of the public’s recognition of the mark;¹⁰⁰³ moreover, any period of exclusive use the counterclaim plaintiffs might have enjoyed of their mark was limited to a mere eight months.¹⁰⁰⁴ The deficiencies in the counterclaim plaintiffs’ factual showing extended to their failure to adduce evidence of: (1) actual confusion, which the court found “weighs strongly against a finding of infringement”;¹⁰⁰⁵ (2) converging marketing channels;¹⁰⁰⁶ and (3) consumer sophistication.¹⁰⁰⁷ The counterclaim defendant might have known of the counterclaim plaintiffs’ use prior to undertaking its own, but the court treated that factor as neutral,¹⁰⁰⁸ just as it did the likelihood of the parties’ expansion of their product lines.¹⁰⁰⁹ Under those circumstances, the competitive proximity of the parties’ goods was not enough to create a factual dispute as to the counterclaim defendant’s nonliability for infringement.¹⁰¹⁰

In contrast, it was a lack of competitive proximity that helped drive a successful defense motion for summary judgment by the United States Department of Veterans Affairs after that agency was sued for infringement by the owner of the VETERANS 360 mark, which the plaintiff had registered for charitable services focused on supporting veterans.¹⁰¹¹ The VA’s allegedly infringing mark was VET360 for an electronic profile synchronization system, which the

¹⁰⁰³ *Id.* at 1227. The counterclaim defendants did introduce evidence of their sales, but the court determined that “[t]his is not evidence of actual association, and thus, fails to establish public recognition.” *Id.*

¹⁰⁰⁴ *Id.* at 1226-27.

¹⁰⁰⁵ *Id.* at 1229.

¹⁰⁰⁶ *Id.*

¹⁰⁰⁷ *Id.* at 1229-30.

¹⁰⁰⁸ *Id.* at 1230.

¹⁰⁰⁹ *Id.*

¹⁰¹⁰ *Id.* at 1231.

¹⁰¹¹ See *Collins v. U.S. Dep’t of Veterans Affs.*, 497 F. Supp. 3d 885 (S.D. Cal. 2020).

court found might be similar enough to the plaintiff's mark to favor a finding of likely confusion except for differences in how the marks appeared in the market. With the mark-similarity factor neutral, the plaintiff's claim foundered on the shoals of the court's findings that: (1) the plaintiff's mark was both conceptually and commercially weak;¹⁰¹² (2) the parties' services were "not proximate";¹⁰¹³ (3) the plaintiff's few proffered instances of actual confusion were not probative because they did not involve veterans but instead individuals already familiar with the plaintiff;¹⁰¹⁴ and (4) there was no evidence of bad faith.¹⁰¹⁵ Although the California federal district court assigned to the case acknowledged Ninth Circuit authority "caution[ing] district courts to grant summary judgment on the issue of likelihood of confusion "sparingly,"¹⁰¹⁶ that warning was not enough to ward off summary judgment of noninfringement.

Another district court opinion finding confusion unlikely as a matter of law arose from the counterclaim defendant's alleged use of the counterclaim plaintiff's model numbers in connection with dental products directly competitive to those sold by the counterclaim defendants.¹⁰¹⁷ The court's grant of the counterclaim defendant's motion for summary judgment focused less on the standard likelihood-of-confusion factors than it did on the counterclaim plaintiffs' arguments that confusion was merely *possible* because of the counterclaim defendant's conduct, "which," the court observed, "is insufficient to establish a likelihood of confusion."¹⁰¹⁸ In any case, it noted, the counterclaim plaintiffs had failed to demonstrate bad faith on the part of the counterclaim defendant, that their allegedly proprietary model numbers were particularly strong indicators of origin, or that the counterclaim defendant's goods were of lower quality than those of the counterclaim plaintiffs.¹⁰¹⁹ Summary judgment of noninfringement followed.

So too did summary judgment of noninfringement transpire on the infringement and unfair competition counterclaims of a marketer and distributor of agricultural products under the

¹⁰¹² *Id.* at 895-96.

¹⁰¹³ *Id.* at 898.

¹⁰¹⁴ *Id.* at 898-99.

¹⁰¹⁵ *Id.* at 899-900.

¹⁰¹⁶ *Id.* at 893 (quoting *Fortune Dynamic, Inc. v. Victoria's Secret Stores Brand Mgmt., Inc.*, 618 F.3d 1025, 1039 (9th Cir. 2010)).

¹⁰¹⁷ See *Shetel Indus. v. Adin Dental Implant Sys., Inc.*, 493 F. Supp. 3d 64 (E.D.N.Y. 2020), *later proceedings*, No. 17-CV-2505(SJF)(ARL), 2021 WL 1108666 (E.D.N.Y. Mar. 23, 2021).

¹⁰¹⁸ *Id.* at 129.

¹⁰¹⁹ *Id.*

ENZYME MAX mark.¹⁰²⁰ The counterclaim defendants, a former manufacturer of the counterclaim plaintiff's goods and that manufacturer's principal, sold similar goods under the NANOZYME mark. The court's analysis began in promising fashion for the counterclaim defendants, with the court finding that the parties' marks were distinguishable because "[t]he marks—viewed generously in [the counterclaim plaintiff's] favor—have arguable sight similarities, but only in that they both appear against green photographs of plant life. [The counterclaim defendants'] mark is distinct in font and layout, and the marks bear no similarity in sound or meaning."¹⁰²¹ The counterclaim plaintiff did not help its case by failing to proffer "any evidence of intent, consumer care, or actual confusion";¹⁰²² indeed, its substantive factual arguments apparently concerned the alleged infringement of a different mark altogether. Not surprisingly, therefore, the court granted the counterclaim defendants' motion for summary judgment.

A final successful motion for summary judgment of nonliability was granted by a New York trial court on facts that might well have produced a holding that conflicting record evidence and testimony existed on the subject.¹⁰²³ The plaintiffs claimed to own the MANNINO'S PIZZERIA RESTAURANT, MANNINO'S RESTAURANT & LOUNGE, and MANNINO'S ITALIAN KITCHEN & LOUNGE marks for restaurant and catering services, while the defendants used MANNINO'S BAGEL BAKERY as a mark for their own restaurants, which sold "bagels and delicatessen items such as pastries, muffins, hamburgers, salads, sandwiches (including Italian heros), paninis, and wraps," as well as "baked ziti and chicken parmesan on their catering menu."¹⁰²⁴ Although allowing that "the consuming public may . . . be drawn or influenced by the most prominent word in the plaintiffs' marks, 'Maninno's,'"¹⁰²⁵ the court otherwise was hostile to the plaintiffs' case. In particular, it found that: (1) the plaintiffs' marks lacked strength (indeed, they lacked distinctiveness altogether);¹⁰²⁶ (2) the offerings at the parties' businesses were not competitive;¹⁰²⁷ (3) the plaintiffs' evidence of actual confusion was limited to a single misdirected check;¹⁰²⁸ (4) the defendants had not acted in bad faith;¹⁰²⁹ and (5) "in view of the

¹⁰²⁰ See *EST Inc. v. Royal-Grow Prods., LLC*, 526 F. Supp. 3d 943 (D. Kan. 2021).

¹⁰²¹ *Id.* at 957 (citations omitted).

¹⁰²² *Id.*

¹⁰²³ See *JFM Corp. v. Mannino's Bagel Bakery*, 132 N.Y.S.3d 582 (Sup. Ct. 2020).

¹⁰²⁴ *Id.* at 591.

¹⁰²⁵ *Id.* at 589.

¹⁰²⁶ *Id.* at 589-90.

¹⁰²⁷ *Id.* at 591.

¹⁰²⁸ *Id.*

¹⁰²⁹ *Id.*

differences between the type and cost of the parties' products, it is unlikely that even an unsophisticated buyer would be confused as to the source of the defendants' products."¹⁰³⁰

(vi) Opinions Finding Confusion Unlikely After Trial

Whether because of COVID-related shutdowns of in-court activity or other reasons, findings of noninfringement in reported opinions arising from full trials on the merits were virtually nonexistent. Nevertheless, in an appeal from a failed claim of infringement during a bench trial, the Mississippi Court of Appeals affirmed the judgment below.¹⁰³¹ On its face, the plaintiff's claim of likely confusion appeared credible: It used MIDTOWN WINE & SPIRITS as a mark for the retail sale of alcoholic beverages in Hattiesburg, Mississippi, while the defendant operated a competitive business under the MIDTOWN MARKET WINE & SPIRITS mark "approximately one mile away" on the same road;¹⁰³² the trial record also included evidence and testimony of actual confusion and that the parties served "the same market and customer base."¹⁰³³ Nevertheless, "extensive third-party use of the word 'Midtown' in Hattiesburg" rendered the plaintiff's mark weak, as did what the court saw as the plaintiff's unconvincing evidence of acquired distinctiveness.¹⁰³⁴ With the plaintiff unable to demonstrate a bad-faith intent on the defendant's part¹⁰³⁵ and the court concluding that its proffered instances of actual confusion were "fleeting mix-up[s] that did not concern business transactions with likely customers,"¹⁰³⁶ the finding of nonliability withstood appellate scrutiny.

(vii) Opinions Deferring Resolution of the Likelihood-of-Confusion Inquiry

As always, motions to dismiss allegations of likely confusion for failure to state claims generally failed, with the Fifth Circuit

¹⁰³⁰ *Id.*

¹⁰³¹ See *T.M.T., LLC v. Midtown Mkt. Wine & Spirits, LLC*, 310 So. 3d 1217 (Miss. Ct. App. 2021).

¹⁰³² *Id.* at 1225.

¹⁰³³ *Id.*

¹⁰³⁴ *Id.* at 1226.

¹⁰³⁵ Like the trial court, the court of appeals credited testimony by the defendant's principal that "the name 'Midtown Market' was selected because the owners of the 'Midtown Market' shopping center offered [him] an opportunity to open a liquor store in that shopping center under the name 'Midtown Market Wine & Spirits,'" as well as that a search through the Mississippi Secretary of State's fictitious name database had not disclosed the plaintiff's prior use of its mark. *Id.* at 1227.

¹⁰³⁶ *Id.*

reversing the grant of such a motion.¹⁰³⁷ The plaintiffs in the appeal to that court were a Texas-based, personal-injury law firm and its principal, who marketed their services under the JIM ADLER, THE HAMMER, TEXAS HAMMER, and EL MARTILLO TEJANO marks. The defendants promoted their competitive services in part through purchases of the plaintiffs' marks as keywords for online Google advertising. Quoting the complaint, the court summarized the effect of the defendants' alleged conduct in the following manner:

This ensures that an advertisement for [the defendants'] services appears when a user performs a Google search using [a] mark [owned by the plaintiffs] as a search term. [The defendants] bid[] increasingly higher amounts to ensure that [their] advertisements appear next to or before [the plaintiffs'] advertisements. [The defendants'] advertisements "do not identify a particular lawyer or law firm as the source of the advertisement. Instead, the advertisements are designed to display generic terms that consumers might associate with any personal injury firm."¹⁰³⁸

Beyond that, the plaintiffs alleged, the defendants used "what is known as a 'click-to-call' advertisement," meaning that "[i]f a user clicks on the advertisement using a mobile phone, the advertisement causes the user's phone to make a call rather than visit a website. [The defendants'] representatives answer the telephone using a generic greeting."¹⁰³⁹

Declining to recognize the plaintiffs' allegations of initial-interest confusion as actionable, the district court dismissed the action for failure to state a claim,¹⁰⁴⁰ but the Fifth Circuit reversed. "We agree," the appellate court began, "that the likelihood of confusion element requires a fact-specific and contextual inquiry, but that does not mean that it can never be decided at the motion to dismiss stage."¹⁰⁴¹ Nevertheless, it ultimately held that "[t]his is not such a case."¹⁰⁴² Although the district court had interpreted the plaintiffs' complaint as resting only on the defendants' purchase of the plaintiffs' marks as keywords, the court noted that "[the

¹⁰³⁷ See *Jim S. Adler, P.C. v. McNeil Consultants, L.L.C.*, 10 F.4th 422 (5th Cir. 2021).

¹⁰³⁸ *Id.* at 425.

¹⁰³⁹ *Id.*

¹⁰⁴⁰ The district court also faulted the plaintiffs for accusing the defendants of violating the plaintiffs' rights to "generic" advertisements, but, as the Fifth Circuit noted, the plaintiffs had not alleged infringement "solely on the basis of the generic text of the advertisements." *Id.* at 429. Instead, they also had alleged infringement "based on [the defendants'] use of the [plaintiffs'] marks, the ownership and validity of which is not disputed. The generic nature of [the defendants'] advertisements is relevant because it enhances rather than dispels the likelihood of initial interest confusion." *Id.*

¹⁰⁴¹ *Id.*

¹⁰⁴² *Id.* at 429.

plaintiffs] made specific factual allegations describing how the use of [their] marks as keyword terms — combined with generic, unlabeled advertisements and misleading call-center practices — caused initial interest confusion”;¹⁰⁴³ thus, the complaint “included factual matter beyond the mere purchase of trademarks as keywords for search-engine advertising, and the district court should have considered those allegations.”¹⁰⁴⁴ In particular, the district court had erred by dismissing the plaintiffs’ case because the plaintiffs’ marks were not visible in the defendants’ advertisements. The proper rule, the Fifth Circuit concluded, is that “whether an advertisement incorporates a trademark that is visible to the consumer is a relevant but not dispositive factor in determining a likelihood of confusion in search-engine advertising cases.”¹⁰⁴⁵

Motions to dismiss and for judgment on the pleadings failed before trial courts as well.¹⁰⁴⁶ One of the more dubious such motions met with misfortune in a case in which the plaintiff sought to protect its FLYSENSE mark for devices to detect vaping in unauthorized locations.¹⁰⁴⁷ Although the defendants had registered www.flysense.com as a domain name, which they used to redirect consumers to a site at which they sold competitive devices, they improbably invited the court to find as a matter of law at the pleadings stage that confusion was unlikely. Not surprisingly, the court determined as a threshold matter that “Defendants’ argument presents issues of fact that cannot be disposed of on a motion to dismiss.”¹⁰⁴⁸ Turning to the multifactor test for likely confusion, it concluded from the plaintiff’s complaint that the factors of mark strength and mark similarity favored the denial of the defendants’ motion because “the term ‘flysense’ is inherently distinctive, and . . . [the lead defendant] used the term in the domain name

¹⁰⁴³ *Id.*

¹⁰⁴⁴ *Id.*

¹⁰⁴⁵ *Id.* at 430.

¹⁰⁴⁶ See, e.g., *Sadieboo, Inc. v. MJ Tools Corp.*, 526 F. Supp. 3d 285, 290-91 (W.D. Mich. 2021) (denying defense motion for judgment on the pleadings apparently grounded in absence from complaint of allegations of actual confusion); *Atari Interactive, Inc. v. Redbubble, Inc.*, 515 F. Supp. 3d 1089, 1106 (N.D. Cal. 2021) (apparently concluding, in cursory analysis, that differences between the plaintiff’s marks as registered and defendant’s presentations of same marks created factual dispute precluding liability), *appeal docketed*, No. 21-17062 (9th Cir. Dec. 16, 2021); *I.M. Wilson, Inc. v. Otvetstvennostyou “Grichko,”* 500 F. Supp. 3d 380, 410 (E.D. Pa. 2020) (denying motion to dismiss allegations of likely confusion grounded in defendants’ alleged imitation of plaintiff’s ballet shoe and observing that “the likelihood of confusion analysis is a factual question which is hardly resolved at the motion to dismiss stage”), *later proceedings*, No. 18-5194, 2020 WL 6703585 (E.D. Pa. Nov. 13, 2020).

¹⁰⁴⁷ See *Soter Techs., LLC v. IP Video Corp.*, 523 F. Supp. 3d 389 (S.D.N.Y. 2021).

¹⁰⁴⁸ *Id.* at 405.

www.flysense.com . . .”¹⁰⁴⁹ The court then found “no dispute that the products are directly competitive within the same market (i.e. there is no gap to bridge), and the allegedly offending site was ‘compet[ing] for the same audience [as Plaintiff]—namely, Internet users who are searching for a web site that uses [P]laintiff’s mark as its address.”¹⁰⁵⁰ It also credited the plaintiff’s averment of actual confusion among consumers approaching the plaintiff for replacements of goods purchased from the defendants, as well as “a re-seller of Plaintiff’s goods and at least one prospective customer.”¹⁰⁵¹ The plaintiff’s allegations concerning the defendants’ intent also weighed against a dismissal, because “there would be no reason for Defendants to use [Plaintiff’s mark] in a domain name except to capitalize on Plaintiff’s reputation by attracting customers that are seeking to find information about or options to purchase Plaintiff’s products.”¹⁰⁵² “Finally,” the court concluded, “although the prospective customers of both parties are institutions, courts have held that initial interest confusion ‘afflicts sophisticated visitors no less than it does unsophisticated visitors.’”¹⁰⁵³

Averments of intentional imitation also played a role in the denial of a motion to dismiss allegations by several counterclaim plaintiffs, who produced and imported drinks sold in the cans on the left below, against a counterclaim defendant selling competitive beverages in the cans depicted on the right:¹⁰⁵⁴



Although the counterclaim defendant argued the counterclaim plaintiffs had failed to allege any facts making likely confusion

¹⁰⁴⁹ *Id.* at 405.

¹⁰⁵⁰ *Id.* (alterations in original) (quoting *N.Y. York State Soc. of Certified Pub. Accts. v. Eric Louis Assocs.*, 79 F. Supp. 2d 331, 341 (S.D.N.Y. 1999)).

¹⁰⁵¹ *Id.*

¹⁰⁵² *Id.* at 406.

¹⁰⁵³ *Id.* (quoting *Eric Louis Assocs.*, 79 F. Supp. at 341).

¹⁰⁵⁴ See *Golden Star Wholesale, Inc. v. ZB Importing, Inc.*, 531 F. Supp. 3d 1231, 1239 (E.D. Mich. 2021). The counterclaim defendant also moved the court for judgment of noninfringement on the pleadings. *Id.* at 1238.

plausible, the court agreed with the counterclaim plaintiffs that the counterclaim defendant was improperly attempting to hold them to a summary judgment standard. Moreover, it noted, the counterclaim plaintiffs had averred, *inter alia*: (1) the inherent and acquired distinctiveness of their claimed trade dress; (2) the competitive proximity of the parties' products; (3) the similarity of their parties' cans (documented by photographs); (4) the existence of current and future actual confusion; (5) overlapping geographic markets; and (6) intentional copying by the counterclaim defendant.¹⁰⁵⁵ The counterclaim plaintiffs therefore had stated a claim of infringement.

An additional opinion demonstrating the difficulty in convincing courts to dismiss allegations of likely confusion at the pleadings stage arose from a dispute between parties active in the organization and administration of women's lacrosse tournaments.¹⁰⁵⁶ At a better point in the parties' relationship, the plaintiff had engaged the lead defendants to promote tournaments under the plaintiff's IWCLA CHAMPIONS, IWCLA NEW ENGLAND CUP, IWCLA MIDWEST CUP, IWCLA CAPITAL CUP, IWCLA PRESIDENTS CUP, and IWCLA DEBUT marks. After the COVID pandemic led the plaintiff to cancel tournaments it had scheduled for 2020, the defendants began promoting tournaments of their own under the CSE CHAMPIONS, CSE NEW ENGLAND CUP, CSE MIDWEST CUP, CSE CAPITAL CUP, CSE PRESIDENTS CUP, and CSE DEBUT marks. In moving to dismiss the plaintiff's allegations of likely confusion, the defendants argued that the substitution of the initials of the lead defendant's corporate name—CSE—for those of the plaintiff's name—IWCLA—necessarily rendered confusion unlikely. The court, however, reached the opposite conclusion, holding that “[h]ere, it is plausible that [the defendants'] use of the [plaintiff's] trademarks would increase confusion, particularly given [the lead defendant's] position as the official historical host of the [tournaments] and its statement that the tournaments would ‘look and feel the exact same as they always have.’”¹⁰⁵⁷ Especially because “[t]he likelihood of confusion is an inherently factual issue,” the court declined to dismiss the action in advance of the proof stage.¹⁰⁵⁸

Allegations of likely confusion between the colors of garden hoses similarly escaped a motion to dismiss.¹⁰⁵⁹ The plaintiff owned

¹⁰⁵⁵ *Id.* at 1247.

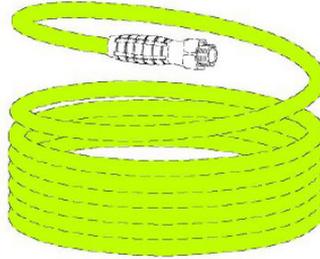
¹⁰⁵⁶ *See Intercollegiate Women's Lacrosse Coaches Ass'n v. Corrigan Sports Enters.*, 505 F. Supp. 3d 570 (M.D.N.C. 2020).

¹⁰⁵⁷ *Id.* at 589.

¹⁰⁵⁸ *Id.* (quoting *Petro. Shopping Ctrs., L.P. v. James River Petroleum, Inc.*, 130 F.3d 88, 92 (4th Cir. 1997)).

¹⁰⁵⁹ *See Weems Indus. v. Teknor Apex Co.*, 540 F. Supp. 3d 839 (N.D. Iowa 2021).

a federal registration on the Principal Register covering the following mark, which it described as consisting of the color chartreuse:¹⁰⁶⁰



Its complaint identified the color of the two competing hoses sold by the defendant as infringing its mark:¹⁰⁶¹



The defendant's moving papers asserted that neither of the colors appearing on its hoses could be considered chartreuse; specifically, the defendant's colors were Pantone 387C and Pantone 802C, while the plaintiff's color was Pantone 389C.¹⁰⁶² Thus, as the court characterized the defendant's position, a finding of liability "would allow [the plaintiff] to monopolize many, if not all, shades of yellow and green and render chartreuse a phantom mark."¹⁰⁶³ The court rejected those arguments, holding instead that the plaintiff had adequately averred the existence of likely confusion:

[The plaintiff] need not show that [the defendant's] hoses are identical in color to its own for its infringement and unfair competition claims to succeed. Infringement occurs whenever use of another's mark is likely to cause customer confusion.

¹⁰⁶⁰ *Id.* at 845.

¹⁰⁶¹ *Id.* at 853.

¹⁰⁶² *Id.*

¹⁰⁶³ *Id.* at 853-54.

Thus, while [the defendant] is correct that one asserting trademark rights in a color must specify a particular shade, that does not mean that only that precise shade is protected. but it does protect its owner from another's use of any similar shade that, when used on identical goods or in similar ways, is likely to cause an ordinary customer to be confused or misled as to the difference between the products or their sources.¹⁰⁶⁴

Finally, ride-share giant Uber Technologies pursued an unsuccessful motion to dismiss allegations of reverse confusion advanced by a prior user of the UBER mark for marketing and design services.¹⁰⁶⁵ Uber Technologies and a business partner had announced plans to expand into the display-advertising business, and those announcements and an ambitiously worded application in the USPTO played a role in the court's decision that the plaintiff had adequately pleaded the relatedness of its services and those of the defendants. Those were not the only allegations in the complaint to lend the required plausibility to the plaintiff's claim of infringement, however, for that document also averred: (1) the arbitrary nature of the plaintiff's mark;¹⁰⁶⁶ (2) the existence of actual confusion in the form of consumer complaints mistakenly directed to the plaintiff;¹⁰⁶⁷ and (3) that the defendants' expansion into advertising would bridge the gap between the parties' respective business.¹⁰⁶⁸

In addition to opinions denying motions to dismiss, others from appellate courts vacated grants of motions for summary judgment, especially those filed by defendants. The Eighth Circuit delivered up the most notable example of such a disposition in an opinion, like that of the Fifth Circuit discussed above, addressing the viability of initial-interest confusion as an actionable tort.¹⁰⁶⁹ The plaintiffs in the appeal before that court manufactured adjustable air mattresses, which they sold under the SLEEP NUMBER and NUMBER BED marks primarily through company-owned stores, although they also availed themselves of online and telephone marketing. The court summarized the plaintiffs' allegations of likely confusion in the following manner:

Plaintiffs' overall theory of the case alleges Defendants employed words or phrases identical or confusingly similar to Plaintiffs' trademarks in various online advertising

¹⁰⁶⁴ *Id.* at 854 (footnote omitted) (citations omitted).

¹⁰⁶⁵ *See* Uber Inc. v. Uber Techs., Inc., 521 F. Supp. 3d 455 (S.D.N.Y. 2021).

¹⁰⁶⁶ *Id.* at 464.

¹⁰⁶⁷ *Id.*

¹⁰⁶⁸ *Id.*

¹⁰⁶⁹ *See* Select Comfort Corp. v. Baxter, 996 F.3d 925 (8th Cir.), *cert. denied*, 142 S. Ct. 561 (2021).

formats including: website urls; search inquiry paid terms; embedded links in third-party sites; and general use of identical or similar phrases in text advertisements or combined graphic-and-text advertisements that could be viewed by users or detected organically by search engines.¹⁰⁷⁰

The plaintiffs argued that this conduct created initial-interest confusion, but the district court dismissed that theory on summary judgment, holding it available only in cases involving unsophisticated consumers. The appellate court, however, held that the district court's focus on point-of-sale confusion was misplaced and that a jury instruction emphasizing confusion among purchasers was reversible error. Although it previously had recognized the actionable nature of post-sale confusion based on a circa-1962 amendment to Section 32 removing an express reference to "purchasers,"¹⁰⁷¹ it also had previously declined to allow liability arising from initial-interest confusion in a case involving sophisticated consumers.¹⁰⁷² Faced with reconciling its arguably inconsistent prior opinions, the court held that "when a jury question exists as to the issue of consumer sophistication, a plaintiff should not be barred from proving presale, initial-interest confusion. In reaching this conclusion we find the Lanham Act itself and amendments to its language . . . particularly compelling."¹⁰⁷³ Then, having concluded that a factual dispute indeed existed as to the sophistication of the parties' consumers, the court vacated the jury's finding of noninfringement and remanded the action for further proceedings. "In so ruling," however, the court disclaimed any intent to "comment as to how a finding of confusion at times other than the moment of purchase might affect the analysis of remedies and the determination of damages."¹⁰⁷⁴

Another appellate opinion vacating the entry of summary judgment of nonliability came from the Eleventh Circuit in a case in which a purveyor of epoxy sold in the packaging shown below on the left claimed that the trade dress below on the right infringed its rights:¹⁰⁷⁵

¹⁰⁷⁰ *Id.* at 930.

¹⁰⁷¹ *See Insty*Bit, Inc. v. Poly-Tech Indus.*, 95 F.3d 663, 671-72 (8th Cir. 1996).

¹⁰⁷² *See Sensient Techs. Corp. v. SensoryEffects Flavor Co.*, 613 F.3d 754, 769 (8th Cir. 2010).

¹⁰⁷³ *Select Comfort*, 996 F.3d at 935.

¹⁰⁷⁴ *Id.* at 938.

¹⁰⁷⁵ *See J-B Weld Co. v. Gorilla Glue Co.*, 978 F.3d 778, 784, 785 (11th Cir. 2020).



A key element of the plaintiff's success in securing a vacatur of the district court's grant of the defendant's summary judgment motion was the Eleventh Circuit's view of the plaintiff's proffered evidence of bad-faith copying. The defendant's graphic designer testified that "[t]he objective of this project was to go straight up against the [the plaintiff] and create packaging that mimics the [plaintiff's] architecture. I was able to pull subtle elements into our package, but still keep the package looking tough and geared towards the Gorilla brand."¹⁰⁷⁶ Although the district court attributed "innocuous motives" to the defendant's design team,¹⁰⁷⁷ the Eleventh Circuit held that it had made improper inferences in the defendant's favor while doing so: "This evidence of [the defendant's] intent to copy creates an inference that [the plaintiff] intended to capitalize on [the defendant's] goodwill, and that evidence is probative of the likelihood of confusion issue."¹⁰⁷⁸ That was not the showing by the plaintiff to create a factual dispute as to the defendant's potential liability, however, for the summary judgment record also

¹⁰⁷⁶ *Id.* at 784-85.

¹⁰⁷⁷ *Id.* at 792.

¹⁰⁷⁸ *Id.* (citation omitted). The court elaborated on this point with the following observation:

[T]he [District] Court inferred that [the defendant] sought only to compete with [the plaintiff], not to confuse consumers. However, as the District Court correctly noted, in instances where "there may have been many other motivations for Defendant's actions, intentional copying *does not necessarily* indicate a desire to capitalize on another's goodwill" (emphasis added). The issue, of course, is that the District Court concluded that testimony suggesting innocuous motives must show that [the defendant] did not intend to capitalize on [the plaintiff's] business reputation. But the fact that the intentional copying does not necessarily demonstrate [the defendant's] intent to capitalize on [the plaintiff's] goodwill does not mean that it cannot. The District Court was required to draw this inference in the light most favorable to [the plaintiff], not [the defendant].

Id.

established that certain “industry professionals” had inquired about the parties’ relationship,¹⁰⁷⁹ which the appellate court accorded particular weight in light of the relatively short period in which both parties’ packages had been on the market.¹⁰⁸⁰ In its estimation, the district court had also erred in adhering to an earlier finding while weighing a preliminary injunction motion by the plaintiff that the plaintiff’s trade dress was only moderately strong, “despite [the plaintiff’s] presentation of evidence [at the summary judgment stage] that [the plaintiff’s] dress is recognizable and has retained consistent features for decades.”¹⁰⁸¹ Finally, the court noted, “three factors—the similarity of the products, the similarity of retail outlets and purchasers, the similarity of advertising media used—received no discussion at all.”¹⁰⁸² Considered in the aggregate, those considerations warranted a vacatur and remand.

So too did the Ninth Circuit decline to affirm a finding below that confusion was unlikely as a matter of law between the SMARTSYNC mark for software using compression and replication to transfer data, on the one hand, and the same mark for a feature of a software suite allowing users to access and view files in a cloud account.¹⁰⁸³ The plaintiff’s claim of infringement sounded in reverse confusion, of which the court noted, “[a]ffiliation with a popular well-known brand may seem beneficial, but reverse confusion carries consequences. Reverse confusion can foreclose the senior user from expanding into related fields and could place the senior company’s goodwill in the hands of the junior user.”¹⁰⁸⁴

The court then turned to summary judgment record. Although the district court accepted the defendant’s argument that the relevant consuming public was limited to the United States Navy, which was the plaintiff’s only then-current customer, the appellate court found a factual dispute on the issue because “[the plaintiff] had one commercial customer in the past and submitted evidence of its recent attempts to acquire more. Therefore, a reasonable jury could find that [the plaintiff’s] potential consumers include commercial customers.”¹⁰⁸⁵ The court also found conflicting evidence and testimony in the record as to whether the plaintiff’s mark was suggestive rather than descriptive, not the least of which was the mark’s registration on the Principal Register.¹⁰⁸⁶ That conflicting evidence and testimony extended to the strength of the defendant’s

¹⁰⁷⁹ *Id.* at 793.

¹⁰⁸⁰ *Id.* at 794.

¹⁰⁸¹ *Id.*

¹⁰⁸² *Id.* at 795.

¹⁰⁸³ *See* Ironhawk Techs., Inc. v. Dropbox, Inc., 2 F.4th 1150 (9th Cir. 2021).

¹⁰⁸⁴ *Id.* at 1160.

¹⁰⁸⁵ *Id.* at 1161.

¹⁰⁸⁶ *Id.* at 1162.

mark as well, which the Court held relevant to the issue of that mark's capability "to swamp [the plaintiff's] reputation with a much larger advertising campaign."¹⁰⁸⁷ Nor was the district court's failure to recognize those factual disputes the limit of its errors, because a reasonable jury could conclude that: (1) the parties' goods were "related, sold to the same class of purchasers, or similar in use and function";¹⁰⁸⁸ (2) the defendant's use of its house mark in conjunction with the challenged one aggravated, rather than reduced, the likelihood of confusion;¹⁰⁸⁹ (3) the plaintiff had adduced testimony of actual confusion in the form of inquiries about affiliation between the parties and the belief among some purchasers of the defendants' goods that they owned those of the plaintiff;¹⁰⁹⁰ and (4) the defendant's awareness of the plaintiff's prior use of its mark constituted a culpable disregard of the possibility of reverse confusion.¹⁰⁹¹ Although the parties might have targeted sophisticated purchasers and despite the neutrality of the likelihood-of-expansion factor, the district court had erred in granting the defendant's motion for summary judgment of nonliability.¹⁰⁹²

The Second Circuit similarly ordered a vacatur (at least a partial one) and remand of an action in which the parties marketed competing automotive air fresheners, "products," the court explained, "that emit a pleasant scent in automobiles."¹⁰⁹³ One mark used by the plaintiff was BLACK ICE, which it affixed to its goods in the following manner:¹⁰⁹⁴

¹⁰⁸⁷ *Id.* at 1163.

¹⁰⁸⁸ *Id.* at 1164.

¹⁰⁸⁹ *Id.* at 1164-65.

¹⁰⁹⁰ *Id.* at 1165-66.

¹⁰⁹¹ *Id.* at 1167-68.

¹⁰⁹² *Id.* at 1167, 1168.

¹⁰⁹³ *See* Car-Freshner Corp. v. Am. Covers, LLC, 980 F.3d 314, 318 (2d Cir. 2020), *on remand*, No. 5:17-cv-171 (TJM/ATB), 2021 WL 4502281 (N.D.N.Y. Sept. 30, 2021).

¹⁰⁹⁴ *Id.* at 320-21.



For their part, the defendants affixed the MIDNIGHT BLACK ICE STORM mark to the following goods:¹⁰⁹⁵



Although the defendants successfully moved the district court for summary judgment of noninfringement, the Second Circuit found the confusing similarity of the parties' respective uses in dispute. One reason for that conclusion was the perceived strength of the plaintiff's mark, which the court felt was established by the mark's inherent distinctiveness and the plaintiff's evidence of acquired distinctiveness.¹⁰⁹⁶ Comparing the marks themselves, the court next observed that "[i]t is extremely unusual for the mark of a junior user to include two identical words of a senior user's mark in

¹⁰⁹⁵ *Id.* at 323.

¹⁰⁹⁶ *Id.* at 328-30.

sequence.”¹⁰⁹⁷ The defendants understandably argued that the parties’ packaging was distinguishable in overall appearance, but the court noted it had “found no decision where differences in packaging dispelled the similarity of a mark that used two identical words, neither of which is descriptive of the products on which they appear, and the defendant put them, in sequence, in a mark placed on competitive products.”¹⁰⁹⁸ Equally problematic for the defendants were e-mails among its personnel documenting their intent to adopt marks that “at least echoed” those of the plaintiff, which the court viewed as evidence of the defendant’s possible bad faith.¹⁰⁹⁹ Further citing record evidence that “the [parties’] products are priced relatively modestly, are not complicated to use, and are sold in general merchandise stores,”¹¹⁰⁰ the court held that a factual dispute precluded the summary disposition of the plaintiff’s infringement claim prior to trial.

Another vacatur and remand did not come in an appeal from the inappropriate grant of a motion for summary judgment below but instead from a flawed jury instruction.¹¹⁰¹ Addressing the plaintiff’s cause of action under the Georgia Deceptive Trade Practices Act,¹¹⁰² the instruction referenced the Act’s “likelihood of confusion or of misunderstanding” language, but it failed to include the seven likelihood-of-confusion factors governing the likelihood-of-confusion inquiry under Georgia law. That omission, the Court of Appeals of Georgia held, was reversible error: “The sole issue in this case—whether there was a likelihood of confusion between the parties’ names—was erroneously presented because the instructions were incomplete, which necessarily hampered the jury’s deliberations. This, in turn, hinders our analysis of the jury’s verdict.”¹¹⁰³ A new trial therefore was appropriate.

Some trial courts denied motions for summary judgment in orders not producing appellate opinions.¹¹⁰⁴ For example, in a dispute between two retailers and installers of flooring products, the court found the following representative uses of the FLOOR DECOR and FLOOR & DECOR marks “undeniably similar”¹¹⁰⁵ and used in

¹⁰⁹⁷ *Id.* at 330.

¹⁰⁹⁸ *Id.* at 331.

¹⁰⁹⁹ *Id.* at 332.

¹¹⁰⁰ *Id.* at 333.

¹¹⁰¹ *See* *Maki v. Real Est. Expert Advisors, Inc.*, 855 S.E.2d 72 (Ga. Ct. App. 2021).

¹¹⁰² GA. CODE ANN. § 10-1-372 (2021).

¹¹⁰³ *Maki*, 855 S.E.2d at 77 (footnote omitted).

¹¹⁰⁴ *See, e.g.*, *Jaho, Inc. v. Adagio Teas, Inc.*, 501 F. Supp. 3d 7, 10-11 (D. Mass. 2020) (citing factual disputes over similarity of ZODIAC TEAS and ZODIAC SERIES marks for tea, strength of the plaintiff’s mark, and the existence of actual confusion in denying defense motion for summary judgment).

¹¹⁰⁵ *RVC Floor Decor, Ltd. v. Floor & Decor Outlets of Am., Inc.*, 527 F. Supp. 3d 305, 324 (E.D.N.Y. 2021).

connection with related services,¹¹⁰⁶ which in turn triggered an exception to the general rule that consumer sophistication weighed against likely confusion.¹¹⁰⁷



Those considerations did not render confusion likely as a matter of law, however, because factual disputes existed under other relevant likelihood-of-confusion factors. Those factors included the strength of the plaintiff's descriptive mark, the acquired distinctiveness of which the court previously had found was in dispute.¹¹⁰⁸ They also included the existence of actual confusion, with respect to which the court dismissed the plaintiff's proffered showings as either "concern[ing] prospective purchasers of *Defendant's* products, not *Plaintiff's* products."¹¹⁰⁹ consisting of nonactionable inquiries about a possible affiliation between the parties,¹¹¹⁰ or de minimis in nature.¹¹¹¹ Conflicting evidence and testimony on the issue of the defendant's intent precluded that factor from favoring liability as a matter of law,¹¹¹² and the same was true of the quality of the goods sold by the defendant.¹¹¹³ In the final analysis, "[t]he likelihood of confusion presents far too many genuine questions of material fact to justify summary judgment in either party's favor. Two crucial considerations—the strength of Plaintiff's mark and Defendant's bad faith—have strong evidence in each party's favor and are best left for a jury to weigh."¹¹¹⁴ Consequently, neither of the cross-motions for summary judgment before the court was meritorious.

In a different case in which the parties' cross-motions for summary judgment also both failed to yield positive results, the defendants used the plaintiff's marks as metatags on their

¹¹⁰⁶ *Id.* at 324-25.

¹¹⁰⁷ *Id.* at 329.

¹¹⁰⁸ *Id.* at 323.

¹¹⁰⁹ *Id.* at 326.

¹¹¹⁰ *Id.*

¹¹¹¹ *Id.*

¹¹¹² *Id.* at 328-29.

¹¹¹³ *Id.* at 329.

¹¹¹⁴ *Id.*

website.¹¹¹⁵ Although the defendants had once distributed the plaintiff's goods, the plaintiff was unable to leverage those considerations into a finding of liability as a matter of law based in substantial part on its "puzzling" failure to address the relevant likelihood-of-confusion factors;¹¹¹⁶ instead, it apparently rested its claim of liability entirely on the alleged initial-interest confusion caused by the defendants' conduct. That strategy proved unconvincing to the court, which, in contrast to the plaintiff, *did* refer to the factors. Citing the sophistication of purchasers of the parties' targeted customers (who did not buy goods on websites such as that of the defendants) and the absence of any evidence of actual confusion, the court held that "a reasonable jury could return a verdict for Defendants on the likelihood of confusion element."¹¹¹⁷ The same was true with respect to a possible verdict in the plaintiff's favor, however, especially in light of the proposition that "[w]here a defendant uses its competitor's mark exactly, the degree of similarity factor weighs heavily in the plaintiff's favor."¹¹¹⁸

So too did cross-motions for summary judgment fail to produce a victory for either side in an action to protect the BLIZZARD and THE ORIGINAL BLIZZARD ONLY AT DQ marks for soft-serve ice cream blended with fruit, nuts, candy pieces, and other flavorings against the defendant's WHO BUT W.B. MASON'S BLIZZARD SPRING WATER and BLIZZARD SPRING WATER marks for private-label spring water.¹¹¹⁹ Although the salient component of the parties' marks was the shared word "blizzard," the court found a factual dispute on the issue of whether the parties' presentations of their respective marks (which included the use of house marks) increased or decreased the likelihood of confusion between their marks.¹¹²⁰



¹¹¹⁵ See *John Bean Techs. Corp. v. B GSE Grp., LLC*, 480 F. Supp. 3d 1274 (D. Utah 2020).

¹¹¹⁶ *Id.* at 1314.

¹¹¹⁷ *Id.* at 1315.

¹¹¹⁸ *Id.* at 1316.

¹¹¹⁹ See *Am. Dairy Queen Corp. v. W.B. Mason Co.*, 543 F. Supp. 3d 695 (D. Minn. 2021).

¹¹²⁰ *Id.* at 704, 705, 714-15.



Likewise, it found conflicts in the summary judgment record on the additional issues of: (1) whether the plaintiff’s conceptually strong suggestive marks were rendered commercially weak by third-party uses of other “blizzard” marks;¹¹²¹ (2) the degree of competitive proximity between the parties’ goods, in part because of the defendant’s claim of differing marketing channels;¹¹²² (3) the defendant’s intent while adopting its mark;¹¹²³ (4) the degree of care exercised by consumers;¹¹²⁴ and (5) the existence of actual confusion.¹¹²⁵ Factual disputes also prevented the grant of a defense motion for summary judgment on the infringement and unfair competition counterclaims of a marketer and distributor of agricultural products under the ENZYME MAX mark.¹¹²⁶ The counterclaim defendants, a former manufacturer of the counterclaim plaintiff’s goods and the manufacturer’s principal, sold similar goods under the E-MAX SOIL ZYME WITH MICROBES

¹¹²¹ *Id.* at 713-14.

¹¹²² *Id.* at 715-16. On this issue, the court credited the defendant’s showings that the plaintiff’s goods were sold only at its proprietary stores, while the defendant sold its water “to corporate accounts or through the company’s website and catalog.” *Id.* at 716. At the same time, however, it noted that:

[The plaintiff] provides water to customers in BLIZZARD® branded cups, and offers bottled water as a core menu item at all of its restaurants in the United States. Also, [the plaintiff] asserts that [the defendant] sells BLIZZARD water to restaurants and ice cream shops, which then re-sell it to their customers. It further notes that [the defendant] has distributed at least one flyer that advertised and offered BLIZZARD water for sale, targeting products that [the defendant] believes ice cream shops might need.

Id. (citations omitted).

¹¹²³ *Id.* at 716-17 (“[The defendant] argues that no record evidence suggests that it intended to confuse customers with its use of the BLIZZARD mark. In response, [the plaintiff] states that a lack of intent does not negate a finding of infringement, and that [the defendant] acted carelessly when it failed to determine whether the BLIZZARD mark was available.” (citation omitted)).

¹¹²⁴ *Id.* at 717-18.

¹¹²⁵ Although acknowledging that the plaintiff need not demonstrate actual confusion to prevail, the court noted the defendant’s argument that the parties had apparently coexisted peacefully in the marketplace for some time. *Id.* at 718-19. In the plaintiff’s favor, however, it noted it had excluded testimony of actual confusion proffered by the plaintiff from the summary judgment record but had left the door open for the introduction of that testimony at trial. *Id.* at 719.

¹¹²⁶ See *EST Inc. v. Royal-Grow Prods., LLC*, 526 F. Supp. 3d 943 (D. Kan. 2021).

mark, which the court deemed sufficiently similar to the counterclaim plaintiff's mark to weigh against a grant of the counterclaim defendants' motion. The competitive proximity of the parties' goods also supported liability; although the counterclaim defendants argued the parties promoted their goods in different ways, the counterclaim plaintiff successfully pointed to record evidence and testimony that they both advertised online to distributors and to end users. Finally, competing narratives concerning the counterclaim defendants' adoption of its mark and disagreement over the proper placement of the counterclaim plaintiff's mark on the spectrum of distinctiveness rendered the likelihood of confusion between the parties' marks the proper subject of a trial.¹¹²⁷

Finally, a court evaluating the likelihood of confusion between the plaintiff's TRAVELTIME and the defendant's COMMUTE TIME marks, both used in connection with slip-on shoes, denied a defense motion for summary judgment.¹¹²⁸ The court determined that "[w]hile the words 'commute' and 'travel' are effectively synonymous, they are also 'dissimilar in sound and appearance,'"¹¹²⁹ and that dissimilarity was augmented by the sale of the parties' goods in conjunction with their respective house marks.¹¹³⁰ It also credited survey evidence proffered by an expert engaged by the defendant that "0.0% of respondents believed that: (1) Easy Spirit was the source of the Commute Time shoe; (2) Easy Spirit sponsored the Commute Time shoe; and (3) there was a business affiliation between the Commute Time shoe and Easy Spirit."¹¹³¹ Nevertheless, the plaintiff's mark was both incontestable and suggestive, and the mark's strength "slightly" favored the plaintiff's position, despite the defendant's proffer of examples of allegedly similar third-party marks;¹¹³² likewise, the defendant did not dispute the directly competitive nature of the parties' goods.¹¹³³ Beyond those considerations, there was conflicting testimony from a defense witness concerning the defendant's decision to transition from its original COMMUTE mark to the challenged COMMUTE TIME mark,¹¹³⁴ as well as an absence of showings by either party on the sophistication of their customers.¹¹³⁵ "Mindful that the [likelihood-of-confusion] factors are not subject to mechanical application," the

¹¹²⁷ *Id.* at 956-57.

¹¹²⁸ *See* Easy Spirit, LLC v. Skechers U.S.A., Inc., 515 F. Supp. 3d 47 (S.D.N.Y. 2021).

¹¹²⁹ *Id.* at 73 (quoting Playtex Prods., Inc. v. Ga.-Pac. Corp., 390 F.3d 158, 164 (2d Cir. 2004)).

¹¹³⁰ *Id.*

¹¹³¹ *Id.* at 74.

¹¹³² *Id.* at 72.

¹¹³³ *Id.* at 73.

¹¹³⁴ *Id.* at 74-75.

¹¹³⁵ *Id.* at 75-76.

court concluded, “there are sufficient factual disputes to preclude summary judgment with respect to [the plaintiff’s] trademark claims.”¹¹³⁶

(2) The First-Sale Doctrine and Likely Confusion Arising from the Diversion or Alteration of Genuine Goods

If a good bearing a mark has been introduced into the stream of commerce under the authority of the mark’s owner, the first-sale, or exhaustion, doctrine generally restricts the ability of the mark owner to challenge the unauthorized resale of the good under trademark law. Holding that “[a] defendant may lawfully use a plaintiff’s trademark where doing so is necessary to describe the plaintiff’s product and does not imply a false affiliation or endorsement by the plaintiff or the defendant,”¹¹³⁷ one court applying that principle granted a motion for summary judgment on counterclaims brought by the manufacturers of branded dental products against those counterclaim plaintiffs’ former distributors. The summary judgment record established that the counterclaim defendants had continued to sell goods manufactured by the counterclaim plaintiffs after the counterclaim plaintiffs had terminated the counterclaim defendants as distributors but also that “the alleged unauthorized sales are merely sales of the same products in the same packaging to the same customers to whom [the counterclaim defendants] had been selling when [they were] the authorized distributor[s] of [the counterclaim plaintiffs].”¹¹³⁸ “Thus,” the court concluded, “the [counterclaim defendants]’ claims allege nothing more than breach of contract as to authentic goods, for which no claim for trademark infringement or unfair competition will lie.”¹¹³⁹

Nevertheless, an exception to the general rule allowing the resale of genuine goods exists if those goods differ in some material respect from their authorized counterparts. An example of that exception in action came in a case challenging the defendants’ importation of genuine, but diverted, goods intended for sale in Mexico.¹¹⁴⁰ The plaintiffs’ complaint alleged several ways in which the imported goods were materially different, beginning with the failure of their Spanish-language labels to comply with FDA regulations and guidance. Beyond that, the labels set forth different

¹¹³⁶ *Id.* at 76.

¹¹³⁷ *Shetel Indus. v. Adin Dental Implant Sys., Inc.*, 493 F. Supp. 3d 64, 126 (E.D.N.Y. 2020) (quoting *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 102-03 (2d Cir. 2010)), *later proceedings*, No. 17-CV-2505(SJF)(ARL), 2021 WL 1108666 (E.D.N.Y. Mar. 23, 2021).

¹¹³⁸ *Id.*

¹¹³⁹ *Id.*

¹¹⁴⁰ *See Nestle USA, Inc. v. Ultra Distribuciones Mundiales S.A. de C.V.*, 516 F. Supp. 3d 633 (W.D. Tex. 2021).

nutritional information, referred consumers to different customer service lines, and featured “differences in appearance, such as font sizes, bolding, spacing, lines between texts, naming and ordering of nutrients, and appropriate serving sizes.”¹¹⁴¹ Finally, the plaintiffs averred that the lead plaintiff “cannot provide most of these services for [the imported] products because it did not provide the retailers with those products and it was not involved with the manufacture, labeling, distribution, or sale of the . . . products”¹¹⁴² and that “Defendants also place unauthorized stickers on top of the original product labels.”¹¹⁴³ Those allegations, the court concluded, sufficiently supported the plaintiffs’ claims for infringement, for false designation of origin,¹¹⁴⁴ and for unfair competition under California law.¹¹⁴⁵

(3) Survey Evidence of Actual or Likely Confusion

The past year produced a relative dearth of reported opinions addressing survey evidence of actual or likely confusion at length. In a case turning on the likelihood of confusion between concurrent uses of the IPAD mark, the Fourth Circuit delivered a ringing endorsement of an *Eveready*-style¹¹⁴⁶ “monadic” survey commissioned by the mark’s senior user, namely Apple, Inc.¹¹⁴⁷ That survey, the format of which was characterized by the court as “a standard and widely accepted survey format’ to test likelihood of confusion,”¹¹⁴⁸ yielded a net 27% rate of confusion among respondents, which the court held “plainly . . . much higher than the percentage of consumer confusion that we found compelling in prior decisions.”¹¹⁴⁹ The district court therefore had not erred in relying on the survey results in finding confusion likely as a matter of law.

At the trial court level, a different plaintiff successfully availed itself of favorable survey evidence when challenging the use of its marks in hashtags promoting directly competitive goods.¹¹⁵⁰ The plaintiff’s mark was JUUL, used in connection with e-cigarettes and the pods of liquid nicotine and flavoring inserted into them. After the defendants launched a social media platform based in part on

¹¹⁴¹ *Id.* at 648.

¹¹⁴² *Id.*

¹¹⁴³ *Id.*

¹¹⁴⁴ *Id.* at 650-51.

¹¹⁴⁵ *Id.* at 656-57.

¹¹⁴⁶ See *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366 (7th Cir. 1976).

¹¹⁴⁷ See *RXD Media, LLC v. IP Application Dev. LLC*, 986 F.3d 361 (4th Cir. 2021).

¹¹⁴⁸ *Id.* at 373 n.7 (quoting 6 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 32:174 (5th ed.)).

¹¹⁴⁹ *Id.* at 373.

¹¹⁵⁰ See *Juul Labs, Inc. v. 4X PODS*, 509 F. Supp. 3d 52, 58 (D.N.J. 2020).

the use of such hashtags as #juul, #juulcentral, #juulgang, #juulpods, #juuling, #juulvapor, #juulmemes, and #juulnation, the plaintiff filed suit and retained a survey expert to bolster its case for a preliminary injunction. As the court described his methodology and its results:

A control group was shown the same post, but with the Juul hashtags changed to Eonsmoke hashtags and “JUUL COMPATIBLE” changed to “COMPATIBLE PODS.” Respondents then answered questions probing their beliefs as to who they thought put out the posts and sold the products. Approximately 56.8% of the test group versus 10.6% of the control group thought that the post was either issued by Juul, affiliated with Juul, or authorized by Juul, yielding a net confusion rate of 46.2% (the test group minus the control group).¹¹⁵¹

The court found that net confusion rate entitled to “substantial weight,” despite a potential criticism that it failed to measure “whether the . . . uses of the Juul wordmark (hashtags, in particular) exceeded the bounds of a compatibility assurance and created an unacceptable level of consumer confusion.”¹¹⁵² But, even though “the designer of the survey might profitably have considered holding at least one compatibility assurance statement constant as between the control and test group, changing only the hashtags,”¹¹⁵³ that did not materially affect the evidentiary value of the results, especially at the preliminary injunction stage of the case.¹¹⁵⁴

An additional favorable treatment of survey evidence—at least for purposes of a motion to exclude it—came in litigation between providers of garage door products and related services.¹¹⁵⁵ The plaintiff commissioned the *Squirt*-style¹¹⁵⁶ “sequential array” survey in question to measure whether likely purchasers of garage doors in several Georgia counties were likely to be confused by certain online advertising placed by the defendants. The defendants’ initial criticisms of the survey targeted its universe of respondents, which: (1) extended beyond the geographic areas in which the defendants operated; (2) was not limited to individuals likely to use the internet to purchase garage doors (or at least to research potential purchases of them); and (3) did not account for “factors such as age, income, home value, and the age of the home,”¹¹⁵⁷ The

¹¹⁵¹ *Id.* at 65 (citations omitted).

¹¹⁵² *Id.*

¹¹⁵³ *Id.*

¹¹⁵⁴ *Id.*

¹¹⁵⁵ *See D. H. Pace Co. v. Aaron Overhead Door Atlanta LLC*, 526 F. Supp. 3d 1360 (N.D. Ga. 2021).

¹¹⁵⁶ *See SquirtCo. v. Seven-Up Co.*, 628 F.2d 1086 (8th Cir. 1980).

¹¹⁵⁷ *D. H. Pace Co.*, 526 F. Supp. 3d at 1377.

court treated each criticism as going to the survey's weight, not its admissibility,¹¹⁵⁸ before reaching the same conclusion with respect to the defendants' criticism of the use of online advertisements as test and control stimuli without explaining to respondents what search terms had triggered the advertisements: "To the extent [the] survey was not designed in a manner preferred by Defendants does not mean it is not probative of confusion. Once again, to the extent there are flaws in the survey design, they go to the survey's weight, not its admissibility."¹¹⁵⁹ Finally, it rejected criticism of the expert's decision not to attach respondents' individual responses to his quantitative analysis, with the observation that "Defendants will be able to challenge [the expert's] testimony with any of the survey participants' individual responses at trial."¹¹⁶⁰

In contrast, the decision by a counterclaim defendant's expert to conduct an *Eveready*-style survey in a dispute between two litigants active in the wine industry drew a sharp rebuke from the court hearing the case.¹¹⁶¹ The trial record assembled by the parties established that their customers comprised "a very narrow group of individuals,"¹¹⁶² with the counterclaim defendant's principal describing his clientele as "affluent connoisseurs, and collectors of Napa cult cabernets,"¹¹⁶³ and the court characterizing the market as consisting of "consumer[s] of ultra-premium and luxury-premium wine, which are generally priced above \$100, and affluent consumers of high-end Napa County red wines."¹¹⁶⁴ That circumstance rendered reliance on an *Eveready* format inappropriate:

The generic "EverReady" [sic] survey approach was intended to be used either in a specific context or requires modification to provide any useful insights. . . . The critical presumption underlying the approach is that the respondents have been exposed to the mark. This is necessary because they must make a "mental leap" to the senior mark in order for there to be any revelation of confusion. Without the exposure, the survey does not work, at least not without modification.¹¹⁶⁵

"Where the query concerns marks for everyday products, used by a vast majority of consumers, such as Apple, Coca-Cola, or EverReady

¹¹⁵⁸ *Id.*

¹¹⁵⁹ *Id.* at 1381.

¹¹⁶⁰ *Id.* at 1381.

¹¹⁶¹ *See* *Vineyard House, LLC v. Constellation Brands U.S. Operations, Inc.*, 515 F. Supp. 3d 1061 (N.D. Cal. 2021).

¹¹⁶² *Id.* at 1072.

¹¹⁶³ *Id.*

¹¹⁶⁴ *Id.*

¹¹⁶⁵ *Id.*

[sic],” the court continued, “the short simple survey can provide some insights. That is not, and never was, this case. Here, the mark at issue concerned a very narrow group of individuals.”¹¹⁶⁶ The court then moved on to identify still more flaws in the survey’s methodology, which were that: (1) it failed to screen respondents to confirm that they were potential purchasers of the counterclaim defendant’s wine;¹¹⁶⁷ (2) there was an absence of any “validation to test, even at the highest level, the results of [the] survey”;¹¹⁶⁸ (3) “the survey’s questions were not particularly helpful to determine whether [the counterclaim defendant’s] use of [the challenged use] as a vineyard designation would cause confusion with the use of [the counterclaim plaintiff’s mark] as a trademark”;¹¹⁶⁹ and (4) the counterclaim defendant’s expert had improperly “miscategorized statements from respondents with respect to confusion.”¹¹⁷⁰ “Given the stark failures in conducting the survey,” the court concluded, “the Court finds [the expert’s] credibility to be entirely lacking and affords his opinion little to no weight.”¹¹⁷¹

Finally, although not commenting at length on the methodology of the survey at issue, one court denied a motion to exclude its results through an application of the usual rule that criticisms of methodology ordinarily go to the weight of survey results, rather than to their admissibility.¹¹⁷² The defendant had commissioned the survey in question, which the plaintiff argued “used a lot of visual cues that biased the results”¹¹⁷³ and measured only point-of-sale confusion through direct on-line purchases from the defendant, rather than in “resale environments” in which the plaintiff’s goods also were sold. The court found those criticisms unconvincing, at least for purposes of the plaintiff’s motion to exclude. Instead of granting the motion, it held that “[the plaintiff] will have ample opportunity on cross-examination and through its own evidence to challenge any bias or limitations presented by the likelihood-of-confusion survey.”¹¹⁷⁴

¹¹⁶⁶ *Id.*

¹¹⁶⁷ *Id.*

¹¹⁶⁸ *Id.*

¹¹⁶⁹ *Id.*

¹¹⁷⁰ *Id.*

¹¹⁷¹ *Id.*

¹¹⁷² See *Am. Dairy Queen Corp. v. W.B. Mason Co.*, 543 F. Supp. 3d 695 (D. Minn. 2021).

¹¹⁷³ *Id.* at 724.

¹¹⁷⁴ *Id.* at 724.

***(C) Liability for the Trafficking in Goods and Services
Associated with Counterfeit Imitations of Marks***

Consistent with the practice among New York federal district courts, one in the Eastern District of New York and another in the Southern District of New York reached findings of civil liability for counterfeiting by eschewing reliance on the standard multifactor test for likely confusion in favor of a more straightforward standard. In a case in which 3M challenged the defendants' sale of 3M-branded N95 masks that had not originated with 3M, the Eastern District observed that:

“[W]here counterfeit marks are involved, it is not necessary to perform the step-by-step examination of each [likelihood-of-confusion] factor because counterfeit marks are inherently confusing.” In such cases, “[t]he court need only determine the more fundamental question of whether there are items to be confused in the first place – that is, whether the items at issue are, in fact, counterfeit and whether defendants sold those items . . . or offered those items for sale.”¹¹⁷⁵

“Thus,” the court held in granting 3M’s motion for a preliminary injunction, “whether 3M has demonstrated a likelihood of success on the merits depends on whether the record establishes that Defendants have sold, marketed, or offered for sale counterfeit 3M-branded products.”¹¹⁷⁶ Turning to the record, the court found that it established just such sales, marketing, and offering for sale because “3M has submitted evidence showing that Defendants, at least until recently, were in possession of a significant number of counterfeit 3M-branded masks and that Defendants have, on numerous occasions, sold counterfeit 3M-branded masks to various customers.”¹¹⁷⁷

A group of toy manufacturers enjoyed similar success in the Southern District while pursuing a default judgment against a different group of accused counterfeiters.¹¹⁷⁸ That court held that “where counterfeit items are involved, the court ‘need not undertake a factor-by-factor analysis . . . because counterfeits, by their very nature, cause confusion.’”¹¹⁷⁹ Having concluded from the plaintiffs’ complaint that the defendants had used marks “substantially

¹¹⁷⁵ 3M Co. v. CovCare, Inc., 537 F. Supp. 3d 385, 397 (E.D.N.Y. 2021) (second and third alterations in original) (first quoting Chanel, Inc. v. RealReal, Inc., 449 F. Supp. 3d 422, 437 (S.D.N.Y. 2020); and then quoting Fendi Adele S.R.L. v. Filene’s Basement, Inc., 696 F. Supp. 2d 368, 383 (S.D.N.Y. 2010)).

¹¹⁷⁶ *Id.* at 398.

¹¹⁷⁷ *Id.*

¹¹⁷⁸ Spin Master Ltd. v. 158, 463 F. Supp. 3d 348, 362 (S.D.N.Y. 2020), *adhered to in part on reconsideration*, No. 18-CV-1774 (LJL), 2020 WL 5350541 (S.D.N.Y. Sept. 4, 2020).

¹¹⁷⁹ *Id.* at 368 (quoting Gucci Am., Inc. v. Duty Free Apparel, Ltd., 286 F. Supp. 2d 284, 287 (S.D.N.Y. 2003)).

indistinguishable” from those of the plaintiffs and also that the defendants’ goods were just as similar to the plaintiffs’ goods, the court found liability appropriate: “Taking Plaintiffs’ allegations in their Complaint as true, the marks on the . . . Counterfeit Products sold by the Defaulting Defendants are ‘each virtually identical to one of Plaintiffs’ products and incorporate copies or colorable imitations of marks on their product packaging.’”¹¹⁸⁰

(D) Dilution

(1) Mark Fame and Distinctiveness

To qualify for protection against dilution under federal law, a mark must be famous as of the defendant’s date of first use.¹¹⁸¹ Under Section 43(c)(2)(A),¹¹⁸² this means it must have been “widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner,”¹¹⁸³ a determination Congress has indicated should turn on the following nonexclusive factors:

- (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.
- (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.
- (iii) The extent of actual recognition of the mark.
- (iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.¹¹⁸⁴

In contrast, the dilution statutes of some states, such as that of New York,¹¹⁸⁵ require a threshold showing only of mark distinctiveness. As always, these prerequisites generated reported opinions applying them.

(a) Opinions Finding Marks Famous and Distinctive

Unusually, no readily apparent reported opinions reached expressly factual findings that particular marks were famous, distinctive, or both in the context of claims the marks were eligible for protection against actual or likely dilution.

¹¹⁸⁰ *Id.* at 369 (quoting *WowWee Grp. Ltd. v. Meirly*, No. 18-CV-706 (AJN), 2019 WL 1375470, at *7 (S.D.N.Y. Mar. 27, 2019)).

¹¹⁸¹ 15 U.S.C. § 1125(c)(1) (2018).

¹¹⁸² *Id.* § 1125(c)(2)(A).

¹¹⁸³ *Id.*

¹¹⁸⁴ *Id.* § 1125(c)(2)(A)(i)-(iv).

¹¹⁸⁵ N.Y. GEN. BUS. LAW § 360-1 (MCKINNEY 2012).

***(b) Opinions Declining to Find Marks
Famous and Distinctive***

Although mark fame generally presents a factual question, a North Carolina federal district court did not hesitate to find a group of marks ineligible for protection on a motion to dismiss for failure to state a claim.¹¹⁸⁶ The plaintiff, a non-profit organization of collegiate women’s lacrosse coaches, asserted rights to the IWLCA CHAMPIONS CUP, IWLCA NEW ENGLAND CUP, IWLCA MIDWEST CUP, IWLCA CAPITAL CUP, IWLCA PRESIDENTS CUP, and IWLCA DEBUT marks for women’s lacrosse tournaments, but the court was in no mood to entertain a claim that those marks were famous within the meaning of the federal statute. It held as a threshold matter that “[a] mark must be truly prominent and renowned’ to be considered famous under this standard. As this designation provides strong protection to a mark, ‘the [Lanham Act] extends dilution protection only to those whose mark is a ‘household name.’”¹¹⁸⁷ Then, applying that standard, it concluded that “[the plaintiff] has failed to plead any facts that would indicate that its trademarks are sufficiently ‘famous’ among the general consuming public to qualify for dilution protection.”¹¹⁸⁸

A Pennsylvania federal district court similarly disposed of an equally feeble claim of mark fame on a preliminary injunction motion.¹¹⁸⁹ The plaintiff advancing that claim was a commentator on professional wrestling and purveyors of various goods like T-shirts, who sought to protect his personal name—JIM CORNETTE—against likely dilution under Section 43(c). The court made short work of his claim of mark fame, despite his proffer of evidence that he had held “a position of some prominence in the world of professional wrestling for nearly 40 years,” that he had “an internet following, with 1.7 million podcast downloads and 100,000 to 125,000 YouTube views each month, and 160,000 followers on Twitter,” and that “in 2019 he sold approximately \$40,000 worth of t-shirts.”¹¹⁹⁰ As the court pointed out, the plaintiff failed to couple those showings with benchmarks against which the plaintiff’s notoriety might be measured. It concluded that:

Although [the lead defendant] concedes that [the plaintiff] is a celebrity, there are levels of celebrity status, and [the plaintiff] provided no evidence from which the Court could conclude that his level of celebrity is such that his name is

¹¹⁸⁶ See *Intercollegiate Women’s Lacrosse Coaches Ass’n v. Corrigan Sports Enters.*, 505 F. Supp. 3d 570 (M.D.N.C. 2020).

¹¹⁸⁷ *Id.* at 588 (quoting *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 171 (4th Cir. 2012)).

¹¹⁸⁸ *Id.*

¹¹⁸⁹ See *Cornette v. Graver*, 473 F. Supp. 3d 437 (W.D. Pa. 2020).

¹¹⁹⁰ *Id.* at 469.

“highly distinctive” and “well-known throughout the country,” such that he is widely recognized. [The plaintiff’s] assertion, unsupported by any evidence of record, that he is “famous,” and that therefore his name is a famous mark, cannot overcome this lack of evidence as to the actual extent of his celebrity and recognition.¹¹⁹¹

***(c) Opinions Deferring Resolution of the
Mark-Fame and Distinctiveness Inquiries***

Although courts appear to have become more receptive in recent years to challenges to allegations of mark fame and distinctiveness at the pleadings stage of cases, a motion to dismiss a cause of action under the Texas dilution statute¹¹⁹² to protect the NESTLÉ mark for various foods and beverages fell short in an action before a federal district court of that state.¹¹⁹³ As the court summarized the defendants’ argument, “[t]hey contend that although Plaintiffs alleged that the . . . marks at issue are famous throughout the United States and the world, they failed to allege that they are famous in Texas.”¹¹⁹⁴ Although acknowledging “the difficulty of establishing ‘fame’ for dilution claims,”¹¹⁹⁵ the court held that the plaintiffs’ allegations did the job. Not only did the operative complaint aver mark fame throughout the United States, “including in Texas,” but that averment was supported by the plaintiffs’ “brand value and rankings associated with that value,” as well as recitations of federal registrations covering the marks.¹¹⁹⁶ “At the motion to dismiss stage,” the court concluded, “the plaintiff must plead only ‘enough facts to state a claim to relief that is plausible on its face,’ and Plaintiffs have done so here.”¹¹⁹⁷

That was not the only failed motion to dismiss a claim under the Texas statute; on the contrary, the same court (and the same judge) also declined to find at the pleadings stage that the CLAMATO mark was not famous in Texas for a tomato juice cocktail flavored with clam broth.¹¹⁹⁸ The court acknowledged “the difficulty of establishing ‘fame’ for dilution claims,”¹¹⁹⁹ but it still found the plaintiff had averred enough facts to get it past the pleadings stage

¹¹⁹¹ *Id.* at 467.

¹¹⁹² TEX. BUS. & COMM. § 16.103(a).

¹¹⁹³ *See Nestle USA, Inc. v. Ultra Distribuciones Mundiales S.A. de C.V.*, 516 F. Supp. 3d 633 (W.D. Tex. 2021).

¹¹⁹⁴ *Id.* at 657.

¹¹⁹⁵ *Id.* at 658.

¹¹⁹⁶ *Id.* at 658.

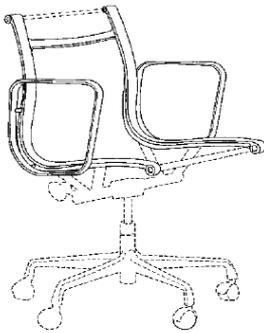
¹¹⁹⁷ *Id.* (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)).

¹¹⁹⁸ *See Mott’s LLP v. Comercializadora Eloro, S.A.*, 507 F. Supp. 3d 780 (W.D. Tex. 2020).

¹¹⁹⁹ *Id.* at 788.

of the case. Those facts included the plaintiff's use of the mark "to market and sell its products throughout the United States" and the widespread recognition of the mark "throughout this district and the United States."¹²⁰⁰ They also included the novelty of the plaintiff's beverage as of its introduction and the existence of federal registrations covering the plaintiff's mark.¹²⁰¹ "At the motion to dismiss stage," the court explained, "the plaintiff needs to plead only 'enough facts to state a claim to relief that is plausible on its face,' and [the plaintiff] did so here."¹²⁰²

Motions for summary judgment on the issue of mark fame also failed. In an application of Section 43(c)(2)(A), a Georgia federal district court declined to find as a matter of law that the following registered mark and its manifestation in the marketplace were not sufficiently famous to qualify for protection:¹²⁰³



The Ninth Circuit previously had held the chair ineligible as a matter of law for protection under the statute,¹²⁰⁴ but the Georgia court declined to give that outcome dispositive effect because, in its view, the Ninth Circuit's analysis had not properly focused on the four statutory factors for evaluating mark fame. Weighing the summary judgment record in light of those factors, the court credited the plaintiff's showings of: (1) "many examples of advertising and publicity from third-parties regarding the . . . chairs, including numerous articles and product reviews, as well as the chairs' featured prominence in movie, TV show, and commercials appearances," as well as \$8 million in promotional

¹²⁰⁰ *Id.*

¹²⁰¹ *Id.*

¹²⁰² *Id.* (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)).

¹²⁰³ See *Herman Miller, Inc. v. Belnick LLC*, 510 F. Supp. 3d 1342 (N.D. Ga. 2021). The illustrations in the text accompanying this footnote do not appear in the court's opinion but are reproduced from the file-wrapper history of U.S. Registration No. 3105591.

¹²⁰⁴ See *Blumenthal Distrib., Inc. v. Herman Miller, Inc.*, 963 F.3d 859, 870 (9th Cir. 2020),

expenses;¹²⁰⁵ (2) 900,000 units sold, which the court found significant for “a distinctive luxury item that is not produced on a mass scale”;¹²⁰⁶ (3) the presence of the plaintiff’s chair in museum collections and expert testimony of its “unique and immediately recognizable design aesthetic”;¹²⁰⁷ and (4) the registered status of the design, which the court found “supplies additional evidence of fame.”¹²⁰⁸ Those considerations created a factual dispute as to the design’s fame.

A separate opinion reached a similar conclusion with respect to the fame of the BLIZZARD mark for soft-serve ice cream.¹²⁰⁹ Seeking to establish the mark’s eligibility for protection against likely dilution under federal law, the plaintiff cited to, inter alia: (1) its use of the mark since 1946, including nationwide use since 1985;¹²¹⁰ (2) “evidence showing extensive, nationwide advertising of its BLIZZARD® treat as well as a high volume of nationwide sales”;¹²¹¹ (3) numerous unsolicited media references to the mark, including many referring to the associated product as “famous,” “iconic,” and “wildly popular”;¹²¹² (4) favorable results from brand recognition surveys;¹²¹³ and (5) ownership of five federal registrations.¹²¹⁴ The defendant countered, however, with: (1) the objection that one of the plaintiff’s surveys post-dated the adoption of its mark in 2015;¹²¹⁵ (2) expert testimony of the third-party use of similar marks;¹²¹⁶ and (3) the results of its own after-the-fact recognition survey.¹²¹⁷ Faced with these conflicting showings, the court declined to grant either party’s motion for summary judgment.

(2) Actual or Likely Dilution

(a) Actual or Likely Dilution by Blurring

Section 43(c)(2)(B) of the Act fleshes out the federal likelihood-by-dilution-blurring cause of action by reciting that “dilution by blurring” is association arising from the similarity between a mark

¹²⁰⁵ *Belnick*, 510 F. Supp. 3d at 1349.

¹²⁰⁶ *Id.*

¹²⁰⁷ *Id.* at 1350.

¹²⁰⁸ *Id.*

¹²⁰⁹ *See Am. Dairy Queen Corp. v. W.B. Mason Co.*, 543 F. Supp. 3d 695 (D. Minn. 2021).

¹²¹⁰ *Id.* at 705.

¹²¹¹ *Id.* at 709.

¹²¹² *Id.*

¹²¹³ *Id.* at 709-10.

¹²¹⁴ *Id.* at 709.

¹²¹⁵ *Id.* at 710.

¹²¹⁶ *Id.*

¹²¹⁷ *Id.*

or trade name and a famous mark that impairs the distinctiveness of the famous mark.”¹²¹⁸ The same section goes on to provide that:

In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following:

- (i) The degree of similarity between the mark or trade name and the famous mark.
- (ii) The degree of inherent or acquired distinctiveness of the famous mark.
- (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.
- (iv) The degree of recognition of the famous mark.
- (v) Whether the user of the mark or trade name intended to create an association with the famous mark.
- (vi) Any actual association between the mark or trade name and the famous mark.¹²¹⁹

For the most part, claims of blurring under Section 43(c) failed, sometimes in conspicuous fashion. One claim resulting in such a disposition came on a preliminary injunction motion by a wrestling commentator who objected to the appearance of heavily altered appropriations of his name and image on T-shirts sold by the defendants.¹²²⁰ Although the court gave the plaintiff the benefit of the doubt on whether he enjoyed the substantially exclusive use of his personal name, the often grotesque nature of the defendants’ presentations of the plaintiff precluded the parties’ respective uses from being similar.¹²²¹ Moreover, the court also found that the defendants had not intended to create an association with the plaintiff; on the contrary, they had created and sold their shirts to ridicule the plaintiff after he had criticized the lead defendant’s participation in so-called “deathmatch” wrestling.¹²²² The absence of any actual association between the parties’ uses was a final consideration meriting the denial of the plaintiff’s motion.¹²²³

Assertions of likely dilution by blurring fell short under state dilution statutes as well. The Georgia dilution statute¹²²⁴ expressly excuses plaintiffs proceeding under it from demonstrating

¹²¹⁸ 15 U.S.C. § 1125(c)(2)(B) (2018).

¹²¹⁹ *Id.*

¹²²⁰ *See* Cornette v. Graver, 473 F. Supp. 3d 437 (W.D. Pa. 2020).

¹²²¹ *Id.* at 468.

¹²²² *Id.* at 465.

¹²²³ *Id.*

¹²²⁴ GA. CODE ANN. § 10-1-451(b).

“confusion,”¹²²⁵ and interpretations of it not surprisingly make clear that a showing of likely confusion is not a prerequisite for liability.¹²²⁶ When, in the course of granting a defense motion for summary judgment, a federal district court in that state commented on the “indistinguishability of the applicable standards” for claims of infringement and of likely dilution, the resulting victory by the defendant therefore stood on shaky ground.¹²²⁷ “In light of the manner in which the District Court treated this claim,” the Eleventh Circuit held in an appeal from that decision, “we cannot be sure that it did not erroneously require proof of likelihood of confusion to satisfy the requirements of [the state statute].”¹²²⁸ It therefore vacated the grant of the defendant’s motion and remanded the action for a more fulsome treatment of the issue.

The Eleventh Circuit’s interpretation of the Georgia statute notwithstanding, the New York dilution statute¹²²⁹ played a greater role in litigation presenting claims of blurring than those of other states.¹²³⁰ One court interpreting that statute applied the well-established rule that the statute did not permit a dilution claim “unless the marks are ‘substantially’ similar.”¹²³¹ Then, comparing the parties’ marks—TRAVELTIME vs. COMMUTE TIME—it concluded they lacked the necessary similarity for the plaintiff’s cause of action to survive a defense motion for summary judgment.¹²³² That decision did not turn entirely on the marks themselves, but took into account the fact that consumers viewing the defendant’s complained-of mark did so in conjunction with the defendant’s house mark.¹²³³

¹²²⁵ See *id.* (“Every person, association, or union of working men adopting and using a trademark, trade name, label, or form of advertisement may proceed by action; and all courts having jurisdiction thereof shall grant injunctions to enjoin subsequent use by another of the same or any similar trademark, trade name, label, or form of advertisement if there exists a likelihood of injury to business reputation or of dilution of the distinctive quality of the trademark, trade name, label, or form of advertisement of the prior user, notwithstanding the absence of competition between the parties or of confusion as to the source of goods or services . . .”).

¹²²⁶ See, e.g., *Augusta Nat’l, Inc. v. Nw. Mut. Life Ins. Co.*, 193 U.S.P.Q.2d 210, 222 (S.D. Ga. 1976) (“The test for dilution should not be related to or even limited by the test for confusion. Even though there may be no confusion, the distinctiveness of a famous trademark may be debilitated by another’s use and this is the essence of the wrong.”).

¹²²⁷ See *J-B Weld Co. v. Gorilla Glue Co.*, 978 F.3d 778, 796 (11th Cir. 2020).

¹²²⁸ *Id.*

¹²²⁹ N.Y. GEN. BUS. LAW § 360-1 (MCKINNEY 2012).

¹²³⁰ See, e.g., *Uber Inc. v. Uber Techs., Inc.*, 521 F. Supp. 3d 455, 469 (S.D.N.Y. 2021) (denying, in cursory analysis, motion to dismiss allegation of likely dilution by blurring under New York statute).

¹²³¹ *Easy Spirit, LLC v. Skechers U.S.A., Inc.*, 515 F. Supp. 3d 47, 77 (S.D.N.Y. Jan. 26, 2021) (quoting *Miss Universe, L.P., LLLP v. Villegas*, 672 F. Supp. 2d 575, 595 (S.D.N.Y. 2009)).

¹²³² *Id.*

¹²³³ *Id.*

Two additional applications of the same rule came from the Second Circuit.¹²³⁴ One pair of marks at issue in the appeal before that court were BAYSIDE BREEZE and BOARDWALK BREEZE, both used in connection with automotive air freshener products. “Because we conclude that the “Bayside Breeze” and “Boardwalk Breeze” marks are only moderately similar,” the court held, “we affirm the grant [of summary judgment in the defendants’ favor] as to the ‘Bayside Breeze’ mark.”¹²³⁵ That opinion also relied on the presence of the parties’ house marks on their packages, as well the distinguishable appearance of those packages.¹²³⁶ The outcome was not a total victory for the defendants, however, because the court found two other marks used by the parties—BLACK ICE and MIDNIGHT BLACK ICE STORM—to have “a high degree of similarity,” and held summary judgment of nonliability inappropriate before remanding the action to the district court.¹²³⁷

An additional opinion placed a different limit on actions under the New York statute.¹²³⁸ The underlying dispute arose from the counterclaim defendants’ continued sale of goods manufactured by the counterclaim plaintiffs after the counterclaim plaintiffs had terminated the counterclaim defendants as distributors of those goods. Without extended analysis, the court granted the counterclaim defendants’ motion for summary judgment, holding that “to the extent that the [counterclaim plaintiffs] have failed to establish that the products the [counterclaim defendants] sold after the termination of the parties’ relationship were not genuine, they cannot establish a claim under [the New York statute]”¹²³⁹

In contrast, competing cross-motions for summary judgment produced a stalemate on the question of whether the defendants’ use of the WHO BUT W.B. MASON’S BLIZZARD SPRING WATER and BLIZZARD SPRING WATER marks for private-label spring water was likely to blur the distinctiveness of the plaintiff’s BLIZZARD mark for soft-serve ice cream blended with fruit, nuts, candy pieces, and other flavorings.¹²⁴⁰ The primary basis for the court’s determination that a factual dispute precluded the grant of the plaintiff’s motion for summary judgment was testimony from the defendant’s principal that he had been unaware of the plaintiff’s mark when the defendant adopted its own marks. Without

¹²³⁴ See *Car-Freshner Corp. v. Am. Covers, LLC*, 980 F.3d 314 (2d Cir. 2020), *on remand*, No. 5:17-cv-171 (TJM/ATB), 2021 WL 4502281 (N.D.N.Y. Sept. 30, 2021).

¹²³⁵ *Id.* at 335.

¹²³⁶ *Id.*

¹²³⁷ *Id.*

¹²³⁸ See *Shetel Indus. v. Adin Dental Implant Sys., Inc.*, 493 F. Supp. 3d 64 (E.D.N.Y. 2020), *later proceedings*, No. 17-CV-2505(SJF)(ARL), 2021 WL 1108666 (E.D.N.Y. Mar. 23, 2021).

¹²³⁹ *Id.* at 127.

¹²⁴⁰ See *Am. Dairy Queen Corp. v. W.B. Mason Co.*, 543 F. Supp. 3d 695 (D. Minn. 2021).

elaboration, the court also found that “fact questions remain on issues such as the degree of similarity between the parties’ marks, the degree of recognition of the famous mark, and the exclusivity of the famous mark, among other things.”¹²⁴¹

A court entertaining a claim of likely dilution under the Texas statute similarly deferred resolution of the liability inquiry, at least at the pleadings stage.¹²⁴² The plaintiff’s mark was CLAMATO for a tomato juice cocktail spiked with clam broth, while the defendants sold a competitive product under the KERMATO mark. The defendants argued the plaintiff had failed to set forth a prima facie case of blurring, but the court disagreed, citing the plaintiff’s allegations that: (1) “Defendants’ conduct is likely to cause initial interest confusion, point of purchase and post-sale confusion, mistake, and deception among customers and potential customers by creating the false belief that Kermato tomato cocktail juice products are made by or affiliated with Clamato”;¹²⁴³ and (2) “Defendants’ use of a name that is confusingly similar to the Clamato Trademark capitalizes on the goodwill that [the plaintiff] has worked diligently to create and maintain over decades as a result of extensive time and millions of dollars invested in the Clamato Trademark.”¹²⁴⁴ “These allegations,” the court concluded, “adequately plead that there is a likelihood of dilution by blurring.”¹²⁴⁵

(b) Actual or Likely Dilution by Tarnishment

As defined by Section 43(c)(2)(C) of the Act, “dilution by tarnishment” is an “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.”¹²⁴⁶ Grotesque alterations of a plaintiff’s mark can sometimes produce a finding of likely dilution by tarnishment,¹²⁴⁷ but that factual scenario led to the opposite outcome in an action before a Pennsylvania federal district court.¹²⁴⁸ The defendants in the action had affixed altered images of the plaintiff to T-shirts, but the nature of the alterations was so extreme that it precluded a finding of likely confusion, and that finding carried over to the court’s disposition of the plaintiff’s dilution cause of action as well:

¹²⁴¹ *Id.* at 711.

¹²⁴² *See* Mott’s LLP v. Comercializadora Elooro, S.A., 507 F. Supp. 3d 780 (W.D. Tex. 2020).

¹²⁴³ *Id.* at 789.

¹²⁴⁴ *Id.*

¹²⁴⁵ *Id.*

¹²⁴⁶ 15 U.S.C. § 1125(c)(2)(C) (2018).

¹²⁴⁷ *See* Pillsbury Co. v. Milky Way Prods., Inc., 215 U.S.P.Q. 124, 126 (N.D. Ga. 1981).

¹²⁴⁸ *See* Cornette v. Graver, 473 F. Supp. 3d 437 (W.D. Pa. 2020).

As the Court has concluded that [the plaintiff] has failed to show that the Shirts and his mark are similar, the Court concludes that [the plaintiff] has failed to show that his mark will be tarnished as a result of any association that may or may not exist between it and the Shirts.”¹²⁴⁹

In contrast, a far less comprehensive analysis produced a plaintiff’s victory on a motion to dismiss allegations of likely dilution by tarnishment under New York law.¹²⁵⁰ The plaintiff’s mark was UBER for design and marketing services, while the defendants used the same mark for the display of advertisements on a vehicles’ digital signage, riders’ mobile apps, and on digital screens like electronic billboards. In denying the defendants’ motion, the court observed that “[a] mark is diluted by tarnishment when a junior user’s shoddy product quality or unsavory actions harm the reputation of the senior user.”¹²⁵¹ Although referencing alleged consumer complaints about the quality of the defendants’ services elsewhere in its opinion, the court did not identify precisely what might qualify as tarnishing behavior by the defendants. Instead, citing the defendants’ “saturation’-level use of the Uber mark,” it held only that “the ultimate merits of a dilution claim are determined by a fact-intensive, context-specific analysis.”¹²⁵²

(E) Cybersquatting

The Anticybersquatting Consumer Protection Act (ACPA) authorizes both in rem and in personam actions in challenges to domain names that allegedly misappropriate trademarks and service marks.¹²⁵³ If a prior arbitration proceeding under the Uniform Dispute Resolution Policy (UDRP) has resulted in the suspension, transfer, or disabling of a domain name, the ACPA also authorizes what is effectively a mechanism for the domain name registrant to appeal the outcome of the UDRP action by bringing a cause of action for reverse domain name hijacking.¹²⁵⁴

(1) In Rem Actions

As has been increasingly the case in recent years, there were no readily apparent reported opinions arising from in rem actions under the ACPA.

¹²⁴⁹ *Id.* at 468.

¹²⁵⁰ *See* Uber Inc. v. Uber Techs., Inc., 521 F. Supp. 3d 455 (S.D.N.Y. 2021).

¹²⁵¹ *Id.* at 469.

¹²⁵² *Id.*

¹²⁵³ *See* 15 U.S.C. § 1125(d) (2018).

¹²⁵⁴ *See id.* § 1114(2)(D)(v).

(2) In Personam Actions

Where in personam actions are concerned, the ACPA generally provides for civil liability if a plaintiff can prove (1) the defendant registered, trafficked in, or used a domain name; (2) the domain name is identical or confusingly similar to a protected mark owned by the plaintiff; and (3) the defendant acted with a bad-faith intent to profit from that mark. The last of these requirements is governed by nine factors found in Section 43(d)(1)(B)(i) of the Lanham Act,¹²⁵⁵ and is subject to a carve-out found in Section 43(d)(1)(B)(ii), which provides that “[b]ad faith intent . . . shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.”¹²⁵⁶

One opinion found liability under the ACPA in the unusual procedural context of a motion by the primary defendant to dissolve a temporary restraining order.¹²⁵⁷ That defendant had purchased the domain name at issue after an unknown party had hacked its way into the plaintiff’s account with its registrar. Whatever bad faith may have accompanied that initial misconduct, the defendant claimed immunity from liability because, as the court summarized its position:

[Defendant] argues that Plaintiff’s claims necessarily will fail because it purchased the Domain Name in good faith as a bona fide purchaser after conducting significant due diligence to ensure that the sale was legitimate. Thus, as it contends, Plaintiff’s claims regarding [Defendant’s] bad faith intent to traffic in the stolen Domain Name for profit are defeated.¹²⁵⁸

The court was unmoved by that theory, and it therefore declined to lift the TRO. It noted that “[a] bad faith intent to profit from a domain name can arise either at the time of registration or at any time afterwards.”¹²⁵⁹ “Thus,” it concluded, “regardless of whether it intended to traffic in the Domain Name immediately after the sale, upon [Defendant’s] notification by Plaintiff that it was trafficking in Plaintiff’s stolen Domain Name and mark, its alleged continued operation and use of the website constitutes bad faith intent to profit.”¹²⁶⁰

¹²⁵⁵ *Id.* § 1125(d)(1)(B)(i)(I)-(IX).

¹²⁵⁶ *Id.* § 1125(d)(1)(B)(ii).

¹²⁵⁷ See *Alston v. www.calculator.com*, 476 F. Supp. 3d 1295 (S.D. Fla. 2020).

¹²⁵⁸ *Id.* at 1318.

¹²⁵⁹ *Id.* 1320 (quoting *Sound Surgical Techs., LLC v. Leonard A. Rubinstein, M.D., P.A.*, 734 F. Supp. 2d 1262, 1277 (M.D. Fla. 2010)).

¹²⁶⁰ *Id.*

Despite that outcome, defendants generally got the better of their opponents in ACPA in personam actions. The leading example of that phenomenon arose in a long-standing dispute over the rights to various claimed marks referencing the famed annual motorcycle rally in Sturgis, South Dakota,¹²⁶¹ including STURGIS BIKE WEEK, TAKE THE RIDE TO STURGIS, and the following composite mark:¹²⁶²



Having registered those three marks for various goods and services associated with the rally, the plaintiff challenged the registration of seven domain names—sturgiscentral.com, legendary-sturgis.com, authenticsturgis.com, official-sturgis.com, licensedsturgis.com, sturgisrallyonline.com, and sturgisrallyonline.com—by purveyors of related goods and services.

The plaintiff eventually discovered that the registrations of the domain names had lapsed and it registered them itself. It was not until the pendency of a defense motion for summary judgment fourteen months later, however, that the plaintiff disclosed that development to the court, at which point the plaintiff also moved for the voluntary dismissal of its ACPA claim, citing the fees and costs associated with its continued prosecution.

The court declined to agree to the dismissal, even after the plaintiff expressed its willingness to accept a dismissal with prejudice. The court cited several considerations for its decision, beginning with the defendants' investment into preparations for trial after the plaintiff advised the court of its intent to pursue its ACPA claims following an earlier remand from the Eighth Circuit and its need for additional discovery in support of them. That factor, the court held, weighed "heavily" in favor of denying the voluntary dismissal,¹²⁶³ as did the plaintiff's failure to conduct the discovery upon which it had "vehemently insisted" for a full eighteen months

¹²⁶¹ See *Sturgis Motorcycle Rally, Inc. v. Rushmore Photo & Gifts, Inc.*, 529 F. Supp. 3d 940 (D.S.D. 2021), *appeal dismissed*, No. 21-1973, 2021 WL 4994465 (8th Cir. June 1, 2021).

¹²⁶² The illustration in the text accompanying this footnote does not appear in the opinion but is reproduced from the drawing in U.S. Registration No. 1948097.

¹²⁶³ *Sturgis Motorcycle Rally*, 529 F. Supp. 3d at 957.

after the court agreed to allow that discovery.¹²⁶⁴ The court also declined to accept the plaintiff's explanation for the dismissal, noting that that explanation had been proffered only after the deadline for responding to the defendants' motion for summary judgment had run.¹²⁶⁵ Finally, the court rejected the plaintiff's argument that the dismissal of the action would necessarily moot the defendants' motion, concluding that "[i]t is clear [the plaintiff] filed its motion to dismiss the ACPA claim to avoid an adverse decision on defendants' motion for summary judgment."¹²⁶⁶

Things did not improve for the plaintiff once the court turned to the merits of the defendants' motion. On the contrary, the court credited expert witness testimony proffered by the defendants that the domain names were distinguishable from the plaintiff's marks in appearance and pronunciation; moreover, not only was each used in connection with the legitimate provision of goods and services, but the defendants had displayed a TM symbol in conjunction with two of them, which the expert viewed "as an open declaration of Defendant[s'] belief in their intellectual property rights."¹²⁶⁷ Beyond that, the court noted, the plaintiff had neither offered "direct evidence, whether by consumer testimony or consumer surveys, to demonstrate the defendants' domain names are confusingly similar" nor "expert testimony to address the confusion which might exist when comparing its three marks with defendants' seven domain names."¹²⁶⁸ Those failures, coupled with an absence of record evidence or testimony the domain names had been registered in bad faith, resulted in the entry of summary judgment in the defendants' favor.¹²⁶⁹

Other claims of cybersquatting failed as well. When the counterclaim plaintiffs in one case terminated the counterclaim defendants as distributors of the counterclaim plaintiffs' dental implants, the counterclaim defendants continued to sell those goods on a website accessible at a domain name incorporating the mark appearing on the goods.¹²⁷⁰ In the lawsuit that followed, the counterclaim plaintiffs accused the counterclaim defendants of cybersquatting, but the court sided with the counterclaim defendants when they moved the court to dismiss that cause of action against them. Treating the motion as one for summary

¹²⁶⁴ *Id.*

¹²⁶⁵ *Id.* at 958.

¹²⁶⁶ *Id.* at 959.

¹²⁶⁷ *Id.* at 962.

¹²⁶⁸ *Id.* at 963.

¹²⁶⁹ *Id.*

¹²⁷⁰ *See Shetel Indus. v. Adin Dental Implant Sys., Inc.*, 493 F. Supp. 3d 64 (E.D.N.Y. 2020), *later proceedings*, No. 17-CV-2505(SJF)(ARL), 2021 WL 1108666 (E.D.N.Y. Mar. 23, 2021).

judgment, the court found it undisputed that the counterclaim defendants lacked the required bad-faith intent to profit from the disputed domain name. For one thing, the court noted, the counterclaim defendants had used the domain name for years without objection by the counterclaim plaintiffs. For others, the counterclaim plaintiffs had neither offered to sell the domain name to the counterclaim plaintiffs nor used false contact information when registering it. Especially because it was equally undisputed that the counterclaim defendants had used the domain name in connection with the bona fide sale of goods and services, “[t]he record evidence does not establish that the [counterclaim defendants] ever had any bad faith intent to profit from any goodwill associated with [the counterclaim plaintiff’s] mark by registering or using the domain name at issue.”¹²⁷¹

A different failed claim of cybersquatting occurred in an action by a plaintiff named Jim Cornette against a professional wrestler and his associates.¹²⁷² After the plaintiff criticized the wrestler’s participation in so-called “deathmatches,” two of the wrestler’s business associates responded in part by registering the domain names www.fuckjimcornette.com and www.clownette.com; that retaliation also included the use of those domain names to sell T-shirts with grotesquely altered images of the plaintiff. The plaintiff filed suit and sought a preliminary injunction under the ACPA, but he did so unsuccessfully. Although the registrants had no intellectual property rights to, or prior use of, the domain names, several considerations weighed against a finding of liability, not the least of which was the court’s finding that the registrants’ conduct was noncommercial in nature.¹²⁷³ Others included the absence of any evidence that the registrants had provided false contact information to their registrars, that they had attempted to sell the domain names to the plaintiff, or that they had registered multiple domain names based on the plaintiff’s name.¹²⁷⁴ The lack of notoriety of the plaintiff’s name as a mark was a final factor dooming his claim.¹²⁷⁵

In an application of the Ohio deceptive trade practices act,¹²⁷⁶ an appellate court of that state proved equally skeptical of a claim of cybersquatting brought under the deceptive trade practices act of that state.¹²⁷⁷ There was no apparent dispute that the defendant

¹²⁷¹ *Id.* at 132.

¹²⁷² *See* *Cornette v. Graver*, 473 F. Supp. 3d 437 (W.D. Pa. 2020).

¹²⁷³ *Id.* at 469.

¹²⁷⁴ *Id.* at 470.

¹²⁷⁵ *Id.*

¹²⁷⁶ OHIO REV. CODE § 4165.02(A)(2) (2016).

¹²⁷⁷ *See* *Wooster Floral & Gifts, L.L.C. v. Green Thumb Floral & Garden Ctr.*, 172 N.E.3d 60 (Ohio Ct. App. 2020).

had acquired a domain name—www.woosterfloral.com—incorporating the plaintiff’s WOOSTER FLORAL mark and that it had used the domain name to direct traffic to the website of its competitive floral business. Nevertheless, the court affirmed a finding below that the plaintiff had failed to demonstrate its entitlement to relief. According to the court:

Under the plain language of the statute, whether internet users are initially confused about the origin of a website does not matter; rather, the plaintiff must show a likelihood of confusion that goes to the source of the goods or services. The redirected website, [the defendant’s] home page, clearly demonstrates [the defendant’s] name, logo, and address and makes no mention of the trade name “Wooster Floral” within the website. Any reasonable internet user looking at the website can tell that it is [the defendant] that is providing the goods and that there is no indication of sponsorship, approval, or certification of goods by another entity. And a consumer who doesn’t want to be there can quickly extricate himself by hitting [the back icon].¹²⁷⁸

The weakness of the plaintiff’s geographically descriptive mark also weighed against its case because, as the court explained, “[i]t is plausible that a customer might type woosterfloral.com into a website because they are looking for Wooster Floral & Gifts’ website. But a consumer might also type the address simply because they are looking for a floral shop in Wooster.”¹²⁷⁹

b. Passing Off and Reverse Passing Off

As the Supreme Court explained in *Dastar Corp. v. Twentieth Century Fox Film Corp.*,¹²⁸⁰ “[p]assing off (or palming off, as it is sometimes called) occurs when a producer misrepresents his own goods or services as someone else’s. ‘Reverse passing off,’ as its name implies, is the opposite: The producer misrepresents someone else’s goods or services as his own.”¹²⁸¹ The Court’s definitions of the two torts played roles in several opinions.

i. Passing Off

Consistent with the Supreme Court’s definition of the tort, the Fifth Circuit affirmed a finding of passing off in a case in which the plaintiff successfully had challenged the defendants’ placement of fraudulent advertisements appearing to have originated with the

¹²⁷⁸ *Id.* at 64-65.

¹²⁷⁹ *Id.* at 65.

¹²⁸⁰ 539 U.S. 23 (2003).

¹²⁸¹ *Id.* at 28.

plaintiff.¹²⁸² Appealing from an adverse jury verdict, the defendants improbably argued that *Dastar* mandated a reversal, but that argument failed. The appellate court noted as an initial matter that:

Dastar . . . stand[s] for the general proposition that one cannot shoehorn what essentially amounts to a putative patent violation or a putative copyright violation into a Lanham Act claim. In other words, there is no cause of action for violating the Lanham Act merely because the “good” at issue incorporates the plaintiff’s ideas, concepts, writings, or the like.¹²⁸³

Nevertheless, it went on, “[t]he case at bar presents a different situation than that addressed in *Dastar*.”¹²⁸⁴ In particular, the plaintiff did not accuse the defendants of wrongfully incorporating the plaintiff’s ideas or concepts into the defendants’ advertisements; instead, the plaintiff was “interested in protecting the genuineness of its brand.”¹²⁸⁵ The jury’s verdict therefore withstood the defendants’ challenge.

ii. Reverse Passing Off

An unusually large number of opinions addressed the typically moribund tort of reverse passing off, including one from a New York federal district court entering a preliminary injunction.¹²⁸⁶ As reflected in the following graphic from the court’s opinion, the evidence established without apparent contradiction that the defendants had rebranded karaoke machines produced by the plaintiff by “hot gluing” labels bearing their own mark over the original labels:¹²⁸⁷

¹²⁸² See *WickFire, L.L.C. v. Woodruff*, 989 F.3d 343 (5th Cir. 2021), *as revised* (Mar. 2, 2021).

¹²⁸³ *Id.* at 351 (footnote omitted).

¹²⁸⁴ *Id.*

¹²⁸⁵ *Id.*

¹²⁸⁶ See *DJ Direct, Inc. v. Margaliot*, 512 F. Supp. 3d 396 (E.D.N.Y. 2021), *appeal docketed*, No. 21-239 (2d Cir. Feb. 9, 2021).

¹²⁸⁷ *Id.* at 406.

Appearance of Defendants' Products as Shipped



False Nameplate Peeling Off



Appearance When False Nameplate Is Removed



Not surprisingly, the court found reverse passing off because: (1) the machines originated with the plaintiff; (2) the defendants had falsely represented the origin of the machines; and (3) that false designation of origin was likely to cause confusion.¹²⁸⁸ That outcome held even though the plaintiff did not itself manufacture its goods but relied on a third-party licensee to do so.¹²⁸⁹

The plaintiff before the New York court was not alone in successfully prosecuting a reverse passing off claim. Indeed, a Utah federal district court arguably expanded the scope of the tort in a case between competitors in the market for preconditioned air units to cool aircraft and ground power units to power that equipment.¹²⁹⁰ According to that tribunal when ruling on the parties' cross-motions for summary judgment:

To prevail on a reverse passing off claim under that test, a plaintiff must prove four elements: “(1) that the work at issue originated with the plaintiff; (2) that origin of the work was falsely designated by the defendant; (3) that the false designation of origin was likely to cause consumer confusion; and (4) that the plaintiff was harmed by the defendant’s false designation of origin.”¹²⁹¹

With respect to the first of these factors, the record established that, while submitting bids, the defendant had replaced the plaintiff’s

¹²⁸⁸ *Id.* at 413-19.

¹²⁸⁹ As the court explained, “because the Supreme Court has contemplated that the phrase ‘origin of goods’ might be stretched to include the trademark owner who commissioned the goods and stood behind their production, Plaintiff has shown at least a serious question going to the merits on this point, if not a likelihood of success.” *Id.* at 415 (citing *Dastar*, 539 U.S. at 31-32).

¹²⁹⁰ *See John Bean Techs. Corp. v. B GSE Grp., LLC*, 480 F. Supp. 3d 1274 (D. Utah 2020).

¹²⁹¹ *Id.* at 1304 (quoting *Universal Furniture Int’l, Inc. v. Collezione Europa USA, Inc.*, 618 F.3d 417, 438 (4th Cir. 2010)).

name and logo with its own on technical sheets and on photographs of the plaintiff's goods; nevertheless, the defendant also delivered its own goods, which, it argued, placed it squarely within the safe harbor recognized by *Dastar* for goods copied from those of a plaintiff but manufactured by the defendant. In rejecting that argument, the court acknowledged that “[i]f [a] defendant supplies a product it manufactured, even if copied from a competitor, a reverse passing off claim generally will not attach.”¹²⁹² In the final analysis, though:

[T]here are at least some instances in which a defendant may be liable for reverse passing off even where the product the defendant sells was not manufactured by the plaintiff.

In this court's judgment, this case presents one such scenario. . . . [A]lthough [the defendant] represented that it was offering for sale [its own] product to be manufactured by [a third party], the substance of the submittal revealed the product being offered for sale was actually produced by [the plaintiff].¹²⁹³

Because the plaintiff also satisfied the remaining three requirements of the court's test, a finding of liability resulted.¹²⁹⁴

So too did a reverse passing off claim survive a motion to dismiss in litigation brought by the manufacturer of vertical mixers used for, inter alia, combining components of rocket fuel.¹²⁹⁵ The plaintiff's complaint alleged that the defendants had, while servicing one of the plaintiff's mixers, affixed labels bearing their own marks to it. The defendants' moving papers sought to defend their conduct by invoking authority “suggesting that the Lanham Act does not prohibit a person from applying her trademarks to a competitor's product after repairing or servicing that product.”¹²⁹⁶ As the court pointed out, however, those opinions were distinguishable because they depended in part on admissions or testimony that the added marks promoted the defendants' repair services, rather than indicated the origin of the goods to which they were affixed. In contrast, the court explained while holding that the plaintiff had stated a cause of action for reverse passing off, “[h]ere, Plaintiff alleges that Defendants replaced the [Plaintiff's] logo because they intended to mislead the public as to the origin of the Vertical Mixer.”¹²⁹⁷

In contrast, *Dastar* led to the dismissal at the pleadings stage of similar reverse passing off claims in two separate cases, even if the

¹²⁹² *Id.* at 1306.

¹²⁹³ *Id.* at 1307.

¹²⁹⁴ *Id.* at 1309.

¹²⁹⁵ See *B&P Littleford, LLC v. Prescott Mach., LLC*, 530 F. Supp. 3d 729 (E.D. Mich. 2021).

¹²⁹⁶ *Id.* at 742.

¹²⁹⁷ *Id.* at 743.

plaintiffs advancing those claims did not expressly identify them as such.¹²⁹⁸ The gravamen of the Section 43(a) cause of action at issue in each case was that the defendant, the producer of the popular FORTNITE videogame, had equipped its avatars with a dance move popularized by the plaintiffs. Both courts correctly identified the fatal flaw in the plaintiffs' complaints—namely, their failure to allege that the defendant had marketed goods or services under the avatars. As one court explained:

Here, like in [the other case], Plaintiffs do not allege facts that suggest there is confusion regarding the producer of a tangible product sold in the marketplace. At best the allegations indicate that each Plaintiff might be a “person or entity that originated the ideas or communications that ‘goods [or services]’ embody or contain,” but this fails to establish a Lanham Act claim.¹²⁹⁹

Dastar also played a significant role in a case brought by a plaintiff licensor of digital images of automobiles against former licensees that continued to use the plaintiff's images—complete with the plaintiff's trademarks superimposed on them—following the license's termination.¹³⁰⁰ Responding to the defendants' motion for the dismissal of the plaintiff's Section 32(1) cause of action, the plaintiff seized upon the appearance of the marks on the allegedly pirated images to support its argument that *Dastar* was inapplicable. Quoting approvingly from an opinion dismissing a similar suit brought by the plaintiff against another defendant, the California federal district court hearing the case concluded that “Plaintiff's trademark infringement claim is more accurately conceived of as attacking unauthorized copying of Plaintiff's copyrighted photographs containing Plaintiff's marks, which is not a cognizable Lanham Act claim under *Dastar* and [Ninth Circuit authority interpreting it].”¹³⁰¹ The plaintiff therefore had failed to state a claim, although the court granted it leave to replead its cause of action.¹³⁰²

Finally, a different claim of reverse passing off failed in a case brought by the operator of an online platform to facilitate sales

¹²⁹⁸ See *Brantley v. Epic Games, Inc.*, 463 F. Supp. 3d 616 (D. Md. 2020); *Pellegrino v. Epic Games, Inc.*, 451 F. Supp. 3d 373 (E.D. Pa. 2020).

¹²⁹⁹ *Brantley*, 463 F. Supp. 3d at 629 (alteration in original) (quoting *Dastar*, 539 U.S. at 32); see also *Pellegrino*, 451 F. Supp. 3d at 385 (“At best, the Complaint alleges that there is confusion over who originated the Signature Move embodied . . . because [the defendant] does not ‘credit[] [the plaintiff] as the dance’s creator and owner.’ Under *Dastar*, a claim that concerns the origin of an idea embodied in a tangible good is governed by copyright law, not the Lanham Act.” (third alteration in original) (citation omitted)).

¹³⁰⁰ See *Evox Prods. LLC v. AOL Inc.*, 522 F. Supp. 3d 727 (C.D. Cal. 2021).

¹³⁰¹ *Id.* at 732 (quoting *Evox Prods., LLC v. Verizon Media Inc.*, No. CV 20-2852-CBM-(JEMx), 2020 WL 5894564, at *2 (C.D. Cal. Aug. 19, 2020)).

¹³⁰² *Id.* at 733.

aquatic products.¹³⁰³ Certain of the “socially-conscious” fish sold on the plaintiff’s platform had tags attached to them, which provided such information as the species of the fish, the name of the harvesting vessel and its captain, and the location at which the fish were harvested. According to the plaintiff, the defendant, having purchased tagged fish from the plaintiff and advertised the benefits of the tags, removed the tags before resale. Although the defendant did not affirmatively represent that it was the origin of the fish, the plaintiff argued that the defendant’s actions constituted reverse passing off. The court was unconvinced, and it held on the defendant’s motion to dismiss that the plaintiff had failed to state a claim, at least as the plaintiff’s operative pleading purported to state it:

[A]ll the Amended Complaint really alleges is that [the defendant] removed [the plaintiff’s] tags before reselling the fish. The Amended Complaint does not allege any facts about how or where [the defendant] sells the fish. There are no facts alleged about how or if the fish is re-packaged and what information is on the re-packaging. There are no facts to show that the way [the defendant] sells the fish misrepresents or falsifies anything to anyone (or tries to do so). Indeed, as described in detail in the Background Section, the Amended Complaint’s own allegations indicate that [the defendant] did not misrepresent [the plaintiff’s] goods or services as its own. The Amended Complaint repeatedly states that [the defendant] affirmatively disclosed in presentations to its customers and potential customers that [the defendant] sourced its fish from [the plaintiff] and repeatedly explained the benefits of [the plaintiff’s] tags.¹³⁰⁴

The court acknowledged that “[i]t is unclear why [the defendant] cut . . . the tags off the fish after promoting them in its marketing efforts”; nevertheless, and whatever the reason for that action, it could not conclude “that the mere cutting off of the tags constitutes a Lanham Act violation.”¹³⁰⁵ It therefore dismissed the plaintiff’s reverse passing off cause of action without prejudice.¹³⁰⁶

c. False Association

Although prevailing as a matter of law on their right-of-publicity causes of action against the operators of a strip club that had advertised its services using photographs of the plaintiffs without authorization, the plaintiffs did not have similar luck with their

¹³⁰³ See C&C Int’l Trading Co. v. Buckhead Meat Co., 527 F. Supp. 3d 1016 (E.D. Ark. 2021).

¹³⁰⁴ *Id.* at 1030-31.

¹³⁰⁵ *Id.* at 1031.

¹³⁰⁶ *Id.*

federal cause of action for false association under Section 43(a); at the same time, however, they successfully defeated a cross-motion for summary judgment by their opponents.¹³⁰⁷ Weighing the parties' competing motions, the court initially held that:

A Lanham Act claim for false association under § 1125(a)(1)(A) has the following elements:

- (1) The defendant used a 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;
- (2) The usage was in commerce, in connection with goods or services;
- (3) The usage 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; and
- (4) The plaintiff believes he or she is or is likely to be damaged as a result of the usage.¹³⁰⁸

The defendants apparently did not contest the first two of the four requirements for liability, but neither they nor the plaintiffs prevailed with respect to likely confusion. In particular, the summary record reflected factual disputes over the strength of the plaintiffs' personas,¹³⁰⁹ the existence of actual confusion (despite the defendants' failure to contest survey evidence indicating that "the vast majority of survey respondents (84-88%)" believed the plaintiffs had approved the club's use of their images,¹³¹⁰ the extent to which patrons of the club exercised a high degree of care,¹³¹¹ and the lead

¹³⁰⁷ See *Longoria v. Kodiak Concepts LLC*, 527 F. Supp. 3d 1085 (D. Ariz. 2021).

¹³⁰⁸ *Id.* at 1106.

¹³⁰⁹ On the one hand, the court noted that:

Each Plaintiff enjoys some degree of celebrity, measurable by, for example, the number and prominence of the appearances each Plaintiff has had in magazines, films, advertisements, or other publicly viewable settings, the number of followers each Plaintiff has on social media, and/or the degree to which people recognize her. Plaintiffs have brought forth evidence as to their modeling and other celebrity appearances and social media followings in the form of declarations.

Id. at 1107. On the other hand, however, it apparently viewed survey evidence proffered by the plaintiffs themselves that "on average, 15% of the 300 people who responded to a survey . . . recognized Plaintiffs, with a range of recognition between 13% and 24%" as weighing against a finding of mark strength. *Id.*

¹³¹⁰ *Id.* at 1108-09.

¹³¹¹ *Id.* at 1109.

defendant's intent in using the plaintiffs' images.¹³¹² Moreover, the court also determined that "[t]he jury might take into consideration factors such as the layout of the advertisements and the prominence of the photographs—factors that may differ from one advertisement to another."¹³¹³ The result was a procedural stalemate, despite considerations favoring the plaintiffs' position, including the relatedness of the parties' businesses, which "capitaliz[ed] on beauty and sex appeal"¹³¹⁴ and the defendants' use of images identical to those of the plaintiffs.¹³¹⁵

Closely similar facts underlying a different dispute led to a similar disposition—namely, the denial of cross-motions for summary judgment by yet another group of models challenging the unauthorized use of their images by yet another strip club.¹³¹⁶ Once again, there was no apparent dispute that the defendants had used photographs that were "carbon copies of Plaintiffs',"¹³¹⁷ but that was not enough to mandate a finding of liability as a matter of law. On the contrary, factual disputes existed as to the strength of the plaintiffs' personas,¹³¹⁸ the defendants' intent,¹³¹⁹ and the weight properly accorded to survey evidence that "approximately 66 percent of interviewees" believed the plaintiffs likely participated in activities at the defendants' club, 80 percent thought the plaintiffs sponsored, endorsed or promote the club, and 89 percent felt that it was very or somewhat likely that the plaintiffs were representative of employees performing at the club.¹³²⁰ Those same conflicts precluded a grant of the defendants' motion for summary judgment of nonliability, even though the relatedness of the parties' businesses slightly favored the defendants' position.¹³²¹

¹³¹² *Id.* at 1109-10.

¹³¹³ *Id.* at 1110.

¹³¹⁴ *Id.* at 1108.

¹³¹⁵ *Id.*

¹³¹⁶ *See Pinder v. 4716 Inc.*, 494 F. Supp. 3d 618 (D. Ariz. 2020).

¹³¹⁷ *Id.* at 639.

¹³¹⁸ *Id.* at 639-40.

¹³¹⁹ On that issue, the court credited (at least for purposes of the plaintiffs' motion for summary judgment) the defendants' claim that they had told the creator of their advertising not to use any images for which he did not have proper permission. *Id.* at 640.

¹³²⁰ *Id.* at 641.

¹³²¹ According to the court:

On a broad scale, the goods are similar and complementary in that both use photos of beautiful women on their social media sites to pique viewers' interest in their goods. However, the parties do not sell their goods to the same purchasers. Plaintiffs derive income from being hired for photo shoots; Defendant[s] derive[] income from customers' entrance fees, entertainment, and drinks at the strip club.

Id. at 639.

d. False Designation of Geographic Origin

One court took a restrictive view of the prohibition in the cause of action in Section 43(a)(1)(A)¹³²² against false designations of origin.¹³²³ The gravamen of the plaintiffs' objection to the defendants' conduct was that the labels for the defendants' diamond sawblades falsely represented that the blades had been manufactured in Thailand and Canada, rather than in China. The court made short work of that theory for relief:

Under the Lanham Act's "false designation" provision, no entity can use "any false designation of origin" of its goods that is "likely to cause confusion, or to cause mistake, or to deceive" as to (1) "affiliation, connection, or association" *with another entity* or (2) "origin, sponsorship, or approval" of its goods *by another entity*.

This section of the Lanham Act requires that customers likely be, in other words, tricked into thinking that products are affiliated with or approved by another party.¹³²⁴

That meant the plaintiffs' cause of action was fatally infirm because "nowhere does it allege that any mislabeling regarding national origin would likely dupe the consuming public into buying the products of Defendants instead of those of its members."¹³²⁵

e. False Advertising

A successful false advertising-based claim obviously requires the existence of a disputed statement in the first instance.¹³²⁶ Beyond that, courts generally applied the standard five-part test for false advertising over the past year:

To make out a claim of false advertising . . . , a plaintiff must show five things: (1) a false or misleading advertisement (2) that deceived, or had the capacity to deceive, consumers; (3) the deception had a material effect on purchasing decisions; (4) the misrepresented product or service affects interstate commerce; and (5) the plaintiff has been, or is likely to be, injured by the false advertising.¹³²⁷

¹³²² 15 U.S.C. § 1125(a)(1)(A) (2018).

¹³²³ See *Diamond Sawblades Manufacturers' Coal. v. Diamond Tools Tech., LLC*, 504 F. Supp. 3d 927 (S.D. Ind. 2020).

¹³²⁴ *Id.* at 942 (citations omitted) (quoting 15 U.S.C. § 1125(a)(1)(A)).

¹³²⁵ *Id.*

¹³²⁶ For an example of an opinion assuming, *arguendo*, that the defendant had made the representations in question despite the court's "substantial reservations" on the issue, see *In re EpiPen (Epinephrine Injection, USP) Mktg., Sales Pracs. & Antitrust Litig.*, 507 F. Supp. 3d 1289, 1369 (D. Kan. 2020).

¹³²⁷ *J-B Weld Co. v. Gorilla Glue Co.*, 978 F.3d 778, 796 (11th Cir. 2020); see also *Azurity Pharms., Inc. v. Edge Pharma, LLC*, 540 F. Supp. 3d 141, 143 (D. Mass. 2021); U.S.

As always, however, some courts applied variations on this test.¹³²⁸ For example, courts in the Second Circuit applied a four-part standard:

To plead a claim under § 43(a) of the Lanham Act, the [plaintiff] must allege that (1) “the statement in the challenged advertisement is false,” (2) “the defendants misrepresented an inherent quality or characteristic of the product,” (3) “the defendant placed the false or misleading statement in interstate commerce,” and (4) “the plaintiff has been injured as a result of the misrepresentation, either by direct diversion of sales or by a lessening of goodwill associated with its products.”¹³²⁹

Likewise, federal district courts in the Tenth Circuit applied a test providing that:

To prevail on a claim for false or misleading representations under the Lanham Act, a plaintiff must establish that: “(1) that defendant made material false or misleading representations of fact in connection with the commercial advertising or promotion of its product; (2) in commerce; (3) that are either likely to cause confusion or mistake as to (a) the origin, association or approval of the

Structural Plywood Integrity Coal. v. PFS Corp., 524 F. Supp. 3d 1320, 1329 (S.D. Fla. 2021); Golden Eye Media USA, Inc. v. Trolley Bags UK Ltd., 525 F. Supp. 3d 1145, 1252 (S.D. Cal. 2021), *motion to certify appeal granted*, No. 3:18-CV-02109-BEN-LL, 2021 WL 2072382 (S.D. Cal. May 24, 2021), *appeal docketed*, No. 21-2096 (Fed. Cir. June 25, 2021); *In re Takata Airbag Prods. Liab. Litig.*, 524 F. Supp. 3d 1266, 1286 (S.D. Fla. 2021); Suzie’s Brewery Co. v. Anheuser-Busch Cos., 519 F. Supp. 3d 839, 850-51 (D. Or. 2021); Wing Enters. v. Tricam Indus., 511 F. Supp. 3d 957, 964 (D. Minn. 2021); Diamond Sawblades Manufacturers’ Coal. v. Diamond Tools Tech., LLC, 504 F. Supp. 3d 927, 944-45 (S.D. Ind. 2020); GlaxoSmithKline LLC v. Boehringer Ingelheim Pharm., Inc., 484 F. Supp. 3d 207, 215 (E.D. Pa. 2020), *appeal docketed*, No. 20-2926 (3d Cir. Sept. 24, 2020); Newborn Bros. Co. v. Albion Eng’g Co., 481 F. Supp. 3d 312, 344 (D.N.J. 2020), *later proceedings*, No. 12-2999 (NLH/KMW), 2021 WL 124490 (D.N.J. Apr. 1, 2021); Dupart v. Roussell, 497 F. Supp. 3d 102, 119 (E.D. La. 2020); Exela Pharma Scis., LLC v. Sandoz, Inc., 486 F. Supp. 3d 1001, 1023 (W.D.N.C. 2020); GlaxoSmithKline LLC v. Boehringer Ingelheim Pharms., Inc., 484 F. Supp. 3d 207, 215 (E.D. Pa. 2020), *appeal dismissed*, No. 20-2926, 2020 WL 8922861 (3d Cir. Nov. 25, 2020); N. Bottling Co. v. Henry’s Foods, Inc., 474 F. Supp. 3d 1016, 1028 (D.N.D. 2020); Kurin, Inc. v. Magnolia Med. Techs., Inc., 473 F. Supp. 3d 1117, 1128 (S.D. Cal. 2020), *aff’d in part, dismissing appeal in part*, No. 21-55025, 2021 WL 5823707 (9th Cir. Dec. 8, 2021).

¹³²⁸ See, e.g., Bidi Vapor, LLC v. Vaperz LLC, 543 F. Supp. 3d 619, 626 (N.D. Ill. 2021) (“[The plaintiff] argues that it is likely to succeed on its Lanham Act deceptive-advertising claim. To prevail under this approach, [the plaintiff] must establish that (1) [the defendant] made a material false statement of fact in a commercial advertisement; (2) the false statement actually deceived or had the tendency to deceive a substantial segment of its audience; and (3) [the plaintiff] has been or is likely to be injured as a result of the false statement.” (footnote omitted)).

¹³²⁹ PharmacyChecker.com, LLC v. Nat’l Ass’n of Bds. of Pharmacy, 530 F. Supp. 3d 301, 350-51 (S.D.N.Y. 2021) (quoting Merck Eprova AG v. Gnosis S.p.A., 760 F.3d 247, 255 (2d Cir. 2014)).

product with or by another, or (b) the characteristics of the goods or services; and (4) injur[y] [to] the plaintiff.”¹³³⁰

And an Arizona federal district court applied a six-factor test focusing on whether:

- (1) The defendant made a false statement either about the plaintiff’s or its own product;
- (2) The statement was made in commercial advertisement or promotion;
- (3) The statement actually deceived or had the tendency to deceive a substantial segment of its audience;
- (4) The deception is material;
- (5) The defendant caused its false statement to enter interstate commerce; and
- (6) The plaintiff has been or is likely to be injured as a result of the false statement, either by direct diversion of sales from itself to the defendant, or by a lessening of goodwill associated with the plaintiff’s product.¹³³¹

Finally, one court held that a plaintiff seeking to establish liability for false advertising arising from the assertion of patent rights must make an additional showing that the assertion was made in bad faith.¹³³² Whatever the test applied, some courts held that allegations of false advertising must be pleaded with particularity under Rule 9 of the Federal Rules of Civil Procedure.¹³³³

i. False Statements of Fact in Commercial Advertising or Promotion

(A) Actionable Statements of Fact

The inquiry into whether a defendant had made an actionable statement of fact under a false advertising theory requires consideration of three factors, namely: (1) whether the statement has been made in the first instance; and, if so, whether it is (2) mere

¹³³⁰ *In re EpiPen (Epinephrine Injection, USP) Mktg., Sales Pracs. & Antitrust Litig.*, 507 F. Supp. 3d 1289, 1367 (D. Kan. 2020) (quoting *Cottrell, Ltd. v. Biotrol Int’l, Inc.*, 191 F.3d 1248, 1252 (10th Cir. 1999)); *accord Examination Bd. of Pro. Home Inspectors v. Int’l Ass’n of Certified Home Inspectors*, 519 F. Supp. 3d 893, 921 (D. Colo. 2021), *appeal docketed*, No. 21-1087 (10th Cir. Mar. 12, 2021); *John Bean Techs. Corp. v. B GSE Grp.*, 480 F. Supp. 3d 1274, 1309 (D. Utah 2020).

¹³³¹ *Longoria v. Kodiak Concepts LLC*, 527 F. Supp. 3d 1085, 1111 (D. Ariz. 2021) (quoting *Newcal Indus. v. Ikon Office Sol.*, 513 F.3d 1038, 1052 (9th Cir. 2008)).

¹³³² *See Golden Eye Media USA*, 525 F. Supp. 3d at 1253 (granting defense motion for summary judgment of nonliability).

¹³³³ *See, e.g., AlfaSigma USA, Inc. v. First Databank, Inc.*, 525 F. Supp. 3d 1088, 1102-03 (N.D. Cal. 2021) (granting motion to dismiss for failure to state claim); *N. Bottling Co. v. Henry’s Foods, Inc.*, 474 F. Supp. 3d 1016, 1029 (D.N.D. 2020) (same).

puffery; or (3) an opinion. Reported opinions addressed all three factors during the past year.

(1) The Existence of Statements in the First Instance

For liability to attach to an allegedly false or misleading statement of fact, there must be an actionable statement of fact in the first instance, and that requirement has increasingly tripped up false advertising plaintiffs in recent years,¹³³⁴ including one in an appeal to the Eleventh Circuit from the dismissal of its case on summary judgment.¹³³⁵ The parties competed in the market for injectable epinephrine products, and, because those sold by defendant predated the 1938 passage of the Food Drug and Cosmetic Act, they were exempted from the Food and Drug Administration's new drug approval procedures. This meant the defendant could make the same representations about the efficacy of its products for certain uses as it had prior to 1938, while the plaintiff, whose products were introduced decades after the legislation, could only make representations of efficacy approved by the FDA. The plaintiff accused the defendant of falsely representing that the FDA had affirmatively approved the defendant's products for all the uses listed on the defendant's packaging and labels, but the Eleventh Circuit found no such representations in the summary judgment record:

The [plaintiff] claims that [the defendant's] package inserts are misleading because they falsely imply FDA approval of the drugs and their indications—but it never shows how or where. [The defendant's] inserts never claimed FDA approval, nor does [the plaintiff] point us to any language that hints at it. As best we can tell, [the plaintiff] relies solely on the existence of the drug and its inserts on the market. That is simply not enough. To raise a genuine issue of material fact, [the plaintiff] needed to offer at least some evidence not only that customers erroneously believed that [the defendant's] products were FDA-approved, but that a specific representation or statement by [the defendant] created that misconception. We agree with the district court that [the plaintiff] failed to offer that evidence here.¹³³⁶

Considering the absence of an actionable statement of fact, the district court therefore had properly disposed of the plaintiff's case on summary judgment.

¹³³⁴ See *EST Inc. v. Royal-Grow Prods., LLC*, 526 F. Supp. 3d 943, 959-60 (D. Kan. 2021) (granting defense motion for summary judgment based on counterclaim defendants' showing that alleged misrepresentations had been made only to counterclaim plaintiff).

¹³³⁵ See *Belcher Pharms., LLC v. Hospira, Inc.*, 1 F.4th 1374 (11th Cir. 2021).

¹³³⁶ *Id.* at 1381.

The absence of actionable statements of fact doomed two other claims of false advertising against the Canadian manufacturer of an amino acid named L-Cysteine.¹³³⁷ The defendant's L-Cysteine had an aluminum content exceeding that ordinarily allowed by the FDA, but, because of a shortage in the United States, the agency had issued the defendant a so-called Memorandum of Discretion allowing the defendant to market its product without necessarily approving it. One basis of the plaintiff's challenge was the theory that the defendant had failed to advise healthcare providers that the aluminum content of its product was greater than that of the plaintiff's recently approved competitive product. The plaintiff's complaint, however, contained "no allegation that the Defendant made any statement that would be rendered false or misleading by failing to affirmatively provide information regarding its product's aluminum content or [the] aluminum content [of the plaintiff's product]";¹³³⁸ because "[t]he Defendant had no duty to provide such a statement under the Lanham Act,"¹³³⁹ that aspect of the complaint failed to state a claim. Moreover, the same was true with respect to the defendant's alleged failure to disclose that the aluminum level of its "unapproved product" failed to meet FDA standards, in part because "the Plaintiff's own allegations show that the Defendant never made any statement regarding the aluminum content of its L-Cysteine product or whether its product met any FDA 'standards.'"¹³⁴⁰

A similar outcome transpired in litigation brought by a plaintiff seeking to challenge a representation that a competitive product was compatible with its own.¹³⁴¹ A critical flaw in the plaintiff's complaint concerning the compatibility claim at issue was its failure to tie the claim to any particular named defendant; rather, a third party had allegedly made the claim in response to a request for bids from a potential purchaser. As the court not surprisingly concluded while granting a defense motion to dismiss, "[a] claim for unfair competition plainly cannot be sustained on the basis of a representation not alleged to have been made by any Defendant."¹³⁴² In addition, and of equal significance, even the third party had not actually made the challenged claim but had instead merely submitted a bid in response to the potential customer's interest in products compatible with those of the plaintiff.¹³⁴³

¹³³⁷ See *Exela Pharma Scis., LLC v. Sandoz, Inc.*, 486 F. Supp. 3d 1001 (W.D.N.C. 2020).

¹³³⁸ *Id.* at 1025.

¹³³⁹ *Id.*

¹³⁴⁰ *Id.*

¹³⁴¹ See *Soter Techs., LLC v. IP Video Corp.*, 523 F. Supp. 3d 389 (S.D.N.Y. 2021).

¹³⁴² *Id.* at 408.

¹³⁴³ *Id.* at 409.

Despite these outcomes, not all defendants successfully moved for the dismissal of the false advertising claims against them based on the theory that they had not made actionable statements in the first instance. For example, when two defendants in the business of inspecting structural plywood were accused of allowing the importers of Brazilian plywood to use the defendants' certification marks for substandard wood, they unsuccessfully argued in a motion to dismiss that the plaintiffs' complaint lacked averments of any actionable statements by them. With respect to the plaintiffs' claim of direct false advertising, the court held that "the Defendants *have* made representations about the quality of the Brazilian products. The Defendants, in fact, have given the Brazilian mills the authority to certify their plywood with the *Defendants'* . . . stamps."¹³⁴⁴ "Those stamps," the court continued, "serve as a proxy for the Defendants' view that the Brazilian mills comply with the [relevant standard]."¹³⁴⁵ Moreover:

[T]he Brazilian plywood companies didn't steal or forge the Defendants' stamp. The Defendants *gave* them the stamp and *authorized* them to use it. Indeed, these stamps bear the Defendants' names and advertise the plywood as either "TECO TESTED" or "AUDITED BY [the Defendants]." These stamps are thus unquestionably statements *of the Defendants*.¹³⁴⁶

Finally, and independent of the defendants' conduct with respect to the stamps, the operative pleading alleged that the defendants had sent letters reassuring their clients that the Brazilian plywood indeed met the requirements for certification.¹³⁴⁷

Likewise, a motion for summary judgment failed in a false advertising battle between manufacturers of multi-position ladders.¹³⁴⁸ While marketing its ladders to Home Depot, the defendant inaccurately represented to that retailer that its goods complied with a particular industry standard, and that inaccurate information made its way onto Home Depot's website, despite the defendant's removal of the same information from its own website. The facts therefore presented the novel question of "whether and when a supplier's [direct] Lanham Act liability is cut off after the supplier passes on an allegedly false statement to a retailer expecting and intending that the statement will reach the purchasing public."¹³⁴⁹ The defendant's motion for summary

¹³⁴⁴ *Id.* at 1330.

¹³⁴⁵ *Id.*

¹³⁴⁶ *Id.* at 1331 (citations omitted).

¹³⁴⁷ *Id.* at 1331-32.

¹³⁴⁸ See *Wing Enters. v. Tricam Indus.*, 511 F. Supp. 3d 957 (D. Minn. 2021).

¹³⁴⁹ *Id.* at 965.

judgment argued that it could only be held contributorily liable for false advertising—a theory the plaintiff had failed to pursue. The court, however, found a factual dispute with respect to the defendant’s direct liability, citing evidence that: (1) “Home Depot relies on its vendors to enter accurate information in the system without independently auditing that information”;¹³⁵⁰ (2) the defendant “expected and intended that customers would use the information it entered into [Home Depot’s] system to make purchasing decisions”;¹³⁵¹ and (3) the defendant “could request changes to the information after it was posted on [Home Depot’s] website.”¹³⁵² “Given this evidence,” the court found, “a reasonable jury could conclude that [the defendant] itself used the [false] statement in a commercial advertisement.”¹³⁵³

(2) Puffery

Even when an actual statement by a defendant exists, it may not be actionable if it is mere puffery or a statement of opinion.¹³⁵⁴ A summary judgment opinion driving home this point came in a battle between competing manufacturers of blood-sample collection devices.¹³⁵⁵ The defendant’s advertising represented that its device “eliminate[d]” contamination in the samples collected in it, which the plaintiff claimed was false because at least some samples were contaminated. The court disagreed with the plaintiff’s characterization, holding instead that “[t]he statement that [the defendant’s devices] ‘eliminates’ blood culture contamination is puffery. It is an exaggerated general statement on which medical professionals are unlikely to rely particularly when presented in the context of summarizing clinical study results.”¹³⁵⁶ The plaintiff therefore was entitled to summary judgment of nonliability with respect to that representation.¹³⁵⁷

Not all claims of puffery succeeded, however. One falling particularly short came from defendant that represented its dispensing guns (used to apply adhesives and sealants) were “Made

¹³⁵⁰ *Id.* at 967.

¹³⁵¹ *Id.*

¹³⁵² *Id.*

¹³⁵³ *Id.*

¹³⁵⁴ *See, e.g.,* PharmacyChecker.com, LLC v. Nat’l Ass’n of Bds. of Pharmacy, 530 F. Supp. 3d 301, 351 (S.D.N.Y. 2021) (“Subjective claims about products, which cannot be proven either true or false, are not actionable under the Lanham Act.” (quoting Groden v. Random House, Inc., No. 94-CV-1074, 1994 WL 455555, at *5 (S.D.N.Y. Aug. 23, 1994), *aff’d*, 61 F.3d 1045 (2d Cir. 1995))).

¹³⁵⁵ *See* Kurin, Inc. v. Magnolia Med. Techs., Inc., 473 F. Supp. 3d 1117 (S.D. Cal. 2020), *aff’d in part, dismissing appeal in part*, No. 21-55025, 2021 WL 5823707 (9th Cir. Dec. 8, 2021).

¹³⁵⁶ *Id.* at 1136.

¹³⁵⁷ *Id.* at 1146.

in America” and “designed and manufactured in the USA, from our location in Philadelphia, Pennsylvania.”¹³⁵⁸ Following a bench trial, the New Jersey federal district court assigned to the case found that:

[The defendant’s] statements about the origin of its products are not mere puffery. A statement that a product is “Made in America” or “Made in USA” is not a bald assertion of superiority, but rather a specific claim about a product’s origins. Albion did not express its claim as an exaggeration or overstatement using broad, vague, or commendatory language. Instead, [the defendant] identified a specific location where its products were made. Furthermore, “Made in America” is not a bald assertion of superiority, but rather a specific standard defined by Government agencies[, e.g., the Federal Trade Commission].¹³⁵⁹

In the final analysis, the court concluded, “[the defendant’s] ‘Made in America’ claim is specific, measurable, and capable of being proved false.”¹³⁶⁰

(3) Opinions

Statements deemed to be opinions escaped liability in a dispute between manufacturers of a different category of medical devices, that of epinephrine autoinjector devices.¹³⁶¹ The defendant’s messaging to physicians was that its device was “easy to use,” “easy to carry,” and had “easy to follow instructions,” all of which the counterclaim plaintiff claimed were literally false. In granting the defendant’s motion for summary judgment, the court determined that statements that the counterclaim defendant’s device was easy to carry, easy to use, and had easy to follow instructions were “subjective opinions about [the counterclaim defendant’s device’s] superiority And, they can’t support a Lanham Act claim.”¹³⁶² “Thus,” the court held, “these statements about [the counterclaim defendant’s device] don’t present a triable issue whether [the counterclaim defendant] made any literally false statements”¹³⁶³

Faced with the need to distinguish between opinions, on the one hand, and actionable statements of fact, on the other, the Ninth

¹³⁵⁸ See *Newborn Bros. Co. v. Albion Eng’g Co.*, 481 F. Supp. 3d 312, 346 (D.N.J. 2020), *later proceedings*, No. 12-2999 (NLH/KMW), 2021 WL 124490 (D.N.J. Apr. 1, 2021).

¹³⁵⁹ *Id.* at 347.

¹³⁶⁰ *Id.*

¹³⁶¹ See *In re EpiPen (Epinephrine Injection, USP) Mktg., Sales Prac. & Antitrust Litig.*, 507 F. Supp. 3d 1289 (D. Kan. 2020).

¹³⁶² *Id.* at 1373.

¹³⁶³ *Id.*

Circuit split the judicial baby in an appeal to it.¹³⁶⁴ That appeal was brought by a manufacturer of nutritional supplements against the publisher and author of a guide that both rated supplements and awarded their manufacturers “medals of achievement.”¹³⁶⁵ Several editions of the guide represented that its author had no ties to any supplement manufacturers, but the plaintiff alleged the author had a financial arrangement with a competitor of the plaintiff that induced the author to give favorable reviews to the competitors’ supplements at the expense of those of the plaintiff. The court agreed that the district court properly had dismissed for failure to state a claim the plaintiff’s challenge to the guide’s comparative five-star ratings, holding that they were “simply statements of opinion about the relative quality of various nutritional supplement products.”¹³⁶⁶ Nevertheless, it held the plaintiff was “on more fertile ground” where the guide’s disclaimer of affiliation was concerned, which it considered “a statement of fact that can be proven true or false.”¹³⁶⁷ It then reached the same conclusion with respect to the guide’s failure to award the plaintiff the guide’s highest medal of achievement based on the plaintiff’s allegation that it met the objectively verifiable criteria for the award. Those aspects of the plaintiff’s complaint therefore survived to the pleadings stage.

Likewise, and also at the pleadings stage, a New York federal district court rejected a defense claim of nonactionable opinions in a case against several competitors brought by a plaintiff offering an accreditation program for pharmacies and also providing information on drug prices.¹³⁶⁸ One aspect of the plaintiff’s false advertising cause of action was that the lead defendant had represented that goods and services provided by pharmacies accredited by the plaintiff were unsafe. After surveying the doctrinal landscape, the court adopted the approach taken by the Eleventh Circuit, namely, that:

“[S]tatements regarding serious safety concerns arguably could be construed as more than general statements of opinion.” Rather than “subjective statements regarding the efficacy or superiority of a product[,] . . . they can be viewed as expressing an objective risk of serious consequences that fairly implies a basis for that statement.”¹³⁶⁹

¹³⁶⁴ See *Ariix, LLC v. Nutrsearch Corp.*, 985 F.3d 1107 (9th Cir. 2021).

¹³⁶⁵ *Id.* at 1111.

¹³⁶⁶ *Id.* at 1121.

¹³⁶⁷ *Id.* at 1222.

¹³⁶⁸ See *PharmacyChecker.com, LLC v. Nat’l Ass’n of Bds. of Pharmacy*, 530 F. Supp. 3d 301 (S.D.N.Y. 2021)

¹³⁶⁹ *Id.* at 352 (second and third alterations in original) (quoting *Osmose, Inc. v. Viance, LLC*, 612 F.3d 1298, 1311 (11th Cir. 2010)).

“Consistent with this conclusion,” the court concluded, “Plaintiff has adequately alleged that consumers were misled [by actionable statements of fact].”¹³⁷⁰

Finally, another opinion-based motion to dismiss failed in a case in which United States-based manufacturers of plywood claimed that the defendants—who issued certifications of compliance with industry requirements necessary for the importation of plywood manufactured in other countries—had falsely certified certain Brazilian plywood as meeting those requirements.¹³⁷¹ The defendants gamely argued that their certifications constituted nonactionable opinions, but the court was unmoved. Although acknowledging the defendants’ argument that their certifications were based on “multiple, complex data points,” the court held that that circumstance did not preclude the certifications from being objectively verifiable.¹³⁷² It elaborated on this point in the following manner:

It’s true, of course, that the certifier may get it wrong. . . . But the possibility that the certifier might get the tests wrong—or apply the tests improperly—doesn’t somehow render the tests *subjective*. We can all agree that the answers to questions of math are objective, even if, from time to time, a young student may erroneously believe that two and two is five.¹³⁷³

Equally to the point, the court held, “[e]ither the Defendants tested the wood—or subjected it to quality-control review—or they didn’t.”¹³⁷⁴ It therefore was possible that the defendants’ certification stamps were verifiable statements of fact.¹³⁷⁵

(B) Actionable Commercial Advertising or Promotion

(1) Opinions Finding Actionable Commercial Advertising or Promotion

Although every finding of liability (or potential finding) for false advertising necessarily rested on a determination that the defendant had engaged in actionable commercial advertising or promotion, express determinations to that effect were relatively absent from reported opinions.

¹³⁷⁰ *Id.*

¹³⁷¹ See *U.S. Structural Plywood Integrity Coal. v. PFS Corp.*, 524 F. Supp. 3d 1320 (S.D. Fla. 2021).

¹³⁷² *Id.* at 1335.

¹³⁷³ *Id.*

¹³⁷⁴ *Id.*

¹³⁷⁵ *Id.* at 1336.

(2) Opinions Declining to Find Actionable Commercial Advertising or Promotion

At least some defendants successfully challenged at the pleadings stage the adequacy of allegations of commercial advertising or promotion against them. The plaintiff unsuccessfully suing one such defendant was a retirement planning counselor that advocated “a risk-free investment opportunity with . . . 5% to 8% interest rates” and no fees.¹³⁷⁶ Taking issue with the merits of that risk-free opportunity, the defendant, a retired stockbroker, published an article titled *If It Sounds Too Good to be True, It Will Probably Cost You*, which contained a number of criticisms of the plaintiff and advocated a different investment strategy. In granting the defendant’s motion to dismiss, the court applied a three-part test for determining whether his article was actionable commercial speech, namely: “(1) is the speech an advertisement; (2) does the speech refer to a specific product or service; and (3) does the speaker have an economic motivation for the speech[?]”¹³⁷⁷ The results of an application of those factors favored the defendant:

A plain reading of [the defendant’s] article reveals that it does not fall within the “core notion of commercial speech” because it does not propose a commercial transaction. The article discusses the plausibility of [the plaintiff’s] claim of high-yield, risk-free returns compared to other risk-free or low-risk investment options; opines as to the validity of [the plaintiff’s] claim of “no fees attached;” and suggests what [the defendant] believes to be a more secure option for investors. In short, the article’s purpose is to provide investment advice and to educate consumers about a product that [the defendant] believes is “too good to be true.” Nothing in the article promotes any product or service, so it is not an advertisement. Also, nothing in the article or the complaint suggests that [the defendant] was trying to persuade consumers to use a service that he sells instead of [the plaintiff’s] product, so he did not have an economic motive for the speech. The Court concludes that the article’s purpose is not to “propose a commercial transaction.”¹³⁷⁸

Dismissal therefore was appropriate even though the defendant had been paid for the article.¹³⁷⁹

A second reported opinion finding no commercial advertising or promotion as a matter of law on a motion to dismiss arose out of a

¹³⁷⁶ Crash Proof Ret., LLC v. Price, 533 F. Supp. 3d 227, 229 (E.D. Pa. 2021).

¹³⁷⁷ *Id.* at 230 (quoting U.S. Healthcare, Inc. v. Blue Cross of Greater Phila., 898 F.2d 914, 933 (3d Cir. 1990)).

¹³⁷⁸ *Id.* at 231.

¹³⁷⁹ *Id.*

suit against a defendant that maintained a subscription-based pharmaceutical database.¹³⁸⁰ The plaintiff alleged the database inaccurately codified the plaintiff's goods as available without a prescription or, alternatively as "neither drugs nor devices, such as dietary supplements (including prenatal and other vitamins), medical foods, herbal preparations, and bulk flavorings or colorants."¹³⁸¹ In addition, the plaintiff accused the defendant of changing its coding to promote subscriptions to its database, thereby rendering the database's contents actionable as false advertising. The court found that theory fatally infirm under its definition of commercial advertising or promotion, namely, "(1) commercial speech, (2) by a defendant who is in commercial competition with plaintiff, (3) for the purpose of influencing consumers to buy defendant's goods or services, and (4) that is sufficiently disseminated to the relevant purchasing public."¹³⁸² To begin with, the database was not itself commercial speech, even if the defendant had a financial incentive to promote it (which the defendant did). Beyond that, the court found in the complaint "no suggestion that the database is intended to influence consumers to buy any of Defendant's own goods or services. The database does not list any of Defendant's own products or additional services. Rather, the database itself is Defendant's product."¹³⁸³ The plaintiff therefore had failed to state a claim for false advertising.¹³⁸⁴

Other defendants advanced successful motions for summary judgment.¹³⁸⁵ For example, two prevailing defendants on the issue were distributors of the plaintiff's ground support equipment for military aircraft.¹³⁸⁶ The plaintiff successfully demonstrated to the court's satisfaction that the defendants had falsely represented to contractors and subcontractors that certain equipment not originating with the plaintiff was based on the plaintiff's designs. Nevertheless, the plaintiff's false advertising cause of action failed as a matter of law because of the plaintiff's inability to identify conflicting record evidence or testimony as to whether the

¹³⁸⁰ See *Alfasigma USA, Inc. v. First Databank, Inc.*, 525 F. Supp. 3d 1088 (N.D. Cal. 2021).

¹³⁸¹ *Alfasigma USA, Inc. v. First Databank, Inc.*, 525 F. Supp. 3d 1088, 1092 (N.D. Cal. 2021).

¹³⁸² *Id.* at 1099 (quoting *Ariix, LLC v. NutriSearch Corp.*, 985 F.3d 1107, 1115 (9th Cir. 2021)).

¹³⁸³ *Id.* at 1101 (quoting *Exeltis USA Inc. v. First Databank, Inc.*, 520 F. Supp. 3d 1225, 1235 (N.D. Cal. 2021)).

¹³⁸⁴ For the same disposition of a substantively identical cause of action for false advertising by another plaintiff against the same defendant, see *Exeltis USA*, 520 F. Supp. 3d at 1229-35.

¹³⁸⁵ See, e.g., *Allscripts Healthcare, LLC v. DR/Decision Res., LLC*, 521 F. Supp. 3d 112, 124 (D. Mass. 2021) (holding as a matter of law that alleged misrepresentation to one of plaintiff's thirty-eight customers was insufficiently disseminated to constitute actionable commercial advertising or promotion).

¹³⁸⁶ See *John Bean Techs. Corp. v. B GSE Grp.*, 480 F. Supp. 3d 1274 (D. Utah 2020).

challenged representations rose to the level of actionable commercial advertising and promotion. En route to that disposition of the plaintiff's cause of action, the court cited to the following increasingly accepted standard:

For representations to constitute “commercial advertising or promotion,” they must be “(1) commercial speech; (2) by a defendant who is in commercial competition with plaintiff; (3) for the purpose of influencing consumers to buy defendant's goods or services . . . [and] (4) must be disseminated sufficiently to the relevant purchasing public to constitute advertising or promotion within that industry.”¹³⁸⁷

The court noted the summary judgment record left it “unable to compare the amount of dissemination against the market as a whole because neither party has submitted any evidence from which the court can determine the size of the relevant market.”¹³⁸⁸ The plaintiff argued with some success that “the relevant purchasing public is exceptionally narrow, limited to the design firms, the contractors working with the military, and the military itself,”¹³⁸⁹ but that was not enough, even though the defendants had sent a promotional e-mail apparently containing offending statements “to 38 individuals involved with F-35 maintenance hangars at military bases.”¹³⁹⁰ On the contrary, the court held, “[the plaintiff] needed to submit evidence about the size of the market. [The plaintiff] failed to do so and asking the court to draw inferences in its favor is insufficient to create a genuine dispute of material fact.”¹³⁹¹

Yet another unsuccessful counterclaim plaintiff on a defense motion for summary judgment manufactured an epinephrine-delivery device and sought to challenge a competitor's allegedly false

¹³⁸⁷ *Id.* at 1311 (alterations in original) (quoting *Proctor & Gamble Co. v. Haugen*, 222 F.3d 1262, 1273-74 (10th Cir. 2000)).

¹³⁸⁸ *Id.* at 1312.

¹³⁸⁹ *Id.*

¹³⁹⁰ *Id.* at 1313.

¹³⁹¹ *Id.* The court dispensed with that showing by the plaintiff with the following observation:

That on one occasion [Defendants] sent a promotional email to 38 individuals does not establish that those recipients comprise the entirety—or even a rough approximation—of the relevant market. Defendants may have chosen to limit that email's recipients to those with which Defendants had an existing relationship. Conversely, the email may have targeted those contacts with which Defendants had never worked . . . before but hoped to do so in the future. There are numerous plausible explanations for the number of recipients. Ultimately, the record provides the court no meaningful way to extrapolate the relevant market from the email.

Id.

advertising.¹³⁹² Although acknowledging that “the extent of distribution necessary to constitute commercial advertising or promotion in a particular case may be an elastic factor, so that a relatively modest amount of activity may be sufficient in the context of a particular case,”¹³⁹³ the court nevertheless found the counterclaim plaintiff’s showing on the issue fatally deficient as a matter of law. That showing consisted largely of internal presentations by the counterclaim defendant summarizing survey results suggesting that physicians had drawn particular conclusions from the counterclaim defendant’s sales presentations. The court held that the presentations did not create a factual dispute about the existence of actionable commercial advertising or promotion by the counterclaim defendant:

[The counterclaim plaintiff] argues that a reasonable jury could infer from these documents widespread dissemination of false statements. But, doesn’t identify evidence showing that these surveys quantify the prevalence of the challenged statements among the customer base. For example, [the counterclaim plaintiff] argues that [the counterclaim defendant] targeted allergists and pediatricians with comparative messages, and it contends those physicians accounted for more than 40% of . . . prescriptions [of the devices at issue]. But, the evidence [the counterclaim plaintiff] cites doesn’t contain any evidence showing the scope of dissemination for the allegedly false messages.¹³⁹⁴

In granting the counterclaim defendant’s motion for summary judgment, the court additionally rejected two other proffers by the counterclaim plaintiff, namely: (1) evidence that “28% of 364 physicians surveyed” had taken away a false impression from the counterclaim defendant’s advertising, which the court found failed “to quantify the number of physicians—if any—who received a false or misleading comparative claim”;¹³⁹⁵ and (2) testimony from an expert claiming to have “reviewed ‘several examples of [the counterclaim defendant’s] sales representatives’ making the challenged statements to customers in Arizona, Alabama, California, and Massachusetts, as well as ‘[the counterclaim plaintiff’s] field intelligence reports and message recall studies’ showing that the challenged statements were ‘widespread,’” which

¹³⁹² See *In re EpiPen (Epinephrine Injection, USP) Mktg., Sales Pracs. & Antitrust Litig.*, 507 F. Supp. 3d 1289 (D. Kan. 2020).

¹³⁹³ *Id.* at 1377 (quoting *Sports Unlimited, Inc. v. Lankford Enters.*, 275 F.3d 996, 1005 (10th Cir. 2002)).

¹³⁹⁴ *Id.* at 1377-78 (citation omitted).

¹³⁹⁵ *Id.* at 1378.

the court dismissed because it also failed to quantify the dissemination of the statements at issue.¹³⁹⁶

(3) Opinions Deferring Resolution of the Actionable-Commercial-Advertising-or-Promotion Inquiry

An unusually large number of reported opinions rejected invitations to hold as a matter of law that defendants' representations did not constitute actionable commercial advertising or promotion. The leading opinion to put off a final determination of the issue came from the Ninth Circuit.¹³⁹⁷ The alleged misrepresentations in question appeared in a guide comparing and reviewing nutritional supplements and consisted of statements that the comparisons and reviews were impartial and written by an author without ties to industry participants; in fact, the plaintiff alleged, the author had a financial relationship with the manufacturer whose goods he rated most highly. The district court granted the defendants' motion to dismiss for failure to state a claim, but that disposition met with misfortune on appeal.

In weighing whether the plaintiff had adequately alleged that the defendants' conduct fell within the scope of Section 43(a), the Ninth Circuit applied its usual four-part test, which turned on whether the defendants had: (1) engaged in commercial speech; (2) in competition with the plaintiff (itself a manufacturer of nutritional supplements); (3) for the purpose of influencing consumers to buy the defendants' goods or services; and (4) that is sufficiently disseminated to the relevant public.¹³⁹⁸ With respect to the first requirement, the guide potentially qualified as commercial speech because "the complaint plausibly alleges that the Guide is essentially a sham marketing ploy intended to boost [the third party's] products," even if the guide did not on its face propose a commercial transaction;¹³⁹⁹ the court's conclusion on that point was influenced in no small part by the defendants' unambiguous claims that the guide contained only impartial and disinterested reviews.¹⁴⁰⁰ The court next agreed with the district court and the parties themselves that the Supreme Court's opinion in *Lexmark International, Inc. v. Static Control Components, Inc.*¹⁴⁰¹ had

¹³⁹⁶ *Id.*

¹³⁹⁷ *See Ariix, LLC v. Nutriscience Corp.*, 985 F.3d 1107 (9th Cir. 2021).

¹³⁹⁸ *Id.*

¹³⁹⁹ *Id.*

¹⁴⁰⁰ *Id.* As the court noted, "[t]hat [the defendants] chose such a strongly worded yet false disclaimer — disclaiming *any* association with *all* manufacturers in the Guide despite having obvious ties to [the third-party manufacturer] — raises substantial questions about the Guide's true purpose, if the allegations in the complaint are true." *Id.*

¹⁴⁰¹ 572 U.S. 118 (2014).

obviated the need to address the second requirement.¹⁴⁰² And, where the fourth requirement was concerned, the court had little difficulty concluding that, as characterized in the complaint, the guide had been sufficiently disseminated to the relevant purchasing public because it was “part of an organized campaign to penetrate the relevant market.”¹⁴⁰³

That left the court’s third requirement for a finding of actionable commercial advertising or promotion—namely, that the challenged representations had the intended purpose of influencing consumers to buy the defendants’ goods. As to that requirement, the court noted that “the alleged advertising is intended to help [*the third party’s*] goods, not [the defendants’] product.”¹⁴⁰⁴ Because the district court had not addressed the issue in the first instance, it remanded the action for that purpose over a strong dissenting opinion, which would have affirmed the dismissal of the complaint.¹⁴⁰⁵ In doing so, the court offered the following observation for the district court’s benefit:

In considering this question . . . , it may be useful to determine whether the defendants and [the third party] had an agency relationship; for example, it may be the case that the defendants were acting as agents of [the third party] and therefore had a vested interest in the goods that [the third party] sold, which might be enough to satisfy this element.¹⁴⁰⁶

The next most significant opinion to defer a final resolution of the question of whether a defendant had engaged in actionable commercial advertising or promotion was a Louisiana federal district court, which did so at the pleadings stage.¹⁴⁰⁷ As a threshold matter, the court noted that the Fifth Circuit authority historically had defined advertising or promotion as “statements [that] are (1) commercial speech, (2) made by a defendant who is in commercial

¹⁴⁰² *Ariix*, 985 F.3d at 1120.

¹⁴⁰³ *Id.* at 1121 (quoting *Fashion Boutique of Short Hills, Inc. v. Fendi USA, Inc.*, 314 F.3d 48, 57 (2d Cir. 2002)).

¹⁴⁰⁴ *Id.*

¹⁴⁰⁵ The dissenting judge professed himself “unwilling to overlook the fact that the Lanham Act applies only to commercial advertising about the *speaker’s* products.” *Id.* at 1126 (Collins J., dissenting). That observation, however, overlooks the fact that Congress amended Section 43(a) three decades ago as part of the Trademark Law Revision Act to remove that limitation and allow the imposition of liability on any defendant who, “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.” 15 U.S.C. § 1125(a)(2) (2018). The dissent’s failure to recognize the current statutory language went unnoticed by the court, which commented that “[t]he dissent’s analysis of this statutory requirement is well taken.” *Ariix*, 985 F.3d at 1120.

¹⁴⁰⁶ *Id.*

¹⁴⁰⁷ *See Dupart v. Roussell*, 497 F. Supp. 3d 102 (E.D. La. 2020).

competition with the plaintiff, (3) for the purpose of influencing consumers to buy defendant's goods or services, and (4) disseminated sufficiently to the relevant purchasing public to constitute 'advertising' or 'promotion' within that industry."¹⁴⁰⁸ At the same time, however, it acknowledged the Supreme Court's holding in *Lexmark* that plaintiffs asserting causes of action under Section 43(a) need not directly compete with their opponents to establish their standing to proceed.¹⁴⁰⁹ That holding, the court concluded, meant that "plaintiffs need not plead that they are in 'commercial competition' with defendants to show that a defendant is engaged in "commercial advertising or promotion";¹⁴¹⁰ instead, only the remaining three Fifth Circuit factors mattered.

Turning to those factors, the court concluded that the plaintiffs' complaint passed muster. The lead plaintiff and the defendant sold cosmetic products, and the defendant had allegedly posted false representations on Instagram and Facebook concerning the ingredients of the lead plaintiff's products. The defendant did not help his case with an additional Instagram posting reciting that "[a]ll in all today was successful! While there is a definite method to my madness and purpose to my petty it is paying off. Sip Cosmetics [the defendant's competing brand] got 854 orders for \$10,000 in sales since launch."¹⁴¹¹ "Given these alleged statements," the court concluded with respect to the first Fifth Circuit factor that "[the lead plaintiff] has plausibly asserted that [the defendant's] speech was economically motivated."¹⁴¹² The plaintiffs' complaint satisfied the third Fifth Circuit factor as well by accusing the defendant of having admitted that the intent of his disparaging posts was to sell his own products.¹⁴¹³ Finally, the plaintiffs had adequately alleged the defendants' dissemination of his representations to the relevant purchasing public by referencing his "81,500 followers on Instagram and 40,700 subscribers on YouTube," as well the "716,089 views for the videos in which he mentions [the lead plaintiff] or [her] brand."¹⁴¹⁴

The same disposition—the denial of a motion to dismiss, also transpired in a case in which the plaintiff—which provided accreditation services for pharmacies, as well as online information on them—challenged the lead defendant's characterization of those

¹⁴⁰⁸ *Id.* at 115 (quoting *Seven-Up Co. v. Coca-Cola Co.*, 86 F.3d 1379, 1383 (5th Cir. 1996)).

¹⁴⁰⁹ *Dupart*, 497 F. Supp. 3d at 115 (citing *Lexmark*, 572 U.S. at 139).

¹⁴¹⁰ *Id.* at 116.

¹⁴¹¹ *Id.* at 117.

¹⁴¹² *Id.*

¹⁴¹³ *Id.* at 118.

¹⁴¹⁴ *Id.* at 118-19.

pharmacies and their goods as unsafe.¹⁴¹⁵ The lead defendant offered competitive services, and that consideration helped defeat their bid for the disposal of the plaintiff's case at the pleadings stage. Weighing the lead defendant's claim that it had not engaged in actionable commercial advertising or promotion, the court held as an initial matter that:

[T]o be "commercial advertising or promotion" under the Lanham Act, a statement must be: "(1) commercial speech, (2) made for the purpose of influencing consumers to buy defendant's goods or services, and (3) although representations less formal than those made as part of a classic advertising campaign may suffice, they must be disseminated sufficiently to the relevant purchasing public."¹⁴¹⁶

The lead defendant did not contest the third factor, and the court held that the plaintiff's allegations satisfied the first and second ones. Addressing the first factor, it held that: (1) the lead defendant's statements were advertisements because they encouraged consumers to make purchases from pharmacies accredited by the lead defendant; (2) the statements referred to specific products and services; and (3) the lead defendant had economic motivations for the statements.¹⁴¹⁷ "For the same reasons," the court concluded while addressing the second factor, "Plaintiff has alleged that [the lead defendant's] statements were 'made for the purpose of influencing consumers to buy defendant's goods or services,' since they promoted [lead defendant]-affiliated sites over Plaintiff-affiliated sites."¹⁴¹⁸

A far less extensive analysis produced the same disposition in a case requiring an application of the Sixth Circuit test for actionable commercial advertising and promotion, which required allegations of:

(1) commercial speech; (2) for the purpose of influencing customers to buy the defendant's goods or services; (3) that is disseminated either widely enough to the relevant purchasing public to constitute advertising or promotion within that industry or to a substantial portion of the plaintiff's or defendant's existing customer or client base.¹⁴¹⁹

¹⁴¹⁵ See *PharmacyChecker.com, LLC v. Nat'l Ass'n of Bds. of Pharmacy*, 530 F. Supp. 3d 301 (S.D.N.Y. 2021).

¹⁴¹⁶ *Id.* at 354 (quoting *Gmurzynska v. Hutton*, 355 F.3d 206, 210 (2d Cir. 2004)).

¹⁴¹⁷ *Id.* at 354-55.

¹⁴¹⁸ *Id.* at 355.

¹⁴¹⁹ *Am. Addiction Ctrs., Inc. v. Nat'l Ass'n of Addiction Treatment Providers*, 515 F. Supp. 3d 820, 836 (M.D. Tenn. 2021).

The operative complaint alleged that the parties competed in the provision of online directories identifying providers of substance abuse treatment services and that the defendant had attempted to establish itself as the “ethical ‘watchdog’ of the industry.”¹⁴²⁰ It also accused the defendant of making allegedly false and misleading statements about the plaintiffs’ services that have “deceived recipients of those statements, many of whom were existing and/or prospective customers of Plaintiffs,”¹⁴²¹ as well as that “those defamatory statements caused [Plaintiffs] harm.”¹⁴²² Finally, “Plaintiffs have asserted that the defamatory statements by Defendant were made for the purpose of influencing addiction treatment centers and other similar providers *not* to purchase online directory or other services from Plaintiffs.”¹⁴²³ Based on those allegations, the court concluded that “Plaintiffs have sufficiently alleged that the statements at issue herein were part of a commercial advertisement or promotion.”¹⁴²⁴

So too did a defense motion to dismiss fail to bear fruit after a group of United States-based plywood producers sued a pair of defendants that had certified plywood produced by Brazilian manufacturers as meeting the standards necessary for its importation into the United States.¹⁴²⁵ Seeking the dismissal of the plaintiffs’ claims, the defendants argued that they neither themselves applied certification stamps to the Brazilian plywood nor directly profited from sales of it in the United States. The court, however, found that those circumstances did not preclude the plaintiffs from stating a cause of action for false advertising because “the stamps unquestionably ‘advance’ [the defendants’] ‘business interests.’ Their entire . . . business, after all, depends on the message the stamps convey, the message they *advertise*.”¹⁴²⁶ The plaintiffs therefore had adequately pleaded that the certification stamps constituted actionable commercial advertising or promotion.

Finally, an unsuccessful motion for summary judgment made an appearance in litigation involving the administrators of competing home inspection licensing examinations, in which the counterclaim plaintiffs asserted that the counterclaim defendant’s “Educated. Tested. Verified. Certified.” tagline constituted actionable false

¹⁴²⁰ *Id.*

¹⁴²¹ *Id.*

¹⁴²² *Id.*

¹⁴²³ *Id.*

¹⁴²⁴ *Id.*

¹⁴²⁵ See *U.S. Structural Plywood Integrity Coal. v. PFS Corp.*, 524 F. Supp. 3d 1320 (S.D. Fla. 2021).

¹⁴²⁶ *Id.* at 1333.

advertising.¹⁴²⁷ The Colorado federal district court hearing the case initially held that:

To be commercial advertising, the speech must be:

(1) commercial speech, (2) by a defendant who is in commercial competition with plaintiff, (3) for the purpose of influencing consumers to buy defendant's goods or services. While the representations need not be made in a classic advertising campaign, but may consist instead of more informal types of promotion, the representations (4) must be disseminated sufficiently to the relevant purchasing public to constitute advertising or promotion within that industry.¹⁴²⁸

The court did not proceed through those factors seriatim, however, but instead simply concluded from the allegations in the operative complaint that “it is reasonable to infer that [the counterclaim defendant’s] tagline—which promotes its members as educated, tested, verified, and certified—influences home inspectors to purchase [a] membership [from the counterclaim defendant] because they will be represented to homebuyers as educated, tested, verified, and certified.”¹⁴²⁹ Although such an inference might properly be more relevant to an inquiry into whether the statement was material to inspectors’ purchasing decisions, it sufficiently established a factual dispute as to the existence of commercial advertising or promotion.

(C) *Falsity*

As always, courts recognized there was more than one way to demonstrate falsity. Specifically, “there are two types of ‘false or misleading statement[s] about a product.’ There are (1) ‘commercial claims that are literally false as a factual matter’ and (2) ‘claims that may be literally true or ambiguous but which implicitly convey a false impression’”¹⁴³⁰ Whether particular claims fell within

¹⁴²⁷ See *Examination Bd. of Pro. Home Inspectors v. Int’l Ass’n of Certified Home Inspectors*, 519 F. Supp. 3d 893, 920 (D. Colo. 2021), *appeal docketed*, No. 21-1087 (10th Cir. Mar. 12, 2021).

¹⁴²⁸ *Id.* at 921 (quoting *Proctor & Gamble Co. v. Haugen*, 222 F.3d 1262, 1273-74 (10th Cir. 2000)).

¹⁴²⁹ *Id.* at 921-22.

¹⁴³⁰ *Dupart v. Roussell*, 497 F. Supp. 3d 102, 119 (E.D. La. 2020) (alteration in original) (quoting *United Indus. Corp. v. Clorox Co.*, 140 F.3d 1175 (8th Cir. 1998)); see also *Bidi Vapor, LLC v. Vaperz LLC*, 543 F. Supp. 3d 619, 626 (N.D. Ill. 2021); *PharmacyChecker.com, LLC v. Nat’l Ass’n of Bds. of Pharmacy*, 530 F. Supp. 3d 301, 351 (S.D.N.Y. 2021); *Golden Eye Media USA, Inc. v. Trolley Bags UK Ltd.*, 525 F. Supp. 3d 1145, 1252 (S.D. Cal. 2021), *motion to certify appeal granted*, No. 3:18-CV-02109-BEN-LL, 2021 WL 2072382 (S.D. Cal. May 24, 2021), *appeal docketed*, No. 21-2096 (Fed. Cir. June 25, 2021); *Suzie’s Brewery Co. v. Anheuser-Busch Cos.*, 519 F. Supp. 3d 839, 846

either category of falsity was generally treated as a question of fact.¹⁴³¹

(1) Opinions Finding Falsity

Somewhat unusually, some claims of false advertising produced findings of liability at early stages of cases, including one on a motion for a temporary restraining order.¹⁴³² The gravamen of the plaintiff's claim of false advertising was that the defendants, a large multinational alcoholic beverage concern and its brewing subsidiary, had misleadingly represented that, inter alia, the subsidiary's hard seltzer product: (1) was the "only national USDA certified organic hard seltzer"; (2) was the "first-ever national USDA certified organic hard seltzer"; and (3) represented "an innovative, first-of-its-kind organic option [in] the hard seltzer category."¹⁴³³ In fact, the U.S. Department of Agriculture had certified the plaintiff's hard seltzer as organic and the plaintiff had introduced that seltzer prior to the certification and introduction of the defendants' competing product, but the defendants argued that the word "national" in their advertising meant only that they had been the first industry participants to distribute their beverages on a national scale. Characterizing that argument as "not reasonable,"¹⁴³⁴ the court found that "the word 'national' is an integral—and oft-repeated—part of the USDA's national organic certification program, *i.e.*, the National Organic Program. One of the main purposes of that National Organic Program was to create a *national*, unified standard for organic labelling, designation, and advertising."¹⁴³⁵ Moreover, the grammatical structure of the defendant's advertising supported a logical reading of it as claiming to have been the first party to receive USDA certification—for example, the court noted, "the word 'national' appears immediately before the words 'USDA organic certified hard seltzer' and there are no commas separating the adjectives modifying 'seltzer.'"¹⁴³⁶ "Thus,"

(D. Or. 2021); *Wing Enters. v. Tricam Indus.*, 511 F. Supp. 3d 957, 967 (D. Minn. 2021); *In re EpiPen (Epinephrine Injection, USP) Mktg., Sales Pracs. & Antitrust Litig.*, 507 F. Supp. 3d 1289, 1370 (D. Kan. 2020); *Diamond Sawblades Manufacturers' Coal. v. Diamond Tools Tech., LLC*, 504 F. Supp. 3d 927, 944 (S.D. Ind. 2020); *GlaxoSmithKline LLC v. Boehringer Ingelheim Pharms., Inc.*, 484 F. Supp. 3d 207, 215 (E.D. Pa. 2020), *appeal dismissed*, No. 20-2926, 2020 WL 8922861 (3d Cir. Nov. 25, 2020); *Newborn Bros. Co. v. Albion Eng'g Co.*, 481 F. Supp. 3d 312, 347 (D.N.J. 2020), *later proceedings*, No. 12-2999 (NLH/KMW), 2021 WL 124490 (D.N.J. Apr. 1, 2021); *John Bean Techs. Corp. v. B GSE Grp.*, 480 F. Supp. 3d 1274, 1310 (D. Utah 2020).

¹⁴³¹ *Wing Enters.*, 511 F. Supp. 3d at 968.

¹⁴³² *See Suzie's Brewery Co. v. Anheuser-Busch Cos.*, 519 F. Supp. 3d 839 (D. Or. 2021).

¹⁴³³ *Id.* at 851.

¹⁴³⁴ *Id.*

¹⁴³⁵ *Id.*

¹⁴³⁶ *Id.* at 851-52.

the court found, “there is no reason to conclude that ‘national modifies anything but ‘USDA certified organic’—with specific reference to the National Organic [Certification] Program of the USDA. For all these reasons, Plaintiff has shown a reasonable likelihood of success on the merits [of its claims of literally false and misleading advertising].”¹⁴³⁷

Likewise, a preliminary injunction motion produced a finding that certain advertising by the manufacturer of mist inhalers for patients suffering from chronic obstructive pulmonary disease was misleading in context, even if it was not literally false.¹⁴³⁸ The defendant’s advertising suggested that patients with a reduced inability to inhale would benefit from using the type of inhaler sold by the defendant, while they might not benefit from the type of inhaler sold by the plaintiff. The defendant’s proffer of supporting scientific studies and the inclusion of explanations in the defendant’s advertising that testing did not support a correlation between clinical outcomes and the type of inhalers used by patients with reduced inhalation capacity prevented a finding that the defendant’s advertising was literally false. That that did not provide the defendant with a get-out-of-jail-free card, however: On the contrary, the court found that at least some of the advertising was misleading in context and therefore properly enjoined, especially considering the plaintiff’s submission of convincing survey evidence of deception.¹⁴³⁹

Other false advertising plaintiffs prevailed as a matter of law. After a purveyor of a blood-collection device represented to potential customers that its device reduced contamination by an average of 93 percent, it found itself targeted by a false advertising lawsuit.¹⁴⁴⁰ The key to the plaintiff’s success in challenging that representation on a motion for summary judgment was undisputed evidence that, rather than resting on “multiple publications and peer-reviewed studies,” only one such study documented a 93 percent reduction; the remaining studies of record yielded reductions rates less than that.¹⁴⁴¹ Not only did the court find the defendant’s advertising literally false, it did so as a matter of law.¹⁴⁴²

Another finding of literal falsity on a motion for summary judgment transpired in a dispute between competing purveyors of

¹⁴³⁷ *Id.* at 852-53.

¹⁴³⁸ *See* GlaxoSmithKline LLC v. Boehringer Ingelheim Pharms., Inc., 484 F. Supp. 3d 207 (E.D. Pa. 2020), *appeal dismissed*, No. 20-2926, 2020 WL 8922861 (3d Cir. Nov. 25, 2020).

¹⁴³⁹ *Id.* at 223-25.

¹⁴⁴⁰ *See* Kurin, Inc. v. Magnolia Med. Techs., Inc., 473 F. Supp. 3d 1117 (S.D. Cal. 2020), *affd in part, dismissing appeal in part*, No. 21-55025, 2021 WL 5823707 (9th Cir. Dec. 8, 2021).

¹⁴⁴¹ *Id.* at 1134.

¹⁴⁴² *Id.*

ground support equipment for the military.¹⁴⁴³ The allegedly false representations at issue consisted of: (1) the defendants' incorporation of excerpts from the plaintiff's promotional materials into the defendant's own material; (2) statements that the goods sold by the defendants were designs of the plaintiff; and (3) a claim that the plaintiff had brought its designs and expertise to the defendants to make "second generation" goods. The defendants' response to the plaintiff's motion for summary judgment cited a slide apparently originating with the plaintiff and referring to collaboration between the parties, but the court found that "[t]he slide merely expresses general sentiments about working together—it does not represent an official endorsement by [the plaintiff] of [the defendants'] role in developing any specific products."¹⁴⁴⁴ The first and third categories of representations therefore were literally false, while those in the second category were at least misleading in context.¹⁴⁴⁵

The plaintiff in a different case prevailed after a bench trial on its claims that the defendant had falsely represented that its dispensing guns were, inter alia, "Made in America" and "designed and manufactured in the USA, from our location in Philadelphia, Pennsylvania."¹⁴⁴⁶ Key to that finding was the defendant's practice of issuing certificates of origin to its customers unambiguously reciting that some of the associated goods met "FTC all or virtually all made in U.S.A. eligibility requirements,"¹⁴⁴⁷ when, in fact, that was not the case; indeed, the defendant's goods qualified as domestically manufactured under neither FTC nor Customs and Border Protection regulations.¹⁴⁴⁸ That discrepancy produced a finding of literal falsity, as did the plaintiff's showings that the defendant had affixed labels to certain other goods deliberately designed to obscure their foreign manufacture.¹⁴⁴⁹

The defendant's troubles did not end there, for the court also found several other of the defendant's representations to be misleading in context. One was a stamp on the defendant's goods reading "ALBION ENG. PHILA. PA. U.S.A.,"¹⁴⁵⁰ while others were the representations "75 Year History – USA Manufacturer and

¹⁴⁴³ See *John Bean Techs. Corp. v. B GSE Grp.*, 480 F. Supp. 3d 1274 (D. Utah 2020).

¹⁴⁴⁴ *Id.* at 1310.

¹⁴⁴⁵ *Id.* at 1310-11.

¹⁴⁴⁶ See *Newborn Bros. Co. v. Albion Eng'g Co.*, 481 F. Supp. 3d 312, 346 (D.N.J. 2020), *later proceedings*, No. 12-2999 (NLH/KMW), 2021 WL 124490 (D.N.J. Apr. 1, 2021).

¹⁴⁴⁷ *Id.* at 322.

¹⁴⁴⁸ With respect to those regulations, the court observed that "a showing that a statement does not conform with a federal agency's guidelines is insufficient evidence that a claim is literally false or misleading. On the other hand, customs and FTC standards remain relevant for the Court to consider in its decision-making process, especially when the agency has developed an expertise in the area. *Id.* at 348 (citations omitted).

¹⁴⁴⁹ *Id.* at 349.

¹⁴⁵⁰ *Id.* at 350.

Designers” and “80 Year History – USA Manufacturer and Designers” on its goods,¹⁴⁵¹ the plaintiff’s description of itself as a “third generation American manufacturer,”¹⁴⁵² and its description of its product lines as “U.S. manufactured professional tools as well as commodity guns.”¹⁴⁵³ For good measure, the court also found that a comparison of the plaintiff’s goods to competitive models manufactured in Asia was misleading because it failed to disclose that the plaintiff’s goods also originated on that continent.¹⁴⁵⁴ Not surprisingly, the court summarized its findings with respect to falsity by observing that “[w]ith regard to all the above statements, both literally false and misleading, [the plaintiff] has met its burden of proof for the purposes of a Lanham Act claim.”¹⁴⁵⁵

(2) Opinions Declining to Find Falsity

Litigation between manufacturers of blood-collection devices produced findings as a matter of law on the parties’ cross-motions for summary judgment that certain of the challenged representations in commerce did not constitute false advertising.¹⁴⁵⁶ One came on the plaintiff’s challenge to the defendant’s claim that its devices reduced contamination of the samples collected in them by 93 percent. Only one study in the record documented a reduction that large, while others documented lesser reductions. The plaintiff claimed the defendant’s reference to only the most favorable study, and not the average of all those in the record, constituted literally false advertising, but the court disagreed. As it explained, “[the defendant] does not claim that *all* of its clinical studies achieved these results.”¹⁴⁵⁷

In another portion of its opinion, the same court addressed the defendant’s dissemination of promotional materials prominently referring to the virtual elimination of contamination in the samples collected by its devices. Although the plaintiff pointed to evidence that the defendant’s devices merely reduced (as opposed to eliminated) contamination, that showing did not head off a successful motion for summary judgment by the defendant. As the court explained:

[The plaintiff] has presented no evidence either in support of its own [cross-] motion [for summary judgment] or in

¹⁴⁵¹ *Id.*

¹⁴⁵² *Id.*

¹⁴⁵³ *Id.*

¹⁴⁵⁴ *Id.*

¹⁴⁵⁵ *Id.* at 351.

¹⁴⁵⁶ See *Kurin, Inc. v. Magnolia Med. Techs., Inc.*, 473 F. Supp. 3d 1117 (S.D. Cal. 2020), *aff’d in part, dismissing appeal in part*, No. 21-55025, 2021 WL 5823707 (9th Cir. Dec. 8, 2021).

¹⁴⁵⁷ *Id.* at 1143.

opposition to [the defendant's] motion to contradict the evidence of studies showing that [the defendant's device] reduces blood culture contamination rate below 1% or tending to show that representing these results as "virtually eliminating" contamination is literally false. Accordingly, [the plaintiff] has failed to raise a genuine issue of material fact on this issue.¹⁴⁵⁸

So too did the court dispose of yet another of the plaintiff's false advertising-based challenges on the defendant's motion, which was that the defendant had represented that its device was registered and listed with the Food and Drug Administration. The plaintiff's accusation of falsity rested heavily on an expert opinion that, although purchasers of the defendant's devices were generally familiar with the FDA's regulatory activities, they might mistake the registration and listing of the defendant's devices with that agency as meaning that the agency had evaluated and accepted the defendant's claims about the performance of its devices. Because the opinion rested on the witness's experience as an attorney specializing in medical devices, rather than on a scientific survey, the court excluded it,¹⁴⁵⁹ leaving the plaintiff with little else to support its claim of falsity;¹⁴⁶⁰ summary judgment of nonliability followed.¹⁴⁶¹

That was not the end of the deficiencies in the plaintiff's claims of falsity. An additional such claim related to representations by the defendant that, in contrast to the situation with a particular feature of its own devices, no peer-reviewed study documented the effectiveness of a corresponding feature of the plaintiff's devices. The summary judgment record demonstrated that at least one peer-reviewed study documented the efficacy of the plaintiff's feature at the time of the representations, while the only peer-reviewed studies to address the feature of the defendant's devices had appeared well after the challenged representations. The defendant therefore received summary judgment with respect to those representations as well.¹⁴⁶²

¹⁴⁵⁸ *Id.* at 1146.

¹⁴⁵⁹ *Id.* at 1140-42.

¹⁴⁶⁰ The plaintiff also sought to ward off summary judgment in the defendant's favor by invoking a slide used in presentations to new hires of the plaintiff, which suggested that the registration and listing of its devices indicated compliance with certain manufacturing best practices, but the court found it undisputed that FDA personnel had inspected the defendant's facilities. *Id.* at 1142-43.

¹⁴⁶¹ *Id.* at 1143.

¹⁴⁶² *Id.* at 1147-48.

Claims of falsity fell equally short as a matter of law in a battle between manufacturers of epinephrine autoinjector devices.¹⁴⁶³ The counterclaim plaintiff sold its device under the EPI-PEN mark, and one target of its lawsuit was the counterclaim defendant's alleged characterization of its competitive product as the "new EpiPen," which the counterclaim plaintiff claimed was a literally false representation. The court rejected that assertion on the parties' cross-motions for summary judgment because the record included "undisputed facts showing that the term—EpiPen—was used to describe the entire category of [competitive] devices."¹⁴⁶⁴ "In sum," the court concluded, "the summary judgment facts preclude a reasonable finding that the purportedly literally false statements—references to [the counterclaim defendant's device] as the 'new EpiPen' and similar statements—qualify as unambiguous messages capable of supporting a literally false theory."¹⁴⁶⁵

The court then rejected, also as a matter of law, a second theory of literal falsity advanced by the counterclaim plaintiff, which challenged the counterclaim defendant's representation that patients preferred the counterclaim defendant's device. As the court noted, that representation was supported by a study documenting that 77%, 85%, and 65% of respondents preferred the method of injection, size, and shape, respectively, of the counterclaim defendant's device when compared to the same characteristics of the counterclaim plaintiff's device. Of equal importance, the summary judgment record contained no evidence that the counterclaim defendant had ever availed the study's results in a comparative advertising context; rather, the counterclaim defendant's advertising "doesn't contain messaging that [the counterclaim defendant's device] was *easier to use or easier to carry* compared to the [the plaintiff's]. Instead, the [counterclaim defendant's advertising] reflects just generalized messaging about [the counterclaim defendant's device] being easy to carry, easy to use, and easy to follow its instructions."¹⁴⁶⁶

Finally, the court rejected the counterclaim plaintiff's assertion that two additional statements by the counterclaim defendant were literally false by necessary implication, namely, that patients didn't carry their devices and that the counterclaim defendant's device was the first in the category to have a retractable needle. The literal truth of each statement did not necessarily entitle the counterclaim defendant to summary judgment of nonliability because, as the

¹⁴⁶³ See *In re EpiPen (Epinephrine Injection, USP) Mktg., Sales Pracs. & Antitrust Litig.*, 507 F. Supp. 3d 1289 (D. Kan. 2020), *ordered unsealed*, No. 12-2999 (NLH/KMW), 2021 WL 1248490 (D.N.J. Apr. 5, 2021).

¹⁴⁶⁴ *Id.* at 1371.

¹⁴⁶⁵ *Id.*

¹⁴⁶⁶ *Id.* at 1372.

court explained, “[a] literally false claim is conveyed by necessary implication when, considering the advertisement in its entirety, the audience would recognize the claim as readily as if it had been explicitly stated.”¹⁴⁶⁷ Nevertheless, the court found as a matter of law that the first statement did not necessarily imply that users of the counterclaim plaintiff’s device were less likely to carry it than users of other devices.¹⁴⁶⁸ Likewise, with respect to the second, “[t]here is nothing false about [the counterclaim defendant] stating that [the counterclaim defendant’s device] was the first and only . . . device with a retractable needle designed to prevent accidental needlesticks. That statement doesn’t falsely imply anything about [the counterclaim plaintiff’s device’s] needlestick protection.”¹⁴⁶⁹

Some claims of falsity failed on preliminary injunction motions. Such was the outcome in a dispute between pharmaceutical companies marketing mist inhalers for patients suffering from chronic obstructive pulmonary disease.¹⁴⁷⁰ The defendant’s advertising represented that the ability of patients to use devices of the sort sold by the plaintiff depended on their capacity to inhale and that physicians therefore should prescribe the defendant’s devices for patients whose capacity was below a certain level. Based on testimony from an expert witness retained by the defendant, the court concluded that that representation was not literally false because it was supported by “several peer-reviewed studies”;¹⁴⁷¹ moreover, the defendant’s advertising had consistently acknowledged that a correlation between a reduced ability to inhale and favorable clinical outcomes had not been established.¹⁴⁷²

A second ill-fated bid for preliminary injunctive relief came in a challenge to a representation on the packaging for an e-cigarette product that the product had a six percent nicotine content:¹⁴⁷³

¹⁴⁶⁷ *Id.* at 1373 (alteration in original) (quoting *Zoller Lab’s v. NBTY, Inc.*, 111 F. App’x 978, 982-83 (10th Cir. 2004)).

¹⁴⁶⁸ *Id.* at 1374.

¹⁴⁶⁹ *Id.*

¹⁴⁷⁰ *See GlaxoSmithKline LLC v. Boehringer Ingelheim Pharms., Inc.*, 484 F. Supp. 3d 207 (E.D. Pa. 2020), *appeal dismissed*, No. 20-2926, 2020 WL 8922861 (3d Cir. Nov. 25, 2020).

¹⁴⁷¹ *Id.* at 217.

¹⁴⁷² *Id.* at 218.

¹⁴⁷³ *See Bidi Vapor, LLC v. Vaperz LLC*, 543 F. Supp. 3d 619, 628 (N.D. Ill. 2021).



The problem with the plaintiff’s challenge to the accuracy of that statement was the undisputed tendency of nicotine to degrade over time. That tendency, the court found, precluded a finding of literal falsity because:

Notably absent from the [defendants’ packaging,] . . . is any reference to *when* the package had 6% nicotine. Had the [packaging] instead read “upon consumption, this product contains 6% nicotine” that statement is much more likely to be literally false because upon consumption, many sticks would not in-fact contain 6% nicotine at that moment in time. But that is not how [the defendants’] advertising reads.¹⁴⁷⁴

The court then disposed of the plaintiff’s fallback argument that the six-percent recitation was impermissibly misleading in light of the absence of information on “the acceptable amount of degradation in this industry.”¹⁴⁷⁵ It noted that “[the plaintiff] argues with little support that the industry standard is +/- 10% percent. The problem with that assertion is the Court cannot conclude at this time that there is one industry gold standard for either a degradation baseline or a deviation from that baseline.”¹⁴⁷⁶

(3) Opinions Deferring Resolution of the Falsity Inquiry

Some courts faced with defense motions to dismiss or for summary judgment chose to put off definitive dispositions of the

¹⁴⁷⁴ *Id.*

¹⁴⁷⁵ *Id.* at 630.

¹⁴⁷⁶ *Id.*

inquiry into whether defendants' representations were false.¹⁴⁷⁷ Chief among them was a New York federal district court assigned to entertain claims of false advertising by a company that provided accreditation services to pharmacies on a worldwide basis, as well as information on the pharmacies' goods.¹⁴⁷⁸ According to the plaintiff, the lead defendant, which provided competitive services, had made false statements about the safety of pharmacies accredited by the plaintiff, including generally that: (1) those pharmacies were "known to be unsafe," dispensed medicines without prescriptions, dispensed foreign or unapproved medicines, and referred patients to sites facilitating the unlawful dispensing of medicines; and (2) consumers placing orders from sites operated by those pharmacies put themselves and their families at risk.¹⁴⁷⁹ Those allegations sufficiently stated a cause of action because, "even if [the lead defendant's] statements about safety are opinions (and not facts) they are particularly likely to mislead because they appear to have a factual basis."¹⁴⁸⁰ Specifically, the court concluded, "the word 'known' suggests a basis, and is thus particularly likely to mislead."¹⁴⁸¹

The plaintiff defeated with equal success the lead defendant's motion to dismiss a second aspect of the plaintiff's case, which was that the lead defendant had placed a blog operated by the plaintiff on the lead defendant's "Not Recommended Sites list" because the blog was "out of compliance with state and federal laws or [the lead defendant's] patient safety and pharmacy practice standards."¹⁴⁸² The plaintiff's complaint averred that the blog was a public advocacy medium, with respect to which the lead defendant's standards did not apply, and that was enough to sustain the plaintiff's challenge to the lead defendant's characterization of the blog as literally false.¹⁴⁸³

¹⁴⁷⁷ See, e.g., *Am. Addiction Ctrs., Inc. v. Nat'l Ass'n of Addiction Treatment Providers*, 515 F. Supp. 3d 820, 836 (M.D. Tenn. 2021) (holding, without extended description of allegedly false statements, that "whether each of the alleged false or misleading statements was actually false or misleading cannot be determined on a motion to dismiss"); *Kurin, Inc. v. Magnolia Med. Techs., Inc.*, 473 F. Supp. 3d 1117, 1149-50 (S.D. Cal. 2020) (denying summary judgment motion by counterclaim defendant with observation that "[t]he [counterclaim defendant's] argument [of nonfalsity] is made in one paragraph without citation to any exhibits or quotation of the actual advertising language in context"), *aff'd in part, dismissing appeal in part*, No. 21-55025, 2021 WL 5823707 (9th Cir. Dec. 8, 2021).

¹⁴⁷⁸ See *PharmacyChecker.com, LLC v. Nat'l Ass'n of Bds. of Pharmacy*, 530 F. Supp. 3d 301 (S.D.N.Y. 2021).

¹⁴⁷⁹ *Id.* at 351-52. The court divided the challenged statements into four, rather than two, categories.

¹⁴⁸⁰ *Id.* at 352.

¹⁴⁸¹ *Id.*

¹⁴⁸² *Id.*

¹⁴⁸³ *Id.* at 353.

Another tribunal disposing of a case in similar fashion was a Louisiana federal district court entertaining a claim that the defendant had falsely accused the lead plaintiff of importing ingredients of her cosmetics from China, which, the defendant allegedly represented to consumers, had “brought corona” into the United States.¹⁴⁸⁴ Noting that “[a] statement is ‘literally false’ when it is ‘an explicit representation of fact that on its face conflicts with reality,’”¹⁴⁸⁵ the court held that the plaintiffs had stated a plausible cause of action against the defendant’s literally false explicit representations of fact and therefore denied the defendant’s motion to dismiss.

In cases reaching the proof stage, motions for summary judgment also fell short. That outcome held with respect to such a motion filed by the manufacturer of multi-position ladders, which did not comply with a particular industry standard mandated by the Occupational Safety and Health Administration—ANSI A14.2—because the ends of some of the ladders’ rungs were “crimped” and therefore less than the one inch in width required by the standard:¹⁴⁸⁶



Allegedly inaccurate claims of compliance with the standard made their way to consumers in three different ways:

- (1) the label affixed to each ladder containing an oval icon that bears the text “MANUFACTURER CERTIFIES CONFORMANCE TO OSHA ANSI A14.2 CODE FOR METAL LADDERS”; (2) the portion of each products page at Home Depot’s website that provides: “Certifications and Listings: ANSI Certified” [based on the defendant’s

¹⁴⁸⁴ See *Dupart v. Roussell*, 497 F. Supp. 3d 102, 120-21 (E.D. La. 2020).

¹⁴⁸⁵ *Id.* at 119 (quoting *Eli Lilly & Co. v. Arla Foods, Inc.*, 893 F.3d 375, 382 (7th Cir. 2018)).

¹⁴⁸⁶ See *Wing Enters. v. Tricam Indus.*, 511 F. Supp. 3d 957, 962 (D. Minn. 2021).

representations to Home Depot]; and (3) the portion of each product’s page on [the defendant’s] website that provides: “CERTIFICATIONS: ANSI A14.2 OSHA.”¹⁴⁸⁷

Seeking to avoid liability as a matter of law, the defendant first argued that the only reasonable reading of the statements is that its ladders were tested for ANSI compliance, which they apparently had been. The court, however, held a jury “could reasonably interpret [the defendant’s] advertisements to mean not only that its ladders have undergone and passed some type of testing to ANSI standards, but also that those tests were accurate—in other words, that [the defendant’s] ladders actually [met] the ANSI A14.2 standard.”¹⁴⁸⁸ The court next rejected the defendant’s contention that the challenged statements were ambiguous and therefore could not qualify as literally false; once again, however, the court concluded that “a reasonable jury could find that all of [the defendant’s] proposed interpretations are just different ways of saying the same thing: that the ladders conform to ANSI A14.2.”¹⁴⁸⁹ Finally, it dismissed the defendant’s assertion that “its ANSI-certification statements cannot be literally false because consumers would need to ‘review the ANSI standards using [the plaintiff’s] interpretation’ in order to conclude that the statements were false” with the observation that “[w]hether consumers understood all the details of that standard is irrelevant to this element, even if it could have bearing on other elements of [the plaintiff’s] claim (e.g., materiality).”¹⁴⁹⁰

ii. Actual or Likely Deception

Actual or likely deception is a prerequisite for a finding of liability for false advertising,¹⁴⁹¹ but many jurisdictions have long recognized that certain conduct will trigger a presumption of its existence. One is the dissemination of literally false advertising in commerce,¹⁴⁹² and a number of courts applied that rule to excuse

¹⁴⁸⁷ *Id.* at 969.

¹⁴⁸⁸ *Id.* at 969-70.

¹⁴⁸⁹ *Id.* at 970.

¹⁴⁹⁰ *Id.*

¹⁴⁹¹ *See, e.g.,* Motogolf.com, LLC v. Top Shelf Golf, LLC, 528 F. Supp. 3d 1168, 1179 (D. Nev. 2021) (granting motion to dismiss Section 43(a) cause of action grounded in defendants’ alleged repeated clicking on plaintiff’s online advertisements based on court’s conclusion that the plaintiff had failed to allege “any facts to explain how the click activity was likely to deceive or cause confusion”).

¹⁴⁹² *See, e.g.,* Suzie’s Brewery Co. v. Anheuser-Busch Cos., 519 F. Supp. 3d 839, 853 (D. Or. 2021) (“Plaintiff has shown a reasonable likelihood of success in showing that the challenged statements either deceived consumers or at least have the tendency to deceive a substantial segment of consumers. . . . [C]ourts recognize that there is a presumption that attaches to a literally false statement.”); *Wing Enters.*, 511 F. Supp. 3d at 971 (“in a number of a cases, the Eighth Circuit has held that once a plaintiff has proved that a

plaintiffs from either proving actual or likely deception at the proof stage or averring it at the pleadings stage.¹⁴⁹³ The presumption likewise can be triggered if the advertising in question compares the parties' goods or services.¹⁴⁹⁴ Finally, several courts recognized that, as one observed, "[a] presumption [of actual or likely deception] applies when a defendant *intentionally* misleads consumers."¹⁴⁹⁵ If none of these circumstances is present, a plaintiff ordinarily must prove actual or likely deception through extrinsic evidence, usually (but not always) in the form of survey results.¹⁴⁹⁶

In a case in which the plaintiff did not demonstrate literal falsity, intentional misconduct, or comparative advertising, the complaint alleged that the defendant, a manufacturer of a certain kind of inhaler used by patients with chronic obstructive pulmonary disease, had falsely represented to physicians that its inhaler was particularly suited for certain users with a reduced capacity to

statement is literally false, 'the court may presume that consumers were misled . . . without requiring consumer surveys or other evidence of the ad's impact on the buying public.'" (quoting *Buetow v. A.L.S. Enters.*, 650 F.3d 1178, 1183 (8th Cir. 2011)); *GlaxoSmithKline LLC v. Boehringer Ingelheim Pharms., Inc.*, 484 F. Supp. 3d 207, 216 (E.D. Pa. 2020) ("Proof of literal falsity relieves the plaintiff of its burden to prove actual consumer deception." (quoting *Groupe SEB USA, Inc. v. Euro-Pro Operating LLC*, 774 F.3d 192, 198 (3d Cir. 2014))), *appeal dismissed*, No. 20-2926, 2020 WL 8922861 (3d Cir. Nov. 25, 2020).

¹⁴⁹³ See, e.g., *I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko"*, 500 F. Supp. 3d 380, 418 (E.D. Pa. 2020) (denying motion to dismiss because "where a plaintiff can prove the challenged claims are 'literally false,' a court may grant relief 'without considering whether the buying public was actually misled.'" (quoting *Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharm. Co.*, 290 F.3d 578, 586 (3d Cir. 2020))), *later proceedings*, No. 18-5194, 2020 WL 6703585 (E.D. Pa. Nov. 13, 2020); *Dupart v. Roussell*, 497 F. Supp. 3d 102, 121 (E.D. La. 2020) ("Given that [the lead plaintiff] plausibly alleges that [the defendant's] statements are literally false, the Court assumes, under the doctrine of literal falsity, that [the lead plaintiff] likewise adequately alleges that [the defendant's] statements . . . deceived consumers . . ."); *Newborn Bros. Co. v. Albion Eng'g Co.*, 481 F. Supp. 3d 312, 352 (D.N.J. 2020) ("For injunctive relief, proof of a literally false statement allows the Court to presume deception."), *later proceedings*, No. 12-2999 (NLH/KMW), 2021 WL 124490 (D.N.J. Apr. 1, 2021).

¹⁴⁹⁴ See *Kurin, Inc. v. Magnolia Med. Techs., Inc.*, 473 F. Supp. 3d 1117, 1144 (S.D. Cal. 2020) ("Such presumption applies in 'false comparative advertising cases, where it is reasonable to presume that every dollar defendant makes has come directly out of plaintiff's pocket.'" (quoting *TrafficSchool.com, Inc. v. Edriver, Inc.*, 653 F.3d 820, 831 (9th Cir. 2011))), *aff'd in part, dismissing appeal in part*, No. 21-55025, 2021 WL 5823707 (9th Cir. Dec. 8, 2021).

¹⁴⁹⁵ *Kurin*, 473 F. Supp. 3d at 1144; see also *PharmacyChecker.com, LLC v. Nat'l Ass'n of Bds. of Pharmacy*, 530 F. Supp. 3d 301, 353 (S.D.N.Y. 2021) ("[W]here a plaintiff adequately demonstrates that a defendant has intentionally set out to deceive the public and the defendant's deliberate conduct in this regard is of an egregious nature, a presumption arises that consumers are, in fact, being deceived." (quoting *Merck Consumer Pharm. Co. v. Smithkline Beecham Corp.*, 960 F.2d 294, 298 (2d Cir. 1992))).

¹⁴⁹⁶ See, e.g., *In re EpiPen (Epinephrine Injection, USP) Mktg., Sales Pracs. & Antitrust Litig.*, 507 F. Supp. 3d 1289, 1375 (D. Kan. 2020) ("To prevail on a Lanham Act claim based on a misleading statement, a plaintiff 'must show actual consumer deception.'" (quoting *Vincent v. Utah Plastic Surgery Soc'y*, 621 F. App'x 546, 550 (10th Cir. 2015))), *ordered unsealed*, No. 12-2999 (NLH/KMW), 2021 WL 1248490 (D.N.J. Apr. 5, 2021).

inhale, or suboptimal “peak inspiratory inflow” (PIF).¹⁴⁹⁷ Although the defendant’s use of disclaimers to the effect that scientific studies had not established a correlation between favorable clinical outcomes for those patients and the use of particular types of inhalers precluded a finding of literal falsity, the court found the advertising misleading in context. Addressing the next step in the relevant analysis, the court observed on the plaintiff’s preliminary injunction motion that “[i]f the court deems an ad to be literally true, in order to prove that the ad is misleading, ‘the movant—even at the preliminary injunction stage—must present evidence of deception.’”¹⁴⁹⁸ This did not mean the plaintiff needed to proffer favorable survey evidence, because “consumer surveys are not always necessary to establish evidence of deception; sometimes, the totality of the evidence submitted by the movant is enough to establish a likelihood of success on the merits even without a survey.”¹⁴⁹⁹ Nevertheless, “[h]ere . . . [the plaintiff] has not come close to meeting its burden [without a survey]. Besides the individual ads themselves, [the plaintiff] has submitted nothing beyond its own say-so to prove deception.”¹⁵⁰⁰

Fortunately for the plaintiff, however, it had arrived in court armed with survey results the court found credible evidence of actual or likely deception. The plaintiff’s expert testified that, after having been exposed to the defendant’s advertising, 51% of physicians responding to her survey concluded that patients with suboptimal PIF did not receive sufficient benefits from their inhalers; moreover, 31% of respondents indicated that the efficacy of the type of inhalers sold by the plaintiff was compromised for some patients with reduced inhalation capacity. “Therefore,” the court concluded, “the survey results show that, even though [the defendant] concedes that no studies have established a correlation between PIF and clinical outcomes, a substantial number of physicians were deceived into believing that [the type of inhalers sold by the plaintiff] do not work for COPD patients with suboptimal PIF.”¹⁵⁰¹ Moreover, although the defendant had changed the advertising piece used as a stimulus after the survey had been run, the revised piece shared so many similarities with the original that the survey results applied to the revised piece with equal force.¹⁵⁰²

¹⁴⁹⁷ See *GlaxoSmithKline LLC v. Boehringer Ingelheim Pharms., Inc.*, 484 F. Supp. 3d 207 (E.D. Pa. 2020) (quoting *Johnson & Johnson Vision Care, Inc. v. 1-800 Contacts, Inc.*, 299 F.3d 1242, 1247 (11th Cir. 2002)), *appeal dismissed*, No. 20-2926, 2020 WL 8922861 (3d Cir. Nov. 25, 2020).

¹⁴⁹⁸ *Id.* at 215) (quoting *Johnson & Johnson Vision Care, Inc. v. 1-800 Contacts, Inc.*, 299 F.3d 1242, 1247 (11th Cir. 2002)).

¹⁴⁹⁹ *Id.* at 224 n.83.

¹⁵⁰⁰ *Id.*

¹⁵⁰¹ *Id.* at 224.

¹⁵⁰² *Id.* at 225.

The plaintiff therefore had carried its burden to demonstrate actual or likely deception.

After reviewing the case law on the subject, a New Jersey federal district court opined that “[p]roof of deception can be, and often is, proven through a properly conducted survey. However, these cases do not stand for the proposition that a plaintiff must produce a properly conducted survey to demonstrate actual deception.”¹⁵⁰³ That observation came in the context of a dispute in which the plaintiff proved the literal falsity of at least some of the defendant’s advertising. With respect to other misrepresentations found misleading in context—namely, suggestions that the defendant’s goods were manufactured in the United States—the plaintiff did not rely on the results of a survey conducted for the litigation but instead proffered expert testimony from a witness whose opinion rested on the results of surveys commissioned by unrelated third parties concerning the misleading effect of inaccurate “Made in the U.S.A.” claims. In part because the defendant itself had originally introduced the surveys into evidence, this unorthodox strategy bore fruit, with the court finding that:

[T]hese surveys and [the plaintiff’s expert’s] subsequent testimony were admissible, were helpful to this Court, and at least suggestive of consumer deception. . . . [The plaintiff] acknowledges the limitations of the [primary survey at issue] and take[s] care not to overstate its conclusions about [the respondents’] opinions. Though the surveys [the expert] cited in his report address products other than [those sold by the parties], the Court does not find that these surveys inject confusion or inappropriate definitions into evidence. Nor do these surveys rely on a completely unrelated universe of consumers such that the Court should not consider these surveys as evidence at all.¹⁵⁰⁴

“Furthermore,” the court found, “even if the Court did reject [the plaintiff’s] evidence and [its expert’s] testimony, [the plaintiff] has introduced several instances of actual consumer deception.”¹⁵⁰⁵ That showing included testimony from certain of the plaintiff’s customers, who expressed their belief that some or all of the defendant’s goods were manufactured in the United States; it also included testimony from the defendant’s marketing and business manager describing similar beliefs among consumers, testimony from a member of the defendant’s board of directors that he did not know the origin of the defendant’s products, and an anonymous

¹⁵⁰³ *Newborn Bros. Co. v. Albion Eng’g Co.*, 481 F. Supp. 3d 312, 353 (D.N.J. 2020) (citation omitted), *later proceedings*, No. 12-2999 (NLH/KMW), 2021 WL 124490 (D.N.J. Apr. 1, 2021).

¹⁵⁰⁴ *Id.* at 354-55.

¹⁵⁰⁵ *Id.* at 355.

complaint on an internet forum from a consumer who had purchased one of the defendant's goods.¹⁵⁰⁶ Although the defendant pointed to testimony from another purchaser of its goods that he had not been deceived, the court accorded it little weight because "[the plaintiff] is not required to demonstrate that every potential customer was deceived in order to meet its burden."¹⁵⁰⁷

In a less common outcome, another court found actual or likely deception based on factual showings by the prevailing plaintiff other than survey evidence.¹⁵⁰⁸ The false advertising at issue comprised various claims by the defendants to have introduced the first USDA-certified organic seltzer product when, in fact, the plaintiff had brought a certified competitive product to the market before the defendants had. In finding that the plaintiff had carried its burden on the issue even if those claims were merely misleading, the court cited favorably to testimony that "several consumers" had questioned the plaintiff's organic certification "immediately after" seeing the defendants' advertising.¹⁵⁰⁹ In addition, one of the plaintiff's distributors had asked it "whether [the plaintiff's product] was 'really USDA-certified organic' after that distributor saw a commercial stating that [the defendant's seltzer] was 'the first and only USDA certified organic hard seltzer,'"¹⁵¹⁰ of which the court remarked that "[t]he fact that a presumably knowledgeable beverage distributor could be misled by [the defendants] commercial is additional circumstantial evidence that less sophisticated consumers were and can be deceived."¹⁵¹¹ Finally, a news story in *USA Today* by a "presumably knowledgeable journalist" had described the defendants' product as "the first USDA-certified organic hard seltzer."¹⁵¹² The absence of survey evidence therefore did not prevent entry of the temporary restraining order requested by the plaintiff.

In contrast, other plaintiffs failed to carry their burden of demonstrating actual or likely deception. One counterclaim plaintiff failing to do so manufactured epinephrine autoinjection devices and challenged advertising by a competitor allegedly falsely suggesting that patient users of the counterclaim plaintiff's devices did not carry the devices with them and, additionally, that the counterclaim defendant's competitive devices were the first in the product

¹⁵⁰⁶ *Id.*

¹⁵⁰⁷ *Id.*

¹⁵⁰⁸ See *Suzie's Brewery Co. v. Anheuser-Busch Cos.*, 519 F. Supp. 3d 839 (D. Or. 2021).

¹⁵⁰⁹ *Id.* at 853.

¹⁵¹⁰ *Id.*

¹⁵¹¹ *Id.*

¹⁵¹² *Id.*

category to have retractable needles.¹⁵¹³ Because the advertising in question did not expressly refer to the counterclaim plaintiff's devices, the court was unwilling to find it literally false, and the court also rejected the counterclaim plaintiff's allegations of intentional misconduct by the counterclaim defendant.¹⁵¹⁴ The court therefore tasked the counterclaim plaintiff with proffering extrinsic evidence of actual or likely deception. Unable to come forward with credible survey evidence,¹⁵¹⁵ the plaintiff instead submitted two declarations by the employees of an allergy clinic describing actual confusion, as well as "one sentence from the minutes of [a committee of an insurer] about its decision to cover [the counterclaim defendant's product]."¹⁵¹⁶ Neither showing succeeded because each failed "to demonstrate 'a statistically significant part of the commercial audience' was actually confused or deceived by any alleged misleading statement by [the counterclaim defendant]."¹⁵¹⁷ Summary judgment in the counterclaim defendant's favor therefore was appropriate.

iii. Materiality

The materiality requirement for a finding of liability for false advertising mandates a showing that the defendant's misconduct has affected consumers' purchasing decisions, and it has increasingly proven an obstacle to plaintiffs in recent years.¹⁵¹⁸ Taking their cue from a similar rule in the actual-or-likely-deception context, some courts have held that literally false advertising creates a presumption of materiality,¹⁵¹⁹ but the Eighth Circuit,

¹⁵¹³ See *In re EpiPen (Epinephrine Injection, USP) Mktg., Sales Pracs. & Antitrust Litig.*, 507 F. Supp. 3d 1289 (D. Kan. 2020), *ordered unsealed*, No. 12-2999 (NLH/KMW), 2021 WL 1248490 (D.N.J. Apr. 5, 2021).

¹⁵¹⁴ The counterclaim plaintiff asserted that a triable question of fact existed regarding counterclaim defendant's knowledge that its sales force was misrepresenting characteristics of the parties' respective goods. Citing the counterclaim defendant's internal controls and efforts to police its sales force, the court concluded that "[t]hese undisputed facts preclude an inference that [the counterclaim defendant] was indifferent to false statements allegedly made by its sales force so as to support a triable issue of deceptive intent." *Id.* at 1376.

¹⁵¹⁵ The court rejected the counterclaim plaintiff's attempted reliance on market research conducted by the counterclaim defendant in lieu of a scientific survey. *Id.* at 1375.

¹⁵¹⁶ *Id.*

¹⁵¹⁷ *Id.* at 1375-76 (quoting *Vincent v. Utah Plastic Surgery Soc'y*, 621 F. App'x 546, 550 (10th Cir. 2015)).

¹⁵¹⁸ See, e.g., *Bidi Vapor, LLC v. Vaperz LLC*, 543 F. Supp. 3d 619, 631 (N.D. Ill. 2021) (denying motion for preliminary injunction against allegedly false representation of nicotine content of e-cigarette products in part because "[the plaintiff] has also not persuasively shown that the alleged . . . misrepresentation is material to potential customer[s'] decisions to buy e-cigarettes").

¹⁵¹⁹ See, e.g., *Dupart v. Roussel*, 497 F. Supp. 3d 102, 121 (E.D. La. 2020) ("Given that [the lead plaintiff] plausibly alleges that [the defendant's] statements are literally false, the Court assumes, under the doctrine of literal falsity, that [the lead plaintiff] likewise

reversed the use of a jury instruction to that effect.¹⁵²⁰ As the court explained:

A finding that a statement is literally false . . . does not appear to suggest in any direct manner that the statement is material. A literally false statement could address any number of topics. As such, a finding of literal falsity, standing alone, does not necessarily make a statement more or less likely to influence a purchasing decision. Of course, depending on the nature of the falsehood and the topic it addresses, a jury might conclude a false statement is material. But the reasoning leading to such a conclusion depends on additional facts beyond mere falsity. In any event, an inference of a statement's materiality based merely upon its falsity is neither so clear nor direct that it might support a burden-shifting presumption in a plaintiff's favor.¹⁵²¹

In a case not presenting the use of such a presumption, an absence of materiality proved fatal to the plaintiffs' claim of false advertising on a motion to dismiss.¹⁵²² The plaintiffs accused the defendants of concealing the geographic origin (China) of the defendants' diamond sawblades by affixing labels to them that falsely represented they had been manufactured in Thailand or Canada. The plaintiffs' complaint was clear about the defendants' motivation for that conduct, namely, an intent to circumvent an antidumping order from the International Trade Commission. That clarity, however, was fatal to any claim of materiality by the plaintiffs because "nowhere does it allege, even if they were 'actually false,' how the labels would materially affect a consumer's purchasing choice."¹⁵²³ Although the plaintiffs attempted to rehabilitate their cause of action when opposing the defendants' motion to dismiss, the court held that "[i]t is a basic principle that the complaint may not be amended by the briefs in opposition to a

adequately alleges that [the defendant's] statements . . . were material to consumer decisions.").

Another court adopted a different approach, allowing the plaintiff before it to rely upon a presumption of materiality for purposes of the liability inquiry but not for purposes of monetary relief. *See Newborn Bros. Co. v. Albion Eng'g Co.*, 481 F. Supp. 3d 312, 356 (D.N.J. 2020), *later proceedings*, No. 12-2999 (NLH/KMW), 2021 WL 124490 (D.N.J. Apr. 1, 2021).

¹⁵²⁰ *See Select Comfort Corp. v. Baxter*, 996 F.3d 925 (8th Cir.), *cert. denied*, 142 S. Ct. 561 (2021).

¹⁵²¹ *Id.* at 939.

¹⁵²² *See Diamond Sawblades Manufacturers' Coal. v. Diamond Tools Tech., LLC*, 504 F. Supp. 3d 927 (S.D. Ind. 2020).

¹⁵²³ *Id.* at 945.

motion to dismiss,”¹⁵²⁴ and it therefore rejected the plaintiffs’ “belated explication.”¹⁵²⁵

A want of materiality also caused false advertising causes of action to fail on summary judgment, including one taken up on appeal before the Eleventh Circuit.¹⁵²⁶ Both parties to the litigation sold adhesives, and the gravamen of the plaintiff’s claim was that the defendant had falsely advertised one of its products as “steel bond epoxy” because the product did not actually contain iron or steel as a reinforcing agent and, additionally, because it did not have the chemical composition necessary to qualify as an epoxy.¹⁵²⁷ The district court granted a defense motion for summary judgment for want of materiality, from which the plaintiff appealed.

One appellate argument by the plaintiff was that the district court had failed to recognize a presumption of materiality arising from the defendant’s alleged misrepresentation of an inherent quality or characteristic of its adhesive. Although the Eleventh Circuit appears to have recognized such a presumption in at least some of its past opinions,¹⁵²⁸ it declined to do so in the case at hand. Rejecting the plaintiff’s challenge to the defendant’s product as an epoxy, the court held that the “inherent quality or characteristic’ formulation adopted by this Circuit does not replace the consumer-oriented nature of the materiality inquiry with a scientific one.”¹⁵²⁹

¹⁵²⁴ *Id.* (quoting *Thomason v. Nachtrieb*, 888 F.2d 1202, 1205 (7th Cir. 1989)).

¹⁵²⁵ *Id.*

¹⁵²⁶ See *J-B Weld Co. v. Gorilla Glue Co.*, 978 F.3d 778 (11th Cir. 2020).

¹⁵²⁷ The court explained the differing chemical compositions of the parties’ goods in the following manner:

Two-part epoxy adhesives, like [those of the plaintiff], differ from traditional adhesives because they require creating a mix of two different pastes, a resin and a hardener, which is then applied as any other adhesive would be. When the two pastes are mixed together, a chemical reaction begins to occur and, once the adhesive has set, results in a particularly strong and temperature-resistant bond. On a molecular level, [the plaintiff’s] resin paste contains members of “epoxy groups,” which belong to a chemically distinct category of polymer that catalyzes the curing process – that is, the transformation from liquid goop to rock-solid bond. . . .

. . . .

Similar to [the plaintiff’s epoxy], [the defendant] supplies users with two tubes, a resin and a hardener, which are to be mixed together in order to begin the curing process of the adhesive. But [the defendant’s] adhesive differs from [the plaintiff’s] in that [the defendant] uses methyl methacrylate chemistry (“MMA”), which, chemically, is not an epoxy-group polymer, despite the similarities in the reactive process.

Id. at 783, 784.

¹⁵²⁸ See *Osmose, Inc. v. Viance, LLC*, 612 F.3d 1298, 1319 (11th Cir. 2010) (“A plaintiff may demonstrate [materiality] by showing that ‘the defendants misrepresented an inherent quality or characteristic of the product.’” (quoting *Johnson & Johnson Vision Care, Inc. v. 1–800 Contacts, Inc.*, 299 F.3d 1242, 1247 (11th Cir. 2002))).

¹⁵²⁹ *J-B Weld*, 978 F.3d at 797.

Then, turning to the summary judgment record, it found that “[the plaintiff] has not presented any evidence that consumers are so scrupulous about the chemicals in their adhesives. In fact, the evidence presented indicates that consumers likely categorize ‘epoxies’ as all two-part resin-and-hardener adhesives, regardless of the chemical constitution of the resin.”¹⁵³⁰ This was true even if products like those of the defendant had “different physical properties,’ including ‘safety and odor differences,’”¹⁵³¹ when compared to the plaintiff’s epoxy in light of the absence of record evidence or testimony “that these differences would matter to a consumer.”¹⁵³²

The court then turned to the plaintiff’s challenge to the “steel bond” reference on the defendant’s packaging. Of that challenge, the court remarked that “[w]e are skeptical of [the defendant’s] claim that the phrase ‘steel bond’ is intended to describe ‘a strong bond that works well on metal,’ rather than an adhesive that physically contains iron or steel as a reinforcing agent.”¹⁵³³ That skepticism ultimately made no difference in the outcome of the appeal, however, for the court once again determined that the plaintiff had failed “to show that the presence or absence of steel in [the defendant’s] resin would be material to a consumer’s purchasing decision.”¹⁵³⁴ In particular, although the plaintiff had adduced survey evidence suggesting that respondents had concluded from the defendant’s packaging that the enclosed adhesive included steel, the survey had not asked respondents “whether their conclusions about the presence of steel would have affected their decision to purchase one product or the other.”¹⁵³⁵ “Without asking that question or something similar,” the court held, “the survey fails to address the critical issue of effect on purchasing decisions, and therefore cannot be probative of materiality.”¹⁵³⁶ The district court therefore had not erred in granting summary judgment to the defendant.

Even without the benefit of a favorable presumption, one plaintiff proved the materiality of its opponent’s inaccurate representations of having manufactured its goods in the United States.¹⁵³⁷ For one thing, the court found, “[the plaintiff] has introduced evidence that customers who purchased [the defendant’s

¹⁵³⁰ *Id.*

¹⁵³¹ *Id.* at 798.

¹⁵³² *Id.*

¹⁵³³ *Id.*

¹⁵³⁴ *Id.*

¹⁵³⁵ *Id.*

¹⁵³⁶ *Id.* at 798.

¹⁵³⁷ See *Newborn Bros. Co. v. Albion Eng’g Co.*, 481 F. Supp. 3d 312 (D.N.J. 2020), *later proceedings*, No. 12-2999 (NLH/KMW), 2021 WL 124490 (D.N.J. Apr. 1, 2021).

goods] with a false designation on the packaging did so because of the false designation and would have refused to purchase [the] product if they had known of the fallacious label;” that showing included testimony from one of the defendant’s own witnesses of a conversation in which a customer stated he would not buy the plaintiff’s goods because they were manufactured overseas and an anonymous online posting complaining of the defendant’s advertising.¹⁵³⁸ “Furthermore,” the court observed, “[the plaintiff] has demonstrated that [the parties] are competitors in the same market and that [the defendant’s] false advertising is likely to lead consumers to prefer [the defendant’s] products over [the plaintiff’s],” even if the parties’ goods did not “overlap perfectly.”¹⁵³⁹ Finally, the trial record contained apparently undisputed testimony from purchasers of the defendant’s goods of the importance of domestic manufacture to their purchasing decisions.¹⁵⁴⁰ Although the geographic origin of the parties’ goods was not the only consideration to drive purchasing decisions, it was material enough to entitle the plaintiff to prevail on the issue.¹⁵⁴¹

iv. Interstate Commerce

As always, the requirement that a Section 43(a) plaintiff plead and then demonstrate that the defendant’s misrepresentations occurred in interstate commerce did not prove much of an obstacle;¹⁵⁴² indeed, to the extent reported opinions addressed the requirement at all, it was often to note that the defendant did not contest the issue.¹⁵⁴³

v. Damage and Causation

Some plaintiffs successfully demonstrated, or at least successfully averred in their complaints, suffer damage and causation arising from defendants’ false advertising. Thus, for example, one court denied a damage-and-causation-based motion to

¹⁵³⁸ *Id.* at 357.

¹⁵³⁹ *Id.*

¹⁵⁴⁰ *Id.* at 357-58.

¹⁵⁴¹ *Id.* at 358.

¹⁵⁴² *See, e.g.,* Dupart v. Roussel, 497 F. Supp. 3d 102, 121 (E.D. La. 2020) (“[The lead plaintiff] adequately alleges that her products are in interstate commerce. Specifically, [she] contends that she sells her . . . products throughout the United States and on the internet.” (footnotes omitted)).

¹⁵⁴³ *See, e.g.,* Wing Enters. v. Tricam Indus., 511 F. Supp. 3d 957, 964 (D. Minn. 2021) (“[The defendant] does not dispute the fourth element—that it caused its allegedly false statements to enter interstate commerce”); Newborn Bros. Co. v. Albion Eng’g Co., 481 F. Supp. 3d 312, 358 (D.N.J. 2020) (“The parties agree that [the defendant’s] products travel in interstate commerce. Plaintiff has therefore satisfied this element.”), *later proceedings*, No. 12-2999 (NLH/KMW), 2021 WL 124490 (D.N.J. Apr. 1, 2021).

dismiss with the observation that “[the lead plaintiff] plausibly alleges that she is injured by the statements at issue, alleging reduced market share, loss of income, difficulty in establishing advertiser relationships as well as loss of income from sales, and damage to her business reputation.”¹⁵⁴⁴ “Accordingly,” the court found, “[the lead plaintiff] states a claim for false advertising and false designation of geographic origin under the Lanham Act.”¹⁵⁴⁵

A separate false advertising plaintiff successfully escaped a defense motion for summary judgment on the issue, at least in part.¹⁵⁴⁶ The parties competed in the market for multi-position ladders, and the plaintiff accused the defendant of landing the Home Depot account by misrepresenting that the defendant’s ladders complied with a particular industry standard when, in fact, they did not. The plaintiff’s prayer for relief was limited to an injunction and the disgorgement of the defendant’s profits (as opposed to an award of its own damages), an election of remedies that the court held required a lesser showing of damage from the plaintiff. The plaintiff sought to carry that burden under three theories, which the court summarized as: “(1) the lost opportunity to sell ladders in Home Depot stores; (2) lost sales and market share; and (3) price erosion.”¹⁵⁴⁷

The court granted the defendant’s motion for summary judgment with respect to the first theory.¹⁵⁴⁸ The second theory survived until trial, however, based on factual disputes over whether the defendant could have gotten its foot in the door with Home Depot had it not represented to that company its ladders were compliant and, once, it had done so, whether Home Depot’s repetition of the defendant’s alleged misrepresentations on its website caused the plaintiff to lose sales to the defendant; that holding relied heavily on survey evidence and expert witness testimony of materiality.¹⁵⁴⁹ The defendant’s summary judgment motion also failed with respect to the third theory because of testimony from fact witnesses that other retailers had pressured the

¹⁵⁴⁴ See, e.g., *Dupart v. Roussell*, 497 F. Supp. 3d 102, 121 (E.D. La. 2020) (footnotes omitted).

¹⁵⁴⁵ *Id.*

¹⁵⁴⁶ See *Wing Enters. v. Tricam Indus.*, 511 F. Supp. 3d 957 (D. Minn. 2021).

¹⁵⁴⁷ *Id.* at 974.

¹⁵⁴⁸ In doing so, the court cited record evidence and testimony that the plaintiff and Home Depot had had “a falling out over a ladder-pricing dispute, and as a result, Home Depot temporarily blacklisted [the plaintiff], removing its ladders from Home Depot’s retail and online stores.” *Id.* Coupled with testimony from a former Home Depot purchasing agent that she “would probably reach internal, to existing suppliers, before [she] reached external, to new suppliers,” *id.* at 975, that consideration rendered the plaintiff’s claim of damage impermissibly speculative. *Id.* In particular, it concluded, “it is implausible that Home Depot would have turned to [the plaintiff]—who was not an in-store supplier at the time [the defendant] introduced its ladders—when it had an existing in-store-supplier relationship with [a third-party supplier of ladders].” *Id.*

¹⁵⁴⁹ *Id.* at 976.

plaintiff to lower its prices to compete with the defendant's ladders, which could be manufactured more cheaply because they did not comply with the standard in question,¹⁵⁵⁰ as well as expert testimony that price erosion was "currently occurring, likely ongoing, and difficult to quantify."¹⁵⁵¹ The defendant's arguments to the contrary might persuade a jury, but they were not properly bases for summary judgment of nonliability.

Nevertheless, demonstrations of damage and causation presented insurmountable obstacles to at least some plaintiffs.¹⁵⁵² For example, one court granting a defense motion for summary judgment confirmed the distinction between causation, on the one hand, and correlation, on the other.¹⁵⁵³ It did so in a case in which an economist "testified generally" as an expert that the defendant's allegedly false advertising had damaged the plaintiff and justified an award of damages to bankroll a corrective advertising campaign. That testimony rested on the plaintiff's perception that it had failed to hit certain sales figures because of the defendant's conduct, rather than any survey of, or discussions with, the plaintiff's customers; moreover, "[a]lthough he acknowledged that [the defendant's] advertising claims changed over time, [the expert's] opinions do not attribute [the plaintiff's] claimed lost sales or corrective advertising to any particular claim, but to all alleged false claims combined."¹⁵⁵⁴ "At most," the court held in finding that the plaintiff had failed to identify a factual dispute concerning the lack of damage, "[the expert] offers to make a temporal correlation between [the plaintiff's] sales and [the defendant's] advertising."¹⁵⁵⁵

The counterclaim plaintiff's claimed showing of damage and causation in a different case similarly failed to prevent summary judgment of nonliability.¹⁵⁵⁶ That outcome transpired in a dispute between two manufacturers of competing medical devices. The counterclaim plaintiff got off to an unpromising start in light of its experts' concessions that they had not analyzed the alleged harm caused by the counterclaim defendant's allegedly false advertising. Attempting to maneuver around that deficiency in its case, the

¹⁵⁵⁰ *Id.* at 977.

¹⁵⁵¹ *Id.*

¹⁵⁵² *See, e.g.,* Bidi Vapor, LLC v. Vaperz LLC, 543 F. Supp. 3d 619, 631-32 (N.D. Ill. 2021) (rejecting, in context of motion for preliminary injunction, plaintiff's "bare assertion that there is a tradeoff in sales and that it is losing market share and profits").

¹⁵⁵³ *See* Kurin, Inc. v. Magnolia Med. Techs., Inc., 473 F. Supp. 3d 1117 (S.D. Cal. 2020), *aff'd in part, dismissing appeal in part*, No. 21-55025, 2021 WL 5823707 (9th Cir. Dec. 8, 2021).

¹⁵⁵⁴ *Id.* at 1145.

¹⁵⁵⁵ *Id.*

¹⁵⁵⁶ *See* In re EpiPen (Epinephrine Injection, USP) Mktg., Sales Pracs. & Antitrust Litig., 507 F. Supp. 3d 1289 (D. Kan. 2020), *ordered unsealed*, No. 12-2999 (NLH/KMW), 2021 WL 1248490 (D.N.J. Apr. 5, 2021).

counterclaim plaintiff argued it was entitled to a presumption of damage because the counterclaim defendant's advertising was comparative in nature and because the counterclaim defendant's misconduct was allegedly intentional, but the court found both factual predicates for such a presumption wanting. The court then rejected the counterclaim plaintiff's final factual proffers, which consisted of "physician market research and other summary judgment evidence that [the counterclaim plaintiff] characterizes as showing [the counterclaim defendant's] 'widespread' use of false or misleading advertising among customers" and the counterclaim defendant's revenues having exceeded expectations; "importantly," the court concluded, "none of this evidence ties [the counterclaim defendant's] conduct to specific harm sustained by [the counterclaim plaintiff] sufficient to create a triable issue of causation."¹⁵⁵⁷

A second defense motion for summary judgment on the issue of damage and causation successfully disposed of the challenge by a counterclaim to the counterclaim defendant's use of the tagline "Educated. Tested. Verified. Certified." in connection with the counterclaim defendant's administration of a certification examination for home inspectors and its provision of association services to inspectors who had passed the examination.¹⁵⁵⁸ The counterclaim plaintiffs claimed damage from a spike in the number of associates joining the counterclaim defendant's association following the counterclaim defendant's adoption of the tagline, but the court found that "[the counterclaim plaintiffs] have not demonstrated any loss suffered by [their competing association], nor that any of the alleged members who joined [the counterclaim defendant's association] had any knowledge of [their association's] membership program."¹⁵⁵⁹ In addition, the court held that it could not "presume harm because [the counterclaim plaintiffs] admit that the associates who joined [the counterclaim defendant's association] might not have been welcome at [the counterclaim plaintiffs' association] even if they had wanted to join."¹⁵⁶⁰

f. Proving Violations of Persona-Based Rights Under Federal and State Law

i. Opinions Finding Violations of Persona-Based Rights

When a group of professional models, actresses, and businesswomen accused the operators of several strip clubs of

¹⁵⁵⁷ *Id.* at 1380.

¹⁵⁵⁸ *See Examination Bd. of Pro. Home Inspectors v. Int'l Ass'n of Certified Home Inspectors*, 519 F. Supp. 3d 893, 902 (D. Colo. 2021), *appeal docketed*, No. 21-1087 (10th Cir. Mar. 12, 2021).

¹⁵⁵⁹ *Id.* at 922.

¹⁵⁶⁰ *Id.*

violating their statutory right of privacy under New York law¹⁵⁶¹ by promoting the clubs with unauthorized photographs of the plaintiffs, the defendants sought to defend themselves by arguing that certain of the plaintiffs had executed releases of their rights.¹⁵⁶² The critical flaw in that argument was that the defendants were neither parties to the releases in question nor had they received assignments from any third party who was; as the court noted favorably, “[the plaintiffs] contend . . . that [the defendants] lacked written consent from [the plaintiffs], the releasees, or anyone else to use the images; that Appellees were not third-party beneficiaries of the release agreements; and that the release agreements did not constitute written consent”¹⁵⁶³ Thus, the court held in reversing the district court’s contrary conclusion, “[the defendants] therefore had no legal rights under the releases or any subsequent agreement to use the images and cannot rely on the releases to bar [the plaintiffs’] claims.”¹⁵⁶⁴ “[W]hile the releases could provide a defense in an action against the releasees or those who could assert lawful use by reason of assignment or license,” the court explained, “[the defendants] concede that they had no legal rights to the images. [The plaintiffs] therefore have established that [the defendants] used their images without written consent, and they are entitled to summary judgment as to [the defendants’] liability”¹⁵⁶⁵

A separate set of plaintiffs successfully invoked Arizona law in an action before a federal district court of that state to challenge substantively identical conduct by the operators of another strip club.¹⁵⁶⁶ A threshold issue presented by the parties’ cross-motion for summary judgment was whether the defendants’ use of the plaintiffs’ images was actionable in the first place. The lead defendants supported their motion with the arguments that “the most recent Revised Arizona Jury Instruction for invasion of privacy explicitly states that there is no jury instruction for violation of the right of publicity for misappropriation of name or likeness because no such cause of action exists in Arizona”¹⁵⁶⁷ and that the enactment of an Arizona statute protecting the right of publicity of service members meant that no other individuals enjoyed that right. The court, however, accorded greater weight to an opinion from a panel of the Court of Appeals of Arizona holding “that an individual has a right of publicity that protects his or her name and/or likeness from

¹⁵⁶¹ N.Y. CIV. RIGHTS LAW § 51 (MCKINNEY 2012).

¹⁵⁶² See *Electra v. 59 Murray Enters.*, 987 F.3d 233 (2d Cir.), *cert. denied*, 142 S. Ct. 563 (2021).

¹⁵⁶³ *Id.* at 252.

¹⁵⁶⁴ *Id.*

¹⁵⁶⁵ *Id.* at 253.

¹⁵⁶⁶ See *Longoria v. Kodiak Concepts LLC*, 527 F. Supp. 3d 1085 (D. Ariz. 2021).

¹⁵⁶⁷ *Id.* at 1095.

appropriation for commercial or trade purposes.”¹⁵⁶⁸ Moreover, it noted: (1) it was inclined to follow the guidance of the *Restatement (Third) of Unfair Competition*, which did endorse the cause of action; (2) the defendants’ interpretation of the statute was misplaced in light of the absence of any apparent legislative intent to displace the common-law cause of action; and (3) “even assuming that jury instructions could ever be useful to a federal court when interpreting state law, they cannot trump a holding of the Arizona Court of Appeals.”¹⁵⁶⁹

With that issue out of the way, the court next held that “[u]nder [Arizona law], [o]ne who appropriates the commercial value of a person’s identity by using without consent the person’s name, likeness, or other indicia of identity for purposes of trade is subject to liability’ for resulting damages.”¹⁵⁷⁰ Under an application of that standard, the plaintiffs received summary judgment as to the defendants’ liability after proffering “undisputed evidence that Defendant[s] appropriated their images, without consent, for purposes of trade,” as well as the defendants’ failure to substantiate its claim that the plaintiffs’ images were “publicly available,” much less that the defendants had permission to publish them.¹⁵⁷¹

ii. Opinions Declining to Find Violations of Persona-Based Rights

The Second Circuit was unsympathetic to a group of sympathetic plaintiffs—namely, a group of models who claimed the defendants had used unauthorized photographs to promote the defendants’ strip club, at least as far as the plaintiffs’ claims of false endorsement under Section 43(a) were concerned.¹⁵⁷² “To succeed on a false endorsement claim under the Lanham Act,” the court held, “a plaintiff must prove (1) that the mark . . . is distinctive as to the source of the good or service at issue, and (2) that there is the likelihood of confusion between the plaintiff’s good or service and that of the defendant.”¹⁵⁷³ Although likely confusion ordinarily might turn on an application of the full set of *Polaroid* factors, the court explained that, “[a]s is relevant here, these factors include, inter alia, the strength of the mark, evidence of actual consumer

¹⁵⁶⁸ *Id.* at 1095 (quoting *In re Estate of Reynolds*, 327 P.3d 213, 216 (Ariz. Ct. App. 2014)).

¹⁵⁶⁹ *Id.* at 1097.

¹⁵⁷⁰ *Id.* at 1098 (third alteration in original) (quoting *Geiger v. Creative Impact Inc.*, No. CV-18-01443-PHX-JAT, 2020 WL 3545560, at *8 (D. Ariz. June 30, 2020), *adhered to on reconsideration*, No. CV-18-01443-PHX-JAT, 2020 WL 4583625 (D. Ariz. Aug. 10, 2020)).

¹⁵⁷¹ *Id.* at 1099.

¹⁵⁷² See *Electra v. 59 Murray Enters.*, 987 F.3d 233 (2d Cir.), *cert. denied*, 142 S. Ct. 563 (2021).

¹⁵⁷³ *Id.* at 257 (alteration in original) (quoting *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 154 (2d Cir. 2007)).

confusion, and evidence that the mark was adopted in bad faith.”¹⁵⁷⁴ It then determined that the district court had not erred in granting the defendants’ motion for summary judgment under the truncated list of factors:

The district court properly analyzed the record of each [Plaintiff’s] public prominence to determine the strength of their marks, because among other reasons, the advertisements at issue provided no information identifying Appellants other than their pictures. . . . [B]ecause the ultimate question . . . is the likelihood of consumer confusion, the district court properly analyzed [Plaintiffs’] recognizability.

. . . [W]e agree that [Plaintiffs] failed to establish any actual consumer confusion or bad faith. [Plaintiffs] point to no evidence of actual consumer confusion. And while [Plaintiffs] urge this Court to conclude that Appellees acted in bad faith, the record merely shows that [Defendants] failed to investigate whether the third-party contractor responsible for the advertisements secured legal rights to use [Plaintiffs’] pictures in the promotional images—not that [Defendants] intended to use the pictures without legal right to do so.¹⁵⁷⁵

Other courts were equally skeptical of persona-based causes of action, including those brought under state law. Two tribunals addressing claims that the producer of the FORTNITE videogame had violated various persona-based rights of the plaintiffs before those tribunals. Each such claim arose from the defendant’s alleged misappropriation of a “signature move” originating with the plaintiffs, and each led to a motion to dismiss for failure to state a claim. One of the motions succeeded after the court concluded that the defendant’s conduct was not actionable under Maryland common-law right-of-privacy, unfair competition, and unjust enrichment causes of action because the Copyright Act preempted those causes of action on the facts alleged by the plaintiffs.¹⁵⁷⁶ The plaintiffs’ cause of action for false endorsement met with a similar fate because it averred merely that defendant had used the plaintiffs’ likenesses.¹⁵⁷⁷

The second motion produced a similar result to the extent the court determined that the defendant’s conduct was not actionable under a Pennsylvania right-of-publicity theory because the

¹⁵⁷⁴ *Id.* at 257.

¹⁵⁷⁵ *Id.* at 258.

¹⁵⁷⁶ See *Brantley v. Epic Games, Inc.*, 463 F. Supp. 3d 616, 624-25 (D. Md. 2020).

¹⁵⁷⁷ *Id.* at 631.

challenged use in the FORTNITE game was transformative.¹⁵⁷⁸ For one thing, the court noted, the plaintiff's complaint did not aver that FORTNITE avatars equipped with the plaintiff's alleged signature move shared the plaintiff's appearance or biographical information; "[i]ndeed," the court noted, "the Complaint contains a picture of a Fortnite avatar equipped with the [move], and the avatar does not bear a strong resemblance to [the plaintiff]." ¹⁵⁷⁹ And, for another, the same pleading also alleged that players of the defendant's game could "customize their avatars with 'new characters' and a variety of emotes mimicking celebrities other than [the plaintiff]," ¹⁵⁸⁰ as well as that "avatars fight in a battle royale" to eliminate their competitors, which contrasted to the plaintiff's alleged status as a musical performer. ¹⁵⁸¹ The court concluded that "[t]hese allegations establish that the avatars in Fortnite do not share [the plaintiff's] identity nor do what [the plaintiff] does in real life," which meant that "[the defendant's] use of [the plaintiff's] likeness is sufficiently transformative . . . to provide it with First Amendment protections that are not outweighed by [the plaintiff's] interests in his likeness."¹⁵⁸²

A different opinion finding transformative use under Pennsylvania law arose from a suit brought by a wrestling commentator against a group of defendants who had responded to the plaintiff's criticism of the lead defendant's participation in so-called "deathmatches" by marketing T-shirts featuring altered images of the plaintiff and his name. ¹⁵⁸³ In rejecting the plaintiff's bid for a preliminary injunction, the court found he had failed to demonstrate a likelihood of prevailing on his claim that the defendants' uses were not transformative in nature. As the court summarized the matter, "[the plaintiff's] likeness is not the 'very sum and substance' of any of the Shirts"; ¹⁵⁸⁴ instead "[t]he 'sum and substance' of the Shirts is [the lead defendant's] criticism of [the plaintiff]—whether, in [the lead defendant's] view, [the plaintiff's] views on deathmatch wrestling are wrong, he is a contemptible figure, or he is a clown."¹⁵⁸⁵

Finally, a federal district court sitting in Hawaii rejected a claim under the circa-2009 Hawaii Publicity Rights Act (HPRA)¹⁵⁸⁶ brought by the heirs of a tattoo artist who had died thirty-six years

¹⁵⁷⁸ See *Pellegrino v. Epic Games, Inc.*, 451 F. Supp. 3d 373 (E.D. Pa. 2020).

¹⁵⁷⁹ *Id.* at 381.

¹⁵⁸⁰ *Id.*

¹⁵⁸¹ *Id.*

¹⁵⁸² *Id.*

¹⁵⁸³ See *Cornette v. Graver*, 473 F. Supp. 3d 437 (W.D. Pa. 2020).

¹⁵⁸⁴ *Id.* at 474.

¹⁵⁸⁵ *Id.*

¹⁵⁸⁶ HAW. REV. STAT. § 482P-1 *et seq.*

prior to the HPRAs enactment and whose intellectual property rights may or may not have been purchased by a predecessor to the defendants.¹⁵⁸⁷ That rejection was not on the merits, however, but instead was because the HPRAs did not have retroactive effect. At the outset, the court held that “Hawaii recognizes the ‘general rule in most jurisdictions that: Statutes or regulations which say nothing about retroactive application are not applied retroactively if such a construction will impair existing rights, create new obligations or impose additional duties with respect to past transactions.’”¹⁵⁸⁸ Following an extensive review of the HPRAs express text and legislative history (the latter of which reflected the insertion and removal of provisions that would have resolved the issue), the court concluded with respect to the first step in the analysis that both were ambiguous as to the statute’s possible retroactivity.¹⁵⁸⁹ The court then resolved the second issue in the defendants’ favor as well, concluding that their introduction five years before the HPRAs enactment of a rum brand sold under the deceased artist’s nickname meant that “the retrospective operation of the HPRAs to strip the [defendants] of the acquired interest would be a substantial impairment of their rights.”¹⁵⁹⁰ It therefore granted the defendants’ motion for summary judgment with the explanation that:

Because “applying the statute *to the person objecting* would have a retroactive consequence in the disfavored sense,” and giving consideration to “fair notice, reasonable reliance, and settled expectations,” the Court holds that any rights the [defendants] legally obtained under existing laws prior to enactment of the HPRAs cannot be displaced by the subsequent retrospective operation of the HPRAs.¹⁵⁹¹

iii. Opinions Deferring Resolution of Claims of Violations of Persona-Based Rights

Some opinions declining to reach final resolutions of persona-based claims did so while denying defense motions to dismiss. Perhaps the most notable example of such a disposition came from a Connecticut federal district court, before which the successor in interest to the deceased French oceanic explorer, documentarian, and marine conservationist Jacques-Yves Cousteau had asserted a right of publicity claim.¹⁵⁹² Because Cousteau had died while a

¹⁵⁸⁷ See *N.K. Collins, LLC v. William Grant & Sons, Inc.*, 472 F. Supp. 3d 806 (D. Haw. 2020).

¹⁵⁸⁸ *Id.* at 820 (quoting *Clark v. Cassidy*, 636 P.2d 1344, 1346 n.6 (Haw. 1981)).

¹⁵⁸⁹ *Id.* at 821-28.

¹⁵⁹⁰ *Id.* at 828-29.

¹⁵⁹¹ *Id.* at 829 (first quoting *Fernandez-Vargas v. Gonzales*, 548 U.S. 30, 37-38 (2006); and then quoting *Landgraf v. USI Film Prods.*, 511 U.S. 244, 270 (1994)).

¹⁵⁹² See *Cousteau Soc’y, Inc. v. Cousteau*, 498 F. Supp. 3d 287 (D. Conn. 2020).

French citizen, the parties agreed that French law governed the scope of his right of publicity, but they disagreed about whether that right had survived his death. Weighing competing expert declarations from French attorneys on the subject, the court concluded that “[a]lthough the right to protect one’s image terminates on the death of the person and cannot be transmitted to heirs, the right to protect one’s image as a marketable asset that can be transferred and survive after death has gained recognition.”¹⁵⁹³ Because Cousteau had, in fact, transferred his right of publicity to the plaintiff during his lifetime, the plaintiff could pursue the vindication of that right.¹⁵⁹⁴

A similar scenario played out in a similar way under an application of Missouri law by a federal district court of that state.¹⁵⁹⁵ In an internecine battle between plaintiffs led by a trust established by deceased political activist Phyllis Schlafly and defendants led by Schlafly’s daughter, the trust asserted ownership of Schlafly’s common-law right of publicity through an assignment executed by Schlafly before her death. In denying the defendants’ motion to dismiss, and lacking express guidance from Missouri appellate courts on the issue, the court identified two reasons why it believed Missouri law recognized the trust’s right to assert the right. “First,” it held, “of the states that have considered the issue of whether a post-mortem right to publicity exists, the majority have concluded that it does.”¹⁵⁹⁶ And, “[s]econd, Missouri courts treat the right of publicity like a property right. Courts that find the right of publicity is similar to that of a property right tend to find that, like other property rights, a post-mortem right to publicity exists.”¹⁵⁹⁷

A third tribunal denying (at least in part) a motion to dismiss was a Pennsylvania federal district court entertaining a false endorsement claim under Section 43(a) against the producer of the FORTNITE videogame.¹⁵⁹⁸ The plaintiff averred that the defendant had appropriated a “signature move” originating with the plaintiff for its avatars, which allegedly created the impression that the plaintiff endorsed the FORTNITE game. Although dismissing the plaintiff’s claims under Pennsylvania law for various reasons, as well as similarly disposing of the plaintiff’s assertion of trademark protection in the move, the court declined to hold that the plaintiff had failed to state a claim for false endorsement. As it explained, “courts have allowed a plaintiff’s false endorsement claim to proceed . . . where a complaint alleges that the defendant used the plaintiff’s

¹⁵⁹³ *Id.* at 317 (citation omitted).

¹⁵⁹⁴ *Id.* at 318.

¹⁵⁹⁵ See *Phyllis Schlafly Revocable Tr. v. Cori*, 512 F. Supp. 3d 916 (E.D. Mo. 2021).

¹⁵⁹⁶ *Id.* at 926.

¹⁵⁹⁷ *Id.*

¹⁵⁹⁸ See *Pellegrino v. Epic Games, Inc.*, 451 F. Supp. 3d 373 (E.D. Pa. 2020).

identity or likeness to deceive the public into believing that the plaintiff endorsed the defendant's product."¹⁵⁹⁹

A New York appellate panel proved similarly receptive—at least in part—to persona-based claims brought against a bank that allegedly had used images of the plaintiff appearing in works of art to promote its services.¹⁶⁰⁰ The plaintiff asserted statutory causes of action under New York Civil Rights Law Sections 50 and 51,¹⁶⁰¹ as well as under the common law, all of which the bank unsuccessfully moved to dismiss. On the bank's appeal, the court held the trial court had erred in failing to dismiss the plaintiff's common-law cause of action, which New York law did not recognize. Nevertheless, it rejected the Bank's apparent argument that the artistic nature of its use rendered it nonactionable under Sections 50 and 51. As the court explained:

[W]hether or not the subject image constituted a work of art, the first and second causes of action state cognizable causes of action under Civil Rights Law §§ 50 and 51 as they allege, *inter alia*, that the defendant used the plaintiff's portrait, image, and likeness . . . in an advertising campaign, which included promotional merchandise to promote the defendant's financial services and products.¹⁶⁰²

Persona-based claims also were the subject of unsuccessful motions for summary judgment. Thus, for example, the Sixth Circuit chose to put off a final resolution of persona-based claims brought by The Ohio State University under the Ohio right-of-publicity statute¹⁶⁰³ and the common law of that state against online vendor Redbubble.¹⁶⁰⁴ The persona at issue was that of former head football coach Urban Meyer, who had assigned it to the University during his tenure there. In response to the University's suit, Redbubble successfully argued to the district court in a motion for summary judgment that responsibility for any misappropriation of Meyer's name and image on goods sold on its platform lay with the independent third-party artists uploading their designs onto that platform. Contrary to the district court's favorable view of that argument, however, the Sixth Circuit held that "the text of Ohio's right-of-publicity statute prohibits using a persona in connection with a product, advertising [of] a product, or soliciting the purchase of a product."¹⁶⁰⁵ "That broad language," the court held, "expands

¹⁵⁹⁹ *Id.* at 385.

¹⁶⁰⁰ *See Darden v. OneUnited Bank*, 128 N.Y.S.3d 640 (App. Div. 2020).

¹⁶⁰¹ N.Y. CIV. RIGHTS LAW §§ 50, 51 (MCKINNEY 2012).

¹⁶⁰² *Darden*, 128 N.Y.S.3d at 642.

¹⁶⁰³ OHIO REV. CODE § 2741 (2016).

¹⁶⁰⁴ *See Ohio State Univ. v. Redbubble, Inc.*, 989 F.3d 435 (6th Cir. 2021).

¹⁶⁰⁵ *Id.* at 450.

liability beyond directly selling trademark-infringing goods.”¹⁶⁰⁶ Moreover, it drew the following conclusions from the summary judgment record:

Redbubble operates its online marketplace; at a minimum, such operation advertises the products made by vendors and directs consumers to purchase those products. And Redbubble admits that it markets those products to consumers. Even granting Redbubble’s position that it passively gives independent third parties a platform to sell goods and then connects them to manufacturers and shippers, its website still markets the offending goods, brings those novel trademark-infringing products into being, and then sells those products.¹⁶⁰⁷

The district court therefore had inappropriately entered summary judgment in Redbubble’s favor, even if, as the court also held, the record did not establish beyond a material dispute the University’s entitlement to prevail as a matter of law.¹⁶⁰⁸

Factual disputes similarly led to the denial of cross-motions for summary judgment in an opinion applying Arizona law by a federal district court of that state.¹⁶⁰⁹ The gravamen of the plaintiffs’ claims was that the defendants had promoted a strip club using unauthorized images of the plaintiffs in Facebook advertisements. The plaintiffs won one battle of the war by defeating the defendants’ attempt to convince the court that Arizona common law did not recognize the right of publicity cause of action asserted by the plaintiffs.¹⁶¹⁰ They also successfully demonstrated their entitlement to prevail under the second through the fourth factors of the relevant test for liability, which the court framed in the following terms: “To prevail on a right of publicity claim, a plaintiff must show (1) the defendant’s use of the plaintiff’s name or likeness, (2) the appropriation of the plaintiff’s name or likeness to the defendant’s advantage, (3) lack of consent, and (4) resulting injury.”¹⁶¹¹ Nevertheless, the plaintiffs’ bid for a finding of liability as a matter of law failed under the first factor because they had failed to lay a proper foundation for their claimed proof that the challenged advertisements had actually appeared on the defendants’ Facebook page. Because the plaintiffs might be able to do so at trial, however,

¹⁶⁰⁶ *Id.*

¹⁶⁰⁷ *Id.*

¹⁶⁰⁸ *Id.* at 451-52.

¹⁶⁰⁹ *See Pinder v. 4716 Inc.*, 494 F. Supp. 3d 618 (D. Ariz. 2020).

¹⁶¹⁰ *Id.* at 631-36.

¹⁶¹¹ *Id.* at 634 (quoting *Lemon v. Harlem Globetrotters Int’l, Inc.*, 437 F. Supp. 2d 1089, 1100 (D. Ariz. 2006)).

the defendants' motion for summary judgment under the first factor also fell short.¹⁶¹²

The parties' cross-motions for summary judgment led to a similar procedural stalemate on a related issue, which was the plaintiffs' entitlement to prevail on their causes of action for false light invasion of privacy under Arizona law. The court teed up that issue by holding:

To state a claim of false light, a plaintiff must demonstrate "(1) the defendant, with knowledge of falsity or reckless disregard for the truth, gave publicity to information placing the plaintiff in a false light, and (2) the false light in which the plaintiff was placed would be highly offensive to a reasonable person in the plaintiff's position."¹⁶¹³

Both parties' motions stalled under the first of these requirements, with the defendants questioning whether the plaintiffs had adduced evidence that the defendants had actually used the photographs and the plaintiffs arguing that they had (even though the court noted that "Plaintiffs have not yet shown the advertisements originated from Defendant[s]' Facebook page and must lay the proper foundation").¹⁶¹⁴ That was not the only consideration precluding the grant of either pending motion, however, for factual disputes also existed with respect to: (1) whether the defendants' use of unaltered photographs of the plaintiffs in their undergarments presented the plaintiffs in a false light;¹⁶¹⁵ (2) whether the defendants' use of the photographs was highly offensive;¹⁶¹⁶ (3) whether the defendants'

¹⁶¹² *Id.* at 636.

¹⁶¹³ *Id.* at 627-28 (quoting *Doe v. Oesterblad*, No. CV-13-01300-PHX-SRB, 2015 WL 12940181, at *5 (D. Ariz. June 9, 2015)).

¹⁶¹⁴ *Id.* at 628.

¹⁶¹⁵ As the court summarized the defendants' argument on this point, "Plaintiffs' pictures were risqué, so using the unadulterated photo[s] did not misrepresent the nature of the photos." *Id.* Even if the photographs' unaltered status was undisputed, however:

Defendant[s] reasoning ignores the visual and written innuendo within its advertising. The misrepresentation is not necessarily the reproduction of the photos, but the connection between Plaintiffs and Defendant[s]' strip club. . . . A fact finder could decide that Plaintiffs' images and the corresponding text in the advertisements falsely suggest the Plaintiffs were somehow affiliated with, promoted, or employees at Defendant[s]' strip club.

Moreover, Plaintiffs have presented survey evidence suggesting the reproduction of Plaintiffs' photos and Defendant[s]' corresponding advertisement could confuse customers as to Plaintiffs involvement with [the defendants' club]. Therefore, whether Defendant[s]' use of Plaintiffs' photos in its advertisements placed Plaintiffs in a false light is a genuine issue of material fact precluding summary judgment.

Id. at 628-29.

¹⁶¹⁶ *Id.* at 629 ("Defendant[s] claim[] that since Plaintiffs are models who have been photographed in various degrees of undress, the placement of Plaintiffs' photos in connection to its strip club could not possibly be highly offensive. The Court finds that assertion debatable. . . . [S]imply because a woman has modeled in risqué clothing (or

advertisements constituted a major misrepresentation of the plaintiffs' character, history, activities, or beliefs;¹⁶¹⁷ (4) whether the plaintiffs had adduced sufficient evidence of injury;¹⁶¹⁸ and (5) whether the defendants had acted with the actual malice required by the plaintiffs' status as public figures.¹⁶¹⁹

An application of the same test for false light invasion of privacy under Arizona law in a separate case presenting virtually identical facts also led to the denial of cross-motions for summary judgment.¹⁶²⁰ With the exception of the issue of the defendants' participation in the advertising at issue (which was not in dispute), the court's decision to that effect rested on many of the same conflicts in the record as in the first case.¹⁶²¹ Nevertheless, the second court addressed an additional defense argument, which was whether the plaintiffs' claims were barred by an Arizona rule precluding liability in actions by public officials challenging reports concerning their official activities. Despite the plaintiffs' failure to respond to the portion of the defendants' motion advancing that proposition, the court rejected it sua sponte:

Here, there can be no serious argument that [the plaintiffs] are "public officials." They are not government employees and do not have substantial responsibility or control over the conduct of government affairs. Although the record reflects that [each of the two plaintiffs] considers herself to have "earned elite status as a social media celebrity" due to her high number of followers on Instagram, being "Instagram famous" isn't tantamount to being a public official.¹⁶²²

g. Violations of Rights Under Non-Persona-Based State-Law Causes of Action

i. Preemption of State-Law Causes of Action and Defenses

(A) Preemption by the Lanham Act

Section 43(c)(6) of the Act¹⁶²³ immunizes the owners of registrations on the Principal Register from challenges to the use of

even previously worked at a strip club) does not mean a reasonable person in a similar position could not be offended by the suggestion that the person is an exotic dancer at the defendant[s'] strip club.").

¹⁶¹⁷ *Id.*

¹⁶¹⁸ *Id.* at 629-30.

¹⁶¹⁹ *Id.* at 630-31.

¹⁶²⁰ See Longoria v. Kodiak Concepts LLC, 527 F. Supp. 3d 1085 (D. Ariz. 2021).

¹⁶²¹ *Id.* at 1101-05.

¹⁶²² *Id.* at 1105 (citations omitted).

¹⁶²³ 15 U.S.C. § 1125(c)(6) (2018).

their marks under state dilution statutes. Nevertheless, as others before it have done, one court held that a pending request for the cancellation of a registration will prevent the registration from triggering Section 43(c)(6).¹⁶²⁴ In denying a petition to dismiss a cause of action under the Texas dilution statute,¹⁶²⁵ the court noted that “it appears that the majority of federal courts that have addressed the issue refuse to dismiss state dilution claims in the early stages of litigation when there is a concurrent challenge to the validity of the trademark at issue.”¹⁶²⁶ Because if the plaintiff’s inter partes challenge to the validity of the defendants’ registration succeeded, “the statutory bar will not apply,” the court deemed it more efficient to address the state-law cause of action in the case before it, rather than requiring the parties to return if the Board ultimately cancelled the registration.¹⁶²⁷

Aside from Section 43(c)(6), Section 39(b)¹⁶²⁸ prohibits state and local governments from requiring alterations to registered marks, but the Act otherwise does not have express preemptive effect. Nevertheless, that circumstance did not prevent the submission of an inspired complaint to a North Dakota federal district court after that state adopted statutes regulating relations between manufacturers and dealers of farm equipment—largely to the dealers’ benefit—and after a group of manufacturers challenged the statutes’ validity.¹⁶²⁹ In particular, and although none of the statutes expressly mentioned trademarks or service marks, the plaintiffs argued certain of them conflicted with their rights and duties as federal registrants under the Lanham Act and were therefore preempted.

The court granted the state’s motion for summary judgment on the plaintiffs’ preemption-based challenge to the statutes. It initially noted that:

Under the Supremacy Clause, federal law may supersede, or preempt, state law in several different ways: (1) Congress may expressly state that federal law preempts state law (express preemption); (2) Congress’ intent to preempt state law may be inferred from its comprehensive regulation of an area of law (field preemption); or (3) state law may actually conflict with the federal law (conflict preemption) – i.e., where compliance with both federal law and state law is impossible, or where the state law stands in the way of the

¹⁶²⁴ See *Mott’s LLP v. Comercializadora Eloro, S.A.*, 507 F. Supp. 3d 780 (W.D. Tex. 2020).

¹⁶²⁵ TEX. BUS. & COM. CODE ANN. § 16.103 (2015).

¹⁶²⁶ *Mott’s LLP*, 507 F. Supp. 3d at 786-87.

¹⁶²⁷ *Id.* at 787.

¹⁶²⁸ 15 U.S.C. § 1121(b) (2018).

¹⁶²⁹ See *Ass’n of Equip. Mfrs. v. Burgum*, 495 F. Supp. 3d 803 (D.N.D. 2020).

accomplishment and execution of the purposes and objectives of Congress.¹⁶³⁰

Because the plaintiffs did not claim field preemption, the court focused on their express preemption and conflict preemption arguments. The court made short work of the former, concluding that “[t]he case law establishes that the Lanham Act does not expressly preempt state law.”¹⁶³¹ Although the court held that the plaintiffs’ conflict preemption argument “requires closer scrutiny,” it ultimately rejected that as well based on its conclusion that “the Lanham Act preempts only those state laws which directly conflict with its provisions.”¹⁶³² According to the court:

In this case, the Manufacturers of farm implements are challenging a State law which regulates their business relationship with farm implement dealers. [The legislation] does not speak directly to trademarks, but rather sets limits on the terms of farm implement dealership agreements, a relationship North Dakota has long regulated. The Lanham Act does not permit a trademark owner to insert a clause in a dealership agreement which violates public policy simply because the contract involves a trademarked good.¹⁶³³

(B) Preemption by the Copyright Act

Independent of the possibly preemptive effect of the Lanham Act, Section 301(a) of the Copyright Act trumps “all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright . . . in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright,”¹⁶³⁴ and its preemptive effect led to the failure of several state-law causes of action. One such cause of action failed in a bankruptcy proceeding after the Second Circuit rejected a right of publicity cause of action under Connecticut common law.¹⁶³⁵ That cause of action was brought by a hip-hop recording artist against another artist who had sampled one of the plaintiff’s songs in his own song on a promotional mixtape; consistent with industry practice, the mixtape identified the plaintiff by his stage name in the track title identifying that song.

In affirming the district court’s grant of a defense motion for summary judgment, the court of appeals acknowledged that “[the plaintiff’s] claim may *just barely* fall within the boundaries of

¹⁶³⁰ *Id.* at 820.

¹⁶³¹ *Id.*

¹⁶³² *Id.* at 822.

¹⁶³³ *Id.* (citation omitted).

¹⁶³⁴ 17 U.S.C. § 301(a) (2018).

¹⁶³⁵ *See In re Jackson*, 972 F.3d 25 (2d Cir. 2020).

Connecticut's right of publicity as [the defendant] undoubtedly believed it was to his personal benefit to include the references to [the plaintiff] in his mixtape."¹⁶³⁶ Nevertheless, it also held that the claim was *impliedly* preempted by federal copyright law:

[The plaintiff's] claim does not seek to vindicate any substantial state interests distinct from those furthered by the copyright law: [instead], [the defendant] did not employ [the plaintiff's] name or persona in a manner that falsely implied [the plaintiff's] endorsement of [the defendant], his mixtape, or his forthcoming album, nor in a manner that would induce fans to acquire or pay heed to the mixtape merely because it included [the plaintiff's] name and a sound that could be identified as his voice.¹⁶³⁷

The court then turned to the defendant's claim of *statutory* preemption under Section 301(a), as to which it applied the usual two-part test turning on whether: (1) the work in question fell within the subject matter of copyright; and (2) the right asserted by the plaintiff was equivalent to any of the exclusive rights within the general scope of copyright.¹⁶³⁸ Noting that the summary judgment record "powerfully supports the conclusion that, in the hip-hop world, the mere use, without more, of a sample from a well-known song, with acknowledgment of the identity of the sampled artist, does not communicate to the relevant audience that the sampled artist has endorsed or sponsored the sampling artist's work,"¹⁶³⁹ the court concluded of the first prong that:

[T]he gravamen of [the plaintiff's] right of publicity claim, to the extent it is based on the use of the . . . sample, is not the use of his identity but rather the use of the copyrighted work itself, and . . . the focus of [the plaintiff's] claim therefore comes within the "subject matter of copyright."¹⁶⁴⁰

Then, addressing the latter prong of its test, the court held that the plaintiff's challenge to the use of his recorded voice was preempted as "a thinly disguised effort to attack [the defendant's] song"¹⁶⁴¹ and that "because [the plaintiff's] right of publicity claim seeks to control the use of a copyrighted work by prohibiting accurate descriptions of that work, [the plaintiff's] challenge to the use of his stage name] impermissibly interferes with the federal copyright framework and [also] must be dismissed."¹⁶⁴²

¹⁶³⁶ *Id.* at 38-39.

¹⁶³⁷ *Id.* at 39 (footnote omitted).

¹⁶³⁸ *Id.* at 42-43.

¹⁶³⁹ *Id.* at 50-51.

¹⁶⁴⁰ *Id.* at 52.

¹⁶⁴¹ *Id.* at 54.

¹⁶⁴² *Id.* at 55.

Another holding of preemption disposed of a Pennsylvania common-law cause of action for trademark infringement grounded in the allegation that the defendant, the producer of the FORTNITE video game, had equipped an avatar with a specific dance that the plaintiff included in his saxophone performances, which he claimed was his “signature move.”¹⁶⁴³ The court adopted the same standard two-part test for preemption en route to its grant of the defendant’s motion to dismiss.¹⁶⁴⁴ It first concluded that “the Signature Move, which is alleged to be a dance, is the appropriate subject matter of copyright law in satisfaction of the first prong of the test for copyright preemption.”¹⁶⁴⁵ It then determined that the plaintiff had failed to allege more than the mere copying of the move, without any extra element that might render his cause of action not equivalent to one for copyright infringement.¹⁶⁴⁶ A holding of preemption (and dismissal of the plaintiff’s cause of action) followed.¹⁶⁴⁷

Virtually identical facts led to an identical result in litigation before a Maryland federal district court.¹⁶⁴⁸ Once again, the state-law cause of actions for unfair competition and unjust enrichment rested on the allegedly misappropriation of identities for use in connection with FORTNITE avatars, and, once again, a holding of preemption on a motion to dismiss. Although the plaintiffs argued that references in their complaint to public confusion over the origin of dance moves with which the avatars were equipped rendered their causes of action qualitatively different from one for copyright infringement, the court was unconvinced. It held that “the rights protected by the unfair competition claims are not qualitatively different from those protected by the Copyright Act because the gravamen of both types of claims is the misappropriation of an original work”;¹⁶⁴⁹ moreover, “[w]hile [the plaintiffs] argue that the rights relating to unjust enrichment are qualitatively different from those under the Copyright Act, they do not seek to vindicate any rights ‘other than reproduction, performance, distribution, or display.’”

Despite those holdings, the Court of Appeals of Arizona declined to reach a finding of preemption under Section 301(a) in an action brought by professional models and media personalities against operators of a strip club that allegedly had promoted its services

¹⁶⁴³ See *Pellegrino v. Epic Games, Inc.*, 451 F. Supp. 3d 373 (E.D. Pa. 2020).

¹⁶⁴⁴ *Id.* at 387 (quoting *MCS Servs., Inc. v. Johnsen*, No. Civ. A. 01-4430, 2002 WL 32348500, at *5 (E.D. Pa. Aug. 13, 2002)).

¹⁶⁴⁵ *Id.* at 388.

¹⁶⁴⁶ *Id.* at 388-89.

¹⁶⁴⁷ *Id.* at 390.

¹⁶⁴⁸ See *Brantley v. Epic Games, Inc.*, 463 F. Supp. 3d 616 (D. Md. 2020).

¹⁶⁴⁹ *Id.* at 627 (citing *Lowry’s Reps., Inc. v. Legg Mason, Inc.*, 271 F. Supp. 2d 737, 756 (D. Md. 2003)).

through unauthorized copies of photographs of the plaintiffs.¹⁶⁵⁰ In reversing a holding of preemption below, the court's analysis was short and to the point:

[Plaintiffs] make their living by modeling, acting, and cultivating online personas as social media influencers, partnering with and representing commercial brands. [Plaintiffs] base their claims not on [Defendants'] use of anything in the photographs that is protected by copyright (e.g., composition, lighting, developing techniques), but instead allege [Defendant] misappropriated their brands and likenesses represented in the photographs. . . . "The subject matter of a right to publicity claim is the name or likeness, which does not become a work of authorship simply because it is embodied in a copyrightable work."¹⁶⁵¹

ii. State-by-State Causes of Action

(A) California

A pair of federal district court opinions clarified the requirements for liability in causes asserting unfair competition under California law. The first addressed the metes and bounds of that state's common-law tort of unfair competition in a case in which the defendants had repeatedly reported to Amazon that the plaintiff's sale of its goods through Amazon violated the defendant's patent rights.¹⁶⁵² Although the plaintiff argued that that conduct constituted unfair competition, the court disagreed, and it entered summary judgment in the defendant's favor as a result. As it explained, "[t]he common law tort of unfair competition is generally thought to be synonymous with the act of 'passing off' one's goods as those of another."¹⁶⁵³

The second opinion arose from a challenge to the importation into the United States of genuine, but diverted, goods bearing the plaintiffs' marks.¹⁶⁵⁴ In entertaining the defendants' motion to dismiss the plaintiffs' statutory cause of action for unfair competition under Section 17200 of the California Business and Professional Code,¹⁶⁵⁵ the court held that the plaintiffs had

¹⁶⁵⁰ See *Canas v. Bay Ent., LLC*, 498 P.3d 1082 (Ariz. Ct. App. 2021).

¹⁶⁵¹ *Id.* at 1086 (quoting *No Doubt v. Activision Publ'g, Inc.*, 702 F. Supp. 2d 1139, 1144 (C.D. Cal. 2010)).

¹⁶⁵² See *Golden Eye Media USA, Inc. v. Trolley Bags UK Ltd.*, 525 F. Supp. 3d 1145 (S.D. Cal. 2021), *motion to certify appeal granted*, No. 3:18-cv-02109-BEN-LL, 2021 WL 2072382 (S.D. Cal. May 24, 2021), *appeal docketed*, No. 21-2096 (Fed. Cir. June 25, 2021).

¹⁶⁵³ *Id.* at 1256 (quoting *Sybersound Recs., Inc. v. UAV Corp.*, 517 F.3d 1137, 1153 (9th Cir. 2008)).

¹⁶⁵⁴ See *Nestle USA, Inc. v. Ultra Distribuciones Mundiales S.A. de C.V.*, 516 F. Supp. 3d 633 (W.D. Tex. 2021).

¹⁶⁵⁵ CAL. BUS. & PROF. CODE § 17200.

adequately stated causes of action under the statute's prohibitions.¹⁶⁵⁶ The outcome was different under the statute's prohibition on fraudulent behavior, however, because the plaintiffs had failed to aver that they had relied on the defendants' alleged misconduct. As the court explained, “[a]lthough Plaintiffs alleged that consumers relied on Defendants’ misrepresentations, Plaintiffs needed to allege that they—not the consumers—actually relied on Defendants’ misrepresentations. Because they did not do so, they do not have standing to bring an unfair competition claim under the fraud prong [of the statute].”¹⁶⁵⁷

(B) Colorado

“The Colorado Consumer Protection Act (‘CCPA’) is a broad remedial statute ‘intended to deter and punish deceptive trade practices committed by businesses in dealing with the public.’”¹⁶⁵⁸ Nevertheless, plaintiffs proceeding under it must satisfy a five-part test for liability, which requires proof:

- (1) that [the] defendant engaged in an unfair or deceptive trade practice;
- (2) that the challenged practice occurred in the course of the defendant’s business, vocation, or occupation;
- (3) that [the challenged practice] significantly impacts the public as actual or potential consumers of the defendant’s goods, services, or property;
- (4) that the plaintiff suffered injury in fact to a legally protected interest; and
- (5) that the challenged practice caused the plaintiff’s injury.¹⁶⁵⁹

In litigation between providers of competing home inspector licensing exams, the third of these requirements proved a fatal obstacle to the claims of the two plaintiffs, who had been subjected to a barrage of online postings by the principal of one of their competitors, including statements that the lead plaintiff’s examination was not psychometrically valid and that the other plaintiff had been taken over by a third-party organization dedicated to pedophilia. The lead plaintiff argued under the third prong of the test for liability that twenty-three fewer people took its exam in Florida than had done so the previous year, but the court held that “[t]he [lead plaintiff’s exam] is a national exam, and the fact that one state in which the exam is offered experienced a decline in test takers is insufficient on its own to demonstrate a significant

¹⁶⁵⁶ *Nestle USA*, 516 F. Supp. 3d at 656-57.

¹⁶⁵⁷ *Id.* at 656.

¹⁶⁵⁸ *Examination Bd. of Pro. Home Inspectors v. Int’l Ass’n of Certified Home Inspectors*, 519 F. Supp. 3d 893, 919 (D. Colo. 2021) (quoting *Loughridge v. Goodyear Tire & Rubber Co.*, 192 F. Supp. 2d 1175, 1185 (D. Colo. 2002)), *appeal docketed*, No. 21-1087 (10th Cir. Mar. 12, 2021).

¹⁶⁵⁹ *Id.* (second alteration in original) (quoting *Hall v. Walter*, 969 P.2d 224, 235 (Colo. 1998)).

public impact.”¹⁶⁶⁰ The other plaintiff’s challenge to the “hyperbolic” pedophilia-related postings fared no better, because “even if these statements did constitute a deceptive trade practice, [that plaintiff] has presented no evidence as to how these statements significantly impacted the public. It is insufficient to argue that the public was impacted merely because they read or saw the comments.”¹⁶⁶¹ Summary judgment of nonliability was the result.

(C) Connecticut

Responding to an accusation that they had engaged in common-law trademark infringement and unfair competition under Connecticut law by producing and promoting a documentary film, a group of defendants moved for the dismissal of that allegation on the theory that none of the challenged conduct had occurred within that state.¹⁶⁶² In denying the motion, the court acknowledged it was “not aware of a case addressing the specific issue of whether infringing or violative conduct in Connecticut is an element of such a cause of action, and there is ‘a paucity of Connecticut case law on this cause of action.’”¹⁶⁶³ The question was in any case moot, however, because:

[The plaintiff] has alleged instances of infringing or violative conduct with respect to the Film, which was screened in Connecticut. It has also alleged instances of infringing or violative conduct with respect to the defendants’ websites, which were directed to and reached out to Connecticut residents to advertise the Film and its screening in Connecticut, as well as to solicit donations for the defendants.¹⁶⁶⁴

The defendants’ motion therefore was without merit.

(D) Georgia

When a group of employees left a Georgia-based plaintiff to work for a competitor, the plaintiff responded with a lawsuit grounded in the employees’ alleged violation of their non-compete, non-solicitation, and non-disclosure agreements with the plaintiff.¹⁶⁶⁵ The plaintiff’s complaint accused the defendants of, inter alia, unfair competition under Georgia law, but the court adopted a

¹⁶⁶⁰ *Id.* at 920.

¹⁶⁶¹ *Id.*

¹⁶⁶² *See* Cousteau Soc’y, Inc. v. Cousteau, 498 F. Supp. 3d 287 (D. Conn. 2020).

¹⁶⁶³ *Id.* at 313 (quoting Mashantucket Pequot Tribe v. Redican, 403 F. Supp. 2d 184, 191 (D. Conn. 2005)).

¹⁶⁶⁴ *Id.* at 314.

¹⁶⁶⁵ *See* Cotiviti, Inc. v. Deagle, 501 F. Supp. 3d 243 (S.D.N.Y. 2020).

narrow view of that tort in granting the defendants' motion to dismiss. It held:

“In Georgia, the test for a claim of unfair competition is whether the goods or business of one are passed off as the goods or business of another.” This is a narrow conception of unfair competition that focuses on the goods or business offered to the public, not necessarily how such goods or business are derived (such as through the misappropriation of the trade secrets of a competitor).¹⁶⁶⁶

Because the complaint lacked any allegations that the former employees or their new employer had passed off the new employer's goods as those of the plaintiff, the court granted the defendants' motion to dismiss the plaintiff's Georgia common-law unfair competition cause of action for failure to state a claim.¹⁶⁶⁷

An additional pro-defendant application of Georgia law came from the Georgia Court of Appeals in a straightforward dispute over two allegedly similar names used by competing real estate brokers.¹⁶⁶⁸ Instructing the jury with respect to the counterclaim plaintiff's accusation that the counterclaim defendant had violated the Georgia Uniform Deceptive Trade Practices Act,¹⁶⁶⁹ the trial court adopted much of the relevant statutory language verbatim, including the statute's prohibition on conduct likely to cause confusion or misunderstanding. Missing from the instruction, however, was a list of the seven likelihood-of-confusion factors the court of appeals previously had held relevant to the inquiry. Because that omission prevented an effective review of the jury's verdict in favor of the plaintiff, the action was remanded for a new trial.¹⁶⁷⁰

(E) Michigan

Two aspects of the Michigan Consumer Protection Act (“MCPA”)¹⁶⁷¹ came into play in a trade dress dispute between competitors in the “float juice” industry.¹⁶⁷² One was a subsection of the MCPA providing that the act did not apply to “[a] transaction or conduct specifically authorized under laws administered by a regulatory board or officer acting under statutory authority of this

¹⁶⁶⁶ *Id.* at 263 (quoting *ITF, S.P.A. v. Boucheron (USA) Ltd.*, No. 1:04 CV 2974 CC, 2005 WL 8155017, at *1 (N.D. Ga. Aug. 1, 2005)).

¹⁶⁶⁷ *Id.*

¹⁶⁶⁸ *See Maki v. Real Est. Expert Advisors, Inc.*, 855 S.E.2d 72 (Ga. Ct. App. 2021).

¹⁶⁶⁹ GA. CODE ANN. § 10-1-372 (2021).

¹⁶⁷⁰ *Maki*, 855 S.E.2d at 77-78.

¹⁶⁷¹ MICH. COMP. LAWS § 445.903 *et seq.* (2015).

¹⁶⁷² *See Golden Star Wholesale, Inc. v. ZB Importing, Inc.*, 531 F. Supp. 3d 1231, 1254 (E.D. Mich. 2021).

state or the United States.”¹⁶⁷³ According to the counterclaim defendant, liability could not attach to its alleged trade dress infringement because the parties’ beverages were regulated by the United States Food and Drug Administration, the Department of Agriculture, and the Customs and Border Patrol. The court dodged that issue in denying the counterclaim defendant’s motion to dismiss and for judgment on the pleadings, holding that the counterclaims neither anticipated the “authorized exemptions” exception nor addressed the regulations the counterclaim defendant claimed were at issue. Because “[c]ourts generally cannot grant motions to dismiss on the basis of an affirmative defense unless the plaintiff has anticipated the defense and explicitly addressed it in the pleadings,”¹⁶⁷⁴ the counterclaim defendant’s invocation of the exemption was premature.

In contrast, the court was more definitive in rejecting another attack on the counterclaim plaintiffs’ cause of action under the MCPA, which asserted that standing under the act was limited to individual consumers. Several rationales underlay that outcome, one of which was the MCPA’s extension of the right to sue under it to any “person,” which the act defined as “an individual, corporation, limited liability company, trust, partnership, incorporated or unincorporated association, or other legal entity.”¹⁶⁷⁵ Another was that:

[A]llowing competitors to sue under the MCPA is consistent with its purpose to protect consumers: “for example, where a competitor makes allegedly false statements about a competitor’s product or business practices, the ultimate resulting harm is to the consumer, who may be swayed into purchasing an inferior product or paying more for the same product.”¹⁶⁷⁶

The counterclaim defendant’s motion to dismiss therefore was without merit.

In contrast, a motion for judgment on the pleadings successfully disposed of a claim of common-law misappropriation of goodwill under Michigan law in what otherwise was a straightforward case of service mark infringement.¹⁶⁷⁷ The plaintiff failed to defend against the defendants’ motion by citing to any authority recognizing such a cause of action, and the court was unable to

¹⁶⁷³ MICH. COMP. LAWS § 445.904(1)(a).

¹⁶⁷⁴ *Golden Star Wholesale*, 531 F. Supp. 3d at 1253-54 (quoting *Pfeil v. State Street Bank & Trust Co.*, 671 F.3d 585, 599 (6th Cir. 2012), *abrogated on other grounds*, Fifth Third Bancorp v. Dudenhoeffer, 573 U.S. 409 (2014)).

¹⁶⁷⁵ *Id.* at 1254 (quoting MICH. COMP. LAWS §§ 445.902(1)(d), 445.903(1)).

¹⁶⁷⁶ *Id.* at 1255 (quoting *Action Auto Glass v. Auto Glass Specialists*, 134 F. Supp. 2d 897, 903 (W.D. Mich. 2001)).

¹⁶⁷⁷ *See Sadieboo, Inc. v. MJ Tools Corp.*, 526 F. Supp. 3d 285 (W.D. Mich. 2021).

identify any on its own initiative. “Moreover,” it added, “some sources have concluded that such a claim would improperly circumvent the rules surrounding the law of trademark and unfair competition.”¹⁶⁷⁸ The plaintiff’s cause of action therefore did not survive beyond the pleadings stage.

(F) New York

As usual, several reported opinions from New York federal district courts held that plaintiffs asserting claims under General Business Law Sections 349 and 350¹⁶⁷⁹ must aver, and ultimately prove, harm to the public beyond mere confusion or deception.¹⁶⁸⁰ The occasion of the latest reminder of that rule from the Second Circuit was a suit by a group of models who objected to the defendants’ unauthorized use of photographs of the plaintiffs to promote the defendants’ strip club.¹⁶⁸¹ The district court dismissed the plaintiffs’ Section 349 and Section 350 claims on summary judgment, and the Second Circuit affirmed:

We agree with the district court that the misconduct alleged here was not consumer-oriented. The gravamen of [Plaintiffs’] complaint is that [Defendants] used their modeling images without their consent, a private dispute over a private injury visited on the individuals portrayed in the photographs. The alleged misconduct was therefore not “consumer-oriented in the sense that [it] potentially affect[s] similarly situated consumers.”¹⁶⁸²

A similarly infirm claim under Section 349 in a straightforward trademark infringement action led to the same outcome, namely, a defense victory at the summary judgment stage of the case in which

¹⁶⁷⁸ *Id.* at 292.

¹⁶⁷⁹ N.Y. GEN. BUS. LAW §§ 349, 350 (MCKINNEY 2013).

¹⁶⁸⁰ *See, e.g.,* Shandong Shinho Food Indus. Co. v. May Flower Int’l, Inc., 521 F. Supp. 3d 222, 262-63 (E.D.N.Y. 2021) (granting motion to dismiss Section 349 cause of action grounded in alleged trade dress infringement and observing that “Plaintiff’s allegation that Defendants’ conduct resulted in injury to consumers in the form of consumer confusion is insufficient to state a claim under NYGBL § 349”); JFM Corp. v. Mannino’s Bagel Bakery, 132 N.Y.S.3d 582, 592 (Sup. Ct. 2020) (“Corporate competitors may bring a claim under General Business Law § 349 as long as some harm to the public at large is at issue, such as potential dangers to public health or safety. The record does not reflect that the defendants’ use of [an allegedly infringing mark] poses a risk of that sort of injury to the public at large. Accordingly, the court grants summary judgment to the defendants dismissing the first cause of action for unfair business practices under General Business Law § 349.” (citation omitted)).

¹⁶⁸¹ *See* *Electra v. 59 Murray Enters.*, 987 F.3d 233 (2d Cir.), *cert. denied*, 142 S. Ct. 563 (2021).

¹⁶⁸² *Id.* at 259 (third and fourth alterations in original) (quoting *Oswego Laborers’ Loc. 214 Pension Fund v. Marine Midland Bank*, 647 N.E.2d 741, 745 (N.Y. 1995)).

it was asserted.¹⁶⁸³ As the court described the plaintiff's unsuccessful attempt to escape that disposition, "Plaintiff argues that the 'harm to the public' is premised on the underpinnings of the relief [Plaintiff] seeks: disgorgement of profits in the interests of deterrence."¹⁶⁸⁴ The court was "not persuaded," noting that:

Plaintiff has cited no case law holding a party has standing to pursue a New York General Business Law § 349 claim simply by virtue of the relief it prays for. Disgorgement's "secondary effect of deterring public fraud," moreover, is insufficient because "a plaintiff must prove 'actual' injury to recover under [Section 349], though not necessarily pecuniary harm."¹⁶⁸⁵

An additional opinion placed a different limit on actions under Sections 349 and 350, as well as Section 360-*l*.¹⁶⁸⁶ The underlying dispute arose from the counterclaim defendants' continued sale of goods manufactured by the counterclaim plaintiffs after the counterclaim plaintiffs had terminated the counterclaim defendants as distributors of those goods. Without extended analysis, the court granted the counterclaim defendants' motion for summary judgment, holding that "to the extent that the [counterclaim plaintiffs] have failed to establish that the products the [counterclaim defendants] sold after the termination of the parties' relationship were not genuine, they cannot establish a claim under Sections 349, 350 or 360-*l*"¹⁶⁸⁷

A separate aspect of New York law addressed by two reported opinions was the requirement that plaintiffs asserting a common-law cause of action for unfair competition establish that their opponents have acted in bad faith. One opinion did so while denying a defense motion to dismiss grounded in the requirement.¹⁶⁸⁸ The court issuing it was decidedly unconvinced by the defendants' arguments that the plaintiff's operative pleading was fatally deficient on the issue. As it noted, that pleading averred a prior relationship between the parties, during which the defendants began producing competitive goods in packaging bearing a mark and reflecting a trade dress confusingly similar to those of the

¹⁶⁸³ See *RVC Floor Decor, Ltd. v. Floor & Decor Outlets of Am., Inc.*, 527 F. Supp. 3d 305 (E.D.N.Y. 2021).

¹⁶⁸⁴ *Id.* at 321 (alteration in original).

¹⁶⁸⁵ *Id.* (alteration in original) (quoting *Stutman v. Chem. Bank*, 731 N.E.2d 608, 612 (N.Y. 2000)).

¹⁶⁸⁶ See *Shetel Indus. v. Adin Dental Implant Sys., Inc.*, 493 F. Supp. 3d 64 (E.D.N.Y. 2020), *later proceedings*, No. 17-CV-2505(SJF)(ARL), 2021 WL 1108666 (E.D.N.Y. Mar. 23, 2021).

¹⁶⁸⁷ *Id.* at 127.

¹⁶⁸⁸ See *Shandong Shinho Food Indus. Co. v. May Flower Int'l, Inc.*, 521 F. Supp. 3d 222 (E.D.N.Y. 2021).

plaintiff. Beyond that, the defendants allegedly concealed their participation in the alleged infringement (including through filings with the USPTO using false names) before falsely representing to the plaintiff they would discontinue it. Not surprisingly, the court concluded that the plaintiff had adequately averred a claim of bad faith and, with it, a cause of action for unfair competition.¹⁶⁸⁹

In the second opinion addressing allegations of common-law unfair competition, a different court confirmed that “[u]nfair competition under New York common law requires “bad faith or intent to deceive.”¹⁶⁹⁰ Although the defendant moved for summary judgment on the issue, the court identified evidence and testimony in the record inconsistent with the defendant’s claim of good faith. That included the defendant’s purchase of the plaintiff’s claimed mark as a trigger for paid advertising through Google’s AdWords program, its failure to use “negative keywording” in that advertising, its decision to open a store near that of the plaintiff, and its decision to begin promoting that store beginning only ten days before the store’s launch.¹⁶⁹¹ “In isolation,” the court observed, “each act may not reflect bad faith.”¹⁶⁹² Nevertheless, because “[bad faith] is assessed not by viewing acts in isolation but upon the totality of the evidence, including their timing,”¹⁶⁹³ summary judgment on the issue was inappropriate.¹⁶⁹⁴

Finally, one opinion disposed of a claim of common-law unjust enrichment arising from a conventional infringement scenario.¹⁶⁹⁵ In granting a motion to dismiss, the court noted that “[u]njust enrichment is not a catchall cause of action to be used when others fail. It is available only in unusual situations when, though the defendant has not breached a contract nor committed a recognized tort, circumstances create an equitable obligation running from the defendant to the plaintiff.”¹⁶⁹⁶ The plaintiff’s complaint accused the defendants of having used the plaintiff’s mark without authorization, but that accusation did not establish the existence of such an equitable obligation, and the plaintiff’s cause of action failed at the pleadings stage as a result.¹⁶⁹⁷

¹⁶⁸⁹ *Id.* at 252-52.

¹⁶⁹⁰ *RVC Floor Decor, Ltd. v. Floor & Decor Outlets of Am., Inc.*, 527 F. Supp. 3d 305, 326 (E.D.N.Y. 2021).

¹⁶⁹¹ *Id.* at 327.

¹⁶⁹² *Id.*

¹⁶⁹³ *Id.* at 328.

¹⁶⁹⁴ *Id.* at 330.

¹⁶⁹⁵ *See Uber Inc. v. Uber Techs., Inc.*, 521 F. Supp. 3d 455 (S.D.N.Y. 2021).

¹⁶⁹⁶ *Id.* at 468 (quoting *Corsello v. Verizon N.Y., Inc.*, 967 N.E.2d 1177, 1185 (N.Y. 2012)).

¹⁶⁹⁷ *Id.*

(G) Nevada

In a case presenting an apparent question of first impression, a Nevada federal district court addressed an attempt by a plaintiff to hold a defendant liable under the Nevada Deceptive Trade Practices Act (NDTPA)¹⁶⁹⁸ for conduct taking place entirely outside the state.¹⁶⁹⁹ Weighing the defendant's motion for summary judgment, the court noted the absence of state appellate authority applying the statute under similar circumstances, as well as "a general presumption against the extraterritoriality of a state's statute."¹⁷⁰⁰ It then granted the motion with the explanation that:

Given the general presumption against applying statutes extraterritorially, it is likely that the Nevada Supreme Court would find that actionable conduct must occur within Nevada's borders. As such, [the plaintiff] cannot maintain a cause of action under the NDTPA when the challenged conduct occurred outside of Nevada; it is more appropriate to bring a claim under the applicable statute of the state where the conduct is alleged to have occurred.¹⁷⁰¹

(H) North Carolina

An act or practice is actionable under North Carolina's version of the Uniform Deceptive Trade Practices Act¹⁷⁰² if it "is immoral, unethical, oppressive, unscrupulous, or substantially injurious to consumers" or if it "has the capacity or tendency to deceive."¹⁷⁰³ Although the North Carolina Act does not reference the federal Lanham Act, one court held that it "prohibits the same type of activity that the Lanham Act prohibits because trademark infringement and false designation [of origin] undercut the mark holder's goodwill and the consumers' ability to distinguish between products."¹⁷⁰⁴ Having previously held that the plaintiff's complaint stated a claim for federal unfair competition arising from the defendants' infringement of the plaintiff's marks, the court held that

¹⁶⁹⁸ NEV. REV. STAT. § 598.0915-598.0925.

¹⁶⁹⁹ See *Rimini St., Inc. v. Oracle Int'l Corp.*, 473 F. Supp. 3d 1158 (D. Nev. 2020), *motion to certify appeal denied*, No. 2:14-cv-01699-LRH-DJA, 2021 WL 4037482 (D. Nev. Sept. 2, 2021).

¹⁷⁰⁰ *Id.* at 1225.

¹⁷⁰¹ *Id.* at 1226.

¹⁷⁰² N.C. GEN. STAT. § 75-1.1(a).

¹⁷⁰³ *Bob Timberlake Collection, Inc. v. Edwards*, 626 S.E.2d 315, 322-23 (N.C. Ct. App. 2006).

¹⁷⁰⁴ *Intercollegiate Women's Lacrosse Coaches Ass'n v. Corrigan Sports Enters.*, 505 F. Supp. 3d 570, 590 (M.D.N.C. 2020) (quoting *Camcorder Mfg., Inc. v. Jones Stephens Corp.*, 391 F. Supp. 3d 515, 528 (M.D.N.C. 2019)).

it necessarily also stated one for a violation of the North Carolina act.¹⁷⁰⁵

(I) Ohio

When a group of consumers brought a product-liability class action suit against numerous automobile manufacturers,¹⁷⁰⁶ they included in their complaint a cause of action under the Ohio Deceptive Trade Practices Act (“ODTPA”).¹⁷⁰⁷ That cause of action was short-lived, however, as the Washington federal district court entertaining the case concluded on a motion to dismiss that, as individual consumers, the plaintiffs lacked standing under the ODTPA. One basis for that outcome was a series of Ohio intermediate appellate opinions to similar effect.¹⁷⁰⁸ Another was the court’s observation that “Ohio courts look to how federal courts construe the Lanham Act when construing the ODTPA, which also does not provide a cause of action for individuals.”¹⁷⁰⁹ Finally, and although the ODTPA’s express text suggested that an “individual” could bring suit under it, “several Ohio appellate courts point out[] [that] a person may be able to sue under the [ODTPA] in their individual capacity but only ‘as a participant in commercial activity.’”¹⁷¹⁰

(J) Tennessee

The Tennessee Consumer Protection Act (“TCPA”) prohibits the use of “[u]nfair or deceptive acts or practices affecting the conduct of any trade or commerce.”¹⁷¹¹ When an addiction treatment industry trade association was accused of a TCPA violation based on its allegedly false advertising, it moved for the dismissal of the claim on the theory that it did not engage in the trade or commerce required for liability.¹⁷¹² Taken as true for purposes of the defendant’s motion to dismiss, however, the allegations of the operative complaint demonstrated otherwise, for they averred that: (1) “Defendant competes with Plaintiffs in the online directory

¹⁷⁰⁵ *Id.*

¹⁷⁰⁶ *See* Short v. Hyundai Motor Co., 444 F. Supp. 3d 1267 (W.D. Wash. 2020).

¹⁷⁰⁷ OHIO REV. CODE §§ 4165.01 et seq. (2016).

¹⁷⁰⁸ *Short*, 444 F. Supp. 3d at 1284 (first citing *Michelson v. Volkswagen Aktiengesellschaft*, 99 N.E. 3d 475, 479-80 (Ohio Ct. App. 2018); then *Dawson v. Blockbuster, Inc.*, No. 86451, 2006 WL 1061769, at *4 (Ohio Ct. App. Mar. 16, 2006); and then citing *Hamilton v. Ball*, 7 N.E. 3d 1241, 1252-53 (Ohio Ct. App. 2014)).

¹⁷⁰⁹ *Id.*

¹⁷¹⁰ *Id.* (quoting *Gascho v. Glob. Fitness Holdings, LLC*, 863 F. Supp. 2d 677, 698 (S.D. Ohio 2012)).

¹⁷¹¹ TENN. CODE ANN. § 47-18-104(a) (2008).

¹⁷¹² *See* Am. Addiction Ctrs., Inc. v. Nat’l Ass’n of Addiction Treatment Providers, 515 F. Supp. 3d 820 (M.D. Tenn. 2021).

advertising business by specifically providing online directory services as part of the consideration for membership fees paid to it by addiction treatment providers”;¹⁷¹³ and (2) “the misrepresentations at issue were made to potential customers of both Plaintiffs and Defendant.”¹⁷¹⁴ That was enough for the court to sustain the complaint against the defendant’s challenge.

h. Secondary Liability

Unfair competition law generally contemplates two theories under which a court can impose secondary liability on a defendant not directly violating a plaintiff’s rights: (1) contributory unfair competition; and (2) vicarious liability. Both concepts came into play in reported opinions.

i. Contributory Unfair Competition

Perhaps the most significant reported opinion imposing a finding of contributory infringement came from the Second Circuit.¹⁷¹⁵ It arose from a dispute in which the defendant owned a building at which numerous instances of counterfeiting had occurred in the past. After an investigator retained by the plaintiff purchased a watch bearing counterfeit imitations of one of the plaintiff’s federally registered marks at the building, the plaintiff filed suit. During discovery, however, the plaintiff acknowledged that it could not identify a specific counterfeiter to whom the defendant had rented space in the building. The district court rejected the defendant’s argument that the acknowledgement entitled the defendant to summary judgment, and it reached the same holding when the defendant sought to overturn a jury finding of liability. The Second Circuit affirmed, noting that “a defendant may be held liable for contributory trademark infringement despite not knowing the identity of a specific vendor who was selling counterfeit goods, as long as the lack of knowledge was due to willful blindness.”¹⁷¹⁶ Like the district court, the court of appeals therefore was unconvinced by the defendant’s assertion that the plaintiff “was required to identify a specific individual or entity to whom [the defendant] continued to lease its property despite knowing or having reason to know of infringement by that same individual or entity.”¹⁷¹⁷ Moreover, it added:

[W]here a defendant knows or should know of infringement, whether that defendant may be liable for contributory

¹⁷¹³ *Id.* at 853.

¹⁷¹⁴ *Id.*

¹⁷¹⁵ *See Omega SA v. 375 Canal, LLC*, 984 F.3d 244 (2d Cir. 2021).

¹⁷¹⁶ *Id.* at 254.

¹⁷¹⁷ *Id.*

infringement turns on what the defendant does next. If it undertakes bona fide efforts to root out infringement, . . . that will support a verdict finding no liability, even if the defendant was not fully successful in stopping infringement. But if the defendant decides to take no or little action, it will support a verdict finding liability. The jury, properly instructed, reasonably found that the latter scenario occurred here.¹⁷¹⁸

In contrast to that outcome, the Fourth Circuit rejected a claim of contributory infringement.¹⁷¹⁹ The appeal producing that disposition originated in the divided ownership of the FLANAX mark for analgesics: The plaintiff owned the mark in the United States, while the defendants owned it in Mexico. The plaintiff accused the defendants of turning a blind eye to the importation by third parties of the defendants' FLANAX-branded goods, which were then sold in competition with the plaintiff's goods. Invoking a two-part test for contributory infringement from *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*,¹⁷²⁰ the court affirmed findings as a matter of law below that: (1) the defendants had not intentionally induced the third-party importers to infringe the plaintiff's rights by importing the defendants' goods; and (2) the defendants had not continued to supply their goods to the importers knowing or having reason to know that the importers were engaged in infringement.¹⁷²¹ "Given the widespread availability of [the defendants'] FLANAX product in Mexico," the court observed, "it is small wonder that the product has occasionally made its way across the border."¹⁷²² Nevertheless, that was not a basis for the imposition of contributory liability.

At the trial court level, a claim of contributory false advertising survived a motion to dismiss under the Eleventh Circuit's standard for liability under that tort, which requires showings: "(1) that [a] 'third party in fact directly engaged in false advertising that injured the plaintiff' and (2) 'that the defendant contributed to that conduct either by knowingly inducing, or causing the conduct, or by materially participating in it.'"¹⁷²³ The gravamen of the plaintiffs' claim under that test was that the defendants, which certified the compliance of imported plywood with regulatory standards, had

¹⁷¹⁸ *Id.* at 255 (citation omitted).

¹⁷¹⁹ See *Belmora LLC v. Bayer Consumer Care AG*, 987 F.3d 284 (4th Cir.), *cert. denied*, 142 S. Ct. 483 (2021).

¹⁷²⁰ 456 U.S. 844 (1982).

¹⁷²¹ *Belmora*, 987 F.3d at 296.

¹⁷²² *Id.*

¹⁷²³ *U.S. Structural Plywood Integrity Coal. v. PFS Corp.*, 524 F. Supp. 3d 1320, 1329 (S.D. Fla. 2021) (quoting *Duty Free Ams., Inc. v. Estee Lauder Cos.*, 797 F.3d 1248, 1277 (11th Cir. 2015)).

certified producers of wood not meeting those standards. In denying the defendants' motion to dismiss, the court noted of the plaintiffs' amended complaint that "[t]ime and again, [the Plaintiffs] allege that the Defendants knew or should have known about the Brazilian mills' lack of compliance; that, despite this knowledge, they failed to stop it; and that they *conspired* with the mills to facilitate the dissemination of faulty plywood throughout the United States."¹⁷²⁴ "Since it's undisputed that the Brazilian mills can't sell their structural plywood in the United States without the Defendants' stamp," the court concluded, "this 'looking the other way' easily satisfies the 'material participation' standard."¹⁷²⁵

Finally, one reported opinion to address a claim of contributory liability did so while denying the parties' cross-motions for summary judgment on the issue.¹⁷²⁶ It did so in an action by video game pioneer Atari targeting online vendor Redbubble, the business model of which allowed third-party artists to upload designs to Redbubble's platform before Redbubble engaged third-party "fulfillers" to manufacture goods bearing those designs; Redbubble then assumed responsibility for shipping the goods, as well as for "all customer service issues, returns, and refunds."¹⁷²⁷ The court agreed with Atari that "the balance of authorities suggests that contributory infringement could occur when a service provider fails to take reasonable steps to prevent infringement while having general knowledge that such infringement is taking place."¹⁷²⁸ Nevertheless, that characterization of the relevant law was not enough to carry the day for Atari, despite its argument that Redbubble failed to take reasonable steps to police its platform until receiving a complaint from a mark owner. Instead, the court concluded, the summary judgment record contained evidence and testimony that Redbubble's "Marketplace Integrity Team" proactively screened the platform for infringements, even when mark owners merely complained in general terms but then refused to cooperate by identifying specific objectionable products. Moreover, it also credited Redbubble's argument that at least some uses of Atari's marks by the third-party artists would have qualified as nonactionable nominative fair uses. Under the circumstances, material factual disputes precluded resolution of Redbubble's possible contributory liability on the parties' cross-motions for summary judgment.¹⁷²⁹

¹⁷²⁴ *Id.* at 1322.

¹⁷²⁵ *Id.* at 1332 (quoting *Duty Free Ams.*, 797 F.3d at 1277).

¹⁷²⁶ See *Atari Interactive, Inc. v. Redbubble, Inc.*, 515 F. Supp. 3d 1089 (N.D. Cal. 2021), *appeal docketed*, No. 21-17062 (9th Cir. Dec. 16, 2021).

¹⁷²⁷ *Id.* at 1098.

¹⁷²⁸ *Id.*

¹⁷²⁹ *Id.* at 1109-10.

ii. Vicarious Liability

Under Ninth Circuit law, vicarious liability can occur when “the defendant and the infringer have an apparent or actual partnership, have authority to bind one another in transactions with third parties or exercise joint ownership or control over the infringing product.”¹⁷³⁰ This standard came into play after Atari took issue with sale through the online platform Redbubble of goods bearing Atari’s ATARI and PONG marks.¹⁷³¹ Third-party artists designed the imitations at issue, and third-party “fulfillers” manufactured the goods to which the imitations were affixed. In support of its motion for summary judgment of vicarious liability, Atari adduced “circumstantial evidence that Redbubble controls the appearance and fit of the physical products [bearing imitations of Atari’s marks designed by third-party artists], including that Redbubble performs quality control, makes detailed representations about the products, and instructs the fulfillers to use Redbubble packaging and tags.”¹⁷³² Nevertheless, Atari’s motion was unaccompanied by “direct evidence of the relationship between Redbubble and fulfillers,”¹⁷³³ especially “the order form sent to the fulfillers and the “terms and conditions” imposed on them,”¹⁷³⁴ which the court noted was missing from the record. At the same time, however, the court determined on Redbubble’s cross-motion for summary judgment that:

Redbubble has not established that no reasonable jury could find it vicariously liable based on Atari’s circumstantial evidence. Courts have found vicarious infringement where a party exerts significant control over the infringing activity. Here, given the level of control exercised over the physical product and Redbubble’s role in selecting and directing the fulfiller, a reasonable jury could find Redbubble liable for the fulfillers’ actions.¹⁷³⁵

“Accordingly,” it concluded, “neither party is entitled to summary judgment on the vicarious infringement claim.”¹⁷³⁶

i. Individual Liability

Courts have long recognized that defendants can be found individually liable for infringement and unfair competition, but that outcome depends on proof that those defendants personally

¹⁷³⁰ Perfect 10, Inc. v. Visa Int’l Serv. Ass’n, 494 F.3d 788, 807 (9th Cir. 2007).

¹⁷³¹ See *Atari Interactive*, 515 F. Supp. 3d at 1096.

¹⁷³² *Id.* at 1107.

¹⁷³³ *Id.*

¹⁷³⁴ *Id.*

¹⁷³⁵ *Id.* (citations omitted).

¹⁷³⁶ *Id.*

participated in the unlawful conduct at issue. Some courts addressing claims of individual liability on motions to dismiss or for judgment on the pleadings were noticeably sympathetic to plaintiffs.¹⁷³⁷ One, for example, denied such a motion by holding that “[the plaintiff] alleges, on information and belief, that [an individual defendant] personally performed many of the acts, which would constitute a violation by her of the Lanham Act. Thus, taking the factual allegations in the [complaint] as true, [the plaintiff] has plausibly alleged [the individual’s] personal involvement.”¹⁷³⁸ Likewise, another court denying another motion to dismiss cited averments in the complaint that the individual defendants were the “sole owner” and “owner” of a limited liability company and corporation that also had been named as defendants, as well as that the individual defendants had been personally directed and participated in the preparation of unauthorized materials bearing the plaintiff’s mark.¹⁷³⁹

A more substantive treatment of the question of individual liability appeared in an application of the North Carolina Unfair and Deceptive Trade Practices Act,¹⁷⁴⁰ while denying a motion to dismiss.¹⁷⁴¹ The plaintiff organized women’s lacrosse tournaments, and it engaged the defendants, a company and its principal, to promote and administer those events. After the COVID pandemic led the plaintiff to cancel its 2020 tournaments, the plaintiff accused the defendants of promoting their own tournaments using unauthorized imitations of the plaintiff’s marks. The plaintiff’s complaint substantiated that accusation with an exhibit comprising a press release from the corporate defendant “contain[ing] alleged trademark violations and prominently featur[ing] a photograph and the name of [the individual defendant] along with a partial quote from him announcing the tournaments.”¹⁷⁴² Reviewing the exhibit, the court determined that “[t]hough the text of the . . . complaint itself contains no factual allegation regarding specific acts or omissions attributable to [the individual defendant], this attachment to the complaint can be considered.”¹⁷⁴³ Having thus been considered, the exhibit justified denial of the individual

¹⁷³⁷ See, e.g., *Sadieboo, Inc. v. MJ Tools Corp.*, 526 F. Supp. 3d 285, 293 (W.D. Mich. 2021) (denying motion for judgment on the pleadings and observing that “[t]he complaint alleges sufficient facts from which to infer [the individual defendant’s] personal involvement in the torts alleged, particularly his involvement in selection of [an allegedly infringing service mark] for use by Defendants’ businesses”).

¹⁷³⁸ *Cousteau Soc’y, Inc. v. Cousteau*, 498 F. Supp. 3d 287, 313 (D. Conn. 2020).

¹⁷³⁹ *Pado, Inc. v. SG Trademark Holding Co.*, 537 F. Supp. 3d 414, 428 (E.D.N.Y. 2021).

¹⁷⁴⁰ N.C. GEN. STAT. §§ 75-1.1 *et seq.*

¹⁷⁴¹ See *Intercollegiate Women’s Lacrosse Coaches Ass’n v. Corrigan Sports Enters.*, 505 F. Supp. 3d 570 (M.D.N.C. 2020).

¹⁷⁴² *Id.* at 582.

¹⁷⁴³ *Id.*

defendant's motion to dismiss based on the proposition that "[i]n trademark infringement cases, [an] employee may be held jointly and severally liable 'with [a] corporation if the individual defendant has direct involvement in the infringing activities of the corporation.'"¹⁷⁴⁴

In contrast, a different opinion addressing the issue of individual liability at the pleadings stage reached a mixed result while doing so.¹⁷⁴⁵ The counterclaims at issue accused the counterclaim defendants of continuing to use a surname mark and a trade dress belonging to the counterclaim plaintiff after the counterclaim plaintiffs had withdrawn the counterclaim defendants' authorization to use the mark and trade dress; worse still, according to the counterclaim plaintiffs, certain of the individual counterclaim defendants had fraudulently registered the disputed surname mark by submitting to the USPTO a previously withdrawn written consent to the mark's registration. When the individual counterclaim defendants moved for the dismissal of the claims against them, the court noted that "merely alleging that an individual controls the operations and assets of the company is insufficient. Rather, there must be allegations that the individuals personally committed, directed, induced, or determined the policies resulting in the allegedly tortious activity."¹⁷⁴⁶ It then held that the counterclaims stated causes of action against the individuals responsible for the submissions to the USPTO, as well as one against another individual counterclaim defendant alleged to have "spearheaded" a false advertising campaign.¹⁷⁴⁷ At the same time, however, it granted the motion to dismiss with respect to another individual defendant, who was accused of nothing more than serving as the chairman of the lead corporate counterclaim defendant.¹⁷⁴⁸

j. Joint and Several Liability

When a defendant registered a domain name consisting in part of a direct competitor's trademark and then used the domain name to redirect potential customers of the competitor's goods to its own website, the competitor not surprisingly filed suit, and its complaint targeted two corporate defendants as well.¹⁷⁴⁹ According to the plaintiff, the two additional defendants shared office space and

¹⁷⁴⁴ *Id.* at 582-83 (quoting *Mussellwhite v. Int'l Learning Works, Inc.*, No. 2:97CV460, 1997 WL 34588522, at *2 (M.D.N.C. 1997)).

¹⁷⁴⁵ *See I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko,"* 500 F. Supp. 3d 380 (E.D. Pa. 2020), *later proceedings*, No. 18-5194, 2020 WL 6703585 (E.D. Pa. Nov. 13, 2020).

¹⁷⁴⁶ *Id.* at 411.

¹⁷⁴⁷ *Id.* at 419.

¹⁷⁴⁸ *Id.* at 412.

¹⁷⁴⁹ *See Soter Techs. v. IP Video Corp.*, 523 F. Supp. 3d 389 (S.D.N.Y. 2021).

executives with the lead defendant, allegedly conspired with the lead defendant to manufacture and market its goods, and also had had actual and constructive knowledge of the plaintiff's mark prior to the lead defendant's registration of the disputed domain name. Those allegations, however, were insufficient bases for the additional defendants' liability under a potential alter ego theory of liability because "absent [from the complaint] are any allegations that corporate formalities were not observed, of inadequate capitalization, that the companies were not treated as independent profit centers, that there was any intermingling of funds among the Defendants, or, generally, of any domination by one Defendant of any others."¹⁷⁵⁰ In the final analysis, "[t]he facts that all three Defendants may have shared resources and that they each marketed [the lead Defendant's goods] fall short of supporting a claim that either [of the additional Defendants] had any involvement in the registration or use of the allegedly infringing domain name."¹⁷⁵¹ The court therefore dismissed the complaint as to the additional defendants.

2. Defenses

a. Legal Defenses

i. Incontestability

The Third Circuit confirmed that, whatever the exclusive right to use an incontestable mark in commerce may mean under Section 33(b), it does not necessarily mean that the mark's owner is immune from a challenge by a prior user.¹⁷⁵² Instead, that court held:

Section 15 of the Lanham Act, makes clear that incontestability only applies "except to the extent, if any, to which the use of a [registered mark] infringes a valid" state or common law trademark right "continuing from a date prior to the date of registration." Hence, "[e]ven if a junior user's mark has attained incontestable status, such status does not cut off the rights of [the] senior user."¹⁷⁵³

Because the plaintiff asserted rights predating the issuance of the defendant's registration, incontestability was not the get-out-of-jail-free card the defendant believed it was.¹⁷⁵⁴

¹⁷⁵⁰ *Id.* at 412.

¹⁷⁵¹ *Id.* at 412-13.

¹⁷⁵² *See* *Beasley v. Howard*, 14 F.4th 226 (3d Cir. 2021).

¹⁷⁵³ *Id.* at 237 (alterations in original) (citation omitted) (first quoting 15 U.S.C. § 1065 (2018); and then quoting *Marshak v. Treadwell*, 240 F.3d 184, 198 n.10 (3d Cir. 2001)).

¹⁷⁵⁴ *Id.*

ii. Abandonment

Section 45 of the Lanham Act identifies two circumstances under which a mark owner can abandon its rights:

A mark shall be deemed to be “abandoned” if either of the following occurs:

(1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. “Use” of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

(2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph.¹⁷⁵⁵

Independent of this statutory language, courts have long recognized two other paths to abandonment, which are naked licensing by a mark owner and the attempted acquisition of rights through invalid assignments in gross.

(A) *Nonuse*

At the end of the day, abandonment is an intensively factual inquiry, which led two courts to hold it could not be resolved as a matter of law. One was the Fifth Circuit, which vacated the grant of a defense motion for summary judgment in a case in which the plaintiff’s sales of a condiment under his claimed METCHUP mark were rather modest.¹⁷⁵⁶ “Though he had big plans for Metchup,” the court noted, “sales have been slow. Since 2010, [the plaintiff] has produced only 50 to 60 bottles of Metchup, which resulted in sales of around \$170 and profits of around \$50”;¹⁷⁵⁷ moreover, “[the plaintiff] sells Metchup exclusively from the lobby of a nine-room motel adjacent to his used-car dealership in Lacombe, Louisiana.”¹⁷⁵⁸ Perhaps influenced by the plaintiff’s track record of “dabbl[ing] in” the buying and selling of domain names” for profit,¹⁷⁵⁹ the district court found no material dispute that the plaintiff had abandoned his rights, especially because, based on its

¹⁷⁵⁵ 15 U.S.C. § 1127 (2018).

¹⁷⁵⁶ See *Perry v. H. J. Heinz Co. Brands, L.L.C.*, 994 F.3d 466 (5th Cir. 2021).

¹⁷⁵⁷ *Id.* at 468.

¹⁷⁵⁸ *Id.*

¹⁷⁵⁹ *Id.* at 469.

review of the record, the plaintiff had failed to demonstrate sales to non-Louisiana residents.

Despite affirming the district court's concomitant holding that confusion between the parties' marks was unlikely, the Fifth Circuit took a more sympathetic view of the plaintiff's rights in the first place. With respect to the geographic scope of the plaintiff's sales, it held that "[the district court's] conclusion that [the plaintiff] never used his mark in commerce because he cannot prove sales outside of Louisiana conflicts with recent Commerce Clause jurisprudence and misplaces the burden of proof."¹⁷⁶⁰ To begin with, "[b]ecause one need not direct goods across state lines for Congress to regulate the activity under the Commerce Clause, there is likewise no such per se condition for satisfying the Lanham Act's 'use in commerce' requirement."¹⁷⁶¹ "But what may be most concerning," the court continued, "is that the district court misplaced the burden of proof."¹⁷⁶² Specifically, "[the plaintiff] testified that he sold Metchup to motel guests who come from 'all over the place.' [The defendant] has the burden to prove otherwise by presenting strict proof, and it has [not] put forth evidence that discredits [the plaintiff's] testimony"¹⁷⁶³ Because "[a]bandonment generally requires a complete discontinuance of the trademark's use and even minor or sporadic good faith uses of a mark will defeat the defense of abandonment,"¹⁷⁶⁴ a factual dispute existed as to whether a break in the plaintiff's use of its mark had occurred in the first place, even if the plaintiff's showing created a corresponding dispute "as to whether [the plaintiff's] use of the Metchup mark was bona fide use or whether he was simply making sporadic use of the mark to maintain his trademark rights."¹⁷⁶⁵

¹⁷⁶⁰ *Id.* at 474.

¹⁷⁶¹ *Id.* (quoting *Christian Faith Fellowship Church v. adidas AG*, 841 F.3d 986, 995 (Fed. Cir. 2016)).

¹⁷⁶² *Id.*

¹⁷⁶³ *Id.*

¹⁷⁶⁴ *Id.* at 475.

¹⁷⁶⁵ *Id.* at 476. The court elaborated on this point with the following observation:

[The plaintiff] made next to no effort to grow the sales of Metchup. He never registered his trademark in Louisiana, never attempted to sell Metchup in local stores, restaurants, or farmer's markets; never attempted to increase production or improve packaging; and never attempted to sell the product online or advertise where the product could be purchased online. His only attempts to get Metchup into stores came when he sent unsolicited samples to national groceries and to a store in New Orleans after he found out [the defendant] was selling a similar product and had used the name Metchup in its marketing. At the time of his deposition, [the plaintiff] had no Metchup on hand. Thus a reasonable jury could infer that [the plaintiff's] registration and use of the trademark was something other than a sincere, good-faith business effort and something more like a trap that [the defendant] unwittingly fell into.

But if that inference is to be made, it should be made by a finder of fact because "summary judgment is rarely proper when an issue of intent is involved."

A second court to address a claim of abandonment via an unsuccessful motion for summary judgment did so in a case in which the lead counterclaim plaintiff had been accused of infringing the PUREWAVE mark for a massage device.¹⁷⁶⁶ It responded by purchasing the potentially prior rights from a third party to the PURWAVE mark for a similar device before successfully asserted the rights to its newly acquired mark in an Amazon takedown notice targeting the plaintiffs' goods. The court found no material dispute that the lead defendant's predecessor in interest had not used the assigned mark for three years prior to that transaction, but the resulting prima facie evidence of abandonment merely shifted the burden to the defendant of producing evidence of its predecessor's intent to resume using the PURWAVE mark in the initial three-year period of nonuse.¹⁷⁶⁷ The court then found that the lead defendant's showing on the issue created a factual dispute as to whether the predecessor had had such an intent. That showing included: (1) testimony from the predecessor's principal that he planned to sell both the original device and another model of it, that he had "tried like hell" to establish a relationship with a domestic massage franchise, that he had continued to promote the device abroad, and that he had been in contact with a salon demonstrating the device; (2) the predecessor's prosecution of a utility patent application bearing on the device; and (3) the predecessor's maintenance of a website promoting the device.¹⁷⁶⁸ Summary judgment of abandonment therefore was inappropriate.

(B) Naked Licensing

In addition to discontinuing the use without an intent to resume use, a mark owner also can abandon its rights through the issuance of a naked license, or, in other words, a license under which the mark owner fails to retain the ability to control the nature and the quality of the goods or services provided under the licensed mark. Reported opinions were characteristically unreceptive to claims of naked licensing, including one from the Federal Circuit arising from litigation in which a plaintiff accused the United States Army of, inter alia, controlling the plaintiff's activities too strictly under a license between the parties.¹⁷⁶⁹ Whatever the significance that control may have had to other causes of action asserted by the plaintiff, the court not surprisingly found it fatally inconsistent with the plaintiff's claim of a naked license. In affirming the entry of

Id. (quoting *Guillory v. Domtar Indus. v. John Deere Co.*, 95 F.3d 1320, 1326 (5th Cir. 1996)).

¹⁷⁶⁶ See *Pado, Inc. v. SG Trademark Holding Co.*, 527 F. Supp. 3d 332 (E.D.N.Y. 2021).

¹⁷⁶⁷ *Id.* at 341.

¹⁷⁶⁸ *Id.* at 344-45.

¹⁷⁶⁹ See *Authentic Apparel Grp. v. United States*, 989 F.3d 1008 (Fed. Cir. 2021).

summary judgment in the Army's favor, the court explained that "as [the plaintiff's] entire complaint is based on allegations that the Army was overly strict in the approval process, it cannot be disputed that the Army fulfilled that duty. Thus, there was no problem of naked licensing in this case."¹⁷⁷⁰

Similarly, a California federal district court rejected a claim of a naked license in a dispute arising in the wine industry.¹⁷⁷¹ Although the parties did not have written quality-control guidelines in place, the court found their informal interactions, which included the licensor's regular receipt of "reports with hyperlinks showing the wine ratings of wine critics for wines using the [licensed] trademarks."¹⁷⁷² The court observed that:

Had a formal program been implemented, this issue would never have been raised, but to claim abandonment strains credulity. There is no need to overregulate quality where no evidence exists that quality is in peril. The process of producing luxury wines is organic, artistic and extends over many years. The day-to-day informal monitoring of these wines evidences control. [A representative of the plaintiff] admitted that at least once, he had to discuss concerns with a sublicensee over which he would have terminated the license due to quality issues. The law does not demand documentation, although documentation often resolves issues without the need of litigation.¹⁷⁷³

The license therefore did not defeat the plaintiff's entitlement to a preliminary injunction.

Finally, some disputes presenting allegations of naked licensing did not produce definitive outcomes on the issue but instead led to procedural stalemates. For example, in litigation in which the plaintiff, an attorney, claimed rights in part based on licensed uses of her mark by other law firms, the defendants responded to her suit by asserting abandonment through naked licensing.¹⁷⁷⁴ Both parties moved for summary judgment on the issue, but neither side successfully secured that disposition. Citing the defendants' "heavy burden,"¹⁷⁷⁵ the court denied their motion based on the plaintiff's showing of express quality-control provisions in her licenses and her testimony that she monitored her licensees' compliance with those provisions. At the same time, however, and without describing the evidentiary support for that outcome, it also denied the plaintiff's

¹⁷⁷⁰ *Id.* at 1016.

¹⁷⁷¹ *See* *Vineyard House, LLC v. Constellation Brands U.S. Operations, Inc.*, 515 F. Supp. 3d 1061 (N.D. Cal. 2021).

¹⁷⁷² *Id.* at 1079.

¹⁷⁷³ *Id.* at 1079-80 (footnote omitted).

¹⁷⁷⁴ *See* *Wilson v. Tessmer L. Firm, PLLC*, 483 F. Supp. 3d 416 (W.D. Tex. 2020).

¹⁷⁷⁵ *Id.* at 435.

motion on the issue, concluding that “Plaintiff’s level of quality control over her licensees and their use of the Mark, and specifically acts she takes to . . . control the use of the Mark, is a question of fact.”¹⁷⁷⁶

Another at least temporarily unsuccessful claim of a naked license came on a motion to dismiss.¹⁷⁷⁷ The parties disagreed on whether the allegations in the complaint established the existence of a mere distribution agreement between the parties (as the plaintiff believed) or a license from the plaintiff to the defendants (as the defendants argued). Resolving that threshold issue in the defendants’ favor, the court turned to the defendants’ subsequent contention that the nudity of the license was so apparent that the court need not entertain the plaintiff’s trademark-related claims further. The court, however, noted that the parties’ agreement precluded the defendants from selling goods other than those supplied by the plaintiff, which it held distinguished the case “from those in which the manufacturing standards of a licensee could be taken into account, as [the plaintiff] only needed to ensure the quality of its own manufacturing processes.”¹⁷⁷⁸ Under that reading of the agreement, “[the plaintiff] therefore[] was required to exercise a reasonable degree of control over a licensee who had not been entrusted with manufacturing or packaging the product, but merely providing it to retailers and ensuring against infringement by others.”¹⁷⁷⁹ Because “[t]he complaint does not purport to exhaustively catalogue control-related activities or communications between [the parties],” a determination from it alone of whether the plaintiff had discharged its duty of quality control was impossible and the defendants’ motion therefore without merit.¹⁷⁸⁰

(C) *Assignments in Gross*

Findings that transfers of trademark and service rights are void as assignments in gross are rare. Nevertheless, one occurred as a matter of law after a plaintiff asserting a colorable claim for trade dress infringement attempted to strengthen its hand through a transaction intended to allow it to assert a concomitant claim for infringement of a verbal trademark.¹⁷⁸¹ The acquired mark in question was REIGN, used by the plaintiff’s predecessor in the

¹⁷⁷⁶ *Id.*

¹⁷⁷⁷ *See* BJB Ltd. v. iStar Jewelry LLC, 533 F. Supp. 3d 83 (E.D.N.Y. 2021).

¹⁷⁷⁸ *Id.* at 99.

¹⁷⁷⁹ *Id.*

¹⁷⁸⁰ *Id.*

¹⁷⁸¹ *See* Vital Pharms., Inc. v. Monster Energy Co., 472 F. Supp. 3d 1237 (S.D. Fla. 2020).

following manner on the packaging for “a powdered, fruit-flavored, pre-workout dietary supplement”:¹⁷⁸²



Having acquired the mark, the plaintiff repurposed it as one for an energy drink sold in the following packaging:¹⁷⁸³



Not surprisingly, the court found it undisputed that “[the plaintiff’s] new line of energy drinks marked a significant deviation from the product [the plaintiff’s predecessor] had sold under the REIGN mark”¹⁷⁸⁴ and that “while the two products’ similarities may lead consumers to believe that they are one and the same, in fact, the products are entirely different.”¹⁷⁸⁵ In holding that the transaction had not given the plaintiff priority of rights, the court noted that “[t]o transfer a trademark—and its priority—successfully, the purchase and sale of the mark must be *valid*. The sale of a trademark *without* its goodwill, however, is an ‘assignment in gross’ and is *invalid*.”¹⁷⁸⁶ The dissimilarity between the products at issue was only one consideration underlying the defendant’s

¹⁷⁸² *Id.* at 1247.

¹⁷⁸³ *Id.* at 1248.

¹⁷⁸⁴ *Id.*

¹⁷⁸⁵ *Id.* This was true even if the goods in question fell within the same International Class: “[E]ven if the products belong to the same *category*, [the plaintiff’s] position has absolutely no basis in the law. Courts . . . have recognized that belonging to the same USPTO category *does not* somehow render those products substantially similar.” *Id.* at 1265 n.13.

¹⁷⁸⁶ *Id.* at 1262 (citation omitted).

victory, for the court also cited: (1) the plaintiff's failure to acquire any other assets from its predecessor; (2) the plaintiff's sale of a powdered supplement similar to that of its predecessor under a mark other than REIGN; and (3) the absence of any continuity of management between the plaintiff and its predecessor.¹⁷⁸⁷

iii. Prior Use

On its face, the Lanham Act contains three defenses of which a defendant claiming prior use can avail itself. First, if a defendant alleged to have infringed an incontestable mark can establish it is the absolute prior user vis-à-vis its opponent, it will qualify for the following exception to incontestability found in Section 15:

[E]xcept to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this chapter of such registered mark, the right of the owner to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable¹⁷⁸⁸

The second defense is codified in Section 33(b)(5) of the Act, which preserves the rights of an "intermediate junior user"¹⁷⁸⁹ whose use of its mark postdates that of the registrant but predates the registrant's priority date.¹⁷⁹⁰ That defense requires a defendant invoking it to demonstrate: (1) it adopted its mark before that priority date and without knowledge of the registrant's prior unregistered use; (2) the scope of the geographic market in which it used its mark prior to the registrant's priority date; and (3) the continuous use of its mark in the pre-priority date geographic market.¹⁷⁹¹ Finally, a third defense appears in Section 33(b)(6), which recognizes as a "defense or defect" that the defendant adopted and registered its mark prior to the issuance of the registrant's priority date; that exclusion from liability also applies only to the

¹⁷⁸⁷ *Id.* at 1267-69.

¹⁷⁸⁸ 15 U.S.C. § 1065 (2018).

¹⁷⁸⁹ See 5 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 26:38 (4th ed. 2016) ("If Orange Co. uses the mark in territory X, Blue Inc. then uses it in territory A, and then Orange files a use-based application to register the mark, then Blue is an 'intermediate junior user.'").

¹⁷⁹⁰ 15 U.S.C. § 1115(b)(5).

¹⁷⁹¹ See, e.g., *What-A-Burger of Va., Inc. v. Whataburger, Inc. of Corpus Christi, Tex.*, 357 F.3d 441, 446 (4th Cir. 2004).

geographic market occupied prior to the registrant's priority date.¹⁷⁹²

The sole reported opinion to address any of these concepts in a substantive manner did so in the context of Section 33(b)(5)'s intermediate junior user defense.¹⁷⁹³ The summary judgment record established that the plaintiff had acquired a federal registration from a predecessor, which she then allowed to lapse. Based on the cancellation of that registration, the defendants argued that they were not subject to the constructive priority attaching to the registration. That much may have been true, the court acknowledged, but that did not mean the defendants could invoke Section 33(b)(5)'s protection. That was because the plaintiff had secured a second, still extant, registration of her mark, the priority date of which predated the defendants' date of first use. Because "Plaintiff's constructive notice of use of [her] Mark covered the entire period of Defendants' use," Section 33(b)(5) did not apply.¹⁷⁹⁴

iv. Descriptive Fair Use

Descriptive fair use, sometimes known as "classic" fair use, by a defendant of either the plaintiff's mark or the words making up that mark may be justified under any of three theories. First, Section 33(b)(4) of the Act recognizes as a defense to the evidence of validity attaching to a registered mark that a defendant is using "otherwise than as a mark" a personal name or other words "fairly and in good faith only to describe the [associated] goods or services . . . or their geographic origin."¹⁷⁹⁵ Second, the common law preserves defendants' ability to use personal names and descriptive terms in their primary descriptive sense; consequently, a defendant in an action to protect a registered mark who first satisfies Section 33(b)(4)'s requirements can then fall back on the common law to provide a defense on the merits. Finally, Section 43(c)(3)(A) excludes from liability in a likelihood-of-dilution action "[a]ny fair use, including a . . . descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services."¹⁷⁹⁶

A suit to protect the incontestable TO KALAN mark for wine led to the rejection of a descriptive fair use defense following a bench trial.¹⁷⁹⁷ The relevant trial record established that a nineteenth-century winemaker named Hamilton Crabb had successfully

¹⁷⁹² 15 U.S.C. § 1115(b)(6) (2018).

¹⁷⁹³ See *Wilson v. Tessmer L. Firm, PLLC*, 483 F. Supp. 3d 416 (W.D. Tex. 2020).

¹⁷⁹⁴ *Id.* at 433.

¹⁷⁹⁵ 15 U.S.C. § 1115(b)(4) (2018).

¹⁷⁹⁶ *Id.* § 1125(c)(3)(A).

¹⁷⁹⁷ See *Vineyard House, LLC v. Constellation Brands U.S. Operations, Inc.*, 515 F. Supp. 3d 1061 (N.D. Cal. 2021).

cultivated vines on a parcel of land he named “To Kalon.” Crabb also owned an adjacent parcel, referred to by the court as the Baldrige Property, but the court concluded that no credible evidence existed that the Baldrige Property had been used to grow vines until 1951, by which Crabb and his winery were long gone. In the 1950s, the counterclaim plaintiff’s parent company, which was not a successor in interest to Crabb’s business, obtained a parcel roughly corresponding to Crabb’s To Kalon parcel and began cultivating grapes there;¹⁷⁹⁸ the parent then secured a circa-1988 federal registration of the TO-KALON mark for wine, the drawing page of which was eventually amended to reflect TO KALON as the mark. For its part, the counterclaim defendant secured a lease to the Baldrige Property at some point after 2003 and then undertook to sell wine in bottles with the following front label:¹⁷⁹⁹



The bottles’ rear label recited that “[f]ormer property owner, H.W. Crabb (founder of the To-Kalon Vineyard) was quoted as saying “The name To-Kalon is Greek and means the highest beauty or the highest good, but I try to make it mean—the boss vineyard”¹⁸⁰⁰ and “[t]his . . . wine is a beautiful, concentrated expression of Oakville Cabernet Sauvignon, and we (like H.W. Crabb) this it is the BOSS!”¹⁸⁰¹

¹⁷⁹⁸ The court found that “the precise boundaries of Mr. Crabb’s [original] vineyard may have been illusive.” *Id.* at 1066.

¹⁷⁹⁹ *Id.* at 1074.

¹⁸⁰⁰ *Id.* (second alteration in original).

¹⁸⁰¹ *Id.*

After holding the counterclaim defendant liable for infringement in a bench trial, the court rejected its claim to have made only descriptive fair uses of “To-Kalon.” Even if, as the court acknowledged, “[p]roducers of goods that are located in a specific place have a limited right to tell purchasers of their location,”¹⁸⁰² nothing in the historical record supported the counterclaim defendant’s assertion that Crabb grew wine grapes on the Baldrige Parcel; moreover, there was no evidence that, even in more modern times, the parcel had been anything other than undeveloped forest. Under the circumstances, the court found that allowing the continued use of the references on the counterclaim defendant’s labels “would . . . mislead the wine consuming public” and therefore were ineligible for protection as descriptive fair uses.¹⁸⁰³

v. Nominative Fair Use

A New Jersey federal district court rejected a claim of nominative fair use in the context of a preliminary injunction motion.¹⁸⁰⁴ The plaintiff’s mark was JUUL for e-cigarettes, which the defendants referenced in social media postings using the hashtags #juul, #juulcentral, #juulgang, #juulpods, #juuling, #juulvapor, #juulmemes, and #juulnation to promote pods produced by the defendants that allegedly were compatible with the plaintiff’s goods. After finding the defendants’ uses likely to cause confusion, the court held the defendants ineligible to assert nominative fair use as an affirmative defense under the Third Circuit’s tripartite test for that affirmative defense.¹⁸⁰⁵ Specifically, it found that: (1) the defendants’ use of the plaintiff’s mark in their hashtags did not further “a simple compatibility assurance” and therefore were not necessary to identify the plaintiff;¹⁸⁰⁶ (2) “the posts use many Juul hashtags and in greater numbers than other hashtags,” which led the court to conclude that “[g]iven how many Juul-related hashtags were used and in how many posts, [the defendants] stretched [their] usage of the Juul wordmark beyond nominative fair use”;¹⁸⁰⁷ and (3) the defendants’ uses did not accurately portray the relationship between the parties because “[i]f anything, a viewer is likely left confused about the contours of [the plaintiff’s] and [the defendants’] relationship [and] because the posts indiscriminately blend the Juul wordmark with the [defendants’] brand.”¹⁸⁰⁸

¹⁸⁰² *Id.* at 1076.

¹⁸⁰³ *Id.*

¹⁸⁰⁴ *See* Juul Labs, Inc. v. 4X PODS, 509 F. Supp. 3d 52 (D.N.J. 2020).

¹⁸⁰⁵ *See* Century 21 Real Est. Corp. v. Lendingtree, Inc., 425 F.3d 211, 214 (3d Cir. 2005).

¹⁸⁰⁶ *Juul Labs*, 509 F. Supp. 3d at 69.

¹⁸⁰⁷ *Id.* at 70.

¹⁸⁰⁸ *Id.* at 71.

vi. Statutes of Limitations

“The Lanham Act contains no explicit statute of limitations,”¹⁸⁰⁹ and nowhere was that more apparent than in an opinion from the Fourth Circuit.¹⁸¹⁰ In the false advertising and unfair competition actions leading to the appeal before that tribunal, a Virginia federal district court invoked several different statutes of limitation under California law to bar the counterclaim plaintiff’s federal claims under Section 43(a). That approach, the court of appeals held, was legal error. The court acknowledged that “[i]n the absence of an express limitations period, we typically hold ‘that Congress intended that the courts apply the most closely analogous statute of limitations under state law.’”¹⁸¹¹ Nevertheless, it also held that “§ 43(a) is [a] federal law for which a state statute of limitations would be an unsatisfactory vehicle for enforcement. Rather, the affirmative defense of laches, which applies to claims that are equitable in nature, ‘provides a closer analogy than available state statutes.’”¹⁸¹² The court therefore vacated the grant of the counterclaim defendant’s motion for summary judgment and remanded the action for the district court to evaluate the counterclaim defendant’s claim of unreasonable delay under the rubric of laches.

The absence of an express statute of limitations in the Act also played a role in a New York federal district court’s disposal of a motion to dismiss by a defendant alleged to have fraudulently procured a federal registration.¹⁸¹³ According to the defendant, the plaintiff’s cause of action for fraudulent procurement was barred by a six-year statute of limitations under New York law generally applicable to claims of fraud.¹⁸¹⁴ Lacking guidance from the Second Circuit, the court looked to a Third Circuit opinion by then-Judge Alito holding that “the plain language of Section 14(3) . . . provides unambiguously that a petition seeking cancellation based on fraudulent procurement ‘may . . . be filed at any time.’”¹⁸¹⁵ Noting that other district courts had found the Third Circuit’s view of the issue persuasive, the court held that it also would “take the statutory language ‘at any time’ at face value and hold, at this

¹⁸⁰⁹ *Sears v. Russell Rd. Food & Beverage, LLC*, 460 F. Supp. 3d 1065, 1069 (D. Nev. 2020) (quoting *Jarrow Formulas, Inc. v. Nutrition Now, Inc.*, 304 F.3d 829, 836 (9th Cir. 2002)).

¹⁸¹⁰ *See Belmora LLC v. Bayer Consumer Care AG*, 987 F.3d 284 (4th Cir.), *cert. denied*, 142 S. Ct. 483 (2021).

¹⁸¹¹ *Id.* at 293 (quoting *DelCostello v. Int’l B’hood of Teamsters*, 462 U.S. 151, 158 (1983)).

¹⁸¹² *Id.* (quoting *DelCostello*, 462 U.S. at 172 (1983)).

¹⁸¹³ *See BJB Ltd. v. iStar Jewelry LLC*, 533 F. Supp. 3d 83 (E.D.N.Y. 2021).

¹⁸¹⁴ N.Y. C.P.L.R. § 213(8).

¹⁸¹⁵ *Id.* at 94 (quoting *Marshak v. Treadwell*, 240 F.3d 184, 194 (3d Cir. 2001)).

juncture, that plaintiff's trademark cancellation claim based on fraudulent procurement is timely as filed."¹⁸¹⁶

A statute-of-limitations-based attack on the sufficiency of a complaint asserting a false advertising cause of action under Tennessee law also failed, at least at the pleadings stage.¹⁸¹⁷ The objectionable statements underlying the claim had been made more than twelve months prior to the plaintiffs' complaint, which placed them at risk under the applicable one-year statute of limitations. As the court pointed out, however, that statute provided "that any action . . . 'shall be brought within one (1) year *from a person's discovery of the unlawful act or practice.*'"¹⁸¹⁸ The qualifying language was significant, as the complaint averred the plaintiffs had learned of the statements within the one-year period at issue because the defendant had made the statements in secret before disclosing them later. The alleged lag time between the two events therefore precluded the dismissal of the plaintiffs' cause of action at the pleadings stage of the case.¹⁸¹⁹

In contrast, a different statute of limitations resulted in the dismissal of persona-based claims under Arizona law.¹⁸²⁰ The four plaintiffs conceded that a one-year statute of limitations applied to their claims, which presented a significant problem for two of the plaintiffs, as the defendants' initial unauthorized uses of their images to promote a strip club had occurred more than twelve months prior to the filing of their complaint. Responding to the defendants' motion for summary judgment on the issue, those plaintiffs argued that the defendants' apparent failure to take down the advertising rendered the defendants liable under a continuous tort theory. Citing Arizona state-court authority to similar effect,¹⁸²¹ the court held that theory inapplicable, and it therefore dismissed the two plaintiffs' claims on summary judgment.¹⁸²²

b. Equitable Defenses

i. Unclean Hands

A California federal district court adopted a conventional definition of unclean hands, holding that "[t]o prevail on an unclean hands defense, the party 'must demonstrate that the [opposing party's] conduct is inequitable and that the conduct relates to the

¹⁸¹⁶ *Id.*

¹⁸¹⁷ *Am. Addiction Ctrs., Inc. v. Nat'l Ass'n of Addiction Treatment Providers*, 515 F. Supp. 3d 820 (M.D. Tenn. 2021).

¹⁸¹⁸ *Id.* at 852 (quoting TENN. CODE ANN. § 47-18-110 (2005)).

¹⁸¹⁹ *Id.* at 853.

¹⁸²⁰ *See Longoria v. Kodiak Concepts LLC*, 527 F. Supp. 3d 1085 (D. Ariz. 2021).

¹⁸²¹ *See Watkins v. Arpaio*, 367 P.3d 72, 77 (Ariz. Ct. App. 2016).

¹⁸²² *Longoria*, 527 F. Supp. 3d at 1100.

subject matter of its claims.”¹⁸²³ It did so in the context of an action to protect the TO KALON mark for wine. Seeking to avoid the consequences of a finding of infringement following a bench trial, the counterclaim defendant argued that the counterclaim plaintiff’s mark originated in the name of a defunct winery situated on two parcels of land. According to the counterclaim defendant, the counterclaim plaintiff’s failure to source its grapes entirely from those parcels rendered the use of its mark a misrepresentation of source of the counterclaim plaintiff’s wine. The court found otherwise:

[The counterclaim plaintiff] not only has an incontestable mark which it can use accordingly, but, the manner in which it has used the mark does not misrepresent the origin, nature, characteristics, qualities or geographic origins of the wine on the labels. All of the wines at issue originate from either the [two parcels of the original winery] or those areas contiguous thereto which have the same alluvial geographic structure and the same microclimate which contribute to the flavor of the grapes. There is no misrepresentation. Nor is there a requirement, given the incontestable mark, that [the counterclaim plaintiff] only use the mark on the wines originating from those two parcels.¹⁸²⁴

Litigation before a South Dakota federal district court produced a finding that also rejected claims of unclean hands—at least those targeting the defendants.¹⁸²⁵ A jury found that the defendants had willfully and intentionally infringed two of several marks in which the plaintiff claimed rights, namely, STURGIS BIKE WEEK and a composite mark prominently featuring the word “Sturgis,” both registered for a variety of goods associated with the annual motorcycle rally in Sturgis, South Dakota. Not surprisingly, the plaintiff sought to use that finding to defeat the defendants’ otherwise successful invocation of laches and acquiescence as affirmative defenses. The court took a different view of that argument, concluding with respect to the first infringing mark that the plaintiff had failed to adduce any evidence supporting its claim of actual damages.¹⁸²⁶ Then, with respect to the second, the court concluded that the primary defendants had held a good-faith belief that the mark’s primary component—the word “Sturgis”—was

¹⁸²³ Vineyard House, LLC v. Constellation Brands U.S. Operations, Inc., 515 F. Supp. 3d 1061, 1078 (N.D. Cal. 2021) (second alteration in original) (quoting Fuddrucker, Inc. v. Doc’s B.R. Others, Inc., 826 F.2d 837, 847 (9th Cir. 1987)).

¹⁸²⁴ *Id.*

¹⁸²⁵ See Sturgis Motorcycle Rally, Inc. v. Rushmore Photo & Gifts, Inc., 529 F. Supp. 3d 940 (D.S.D. 2021) (“*Sturgis Motorcycle Rally II*”), *appeal dismissed*, No. 21-1973, 2021 WL 4994465 (8th Cir. June 1, 2021).

¹⁸²⁶ *Id.* at 981.

unprotectable.¹⁸²⁷ Beyond that, those defendants had used labels with disclaimers of affiliation with the plaintiff, which the court interpreted as a subjective intent to differentiate their goods from those of the plaintiff.¹⁸²⁸ Lastly, although a retailer of the primary defendants' goods had continued to sell those goods after learning from the plaintiff's licensing agent that those goods were not licensed by the plaintiff, the retailer's decision to do so represented "bad business judgment," rather than anything that might give rise to unclean hands.¹⁸²⁹

Things were different where the defendants' affirmative defense that the plaintiff had unclean hands were concerned. During an appeal earlier in the case, the Eighth Circuit had reached findings of invalidity as a matter of law for the plaintiff's claimed "Sturgis," "Sturgis motorcycle rally," and "Sturgis rally & races" marks. At the outbreak of hostilities between the parties, the plaintiff owned two federal registrations covering "Sturgis," and the plaintiff and its predecessor had applied for a third registration of the same claimed mark with the USPTO.¹⁸³⁰ Responding to an initial refusal of the "Sturgis" application on the ground that the applied-for mark was primarily merely descriptive, the plaintiff's predecessor submitted a sworn declaration averring it enjoyed the substantially exclusive use of "Sturgis," despite considerable evidence to the contrary. Although the jury found that the declaration did not rise to the level of fraud on the USPTO, the Eighth Circuit found the representation of substantially exclusive use "patently unreasonable" and "indisputably . . . wrong."¹⁸³¹ Moreover, even after the Eighth Circuit's opinion, the plaintiff inaccurately represented to the Trademark Trial and Appeal Board in a cancellation action brought by a third party against the plaintiff's two existing "Sturgis" registrations that the opinion was "not final or likely to become final."¹⁸³² Finally, and despite an order by the district court on remand mandating the cancellation of those registrations, the plaintiff continued, *inter alia*, to hold itself out as the owner of the "Sturgis®," "Sturgis® Motorcycle Rally™," and "Sturgis Rally & Races™" marks¹⁸³³ and to maintain a website encouraging vendors to "[f]ill out [a] form . . . to begin the Official Sturgis® Motorcycle Rally™ Brand licensing application process" and "Apply to Become

¹⁸²⁷ *Id.*

¹⁸²⁸ *Id.* at 981-82.

¹⁸²⁹ *Id.* at 982.

¹⁸³⁰ See *Sturgis Motorcycle Rally, Inc. v. Rushmore Photo & Gifts, Inc.*, 908 F.3d 313 (8th Cir. 2018) ("*Sturgis I*").

¹⁸³¹ *Id.* at 328-29.

¹⁸³² *Sturgis Motorcycle Rally II*, 529 F. Supp. 3d at 985.

¹⁸³³ *Id.* at 987.

a Sturgis® Licensee.”¹⁸³⁴ In light of the plaintiff’s persistent claims to own valid marks, as well as certain litigation-related misconduct, the court concluded the plaintiff’s unclean hands barred relief.¹⁸³⁵

Finally, another assertion of unclean hands was marginally successful.¹⁸³⁶ It came not as a defense but instead in response to the defendants’ attempt to interpose a laches defense to the plaintiff’s claims. The court’s analysis of the issue began in promising fashion for the defendants, whom the plaintiff accused of purchasing, and then exploiting, the persona-based rights underlying the action in the face of evidence that the plaintiff’s predecessors (and not the defendants’ predecessor) owned those rights. For example, the court rejected the plaintiff’s proffer of evidence that a third party had once challenged the defendants’ ownership of the disputed rights because the third party had sought to vindicate her own rights, rather than those of the plaintiff or its predecessors.¹⁸³⁷ The court also was unconvinced by the plaintiff’s theory that the defendants should have contacted the plaintiff’s predecessor as part of their due diligence before acquiring the rights.¹⁸³⁸ Finally, the court credited the defendants’ reliance “on ten years of open use, coupled with [an] affidavit of ownership [from the principal of the defendants’ predecessor], and [the plaintiff’s predecessor’s] admission that she never contacted the [defendants].”¹⁸³⁹ Nevertheless, because the defendants had moved for summary judgment on the issue after securing a stay of discovery, the court ultimately accepted the plaintiff’s claim to need additional discovery to respond to the defendants’ motion.¹⁸⁴⁰ The court therefore deferred a final ruling on the defendants’ motion until that discovery had taken place.¹⁸⁴¹

ii. Laches

The test for the affirmative defense of laches continued to vary from court to court, but not in a substantive manner. For example, some courts, including the Eleventh Circuit, applied a three-part test, holding that:

Though the doctrine is an equitable doctrine that should be applied flexibly, a defendant must demonstrate the presence of three elements in order to successfully assert laches as a

¹⁸³⁴ *Id.* (second alteration in original).

¹⁸³⁵ *Id.* at 987-98.

¹⁸³⁶ *See* N.K. Collins, LLC v. William Grant & Sons, Inc., 472 F. Supp. 3d 806 (D. Haw. 2020).

¹⁸³⁷ *Id.* at 844.

¹⁸³⁸ *Id.*

¹⁸³⁹ *Id.*

¹⁸⁴⁰ *Id.* at 845-46.

¹⁸⁴¹ *Id.* at 846.

defense: (1) a delay in asserting a right or a claim; (2) that the delay was not excusable; and (3) that there was undue prejudice to the party against whom the claim is asserted.¹⁸⁴²

In contrast, one court applied a two-part test, namely, “[t]o prove laches, a defendant must show two elements: that the plaintiff unreasonably delayed in bringing its claims, and that the defendant was prejudiced by that delay.”¹⁸⁴³

With respect to the issue of inexcusable delay, one court held that “[l]aches is an equitable defense. The doctrine, therefore, is flexible; no fixed or arbitrary period of time controls its applicability.”¹⁸⁴⁴ Nevertheless, most federal courts entertaining claims of laches by defendants referred to statutes of limitations for corresponding state-law torts as benchmarks for determining whether plaintiffs had delayed too long in bringing suit, with one explaining that:

[T]he court determines (1) whether laches presumptively applies by deciding whether the analogous limitations period under state law expired, and then (2) applies the traditional laches factors (unreasonable delay/lack of diligence by the plaintiff and prejudice to defendant) to determine whether the presumption (either that laches applies or that laches does not apply) has been overcome. So the laches analysis starts with the analogous state limitations analysis before coming back full circle to a more traditional laches analysis (albeit one that starts with a presumptive outcome by virtue of the limitations analysis).¹⁸⁴⁵

Thus, if plaintiffs had delayed for longer than the applicable state-law statute of limitations, laches presumptively barred their claims (or at least produced a presumption of delay); otherwise, the contrary was true. Courts applying that rule in trademark disputes adopted as benchmarks four years under Florida law,¹⁸⁴⁶ four years

¹⁸⁴² *Pinnacle Advert. & Mktg. Grp. v. Pinnacle Advert. & Mktg. Grp.*, 7 F.4th 989, 1005 (11th Cir. 2021) (quoting *Kason Indus. v. Component Hardware Grp.*, 120 F.3d 1199, 1203 (11th Cir. 1997)); see also *BJB Ltd. v. iStar Jewelry LLC*, 533 F. Supp. 3d 83, 94 (E.D.N.Y. 2021); *Sturgis Motorcycle Rally, Inc. v. Rushmore Photo & Gifts, Inc.*, 529 F. Supp. 3d 940, 977 (D.S.D. 2021), *appeal dismissed*, No. 21-1973, 2021 WL 4994465 (8th Cir. June 1, 2021); *Wilson v. Tessmer L. Firm, PLLC*, 483 F. Supp. 3d 416, 427 (W.D. Tex. 2020).

¹⁸⁴³ *N.K. Collins*, 472 F. Supp. 3d at 836.

¹⁸⁴⁴ *Sturgis Motorcycle Rally*, 529 F. Supp. 3d at 978 (quoting *Hot Stuff Foods, LLC v. Mean Gene's Enters.*, 468 F. Supp. 2d 1078, 1092 (D.S.D. 2006)).

¹⁸⁴⁵ *Am. Addiction Ctrs., Inc. v. Nat'l Ass'n of Addiction Treatment Providers*, 515 F. Supp. 3d 820, 838 (M.D. Tenn. 2021).

¹⁸⁴⁶ See *Pinnacle Advert. & Mktg. Grp. v. Pinnacle Advert. & Mktg. Grp.*, 7 F.4th 989, 1005 (11th Cir. 2021).

under Texas law,¹⁸⁴⁷ and six years under New York law.¹⁸⁴⁸ In contrast, a Tennessee federal district court used a mere one-year delay as a potential trigger for the presumption in a false advertising dispute,¹⁸⁴⁹ a Hawaii federal district court used two years as a benchmark when evaluating the claims of laches by defendants accused of violating persona-based rights,¹⁸⁵⁰ and a Nevada court adopted a four-year benchmark when weighing a right of publicity cause of action under the law of that state.¹⁸⁵¹

The federal appellate opinion most extensively addressing a defense claim of laches came from the Eleventh Circuit in a case in which, more than four years before filing suit, the plaintiff had been forced to distinguish itself from the defendant after a potential client inquired whether the parties were affiliated because it did not intend to do business with the defendant.¹⁸⁵² The plaintiff's slowness to anger produced a presumption of delay, despite the plaintiff's argument that it had become aware of the defendant's alleged progressive encroachment only later.¹⁸⁵³ Not only was that delay inexcusable in light of the plaintiff's failure to "take even the minimal step of contacting [the defendant] to begin discussing the potential infringement,"¹⁸⁵⁴ but the defendant had suffered economic prejudice as a result.¹⁸⁵⁵ In reaching the second of those conclusions, the court noted the existence of a split in the circuits "on the showing required to satisfy the prejudice element of laches under the economic prejudice category,"¹⁸⁵⁶ which it described as comprising: (1) the Ninth Circuit rule that prejudice requires more than growth in the defendant's business and customer base if the defendant presents no evidence of its investment in the public's awareness of the defendant's mark;¹⁸⁵⁷ and (2) the rule applied by other circuits to the effect that "any showing of economic prejudice

¹⁸⁴⁷ See *Wilson v. Tessmer L. Firm, PLLC*, 483 F. Supp. 3d 416, 428 (W.D. Tex. 2020).

¹⁸⁴⁸ See *Uber Inc. v. Uber Techs., Inc.*, 521 F. Supp. 3d 455, 467 (S.D.N.Y. 2021); *BJB Ltd. v. iStar Jewelry LLC*, 533 F. Supp. 3d 83, 94 (E.D.N.Y. 2021).

¹⁸⁴⁹ *Am. Addiction Ctrs., Inc. v. Nat'l Ass'n of Addiction Treatment Providers*, 515 F. Supp. 3d 820, 838 (M.D. Tenn. 2021).

¹⁸⁵⁰ See *N.K. Collins, LLC v. William Grant & Sons, Inc.*, 472 F. Supp. 3d 806, 837 (D. Haw. 2020).

¹⁸⁵¹ See *Sears v. Russell Rd. Food & Beverage, LLC*, 460 F. Supp. 3d 1065, 1070 (D. Nev. 2020).

¹⁸⁵² See *Pinnacle Advert. & Mktg. Grp. v. Pinnacle Advert. & Mktg. Grp.*, 7 F.4th 989 (11th Cir. 2021).

¹⁸⁵³ *Id.* at 1008-09.

¹⁸⁵⁴ *Id.* at 1009.

¹⁸⁵⁵ The defendant did not claim to have suffered from evidentiary prejudice arising from the plaintiff's delay. *Id.* at 1010.

¹⁸⁵⁶ *Id.*

¹⁸⁵⁷ *Id.* at 1010 (citing *Internet Specialties W., Inc. v. Milon-DiGiorgio Enters.*, 559 F.3d 985, 991-92 (9th Cir. 2009)).

related to the business because of the delay is sufficient.”¹⁸⁵⁸ The court saw no need to choose between the competing approaches:

In this case, we need not take a position on this circuit split . . . , because even under the Ninth Circuit’s strict approach, the “business” and the “mark” in this case are one and the same—the investments described by [the blockdefendant’s] CEO at trial are promoting the business generally and associating the business with the [defendant’s] name in the minds of relevant consumers. Accordingly, it is impossible to distinguish between investments in promoting the mark versus investments into promoting the business generally.

If [the defendant] had known of [the plaintiff’s] infringement and unfair competition claims sooner, it could have redirected its resources into promoting its business and brand under a different name during the four years it continued to promote the [disputed] mark after [the plaintiff] should have known of its infringement and unfair competition claims.¹⁸⁵⁹

“Accordingly,” the court concluded, “[the plaintiff] failed to show the district court clearly erred in finding that [the defendant] was prejudiced by [the plaintiff’s] over-four-year delay in bringing suit.”¹⁸⁶⁰

The court’s affirmance of the district court’s determination of laches was not necessarily fatal to the plaintiff’s claims on the merits, however. Instead, the court noted, “even if laches bars a claim for money damages, ‘if the likelihood of confusion is inevitable, or so strong as to outweigh the effect of the plaintiff’s delay in bringing a suit, a court may in its discretion grant injunctive relief, even in cases where a suit for damages is appropriately barred.’”¹⁸⁶¹ Because the district court had failed to distinguish between the plaintiff’s requests for injunctive relief, on the one hand, and monetary relief, on the other, the action was remanded to that tribunal to allow it to do so: “[O]n remand, the district court must ‘weigh the equities of the case and the strength of [the plaintiff’s] case’ to determine whether injunctive relief is appropriate.”¹⁸⁶²

Other defendants also successfully interposed laches defenses to the claims against them, including several accused of violating the

¹⁸⁵⁸ *Id.* (citing *Herman Miller, Inc. v. Palazzetti Imps. & Exps., Inc.*, 270 F.3d 298, 322 (6th Cir. 2001); *Hubbard Feeds, Inc. v. Animal Feed Supplement, Inc.*, 182 F.3d 598, 602 (8th Cir. 1999)).

¹⁸⁵⁹ *Id.*

¹⁸⁶⁰ *Id.* at 1011.

¹⁸⁶¹ *Id.* (quoting *Kason Indus. v. Component Hardware Grp.*, 120 F.3d 1199, 1207 (11th Cir. 1997)).

¹⁸⁶² *Id.* (quoting *Kason Indus.*, 120 F.3d at 1207).

rights to several marks associated with the annual motorcycle rally in Sturgis, South Dakota.¹⁸⁶³ The trial record established that the plaintiff's predecessor sent a cease-and-desist letter to the defendants on August 8, 2006, but the plaintiff waited four years and ten months before filing suit; in the absence of any further objections by the plaintiff or its predecessor during that time, the lead defendant "expanded its employee workforce from only family members to 20 employees in 2015 and invested millions of dollars in its Sturgis-related rally products."¹⁸⁶⁴ Not only was the plaintiff's delay unreasonable, but "it was more probable than not had the [plaintiff and its predecessor] asserted their rights back in 1999, 2006 or shortly thereafter, the massive investment in and expansion of Sturgis rally lines by the . . . Defendants would not have occurred to the extent it did."¹⁸⁶⁵ Laches therefore barred the plaintiff's federal and South Dakota claims alike.

Having been accused of violating the persona-based rights of several models by promoting its strip club through unauthorized photographs of the models, a different defendant secured mixed results after filing a laches-based motion to dismiss.¹⁸⁶⁶ The court's analysis rested solely on the delay of each plaintiff in bringing suit. Thus, because it was apparent on the face of the complaint that one plaintiff had waited more than the four years necessary to trigger a presumption of laches under Nevada law, the court dismissed her state and federal causes of action alike without addressing whether that delay had prejudiced the defendant; in contrast, it allowed the claims of three other plaintiffs because those claims had been filed within four years of the defendant's publication of the photographs in question.¹⁸⁶⁷

In contrast, one claim of laches was sufficiently deficient that it failed to survive summary judgment.¹⁸⁶⁸ The record established that the plaintiff had sent a demand e-mail to the defendants within four months of learning of the defendants' alleged infringement, but she then had waited an additional four years, three months, and one day before actually filing suit. That presented the court with the question of when the laches clock had stopped to run—whether upon the transmittal of the e-mail or upon the suit's filing. The Texas federal district court hearing the case acknowledged authority from an adjacent district holding that, in a case involving an extreme delay after the transmittal of a demand letter, it might be

¹⁸⁶³ See *Sturgis Motorcycle Rally, Inc. v. Rushmore Photo & Gifts, Inc.*, 529 F. Supp. 3d 940 (D.S.D. 2021), *appeal dismissed*, No. 21-1973, 2021 WL 4994465 (8th Cir. June 1, 2021).

¹⁸⁶⁴ *Id.* at 978-79.

¹⁸⁶⁵ *Id.* at 979.

¹⁸⁶⁶ See *Sears v. Russell Rd. Food & Beverage, LLC*, 460 F. Supp. 3d 1065 (D. Nev. 2020).

¹⁸⁶⁷ *Id.* at 1069-72.

¹⁸⁶⁸ See *Wilson v. Tessmer L. Firm, PLLC*, 483 F. Supp. 3d 416 (W.D. Tex. 2020).

appropriate to stop the clock only as of the filing of the plaintiff's complaint.¹⁸⁶⁹ The delay at issue, however, did not warrant an exception to "the traditional approach in the Fifth Circuit . . . to cut off the period of delay upon the receipt of a cease and desist letter."¹⁸⁷⁰ Because the defendants had additionally failed to demonstrate prejudice arising from the plaintiff's reasonable delay, their invocation of laches fell short as a matter of law.¹⁸⁷¹

Other courts deferred resolutions of the laches defenses before them. For example, even though "laches is available on a motion to dismiss in cases where 'it is clear on the face of the complaint and plaintiff can prove no set of facts to avoid the insuperable bar,'"¹⁸⁷² the highly fact-dependent nature of the defense led some courts to deny motions to dismiss based on it. Those included a New York federal district court, which rejected a defense strategy of "pointing to purported red flags in the complaint and counting to six years" of delay, which would have triggered a presumption of laches using the applicable New York statute of limitations as a benchmark.¹⁸⁷³ As the court explained, "where the 'color' of those same flags is hotly disputed by plaintiff, who has offered plausibly pleaded factual allegations telling a different tale, the Court cannot, at the pleadings stage, find the existence of [knowledge by the plaintiff of the defendants' misconduct]."¹⁸⁷⁴

Virtually the same analysis produced the same result in litigation before a different New York federal district court.¹⁸⁷⁵ The plaintiff owned the common-law rights to the UBER mark for design and marketing services, while the lead defendant was the ride-share company Uber Technologies. The plaintiff knew of Uber Technologies' use of the UBER mark outside the context of advertising services as early as May 10, 2012, but it did not file suit until March 16, 2020, after it had learned of Uber Technologies' application to register UBER for advertising services and after Uber Technologies and a business partner (also a named defendant) had announced their intent to provide those services under the mark. Based on those allegations, the court found itself "unable to ascertain . . . when [the plaintiff] knew or should have known that it had an actionable Lanham Act claim," which meant it was equally

¹⁸⁶⁹ *Id.* at 429 (citing *Abraham v. Alpha Chi Omega*, 796 F. Supp. 2d 837, 862-63 (N.D. Tex. 2011)).

¹⁸⁷⁰ *Id.* at 429.

¹⁸⁷¹ *Id.*

¹⁸⁷² *BJB Ltd. v. iStar Jewelry LLC*, 533 F. Supp. 3d 83, 96 (E.D.N.Y. 2021) (quoting *Carell v. Shubert Org., Inc.*, 104 F. Supp. 2d 236, 263 (S.D.N.Y. 2000)).

¹⁸⁷³ *Id.* at 96.

¹⁸⁷⁴ *Id.*

¹⁸⁷⁵ *See Uber Inc. v. Uber Techs., Inc.*, 521 F. Supp. 3d 455 (S.D.N.Y. 2021).

unable to dismiss the complaint pursuant to the defendants' claim of laches.¹⁸⁷⁶ That was not all, however:

Additionally, the Complaint alleges that in December 2015, Uber Technologies offered plaintiff \$80,000 on condition that plaintiff change its name. Assuming the truth of that factual allegation, Uber Technologies had “awareness that it was entering contested ground” and was aware of a possible “impediment to its exploitation” of an Uber mark. This knowledge on the part of Uber Technologies also weighs against the application of laches at the pleading stage.¹⁸⁷⁷

A claim of laches similarly failed to produce the dismissal of allegations of false advertising under Section 43(a) pending before a Tennessee federal district court.¹⁸⁷⁸ Referring to the statute of limitations for the corresponding state-law tort,¹⁸⁷⁹ the court adopted a one-year benchmark when evaluating the reasonableness of the plaintiffs' delay in filing suit. Although the defendant had originally made the objectionable statements more than a year before the plaintiffs' initial complaint, the defendant had republished them at a conference, as well as on websites and social media, and the republication made all the difference: Because the republication had occurred within one year of the initial complaint, any delay that may have occurred was “presumptively reasonable.”¹⁸⁸⁰ In any case, the court continued, “the defense of laches is not appropriate at the motion to dismiss stage because there is no evidence in the record as to the reasonableness of any delay in bringing the action or as to any prejudice suffered by Defendant.”¹⁸⁸¹

A final, but ultimately unresolved, claim of laches came in an action in which the plaintiff asserted a persona-based cause of action sounding in a claimed invasion of the right of privacy of a deceased tattoo artist.¹⁸⁸² Although the decedent's widow (one of several predecessors to the plaintiff) learned of sales of rum under the decedent's nickname—SAILOR JERRY—“in 2008 or 2009,” the plaintiff did not challenge those sales until 2019.¹⁸⁸³ Attempting to escape a presumption of laches, the plaintiff argued its predecessor had for years been unaware that she had a claim, but the court

¹⁸⁷⁶ *Id.* at 467.

¹⁸⁷⁷ *Id.* at 467-68 (citations omitted) (quoting *Excelled Sheepskin & Leather Coat Corp. v. Ore. Brewing Co.*, 897 F.3d 413, 420 (2d Cir. 2018)).

¹⁸⁷⁸ *See Am. Addiction Ctrs., Inc. v. Nat'l Ass'n of Addiction Treatment Providers*, 515 F. Supp. 3d 820 (M.D. Tenn. 2021).

¹⁸⁷⁹ TENN. CODE ANN. § 47-18-110 (2005).

¹⁸⁸⁰ *Am. Addiction Ctrs.*, 515 F. Supp. 3d at 838.

¹⁸⁸¹ *Id.*

¹⁸⁸² *See N.K. Collins, LLC v. William Grant & Sons, Inc.*, 472 F. Supp. 3d 806 (D. Haw. 2020).

¹⁸⁸³ *Id.* at 815.

rejected the relevance of that assertion because “laches begins to run when a party is aware of the allegedly infringing conduct, not when a party is aware it had a legal cause of action;”¹⁸⁸⁴ moreover, and in any case, the summary judgment record was clear that the plaintiff’s predecessor had contacted “several attorneys” about taking action against the defendants’ predecessor.¹⁸⁸⁵

Having thus concluded that the plaintiff had delayed unreasonably before filing suit, the court turned to the question of whether that delay had prejudiced the defendants. With respect to expectations-based prejudice, the court found it undisputed that: (1) the defendants had invested “approximately £169.4 million between 2009 and 2018 into advertising the Sailor Jerry brand,” with the result that “the Sailor Jerry rum brand has increased dramatically in value”;¹⁸⁸⁶ (2) “the [defendants’] position has been altered by virtue of the now-expired contractual indemnities they obtained in purchasing the rights to the [disputed name]; certain of which expired in 2010 and certain of which expired in 2018”;¹⁸⁸⁷ and (3) “during [the plaintiff’s] delay, third party collaborators and distributors have contracted with the [defendant] for certain rights relating to the Sailor Jerry rum brand, including sponsorships, merchandise, and distribution rights.”¹⁸⁸⁸ Moreover, the defendants had suffered limited evidentiary prejudice as well in light of at least some “depreciation in all relevant witness’ memories.”¹⁸⁸⁹ Although the defendants therefore established a prima facie case of laches, the court ultimately denied their motion for summary judgment based on the plaintiff’s showing under Rule 56(d)¹⁸⁹⁰ that it needed additional discovery to pursue a claim that the defendants’ alleged unclean hands disqualified them from claiming laches in the first instance.¹⁸⁹¹

iii. Acquiescence

The tests applied by courts entertaining claims of acquiescence were generally consistent with the following:

To establish the defense of acquiescence, proof of three elements is required: “(1) the senior user actively represented that it would not assert a right or a claim; (2) the delay between the active representation and assertion of

¹⁸⁸⁴ *Id.* at 841.

¹⁸⁸⁵ *Id.*

¹⁸⁸⁶ *Id.* at 842.

¹⁸⁸⁷ *Id.*

¹⁸⁸⁸ *Id.*

¹⁸⁸⁹ *Id.* at 843.

¹⁸⁹⁰ FED. R. CIV. P. 56(d).

¹⁸⁹¹ *N.K. Collins*, 472 F. Supp. at 845-46.

the right or claim was not excusable; and (3) the delay caused the defendant undue prejudice.”¹⁸⁹²

One court recognized an acquiescence defense as a matter of law in a case in which the plaintiff purchased goods bearing allegedly infringing marks from the defendants and resold them in the plaintiff’s own store.¹⁸⁹³ That action, the court found, constituted the required active representation of consent.¹⁸⁹⁴ Beyond that, the plaintiff’s failure to take action against the defendants for over a decade satisfied the second prerequisite for a finding of laches, namely, an unreasonable delay.¹⁸⁹⁵ Finally, the defendants’ evidence and testimony established that, had the plaintiff acted with greater diligence to protect its perceived trademark rights, the defendants’ investment in their use of the disputed marks “would not have occurred to the extent it did.”¹⁸⁹⁶ The defendants therefore were entitled to summary judgment on their acquiescence defense.

In contrast, a different court rejected a claim of acquiescence on summary judgment.¹⁸⁹⁷ The defendants apparently did not contest the plaintiff’s showing that she had never represented to the defendants that she did not object to the use of their allegedly infringing mark; indeed, to the contrary, she had objected to that use in a demand letter. Determining from the summary judgment record that “there was no assurance by Plaintiff that Defendants could use the Mark,”¹⁸⁹⁸ the court accepted the plaintiff’s argument that the defendants could have not relied on such an assurance to their prejudice. “Thus,” it concluded, “summary judgment is appropriate on Defendants’ acquiescence defense.”¹⁸⁹⁹

Finally, one court declined the invitation of the defendants in an infringement suit to dismiss the claims against them based on the plaintiff’s alleged acquiescence in their alleged unlawful conduct.¹⁹⁰⁰ In support of their motion to dismiss, the defendants pointed to actions by the plaintiff they claimed constituted the required affirmative consent, namely: (1) the plaintiff’s failure to terminate an exclusive distribution agreement between the parties despite the defendants’ alleged infringement; and (2) the plaintiff’s execution of

¹⁸⁹² BJB Ltd. v. iStar Jewelry LLC, 533 F. Supp. 3d 83, 97 (E.D.N.Y. 2021) (quoting *Times Mirror Mags., Inc. v. Field & Stream Licenses Co.*, 294 F.3d 383, 395 (2d Cir. 2002)); accord *Wilson v. Tessmer L. Firm, PLLC*, 483 F. Supp. 3d 416, 430 (W.D. Tex. 2020).

¹⁸⁹³ See *Sturgis Motorcycle Rally, Inc. v. Rushmore Photo & Gifts, Inc.*, 529 F. Supp. 3d 940 (D.S.D. 2021), *appeal dismissed*, No. 21-1973, 2021 WL 4994465 (8th Cir. June 1, 2021).

¹⁸⁹⁴ *Id.* at 975.

¹⁸⁹⁵ *Id.*

¹⁸⁹⁶ *Id.* at 976.

¹⁸⁹⁷ See *Wilson v. Tessmer L. Firm, PLLC*, 483 F. Supp. 3d 416 (W.D. Tex. 2020).

¹⁸⁹⁸ *Id.* at 430.

¹⁸⁹⁹ *Id.* at 430.

¹⁹⁰⁰ See *BJB Ltd. v. iStar Jewelry LLC*, 533 F. Supp. 3d 83 (E.D.N.Y. 2021).

a consent agreement that allowed one of the defendants to register the allegedly infringing mark. The complaint, however, was replete with accusations that the defendants had concealed their misconduct during the pendency of the distribution agreement and that they had fraudulently induced the plaintiff to enter into the consent agreement. Holding that “a plaintiff only communicates active consent for the purposes of acquiescence when it makes assurances ‘with knowledge of [a] defendant’s conduct,’”¹⁹⁰¹ the court denied defendant’s motion with the explanation that “the existence of [the plaintiff’s knowledge] is a disputed issue of law and fact that is not suitable for resolution on these pleadings.”¹⁹⁰²

iv. Estoppel

Successful invocations of the affirmative defense of estoppel in trademark and service mark disputes are relatively rare, and one court’s disposition of the defense on cross-motions for summary judgment was consistent with that general pattern.¹⁹⁰³ According to the court, “to successfully establish an estoppel defense, ‘defendants would have to demonstrate at least intentional deception through concealment or inaction, or gross negligence amounting to constructive fraud.’ Estoppel ‘requires a greater showing than mere unreasonable delay and prejudice.’”¹⁹⁰⁴ Whatever the test, however, the defendants’ showing under it apparently would have been deficient based on their failure to make a showing of prejudice arising from any deception in which the plaintiff might have engaged.¹⁹⁰⁵ Summary judgment rejecting the defense followed.

In contrast, the Supreme Court of Idaho invoked what it called “quasi-estoppel” to preclude a defendant from challenging the validity of the mark it was accused of infringing:

[T]he doctrine of quasi-estoppel requires that the offending party must have gained some advantage or caused a disadvantage to the party seeking estoppel; induced the party seeking estoppel to change its position to its detriment; and, it must be unconscionable to allow the offending party

¹⁹⁰¹ *Id.* at 97 (quoting *ProFitness Physical Therapy Ctr. v. Pro-Fit Orthopedic & Sports Physical Therapy P.C.*, 314 F.3d 62, 68 (2d Cir. 2002)).

¹⁹⁰² *Id.*

¹⁹⁰³ *See Wilson v. Tessmer L. Firm, PLLC*, 483 F. Supp. 3d 416 (W.D. Tex. 2020).

¹⁹⁰⁴ *Id.* at 429 (first quoting *In re Henderson v. Century Fin. Co.*, 577 F.2d 997, 1001 (5th Cir. 1978); and then quoting *Houston Sports Ass’n v. Astro-Card Co.*, 520 F. Supp. 1178, 1181 (S.D. Tex. 1981)).

¹⁹⁰⁵ *Id.* at 429-30.

to maintain a position which is inconsistent from a position from which it has already derived a benefit.¹⁹⁰⁶

It did so in a case in which the plaintiff and the defendant's predecessor previously had entered into a settlement agreement that, *inter alia*, allowed the defendant's predecessor to continue using its mark outside a single county occupied by the plaintiff but barred it from challenging the plaintiff's use of its mark and a state registration then owned by the plaintiff. Seeking to escape the effect of the latter provision in particular, the defendant pointed out that the plaintiff had allowed its registration to lapse, but the court was unconvinced. Instead, it held, "[the plaintiff] may have let its claimed trademark lapse vis-à-vis the outside world; however, it has not lapsed with regard to [the defendant]. [The plaintiff] has a contract with [the defendant] which explicitly acknowledges [the defendant's] recognition of [the plaintiff's] mark."¹⁹⁰⁷ Because "[a]llowing [the defendant] to change positions on this matter would be unjust, unfair, and would effectively remove [the plaintiff's] protection from unfair competition protected by the [settlement agreement]," the defendant was quasi-estopped from contesting the validity of the plaintiff's mark.¹⁹⁰⁸

v. Waiver

According to one court rejecting the defense on the parties' cross-motions of summary judgment:

"Waiver is the intentional relinquishment of a right actually known, or intentional conduct inconsistent with claiming that right." To establish waiver, "a defendant must show: (1) that the plaintiff held an existing right, benefit, or advantage; (2) the plaintiff's actual knowledge of the existence of that right, benefit, or advantage; and (3) the plaintiff's actual intent to relinquish that right, or intentional conduct inconsistent with that right."¹⁹⁰⁹

The court added that "waiver is more difficult to prove than either laches or acquiescence . . . [and] the absence of any disputed fact issues on the laches and acquiescence defenses supports granting summary judgment."¹⁹¹⁰ Having previously rejected the defendants' laches defense for want of irreparable delay and prejudice, as well

¹⁹⁰⁶ Gem State Roofing, Inc. v. United Components, Inc., 488 P.3d 488, 506 (Idaho 2021) (alteration in original) (quoting Thomas v. Arkoosh Produce, 48 P.3d 1241, 1246 (Idaho 2002)).

¹⁹⁰⁷ *Id.* at 504.

¹⁹⁰⁸ *Id.* at 507.

¹⁹⁰⁹ *Id.* at 430 (quoting Reservoir, Inc. v. Truesdell, 1 F. Supp. 3d 598, 611 (S.D. Tex. 2014)).

¹⁹¹⁰ *Id.* (second alteration in original) (quoting RE/MAX Int'l, Inc. v. Trendsetter Realty, LLC, 655 F. Supp. 2d 679, 711 (S.D. Tex. 2009)).

as their acquiescence defense based on the absence from the summary judgment record of any evidence the plaintiff had assured the defendants it did not object to their use of an allegedly infringing mark, the court held that the same considerations necessarily precluded a finding of waiver.¹⁹¹¹

3. Remedies

a. Injunctive Relief

i. Prerequisites for Injunctive Relief

In *eBay Inc. v. MercExchange, LLC*,¹⁹¹² the Supreme Court identified four showings a plaintiff must make to receive permanent injunctive relief:

(1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.¹⁹¹³

In *eBay's* wake, the Court subsequently held in *Winter v. Natural Resources Defense Council, Inc.*¹⁹¹⁴ that the same factors applied in the preliminary injunction context.¹⁹¹⁵ Courts hearing trademark and unfair competition cases addressed each of these prerequisites—but especially the first—over the past year.

(A) Irreparable Harm

Recent judicial disagreement over what constitutes sufficient irreparable harm to support injunctive relief in an action under the Lanham Act was perhaps rendered moot by the signature into law on December 27, 2020, of the Trademark Modernization Act,¹⁹¹⁶ one portion of which¹⁹¹⁷ amended Section 34(a) to read as follows:

A plaintiff seeking [an] injunction shall be entitled to a rebuttable presumption of irreparable harm upon a finding of a violation [of the Lanham Act] in the case of a motion for a permanent injunction or upon a finding of likelihood of success on the merits for a violation identified in this

¹⁹¹¹ *Id.*

¹⁹¹² 547 U.S. 388 (2006).

¹⁹¹³ *Id.* at 391.

¹⁹¹⁴ 555 U.S. 7 (2008).

¹⁹¹⁵ *Id.* at 20.

¹⁹¹⁶ Pub. L. No. 116-260 (2020).

¹⁹¹⁷ *Id.* § 228(a)-(b).

subsection in the case of a motion for a preliminary injunction or temporary restraining order.¹⁹¹⁸

That legislative reform abrogated several pre-TMA holdings to the effect that the Supreme Court's opinions in *eBay* and *Winter* had done away with the presumption.¹⁹¹⁹

Surprisingly, however, relatively few courts invoked the new Section 34(a) in entering or affirming post-TMA injunctive relief, presumably because prevailing plaintiffs neglected to call the statutory change to their attention. An exception to that rule, however, came from an Oregon federal district court, which, after finding the defendants had engaged in false advertising, entered a temporary restraining order with the following observation:

Because Plaintiff has shown a likelihood of success of the merits on its motion for a temporary restraining order to enjoin Defendants' violation of [Section 43(a)], Plaintiff is entitled to the benefit of the rebuttable presumption provided in [the amended Section 34(a)]. [Defendants have] not rebutted that presumption. Accordingly, the Court finds that Plaintiff has shown a likelihood of irreparable injury.¹⁹²⁰

Courts addressing the issue either before the TMA's enactment or without reference to it credited various showings of irreparable harm by plaintiffs, including the tried-and-true theory that that harm arose from the plaintiffs' loss of control over their own reputations.¹⁹²¹ Thus, for example, in a pre-TMA case in which the

¹⁹¹⁸ 15 U.S.C. § 1116(a) (Supp. III 2021).

¹⁹¹⁹ See, e.g., *Daimler AG v. A-Z Wheels LLC*, 498 F. Supp. 3d 1282, 1292 (S.D. Cal. 2020) ("The Ninth Circuit . . . no longer presumes irreparable harm upon a finding of infringement. Therefore, Plaintiff's assertion that irreparable harm is presumed is wholly inconsistent with Supreme Court and Ninth Circuit precedent." (citations omitted)); *Newborn Bros. Co. v. Albion Eng'g Co.*, 481 F. Supp. 3d 312, 358-59 (D.N.J. 2020) ("The Third Circuit has ruled that there is no presumption of irreparable harm for injunctive relief for false advertising claims under the Lanham Act." (citing *Ferring Pharms., Inc. v. Watson Pharms., Inc.*, 765 F.3d 205, 216, 219 (3d Cir. 2014)), *later proceedings*, No. 12-2999 (NLH/KMW), 2021 WL 124490 (D.N.J. Apr. 1, 2021); *LigTel Commc'ns, Inc. v. Baicells Techs., Inc.*, 455 F. Supp. 3d 792, 809 (N.D. Ind. 2020) ("[T]his Court declines to endorse a blanket presumption and will look with a discerning eye to the facts presented by the parties."), *appeal dismissed*, No. 20-1896, 2020 WL 9813549 (7th Cir. Nov. 12, 2020).

¹⁹²⁰ *Suzie's Brewery Co. v. Anheuser-Busch Cos.*, 519 F. Supp. 3d 839, 854-55 (D. Or. 2021).

¹⁹²¹ See, e.g., *Denbra IP Holdings, LLC v. Thornton*, 521 F. Supp. 3d 677, 689 (E.D. Tex. 2021) ("[The plaintiff] has shown that it has experienced a loss of control of reputation and a loss of goodwill. To show that it has lost control of its reputation, [the plaintiff] does not have to prove that [the defendant] is offering inferior services, only that there is the possibility that the services or goods are not to the satisfaction of [the plaintiff]."); *Daimler AG v. A-Z Wheels LLC*, 498 F. Supp. 3d 1282, 1293 (S.D. Cal. 2020) ("The Court finds Defendants' continued infringement of Plaintiff's marks most persuasive in supporting Plaintiff's irreparable harm. Defendants have continued to offer counterfeit products featuring Plaintiff's marks, which causes Plaintiff to lose control over the quality of its goods, and Plaintiff will continue to lose control over its quality and reputation so long as Defendants continue to infringe."); *Spin Master Ltd. v. 158, 463 F.*

plaintiff conceded that the defendant's false advertising had not caused the plaintiff to lose market share, the court credited survey evidence of actual deception among the physicians targeted by the advertising as supporting the plaintiff's claim of damage to the reputation and goodwill of its products; as the expert conducting the survey explained in language quoted by the court, "[t]he equity drained away through brand reputation risk may never be recovered. It will be hard for physicians to 'unhear' these ideas once heard because the burden of definitively disproving (or proving) them is too onerous for any company with a stake in this market to entertain."¹⁹²² Under the circumstances, the court concluded that "[the plaintiff] need not wait until its market share begins to suffer and it is too late to obtain injunctive relief"¹⁹²³

Much the same analysis carried the day in a post-TMA opinion granting a preliminary injunction against the continued distribution of N95 protective masks bearing counterfeit imitations of the 3M Company's registered marks.¹⁹²⁴ Curiously, without referring to the amended Section 34(a), the court surveyed the pre-TMA split on the existence or nonexistence of the presumption of irreparable harm but ultimately concluded that "[t]he Court here need not decide whether irreparable harm may be presumed in the trademark context because, whether or not such a presumption applies here, 3M has presented sufficient evidence to support an independent finding of irreparable harm."¹⁹²⁵ "First," the court found, "3M cannot control whether the counterfeit products that Defendants have sold or offered for sale adhere to 3M's rigorous quality-control standards. This loss of control over the quality of products bearing the 3M Marks constitutes textbook irreparable harm."¹⁹²⁶ "Second," it continued, "Defendants' conduct threatens 3M with a loss of goodwill and control over its reputation,"¹⁹²⁷ despite the defendants' protests that they had "recalled certain products deemed potentially counterfeit, 'sequestered' the masks that were flagged as counterfeit, agreed not to sell those masks,

Supp. 3d 348, 376 (S.D.N.Y. 2020) ("[I]rreparable harm exists in a trademark case when the party seeking the injunction shows that it will lose control over the reputation of its trademark . . . because loss of control over one's reputation is neither calculable nor precisely compensable." (second alteration in original) (quoting *Int'l Council of Shopping Ctrs., Inc. v. Glob. Infotech LLC*, No. 18-cv-8856 (AJN), 2019 WL 2004096, at *5 (S.D.N.Y. May 7, 2019))), *adhered to in part on reconsideration*, No. 18-CV-1774 (LJL), 2020 WL 5350541 (S.D.N.Y. Sept. 4, 2020).

¹⁹²² *GlaxoSmithKline LLC v. Boehringer Ingelheim Pharms., Inc.*, 484 F. Supp. 3d 207, 227-28 (E.D. Pa. 2020), *appeal dismissed*, No. 20-2926, 2020 WL 8922861 (3d Cir. Nov. 25, 2020).

¹⁹²³ *Id.* at 228.

¹⁹²⁴ *See* *3M Co. v. CovCare, Inc.*, 537 F. Supp. 3d 385 (E.D.N.Y. 2021).

¹⁹²⁵ *Id.* at 402.

¹⁹²⁶ *Id.* at 402-03 (citations omitted).

¹⁹²⁷ *Id.* at 403.

agreed to have those masks tested, and have not since sold any of the flagged masks.”¹⁹²⁸ As the court elaborated on the second of these points, “[a] promise not to sell counterfeit versions of 3M’s products in the future does not mitigate this risk, particularly where Defendants continue to dispute that any of the masks it has sold or offered for sale were, in fact, counterfeit.”¹⁹²⁹

A second post-TMA opinion to address irreparable harm applied the presumption, albeit without referencing the amended Section 34(a).¹⁹³⁰ It then reached an independent factual finding of that harm based in part on the parties’ participation in the cryptocurrency industry:

Given their relative novelty, cryptocurrencies and their related markets and products present a significant opportunity for unscrupulousness and, consequently, many would-be customers are wary of new and unknown products. Against that backdrop, not surprisingly, the reputation of a cryptocurrency, its marketers, and its development team is crucial for the currency’s success, and reputational harms can cause serious damage to a fledgling cryptocurrency. Thus, plaintiffs are particularly susceptible to the injury caused by defendants’ alleged trademark infringement.¹⁹³¹

“Further bolstering the conclusion that plaintiffs face the prospect of irreparable harm absent an injunction,” the court continued, “is evidence that plaintiffs have cited suggesting that defendants have relished the harm that they have caused and are causing to plaintiffs.”¹⁹³² That evidence included online posts by the defendants crowing about having used their infringing mark as a basis for the suspension of a Twitter account belonging to one of the plaintiffs.¹⁹³³

In a pre-TMA dispute producing a factual finding of irreparable harm, a group of plaintiffs demonstrated a likelihood of prevailing on their claims that the defendants’ conduct infringed their trademark rights and those of a third party.¹⁹³⁴ Surveying the then-divide among Seventh Circuit district courts on the continued viability of presumption, the Illinois federal district court hearing

¹⁹²⁸ *Id.*

¹⁹²⁹ *Id.* at 404.

¹⁹³⁰ *See Safex Found., Inc. v. Safeth, Ltd.*, 531 F. Supp. 3d 285, 300 (D.D.C. 2021) (“Plaintiffs must . . . show that they will suffer irreparable harm absent a preliminary injunction, and they rightly note, that “[t]rademark infringement by its very nature causes irreparable injury.” (citations omitted) (quoting *Appleseed Found. Inc. v. Appleseed Inst., Inc.*, 981 F. Supp. 672, 677 (D.D.C. 1997))).

¹⁹³¹ *Id.* (citations omitted).

¹⁹³² *Id.*

¹⁹³³ *Id.*

¹⁹³⁴ *See Holbrook Mfg. LLC v. Rhyno Mfg., Inc.*, 497 F. Supp. 3d 319 (N.D. Ill. 2020).

the case concluded that it “need not weigh in on this debate, as the specific facts of this case support that Plaintiffs are likely to suffer irreparable harm.”¹⁹³⁵ The court was receptive to the plaintiffs’ showing of the defendants’ creation of initial-interest confusion and the plaintiffs’ production of “evidence that Defendants made false and deceptive statements that . . . damaged Plaintiffs’ goodwill.”¹⁹³⁶ The defendants responded by arguing they had discontinued their objectionable conduct, but the court held that “irreparable harm ‘need not be occurring’ to justify injunctive relief”;¹⁹³⁷ moreover, and in any case, the defendants’ pre-lawsuit failure to police their own website was further evidence of the need for the injunction.¹⁹³⁸

An additional notable reported opinion finding irreparable harm did so as a matter of law in an appeal from the determination by an Idaho trial court that the plaintiff in the case had not suffered monetary damage from the defendant’s violation of an earlier settlement agreement entered into by its predecessor.¹⁹³⁹ The plaintiff’s profit margins had increased during the defendant’s violations of the agreement (and the infringement resulting from those violations), and the trial record was devoid of evidence the plaintiff’s reputation had been damaged by shoddy work done by the defendant, and those considerations led the trial court to deny permanent injunctive relief. The Supreme Court of Idaho, however, held that the trial court had failed to recognize the “distinction between the showing of injury required to obtain an injunction and damages required to prove monetary relief.”¹⁹⁴⁰ In the latter tribunal’s view, the denial of a permanent injunction constituted reversible error for three reasons: (1) the defendant had failed to carry its “heavy burden” of demonstrating it would not repeat its wrongful conduct;¹⁹⁴¹ (2) “[t]o permit a party to *continue breaching a contract* merely because the innocent party could not adequately prove its damages would be inconsistent with [Idaho law]; therefore, it constituted an abuse of discretion”;¹⁹⁴² and (3) the plaintiff’s inability to demonstrate monetary damage properly should have inured to its, rather than the defendant’s, benefit.¹⁹⁴³

Of course, whether irreparable harm is established through the presumption or a factual showing by a plaintiff, it can be rebutted by a defendant, especially if the plaintiff has delayed unreasonably

¹⁹³⁵ *Id.* at 333.

¹⁹³⁶ *Id.* at 334.

¹⁹³⁷ *Id.*

¹⁹³⁸ *Id.* at 333-34.

¹⁹³⁹ *See Gem State Roofing, Inc. v. United Components, Inc.*, 488 P.3d 488 (Idaho 2021).

¹⁹⁴⁰ *Id.* at 502.

¹⁹⁴¹ *Id.* at 503.

¹⁹⁴² *Id.*

¹⁹⁴³ *Id.*

in seeking preliminary injunctive relief. For example, one defendant invoking its opponent's seventeen-month delay in pursuing a preliminary injunction for that purpose was found liable for disseminating advertising that, although not literally false, was misleading in context.¹⁹⁴⁴ In entering the requested preliminary injunctive relief, the court identified two considerations weighing in the plaintiff's favor. The first was settlement correspondence between the parties during the period in question, during which the defendant made at least some changes to the objectionable advertising. The second was the plaintiff's commissioning of a survey to support of its claim of actual or likely deception, which yielded results in the same month as the filing of the plaintiff's complaint. According to the court, "[the plaintiff's] conduct, 'which entailed an initial resort to a consensual resolution of the controversy' and then waiting to obtain evidence necessary to support its claim, 'did not constitute unreasonable delay.'"¹⁹⁴⁵

In contrast, delay in seeking relief played a significant role in the denial of a motion for a temporary restraining order.¹⁹⁴⁶ Based on the plaintiff's failure to demonstrate a likelihood of success on the merits of its false designation of origin cause of action, the court not surprisingly held the plaintiff unable to avail himself of the amended Section 34(a),¹⁹⁴⁷ and it was unimpressed with the plaintiff's vague claims of reputational damage arising from two instances of alleged actual confusion.¹⁹⁴⁸ Critically, the record demonstrated that the plaintiff had delayed seven months before seeking expedited relief less than a week before a major launch by the defendant. The plaintiff sought to explain his lethargy by claiming he had hoped the defendant would not follow through with its plans, but the court found that explanation unconvincing and insufficient to establish the irreparable harm necessary for the grant of the plaintiff's motion.¹⁹⁴⁹

A final opinion crediting a showing in response to a claim of irreparable harm came in litigation over whether the defendants had falsely represented the nicotine content of its e-cigarettes.¹⁹⁵⁰

¹⁹⁴⁴ See *GlaxoSmithKline LLC v. Boehringer Ingelheim Pharms., Inc.*, 484 F. Supp. 3d 207 (E.D. Pa. 2020), *appeal dismissed*, No. 20-2926, 2020 WL 8922861 (3d Cir. Nov. 25, 2020).

¹⁹⁴⁵ *Id.* at 227 (quoting *GlaxoSmithKline Consumer Healthcare, L.P. v. Merix Pharm. Corp.*, No. 05-898(DRD), 2005 WL 2230318, at *11 (D.N.J. Sept. 13, 2005), *aff'd*, 197 F. App'x 120 (3d Cir. 2006)).

¹⁹⁴⁶ See *Zamfir v. Casperlabs, LLC*, 528 F. Supp. 3d 1136 (S.D. Cal. 2021).

¹⁹⁴⁷ *Id.* at 1150.

¹⁹⁴⁸ *Id.* ("This evidence supports Plaintiff's argument regarding the likelihood of confusion, but does little to demonstrate any actual or threatened damage to his business reputation, difficulty marketing the products of his research, or difficulty securing sponsoring for his research.")

¹⁹⁴⁹ *Id.* at 1152.

¹⁹⁵⁰ See *Bidi Vapor, LLC v. Vaperz LLC*, 543 F. Supp. 3d 619 (N.D. Ill. 2021).

The plaintiff in that case also failed to demonstrate a likelihood of success on the merits of its claims, which meant it too could not rely upon the post-TMA presumption,¹⁹⁵¹ but that was not the end of its troubles. On the contrary, the court rejected its claim of irreparable harm based on “oblique references to the continuing threat of future [lost profits],”¹⁹⁵² which the court found “not some intangible or amorphous harm; rather, those losses ‘are purely financial, easily measured, and readily compensated.’”¹⁹⁵³ Of equal importance—having found earlier in its opinion that the degradation of nicotine content was a common problem across the industry—the court asked “if nicotine degradation is inevitable, how can there be irreparable harm if some degree of misleading communication is inevitable across the entire industry?”¹⁹⁵⁴ In the final analysis, the court found that “while [the plaintiff] could theoretically suffer some speculative irreparable injury, the Court has just not seen enough to connect the dots in [the plaintiff’s] favor.”¹⁹⁵⁵

(B) Inadequacy of Legal Remedies

As always, courts weighing the requirements for injunctive relief did not linger long on the issue of whether legal remedies alone could make prevailing plaintiffs whole. That might be because “a ‘plaintiff has no adequate remedy at law where, absent an injunction, the defendant is likely to continue’ its infringement.”¹⁹⁵⁶ It also might be because “[m]onetary damages are . . . inadequate to compensate [prevailing p]laintiffs for the reputational harm they have suffered and may continue to suffer.”¹⁹⁵⁷ Finally, “[c]ontinuous infringement, regardless of whether it is determined to be willful, leaves no other adequate remedy for [a prevailing plaintiff] aside from injunctive relief.”¹⁹⁵⁸

¹⁹⁵¹ *Id.* at 632 (“[The plaintiff’s] briefing focuses too much on the presumption of irreparable harm codified [in Section 34(a)] in December 2020 at the expense of identifying specific harms or why those harms are non-compensable. The new provision provides that [the plaintiff] ‘shall be entitled to a rebuttable presumption of irreparable harm’ ‘upon a finding of likelihood of success on the merits.’ But . . . the Court does not find that [the plaintiff] has a likelihood of success on the merits. Hence, the rebuttable presumption does not apply.” (quoting 15 U.S.C. § 1116(a) (Supp. III 2021))).

¹⁹⁵² *Id.* (alteration in original) (quoting *Arjo, Inc. v. Handicare USA, Inc.*, 2018 WL 5298527, at *10 (N.D. Ill. 2018)).

¹⁹⁵³ *Id.* at 633 (quoting *Praefke Auto Elec. & Battery Co. v. Tecumseh Prods. Co.*, 255 F.3d 460, 463 (7th Cir. 2001)).

¹⁹⁵⁴ *Id.*

¹⁹⁵⁵ *Id.*

¹⁹⁵⁶ *Spin Master Ltd. v. 158*, 463 F. Supp. 3d 348, 376 (S.D.N.Y. 2020) (quoting *Pearson Educ., Inc. v. Vergara*, No. 09 Civ. 6832(JGK)(KNF), 2010 WL 3744033, at *4 (S.D.N.Y. Sept. 27, 2010)), *adhered to in part on reconsideration*, No. 18-cv-1774 (LJL), 2020 WL 5350541 (S.D.N.Y. Sept. 4, 2020).

¹⁹⁵⁷ *Spin Master*, 463 F. Supp. 3d at 376.

¹⁹⁵⁸ *See Daimler AG v. A-Z Wheels LLC*, 498 F. Supp. 3d 1282, 1294 (S.D. Cal. 2020).

In one of the few opinions to discuss the inadequacy of legal remedies in a substantive manner, the court's analysis began with the observation that that requirement for injunctive relief and the one mandating a showing of irreparable harm "tend to merge."¹⁹⁵⁹ Nevertheless, the court's treatment of the issue did not rest entirely on the plaintiffs' factual showing of irreparable harm. Instead, it reached the separate—if somewhat cursory—finding that "the harm alleged by Plaintiffs is not fully compensable by money damages because . . . actual damages based on consumer confusion and the loss of consumer goodwill are difficult to quantify."¹⁹⁶⁰

Another finding to similar effect came in a cybersquatting action in which the primary defendant had acquired the disputed domain name only after an unknown party had hacked the plaintiff's account with her registrar and transferred the domain name without her authorization.¹⁹⁶¹ According to the court, "Plaintiff's TRO Motion and accompanying exhibits in support clearly set forth ongoing injuries beyond monetary losses."¹⁹⁶² In particular:

Plaintiff's TRO Motion details the loss of goodwill and the risk of customer confusion from [Defendant's] alleged trafficking in the Domain Name. Likewise, Plaintiff states that since the alleged theft and subsequent transfer, the Domain Name has dropped in search engine rankings. Such declining rankings not only affect the overall activity on the Domain Name website, thus decreasing the revenues generated, but they also cannot be restored through traditional monetary remedies like lost profits can be.¹⁹⁶³

(C) Balance of Hardships

When weighing the parties' respective interests in securing or receiving injunctive relief, most courts held that the balance of the hardships favored plaintiffs. That outcome usually arose from determinations that enjoined defendants could not suffer cognizable injuries from merely complying with the law. One example of that methodology came from a California federal district court, which, having found the defendants liable for counterfeiting as a matter of law, held:

Plaintiff asserts that it suffers a "demonstrable threat of loss of goodwill and ability to control its reputation" because of Defendants' continuing sales of infringing counterfeit products. The Court has found that this is an irreparable

¹⁹⁵⁹ Holbrook Mfg. LLC v. Rhyno Mfg., Inc., 497 F. Supp. 3d 319, 332 (N.D. Ill. 2020).

¹⁹⁶⁰ *Id.* at 334.

¹⁹⁶¹ See Alston v. www.calculator.com, 476 F. Supp. 3d 1295 (S.D. Fla. 2020).

¹⁹⁶² *Id.* at 1322.

¹⁹⁶³ *Id.*

injury. Comparatively, a permanent injunction will not harm Defendants, as injunctive relief will only require Defendants to comply with the law and refrain from their continuing infringing activity.¹⁹⁶⁴

Other decisions were to similar effect,¹⁹⁶⁵ including one barring the defendants from reselling even genuine goods.¹⁹⁶⁶ That outcome held in litigation brought by 3M against a pair of defendants that 3M had successfully accused of marketing and delivering 3M-branded N95 protective masks to customers that included hospitals. The defendants did not dispute the harm that might befall in the absence of a preliminary injunction, but they claimed, as the court put it, “if the Court grants 3M’s request to enjoin Defendants from selling *any* 3M-branded mask products (including genuine 3M products, that is), Defendants would lose out on ‘legitimate revenue’ and suffer harm to their business.”¹⁹⁶⁷ Unmoved by that argument, the court found that a balance of the harms favored entry of the robust relief sought by 3M:

Undoubtedly, if Defendants were in possession of legitimate 3M mask products, an order barring them from selling those products would subject them to some hardship. However, such hardship would not outweigh the grave harm posed to 3M’s reputation and brand in the absence of an injunction. Moreover, Defendants have adduced no evidence

¹⁹⁶⁴ Daimler AG v. A-Z Wheels LLC, 498 F. Supp. 3d 1282 (S.D. Cal. 2020) (citations omitted).

¹⁹⁶⁵ See Denbra IP Holdings, LLC v. Thornton, 521 F. Supp. 3d 677, 689 (E.D. Tex. 2021) (“The burden of losing control of its mark, the loss of customers, and the harm to [the plaintiffs] reputation and goodwill are greater than the cost to [the defendant], who has failed to identify any cost not created by her own likely infringing activities.”); Suzie’s Brewery Co. v. Anheuser-Busch Cos., 519 F. Supp. 3d 839, 855 (D. Or. 2021) (“A party does not have an equitable interest in disseminating a false advertisement.”); Alston v. www.calculator.com, 476 F. Supp. 3d 1295, 1322 (S.D. Fla. 2020) (“[T]he only cognizable harm [Defendant] seemingly stands to suffer by maintaining the TRO are financial losses while the injunction is in place, which is not sufficient to outweigh the significant and ongoing monetary and non-monetary injuries Plaintiff has sustained—and continues to sustain—due to the allegedly fraudulent transfer [of Plaintiff’s domain name to Defendant].”); Automobili Lamborghini S.p.A. v. Garcia, 467 F. Supp. 3d 385, 405 (E.D. Va.) (“[The defendant] would not face hardship from a permanent injunction because the permanent injunction would only require that [the defendant] follow clearly established trademark law and stop his infringing activity.”), *appeal dismissed*, 823 F. App’x 174 (4th Cir. 2020), *reh’g denied* (Oct. 27, 2020); Spin Master Ltd. v. 158, 463 F. Supp. 3d 348, 376 (S.D.N.Y. 2020) (“It is axiomatic that an infringer . . . cannot complain about the loss of ability to offer its infringing product.” (alteration in original) (quoting WPIX, Inc. v. ivi, Inc., 691 F.3d 275, 287 (2d Cir. 2012))), *adhered to in part on reconsideration*, No. 18-CV-1774 (LJL), 2020 WL 5350541 (S.D.N.Y. Sept. 4, 2020); 3M Co. v. Performance Supply, LLC, 458 F. Supp. 3d 181, 197 (S.D.N.Y. 2020) (“It would not be a ‘hardship’ for Defendant to refrain from engaging in unlawful activities related to [the plaintiffs] brand (which constitute, *inter alia*, trademark infringement, false association, and price-gouging).”).

¹⁹⁶⁶ See 3M Co. v. CovCare, Inc., 537 F. Supp. 3d 385 (E.D.N.Y. 2021).

¹⁹⁶⁷ *Id.* at 404.

demonstrating that they are, in fact, in possession of a significant number of genuine 3M mask products.¹⁹⁶⁸

Nevertheless, some opinions took a deeper dive into the issue. One came from a New Jersey federal district court that previously had found after a bench trial that the defendant had falsely advertised its goods as having been manufactured in the United States.¹⁹⁶⁹ Weighing the plaintiff's request for a permanent injunction, the court concluded from the trial record that "[the defendant's] repeated claims that its products are made in America, which . . . is closely related to competitive superiority in the [relevant] market, has led to lost sales and deprived [the plaintiff] of its competitive advantage."¹⁹⁷⁰ The defendant apparently undertook no responsive showing, and, indeed, represented to the court that it already had discontinued the challenged advertising. Not surprisingly, therefore, the court found that the balance of the hardships favored entry of permanent injunctive relief.¹⁹⁷¹

Likewise, a finding of infringement in the cryptocurrency business led to preliminary injunctive relief based on evidence that the defendants not only had infringed the plaintiffs' marks but also had used their infringing mark as the basis of a successful attempt to have Twitter suspend an account owned by one of the plaintiffs, as well as an unsuccessful attempt to convince a cryptocurrency exchange to drop the plaintiffs' cryptocurrencies.¹⁹⁷² Even that was not the extent of the defendants' unlawful actions, however, for "[p]laintiffs also cite other alleged bad-faith behavior by defendants, including making personal threats against [an individual plaintiff], and encouraging users on the anonymous internet message board 4chan to attack [the lead plaintiff] on Twitter."¹⁹⁷³ With no apparent responsive showing by the defendants, the court not surprisingly found that the balance of the harms favored the plaintiffs' request for interlocutory relief.¹⁹⁷⁴

In contrast, one court's balancing of the respective harms led to mixed results. On the one hand, the court found with respect to the plaintiffs' request for a straightforward preliminary injunction against the defendants' continued acts of infringement that "[t]his [preliminary] injunctive relief will not harm Defendants . . . , as it merely prevents them from engaging in further unlawful

¹⁹⁶⁸ *Id.*

¹⁹⁶⁹ See *Newborn Bros. Co. v. Albion Eng'g Co.*, 481 F. Supp. 3d 312 (D.N.J. 2020), *later proceedings*, No. 12-2999 (NLH/KMW), 2021 WL 124490 (D.N.J. Apr. 1, 2021).

¹⁹⁷⁰ *Id.* at 360.

¹⁹⁷¹ *Id.* at 360-61.

¹⁹⁷² See *Safex Found., Inc. v. Safeth, Ltd.*, 531 F. Supp. 3d 285 (D.D.C. 2021).

¹⁹⁷³ *Id.* at 301.

¹⁹⁷⁴ *Id.*

conduct.”¹⁹⁷⁵ On the other hand, however, the court was skeptical of the plaintiffs’ request for an order requiring the defendants to take remedial action by posting corrective advertising on their websites. As the court noted with respect to this second request, the offending material on the sites was live for only sixteen days, and the plaintiffs had failed to demonstrate either that the defendants had made sales as a result or that the plaintiffs themselves had lost sales. This meant that “requiring Defendants to take affirmative remedial action will produce little benefit to Plaintiffs.”¹⁹⁷⁶

A request for an equally draconian preliminary injunction similarly backfired on the plaintiff in another case.¹⁹⁷⁷ The gravamen of the plaintiff’s false advertising cause of action was that the defendants had inaccurately represented the nicotine content of their e-cigarette products. The plaintiff failed to demonstrate a likelihood of success on the merits of its claims, and that caused the court to look skeptically at the terms of the proposed injunction, which included: (1) a prohibition on the continued use of the defendant’s then-current packaging; (2) a requirement that the defendant advise all customers of its allegedly false statements; (3) a recall of the defendant’s goods; and (4) the posting of the court’s (presumably favorable) order on the defendant’s website. Weighing the potential harm of the proposed injunction on the defendant, the court found:

These requests are especially problematic where, with limited opportunity for fact-finding, the Court is being asked to fundamentally jeopardize [the defendants’] business. For example, halting [the defendant’s] production of the [product at issue] would likely not only affect the [the defendant’s] bottom line but could jeopardize the livelihoods of the many people it likely employs. Requiring [the defendants] to tell [their] customers about an as-yet-unproven falsehood similarly could permanently diminish its stature in the market. So too could making a public announcement on the first page of [the lead defendant’s] website about an as-yet-unestablished falsehood jeopardize any business goodwill that it has gained. Not to mention that court-ordered recall—at least at this time—would be exceedingly costly and could not be easily undone.¹⁹⁷⁸

“On the record before the Court,” it concluded, “those requests are simply a bridge too far.”¹⁹⁷⁹

¹⁹⁷⁵ *Holbrook Mfg. LLC v. Rhyno Mfg., Inc.*, 497 F. Supp. 3d 319, 335 (N.D. Ill. 2020).

¹⁹⁷⁶ *Id.* at 336.

¹⁹⁷⁷ *See Bidi Vapor, LLC v. Vaperz LLC*, 543 F. Supp. 3d 619 (N.D. Ill. 2021).

¹⁹⁷⁸ *Id.* at 634.

¹⁹⁷⁹ *Id.*

(D) Public Interest

Courts also generally held that the public interest favored the entry of injunctive relief in cases in which plaintiffs successfully demonstrate liability for infringement or unfair competition.¹⁹⁸⁰ For example, one court rejected an invitation to dissolve a temporary restraining order in a cybersquatting case with the observation that “public policy considerations mandate the requested relief. In a trademark or service mark infringement case, a third party, the consuming public, is present and its interests are paramount.”¹⁹⁸¹ The same result held in the false advertising context for, as one court explained, “the public interest weighs in favor of granting a permanent injunction [against the defendant’s false advertising]. Allowing the public to access updated, accurate, and nuanced information about . . . [the defendant’s] products will allow consumers to make better decisions that accurately reflect their preferences.”¹⁹⁸²

¹⁹⁸⁰ See, e.g., *Safex Found.*, 531 F. Supp. 3d at 301 (“Preventing . . . confusion is in the public interest, and the public interest therefore favors an injunction with respect to defendants’ alleged trademark infringement.” (citations omitted)); *Denbra IP Holdings, LLC v. Thornton*, 521 F. Supp. 3d 677, 690 (E.D. Tex. 2021) (“Because [the plaintiff] has met its burden to show a likelihood of success on the merits concerning its infringement claim against [the defendant], it has also shown that a preliminary injunction will serve the public interest.”); *Daimler AG v. A-Z Wheels LLC*, 498 F. Supp. 3d 1282, 1294 (S.D. Cal. 2020) (“Plaintiff argues that the issuance of a permanent injunction protects the public’s interest by preventing consumer confusion. The Court agrees.” (citation omitted)); *Newborn Bros. Co. v. Albion Eng’g Co.*, 481 F. Supp. 3d 312, 361 (D.N.J. 2020) (“[T]he public interest weighs in favor of granting a permanent injunction [against the defendant’s false representations that their goods were manufactured in the United States]. Allowing the public to access updated, accurate, and nuanced information about the country of origin of [the defendant’s] products will allow consumers to make better decisions that accurately reflect their preferences.”), *later proceedings*, No. 12-2999 (NLH/KMW), 2021 WL 124490 (D.N.J. Apr. 1, 2021); *Spin Master Ltd. v. 158, 463 F. Supp. 3d 348, 376-77* (S.D.N.Y. 2020) (“[A] permanent injunction would serve the public interest because ‘the public has an interest . . . in being assured that the mark it associates with a product is not attached to goods of unknown origin and quality.’” (second alteration in original) (quoting *N.Y.C. Triathlon, LLC v. NYC Triathlon Club, Inc.*, 704 F. Supp. 2d 305, 344 (S.D.N.Y. 2010))), *adhered to in part on reconsideration*, No. 18-cv-1774 (LJL), 2020 WL 5350541 (S.D.N.Y. Sept. 4, 2020).

¹⁹⁸¹ *Alston v. www.calculator.com*, 476 F. Supp. 3d 1295, 1322 (S.D. Fla. 2020) (quoting *Campero USA Corp. v. PCNY, LLC*, No. 11-21094-CIV, 2011 WL 13319576, at *8 (S.D. Fla. Sept. 8, 2011)).

¹⁹⁸² *Newborn Bros.*, 481 F. Supp. 3d at 361; see also

Suzie’s Brewery Co. v. Anheuser-Busch Co., 519 F. Supp. 3d 839, 856 (D. Or. 2021) (“A TRO or preliminary injunction is in the public interest whenever a plaintiff has established a reasonable likelihood of establishing that the defendant has engaged in false advertising in violation of the Lanham Act. That is because the Lanham Act is itself a public interest statute intended to protect the consuming public and competitors from false and deceiving statements which a company chooses to utilize in advertising its goods or services.” (quoting *U-Haul Int’l, Inc. v. Jartran, Inc.*, 522 F. Supp. 1238, 1242 (D. Ariz. 1981), *aff’d*, 681 F.2d 1159 (9th Cir. 1982))); *GlaxoSmithKline LLC v. Boehringer Ingelheim Pharms., Inc.*, 484 F. Supp. 3d 207, 228 (E.D. Pa. 2020) (“[T]here is a strong public interest in the prevention of misleading advertisements.” (quoting

In contrast, although otherwise concluding while preliminarily enjoining infringement by the defendants that “[t]he public interest would . . . be served because the injunction prevents confusion in the marketplace,”¹⁹⁸³ one court declined to reach the same conclusion where the plaintiffs’ request for an order requiring the defendants to take certain remedial actions was concerned. Those actions were intended to address false statements that had been accessible on the defendants’ websites for no more than sixteen days. The brevity of that accessibility led the court to find that “[i]t is unlikely that [the requested] remedial actions would serve the public interest, as there is no evidence before the Court regarding how many, if any, consumers visited [the defendants’] website during the sixteen days it was live, so they would neither need nor understand the disclaimer language.”¹⁹⁸⁴

Public health considerations helped sink another bid for preliminary injunctive relief.¹⁹⁸⁵ The parties competed in the market for e-cigarette products, and the plaintiff accused the defendants of claiming a six percent nicotine content for their goods, when, in fact, the percentage was less than that. From the court’s perspective, the problem was that nicotine degraded over time, which meant that the goods of all industry participants eventually fell below their advertised nicotine content. Not only would injunctive relief deprive consumers of their potential e-cigarettes of choice, but it also could create potentially undesirable incentives for the industry to the detriment of the public. “If companies can be preliminarily enjoined on the basis that their e-cigarettes have too little nicotine,” the court explained, “rational e-cigarette manufacturers might add more nicotine in the manufacturing process to account for degradation. That incentive structure is contrary to the public’s interest as shown by the fact that the U.S. Food and Drug Administration typically recalls products with too much, but not too little, nicotine.”¹⁹⁸⁶ Moreover, it continued:

[T]he public interest also weighs against [the] proposed injunction because a court order might disrupt the FDA’s processing of the [defendant’s application for regulatory approval] Given this ongoing process, the Court is currently reluctant to step into the shoes of the FDA and effectively issue an FDA-like recall, which could have

Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharms. Co., 290 F.3d 578, 597 (3d Cir. 2002)), *appeal dismissed*, No. 20-2926, 2020 WL 8922861 (3d Cir. Nov. 25, 2020).

¹⁹⁸³ *Holbrook Mfg. LLC v. Rhyno Mfg., Inc.*, 497 F. Supp. 3d 319, 335 (N.D. Ill. 2020),

¹⁹⁸⁴ *Id.* at 336.

¹⁹⁸⁵ *See Bidi Vapor, LLC v. Vaperz LLC*, 543 F. Supp. 3d 619 (N.D. Ill. 2021).

¹⁹⁸⁶ *Id.* at 635.

sizeable unintended consequences for consumers and the industry.¹⁹⁸⁷

Finally, one plaintiff's request for a particularly aggressive preliminary injunction resulted in a finding that the public interest weighed against entry of the relief sought.¹⁹⁸⁸ The defendant sold wireless broadband equipment on which the number 31198 appeared as a code. Although the court found that the plaintiff had failed to establish protectable rights to the code in the first instance, it also concluded that "because the injunctive relief sought in this case also raises serious concerns for the public, the Court further buttresses its determination that, on this basis as well, injunctive relief is not warranted."¹⁹⁸⁹ In particular, it found, the plaintiff's request that the defendant replace equipment bearing the number, including thousands of SIM cards, would threaten access to the Internet of thousands of members of the public during a global health emergency in which those members were encouraged to limit face-to-face contact with others. "Under these conditions," the court opined, "wireless internet has become critical for the public to engage in work, school, and commerce,"¹⁹⁹⁰ which meant that the public interest disfavored the relief sought.

ii. Terms of Injunctive Relief

The equitable nature of the injunctive relief meant that trial courts enjoyed great discretion when crafting the terms of that relief. For example, after a jury found a landlord contributorily liable in light of the landlord's failure to police counterfeiting at a particular building it owned, a district court issued a permanent injunction that applied to other properties owned by the landlord.¹⁹⁹¹ Although challenging the geographic scope of the injunction on appeal to the Second Circuit, the landlord disputed neither that a risk of counterfeiting existed at the other locations nor the existence of a demand for goods bearing counterfeiting imitations of the plaintiff's mark in particular. The landlord's objections to the injunction's terms therefore were unavailing:

It is not as if the senior user must prove a new claim of infringement for each geographic area in which it seeks injunctive relief. Once the senior user has proven entitlement to an injunction, the scope of the injunction should be governed by a variety of equitable factors—the

¹⁹⁸⁷ *Id.*

¹⁹⁸⁸ *See LigTel Commc'ns, Inc. v. Baicells Techs., Inc.*, 455 F. Supp. 3d 792, 809 (N.D. Ind. 2020), *appeal dismissed*, No. 20-1896, 2020 WL 9813549 (7th Cir. Nov. 12, 2020).

¹⁹⁸⁹ *Id.* at 811.

¹⁹⁹⁰ *Id.*

¹⁹⁹¹ *See Omega SA v. 375 Canal, LLC*, 984 F.3d 244 (2d Cir. 2021).

principal concern ordinarily being providing the injured senior user with reasonable protection from the junior user's infringement.¹⁹⁹²

The district court therefore had not abused its discretion in extending the injunction to the defendant's other locations.¹⁹⁹³

The Fourth Circuit also affirmed the entry of an allegedly overbroad permanent injunction.¹⁹⁹⁴ The court did so in a case in which Apple Inc. and one of that company's subsidiaries had successfully demonstrated infringement of the IPAD mark for Apple's touch-screen tablet en route to their receipt from the district court of a prohibition on the defendant "employing all uses and variations of the 'ipad' and 'ipod' marks."¹⁹⁹⁵ The appellate court held that the injunction was not overbroad under the "safe distance" rule, which it held "recognizes that 'bad actors' deserve less leeway."¹⁹⁹⁶ Because "the record demonstrably showed that [the counterclaim defendant] was a 'proven infringer,'"¹⁹⁹⁷ it concluded, "the district court did not abuse its discretion in issuing the injunctive relief in favor of Apple."¹⁹⁹⁸

In another appeal, one taken to the Tenth Circuit, the plaintiff had successfully demonstrated infringement of the trade dress of its radio remote controls, including that of the following:¹⁹⁹⁹



The district court therefore enjoined the defendants from "[d]irectly or indirectly using . . . [the plaintiff's] . . . Trade Dress, or any reproduction, counterfeit, copy or colorable imitation thereof on or

¹⁹⁹² *Id.* at 259 (quoting Guthrie Healthcare Sys. v. ContextMedia, Inc., 826 F.3d 27, 46 (2d Cir. 2016)).

¹⁹⁹³ *Id.* at 260.

¹⁹⁹⁴ See RXD Media, LLC v. IP Application Dev. LLC, 986 F.3d 361 (4th Cir. 2021).

¹⁹⁹⁵ *Id.* at 375.

¹⁹⁹⁶ *Id.*

¹⁹⁹⁷ *Id.* at 376.

¹⁹⁹⁸ *Id.*

¹⁹⁹⁹ See Hetricon Int'l, Inc. v. Hetricon Ger. GmbH, 10 F.4th 1016, 1024 (10th Cir. 2021).

in connection with any products or services.”²⁰⁰⁰ The defendants challenged the injunction as lacking the “reasonable detail” required by Federal Rule of Civil Procedure 65(d)(1)(C),²⁰⁰¹ but the court rejected that argument. It noted that “[t]he injunction specifically defines trade dress: ‘trade dress’ refers to the total image of a product, product packaging, product label, product design, or a combination of these things,’ including ‘features such as size, shape, color or color combinations, texture, graphics, or particular sales techniques.’”²⁰⁰² “Crucially,” it continued, “the [district] court [order] further states that the trade dress is ‘the black and yellow color scheme and the design of the housings’ of [the plaintiff’s] products.”²⁰⁰³ Under the circumstances, “[t]his provides ample detail to meet Rule 65’s requirements.”²⁰⁰⁴

The flexibility enjoyed by federal district courts in crafting the terms of injunctive relief also was apparent in several orders not producing appellate opinions. The most notable of those was easily that entered after the 3M Company successfully demonstrated in support of a preliminary injunction motion that its opponents had engaged in large-scale trafficking in N95 protective masks branded with spurious imitations of 3M’s marks.²⁰⁰⁵ Based on that showing, the court agreed to enjoin the defendants from, *inter alia*, selling even genuine goods originating with 3M with the explanation that:

[A]s the Second Circuit has remarked in the trademark context, a district court “must be permitted to fashion an injunction which will keep a proven infringer safely away from the perimeter of future infringement.” Such an injunction may permissibly prohibit otherwise lawful conduct. In keeping with these principles, courts have repeatedly, in analogous counterfeiting cases, rejected the argument that an injunction sweeps too broadly because it bars the enjoined party from selling genuine versions of the goods previously counterfeited.²⁰⁰⁶

Although preliminary injunctions freezing defendants’ assets are relatively rare, one federal district court entered just an order against a corporate defendant after finding that the plaintiff was likely to prevail on its claims of trademark and trade dress infringement.²⁰⁰⁷ It did so in an action in which the plaintiff

²⁰⁰⁰ *Id.* at 1047 (first, second, and fourth alterations in original).

²⁰⁰¹ FED. R. CIV. P. 65(d)(1)(C).

²⁰⁰² *Hetronic*, 10 F.4th at 1046.

²⁰⁰³ *Id.*

²⁰⁰⁴ *Id.*

²⁰⁰⁵ *See* 3M Co. v. CovCare, Inc., 537 F. Supp. 3d 385 (E.D.N.Y. 2021).

²⁰⁰⁶ *Id.* at 406 (citations omitted) (quoting *Versace v. Versace*, 213 F. App’x 34, 36 (2d Cir. 2007)).

²⁰⁰⁷ *See* *Juul Labs, Inc. v. 4X PODS*, 509 F. Supp. 3d 52 (D.N.J. 2020).

successfully demonstrated, in part through expert witness testimony, a nexus between the defendants' unlawful conduct and the assets of a corporate defendant sought to be frozen; indeed, "[the plaintiff's] requested asset freeze is equitably tailored because it likely covers less than what [the plaintiff] could recover [at trial]." ²⁰⁰⁸ Moreover, communications between the individual defendants, whose consumption or movement of assets had suspiciously increased prior to the plaintiff's request for relief, demonstrated "a clearly expressed intent to move or conceal assets, if and when a judgment is imminent or entered." ²⁰⁰⁹ Finding that the plaintiff was "understandably alarmed" by those developments ²⁰¹⁰ and noting that the corporate defendant had gone defunct during the pendency of the case, which left it with "no legitimate business reason to spend or move any of its assets," ²⁰¹¹ the court ordered the requested freeze.

A different bid for an aggressive preliminary injunction succeeded only in part. ²⁰¹² The term at issue would have required the defendants to destroy all goods bearing counterfeit imitations of the plaintiff's marks. The court otherwise granted the plaintiff's motion, but it concluded that the injunction's other terms and the defendants' possible good faith rendered a destruction order "unnecessary to prevent future infringement." ²⁰¹³ As it explained, "[i]t has been held that where an injunction is issued under the Lanham Act enjoining an infringer from further infringement, the rights of the plaintiff are adequately protected and an order requiring destruction of infringing articles, though permitted, may be unnecessary." ²⁰¹⁴

Finally, another court balked at numerous aspects of a proposed permanent injunction requested by a pair of plaintiffs that had successfully secured a default judgment against several online retailers trafficking in goods bearing counterfeit imitations of the plaintiffs' registered marks. ²⁰¹⁵ For example, the court declined to enjoin the defendants' "officers, agents, servants, employees, successors and assigns and all persons acting in concert with or under the direction of Defaulting Defendants (regardless of whether located in the United States or abroad), who receive actual notice of

²⁰⁰⁸ *Id.* at 74.

²⁰⁰⁹ *Id.*

²⁰¹⁰ *Id.* at 75.

²⁰¹¹ *Id.* at 76.

²⁰¹² *See* Daimler AG v. A-Z Wheels LLC, 498 F. Supp. 3d 1282 (S.D. Cal. 2020).

²⁰¹³ *Id.* at 1295.

²⁰¹⁴ *Id.* (alteration in original) (quoting Kelley Blue Book v. Car-Smarts, Inc., 802 F. Supp. 278, 293 (C.D. Cal. 1992)).

²⁰¹⁵ *See* Spin Master Ltd. v. 158, 463 F. Supp. 3d 348 (S.D.N.Y.), *adhered to in part on reconsideration*, No. 18-cv-1774 (LJL), 2020 WL 5350541 (S.D.N.Y. Sept. 4, 2020).

this Order,” after noting that Federal Rule Civil Procedure 65(d)(2) authorized it “to enjoin ‘only’ the following who receive actual notice of the injunction: ‘(A) the parties; (B) the parties’ officers, agents, servants, employees, and attorneys; and (C) other persons who are in active concert or participation with anyone described in [(A) or (B)].”²⁰¹⁶ It similarly refused to adopt language proffered by the plaintiffs “requiring Defaulting Defendants to retain all kinds of documents relating to their businesses regardless of any connection to the sale of Counterfeit Products,”²⁰¹⁷ citing both the potential claim-preclusive effect of the judgment and the defendants’ obligation to preserve evidence should the prospect of litigation with the plaintiff rear its head again.²⁰¹⁸ The court next rejected the plaintiffs’ request for a prohibition on third-party financial institutions and service providers from processing the defendants’ funds, of which the court observed disapprovingly that:

Plaintiffs would have the Court issue them a blank check to fill in with any online marketplace they discover that sells or deals with Counterfeit Products or, even more broadly and expansively, any financial institution that engages in the processing or transfer of money of a Defaulting Defendant, regardless of whether that money is tied to the Counterfeit Products. This section must be stricken.²⁰¹⁹

The plaintiffs’ request for permission to serve future papers on those third-party financial institutions and service providers via electronic means similarly failed because “[t]here is no justification presented for not serving those entities as provided in the Federal Rules of Civil Procedure.”²⁰²⁰ Finally, the court disposed of the plaintiffs’ request that it “freeze the Defaulting Defendants’ assets and transfer them to Plaintiffs as full satisfaction of the statutory damages awards [entered against the Defaulting Defendants] within twenty (20) business days following the service of the Court’s order,” which the court considered inconsistent with the “carefully designed regime [under federal and New York law] that permits a plaintiff to execute on its judgment while also protecting the rights of third parties to the assets that may be used to satisfy that judgment.”²⁰²¹

²⁰¹⁶ *Id.* at 377 (quoting FED. R. CIV. P. 65(d)(2)).

²⁰¹⁷ *Id.* at 378.

²⁰¹⁸ *Id.* at 378-79.

²⁰¹⁹ *Id.* at 380.

²⁰²⁰ *Id.* at 383.

²⁰²¹ *Id.* at 384.

iii. Security

Under ordinary circumstances, Rule 65(c) of the Federal Rules of Civil Procedure requires the successful movant for interlocutory relief to post a bond “in an amount that the court considers proper to pay the costs and damages sustained by any party found to have been wrongfully enjoined or restrained”;²⁰²² assuming a defendant is wrongfully enjoined, 28 U.S.C. § 1352 allows that defendant to pursue an action to recover monetary relief in the amount of the bond.²⁰²³ Likewise, should a federal district court strengthen the terms of a preliminary or permanent injunction pending an appeal, Rule 62(d)(2) provides that “[w]hile an appeal is pending from an interlocutory order or final judgment that grants, continues, modifies, refuses, dissolves, or refuses to dissolve or modify an injunction, the court may suspend, modify, restore, or grant an injunction on terms for bond or other terms that secure the opposing party’s rights.”²⁰²⁴

Those rules do not, however, expressly address the question of what relief to which a wrongly enjoined defendant is entitled if the plaintiff fails to post a bond ordered by a court, leaving a South Dakota federal district court to forge its own path in answering that question.²⁰²⁵ On February 11, 2016, the court preliminarily enjoined the defendants from what a jury had found to be their infringement of the plaintiff’s mark, and an amended order on February 15, 2019, required the plaintiff to post a bond of \$376,539 within one month. The plaintiff failed to do so, however, and instead withdrew its request for injunctive relief on January 10, 2020, citing budgetary constraints. Arguing that the plaintiff had enjoyed the benefits of the preliminary injunction without posting the necessary security, the defendants sought an award of the damages they had suffered as a result.

Without addressing the question of why the defendants had complied with the injunction’s terms without a bond, the court rejected the plaintiff’s argument that the defendants were barred from recovering against the nonexistent bond. Distinguishing case

²⁰²² FED. R. CIV. P. 65(c).

For an opinion declining, without extended analysis, to require a bond in support of a preliminary injunction, see *Holbrook Mfg. LLC v. Rhyno Mfg., Inc.*, 497 F. Supp. 3d 319, 342 (N.D. Ill. 2020) (“Defendants did not request that Plaintiffs post a bond should Plaintiffs be successful on their Preliminary Injunction Motion. The Court nevertheless finds that based on the relief granted in this Order, issuance of a bond is not appropriate.”).

²⁰²³ 28 U.S.C. § 1382 (2018).

²⁰²⁴ FED. R. 65(d)(2).

²⁰²⁵ See *Sturgis Motorcycle Rally, Inc. v. Rushmore Photo & Gifts, Inc.*, 529 F. Supp. 3d 940, 952 (D.S.D. 2021), *appeal dismissed*, No. 21-1973, 2021 WL 4994465 (8th Cir. June 1, 2021).

law arising from failures by courts to require bonds in the first place, the court held that:

[The plaintiff] “accepted and acted under” the amended preliminary injunction for the better part of 18 months. When [the plaintiff] availed itself of the power of the amended preliminary injunction, “it became obligated to make good to [the defendants for their] damages.” “To hold otherwise under the circumstances of this case would be most inequitable.”²⁰²⁶

Having reached that conclusion, the court found as a factual matter that the defendants had failed to demonstrate their entitlement to the full \$376,539 contemplated by the original bond; instead, it determined \$282,341 would make the defendants whole.²⁰²⁷

Two New Jersey federal district courts addressed the requirement of security in a more conventional context, which was the determination of the appropriate quantum of a bond to support preliminary injunctions. The false advertising litigation in the first case was between two major pharmaceutical companies, neither of which briefed the issue.²⁰²⁸ In the absence of guidance from the parties themselves, the court noted that “the Third Circuit has held that ‘[t]he District Court must set a bond even where the parties have neglected to raise the issue’”;²⁰²⁹ moreover, “[w]hen setting the amount of security, district courts should err on the high side’ because the movant still has to prove its loss to receive the bond while ‘[a]n error in the other direction produces irreparable injury, because the damages for an erroneous preliminary injunction cannot exceed the amount of the bond.’”²⁰³⁰ The court therefore set the required bond at \$5,000,000, in the process noting that “[t]he amount of the bond may be modified upon the filing of a properly-supported motion by either party.”²⁰³¹

The court in the second New Jersey case agreed with the plaintiff that a preliminary injunction against a corporate defendant properly should freeze approximately \$20 million in that defendant’s possession to prevent it and the other defendants from transferring or dissipating those funds.²⁰³² Because the plaintiff’s

²⁰²⁶ *Id.* at 970 (quoting *United Motors Serv., Inc. v. Tropic-Aire*, 57 F.2d 479, 483 (8th Cir. 1932)).

²⁰²⁷ *Id.* at 970.

²⁰²⁸ See *GlaxoSmithKline LLC v. Boehringer Ingelheim Pharms., Inc.*, 484 F. Supp. 3d 207 (E.D. Pa. 2020), *appeal dismissed*, No. 20-2926, 2020 WL 8922861 (3d Cir. Nov. 25, 2020).

²⁰²⁹ *Id.* at 229 (alteration in original) (quoting *Tilden Recreational Vehicles, Inc. v. Belair*, 786 F. App’x 335, 343 (3d Cir. 2019)).

²⁰³⁰ *Id.* (second alteration in original) (quoting *Habitat Educ. Ctr. v. U.S. Forest Serv.*, 607 F.3d 453, 456 (7th Cir. 2010)).

²⁰³¹ *Id.*

²⁰³² See *Juul Labs, Inc. v. 4X PODS*, 509 F. Supp. 3d 52 (D.N.J. 2020).

other requested remedies included the disgorgement of \$50 million of the defendants' profits, the defendants argued in favor of a bond in that amount, but the court declined to accept that suggestion, holding that "a bond is only justified to the extent necessary to secure the price of a wrongfully issued injunction. By [the corporate defendant's] own account, there is only about \$20 million in assets to freeze. That, not \$50 million, is the starting point for analysis of the bond amount."²⁰³³ "Moreover," the court added, "the \$20 million, if frozen, will not disappear or be lost. Even if an asset freeze were ultimately found wrongful, [the corporate defendant] would have been temporarily deprived of the use of \$20 million, not of the \$20 million itself."²⁰³⁴ Under the circumstances, the court found it appropriate to require a bond of \$1 million, "representing approximately 5% of the frozen funds."²⁰³⁵

An Oregon federal district court was similarly not favorably disposed to a pair of defendants before it.²⁰³⁶ Having been found liable for falsely advertising that their hard seltzer beverages were the first to have been certified as organic by the U.S. Department of Agriculture, the defendants represented to the court that they would have to invest "at least \$37,900 to produce and distribute replacement advertising necessary to appropriately support the nationwide launch of a new product on the scale that the . . . Seltzers are being released."²⁰³⁷ The defendants failed to provide any details about that prospective investment, however, and, in any case, the court found that the changes to their advertising necessitated by the temporary restraining order it was entering were modest in scope. It therefore held that "[a] security bond undertaken by Plaintiff in the amount of \$5,000 will be sufficient."²⁰³⁸

iv. Contempt

One court strongly hinted it was prepared to reach a finding of contempt but did not actually do so.²⁰³⁹ The underlying factual scenario was not the usual one in which a defendant was accused of failing to comply with an injunction but instead consisted of a plaintiff's failure to pay a discovery sanction to its opponents. The parties agreed that, at least initially, the amount at issue was intended as a setoff against the defendants' obligation to pay the plaintiff certain costs awarded by the court. The costs order was

²⁰³³ *Id.* at 79 (citation omitted).

²⁰³⁴ *Id.*

²⁰³⁵ *Id.* at 79-80.

²⁰³⁶ *See Suzie's Brewery Co. v. Anheuser-Busch Cos.*, 519 F. Supp. 3d 839 (D. Or. 2021).

²⁰³⁷ *Id.* at 856.

²⁰³⁸ *Id.*

²⁰³⁹ *See Sturgis Motorcycle Rally, Inc. v. Rushmore Photo & Gifts, Inc.*, 529 F. Supp. 3d 940 (D.S.D. 2021), *appeal dismissed*, No. 21-1973, 2021 WL 4994465 (8th Cir. June 1, 2021).

vacated on appeal, yet the plaintiff nevertheless had failed to fulfill its obligations to the defendants twenty-six months after the vacatur. Although accusing the plaintiff of “cho[osing] to decide if, when and how it will comply with this court’s orders,”²⁰⁴⁰ the court did not immediately grant the defendants’ motion for contempt but instead required the plaintiff to show cause why the court should not do so.²⁰⁴¹

b. Monetary Relief

i. Damages

(A) Actual Damages

(1) Eligibility of Prevailing Plaintiffs for Awards of Actual Damages

Section 29 of the Act provides that neither awards of actual damages nor accountings of profits are available in actions to protect a federally registered mark unless the registrant has displayed its mark in conjunction with the ® symbol or written notices reciting either “Registered in U.S. Patent and Trademark Office” or “Reg. U.S. Pat. & Tm. Off.”²⁰⁴² Nevertheless, the statute recognizes an exception if a defendant had actual notice of the plaintiff’s registration, and that exception salvaged one counterclaim plaintiff’s bid for monetary relief after the court concluded from the summary judgment record assembled by the parties that the counterclaim plaintiff might well have advised the counterclaim defendants in oral conversations of its intent to register the mark they were accused of infringing.²⁰⁴³ Equally to the point, the counterclaim plaintiff responded to the counterclaim defendants’ motion for summary judgment with proof it had earlier forwarded to the counterclaim defendants labels for its goods bearing the ® symbol in conjunction with its mark. “Thus,” the court concluded in denying the counterclaim defendants’ motion, “a reasonable jury could determine the [the counterclaim defendants] had notice of registration under [Section 29].”²⁰⁴⁴

Albeit in dictum, a different court adopted a considerably more skeptical approach to claims of actual damages under the Act.²⁰⁴⁵ It held that “[a] plaintiff’s burden is at its highest when it seeks money damages. In such cases, a plaintiff ‘must prove both actual damages and a causal link between [the] defendant’s violation and those

²⁰⁴⁰ *Id.* at 971.

²⁰⁴¹ *Id.*

²⁰⁴² 15 U.S.C. § 1111 (2018).

²⁰⁴³ *See* EST Inc. v. Royal-Grow Prods., LLC, 526 F. Supp. 3d 943, 955 (D. Kan. 2021).

²⁰⁴⁴ *Id.*

²⁰⁴⁵ *See* Wing Enters. v. Tricam Indus., 511 F. Supp. 3d 957 (D. Minn. 2021).

damages.”²⁰⁴⁶ By way of comparison, the court explained, that burden was far higher than the one faced by plaintiffs seeking either injunctive relief in a false advertising action or an accounting of the defendant’s profits.²⁰⁴⁷

(2) Calculation of Actual Damages

In an action in which the plaintiffs accused the defendants of having used the plaintiffs’ images to promote strip clubs without the plaintiffs’ authorization, the Second Circuit affirmed the district court’s exclusion of a report proffered by the plaintiffs’ monetary relief expert.²⁰⁴⁸ That decision, however, did not necessarily preclude the plaintiffs from pursuing an award of actual damages. Instead, the court remanded the matter, observing in the process that:

The district court made no conclusions as to the necessity of an expert opinion, and we decline to answer that question in the first instance. On remand, the district court can consider whether an expert opinion is required to prove the fair market value of the photographs at issue, and if so, whether Appellants may supplement the record.²⁰⁴⁹

In contrast, the Supreme Court of Idaho took a far more skeptical view of a claim of actual damages appealed to it.²⁰⁵⁰ The gravamen of the plaintiff’s claims against the defendant was that, in a prior dispute, the defendant’s predecessor had agreed not to operate in the plaintiff’s home county and to refer potential business opportunities in that county to the plaintiff; in fact, however, the defendant continued accepting jobs in that county under a service mark virtually identical to that of the plaintiff. Despite the infringement arising from the defendant’s breach of the earlier agreement, the court affirmed a finding below that the plaintiff had failed to prove any actual damages. In particular, it noted, nothing in the trial record supported the plaintiff’s claim that the defendant’s conduct had hindered the plaintiff’s recovery from the 2008-09 recession. Likewise, the plaintiff’s argument that it had suffered reputational damage caused by the defendant’s allegedly shoddy work “consisted entirely of hearsay statements that were

²⁰⁴⁶ *Id.* at 973 (second alteration in original) (quoting Rhone-Poulenc Rorer Pharms., Inc. v. Marion Merrell Dow, Inc., 93 F.3d 511, 515 (8th Cir. 1996)).

²⁰⁴⁷ *Id.* at 974.

²⁰⁴⁸ *See* *Electra v. 59 Murray Enters.*, 987 F.3d 233 (2d Cir.), *cert. denied*, 142 S. Ct. 563 (2021).

²⁰⁴⁹ *Id.* at 257.

²⁰⁵⁰ *See* *Gem State Roofing, Inc. v. United Components, Inc.*, 488 P.3d 488 (Idaho 2021).

ultimately not admitted at trial.”²⁰⁵¹ The trial court therefore had not erred in declining to award actual damages.

(B) Statutory Damages

If a defendant is found liable for counterfeiting, the prevailing plaintiff has the opportunity to elect, in lieu of an award of its actual damages or an accounting of the defendant’s profits, the statutory damages provided for under Section 35(c) of the Act:²⁰⁵² Such an award can be “not less than \$1,000 or more than \$200,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just” under Section 35(c)(1)²⁰⁵³ or, alternatively, “if the court finds that the use of the counterfeit mark was willful, not more than \$2,000,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just” under Section 35(C)(2).²⁰⁵⁴ Likewise, under Section 35(d),²⁰⁵⁵ a prevailing plaintiff in a cybersquatting action can elect to receive “an award of statutory damages in the amount of not less than \$1,000 and not more than \$100,000 per domain name, as the court considers just.”²⁰⁵⁶

As always, awards of statutory damages and the considerations underlying them were all over the map. In a case in which the defendant was found contributorily liable for counterfeiting occurring at a property it owned, the district court tasked a jury with calculating the appropriate quantum of statutory damages, which the jury did in the amount of \$1.1 million in statutory damages for four registered marks infringed.²⁰⁵⁷ Challenging that award in an appeal to the Second Circuit, the defendant claimed the district court had erroneously precluded it from proving the lack of actual damage suffered by the plaintiff. The court of appeals was unimpressed: Not only had the defendant failed to make an evidentiary proffer on the issue, but the district court instructed the jury it could consider the plaintiff’s showing of lost revenues. Of equal importance, the court concluded, “[g]iven that statutory damages were necessarily in lieu of actual damages in this case, [the defendant] cannot show that it was prejudiced by not being allowed to offer evidence refuting an actual-damages claim that [the defendant] did not pursue.”²⁰⁵⁸

²⁰⁵¹ *Id.* at 505.

²⁰⁵² 15 U.S.C. § 1117(c) (2018).

²⁰⁵³ *Id.* § 1117(c)(1).

²⁰⁵⁴ *Id.* § 1117(c)(2).

²⁰⁵⁵ *Id.* § 1117(d).

²⁰⁵⁶ *Id.*

²⁰⁵⁷ *See Omega SA v. 375 Canal, LLC*, 984 F.3d 244 (2d Cir. 2021).

²⁰⁵⁸ *Id.* at 258.

In another case originating in the Second Circuit, a New York federal district court identified seven factors properly informing calculations of statutory damages:

In making a determination of appropriate statutory damages awards, courts typically consider the following factors: “(1) the expenses saved and the profits reaped by defendant; (2) the revenues lost by plaintiff; (3) the value of the mark; (4) the scale of defendant’s infringement; (5) whether defendant’s conduct was innocent or willful; (6) whether defendant has cooperated in providing particular records from which to assess the value of the infringing material produced; and (7) the potential for discouraging the defendant and others.”²⁰⁵⁹

The court’s determination of an appropriate award was complicated by the failure of the six defendants targeted by the plaintiffs’ request for that relief to appear in the case, which deprived the court of “[t]he full extent of the profits reaped and the revenue lost by the Plaintiffs as a result of the infringing activity of each Defaulting Defendant.”²⁰⁶⁰ To account for that evidentiary void, the court accepted the results of research by a third-party investigator retained by the plaintiffs, which identified (through means not described by the court in detail) the number of individual goods sold by each defendant; the court then multiplied “the number of sales of Counterfeit Products found by [the investigator] for each of the six Defaulting Defendants by the sale price of the highest priced [good sold by those defendants] (i.e., \$29.99).”²⁰⁶¹ Weighing the remaining factors, the court found that the value of the plaintiffs’ mark, the scale of the defendants’ unlawful actions, and the defendants’ willfulness favored high awards against the defendants, but that the apparent absence of attempts by the defendants to conceal their activities and identities and the lack of a need to deter the defendants from future misconduct in light of a permanent injunction entered against them did not.²⁰⁶² “On the facts here,” the court concluded, “an award of statutory damages against each of the six Defaulting Defendants equal to three times the amount of lost revenues based on the most expensive Counterfeit Products is appropriate.”²⁰⁶³ Unusually, it then accounted for “the differences in

²⁰⁵⁹ *Spin Master Ltd. v. 158*, 463 F. Supp. 3d 348, 371 (S.D.N.Y. 2020) (quoting *Streamlight, Inc. v. Gindi*, No. 18-CV-987 (NG), 2019 WL 6733022, at *11-12 (E.D.N.Y. Oct. 1, 2019), *report and recommendation adopted*, No. 18-CV-987 (NG) (RLM), 2019 WL 6726152 (E.D.N.Y. Dec. 11, 2019)), *adhered to in part on reconsideration*, No. 18-cv-1774 (LJL), 2020 WL 5350541 (S.D.N.Y. Sept. 4, 2020).

²⁰⁶⁰ *Id.* at 372.

²⁰⁶¹ *Id.*

²⁰⁶² *Id.* at 372-74.

²⁰⁶³ *Id.* at 375.

the scale of the infringement by each of the six Defaulting Defendants by rounding up for those defendants who sold more than 100 Counterfeit Products.”²⁰⁶⁴

A final notable reported opinion did not make an actual award of statutory damages but instead addressed the issue in the context of the plaintiff’s request for summary adjudication of the defendants’ willfulness.²⁰⁶⁵ Although the court previously had found the defendants liable as a matter of law for counterfeiting, it identified factual disputes in the record on the question of their willfulness under an application of the following factors:

- (1) whether the same conduct underlying the Lanham Act violation also resulted in the defendant’s [criminal] conviction for trafficking counterfeit goods; (2) whether the defendant continued to import counterfeit [goods] after Customs seized similar goods; (3) the quantity of counterfeit goods imported; (4) whether the defendant ceased using the counterfeit goods upon receiving notice of the infringing nature of his conduct; (5) whether the defendant believed in good faith that his use of a trademark was lawful; (6) the purchase price of counterfeit goods; (7) whether the defendant attempted to verify the authenticity of goods; (8) whether the defendant boasted about his infringement conduct to others; and (9) whether the defendant actively defended against the infringement claims.²⁰⁶⁶

In particular, the court credited the defendants’ showings with respect to the fifth factor that, rather than having passed off their goods as those of the plaintiff, the defendants had identified each good as a “replica” and “NOT OEM.”²⁰⁶⁷ Moreover, although the plaintiff accused the defendants of having continued to knock off its marks following the court’s summary judgment order of liability, the court found that the plaintiff’s photographic evidence of that alleged misconduct did not establish it as a matter of law. The final consideration underlying the court’s denial of the plaintiff’s motion was its conclusion that the defendants enjoyed a right to a jury trial on the proper quantum of the award.²⁰⁶⁸

²⁰⁶⁴ *Id.* This last step resulted in the court rounding an award of \$3,642,615.39 up to \$4 million, an award of \$849,406.77 up to \$1 million, an award of \$57,850.71 up to \$70,000, and an award of \$21,232.92 up to \$30,000. *Id.*

²⁰⁶⁵ *See* Daimler AG v. A-Z Wheels LLC, 498 F. Supp. 3d 1282 (S.D. Cal. 2020).

²⁰⁶⁶ *Id.* at 1288 (quoting Philip Morris USA Inc. v. Lee, 547 F. Supp. 2d 685, 694 (W.D. Tex. 2008)).

²⁰⁶⁷ *Id.* at 1289.

²⁰⁶⁸ *Id.* at 1290.

(C) Punitive Damages

Section 35(a) on its face appears to preclude use of the Lanham Act as a mechanism for the imposition of punitive damages, and awards of them in unfair competition actions are relatively rare under state law as well. Nevertheless, one counterclaim plaintiff's bid for punitive damages under Kansas law—and possibly under the Act as well—survived a defense motion for summary judgment.²⁰⁶⁹ With respect to federal law, the court concluded that “it appears to be unsettled whether Lanham Act claims might support a claim for punitive damages,”²⁰⁷⁰ while at the same time holding the wantonness required for such an award under Kansas law “occurs when a party acted with a ‘realization of the imminence of danger and a reckless disregard and complete indifference and unconcern to the probable consequences.’”²⁰⁷¹ Crediting the counterclaim plaintiff's showing of specific misrepresentations by the counterclaim defendants and unfulfilled promises by them to discontinue their alleged infringement of the counterclaim plaintiff's marks, it declined to find punitive damages unavailable as a matter of law, choosing instead to defer the issue until trial.²⁰⁷²

ii. Accountings of Profits

(A) Eligibility of Prevailing Plaintiffs for Accountings of Profits

Following a bench trial in which it found the defendant liable under Section 43(a) for falsely advertising that its goods were manufactured in the United States, a New Jersey federal district court invoked the Third Circuit's *Banjo Buddies* factors when weighing the prevailing plaintiff's request for an accounting of the defendant's profits:

These factors include: (1) whether the defendant had the intent to confuse or deceive; (2) whether sales have been diverted; (3) the adequacy of other remedies; (4) any unreasonable delay by the plaintiff in asserting his rights; . . . (5) the public interest in making the conduct unprofitable; and (6) whether this is a case of palming off.²⁰⁷³

In applying those factors, the court focused first on the plaintiff's showings that “[the defendant] intended to distinguish itself from

²⁰⁶⁹ See *EST Inc. v. Royal-Grow Prods., LLC*, 526 F. Supp. 3d 943 (D. Kan. 2021).

²⁰⁷⁰ *Id.* at 961 n.5.

²⁰⁷¹ *Id.* at 961 (quoting *Soto v. City of Bonner Springs*, 238 P.3d 278, 284 (Kan. 2010)).

²⁰⁷² *Id.*

²⁰⁷³ *Newborn Bros. Co. v. Albion Eng'g Co.*, 481 F. Supp. 3d 312, 360 (D.N.J. 2020) (citing *Banjo Buddies Inc. v. Renosky*, 399 F.3d 168, 175 (3d Cir. 2005)), *later proceedings*, No. 12-2999 (NLH/KMW), 2021 WL 124490 (D.N.J. Apr. 1, 2021).

[the plaintiff] by stating that all of its products were made in the United States to the detriment of its customers' understanding of where [the defendant's] products were made"²⁰⁷⁴ and that "[the defendant's] statements diverted sales away from [the plaintiff]";²⁰⁷⁵ it also found that the long-standing nature of the defendant's conduct rendered "other remedies such as a permanent injunction . . . not adequate in this case"²⁰⁷⁶ and that "the public interest weighs in favor of making false and/or deceptive advertising unprofitable."²⁰⁷⁷ Although, with respect to the fourth factor, the plaintiff had filed suit years after learning of the defendant's misconduct, the court declined "to penalize [the plaintiff] for conducting an investigation into the origin of [the defendant's] products, assessing its own market position, and consulting with the U.S. Customs and Border Patrol Agency [about the accuracy of the defendant's claim of domestically manufactured goods] before filing this suit."²⁰⁷⁸ Disgorgement of the defendant's profits therefore was an appropriate remedy.

Other opinions focused on the significance of the Supreme Court's holding in *Romag Fasteners, Inc. v. Fossil, Inc.*²⁰⁷⁹ that bad-faith misconduct is not a prerequisite for accountings of profits in actions under Sections 32, 43(a), and 43(d). For example, in an opinion denying a defense motion for summary judgment on the plaintiff's eligibility for an accounting,²⁰⁸⁰ a New York federal district court addressed the metes and bounds of *Romag Fasteners* in a conventional infringement action. According to the defendant's moving papers, *Romag Fasteners* did not apply if an accounting was sought only as a deterrent to future misconduct. The court was unconvinced: "The argument is unavailing. The Supreme Court explicitly grounded its holding in the Lanham Act's 'language, structure and history' and not 'policy.'"²⁰⁸¹

A different plaintiff was even more successful in relying upon *Romag Fasteners*,²⁰⁸² especially the Supreme Court's observation that "we do not doubt that a trademark defendant's mental state is a highly important consideration in determining whether an award

²⁰⁷⁴ *Id.* at 362.

²⁰⁷⁵ *Id.*

²⁰⁷⁶ *Id.*

²⁰⁷⁷ *Id.*

²⁰⁷⁸ *Id.*

²⁰⁷⁹ 140 S. Ct. 1492 (2020).

²⁰⁸⁰ See *RVC Floor Decor, Ltd. v. Floor & Decor Outlets of Am., Inc.*, 527 F. Supp. 3d 305 (E.D.N.Y. 2021).

²⁰⁸¹ *RVC Floor Decor*, 527 F. Supp. 3d at 331 (quoting *Romag Fasteners*, 140 S. Ct. at 1497).

²⁰⁸² See *Monster Energy Co. v. Integrated Supply Network, LLC*, 533 F. Supp. 3d 928 (C.D. Cal. 2021), *appeal dismissed*, No. 21-55361, 2021 WL 3028034 (9th Cir. June 28, 2021).

of profits is appropriate.”²⁰⁸³ That plaintiff had successfully convinced a jury by clear and convincing evidence and testimony that the defendant had infringed the plaintiff’s rights, but the jury had awarded only one dollar in nominative damages and none in compensatory damages. Under those circumstances, the court held that an accounting would have the beneficial effect of deterring further infringement by the defendant of the plaintiff’s marks; it likewise concluded that “[f]airness also supports disgorgement of profits so that Defendant does not profit from its unlawful infringement.”²⁰⁸⁴ As an additional consideration in its decision to order an accounting, it rejected the defendant’s argument that such a remedy was inappropriate without a showing of irreparable harm by the plaintiff.²⁰⁸⁵ Finally, noting the equitable nature of the accounting remedy, it found that the jury’s decision not to award compensatory damages favored an accounting because that decision demonstrated the inadequacy of legal remedies against the defendant’s conduct.²⁰⁸⁶

Another opinion confirmed that *Romag Fasteners* does not extend to actions for likely dilution under Section 43(c); indeed, the outcome of that case turned in large part on the text of Section 35(a), which expressly requires a showing of bad faith for monetary relief only where Section 43(c) is concerned.²⁰⁸⁷ While weighing cross-motions for summary judgment filed by the parties before it, the court therefore noted that “[a] showing of willfulness is not a precondition for the disgorgement of profits based on a trademark infringement claim. However, a showing of willfulness is a precondition for a profits award based on a trademark dilution claim.”²⁰⁸⁸ That observation ultimately proved a nonevent after the plaintiff advised the court that it did not seek an accounting via its Section 43(c) cause of action. Nevertheless, the court still considered factual disputes on the degree of the defendant’s willful misconduct when denying the parties’ cross-motions for summary judgment on the issue of the plaintiff’s entitlement to an accounting on its Section 32 and Section 43(a) causes of action, holding that “such fact disputes . . . preclude summary judgment on any entitlement to disgorgement of Defendant’s profits. Furthermore, given that the Lanham Act is ‘grounded in equity and bars punitive remedies,’ the

²⁰⁸³ 140 S. Ct. at 1497.

²⁰⁸⁴ *Id.* at 933.

²⁰⁸⁵ *Id.* at 934.

²⁰⁸⁶ *Id.* at 934-36.

²⁰⁸⁷ 140 S. Ct. at 1494-95.

²⁰⁸⁸ *Am. Dairy Queen Corp. v. W.B. Mason Co.*, 543 F. Supp. 3d 695, 720 (D. Minn. 2021) (citation omitted).

Court finds it particularly appropriate to consider remedies, if any, with the benefit of a full record.”²⁰⁸⁹

An Iowa federal district court denied a similar bid for the summary disposition of a plaintiff’s request for an accounting even earlier in the case before it.²⁰⁹⁰ According to a motion to dismiss that request, the plaintiff’s complaint averred nothing more than conclusory allegations of lost actual harm. In denying the motion, the court held the defendant’s argument “misplaced” to the extent it ignored the unjust enrichment basis of the plaintiff’s bid for an accounting:

The theory of unjust enrichment is based not on returning a benefit the plaintiff has lost but on removing benefits the defendant has obtained through unfair use of the plaintiff’s trademark. Thus, a plaintiff is not required to show actual damages, or a lost benefit, to disgorge profits from an infringer on the basis of unjust enrichment.²⁰⁹¹

Finally, news of *Romag Fasteners* apparently had not yet reached a federal bankruptcy court charged with deciding whether an accounting previously ordered in a false advertising action was nondischargeable because the debtor had acted willfully and maliciously when infringing the plaintiff’s mark.²⁰⁹² Addressing the first prong of that analysis, the court invoked pre-*Romag Fasteners* authority to hold mistakenly that “[t]he willfulness standard requires a Plaintiff to establish that a debtor not only committed a wrongful act but did so ‘with knowledge that the act is wrongful and will necessarily cause injury.’”²⁰⁹³ That error ultimately proved harmless, however, as the court concluded that issue preclusion barred the creditor from relitigating the question of its willfulness.²⁰⁹⁴

(B) The Accounting Process

Section 35(a) provides “[i]n assessing profits the plaintiff shall be required to prove defendant’s sales only; [the] defendant must prove all elements of cost or deduction claimed.”²⁰⁹⁵ Actual accountings in reported opinions were rare, but one court opined on the parties’ respective burdens where the apportionment of a defendant’s revenues between infringing and noninfringing sources

²⁰⁸⁹ *Id.* at 720 (quoting *Zerorez Franchising Sys., Inc. v. Distinctive Cleaning, Inc.*, 103 F. Supp. 3d 1032, 1048 (D. Minn. 2015)).

²⁰⁹⁰ *See Weems Indus. v. Teknor Apex Co.*, 540 F. Supp. 3d 839 (N.D. Iowa 2021).

²⁰⁹¹ *Id.* at 856 (citation omitted).

²⁰⁹² *See In re Better Than Logs, Inc.*, 631 B.R. 670 (Bankr. D. Mont. 2021).

²⁰⁹³ *Id.* at 679 (quoting *In re Jercich*, 238 F.3d 1202, 1208 (9th Cir. 2001)).

²⁰⁹⁴ *Id.* at 682.

²⁰⁹⁵ 15 U.S.C. § 1117(a) (2018).

was concerned. It held that “the plaintiff does not need to show which of the defendant’s profits were attributable to the false advertising; on the contrary, ‘the defendant bears the burden of showing . . . any portion of sales that was not due to the allegedly false advertising.’”²⁰⁹⁶

iii. Adjustments of Awards of Damages and Accountings of Profits

Section 35 contains several provisions authorizing adjustments to an award of a plaintiff’s actual damages or a defendant’s profits. To begin with, Section 35(a) provides, “[i]n assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount”;²⁰⁹⁷ the same provision also recites, “[i]f the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case.”²⁰⁹⁸ Likewise, Section 35(b) provides for enhancements in cases in which a defendant has been found liable for having trafficked in goods or services associated with counterfeit marks:

In assessing damages . . . in a case involving use of a counterfeit mark . . . , the court shall, unless the court finds extenuating circumstances, enter judgment for three times such profits or damages, whichever amount is greater, together with a reasonable attorney’s fee, if the violation consists of

(1) intentionally using a mark or designation, knowing such mark or designation is a counterfeit mark . . . , in connection with the sale, offering for sale, or distribution of goods or services; or

(2) providing goods or services necessary to the commission of a violation specified in paragraph (1), with the intent that the recipient of the goods or services would put the goods or services to use in committing the violation.²⁰⁹⁹

Based on Section 35(a)’s reference to the possible trebling of an assessment of “damages,” one defendant before a New York federal district court argued that it was entitled to summary judgment on

²⁰⁹⁶ *Wing Enters. v. Tricam Indus.*, 511 F. Supp. 3d 957, 974 (D. Minn. 2021) (alteration in original) (quoting *Aviva Sports, Inc. v. Fingerhut Direct Mktg., Inc.*, 829 F. Supp. 2d 802, 819 (D. Minn. 2011)).

²⁰⁹⁷ 15 U.S.C. § 1117(a) (2018).

²⁰⁹⁸ *Id.*

²⁰⁹⁹ *Id.* § 1117(b).

the plaintiff's request for a trebled accounting.²¹⁰⁰ Finding the argument “unconvincing,”²¹⁰¹ the court denied the motion. It did so based in part on the absence of precedential authority precluding a trebled accounting—the defendant proffered only an unpublished Federal Circuit opinion²¹⁰² in support of its position—but also because the Second Circuit had previously held that Section 35(a) authorizes the “[u]nlimited enhancement . . . of an award based on defendant's profits”;²¹⁰³ moreover, the same court had on at least two occasions affirmed such a remedy.²¹⁰⁴

A different challenge to a request for augmented monetary relief also failed, albeit on a motion to dismiss.²¹⁰⁵ According to the court, “[w]hether a claim for relief should be dismissed under Rule 12(b)(6) turns not on whether all of the relief asked for can be granted, but whether the plaintiff is entitled to *any* relief.”²¹⁰⁶ Thus, “[b]ecause statutory and treble damages are remedies, not causes of action, a Rule 12(b)(6) motion is an improper vehicle for dismissing these specific requests for relief.”²¹⁰⁷

iv. Attorneys' Fees

Several mechanisms allow trial courts the discretion to award attorneys' fees to prevailing parties in trademark and unfair competition litigation. Those parties in some jurisdictions can secure awards of fees under state law, but, as always, most cases awarding fees over the past year did so under federal law, which recognizes several bases for fee petitions. For example, and of perhaps greatest familiarity to trademark practitioners, Section 35(a) authorizes the imposition of fees upon the losing party in “exceptional cases,”²¹⁰⁸ while Section 35(b) makes such an award virtually mandatory in cases in which a defendant has been found liable for trafficking in goods or services associated with counterfeit marks.²¹⁰⁹ The Federal Rules of Appellate Procedure authorize

²¹⁰⁰ See *RVC Floor Decor, Ltd. v. Floor & Decor Outlets of Am., Inc.*, 527 F. Supp. 3d 305 (E.D.N.Y. 2021).

²¹⁰¹ *Id.* at 331.

²¹⁰² See *Nutting v. RAM Sw., Inc.*, 69 Fed. App'x 454, 458 (Fed. Cir. 2003).

²¹⁰³ *RVC Floor Decor*, 527 F. Supp. 3d at 331 (alterations in original) (quoting *Getty Petroleum Corp. v. Bartco Petroleum Corp.*, 858 F.2d 103, 109 (2d Cir. 1988)).

²¹⁰⁴ *Id.* (first citing *Merck Eprova AG v. Gnosis S.p.A.*, 760 F.3d 247, 262-63 (2d Cir. 2014); and then citing *4 Pillar Dynasty LLC v. New York & Co.*, 933 F.3d 202, 217 (2d Cir. 2019)).

²¹⁰⁵ See *Mott's LLP v. Comercializadora Eloro, S.A.*, 507 F. Supp. 3d 780 (W.D. Tex. 2020).

²¹⁰⁶ *Id.* at 791.

²¹⁰⁷ *Id.*

²¹⁰⁸ 15 U.S.C. § 1117(a) (2018).

²¹⁰⁹ *Id.* § 1117(b).

awards of fees to reimburse the expenses of frivolous appeals,²¹¹⁰ and federal district courts also may award fees if a litigant has “unreasonably and vexatiously” multiplied the proceedings in a case.²¹¹¹ Federal courts likewise have the inherent power to award fees if bad-faith litigation practices by the parties or other considerations justify them and also may impose awards of fees as sanctions for contempt, under Rules 11 and 41(d) of the Federal Rules of Civil Procedure,²¹¹² or, in the case of discovery violations, under Rule 37.²¹¹³

(A) Determination of the Prevailing and the Losing Party

Because a losing party is inevitably disqualified from pursuing a fee award,²¹¹⁴ an obvious initial inquiry for courts considering requests for such awards is the determination of the prevailing party.²¹¹⁵ In one case requiring such a determination, the plaintiff had successfully secured dismissal of the defendant’s counterclaims at the pleadings stage, but it ultimately lost on the merits of its own claims after the court granted the defendant’s motion for summary judgment.²¹¹⁶ According to the court:

A litigant is a “prevailing party” “for attorney’s fees purposes if they succeed on any significant issue in litigation which achieves some of the benefit the parties sought in bringing suit.” “[T]o be considered a prevailing party . . . [a party] must be able to point to a resolution of the dispute which changes the legal relationship between itself and the defendant.”²¹¹⁷

In an application of this test, the court held that “defeating counterclaims may certainly change the litigants’ legal relationship, but here the dismissal of [the defendant’s] counterclaims did not change the parties’ relationship.”²¹¹⁸ In contrast, “[t]he court’s

²¹¹⁰ FED. R. APP. P. 38.

²¹¹¹ 28 U.S.C. § 1927 (2018).

²¹¹² FED. R. CIV. P. 11 & 41(d).

²¹¹³ FED. R. CIV. P. 37.

²¹¹⁴ See, e.g., *Adina’s Jewels, Inc. v. Shashi, Inc.*, 442 F. Supp. 3d 766, 774 (S.D.N.Y. 2020) (declining to award fees to plaintiff failing to challenge successfully defendant’s removal of state-court action to federal court successfully).

²¹¹⁵ See, e.g., *Gem State Roofing, Inc. v. United Components, Inc.*, 488 P.3d 488, 508 (Idaho 2021) (holding successful plaintiff in appeal was prevailing party for purposes of clause in settlement agreement providing for award of fees in event of successful enforcement action).

²¹¹⁶ See *Eagle F. v. Phyllis Schlafly’s Am. Eagles*, 498 F. Supp. 3d 1024 (S.D. Ill. 2020).

²¹¹⁷ *Id.* at 1040 (alterations in original) (first quoting *Hensley v. Eckerhart*, 461 U.S. 424, 433 (1983); and then quoting *Texas State Teachers Ass’n v. Garland Indep. Sch. Dist.*, 489 U.S. 782, 792 (1989)).

²¹¹⁸ *Id.*

dismissal [of the plaintiff's claims] with prejudice materially altered the legal relationship of the parties, to the benefit of [the defendant].”²¹¹⁹ The defendant therefore was the prevailing party.

A less common issue associated with the identification of prevailing and losing parties for purposes of fee petitions is whether additional parties can be added to the latter category on a post-judgment basis. The Fifth Circuit addressed that question in a case in which it previously had affirmed a fee award against a defendant while also remanding the action to the district court for an apportionment of the requested fees between the plaintiff's successful and unsuccessful causes of action.²¹²⁰ On remand, the district court granted the plaintiff's motion to hold the defendant's counsel, who also was the defendant's principal, liable for the fee award, citing post-judgment discovery that disclosed the defendant's inability to pay it. Citing numerous unreasonable actions taken by the defendant during the litigation,²¹²¹ the appellate court affirmed: “While [the attorney] argues she was not responsible for this conduct, she is a principal of [the defendant] and personally signed the motion for summary judgment, the counterclaim, the motion to dismiss, and [the defendant's] memorandum insisting on proceeding with depositions after the district court's summary judgment ruling.”²¹²²

(B) Eligibility of Prevailing Parties for Awards of Attorneys' Fees

In *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*,²¹²³ the Supreme Court adopted a flexible approach to the “exceptional case” standard for fee awards under Section 285 of the Patent Act.²¹²⁴ Under that standard, a case can be “exceptional” if the court determines, under the totality of the circumstances, that it “stands out from others with respect to the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was

²¹¹⁹ *Id.*

²¹²⁰ *See All. for Good Gov't v. Coal. for Better Gov't*, 998 F.3d 661 (5th Cir. 2021).

²¹²¹ *Id.* at 666 (“We affirmed the district court's determination that this case is exceptional because [the defendant] litigated in an unreasonable manner, including presenting meritless defenses at the summary judgment stage, filing an unsupported laches defense, meritless counterclaim, and a meritless motion to dismiss, and behaving unreasonably during discovery by insisting on proceeding with depositions even after the district court granted summary judgment on [the plaintiff's] federal trademark infringement claim and [the plaintiff] dismissed its other claims.”).

²¹²² *Id.*

²¹²³ 572 U.S. 545 (2014).

²¹²⁴ 35 U.S.C. § 285 (2018).

litigated.”²¹²⁵ Outside the context of Section 35(b)’s virtually automatic award of fees to prevailing plaintiffs in counterfeiting cases, *Octane Fitness* continued to play a significant role in interpretations of Section 35(a), which, like Section 285, codifies an “exceptional case” standard.

(1) Fee Requests by Prevailing Plaintiffs

Although having earlier prevailed as a matter of law on its claims that the defendants had trafficked in automobile wheels and rims bearing counterfeit imitations of its registered marks, a luxury automobile manufacturer came up short in its bid for reimbursement of its attorneys’ fees on a motion for summary judgment.²¹²⁶ The court did not expressly address Section 35(b)’s virtually automatic award in cases of “intentional[]” counterfeiting, but it concluded in the context of the plaintiff’s request for maximum awards of statutory damages that a factual dispute existed as to the willfulness of the defendants’ conduct,²¹²⁷ and that determination apparently extended to a finding that the summary judgment record reflected a similar dispute with respect to the defendants’ intent under Section 35(b). The court did expressly address the plaintiff’s entitlement to a fee award under Section 35(a)’s “exceptional case” standard, in the process finding that a factual dispute existed on that subject as well. That result held despite the court having earlier sanctioned the defendants for discovery violations, which the court held did not “alone suffice to make the case exceptional.”²¹²⁸

(2) Fee Requests by Prevailing Defendants

Rather later than many other federal appellate courts, the Tenth Circuit adopted the *Octane Fitness* test for identifying exceptional cases under Section 35(a) in an action in which a group of defendants had successfully defended themselves against an accusation that they had violated a permanent injunction.²¹²⁹ Nevertheless, the court did not distance itself from its past authority on the issue, which took into account (1) the lack of any foundation for the losing plaintiff’s position; (2) the plaintiff’s bad faith in initiating the case; (3) whether the plaintiff litigated its case in an

²¹²⁵ *Octane Fitness*, 572 U.S. at 554.

²¹²⁶ See *Daimler AG v. A-Z Wheels LLC*, 498 F. Supp. 3d 1282 (S.D. Cal. 2020).

²¹²⁷ Evidence potentially favoring the defendants’ position on willfulness included: (1) their identification of goods bearing spurious imitations of the plaintiff’s marks as (a) “replica[s]” and (b) “NOT OEM”; and (2) what the court saw as the plaintiff’s unconvincing proof that the defendants had continued their unlawful conduct after the court’s initial summary judgment order finding them liable for counterfeiting. *Id.* at 1287-90.

²¹²⁸ *Id.* at 1291.

²¹²⁹ See *Derma Pen, LLC v. 4EverYoung Ltd.*, 999 F.3d 1240, 1246 (10th Cir. 2021).

unusually vexatious and oppressive manner; and (4) other relevant considerations. “At their core,” the court explained, its past authority and the *Octane Fitness* standard “are ‘twin sons of different mothers,’ and both provide guidance on whether a particular Lanham Act case merits an award of attorney’s fees.”²¹³⁰ Then, reviewing the merits of the district court’s award of fees to the prevailing defendants, it concluded that the weakness of the plaintiffs’ claim of contempt and the plaintiffs’ misconduct in prosecuting it precluded the district court’s award of fees from being an abuse of discretion.²¹³¹

An Illinois federal district court cited much the same rationales in similarly awarding fees to a prevailing defendant.²¹³² With respect to the substantive strength of the plaintiff’s claims—which failed on a defense motion for summary judgment, the court noted that the plaintiff had pursued a federal infringement cause of action despite lacking registrations of the marks it sought to protect—had refused to address a cogent argument by the defendant concerning other marks, had pursued a federal dilution claim although the marks covered by it lacked distinctiveness, and had lost a cybersquatting cause of action to boot.²¹³³ The court also faulted the plaintiff for numerous instances of litigation-related misconduct, which included meritless motions to hold the defendant in contempt, the filing of multiple reply briefs not authorized by the local rules, gamesmanship in the addition of the defendant to a related state-court proceeding, a general refusal to prosecute its case, and unfounded objections to the defendant’s bill of costs.²¹³⁴

Despite that outcome, and although the Seventh Circuit has adopted the *Octane Fitness* test in lieu of that court’s original highly restrictive abuse-of-process-based one,²¹³⁵ there remains no guarantee that prevailing defendants will recover their fees in that jurisdiction. For example, in the course of losing an attempt to enforce the rights to its putative HOTEL CHICAGO mark for hotel services, the plaintiff produced an internal e-mail predating the litigation by three years and reciting that “[a]s you know, because we cannot trademark the name Hotel Chicago, our best protection is to start using it to build name equity.”²¹³⁶ Although the plaintiff’s bid for a preliminary injunction failed for want of secondary

²¹³⁰ *Id.* at 1246 (footnote omitted) (quoting Dan Fogelberg & Tim Weisberg, *Twin Sons of Different Mothers* (Epic Records 1978)).

²¹³¹ *Id.*

²¹³² See *Eagle F. v. Phyllis Schlafly’s Am. Eagles*, 498 F. Supp. 3d 1024 (S.D. Ill. 2020).

²¹³³ *Id.* at 1041.

²¹³⁴ *Id.* at 1041-43.

²¹³⁵ See *Nightingale Home Healthcare, Inc. v. Anodyne Therapy, LLC*, 626 F.3d 958, 963-64 (7th Cir. 2010).

²¹³⁶ *LHO Chicago River, L.L.C. v. Rosemoor Suites, LLC*, 988 F.3d 962, 966 (7th Cir. 2021).

meaning, after which it voluntarily dismissed its case, those considerations did not mandate an award of fees under the theory that the plaintiff's case was exceptionally weak on the merits. This was in part because a magistrate judge had recommended entry of the preliminary injunction before being reversed by the district court, of which the court of appeals remarked that "the mere fact that two experienced judges disagreed on the same motion is 'significant evidence that the pleading was not frivolous or unreasonable.'"²¹³⁷ Beyond that, the defendant had filed two applications to register an identical mark, which the court considered evidence of the plaintiff's good-faith belief that the mark was valid, and the preliminary injunction record included evidence of seventeen instances of actual confusion among consumers, not counting additional ones the defendant acknowledged it had encountered. Especially because the plaintiff had adduced "evidence of significant, widespread marketing efforts, global promotion, and sales volume to demonstrate the mark had acquired secondary meaning,"²¹³⁸ and because "a party who fails to obtain preliminary injunctive relief may yet succeed on the merits because '[a] preliminary injunction is an extraordinary remedy,'"²¹³⁹ "the district court acted within its discretion in . . . finding that [the plaintiff's] litigating position was not so weak as to warrant fee shifting."²¹⁴⁰

The court was no more receptive to the defendant's argument that abusive litigation practices by the plaintiff merited a fee award. It rejected the defendant's reliance on the pre-litigation e-mail because of the district court's finding that "the evidence of [the plaintiff's] marketing budget and advertising efforts, plus the passage of time between the email and the filing of the complaint, showed that [the plaintiff] reasonably believed it had developed protectible trademark rights."²¹⁴¹ Moreover, the district court had not abused its discretion in finding: (1) the plaintiff had had a reasonable belief that an individual named as a defendant (but later dropped) had been personally involved in the alleged infringement;²¹⁴² (2) some of the plaintiff's actions in discovery, although "certainly bad," were not "egregious and reprehensible";²¹⁴³ (3) the plaintiff had been within its rights to appeal the denial of its preliminary injunction motion;²¹⁴⁴ and

²¹³⁷ *Id.* at 967 (quoting *Indianapolis Colts v. Mayor & City Council of Baltimore*, 775 F.2d 177, 182 (7th Cir. 1985)).

²¹³⁸ *Id.* at 968.

²¹³⁹ *Id.* (quoting *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 24 (2008)).

²¹⁴⁰ *Id.* at 969.

²¹⁴¹ *Id.*

²¹⁴² *Id.* at 970.

²¹⁴³ *Id.*

²¹⁴⁴ *Id.*

(4) the plaintiff was not obligated to grant the defendant a covenant not to file another suit when dismissing the one at issue.²¹⁴⁵ “[The defendant] disagrees with how the district court weighed the evidence,” the appellate court concluded, “but discretion to weigh the evidence within the bounds of reason is exactly what a totality-of-the-circumstances test entails.”²¹⁴⁶

(C) Calculation of Attorneys’ Fees

A district court applying Seventh Circuit authority explained the proper methodology for calculating the quantum of fees in the following manner:

To calculate the fee, the district court generally begins with the “lodestar”—the product of the hours reasonably expended on the case multiplied by a reasonable hourly rate. “Although the lodestar yields a presumptively reasonable fee . . . the court may nevertheless adjust the fee based on factors not included in the computation,” such as the time and labor required, the novelty or difficulty of the case, the degree of the success achieved, the experience and ability of the attorneys, the adequacy of the documentation of the hours, and whether appropriate billing judgment was used.²¹⁴⁷

“Based on the type of case, the complexity of litigation, and the billing rates in [southern Illinois],” the court accepted the proffered hourly rate of the prevailing defendant’s attorneys,²¹⁴⁸ but its generosity ended there. As it noted, the defendant’s documentation lacked detailed information on the hours worked by its counsel, as well as explanations of the reasons for those hours because its counsel was concerned about disclosing the defendant’s strategies in related state-court litigation. Although the defendant’s counsel offered to make the missing information available for an in camera inspection, the court held that “[a]llowing [the defendant] to submit its itemized billing now in camera would be against Seventh Circuit and Supreme Court jurisprudence;”²¹⁴⁹ moreover, such a supplemental submission would occur after the deadline set by the local rules.²¹⁵⁰ Especially because the limited documentation the

²¹⁴⁵ *Id.*

²¹⁴⁶ *Id.* at 971.

²¹⁴⁷ *Eagle F. v. Phyllis Schlafly’s Am. Eagles*, 498 F. Supp. 3d 1024, 1044 (S.D. Ill. 2020) (alteration in original) (quoting *Montanez v. Simon*, 755 F.3d 547, 553 (7th Cir. 2014)).

²¹⁴⁸ *Id.* at 1047.

²¹⁴⁹ *Id.* at 1044.

²¹⁵⁰ *Id.* at 1045.

defendant *had* proffered on a timely basis reflected duplicative work by its counsel, the court reduced the requested award by 50%.²¹⁵¹

A perennial issue associated with the calculation of attorneys' fees is that of apportionment, or, in other words, the attribution of fees between causes of action on which the requesting party prevailed and those on which it did not. Having successfully demonstrated infringement of a composite mark, but not of that mark's verbal component, one plaintiff averred an investment of \$68,237.25 in fees into the prosecution of those claims, along with another claim it had voluntarily dismissed.²¹⁵² Finding that the word and composite mark claims were intertwined and difficult to separate, the district court reduced the plaintiff's proffered number by ten percent and also deducted \$1,500 to account for the voluntarily dismissed cause of action. Affirming, the Fifth Circuit held that methodology was not an abuse of discretion.²¹⁵³

v. Taxation of Costs

Both Section 35(a) of the Act and the Federal Rules of Civil Procedure²¹⁵⁴ allow the taxation of costs incurred by the prevailing party, and these are the primary (but not the only) mechanisms under which courts allow recovery of costs in federal trademark litigation. Neither, however, provides guidance on how to identify the prevailing party for purposes of a bill of costs, which led to a dispute on the issue in a case in which the plaintiff secured the dismissal under Rule 12(b)(6) of the defendant's counterclaims but the defendant ultimately prevailed on the merits of the plaintiff's claims on summary judgment.²¹⁵⁵ The Illinois federal district court hearing the case acknowledged that Seventh Circuit authority allowed it to deny a bill of costs in a case producing a mixed outcome, but it concluded that most opinions applying that rule did so in cases in which the plaintiff prevailed on at least one of its claims; this meant the defendant was the prevailing party "because this Court granted [the defendant's] motion for summary."²¹⁵⁶ The court also concluded that the same result would hold under an alternative "single significant issue" test, which turned on "which party prevailed on the main issue in dispute."²¹⁵⁷ In the final analysis, "functionally [the plaintiff] failed at what it sought out to do. [The plaintiff] brought this case to impact [the defendant's] ability to

²¹⁵¹ *Id.* at 1047.

²¹⁵² *See* All. for Good Gov't v. Coal. for Better Gov't, 998 F.3d 661 (5th Cir. 2021).

²¹⁵³ *Id.* at 667-68.

²¹⁵⁴ *See* FED. R. CIV. P. 54(d).

²¹⁵⁵ *See* Eagle F. v. Phyllis Schlafly's Am. Eagles, 498 F. Supp. 3d 1024 (S.D. Ill. 2020).

²¹⁵⁶ *Id.* at 1035.

²¹⁵⁷ *Id.*

compete with [the plaintiff], and [the defendant] defeated [the plaintiff's] claims at summary judgment. Accordingly, [the defendant] is the 'prevailing party' and is entitled to costs."²¹⁵⁸

The court then turned to the substance of the defendant's bill of costs, which sought the taxation of \$11,073.65. Some of the plaintiff's challenges to that figure failed, with the court allowing \$200.00 in pro hac vice admission fees (because the admitted lawyer signed his name to "substantive pleadings" and appeared at a status conference),²¹⁵⁹ \$35.00 for the service of the complaint and summons (because that was less than what would have been charged by a federal marshal),²¹⁶⁰ and \$10,016.15 for "transcripts of various depositions and copies of video-recorded depositions" (because they were used to support the defendant's successful motion for summary judgment).²¹⁶¹ Nevertheless, it sustained the plaintiff's objections to \$4,232.50 for obtaining copies of certain video recordings (because the costs of the copies were not taxable, even if the original recordings were necessary),²¹⁶² \$488.90 in printing costs (because the plaintiff failed to submit supporting documentary evidence),²¹⁶³ and \$333.60 for the exemplification and making of copies (because of a lack of supporting explanation).²¹⁶⁴ Finally, with respect to the resulting \$5,983.65, the court rejected the plaintiff's claim that taxation was inappropriate because a third party might have paid those expenses and because the defendant had failed to cooperate in discovery.²¹⁶⁵

B. The Relationship Between Courts and the United States Patent and Trademark Office

1. Judicial Review of, and Deference to, United States Patent and Trademark Office Determinations

Litigants most commonly invite courts to defer to actions by the USPTO in three scenarios. The first occurs if the Trademark Trial and Appeal Board previously has produced findings and holdings bearing on one or more marks at issue. A court also may have an opportunity to defer to the USPTO if the parties are engaged in ongoing litigation before the Board, and one moves the court to stay its proceedings in favor of allowing the Board to take the first bite at the apple. Finally, litigants often encourage courts to defer to

²¹⁵⁸ *Id.* at 1036.

²¹⁵⁹ *Id.* at 1036-37.

²¹⁶⁰ *Id.* at 1037.

²¹⁶¹ *Id.*

²¹⁶² *Id.*

²¹⁶³ *Id.*

²¹⁶⁴ *Id.*

²¹⁶⁵ *Id.* at 1038-39.

actions taken by examining attorneys in processing applications filed by one of the parties, or, less commonly, by a third party. Reported opinions addressed all three of these scenarios over the past year.

In a case presenting the first of these scenarios, the plaintiff had appealed an adverse finding that its claimed mark was generic to a North Carolina federal district court.²¹⁶⁶ In affirming, the court offered the following summary of the standard of review in such a scenario:

If a civil suit is commenced in district court, the record before the TTAB must be admitted as evidence on either party's motion, but the parties are also permitted to "conduct discovery and submit further testimony and other new evidence."

If new evidence is presented on a disputed question of fact, the district court must make *de novo* factual findings that take account of both the new evidence and the administrative record before the Board. If no new evidence is admitted that relates to a disputed fact question, the reviewing court must apply the usual "substantial evidence" standard from the Administrative Procedures Act to the TTAB's findings of fact on that issue.²¹⁶⁷

An opinion addressing the second scenario arose in litigation in which the plaintiff had petitioned the Board to cancel a registration owned by the lead defendant years before seeking the same relief in an infringement and dilution action in federal district court.²¹⁶⁸ Citing the advanced stage of the cancellation action and the fact that its outcome might affect their ability to rely upon the preemptive effect of Section 39(b),²¹⁶⁹ the defendants moved to suspend the proceedings before the district court, but they failed to carry their "heavy burden" of demonstrating that a stay was appropriate.²¹⁷⁰ For one thing, the court pointed out, the plaintiff's assertion of different causes of action in the two proceedings meant that the outcome of the cancellation action would not have preclusive effect in the district court litigation; thus, "[b]ecause the Cancellation Proceeding may not be able to resolve all the issues involved in this lawsuit, 'the interest in prompt adjudication far outweighs the value of having the views of the [US]PTO.'"²¹⁷¹ And,

²¹⁶⁶ See *Snyder's Lance, Inc. v. Frito-Lay N. Am., Inc.*, 542 F. Supp. 3d 371 (W.D.N.C. 2021), *appeal dismissed*, No. 21-1758, 2021 WL 6330712 (4th Cir. Aug. 31, 2021).

²¹⁶⁷ *Id.* at 377 (quoting *Shammas v. Focarino*, 784 F.3d 219, 225 (4th Cir. 2015)).

²¹⁶⁸ See *Mott's LLP v. Comercializadora Eloro, S.A.*, 507 F. Supp. 3d 780 (W.D. Tex. 2020).

²¹⁶⁹ 15 U.S.C. § 1121(b) (2018).

²¹⁷⁰ *Mott's LLP*, 507 F. Supp. 3d at 792.

²¹⁷¹ *Id.* (second alteration in original) (quoting *Officeware Corp. v. Dropbox, Inc.*, 3:11-CV-1448-L, 2012 WL 3262760, at *3 (N.D. Tex. Aug. 10, 2012)).

for another, “[w]hile the Cancellation Proceeding might be in a more advanced stage of litigation, ‘the parties could end up in district court regardless of the TTAB outcome.’”²¹⁷²

Finally, two opinions from California federal district courts addressed the third scenario, with the first arising from litigation turning in part on the proper placement on the spectrum of distinctiveness of the defendant’s NOT A BANK. BETTER. mark for credit union services.²¹⁷³ The defendant owned a federal registration on the Principal Register of a larger mark—CEFCU NOT A BANK. BETTER.—for the same services, from which the USPTO had not required a disclaimer of NOT A BANK. BETTER., and the defendant pointed out the inconsistency between the absence of a disclaimer and any finding by the court that those words were merely descriptive. En route to just such a finding, the court held that “[a]lthough the PTO Examining Attorney is obligated to consider whether a disclaimer is appropriate for each application reviewed, the decision remains a discretionary choice rather than a conclusive legal determination.”²¹⁷⁴ It therefore found the nonexistent disclaimer “one piece of evidence to support [the defendant’s] argument but . . . not dispositive of the issue.”²¹⁷⁵

The second opinion addressed the significance of the USPTO’s approval for publication of an application to register a composite mark comprising the words CARTOON CLASSICS! in stylized text and with cartoon eyes substituted for the letter “o” in “cartoon.”²¹⁷⁶ There was no dispute that the words “cartoon classics” were generic, but the counterclaim defendant argued the mark in its entirety fell into the same category. Based on the USPTO’s disposition of the counterclaim plaintiffs’ application, the court rejected that theory over the counterclaim defendant’s objection that the approval was entitled to little weight. Although the counterclaim defendant argued the approval was the result of the counterclaim plaintiffs’ misrepresentations to the USPTO, the court found that “Plaintiff cites no evidence of what Defendants told the Examiner or what evidence the Examiner had.”²¹⁷⁷

²¹⁷² *Id.* (quoting *Lance Armstrong Found. v. Ohman*, A-07-CA-769-SS, 2007 WL 9702317, at *1 (W.D. Tex. Nov. 15, 2007)).

²¹⁷³ *See San Diego Cty. Credit Union v. Citizens Equity First Credit Union*, 541 F. Supp. 3d 1110 (S.D. Cal. 2021), *appeal docketed*, No. 21-55642 (9th Cir. June 21, 2021)).

²¹⁷⁴ *Id.* at 1129.

²¹⁷⁵ *Id.* at 1130.

²¹⁷⁶ *See Beyond Blond Prods., LLC v. Heldman*, 479 F. Supp. 3d 874 (C.D. Cal. 2020), *appeal docketed*, No. 21-55990 (9th Cir. Sept. 10, 2021).

²¹⁷⁷ *Id.* at 886.

2. Judicial Authority Over Federal Registrations and Applications

Section 37 of the Act provides “[i]n any action involving a registered mark the court may determine the right to registration, order the cancelation of registrations, in whole or in part, restore cancelled registrations, and otherwise rectify the register with respect to the registrations of any party to the action,”²¹⁷⁸ and many state trademark acts contain similar provisions.²¹⁷⁹ As always, some litigants availing themselves of Section 37 accused their opponents of procuring registrations through fraudulent filings in the USPTO, including a group of counterclaim defendants that challenged the validity of a registration issued by the USPTO only after the lead counterclaim defendant had overcome a refusal of its application under Section 2(c)²¹⁸⁰ by submitting the putative written consent of an individual whose surname name appeared in the mark. The counterclaim plaintiffs claimed the consent had been withdrawn prior to the filing of the application, thereby rendering the lead counterclaim defendant’s affirmative reliance on the consent a fraudulent act. Despite having earlier denied the counterclaim plaintiffs’ motion for a preliminary injunction motion for want of clear and convincing evidence of fraud, the court held that “the pleading standards to allege fraud are more forgiving than those required to support a preliminary injunction.”²¹⁸¹ It therefore held that the counterclaim plaintiffs had stated a claim of fraudulent procurement.²¹⁸²

An attempt to dispose of a claim of the fraudulent procurement of a Michigan state registration on a motion for judgment on pleadings produced much the same result.²¹⁸³ The plaintiff argued the state registrant had fraudulently represented in its application that it was unaware of any other party enjoying the right to use the same mark (or a confusingly similar one) despite its contemporary knowledge of the plaintiff’s mark. In denying the motion, the court disagreed with the motion’s premise, which was that the plaintiff had failed to plead its claim with the particularity required by Rule 9(b) of the Federal Rules of Civil Procedure.²¹⁸⁴ Without describing the plaintiff’s allegations in detail, it held that “[t]he [plaintiff] has identified the content of the allegedly fraudulent statement, the

²¹⁷⁸ 15 U.S.C. § 1119 (2018).

²¹⁷⁹ See, e.g., MICH. COMP. LAWS § 429.41 (2011).

²¹⁸⁰ 15 U.S.C. § 1052(c).

²¹⁸¹ *Id.* at 405.

²¹⁸² *Id.* at 405-06.

²¹⁸³ See *Sadieboo, Inc. v. MJ Tools Corp.*, 526 F. Supp. 3d 285 (W.D. Mich. 2021).

²¹⁸⁴ FED. R. CIV. P. 9(a) (“In alleging fraud or mistake, a party must state with particularity the circumstances constituting fraud or mistake. Malice, intent, knowledge, and other conditions of a person’s mind may be alleged generally.”)

speaker, the time, the place, and an explanation sufficient to give notice to Defendants of the claim.”²¹⁸⁵

In contrast, a different claim of fraudulent procurement failed after a bench trial.²¹⁸⁶ The registered mark at issue was TO-KALON (eventually amended on the drawing page of the registration to TO KALON) for wine. The mark had its origins in the name of a notable nineteenth-century Napa Valley vineyard, which had gone defunct well before the registrant applied to register its mark. When the USPTO examining attorney assigned to the application inquired whether the applied-for mark had any meaning in the industry, the registrant submitted the following response:

TO KALON . . . has no present meaning or significance in the relevant trade or industry. Prior to the turn of the 20th Century, there was a winery in the Napa Valley which used the name “Tokalon.” Upon information and belief, that winery was sold off in parcels during the first fifteen to twenty years of the 20th Century and use of the name was discontinued. Accordingly, although the name has some historical significance, it has no current meaning or significance in the wine industry.²¹⁸⁷

“[B]ased on a complete review of all the evidence,” the court found that “sophisticated wine consumers, merchants, and professionals immersed in the Northern California wine industry have a current understanding of To Kalon.”²¹⁸⁸ But that same understanding did not exist as of the circa-1988 filing date of the registrant’s application, for, “prior to 1988, . . . the knowledge was much more limited and certainly not widespread.”²¹⁸⁹ With the court apparently finding that the registrant’s averment to the USPTO examiner not false in the first instance, the fraud-based challenge to the registration failed.

Some courts addressing matters of registrability under Section 37 did so in cases not presenting allegations of the fraudulent procurement or maintenance of registrations.²¹⁹⁰ For example, and unusually for a reported opinion in a case originating in a regional circuit, the Fourth Circuit addressed the question of whether an applicant claiming a bona fide intent to use its mark actually had

²¹⁸⁵ *Sadieboo*, 526 F. Supp. 3d at 293.

²¹⁸⁶ *See* *Vineyard House, LLC v. Constellation Brands U.S. Operations, Inc.*, 515 F. Supp. 3d 1061 (N.D. Cal. 2021).

²¹⁸⁷ *Id.* at 1070 (alterations in original).

²¹⁸⁸ *Id.* at 1071.

²¹⁸⁹ *Id.*

²¹⁹⁰ *See, e.g.,* *Vital Pharms., Inc. v. Monster Energy Co.*, 472 F. Supp. 3d 1237, 1269 (S.D. Fla. 2020) (ordering cancellation of registration covering mark found to have been acquired in invalid assignment in gross).

such an intent.²¹⁹¹ In doing so, the court affirmed a finding as a matter of law that Apple Inc. had a bona fide intent to use its IPAD mark when applying to register it. According to the court:

There was no absence of documentary evidence regarding Apple’s intent. Apple produced ample evidence, including a licensing agreement covering the applied-for services and contemporaneous registration certificates, both of which supported the district court’s holding that Apple had demonstrated a bona fide intent to use the mark for the services listed in its applications.²¹⁹²

On another non-fraud-related issue, claims that a registrant has misused its mark to misrepresent the origin of the goods or services sold under it in violation of Section 14(3)²¹⁹³ are rare, but one succeeded in a different appeal to the Fourth Circuit.²¹⁹⁴ There was no dispute the counterclaim defendant was the first to use and register the disputed FLANAX mark for an analgesic in the United States—indeed, the counterclaim plaintiffs had never done so—as well as that the counterclaim plaintiffs owned the mark in many jurisdictions outside the United States. Nevertheless, the counterclaim plaintiffs convinced the Trademark Trial and Appeal Board that the counterclaim defendant’s packaging, shown below on the top row, deliberately misappropriated the appearance of the counterclaim plaintiffs’ packaging, shown below in the bottom row:²¹⁹⁵



²¹⁹¹ See *RXD Media, LLC v. IP Application Dev. LLC*, 986 F.3d 361 (4th Cir. 2021).

²¹⁹² *Id.* at 376-77.

²¹⁹³ 15 U.S.C. § 1064(3) (2018).

²¹⁹⁴ See *Belmora LLC v. Bayer Consumer Care AG*, 987 F.3d 284 (4th Cir.), *cert. denied*, 142 S. Ct. 483 (2021).

²¹⁹⁵ See *Bayer Consumer Care AG v. Belmora LLC*, 110 U.S.P.Q.2d 1623, 1633-34 (T.T.A.B. 2014), *rev'd*, 84 F. Supp. 3d 490 (E.D. Va. 2015), *vacated and remanded*, 819 F.3d 697 (4th Cir. 2016), *on remand*, 338 F. Supp. 3d 477 (E.D. Va. 2018), *rev'd*, 987 F.3d 284 (4th Cir. 2021).



The district court affirmed that finding, which the Fourth Circuit also declined to disturb. The appellate court noted that the counterclaim defendant had failed to proffer any new evidence of testimony placing into dispute the counterclaim plaintiffs' showings that the counterclaim defendant had: (1) known the counterclaim plaintiffs used the FLANAX mark in Mexico; (2) copied the counterclaim plaintiffs' packaging; and (3) "repeatedly invoked' the reputation of [the counterclaim plaintiffs] in its marketing materials."²¹⁹⁶ The counterclaim plaintiffs therefore had demonstrated the blatant misuse of the disputed mark required under their misrepresentation of source cause of action.

In contrast, a Pennsylvania federal district court proved so hostile to an accusation of fraudulent misrepresentation that the court dismissed the accusation for failure to state a claim.²¹⁹⁷ The gravamen of the counterclaim plaintiffs' cause of action under Section 14(3) was that the registrant had begun selling goods under the registered mark for lower-quality goods manufactured in China, rather than, as it originally had, goods manufactured in Russia. The court made short work of the counterclaim plaintiffs' theory of relief: "Switching to an arguably inferior manufacturer without more does not rise to misrepresentation sufficient to warrant cancelling the registration. The alleged misrepresentation is not a cognizable ground to cancel an incontestable registration."²¹⁹⁸

Although most courts tackling the subject of their authority over registrations did so in applications of Section 37 in cases involving federal registrations, the Tenth Circuit affirmed the cancellation of a service mark registration issued by the Georgia Secretary of

²¹⁹⁶ *Belmora*, 987 F.3d at 299.

²¹⁹⁷ See *I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko"*, 500 F. Supp. 3d 380 (E.D. Pa. 2020), *later proceedings*, No. 18-5194, 2020 WL 6703585 (E.D. Pa. Nov. 13, 2020).

²¹⁹⁸ *Id.* at 406 (citation omitted).

State.²¹⁹⁹ The summary judgment record contained an admission by the registrant that he had not used his mark in connection with the single service covered by his registration. The use-based nature of the Georgia registration system meant that “a valid ground for cancellation arises when a Georgia mark is registered and the registrant did not ‘use’ the mark prior to registration within the meaning of Georgia law,”²²⁰⁰ but the plaintiff invited the court to “reform” his registration so that its identification of services tracked those the plaintiff actually provided under the mark. The court declined to take that step. Although asserting without supporting Georgia statutory or precedential authority that “[i]n some instances, reformation of a registration is appropriate rather than full cancellation,”²²⁰¹ it ultimately concluded that:

[The plaintiff’s] admission that he did not use the mark in connection with the only service listed on the registration before October 2010 means that he cannot show a necessary precondition for reformation—that he used the mark with “some of the goods or services identified in the [] application[], but not others.”²²⁰²

C. Constitutional Matters

1. The Appointments Clause of Article II

The Appointments Clause of the United States Constitution, provides that:

[The President] shall nominate, and by and with the Advice and Consent of the Senate, shall appoint Ambassadors, other public Ministers and Consuls, Judges of the [S]upreme Court, and all other Officers of the United States, whose Appointments are not herein otherwise provided for, and which shall be established by Law: but the Congress may by Law vest the Appointment of such inferior Officers, as they think proper, in the President alone, in the Courts of Law, or in the Heads of Departments.²²⁰³

The clause has become the unlikely subject of challenges in recent years to the constitutionality of the appointment of administrative law judges to the Trademark Trial and Appeal Board and the Patent Trial and Appeal Board.

²¹⁹⁹ See *Underwood v. Bank of Am. Corp.*, 996 F.3d 1038 (10th Cir. 2021).

²²⁰⁰ *Id.* at 1050.

²²⁰¹ *Id.*

²²⁰² *Id.* at 1051 (second and third alteration in original) (quoting *Kelly Servs., Inc. v. Creative Harbor, LLC*, 846 F.3d 857, 869 (6th Cir. 2017)).

²²⁰³ U.S. Const. Art. II, § 2, cl. 2.

Those challenges originate in *Arthrex, Inc. v. Smith & Nephew, Inc.*,²²⁰⁴ in which the Federal Circuit concluded that, because of the perceived lack of control by the Director of the U.S. Patent and Trademark Office over the administrative law judges of the Patent Trial and Appeal Board, they qualified as “Officers of the United States” and therefore were unconstitutionally appointed.²²⁰⁵ To address that constitutional defect, the court invalidated the portion of the Patent Act preventing the Secretary of Commerce from removing administrative patent judges from service without cause.²²⁰⁶ Having accepted the case for review, the Supreme Court agreed with the Federal Circuit that the unreviewable authority wielded by the judges of the PTAB was incompatible with their appointment by the Secretary of Commerce to an inferior office; nevertheless, it held that the proper remedy was to allow dissatisfied litigants before the PTAB to seek discretionary reviews from a Director of the USPTO who has been confirmed by the Senate.²²⁰⁷ In doing so, it noted with apparent approval certain amendments worked by the Trademark Modernization Act revising Sections 18, 20, and 24 of the Lanham Act,²²⁰⁸ to make clear the Director’s ability “to reconsider, and modify or set aside, a decision of the Trademark Trial and Appeal Board” and also providing that the amendments “may not be construed to mean that the Director lacked the authority to reconsider, and modify or set aside, a decision of the Trademark Trial and Appeal Board before the date of the enactment of this Act.”²²⁰⁹ Those amendments, the Court held, confirmed that “review by the Director would follow the almost-universal model of adjudication in the Executive Branch and aligns the PTAB with the other adjudicative body in the PTO, the Trademark Trial and Appeal Board.”²²¹⁰

Taken together with the TMA’s amendments, the Court’s holding likely dooms any challenges to the appointments process for TTAB judges, two of which were pending at the time the Court accepted *Arthrex* for review. The disposition of one of those challenges was a nonevent,²²¹¹ but the other produced a Federal

²²⁰⁴ 941 F.3d 1320 (Fed. Cir. 2019), *affirmed in part and reversed in part*, 141 S. Ct. 1970 (2021).

²²⁰⁵ *Id.* at 1335.

²²⁰⁶ *Id.* at 1338-40.

²²⁰⁷ See *United States v. Arthrex, Inc.*, 141 S. Ct. 1970, 1987-88 (2021).

²²⁰⁸ 15 U.S.C. §§ 1068, 1070, and 1074 (Supp. III 2021).

²²⁰⁹ Pub. L. No. 116-260, § 228(a)-(b) (2020).

²²¹⁰ 141 S. Ct. at 1987.

²²¹¹ In that case, the Federal Circuit dismissed an appeal from an adverse TTAB judgment for want of prosecution, and the Supreme Court subsequently denied an *Arthrex*-based petition for a writ of certiorari. See *Coca-Cola Co. v. Somohano-Soler*, No. 91232090, slip op. (T.T.A.B. Oct. 19, 2019) (nonprecedential), *appeal dismissed*, No. 2020-1245 (Fed. Cir. Feb. 3, 2021), *cert. denied*, 141 S. Ct. 2641 (2021).

Circuit opinion rejecting an *Arthrex*-based challenge to the Board’s composition.²²¹² The court in that case identified numerous considerations distinguishing the pre-*Arthrex* Patent Trial and Appeal Board from its trademark counterpart, beginning with Section 41 of the Lanham Act,²²¹³ of which the court held:

The broad statutory authority given to the Director by Section 41 of the Lanham Act to ‘make rules and regulations, not inconsistent with law, for the conduct of proceedings in the Patent and Trademark Office’ is not subject to the requirements that the TTAB sit in panels of three or that the Director cancel registrations if the TTAB finds that a registration should not have issued.²²¹⁴

Section 41 was hardly the only basis of the court’s analysis, for the court also noted that “[Section 17(b)] provides that the Board shall include the Director, the Deputy Director, the Commissioner for Patents, and the Commissioner for Trademarks, as well as administrative trademark judges appointed by the Secretary of Commerce.”²²¹⁵ “As a result,” the court continued, “the Director has discretion regarding the size and composition of TTAB panels, which the Director can exercise pursuant to his authority to establish rules and regulations governing procedures before the TTAB.”²²¹⁶ That was not all, however, for the court also recognized that:

[S]ection 18 of the Lanham Act, has long provided the Director with broad authority to refuse to register a mark or cancel a registration. While that authority must be exercised “as the rights of the parties under this chapter may be established in the proceedings,” the Director’s broad authority under sections 17 and 41 of the Lanham Act, to take control of a TTAB case provides a mechanism by which the Director may establish “the rights of the parties.” The regulations governing TTAB proceedings confirm that the Director may “invoke [his] supervisory authority . . . in appropriate circumstances.”²²¹⁷

The court next noted that “the Trademark Modernization Act of 2020 made the Director’s authority vis-à-vis the decisions of the TTAB indisputably clear”;²²¹⁸ indeed, “[i]f there were any doubt as

²²¹² See *Piano Factory Grp. v. Schiedmayer Celesta GmbH*, 11 F.4th 1363 (Fed. Cir. 2021).
²²¹³ 15 U.S.C. § 1123 (2018).

²²¹⁴ *Piano Factory Grp.*, 11 F.4th at 1372 (citation omitted).

²²¹⁵ *Id.* (citing 15 U.S.C. § 1067(b)).

²²¹⁶ *Id.*

²²¹⁷ *Id.* at 1373 (second and third alterations in original) (first quoting 15 U.S.C. § 1068; then quoting 15 U.S.C. §§ 1067, 1123; and then quoting 37 C.F.R. § 2.146(a)(3)).

²²¹⁸ *Id.*

to the status of [TTAB judges] as inferior officers prior to 2020, the 2020 legislation removed that doubt.”²²¹⁹ “Thus,” the court concluded, “considering the Supreme Court’s favorable reference to the constitutional status of [TTAB judges] as inferior officers of the United States, we reject [the appellant’s] Appointments Clause challenge to the legitimacy of the TTAB panel that decided this case.”²²²⁰

2. Article III Case and Controversies

Both Article III of the U.S. Constitution and the federal Declaratory Judgment Act require federal courts acting under their authority to find the existence of an “actual controversy” before proceeding;²²²¹ moreover, state law causes of action are inevitably subject to the same requirements. According to the Supreme Court in *MedImmune, Inc. v. Genentech, Inc.*,²²²² whether a particular dispute rises to this level properly should turn on “whether the facts alleged, under all the circumstances, show that there is a substantial controversy . . . of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.”²²²³

Even if actionable case and controversies exist, federal courts have the discretion to decline to exercise jurisdiction over them if they are presented in the form of anticipatory declaratory judgment actions. A Tennessee federal district court addressing a claim of just such an anticipatory suit identified five factors as governing the relevant inquiry:

- (1) whether the declaratory action would settle the controversy;
- (2) whether the declaratory action would serve a useful purpose in clarifying the legal relations in issue;
- (3) whether the declaratory remedy is being used merely for the purpose of “procedural fencing” or “to provide an arena for a race for res judicata;”
- (4) whether the use of a declaratory action would increase friction between our federal and state courts and improperly encroach upon state jurisdiction; and
- (5) whether there is an alternative remedy which is better or more effective.²²²⁴

The occasion for the court’s articulation of those factors was a declaratory judgment action for noninfringement filed by a Tennessee country music group and its members against a

²²¹⁹ *Id.* at 1374.

²²²⁰ *Id.* at 1374-75.

²²²¹ U.S. CONST. art. III, § 2, cl. 1; 28 U.S.C. § 2201 (2018).

²²²² 549 U.S. 118 (2007).

²²²³ *Id.* at 127 (quoting *Md. Cas. Co. v. Pac. Coal & Oil Co.*, 312 U.S. 270, 273 (1941)).

²²²⁴ *Scott v. White*, 539 F. Supp. 3d 831, 843 (M.D. Tenn. 2021) (quoting *Grand Trunk W. R. Co. v. Consol. Rail Corp.*, 746 F.2d 323, 325 (6th Cir. 1984)).

Washington-based artist following threats of litigation by the defendant and unsuccessful settlement negotiations between the parties. The defendant's motion to dismiss the suit focused primarily on the third factor in light of what she characterized as the plaintiffs' "gamesmanship" following her apparently belated demand for a \$10 million payment, but the court was unconvinced. Citing the absence of evidence that the plaintiffs had misled the defendant into believing that negotiations would continue indefinitely, the court found "it would not have been unreasonable for Plaintiffs to believe Defendant effectively ended negotiations by extending a revised settlement offer requiring a \$10 million payment that was not a part of the earlier discussions."²²²⁵ "In addition," it continued, "Defendant has not shown Plaintiffs 'raced her to the courthouse,' because there is no evidence she told the plaintiffs she intended to file her own lawsuit."²²²⁶ Especially because all the plaintiffs were domiciled in the federal district in question, they had not engaged in disfavored procedural fencing that might have warranted dismissal.²²²⁷

3. The First Amendment

a. *The Right to Free Speech*

As always, the test for liability first set forth in *Rogers v. Grimaldi*,²²²⁸ played a significant role in trademark-based challenges to the titles and content of creative works. Although applications of it vary from court to court, the test generally requires plaintiffs to demonstrate that challenged imitations of the plaintiff's mark either have no artistic relevance to the underlying creative work or, if they do have any artistic relevance, they are explicitly misleading.²²²⁹ A plaintiff before a court that has adopted *Rogers* must also demonstrate that confusion is likely, whether as a standalone showing (as in the Ninth Circuit)²²³⁰ or as part of the inquiry into whether the defendant's use is explicitly misleading (as in the Second Circuit).²²³¹

The Ninth Circuit's expansive view of *Rogers* was on full display in a case in which Dr. Seuss Enterprises challenged a book titled

²²²⁵ *Id.* at 845.

²²²⁶ *Id.*

²²²⁷ *Id.*

²²²⁸ 875 F.2d 994 (2d Cir. 1989).

²²²⁹ *Id.* at 999.

²²³⁰ See *Gordon v. Drape Creative, Inc.*, 909 F.3d 257, 265 (9th Cir. 2018) ("If the plaintiff satisfies both elements, it still must prove that its trademark has been infringed by showing that the defendant's use of the mark is likely to cause confusion.").

²²³¹ See *Twin Peaks Prods., Inc. v. Publ'ns Int'l, Ltd.*, 996 F.2d 1366, 1379 (2d Cir. 1993) ("This determination must be made, in the first instance, by application of the venerable *Polaroid* [likelihood-of-confusion] factors.").

Oh, The Places You'll Boldly Go!, which consisted of a mash-up of the classic children's book *Oh, The Places You'll Go!* by the plaintiff's namesake, on the one hand, and imagery and dialogue from the original *Star Trek* television series, on the other.²²³² Although affirming a finding of copyright liability, the court held the defendants had not infringed the plaintiff's trademark rights in the title, style, and font of Dr. Seuss's original work. With respect to *Rogers*'s first prong, the court held that:

[A]ny artistic relevance “above zero” means the Lanham Act does not apply unless the use of the trademark is explicitly misleading. *Boldly* [the defendants' work] easily surpasses this low bar: as a mash-up of *Go!* [the plaintiff's work] and *Star Trek*, the allegedly valid trademarks in the title, the typeface, and the style of *Go!* are relevant to achieving *Boldly*'s artistic purpose.²²³³

“Nor,” the court continued, “is the use of the claimed *Go!* trademarks ‘explicitly misleading,’ which is a high bar that requires the use to be ‘an “explicit indication,” ‘overt claim,’ or ‘explicit misstatement’ about the source of the work.”²²³⁴ Rather, “*Boldly* is not explicitly misleading as to its source, though it uses the Seussian font in the cover, the Seussian style of illustrations, and even a title that adds just one word—*Boldly*—to the famous title—*Oh, the Places You'll Go!*.”²²³⁵ Because the plaintiff's proffer of actual confusion in the form of survey results did not create a factual dispute on the issue, the defendants prevailed as a matter of law.²²³⁶

Although the mash-up before the Ninth Circuit perhaps fell cleanly within the category of artistic work, a California federal district court confirmed that *Rogers* applies with just as much force in actions challenging nonfictional documentaries.²²³⁷ That outcome held on a defense motion for summary judgment in a case in which the plaintiffs claimed ownership of the TIGER KING and HOLLYWOOD WEEKLY marks, the former for magazine columns and the latter for a general feature magazine. The target of the plaintiff's objection was a Netflix documentary titled *Tiger King: Murder, Mayhem and Madness*, in which the words “Tiger King” and references to the plaintiffs' magazine appeared. Having held

²²³² See *Dr. Seuss Enters. v. ComicMix LLC*, 983 F.3d 443 (9th Cir. 2020), *cert. denied*, 141 S. Ct. 2803 (2021).

²²³³ *Id.* at 642 (citations omitted).

²²³⁴ *Id.* (quoting *Brown v. Elec. Arts, Inc.*, 724 F.3d 1235, 1245 (9th Cir. 2013)).

²²³⁵ *Id.*

²²³⁶ *Id.* at 643. According to the district court's opinion, a survey commissioned by the plaintiff had yielded a net confusion rate of 24%. See *Dr. Seuss Enters. v. ComicMix LLC*, 372 F. Supp. 3d 1101, 1126 (S.D. Cal. 2019), *aff'd in part, rev'd in part and remanded*, 983 F.3d 443 (9th Cir. 2020), *cert. denied*, 141 S. Ct. 2803 (2021).

²²³⁷ See *Jackson v. Netflix, Inc.*, 506 F. Supp. 3d 1007, 1014-15 (C.D. Cal. 2020).

Rogers applicable to the defendants' work, the court made short work of the plaintiffs' claims of infringement and unfair competition. With respect to artistic relevance, the court noted that "[b]y both parties' accounts, the Documentary chronicles the life and business of Joe Exotic, known publicly as the Tiger King, who starred in a television series titled 'Joe Exotic Tiger King' and sold products branded 'Tiger King';²²³⁸ thus, the court concluded, "[i]t is beyond question that the Tiger King mark's relevance is above zero and therefore satisfies the *Rogers* test's artistic relevance prong."²²³⁹ Then, despite construing the complaint in the plaintiffs' favor, the court found that it set forth "no allegations rising to the level of explicit deception on Netflix's behalf" and therefore failed to state a claim for infringement.²²⁴⁰

A somewhat less comprehensive application of *Rogers* to a claim of false endorsement under Section 43(a) arose from the appearance in a film produced and distributed by the defendants of a mural painted by one of the plaintiffs and depicting the other plaintiff.²²⁴¹ Based on a three-and-a-half second sequence featuring the mural, the plaintiffs claimed the defendants had falsely suggested that they endorsed the film, but the court dismissed their cause of action to that effect at the pleadings stage. According to the court's reading of *Rogers*, "where an expressive work is alleged to infringe a trademark, the likelihood of confusion must be particularly compelling' in order for a plaintiff to successfully bring a Lanham Act claim."²²⁴² Unfortunately, the plaintiffs had failed to plead such a compelling case of likely confusion. Instead:

Here, the Mural appears briefly in the Film in a scene with several other works of street art. Additionally, Plaintiffs have not alleged a single plausible fact that the inclusion of the Mural in the Film would serve to confuse consumers that Plaintiffs sponsored, endorsed, or were otherwise associated with the Film. Indeed, . . . undercutting any such potential allegation, the Film displays, among other things, trademarks associated with its production and distribution companies. Because Plaintiffs have failed to plead facts sufficient to allege consumer confusion, Plaintiffs' false endorsement claims must fail.²²⁴³

Nevertheless, *Rogers* did not prove a get-out-of-jail-free card for all defendants. For example, a Connecticut federal district court

²²³⁸ *Id.* at 2015.

²²³⁹ *Id.*

²²⁴⁰ *Id.* at 1016.

²²⁴¹ See *LMNOPI v. XYZ Films, LLC*, 449 F. Supp. 3d 86 (E.D.N.Y. 2020).

²²⁴² *Id.* at 95 (quoting *Louis Vuitton Malletier S.A. v. Warner Bros. Entm't Inc.*, 868 F. Supp. 2d 172, 182 (S.D.N.Y. 2012)).

²²⁴³ *Id.* at 95.

denied a *Rogers*-based motion to dismiss for failure to state a claim.²²⁴⁴ It did so in a challenge brought by the successor in interest to the intellectual property of noted oceanic explorer Jacques-Yves Cousteau to a documentary produced and narrated by, as well as featuring Cousteau's estranged granddaughter. Although the granddaughter's motion convinced the court that her uses of the plaintiff's marks and Cousteau's image were artistically relevant to the documentary's subject matter, she fared less well under *Rogers*'s second prong, namely, whether the challenged uses were explicitly misleading. With respect to that prong, the court held:

[The plaintiff] alleges facts showing that throughout numerous materials, products, and advertisements, the defendants gratuitously use Jacques Yves-Cousteau's name, image, likeness, and trademarked red cap, and they also discuss his work and "retrace [his] mythic explorations." Relevant here are the similarity in the missions of the defendants and Jacques-Yves Cousteau, the defendants' consistent use of Jacques-Yves Cousteau's name, image, and likeness, and the prevalence of the emphasis on the familial relationship between Jacques-Yves Cousteau and Celine Cousteau. . . . This case is not one where simply looking at an underlying work itself, and the context in which it appears, demonstrates how implausible it is that a viewer will be misled into believing that the plaintiff endorsed the defendant's work.²²⁴⁵

Some opinions resolved First Amendment issues without resorting to *Rogers*-based analyses, with one coming from the Ninth Circuit.²²⁴⁶ As that court framed the relevant issue, the appeal before it presented the issue of "whether the First Amendment shields a publisher of supposedly independent product reviews if it has secretly rigged the ratings to favor one company in exchange for compensation."²²⁴⁷ The publisher in question, named as the lead defendant, produced a guide comparing and reviewing nutritional supplements. The guide had two types of ratings, the first of which was a comparative five-star rating system, while the second allowed companies whose products had received five stars to qualify for "medals of achievement." In the edition of the guide triggering the litigation, only a single third party, a competitor of the plaintiff, received the highest medal of achievement offered by the lead defendant. The lead defendant portrayed itself as an independent company that presented only objective data and scientific analyses to the public, and it also affirmatively represented that neither the

²²⁴⁴ See *Cousteau Soc'y, Inc. v. Cousteau*, 498 F. Supp. 3d 287(D. Conn. 2020).

²²⁴⁵ *Id.* at 310 (alteration in original) (citation omitted).

²²⁴⁶ See *Ariix, LLC v. Nutriscience Corp.*, 985 F.3d 1107 (9th Cir. 2021).

²²⁴⁷ *Id.* at 1111.

guide nor the guide's primary author was associated with the manufacturers of products. According to the plaintiff, however, the guide's author had a financial relationship with the third-party competitor, which had induced the author to refuse his top rating to the plaintiff's goods, which in turn disqualified those goods from the guide's medals of achievement.

That alleged conduct was all well and good for the district court, which concluded that the guide was not commercial speech and therefore granted the defendants' motion to dismiss on the theory that the guide merited robust protection under the First Amendment. The court of appeals took a different view, in the process invoking the Supreme Court's guidance in *Bolger v. Young's Drug Products*.²²⁴⁸ It held:

Because of the difficulty of drawing clear lines between commercial and noncommercial speech, the Supreme Court in *Bolger* outlined three factors to consider: "Where the facts present a close question, strong support that the speech should be characterized as commercial speech is found where [1] the speech is an advertisement, [2] the speech refers to a particular product, and [3] the speaker has an economic motivation." These so-called *Bolger* factors are important guideposts, but they are not dispositive.²²⁴⁹

In vacating the dismissal of the plaintiff's case, the court acknowledged that "[a] simple profit motive to sell copies of a publication or to obtain an incidental economic benefit, without more, does not make something commercial speech";²²⁵⁰ "[o]therwise," it continued, "virtually any newspaper, magazine, or book for sale would be considered a commercial publication."²²⁵¹ Nevertheless, "economic motivation is not limited simply to the exploitation of a direct commercial transaction with consumers."²²⁵² The latter of these propositions led the court to hold that the plaintiff had plausibly alleged that the defendants had published the guide with the economic goal of furthering their own self-interests. "Specifically," it explained, "[the plaintiff] has alleged enough to make it plausible that [the defendants] published the Guide mainly to reap the financial benefits of a hidden marketing arrangement with [the third party] rather than to inform consumers about nutritional supplements."²²⁵³ Moreover, despite the guide's inclusion of at least some "fully protected speech" in its purely

²²⁴⁸ 463 U.S. 60 (1983).

²²⁴⁹ *Ariix*, 985 F.3d at 1115-16 (quoting *Hunt v. City of L.A.*, 638 F.3d 703, 715 (9th Cir. 2011)).

²²⁵⁰ *Id.*

²²⁵¹ *Id.*

²²⁵² *Id.*

²²⁵³ *Id.*

informational section, “the Guide does not gain full First Amendment protection simply because it includes a distinct summary of scientific ideas as a prelude to its supposed product reviews.”²²⁵⁴

In contrast, the actionable-commercial-speech inquiry undertaken by a Pennsylvania federal district court in a different case turned out better for the defendants.²²⁵⁵ The plaintiff was a professional wrestling commentator, who, after criticizing the lead defendant’s performances in the ring, found himself the subject of, inter alia, disparaging T-shirts bearing his name and altered images of his face.²²⁵⁶ The plaintiff sought a preliminary injunction against the continued promotion and distribution of the shirts, which the court denied after observing the following of the relationship between the First Amendment and the Lanham Act:

Because the use of marks in commerce can constitute expression, the First Amendment limits the Lanham Act’s scope.

Courts construe the Lanham Act narrowly to avoid conflicts with the First Amendment. In order to avoid this conflict, the Lanham Act regulates only commercial speech, which receives lesser protection under the First Amendment than more traditional means of expression. Accordingly, the Court must determine whether [the plaintiff] has shown that it is likely [the lead defendant] engaged in commercial speech that the Lanham Act may permissibly regulate; if [the plaintiff] has not made such a showing, then he has not demonstrated a likelihood of success on the merits of his Lanham Act claims.²²⁵⁷

Addressing the question of whether the defendants’ shirts qualified as actionable commercial speech, the court held that “[c]ommercial speech is ‘speech that does no more than propose a commercial transaction.’ If the speech: (1) is an advertisement; (2) refers to a specific product or service; and (3) has an economic motivation, then there is ‘strong support’ for the conclusion that the

²²⁵⁴ *Id.* at 1119.

²²⁵⁵ *See* *Cornette v. Graver*, 473 F. Supp. 3d 437 (W.D. Pa. 2020).

²²⁵⁶ The district court described one of the T-shirts in the following manner:

On September 8, 2019, [one of the defendants] contacted . . . a graphic artist, and asked him to execute [the lead defendant’s] vision for the shirt by making an image of [the plaintiff] with his “mouth and eyes crossed out in red and [with] tattoo needles sticking out of his head.” [The artist] took the base of the image from a still frame of a video of [the plaintiff] he found on the internet. The image [the artist] created in response to this request showed a bloodied [plaintiff] with several tattoo needles protruding from his forehead, duct tape over his mouth, and red “Xs” over his eyes.

Id. at 452 (citations omitted).

²²⁵⁷ *Id.* at 459 (citations omitted).

speech is commercial.”²²⁵⁸ With respect to the first consideration, it concluded that “the plaintiff] has shown a likelihood that social media postings used to promote the Shirts are advertisements, as they sought to promote the Shirts and attract customers, but [the plaintiff] has not shown that the Shirts themselves are advertisements as the Shirts do not seek to attract customers.”²²⁵⁹ Turning to the second factor, it then found that “the Shirts do not refer to a specific product—they express messages about [the plaintiff] and do not refer to products or services—but the social media promotions of the Shirts do refer to a specific product: the Shirts.”²²⁶⁰ So far, so good for the plaintiff, but its case foundered on the third factor after the court concluded that the defendants had an economic motivation for their speech:

[The plaintiff] has shown that it is likely that [the lead defendant] had at least some economic incentive for creating, promoting, and selling the Shirts. . . . However, [the plaintiff] has not shown that it was likely the primary, or even a substantial, factor motivating those actions. The initial sale of t-shirts . . . was intended to raise funds for [the lead defendant’s] recovery [from an injury]. The record is replete with testimony that the Shirts were intended to parody [the plaintiff’s] views . . . and to criticize opinions that [the lead defendant] disagreed with. Promoting the Shirts on social media was a natural method of getting word out about the message the Shirts conveyed; although that motivation may be economic also, [the plaintiff] has failed to show that it is likely that [the lead defendant] promoted the Shirts substantially for economic reasons. Although there is no contemporaneous documentary record evidence—except for testimony to the contrary—that . . . anyone associated with creating the Shirts, used the word “parody” prior to the onset of litigation, this lack is not sufficient to show that [the lead defendant’s] characterization of the shirts as parodies was a post-hoc rationalization to avoid liability.²²⁶¹

“[K]eeping in mind that the distinction between commercial and noncommercial speech is a common sense one,” the court concluded, “[the plaintiff] has not shown a likelihood of success on the merits of his unfair competition claim.”²²⁶²

The court then reached a similar conclusion with respect to the plaintiff’s cause of action under the Pennsylvania right of publicity

²²⁵⁸ *Id.* at 460 (quoting *United States v. United Foods, Inc.*, 533 U.S. 405, 409 (2001)).

²²⁵⁹ *Id.*

²²⁶⁰ *Id.* at 460-61.

²²⁶¹ *Id.* at 461 (footnote omitted) (citations omitted).

²²⁶² *Id.* at 462.

statute.²²⁶³ The court determined that the defendants' T-shirts were expressive works exempt from the liability under the statute's express terms,²²⁶⁴ but that did not end its analysis. Instead, it observed, "as the First Amendment places limitations on the right of publicity even apart from limitations the statutes codifying the right of publicity place, [the court] proceeds to consider the constitutional implications of [the plaintiff's] claim, as the First Amendment operates as a limit on the right of publicity."²²⁶⁵ It then undertook such a consideration by considering whether the defendants' alterations of the plaintiff's name and image were transformative in nature:

The ultimate question that the Transformative Use Test asks is whether the celebrity's likeness is "so transformed" as to become more the defendant's own expression rather than the celebrity's likeness; if the celebrity's likeness is part of the "raw material" from which an original work is synthesized, rather than being the "very sum and substance" of the work, the work is transformative. If the use is transformative, the First Amendment protects the use from liability for violating the right of publicity.²²⁶⁶

Under this standard, the defendants' uses were indeed sufficiently transformative to qualify for First Amendment protection.²²⁶⁷

b. The Right to Petition

Under *Eastern Rail Road Presidents Conference v. Noerr Motor Freight, Inc.*,²²⁶⁸ and *United Mine Workers v. Pennington*,²²⁶⁹ petitioning government bodies is a privileged activity under the First Amendment. According to the Supreme Court's most extensive explanation of the doctrine, a defendant's petitioning activity is protected unless the plaintiff can establish the defendant's conduct was a "sham" in the sense that: (1) it was objectively baseless; and (2) it was undertaken with a subjective intent to harm the plaintiff.²²⁷⁰ If a plaintiff cannot carry its burden under the first

²²⁶³ PA. CONS. STAT. § 8316(a).

²²⁶⁴ *Cornette*, 473 F. Supp. 3d at 471-73.

²²⁶⁵ *Id.* at 473.

²²⁶⁶ *Id.* at 474 (quoting *Hart v. Elec. Arts, Inc.*, 717 F.3d 141, 149 (3d Cir. 2013)).

²²⁶⁷ *Id.* at 475.

For a holding to similar effect and also decided under Pennsylvania law, see *Pellegrino v. Epic Games, Inc.*, 451 F. Supp. 3d 373, 381 (E.D. Pa. 2020) (holding FORTNITE avatar allegedly based on plaintiff sufficiently transformative to qualify for First Amendment protection).

²²⁶⁸ 365 U.S. 875 (1961).

²²⁶⁹ 381 U.S. 657 (1965).

²²⁷⁰ See generally *Pro. Real Estate Inv., Inc. v. Columbia Pictures Indus.*, 508 U.S. 49, 60-61 (1993).

prong of this test, it will not be entitled to discovery bearing on the second.²²⁷¹

A particularly aggressive application of the *Noerr-Pennington* doctrine came into play in a case in which, having received a demand letter from the defendant asserting trade dress rights, the plaintiff filed a suit asserting, inter alia, causes of action for tortious interference and unfair competition under Ohio law.²²⁷² After reviewing the allegations in the defendant's letter, the court was unable to conclude that "[the defendant's] trade dress infringement claim is objectively baseless and that no reasonable litigant could expect to succeed on the merits."²²⁷³ "Because the Court has determined that [the defendant's] allegations of trade dress infringement in its cease and desist letters are not objectively baseless," it then held, "[the defendant's] cease and desist letters enforcing its trade dress rights are protected by . . . the *Noerr-Pennington* doctrine . . . , and [the plaintiff's] claims [are] dismissed for failure to state a plausible claim upon which relief may be granted."²²⁷⁴ The plaintiff's allegations of a bad-faith intent were irrelevant to this analysis,²²⁷⁵ just as they were to the court's concomitant holding that the defendant's demand letter was additionally protected by Ohio's litigation privilege.²²⁷⁶

4. Right to Jury Trials Under the Seventh Amendment

The Seventh Amendment provides that "[i]n Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law."²²⁷⁷ One court hearing a counterfeiting action concluded that a request for statutory damages was properly the subject of a jury trial under the Seventh Amendment; it therefore declined the plaintiff's request for an award in a summary judgment motion.²²⁷⁸ As it explained, "[a]lthough requests for statutory damages at the statutory minimum have been decided on summary judgment, it seems other courts . . . have held that, where the plaintiff seeks more than the statutory minimum—and particularly where, as here, the plaintiff

²²⁷¹ *Id.* at 65.

²²⁷² See *J.M. Smucker Co. v. Hormel Food Corp.*, 526 F. Supp. 3d 294 (N.D. Ohio 2021).

²²⁷³ *Id.* at 310.

²²⁷⁴ *Id.*

²²⁷⁵ *Id.* at 310 n.16.

²²⁷⁶ *Id.* at 308 n.14.

²²⁷⁷ U.S. CONST. amend. VII.

²²⁷⁸ See *Daimler AG v. A-Z Wheels LLC*, 498 F. Supp. 3d 1282 (S.D. Cal. 2020).

seeks significantly more—the quantum of statutory damages should be determined by the jury.”²²⁷⁹

5. Government Immunity Under the Eleventh Amendment

The Eleventh Amendment generally immunizes states and state entities against lawsuits brought against them under federal law;²²⁸⁰ in particular, it “bars citizens of a state from suing their own state or another state in federal court unless the state has waived its sovereign immunity or Congress has expressly abrogated it.”²²⁸¹ Thus, after one federal district court determined that a state university, the licensor of an allegedly infringing mark, was an indispensable party in a lawsuit against the university’s licensees, it was forced to address the effect of the university’s Eleventh Amendment immunity to the ongoing viability of the plaintiffs’ suit.²²⁸² Concluding that the university could not be joined without destroying federal subject matter jurisdiction over the action, it granted the licensees’ motion to dismiss.²²⁸³

6. The Takings Clause of the Fifth Amendment

When the state of North Dakota enacted legislation regulating relationships between manufacturers of farm equipment and dealers of those goods, the manufacturers and their trade association unsuccessfully challenged the resulting statutes under a variety of theories.²²⁸⁴ One such theory was that, by restricting the manufacturers’ ability to incorporate certain provisions into dealership agreements,²²⁸⁵ certain of the statutes effected unlawful

²²⁷⁹ *Id.* at 1290.

²²⁸⁰ That amendment provides, “[t]he Judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another State, or by Citizens or Subjects of any Foreign State.” U.S. CONST. amend. XI.

²²⁸¹ *Raj v. La. State Univ.*, 714 F.3d 322, 328 (5th Cir. 2013).

²²⁸² *See Lee v. Learfield Commc’ns, LLC*, 486 F. Supp. 3d 1041 (E.D. La. 2020).

²²⁸³ *Id.* at 1051-52.

²²⁸⁴ *See Ass’n of Equip. Mfrs. v. Burgum*, 495 F. Supp. 3d 803 (D.N.D. 2020).

²²⁸⁵ For example, one statute, which the manufacturers deemed the “No Required Separation of Trademarks” provision, prohibited dealership agreements from “[r]equir[ing] a farm equipment dealer to separate the line-makes operating within the dealer’s facility by requiring the separation of personnel, inventory, service areas, display space, or otherwise dictate the method, manner, number of units, or the location of farm equipment displays at the dealer’s facility.” N.D. CENT. CODE ANN. § 51-07-01.2 (WEST 2022). Another, described by the manufacturers as the “Forced Transfer to Trademark License” provision, allowed dealers to pursue the judicial transfer of their dealerships “unless the manufacturer or distributor can prove the proposed transferee does not meet the written, reasonable, and uniformly applied standards regarding financial qualifications and business experience.” *Id.* § 51-07-02.2.

takings of the manufacturers' trademark rights in violation of the Takings Clause of the Fifth Amendment.²²⁸⁶ Although agreeing with the manufacturers that “[i]t seems likely the Supreme Court would recognize a trademark as private property protected by the Fifth Amendment as it has recognized other intangible property as so protected,”²²⁸⁷ the court was otherwise unsympathetic to the manufacturers' argument:

A regulation may work a categorical or per se regulatory taking when government causes a property owner to “suffer a permanent physical invasion of her property” or a regulation completely deprives a property owner of “*all* economically beneficial use of her property.” However, [the challenged legislation] deprives the Manufacturers of little, if any, use of their trademarks, much less “all economically beneficial use” of the property. Nor does [the legislation] permit anyone other than farm implement dealers with whom the Manufacturers have entered into dealership agreements to use their trademarks. The Manufacturers remain free to use their trademarks as they choose.²²⁸⁸

Moreover, “[t]he regulatory burden imposed by [the legislation] cannot be described as severe”²²⁸⁹ because “[t]he economic impacts are tangential, highly speculative, and anticipatory in the sense that the State has regulated the contractual relationship between farm implement dealers and Manufacturers for more than eighty years.”²²⁹⁰ “Any other conclusion,” the court held while granting the state’s motion for summary judgment, “would come perilously close to prohibiting any government regulation of the commercial dealings of a trademark holder.”²²⁹¹

D. Procedural Matters

1. Federal Subject-Matter Jurisdiction

In easily the most notable opinion in some time to address an issue of federal subject-matter jurisdiction in a trademark-related case, the Fourth Circuit tackled the thorny question of whether, having taken an earlier appeal to the Federal Circuit, a litigant dissatisfied with a decision by the Trademark Trial and Appeal Board is foreclosed from taking a second appeal in the same proceeding to a federal district court instead of returning to the

²²⁸⁶ U.S. CONST. amend. V.

²²⁸⁷ *Ass'n of Equip. Mfrs.*, 495 F. Supp. 3d at 824.

²²⁸⁸ *Id.* at 824 (quoting *Lingle v. Chevron U.S.A. Inc.*, 544 U.S. 528, 538 (2005)).

²²⁸⁹ *Id.*

²²⁹⁰ *Id.* at 825.

²²⁹¹ *Id.*

Federal Circuit.²²⁹² The relevant statutory language, which appears in Sections 21(a)-(b) of the Act, provides:

[(a)] [A] party . . . dissatisfied with the decision of the Director or Trademark Trial and Appeal Board, may appeal to the United States Court of Appeals for the Federal Circuit thereby waiving his right to proceed under subsection (b) of this section

[(b)] Whenever a person authorized by subsection (a) of this section to appeal to the United States Court of Appeals for the Federal Circuit is dissatisfied with the decision of the Director or Trademark Trial and Appeal Board, said person may, unless appeal has been taken to . . . the Federal Circuit, have remedy by a civil action The court may adjudge that an applicant is entitled to a registration upon the application involved, that a registration involved should be canceled, or such other matter as the issues in the proceeding require, as the facts in the case may appear.²²⁹³

Based on this language, the district court in the action held that it lacked subject-matter jurisdiction over the appeal of a plaintiff that previously had taken one to the Federal Circuit. According to the district court, “the plain language of the statute does not allow a dissatisfied party who has taken an appeal to the Federal Circuit under [Section 21(a)] to later exercise the option to file a civil action under [Section 21(b)].”²²⁹⁴

The Fourth Circuit disagreed. It acknowledged that “some aspects of the plain language appear to favor Defendant’s interpretation of the statute,” namely, Section 21(a)’s provision that a party electing Federal Circuit review thereby waived its right to a district court appeal under Section 21(b) and the provision in Section 21(b) that an appeal under it was available “unless appeal has been taken to . . . the Federal Circuit.”²²⁹⁵ Nevertheless, it accepted the plaintiff’s argument that the more reasonable interpretation of the statutory language was that “a party dissatisfied with the [Trademark Board’s] decision . . . may appeal [that decision] to the . . . Federal Circuit thereby waiving his right to proceed under subsection (b) [for that decision].”²²⁹⁶ Thus, it concluded:

²²⁹² See *Snyder’s-Lance, Inc. v. Frito-Lay N. Am., Inc.*, 991 F.3d 512 (4th Cir. 2021).

²²⁹³ 15 U.S.C. § 1071(a)-(b) (2018).

²²⁹⁴ *Princeton Vanguard, LLC v. Frito-Lay N. Am., Inc.*, 414 F. Supp. 3d 822, 827 (W.D.N.C. 2019), *rev’d and remanded sub nom. Snyder’s-Lance, Inc. v. Frito-Lay N. Am., Inc.*, 991 F.3d 512 (4th Cir. 2021).

²²⁹⁵ *Snyder’s-Lance*, 991 F.3d at 517-18 (quoting 15 U.S.C. § 1071(b)).

²²⁹⁶ *Id.* at 518 (alterations in original).

[T]he waiver language in [Section 21] relates only to the choice of review options for the decision appealed from. In other words, a party seeking review of a subsequent Trademark Board decision may seek review in either the Federal Circuit or the district court, even if the Trademark Board's initial decision was reviewed by the Federal Circuit.²²⁹⁷

The Fifth Circuit also addressed a question of federal subject-matter jurisdiction, albeit a much easier one.²²⁹⁸ The plaintiff in the appeal before that court asserted protectable rights under the Lanham Act to, among other things, a unique numerical identifier used to identify a website operated by the plaintiff, as well as links to that site; based on that assertion, the district court exercised pendent jurisdiction over a set of Texas state-law causes of action. Because of the novelty of the plaintiff's claim under federal law, the defendants challenged the existence of federal subject-matter jurisdiction in the first instance, but, as the court explained:

Whether [the plaintiff] could have prevailed under that theory turned in part on whether [the plaintiff] had a protectable mark. But [the plaintiff] need not have *conclusively* demonstrated the existence of a protectable mark to invoke "arising under" jurisdiction. Novel as its claim may be, nothing suggests [the plaintiff's] legal theory is so insubstantial or frivolous as to affect the district court's authority to decide this case.²²⁹⁹

2. Standing

To establish its standing to pursue a cause of action for purposes of Article III of the Constitution, a plaintiff must credibly aver a redressable injury attributable to the defendant's conduct;²³⁰⁰ it must then also satisfy any additional requirements for standing under the particular cause of action under which it is proceeding. In *Lexmark International v. Static Control Components, Inc.*,²³⁰¹ a case presenting allegations of false advertising under Section 43(a) of the Act, the Supreme Court established a two-part test for standing. First, the plaintiff's interest must be within the zone of interests the Act is intended to protect.²³⁰² And, second, the plaintiff must allege that its injuries were proximately caused by defendant's deceptive

²²⁹⁷ *Id.* at 529.

²²⁹⁸ See *WickFire, L.L.C. v. Woodruff*, 989 F.3d 343 (5th Cir. 2021), *as revised* (Mar. 2, 2021).

²²⁹⁹ *Id.* at 352 (footnote omitted).

²³⁰⁰ See *generally* *Lujan v. Defs. of Wildlife*, 504 U.S. 555, 560-61 (1992).

²³⁰¹ 134 S. Ct. 1377 (2014).

²³⁰² *Id.* at 1388.

practices.²³⁰³ Not surprisingly, *Lexmark* has played a major role in the resolution of the standing inquiry in false advertising disputes since its issuance; somewhat less predictably, though, the Supreme Court's analysis also has appeared in many, but not all, opinions addressing other causes of action under the Act.

a. Opinions Finding Standing

The *Lexmark* test produced a holding of standing in the context of a motion for a temporary restraining order.²³⁰⁴ The plaintiff, a small family-owned brewery that sold hard seltzer beverages in six states, challenged what the court ultimately deemed to be the literally false advertising of the defendants, a large multinational corporation and its subsidiary, which sold competing products in all states but Utah. Contesting the plaintiff's standing, the defendants argued that the comparatively limited distribution of the plaintiff's beverages precluded the plaintiff from establishing any economic or reputational injury in the 44 states in which they were not sold. The court made short work of that contention, holding that "the concept of standing asks who has a right to sue, which is different from the scope of an appropriate remedy."²³⁰⁵

Another dispute arising in the beverage industry also produced a finding of standing.²³⁰⁶ As the exclusive bottler of certain of PepsiCo's drinks, the plaintiff objected to the defendant's transshipment of those same drinks into the plaintiff's exclusive territory and accused the defendant of various misrepresentations in connection with that conduct; those alleged misrepresentations included some to the effect that either PepsiCo or plaintiff had authorized the defendant's shipments. Although the defendant argued that PepsiCo's ownership of the marks under which the disputed drinks were sold precluded the plaintiff from claiming standing to assert a false advertising cause of action under Section 43(a), the court disagreed in an application of *Lexmark*'s two-prong test for standing. Indeed, based on the plaintiff's allegations that the defendant's alleged misrepresentations had led purchasers to make buys from the defendant instead of the plaintiff, the court determined that the plaintiff had stated a "classic" claim for false advertising.²³⁰⁷

A final reported opinion on the subject reached an unusual finding of standing.²³⁰⁸ Having left their jobs with the plaintiffs—

²³⁰³ *Id.* at 1390.

²³⁰⁴ See *Suzie's Brewery Co. v. Anheuser-Busch Cos.*, 519 F. Supp. 3d 839 (D. Or. 2021).

²³⁰⁵ *Id.* at 850.

²³⁰⁶ See *N. Bottling Co. v. Henry's Foods, Inc.*, 474 F. Supp. 3d 1016 (D.N.D. 2020).

²³⁰⁷ *Id.* at 1027.

²³⁰⁸ See *Holbrook Mfg. LLC v. Rhyno Mfg., Inc.*, 497 F. Supp. 3d 319 (N.D. Ill. 2020).

companies controlled by their father—two brothers set up a competitive business, hired other former employees of the plaintiffs, and set up a website that inaccurately represented itself as an authorized distributor of a third party’s goods. In the lawsuit against the brothers and their company that followed, the plaintiffs asserted a cause of action for false advertising based on that misrepresentation and successfully pursued a preliminary injunction based on it. Applying *Lexmark* on the question of the plaintiffs’ standing, the court denied the defendants’ motion to dismiss in light of the plaintiffs’ own status as the third party’s distributors:

Because Plaintiffs have shown—and Defendants do not dispute—that Plaintiffs are licensed suppliers of [the third party’s] branded fasteners and are likely to lose business and goodwill based on Defendants’ misuse of the [third party’s] marks, Plaintiffs have sufficiently established that they have standing to allege a Lanham Act claim against Defendants based on Defendants’ use of these marks.²³⁰⁹

b. Opinions Declining to Find Standing

On its face, Section 32(1)’s cause of action for infringement is limited to federal registrants, but that did not discourage a mere exclusive licensee from attempting to invoke that section before a New York federal district court.²³¹⁰ Under ordinary circumstances, the disposal of the plaintiff’s Section 32(1) cause of action would have been an easy matter in light of Second Circuit authority holding Section 32(1) unavailable to licensees.²³¹¹ A complicating factor, however, was the plaintiff’s acquisition of the registered mark at issue in a nunc pro tunc assignment between the filing of its original complaint and its submission of an amended one. Applying the rule that “[s]tanding is determined ‘as of the commencement of suit,’”²³¹² the court was unimpressed with the plaintiff’s attempt to cover its tracks in this manner, and it therefore granted the defendants’ motion to dismiss the plaintiff’s Section 32(1) cause of action for want of standing.²³¹³ It then took the same step for the same reason—dismissal for want of standing—with respect to the plaintiff’s cause of action under the New York dilution

²³⁰⁹ *Id.* at 329.

²³¹⁰ *See Shandong Shinho Food Indus. v. May Flower Int’l, Inc.*, 521 F. Supp. 3d 222 (E.D.N.Y. 2021).

²³¹¹ *See Fed. Treasury Enter. Sojuzplodoimport v. SPI Spirits Ltd.*, 726 F.3d 62, 77-78 (2d Cir. 2013).

²³¹² *Shandong Shinho Food Indus.*, 521 F. Supp. 3d at 242 (quoting *Lujan v. Defs. of Wildlife*, 504 U.S. 555, 570 n.5 (1992)).

²³¹³ *Id.* at 244.

statute,²³¹⁴ which required “ownership” of the mark sought to be protected.²³¹⁵ Finally, with the plaintiff thus returned to the status of a licensee at the time of the original complaint, its Section 32(1) cause of action failed as well.²³¹⁶

Section 32(1)’s express statutory language and that of Section 43(c), the latter of which restricts the standing of plaintiffs invoking its cause of action against likely dilution to “owner[s] of . . . famous mark[s] that [are] distinctive,”²³¹⁷ also played dispositive roles in the dismissal of another plaintiff’s claims of standing under those statutes. The plaintiff in the dispute producing that outcome was a sports trading card manufacturer claiming to be a licensee of Michael Jordan’s “name and likeness,”²³¹⁸ which it characterized as extending to the registered MICHAEL JORDAN and 23 trademarks. The plaintiff asserted that its status as a licensee gave it standing to pursue claims under Section 32(1) and Section 43(c), but the court disagreed. In granting the defendant’s motion to dismiss those causes of action, the court agreed with the defendant that “an exclusive licensee has standing to pursue trademark infringement and trademark dilution claims only if the licensee has rights that amount to an assignment of the trademark which means the right to use the [licensed] Marks in all products.”²³¹⁹ The plaintiff may have enjoyed the right to bring litigation to protect its rights under the license, but that did not satisfy the relevant standards.²³²⁰

Two Arizona federal district courts similarly dismissed plaintiffs’ claims of standing. The first court did so in a case in which the plaintiffs—a group of models, businesswomen, and well-known social media personalities—asserted numerous claims, including one false advertising, against defendants that had used unauthorized images of the plaintiffs to advertise a strip club, which was named as the lead defendant.²³²¹ Applying the *Lexmark* analysis, the court held that a motion for summary judgment by the lead defendant was well-taken because:

Plaintiffs and Defendant do not share the same consumers. Defendant’s consumers are potential patrons of strip clubs. If any of these consumers chose to visit Defendant’s strip club because they were deceived into believing that one or more Plaintiffs endorsed the club and/or

²³¹⁴ *Id.* at 246-47.

²³¹⁵ N.Y. GEN. BUS. LAW 360-1.

²³¹⁶ *Shandong Shinho Food Indus.*, 521 F. Supp. 3d at 244.

²³¹⁷ 15 U.S.C. § 1125(c).

²³¹⁸ *Upper Deck*, 533 F. Supp. 3d at 961.

²³¹⁹ *Id.* at 964.

²³²⁰ *Id.* at 965.

²³²¹ *See Longoria v. Kodiak Concepts LLC*, 527 F. Supp. 3d 1085 (D. Ariz. 2021).

worked there, this might have taken business away from another strip club, but not from Plaintiffs. Plaintiffs' consumers are very different—they are clients who book Plaintiffs for modeling and advertising jobs, and Plaintiffs are “selective” about the jobs they take. A person in Arizona who would like to see Plaintiffs in person, in a sexualized setting, for his or her own gratification, would meet with no success upon trying to hire Plaintiffs.²³²²

That was not the end of the obstacles facing the plaintiffs' claim of standing. Instead, even if the defendant's alleged deception had caused the plaintiffs' customers to withhold trade from the plaintiffs, “by, for example, declining to book Plaintiffs for certain modeling jobs based on the false belief that Plaintiffs had stripped at and/or endorsed Defendant's club—Plaintiffs have not proffered any evidence that this actually occurred.”²³²³ Finally, although the plaintiffs argued they had been injured by not getting paid for the defendant's unauthorized use of their images, “that is not the kind of injury contemplated by a Lanham Act false advertising claim. The injury must be ‘proximately caused by [the] alleged misrepresentations.’ Defendant's failure to pay Plaintiffs was not *caused by* misrepresentations.”²³²⁴ The lead defendant therefore was entitled to summary judgment.

Although assigned to a different judge in the same district, the second Arizona opinion reached the same conclusion on virtually identical facts, namely, the unauthorized use of the plaintiffs' images to advertise a strip club.²³²⁵ Once again, the plaintiffs failed to establish that they lay within the zone of interests intended to be protected by the Lanham Act:

Plaintiffs' contention that they suffered a competitive commercial injury is undermined because the parties' commercial interests do not overlap. Clearly, the parties are not direct competitors, as Plaintiffs are models and Defendant runs a strip club. But commercial competitive interests need not be direct to successfully allege that a false advertisement led to a commercial injury. Nonetheless, Plaintiffs' bare assertion that their commercial interests overlap with Defendant's is simply not supported by any evidence. There is no indication that the consumer money would otherwise go to hiring Plaintiffs for modeling if not for Defendant's false advertisement. Moreover, Plaintiffs make

²³²² *Id.* at 1111 (citations omitted).

²³²³ *Id.*

²³²⁴ *Id.* at 1111-12 (citations omitted).

²³²⁵ *See Pinder v. 4716 Inc.*, 494 F. Supp. 3d 618 (D. Ariz. 2020).

no allegations that their ability to obtain modeling jobs has been affected from the false advertisement.²³²⁶

Beyond that, and with respect to the proximate causation prong of the *Lexmark* analysis, the court concluded from the summary judgment record that “Plaintiffs cannot show that their injury was caused by false advertising. Plaintiffs’ only alleged injury (the loss of photo shoot income) was neither caused by consumers withholding money, nor was it a result of consumer deception; the injury resulted from Defendant’s failure to pay for the photos.”²³²⁷ In the final analysis, the court held, “Plaintiffs have failed to support their false advertising claim and, therefore, it must be dismissed.”²³²⁸

In a case not involving strip clubs but instead vehicles equipped with allegedly defective airbags, a failure to fall within the zone of interests protected by Section 43(a)’s prohibition on false advertising led to a successful motion to dismiss.²³²⁹ The plaintiffs were automotive part recycler companies that had purchased vehicles manufactured by the defendants and featuring allegedly defective airbags. As the court summarized the gravamen of their claims, “Defendants’ false advertising artificially inflated the price which [Plaintiffs] were willing to pay for cars because [Plaintiffs] base their purchase price on what consumers are willing to pay, and consumers were duped by the false advertising.”²³³⁰ “When the truth came out,” it continued, “[Plaintiffs] were left with used cars they paid too much for.”²³³¹

In granting the defendants’ motion to dismiss, the court acknowledged that direct competition no longer was a prerequisite after *Lexmark*. Nevertheless, it also was true that “the Supreme Court explicitly held that ‘even a business misled by a supplier into purchasing an inferior product is, like consumers generally, not under the Act’s aegis.’”²³³² That proposition doomed the plaintiffs’ claims:

That is the exact scenario in which [Plaintiffs] find themselves. Even though their business model is to eventually re-sell used cars and car parts, their relationship to the automotive manufacturer defendants is one of disappointed consumer to hoodwinking supplier. And those plaintiffs are not the sort Congress intended to be able to sue

²³²⁶ *Id.* at 637.

²³²⁷ *Id.* at 638.

²³²⁸ *Id.*

²³²⁹ See *In re Takata Airbag Prods. Liab. Litig.*, 524 F. Supp. 3d 1266 (S.D. Fla. 2021).

²³³⁰ *Id.* at 1287.

²³³¹ *Id.*

²³³² *Id.* (emphasis omitted) (quoting *Lexmark*, 572 U.S. at 132).

under this section of the Act. Because Plaintiffs do not have statutory standing, their Lanham Act claims are dismissed.²³³³

Finally, although some courts have in the past recognized a cause of action for false advertising arising from the use of the registered mark symbol in conjunction with an unregistered mark, the outcome of one preliminary injunction motion suggested that *Lexmark* may have changed that situation.²³³⁴ In denying the motion as it related to that particular representation, the court concluded that the plaintiffs lacked standing to challenge it. “Plaintiffs,” it found, “fail to show how this false claim injures Plaintiffs’ reputation or sales.”²³³⁵ In particular, the plaintiffs had failed to adduce any proof that they themselves were associated with the goods sold under the unregistered mark, that any consumers would confuse those goods for any sold by the plaintiffs, or that the defendants’ false claim of registration affected their reputation or sales. The plaintiffs therefore lacked standing to challenge the false claim of registration.²³³⁶

c. Opinions Deferring Resolution of the Standing Inquiry

Several reported opinions denied standing-based motions to dismiss; although not necessarily precluding the moving defendants from raising the issue again as a technical matter, they often did so in language suggesting that the issue was settled as far as the courts issuing the opinions were concerned. For example, a straightforward application of *Lexmark* to deny such a motion came in a dispute between competitors in the cosmetic business.²³³⁷ According to the plaintiffs’ complaint, the defendant had promoted his line of goods by representing to consumers that the lead plaintiff’s cosmetics contained certain ingredients from China, some of which were responsible for the introduction of the COVID-19 virus into the United States; he also accused the plaintiffs of having entered into a same-sex marriage. The court had little difficulty determining that the lead plaintiff fell within the zone of interests protected by Section 43(a) in light of allegations of “reduced market share, loss of income, difficulty in establishing advertiser relationships’ as well as ‘loss of income from sales’ . . . [and] damage to her ‘business reputation.’”²³³⁸ Likewise, the lead plaintiff’s allegations of commercial injury satisfied *Lexmark*’s second

²³³³ *Id.*

²³³⁴ See *Holbrook Mfg. LLC v. Rhyno Mfg., Inc.*, 497 F. Supp. 3d 319 (N.D. Ill. 2020).

²³³⁵ *Id.* at 329.

²³³⁶ *Id.*

²³³⁷ See *Dupart v. Roussel*, 497 F. Supp. 3d 102 (E.D. La. 2020).

²³³⁸ *Id.* at 113 (footnote omitted).

prerequisite for standing because, taken as true, they established the defendant had undertaken his complained-of conduct to market his competing goods to the lead plaintiff's customers.²³³⁹ The court therefore denied the defendant's motion to dismiss the plaintiff's allegations of false advertising for want of standing.

So too did a similar standing-based motion to dismiss filed by an addiction-industry trade association fail in a false advertising action before a Tennessee federal district court.²³⁴⁰ The plaintiffs also were participants in the industry, and they included a provider of inpatient and outpatient substance abuse treatment services, an operator of informational websites to assist those suffering from addiction to find information, and an operator of a testing laboratory. As the court characterized their argument, "Plaintiffs allege that Defendant uses the touted benefits of being on its online directory as a means to generate new, dues-paying members and engages in nationwide or regional advertising by and through the use of that directory,"²³⁴¹ as well as that "Defendant made false and misleading statements about Plaintiffs' goods, services and commercial activities (including their online directory services) in numerous places, including at Defendant's 2018 annual meeting, at a 2019 national conference, in various publications, and on various websites."²³⁴² The court did not describe the defendant's alleged false statements in detail, but, whatever they may have been, they sufficed to confer standing on the plaintiff.²³⁴³

An equally unsuccessful motion to dismiss a different claim of false advertising in litigation targeting two defendants that certified imported plywood as meeting certain levels of quality.²³⁴⁴ The plaintiffs, domestic plywood manufacturers, accused the defendants of certifying certain batches of Brazilian plywood that were, in fact, noncompliant. In declining to grant the defendants' motion, the court acknowledged that "as in *Lexmark*, this is not the paradigmatic false-advertising claim, in which 'one competitor directly injures another by making false statements about his own goods or the competitors' goods and thus inducing customers to switch.'"²³⁴⁵ Nevertheless, it continued, "[w]hen deception of consumers causes them to withhold trade from the plaintiff, such as 'a competitor who is forced out of business by a defendant's false

²³³⁹ *Id.* at 114.

²³⁴⁰ *See* *Am. Addiction Ctrs., Inc. v. Nat'l Ass'n of Addiction Treatment Providers*, 515 F. Supp. 3d 820 (M.D. Tenn. 2021).

²³⁴¹ *Id.* at 835.

²³⁴² *Id.*

²³⁴³ *Id.* at 836.

²³⁴⁴ *See* *U.S. Structural Plywood Integrity Coal. v. PFS Corp.*, 524 F. Supp. 3d 1320 (S.D. Fla. 2021).

²³⁴⁵ *Id.* at 1336 (quoting *Lexmark*, 572 U.S. at 137).

advertising,’ a Lanham Act claim may be viable.”²³⁴⁶ Because the plaintiffs asserted that sales of the noncompliant Brazilian plywood had hurt sales of their competitive plywood, they had established their standing to bring an action under Section 43(a).²³⁴⁷

A final reported opinion to deny a standing-based motion to dismiss did so in terms arguably inviting the defendants to raise the issue again.²³⁴⁸ The plaintiff in the dispute producing that outcome was a sports trading card manufacturer claiming to be a licensee of Michael Jordan’s “name and likeness,”²³⁴⁹ which it characterized as extending to the registered MICHAEL JORDAN and 23 trademarks. The plaintiff asserted its status as a licensee gave it standing to enforce the rights to those marks under false endorsement, false, and unfair competition causes of action under the Lanham Act, while the defendant’s motion took the contrary position. The court questioned whether “a license to Jordan’s ‘likeness’ extends to Jordan’s jersey number ‘23’ and whether a license to Jordan’s ‘name’ equates to a license to his trademark.”²³⁵⁰ “However,” it ultimately concluded, “on a motion for judgment on the pleading, the Court concludes the [complaint] has plausibly alleged that the Agreement includes use of the Jordan Marks and the Court cannot conclude that it is clearly established that no material issue of fact remains to be resolved.”²³⁵¹ It then reached the same conclusion with respect to the plaintiff’s claims to vindicate Jordan’s statutory and common-law rights of publicity.²³⁵²

3. Personal Jurisdiction

Most disputes related to the propriety of an exercise of personal jurisdiction over a nonresident defendant require a two-part analysis.²³⁵³ The first part examines whether either the defendant

²³⁴⁶ *Id.* (quoting *Lexmark*, 572 U.S. at 134-35).

²³⁴⁷ *Id.*

²³⁴⁸ *See* *Upper Deck Co. v. Panini Am., Inc.*, 533 F. Supp. 3d 956 (S.D. Cal. 2021).

²³⁴⁹ *Id.* at 961.

²³⁵⁰ *Id.* at 962.

²³⁵¹ *Id.*

²³⁵² *Id.* at 967-68.

²³⁵³ *See generally* *J.M. Smucker Co. v. Hormel Food Corp.*, 526 F. Supp. 3d 294, 299-300 (N.D. Ohio 2021); *Astor Chocolate Corp. v. Elite Gold Ltd.*, 510 F. Supp. 3d 108, 122 (S.D.N.Y. 2020); *Hazelden Betty Ford Found. v. My Way Betty Ford Klinik GmbH*, 504 F. Supp. 3d 966, 973 (D. Minn. 2020), *motion to certify appeal denied*, No. CV 20-409 (JRT/TNL), 2021 WL 3711055 (D. Minn. Aug. 20, 2021); *Cousteau Soc’y, Inc. v. Cousteau*, 498 F. Supp. 3d 287, 498 (D. Conn. 2020); *LeafFilter N., LLC v. Home Craft Builders, Inc.*, 487 F. Supp. 3d 643, 647 (N.D. Ohio 2020); *Spin Master Ltd. v. 158*, 463 F. Supp. 3d 348, 362 (S.D.N.Y. 2020), *adhered to in part on reconsideration*, No. 18-CV-1774 (LJL), 2020 WL 5350541 (S.D.N.Y. Sept. 4, 2020); *Alston v. www.calculator.com*, 476 F. Supp. 3d 1295, 1310 (S.D. Fla. 2020); *Argos Glob. Partner Servs., LLC v. Ciuchini*, 446 F. Supp. 3d 1073, 1084 (S.D. Fla. 2020).

itself or its conduct falls within the scope of the forum’s long-arm statute, while the second part turns on whether an exercise of jurisdiction would satisfy the requirements of due process contemplated by the Fifth and Fourteenth Amendments.²³⁵⁴ If the state’s long-arm statute is not satisfied, the analysis ends there.²³⁵⁵ If, however, the reach of the applicable long-arm statute is coextensive with due process, only the second inquiry is necessary.²³⁵⁶

Within the context of the second inquiry, “[t]here are two types of minimum contacts: general and specific jurisdiction.”²³⁵⁷ A nonresident defendant may be constitutionally subject to an exercise of general personal jurisdiction with respect to all claims against it, but only if its contacts with a forum are so continuous and systematic as to render it essentially at home in that forum.²³⁵⁸ Because of the narrowness of that standard, it is far more likely for courts to exercise specific personal jurisdiction over nonresidents, which exists “when a nonresident defendant has purposefully directed its activities at the forum state and the litigation results from alleged injuries that arise out of or relate to those activities.”²³⁵⁹

Finally, if a plaintiff cannot otherwise meet the requirements of a state long-arm statute, it can try its luck under Rule of Civil Procedure 4(k)(2), which provides that:

For a claim that arises under federal law, serving a summons or filing a waiver of service establishes personal jurisdiction over a defendant if:

(A) the defendant is not subject to jurisdiction in any state’s courts of general jurisdiction; and

(B) exercising jurisdiction is consistent with the United States Constitution and laws.²³⁶⁰

Thus, as the Tenth Circuit observed in an opinion affirming a successful invocation of Rule 4(k)(2), the rule can act “as a kind of federal long-arm statute.”²³⁶¹

²³⁵⁴ U.S. CONST. amend. V; U.S. CONST. amend. XIV, § 1.

²³⁵⁵ *Cousteau Soc’y*, 498 F. Supp. 3d at 301.

²³⁵⁶ See, e.g., *Hazelden Betty Ford Found.*, 504 F. Supp. 3d at 973-74 (Minnesota long-arm statute coextensive with due process); *Argos Glob. Partner Servs.*, 446 F. Supp. 3d at 1084 (Florida long-arm statute coextensive with due process). *But see LeafFilter N.*, 487 F. Supp. 3d at 647 (Ohio long-arm statute not coextensive with due process).

²³⁵⁷ *Nestle USA, Inc. v. Ultra Distribuciones Mundiales S.A. de C.V.*, 516 F. Supp. 3d 633, 642 (W.D. Tex. 2021).

²³⁵⁸ See generally *Daimler AG v. Bauman*, 571 U.S. 117, 127 (2014).

²³⁵⁹ *Nestle USA*, 516 F. Supp. 3d at 642.

²³⁶⁰ FED. R. CIV. P. 4(k)(2).

²³⁶¹ *Hetronic Int’l, Inc. v. Hetronic Ger. GmbH*, 10 F.4th 1016, 1030 (10th Cir. 2021).

a. Opinions Exercising Personal Jurisdiction

An oft-invoked principle of personal-jurisdiction jurisprudence is that a nonresident defendant may sometimes be haled into court in the forum state if a good the defendant places into the stream of commerce ends up in that state. One litigant falling afoul of that principle was a Mexico-based lead defendant accused of reselling goods bearing the lead plaintiff's mark to a second defendant based in Texas, which then imported them into the United States; the goods were intended for sale only in Mexico, causing the plaintiffs to assert claims for infringement and unfair competition.²³⁶² The Texas federal district court hearing the case agreed with the plaintiffs that the lead defendant was subject to an exercise of specific personal jurisdiction in that state under the stream-of-commerce doctrine. As the court explained:

In the Fifth Circuit, where a product is sold or manufactured by a foreign defendant, the court applies a “stream of commerce” approach to personal jurisdiction. Under this approach, the “minimum contacts requirement is met so long as the court “finds that the defendant delivered the product into the stream of commerce with the expectation that it would be purchased by or used by consumers in the forum state.”²³⁶³

Applying that standard, the court held that “[t]he facts [alleged in the complaint] make it clear that it was foreseeable that the products would be sold in Texas.”²³⁶⁴ Those alleged facts included the existence of shared personnel between the two defendants and the presence in Texas of “one of the largest Hispanic populations of any U.S. state.”²³⁶⁵

The court then evaluated the constitutional fairness of the resulting finding of specific personal jurisdiction, which it held governed by the following five factors: “(1) the burden on the nonresident defendant; (2) the forum state’s interests; (3) the plaintiff’s interest in securing relief; (4) the interest of the interstate judicial system in the efficient administration of justice; and (5) the shared interest of the several states in furthering fundamental social policies.”²³⁶⁶ The defendants did not help themselves by advancing arguments under only the first and second of those factors, which the court in any case found “unpersuasive.”²³⁶⁷ With

²³⁶² See *Nestle USA, Inc. v. Ultra Distribuciones Mundiales S.A. de C.V.*, 516 F. Supp. 3d 633 (W.D. Tex. 2021).

²³⁶³ *Id.* at 644 (quoting *Ainsworth v. Moffett Eng'g, Ltd.*, 716 F.3d 174, 177 (5th Cir. 2013)).

²³⁶⁴ *Id.*

²³⁶⁵ *Id.*

²³⁶⁶ *Id.* at 642.

²³⁶⁷ *Id.* at 646.

respect to the first, the court concluded that “[i]t is not burdensome for [the lead defendant] to litigate in Texas. [The lead defendant] is headquartered in the neighboring Mexican state of Coahuila, its subsidiary [the second defendant] is headquartered in Texas, and it shares leadership with its subsidiary.”²³⁶⁸ And, with respect to the second, “Texas courts . . . have a substantial interest in this matter given that the gray market products are being sold widely by Texas grocers.”²³⁶⁹ Consequently, “[e]xercising personal jurisdiction over [the lead defendant] is fair and reasonable.”²³⁷⁰

Having been targeted in an action before a Connecticut federal district court, two defendants involved in the production of a documentary film on Jacques-Yves Cousteau failed to escape an exercise of personal jurisdiction over them, albeit for different reasons.²³⁷¹ The court’s analysis with respect to the lead defendant was simple: The plaintiff had served her with process while she visited the state, which was an adequate basis to hale her into its courts, even if that basis was not expressly contemplated by the state long-arm statute,²³⁷² and she did not contest that so-called “transient jurisdiction” satisfied due process.²³⁷³ The other defendant, a non-profit production company associated with the lead defendant, was not similarly situated, but the court found its conduct fell within the scope of the long-arm statute because, through a website accessible to Connecticut residents, “which promoted the Film and encouraged visitors to join a mailing list, encouraged them to attend the screening of the Film in Connecticut, and sought financing for the Film and [the company’s] cause by providing a direct link to a donations page on [the] website.”²³⁷⁴ That functionality, the court concluded, meant the website “is not only more than passive but also makes it proper to exercise personal jurisdiction based on the level of interactivity and the commercial nature of the exchange on the website.”²³⁷⁵ It then found that an exercise of specific personal jurisdiction over the production company would not offend due process because: (1) the website and a promotional screening of the film in Connecticut gave the company the required minimum contacts with the state;²³⁷⁶ (2) those contacts had an “affiliation” with the controversy between the parties;²³⁷⁷

²³⁶⁸ *Id.*

²³⁶⁹ *Id.*

²³⁷⁰ *Id.*

²³⁷¹ *See Cousteau Soc’y, Inc. v. Cousteau*, 498 F. Supp. 3d 287 (D. Conn. 2020).

²³⁷² CONN. GEN. STAT. § 52-59b(a) (2015).

²³⁷³ *Cousteau Soc’y*, 498 F. Supp. 3d at 301-02.

²³⁷⁴ *Id.* at 303.

²³⁷⁵ *Id.* at 304.

²³⁷⁶ *Id.* at 306.

²³⁷⁷ *Id.* at 306-07.

and (3) requiring the company to litigate in the Connecticut would not be constitutionally unreasonable, in no small part because the company had failed to address the burden on it from doing so.²³⁷⁸

In another dispute arising in the entertainment industry—that one a declaratory judgment action for nonliability—a blues, soul, and funk artist performing in the Pacific Northwest, Louisiana, and Tennessee found herself successfully haled into court in the last of those states after she objected to the adoption of a name similar to her own by a Tennessee-based country music group and its members.²³⁷⁹ The court did not examine the potential applicability of the state long-arm statute but instead proceeded straight to the constitutional due process analysis. With respect to the defendant's ties to Tennessee, the court credited the plaintiffs' proof that, in addition to making her music available for downloading by Tennessee residents, the defendant had performed in Memphis under her mark "on at least five or six occasions over the last several years";²³⁸⁰ more unusually, it also cited to the defendant's enforcement activities, which included "her engaging a Tennessee-based attorney to represent her with regard to trademark issues, and her discussions and exchange of draft agreements with the individual plaintiffs who are based in Tennessee."²³⁸¹ Those same considerations convinced the court that the plaintiffs' request for declaratory relief arose from the defendant's activities in the state, leaving only the question of whether requiring her to litigate the plaintiffs' claims in Tennessee would be constitutionally unfair. The court answered that question in the negative, referencing the absence of substantiation for the defendant's claim that traveling to the state would impose a significant financial burden on her failure to identify witnesses whom she claimed lived elsewhere;²³⁸² the state of Tennessee's interest in the matter sealed the plaintiff's victory.²³⁸³

While seeking the withdrawal of a preliminary injunction entered against it by a Florida federal district court, a defendant based in Israel argued that an exercise of specific personal jurisdiction over it was inappropriate.²³⁸⁴ The gravamen of the plaintiff's claims against that defendant was that the defendant had acquired a valuable domain name originally registered by the lead plaintiff in part via an unknown party that had hacked into the plaintiff's account with her registrar and fraudulently transferred

²³⁷⁸ *Id.* at 307-08.

²³⁷⁹ *See* *Scott v. White*, 539 F. Supp. 3d 831 (M.D. Tenn. 2021).

²³⁸⁰ *Id.* at 841.

²³⁸¹ *Id.*

²³⁸² *Id.* at 842-43.

²³⁸³ *Id.* at 843.

²³⁸⁴ *See* *Alston v. www.calculator.com*, 476 F. Supp. 3d 1295 (S.D. Fla. 2020).

the domain name to itself. Although the defendant argued it was a bona fide innocent purchaser, and although the court determined that an exercise of general personal jurisdiction would not satisfy the requirements of due process, things were different where specific personal jurisdiction was concerned.

To begin with, the court found that “[the defendant’s] ongoing pattern of acts in Florida—i.e., by targeting Florida residents through location-specific advertising on its website and generating significant, continuous revenue from these Florida-tailored advertisements—is sufficient to establish a general course of business activity with this State,”²³⁸⁵ thereby satisfying the requirements of the long-arm statute.²³⁸⁶ “Further,” it continued, “the requisite nexus between [Defendant’s] contacts with the forum state and the causes of action asserted in this case is clearly satisfied because Plaintiff’s alleged injuries stem, in part, from her inability to operate, maintain, or develop the website [associated with the purloined domain name], which is accessible in Florida, or to earn income from the ad revenue generated in this State.”²³⁸⁷ Turning to the question of whether an exercise of specific personal jurisdiction would satisfy the requirements of due process, the court held that “[w]here specific jurisdiction is asserted, the [Due Process] inquiry is ‘whether: (1) the defendant purposefully directed its activities towards residents of the forum, (2) the claim arises out of or relates to those activities, and (3) assertion of personal jurisdiction is reasonable and fair.’”²³⁸⁸ In that context as well, the moving defendant’s physical absence from Florida was no obstacle to it having to answer for its conduct in that state. With respect to the first factor, the defendant had purposefully directed its conduct toward Florida “as [Defendant] operates and manages its own website, places ads on this website—albeit through a third-party ad-placement program—and these ad placements, which geo-target users based on the volume of visitors from that state, then generate significant revenue for [Defendant].”²³⁸⁹ The second of the three factors also weighed in the plaintiff’s favor because “Plaintiff’s claims arise from [Defendant’s] allegedly wrongful use of the website accessible in Florida, its operation of the website for pecuniary benefit in part due to the activity of Florida users on the website, and its placement of geo-targeted ads directed toward Floridians in order to generate ad revenue.”²³⁹⁰ Finally, the

²³⁸⁵ *Id.* at 1314.

²³⁸⁶ FLA. STAT. § 48.193.

²³⁸⁷ *Alston*, 476 F. Supp. 3d at 1314-15.

²³⁸⁸ *Id.* at 1315 (second alteration in original) (quoting *Avocent Huntsville Corp. v. Aten Int’l Co.*, 552 F.3d 1324, 1332 (Fed. Cir. 2008)).

²³⁸⁹ *Id.* at 1316.

²³⁹⁰ *Id.*

defendant failed to carry its burden under the third factor in light of Florida’s interest in adjudicating the parties’ dispute, the judiciary’s interest in efficiently resolving that dispute in a forum in which an extensive record already existed, and the defendant’s failure to substantiate its claim that the cost for it to litigate in Florida would be overly burdensome.²³⁹¹

Although the reach of the New York long-arm statute²³⁹² is not coextensive with due process,²³⁹³ that does not mean its requirements cannot be satisfied in appropriate cases. For example, a group of toy companies successfully haled six alleged counterfeiters (who had failed to respond to the plaintiffs’ complaint) into a New York federal district court based on the plaintiffs’ successful online purchases of goods from those defendants and the delivery of the goods to New York addresses.²³⁹⁴ Based on the proposition that “[a] single sale may be sufficient provided that the defendant’s activities were purposeful and there was a substantial relationship between the transaction and the claim asserted,”²³⁹⁵ “even when the sale is made to a representative of the plaintiff’s law firm,”²³⁹⁶ the court held the defendants had done business in New York within the meaning of the first of two prongs of long-arm statute; this was especially true because “the exhibits submitted by Plaintiffs demonstrate that these Six Defaulting Defendants did not sell their products to the highest bidder such that the forum of New York was happenstance, but rather offered for sale and did sell and ship to New York.”²³⁹⁷ The court next determined “there is no question that the business transaction (i.e., the offer and/or sale of the Counterfeit Products) in New York has a substantial relationship with the claim asserted in this action against the six Defaulting Defendants (i.e., Defaulting Defendants’ offers or sales of products that infringe upon trademarks or contain counterfeited trademarks),” thereby satisfying the second prong of the long-arm statute.²³⁹⁸ Finally, with respect to the constitutional analysis, the court held that “[b]ecause [the long-arm statute] permits the exercise of personal jurisdiction in a narrower range of circumstance than the Due Process Clause, this Court’s exercise of personal jurisdiction . . . for the six

²³⁹¹ *Id.* at 1317.

²³⁹² N.Y. C.P.L.R. § 302 (MCKINNEY 2003).

²³⁹³ *See* Ehrenfeld v. Bin Mahfouz, 881 N.E.2d 830, 838 (N.Y. 2007).

²³⁹⁴ Spin Master Ltd. v. 158, 463 F. Supp. 3d 348, 363 (S.D.N.Y. 2020), *adhered to in part on reconsideration*, No. 18-CV-1774 (LJL), 2020 WL 5350541 (S.D.N.Y. Sept. 4, 2020).

²³⁹⁵ *Id.* (quoting WowWee Grp. Ltd. v. Meirly, No. 18-CV-706 (AJN), 2019 WL 1375470, at *3 (S.D.N.Y. Mar. 27, 2019)).

²³⁹⁶ *Id.*

²³⁹⁷ *Id.* at 363-64.

²³⁹⁸ *Id.* at 364.

Defaulting Defendants with New York sales comports with constitutional due process.”²³⁹⁹

Shipments of goods bearing infringing marks into New York led to an exercise of personal jurisdiction over the sellers in a second case as well.²⁴⁰⁰ Some of the shipments arose from purchases initiated by the plaintiff’s legal team, but jurisdictional discovery disclosed the defendants had made “at least five other sales of the allegedly infringing products into New York, none of which had been ordered by a person or entity associated with [the plaintiff].”²⁴⁰¹ Those sales both satisfied the requirements of the state long-arm statute and established that the defendants had sufficient minimal contacts with New York for purposes of the required due process analysis. They also placed the defendants at a distinct disadvantage when it came to the inquiry into whether an exercise of personal jurisdiction over them was constitutionally unfair because the burden of the defendants litigating the case in New York was no greater than the burden associated with the plaintiff litigating the matter in the defendants’ home venues of Oklahoma and California, and because New York had an interest in preventing the infringement of the intellectual property rights of its citizens.²⁴⁰² The court therefore denied the motion to dismiss of the defendants responsible for the shipments.

Finally, two reported opinions found exercises of specific personal jurisdiction appropriate under Rule 4(k)(2) based in part on the absence of the defendants not only from the forum states but from the United States as a whole. The first came from the Tenth Circuit in an appeal from an Oklahoma federal district court and in which the appellate court held as an initial matter that:

[A] court may exercise personal jurisdiction over a foreign defendant [under Rule 4(k)(2)] if (1) the “plaintiff’s claims arise under federal law”; (2) “the defendant is not subject to the jurisdiction of any state court of general jurisdiction”; and (3) “the plaintiff can show that the exercise of jurisdiction comports with due process.”²⁴⁰³

The first of these requirements was not in dispute, but two of the defendants contested the second and third.²⁴⁰⁴ As the court put it when considering the second requirement, “Defendants indirectly

²³⁹⁹ *Id.* at 366-67.

²⁴⁰⁰ *See Astor Chocolate Corp. v. Elite Gold Ltd.*, 510 F. Supp. 3d 108 (S.D.N.Y. 2020).

²⁴⁰¹ *Id.* at 126.

²⁴⁰² *Id.* at 127.

²⁴⁰³ *Hetric Int’l, Inc. v. Hetric Ger. GmbH*, 10 F.4th 1016, 1030 (10th Cir. 2021) (quoting *CGC Holding Co. v. Hutchens*, 974 F.3d 1201, 1208 (10th Cir. 2020)).

²⁴⁰⁴ The court held that the district court had properly exercised personal jurisdiction over certain of the other defendants by virtue of a forum-selection clause in a contract between those defendants’ predecessors and the plaintiff. *Id.* at 1028-32.

argue that the district court failed to properly consider whether they were subject to the jurisdiction of other states' courts besides Oklahoma."²⁴⁰⁵ In rejecting that indirect argument, the court took issue with the defendants' suggestion that the district court had erred by not conducting a state-by-state assessment and determining that the defendants were not subject to an exercise of personal jurisdiction in another state. Instead, it held, "[b]y failing to point to some other state that could exercise personal jurisdiction over them, Defendants conceded that [Plaintiff] satisfied the second element to establish personal jurisdiction under Rule 4(k)(2)."²⁴⁰⁶

That left the third requirement, which was that the district court's exercise of jurisdiction over the two defendants comply with the Constitution's guarantee of due process. The court held that guarantee fulfilled based on numerous contacts between the defendants and the United States. With respect to the first defendant, those contacts included: (1) travel to the United States to pursue certain certifications from the federal government; (2) the retention of a Massachusetts company to assist in that pursuit; and (3) additional travel to Nevada to meet with a former president of the plaintiff for advice on how to compete with the plaintiff, coupled with "over twenty separate e-mail communications" with the former president.²⁴⁰⁷ Likewise, the second defendant's contacts included: (1) its filing of an application to register one of the disputed marks in the USPTO; and (2) its entry into a "project agreement" with a company owned by the plaintiff's former president, pursuant to which that defendant received consulting services intended to allow it to compete directly with the plaintiff.²⁴⁰⁸ The defendants therefore failed to escape a judgment against them by arguing that the district court had erred in its application of Rule 4(k)(2).

The second reported opinion to sustain the use of Rule 4(k)(2) to secure specific personal jurisdiction over a non-United States domiciliary came from a Minnesota federal district court.²⁴⁰⁹ The lead plaintiff operated an alcohol and drug treatment facility under service marks incorporating the name of former First Lady Betty Ford and licensed by the other plaintiff; the second plaintiff also owned Ms. Ford's persona-based rights under California law. The defendant, a German company, provided similar services in that country under the MY WAY BETTY FORD KLINIK mark. The defendant repeatedly reached out to the plaintiffs, including visits

²⁴⁰⁵ *Id.* at 1030.

²⁴⁰⁶ *Id.* at 1031.

²⁴⁰⁷ *Id.* at 1032.

²⁴⁰⁸ *Id.*

²⁴⁰⁹ See *Hazelden Betty Ford Found. v. My Way Betty Ford Klinik GmbH*, 504 F. Supp. 3d 966, 976 (D. Minn. 2020), *motion to certify appeal denied*, No. CV 20-409 (JRT/TNL), 2021 WL 3711055 (D. Minn. Aug. 20, 2021).

to California and Minnesota, and proposed a “cooperative arrangement” that would authorize the defendant to use the plaintiffs’ marks and to police them in Germany; the latter proposed term apparently was to strengthen the defendant’s hand in a dispute with a third party.²⁴¹⁰ When the plaintiffs refused to grant a license to the defendant, the defendant continued to use its mark, producing actual confusion, and eventually, the lawsuit.

Weighing the defendant’s motion to dismiss for want of personal jurisdiction, the court found the defendant’s contacts with the state of Minnesota wanting.²⁴¹¹ Things were different where Rule 4(k)(2) were concerned, however. To begin with, the plaintiffs’ claims arose under federal law, therefore satisfying the first prerequisite for the successful invocation of personal jurisdiction under the rule. Likewise, the court was satisfied that the defendant was not subject to jurisdiction in Minnesota and that it had not conceded to the exercise of personal jurisdiction by the courts in California or any other state. So too were the defendant’s repeated contacts with the plaintiffs in Minnesota and California “neither random, fortuitous, nor attenuated, but were deliberate engagements with the [United States].”²⁴¹² As yet another consideration favoring the denial of the defendant’s motion to dismiss, the court invoked the Supreme Court’s holding in *Calder v. Jones*,²⁴¹³ that intentional tortious conduct aimed at a resident of the forum in which a case is brought can support a finding of specific personal jurisdiction if the effects of the conduct are suffered in that forum.²⁴¹⁴ With the court finding that the plaintiffs’ causes of action had a direct relationship to the defendant’s conduct in the United States and that an exercise of personal jurisdiction would be constitutionally reasonable, the defendant failed to secure the dismissal of the suit against it.²⁴¹⁵

b. Opinions Declining to Exercise Personal Jurisdiction

As discussed immediately above, the Supreme Court’s *Calder* Doctrine holds that, under certain circumstances, harm suffered by a plaintiff in a particular forum can support a finding of specific personal jurisdiction if the effects of the conduct are suffered in that forum. A similar proposition holds with respect to interpretations of

²⁴¹⁰ *Id.* at 971-72.

²⁴¹¹ *Id.* at 974 (“Most of the email communications, negotiations, and one of [the defendant’s] key visits were with [one of the plaintiffs] in California Contacts with Minnesota, however, only include one visit by [the defendant’s] representatives . . . , one letter, and an email exchange. Accordingly, the Court finds that [the defendant’s] contacts with Minnesota are an inadequate basis for specific personal jurisdiction.”).

²⁴¹² *Id.* at 976.

²⁴¹³ 465 U.S. 783 (1984).

²⁴¹⁴ *Hazelden Betty Ford Found.*, 504 F. Supp. 3d at 976.

²⁴¹⁵ *Id.* at 977-78.

one prong of the New York long-arm statute,²⁴¹⁶ which can be satisfied with a five-part showing:

First, that defendant committed a tortious act outside the State; second, that the cause of action arises from that act; third, that the act caused injury to a person or property within the State; fourth, that defendant expected or should reasonably have expected the act to have consequences in the State; and fifth, that defendant derived substantial revenue from interstate or international commerce.²⁴¹⁷

Nevertheless, a Niagara, New York-based plaintiff seeking to avail itself of that rule in litigation against several defendants domiciled outside New York failed to do so successfully.²⁴¹⁸ It established in response to a motion to dismiss that two of those defendants were involved to varying degrees in the manufacture and introduction into commerce of goods bearing alleged infringements of the plaintiff's mark, while the other had licensed the others to use the allegedly infringing mark. Even after jurisdictional discovery, though, the plaintiff could not demonstrate that the defendants had sold the goods in question directly into New York; instead, one defendant had sold the goods to another company, which then had sold them to the company actually making the shipments. In the absence of evidence that the defendants controlled downstream shipments of the goods, the defendants could not have reasonably expected their actions to have consequences in New York.²⁴¹⁹

Having thus failed to satisfy the requirements of the New York statute, the plaintiff also struck out attempting to invoke Rule 4(k)(2) as an alternative. "Under that rule," the court held, an exercise of jurisdiction was possible if: "(1) a plaintiff's cause of action arises under federal law; (2) the defendant is not subject to the jurisdiction of the courts of general jurisdiction of any one State; and (3) the defendant's total contacts with the United States as a whole are sufficient to satisfy the Due Process Clause."²⁴²⁰ The plaintiff's failure to certify that some of the defendants were not subject to an exercise of jurisdiction in any other state precluded Rule 4(k)(2)'s application to them.²⁴²¹ And, with respect to the remaining defendant, the court rejected the plaintiff's arguments that that defendant's registration of a mark not at issue in the litigation and its entry into a licensing agreement lacking restrictions on the licensee's distribution of goods in the United

²⁴¹⁶ N.Y. C.P.L.R. § 302(a)(3)(ii) (MCKINNEY 2003).

²⁴¹⁷ *LaMarca v. Pak-Mor Mfg. Co.*, 735 N.E.2d 883, 886 (N.Y. 2000).

²⁴¹⁸ *See Astor Chocolate Corp. v. Elite Gold Ltd.*, 510 F. Supp. 3d 108 (S.D.N.Y. 2020).

²⁴¹⁹ *Id.* at 133, 136.

²⁴²⁰ *Id.* at 134.

²⁴²¹ *Id.* at 134-35.

States constituted a purposeful availment of United States law for purposes of the due process analysis.²⁴²²

Another group of defendants also escaped an exercise of personal jurisdiction under the New York long-arm statute, despite being accused by toy manufacturers of trafficking in goods bearing counterfeit imitations of the plaintiffs' registered marks.²⁴²³ Although the plaintiffs' complaint accused the defendants of offering their unlawful goods on websites accessible in the state of New York, the plaintiffs had not actually made purchases on those sites for delivery to New York addresses. Beyond that, nothing in the operative complaint suggested the defendants expected or should reasonably have expected their actions to have consequences in New York or that they had derived substantial revenue from interstate or international commerce. In addition, none of the plaintiffs was domiciled in New York; moreover, "Plaintiffs have not adequately pled any lost sales or lost consumers in New York"²⁴²⁴ And, finally, the complaint neglected to allege that the defendants had sold goods in New York "or otherwise targeted New York, such as through active advertising or marketing efforts, so that they could be said to have 'purposefully availed [themselves] of the benefits of the laws of New York, to the extent that [t]he[y] would reasonably anticipate being haled into a New York court."²⁴²⁵

Outside New York, some courts adopted skeptical views of claims of personal jurisdiction based on defendants' operation of websites accessible in the forum states. One was a Massachusetts federal district court that noted courts' increasing unwillingness to hale nonresident defendants into plaintiffs' home jurisdictions based merely on the defendants' operation of even interactive sites.²⁴²⁶ In dismissing claims of infringement and unfair competition against a Canadian corporation for want of personal jurisdiction, it noted that "[t]o maintain the constitutional limits on personal jurisdiction in internet commerce cases, courts in this Circuit require 'something more' than a nationally accessible website to support the exercise of personal jurisdiction."²⁴²⁷ Then, with respect to the motion to dismiss before it, the court held:

[T]he purposeful availment requirement is not met because there is not "something more" connecting [Defendant] to the

²⁴²² *Id.* at 136.

²⁴²³ See *Spin Master Ltd. v. 158*, 463 F. Supp. 3d 348 (S.D.N.Y. 2020), *adhered to in part on reconsideration*, No. 18-CV-1774 (LJL), 2020 WL 5350541 (S.D.N.Y. Sept. 4, 2020).

²⁴²⁴ *Id.* at 366.

²⁴²⁵ *Id.* (alterations in original) (quoting *Energy Brands Inc. v. Spiritual Brands, Inc.*, 571 F. Supp. 2d 458, 468 (S.D.N.Y. 2008)).

²⁴²⁶ See *Motus, LLC v. CarData Consultants Inc.*, 520 F. Supp. 3d 87 (D. Mass. 2021), *aff'd*, 23 F.4th 115 (1st Cir. 2022).

²⁴²⁷ *Id.* at 92.

forum state beyond its website which is available to anyone with internet access, in any state. Plaintiff has put forward no evidence showing that [Defendant], a Canadian corporation, actually and purposefully conducted business with Massachusetts residents through its website. Nothing in the record shows that [Defendant], for instance, targeted Massachusetts residents specifically or that its website contains content which is any more likely to solicit customers in Massachusetts than anywhere else.²⁴²⁸

Two Ohio federal district courts also took issue with plaintiffs' efforts to hale nonresident defendants into those courts. According to the plaintiff before the first court, the Georgia-based defendant had registered a domain name incorporating the plaintiff's mark and established a Facebook page that slavishly copied the plaintiff's website.²⁴²⁹ Although holding the Ohio long-arm statute²⁴³⁰ not coextensive with due process, the court found the statute's requirements satisfied because, as it explained, "[g]iven Defendant's alleged familiarity with Plaintiff's website, former employees, and marketing materials, it is reasonable to assume that Defendant knew Plaintiff was an Ohio Company, and might suffer losses as a result of the alleged conduct."²⁴³¹ Nevertheless, the court also found that the plaintiff's allegation of an injury in Ohio did not satisfy the constitutional *Calder* effects test, in substantial part because of the passive nature of the defendant's site, of which the court noted that "it is well-settled that the passive operation of a website is categorically insufficient to establish purposeful availment: 'The level of contact with a state that occurs simply from the fact of a website's availability on the Internet is therefore an "attenuated" contact that falls short of purposeful availment."²⁴³² "Assuming Plaintiff did sustain injury from customer confusion caused by Defendant's actions outside of Ohio," the court concluded, "Defendant's contacts with the State of Ohio—through the autonomous actions of its customers—are too tenuous to require Defendant to be hailed [sic] into court here."²⁴³³

In the second Ohio case, the Minnesota-based defendant had sent correspondence to the plaintiff demanding the discontinuance of a trade dress the defendant considered an infringement of its

²⁴²⁸ *Id.* at 92-93.

²⁴²⁹ *See LeafFilter N., LLC v. Home Craft Builders, Inc.*, 487 F. Supp. 3d 643 (N.D. Ohio 2020).

²⁴³⁰ OHIO REV. CODE ANN. § 2307.382(A) (2016).

²⁴³¹ *LeafFilter N.*, 487 F. Supp. 3d at 647.

²⁴³² *Id.* at 649 (quoting *Neogen Corp. v. Neo Gen Screening, Inc.*, 282 F.3d 883, 890 (6th Cir. 2002)).

²⁴³³ *Id.* at 650-51.

own.²⁴³⁴ In granting the defendant’s motion to dismiss, the court rejected the plaintiff’s argument that its receipt of the defendant’s letters in Ohio rendered an exercise of specific personal jurisdiction appropriate:

The mere sending of cease and desist letters is insufficient to give rise to personal jurisdiction. This is so because even though cease-and-desist letters alone are substantially related to declaratory judgment claims, such minimum contacts are not sufficient to satisfy the concepts of fair play and substantial justice necessary to render the exercise of personal jurisdiction over a non-resident defendant reasonable. The owner of intellectual property rights “should not subject itself to personal jurisdiction in a forum solely by informing a party who happens to be located there of suspected infringement. Grounding personal jurisdiction on such contacts alone would not comport with principles of fairness.”²⁴³⁵

The court acknowledged that “actions that go beyond merely sending cease and desist letters may support specific personal jurisdiction, such as judicial or extra-judicial enforcement activities within the forum, entering into an exclusive license agreement, or another undertaking imposing enforcement obligations on a party residing or regularly doing business in the forum.”²⁴³⁶ Nevertheless, the plaintiff had failed to allege that the defendant had undertaken any such actions. In particular, although the defendant had two distribution centers and sales activities in Ohio, those facilities and activities were unrelated to the defendant’s accusations against the plaintiff.²⁴³⁷

A final reported opinion, issued from a Florida federal district court, declined to exercise jurisdiction over nonresident defendants accused of a variety of trademark, unfair competition, and false advertising-related torts.²⁴³⁸ The plaintiffs urged the court to find that two defendants, one a corporation and the other an individual, were subject to general jurisdiction because one had a bank account in Florida and the other had a single customer in the state. The court rejected that argument, in the process emphasizing the narrowness of the grounds on which general jurisdiction could exist over the corporate defendant:

[T]he “paradigm forum” for the exercise of general jurisdiction with respect to a corporation is its place of

²⁴³⁴ See *J.M. Smucker Co. v. Hormel Food Corp.*, 526 F. Supp. 3d 294 (N.D. Ohio 2021).

²⁴³⁵ *Id.* at 303 (citation omitted).

²⁴³⁶ *Id.*

²⁴³⁷ *Id.* at 304-05.

²⁴³⁸ See *Argos Glob. Partner Servs., LLC v. Ciuchini*, 446 F. Supp. 3d 1073 (S.D. Fla. 2020).

incorporation and principal place of business. “Outside of these two exemplars, a defendant’s operations will be so substantial and of such a nature as to render the corporation at home in that State only in an exceptional case.”²⁴³⁹

It then reached a similar conclusion with respect to the individual defendant, holding that “[f]or an individual, the paradigm forum for the exercise of general jurisdiction is the individual’s domicile[.]”²⁴⁴⁰

That left the possibility of specific personal jurisdiction over the defendants under the Florida long-arm statute.²⁴⁴¹ The court found it unnecessary to address the issue of whether the defendant’s alleged conduct satisfied the statute’s requirements because it concluded that subjecting the defendants to suit in Florida would not comply with due process. Although the operative pleading accused the defendants of various misdeeds, it was nearly silent where tortious activity in Florida was concerned; indeed, its allegations referred only to the accessibility of the defendants’ website in the state and the corporate defendant’s relationship with its single Florida-based customer. Finding that “Plaintiffs’ evidence of Defendants’ *suit-based* conduct *in or directed at Florida* is minimal,”²⁴⁴² the court concluded that the plaintiffs’ allegations of having suffered damage in Florida failed to carry the day.

4. Venue

Under 28 U.S.C. § 1391(b), venue in a federal court action will properly lie in a district in which “any defendant resides, if all defendants are residents of the State in which the district is located,” “in which a substantial part of the events or omissions giving rise to the claim occurred,” or in which any defendant may be found “if there is no district in which an action may otherwise be brought.”²⁴⁴³ A challenge to the venue chosen by a plaintiff can take the form of a motion to dismiss brought under Federal Rule of Civil Procedure 12(b)(3) and 28 U.S.C. § 1406(a), the latter of which authorizes federal district courts to transfer or dismiss cases “laying venue in the wrong division or district,”²⁴⁴⁴ and which is arguably a codification of the common-law doctrine of *forum non conveniens*.²⁴⁴⁵ A venue challenge can also include a motion to transfer under 28

²⁴³⁹ *Id.* at 1085 (first quoting *Daimler AG v. Bauman*, 571 U.S. 117, 137 (2014)); then quoting *Waite v. All Acquisition Corp.*, 901 F.3d 1307, 1317 (11th Cir. 2018)).

²⁴⁴⁰ *Id.* at 1086 (second alteration in original) (quoting *Daimler*, 571 U.S. at 137).

²⁴⁴¹ FLA. STAT. § 48.193 (2016).

²⁴⁴² *Argo Global Partner Servs.*, 446 F. Supp. 3d at 1092.

²⁴⁴³ 28 U.S.C. § 1391(b) (2018).

²⁴⁴⁴ *Id.* § 1406(a).

²⁴⁴⁵ See generally *Sinochem Int’l Co. v. Malaysia Int’l Shipping Corp.*, 549 U.S. 422, 423 (2007) (noting that dismissal or transfer appropriate under *forum non conveniens* “when considerations of convenience, fairness, and judicial economy so warrant”).

U.S.C. § 1404(a), which provides, “[f]or the convenience of [the] parties and the witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought”²⁴⁴⁶ Likewise, 28 U.S.C. § 1631 authorizes the transfer of cases in which the original court finds that there is a ‘want of [personal] jurisdiction.’”²⁴⁴⁷ Finally, under Federal Rule of Civil Procedure 45(f), a showing of “exceptional circumstances” can justify the transfer of subpoena-related motions to the court of issuance.²⁴⁴⁸

a. Opinions Finding Venue Proper

Outright dismissals of actions under the doctrine of *forum non conveniens* are rare, and a motion to dismiss asserting the doctrine failed before a Connecticut federal district court.²⁴⁴⁹ The plaintiff asserted a right of publicity cause of action, which the parties agreed was governed by French law. The defendants asserted that nothing prevented the plaintiff from seeking relief before a French tribunal, but the court concluded that the defendants had failed to carry the “heavy burden” of a successful challenge to the plaintiff’s choice of forum.²⁴⁵⁰ In particular, it held, “it is well-established that the need to apply foreign law is not alone sufficient to dismiss under the doctrine of *forum non conveniens*.”²⁴⁵¹

A more routine challenge to the venue of a declaratory judgment action for nonliability—a motion for a transfer under 28 U.S.C. § 1404(a)—failed in a declaratory judgment action lodged in the United States District Court for the Middle District of Tennessee.²⁴⁵² The defendant was prosecuting a second-filed action against the plaintiffs in the Western District of Washington, and she argued that two of her witnesses, whom she could not force to appear in Tennessee, lived in Washington, as well as that the plaintiffs better could bear the expenses of litigation. With respect to the first of those considerations, the court found that “Defendant claims nationwide common law rights in the [disputed] trademark. Therefore, supporting witnesses presumably will not be limited to those residing in the Washington area, but will include witnesses residing in other states, including Tennessee.”²⁴⁵³ “As for the costs of litigating,” it continued, “the Court acknowledges that Plaintiffs

²⁴⁴⁶ 28 U.S.C. § 1404(a).

²⁴⁴⁷ *Id.* § 1631.

²⁴⁴⁸ FED. R. CIV. P. 45(f).

²⁴⁴⁹ *See Cousteau Soc’y, Inc. v. Cousteau*, 498 F. Supp. 3d 287 (D. Conn. 2020).

²⁴⁵⁰ *Id.* at 315 (quoting *Sinochem Int’l Co. v. Malay. Int’l Shipping Corp.*, 549 U.S. 422, 430 (2007)).

²⁴⁵¹ *Id.* (quoting *R. Maganlal & Co. v. M.G. Chem. Co.*, 942 F.2d 164, 169 (2d Cir. 1991)).

²⁴⁵² *See Scott v. White*, 539 F. Supp. 3d 831 (M.D. Tenn. 2021).

²⁴⁵³ *Id.* at 847 (footnote omitted).

likely have more financial resources, but Defendant has not provided any specifics about the costs she expects to incur,²⁴⁵⁴ and that failure assumed perhaps greater significance in light of evidence that the defendant had herself repeatedly traveled to Tennessee for business over the years.²⁴⁵⁵ With the trial date of the Washington matter uncertain,²⁴⁵⁶ the court found that none of the relevant considerations favored the grant of the defendant's motion.

b. Opinions Declining to Find Venue Proper

Transfers under 28 U.S.C. § 1631 are relatively rare, but the availability of that statute led an Ohio federal district court to transfer an action to the defendant's home forum of the Northern District of Georgia.²⁴⁵⁷ The defendant moved the court to dismiss the action for want of personal jurisdiction and, in the alternative, to transfer it under 28 U.S.C. § 1404(a). The court accepted the defendant's argument that the plaintiff's allegations of specific personal jurisdiction were fatally defective, but it was just as hostile to the defendant's invocation of Section 1404(a). Specifically, it sua sponte invoked Section 1631 to transfer the case in the interests of justice:

The Court sees no need for the parties . . . to restart the litigation anew, or for Plaintiff to lose out on any benefit it may otherwise be entitled to based on its initial filing date. Furthermore, it seems unlikely that Plaintiff would be meaningfully inconvenienced by the transfer. While its corporate headquarters are here in Ohio, Plaintiff operates at least one location in Georgia, suggesting that it is at least not entirely unprepared to engage in litigation in that state.

Furthermore, there is nothing about this case that suggests a significant number of the witnesses will be in Ohio, as opposed to Georgia. While it may be reasonable to assume, as Plaintiff states, that at least some witnesses who can speak to Plaintiff's damages are located near its corporate headquarters, it is equally reasonable to assume that at least some witnesses who can speak to Defendant's alleged conduct are located near its corporate headquarters in Georgia.²⁴⁵⁸

²⁴⁵⁴ *Id.*

²⁴⁵⁵ *Id.*

²⁴⁵⁶ On that issue, the defendant argued that the Washington court already had set a trial date in her second-filed suit, which apparently was not the case in the Tennessee matter. The Tennessee court, however, noted that its Washington counterpart had warned the parties that it could not predict when trial would actually occur. *Id.* at 847-48.

²⁴⁵⁷ See *LeafFilter N., LLC v. Home Craft Builders, Inc.*, 487 F. Supp. 3d 643 (N.D. Ohio 2020).

²⁴⁵⁸ *Id.* at 652 (footnote omitted) (citation omitted).

5. Issue and Claim Preclusion

a. Issue Preclusion (Collateral Estoppel)

As the Supreme Court explained in *B & B Hardware, Inc. v. Hargis Industries*,²⁴⁵⁹ issue preclusion applies when two different tribunals are asked to decide the same issue:

[T]he decision of the first tribunal usually must be followed by the second, at least if the issue is really the same. Allowing the same issue to be decided more than once wastes litigants' resources and adjudicators' time, and it encourages parties who lose before one tribunal to shop around for another.²⁴⁶⁰

Several courts resolved disputes (or at least some of the issues raised by those disputes) through application of issue-preclusion principles. One was the Tenth Circuit, which addressed the possible issue-preclusive effect of a prior decision by the EUIPO Board of Appeal awarding ownership of a registered trademark to the plaintiff, which the Board held the plaintiff had acquired through an assignment.²⁴⁶¹ The defendants argued that the prior judgment did not extend to a holding that the plaintiff had acquired the rights to other, unregistered, marks, but the district court disagreed and held on the parties' cross-motions for summary judgment that defendants were precluded from arguing they owned the unregistered marks.

Although the Tenth Circuit acknowledged that “[t]he issue-preclusion dispute before us is atypical in that we’re considering the preclusive effect of a foreign judgment,”²⁴⁶² it nevertheless applied a standard test when weighing the doctrine’s applicability:

In the civil context, four criteria must be met before a court may apply the doctrine of issue preclusion:

- (1) the issue previously decided is identical with the one presented in the action in question,
- (2) the prior action has been finally adjudicated on the merits,
- (3) the party against whom the doctrine is invoked was a party, or in privity with a party, to the prior adjudication, and

²⁴⁵⁹ 135 S. Ct. 1293 (2015).

²⁴⁶⁰ *Id.* at 1298-99.

²⁴⁶¹ *See* *Hetricon Int’l, Inc. v. Hetricon Ger. GmbH*, 10 F.4th 1016 (10th Cir. 2021).

²⁴⁶² *Id.* at 1049.

(4) the party against whom the doctrine is raised had a full and fair opportunity to litigate the issue in the prior action.²⁴⁶³

The defendants seriously contested only the first and the second elements, pointing out with respect to the first that the sole issue before the EUIPO Board of Appeal was ownership of the one registered mark, rather than the unregistered ones in dispute. The court rejected that argument, concluding instead that “Defendants fail to explain how the ownership dispute would differ as to the other trademarks. Indeed, [Defendants’] claim to the other intellectual property would be based on the same theories, documents, and arguments it presented vis-à-vis the [registered] mark and that the Board of Appeal rejected.”²⁴⁶⁴ It then held with respect to the second requirement that the Board of Appeal’s decision was both final (the Board had both rejected the defendants’ characterization of the disputed transaction and ordered one of the defendants to pay the costs of the proceeding) and not mere dictum.²⁴⁶⁵ “In brief,” the court concluded, “because [Plaintiff] has met each of the required elements, we affirm the district court’s summary-judgment ruling on Defendants’ ownership defense.”²⁴⁶⁶

In another cross-border dispute, a Michigan federal district court addressed the question of whether findings of mark validity and likely confusion by the International Trade Commission were entitled to issue-preclusive effect in later litigation between the same parties.²⁴⁶⁷ The court held at the front end of its analysis that the defendant, which had successfully demonstrated infringement of its rights before the ITC, needed to prove four things to escape relitigation of its victory—namely: (1) the issue of likely confusion was raised and actually litigated before the ITC; (2) the issue’s determination was necessary to the outcome; (3) the ITC proceeding resulted in a final judgment on the merits; and (4) the plaintiff had had a full and fair opportunity to litigate the issue.²⁴⁶⁸ The plaintiff disputed only the third factor, arguing that the ITC’s decision was not yet final because the Federal Circuit had not yet had an opportunity to rule on the plaintiff’s appeal from the adverse ITC decision, which the plaintiff not surprisingly argued “raises the real possibility that the decision will be overturned or modified . . . ,

²⁴⁶³ *Id.* at 1050.

²⁴⁶⁴ *Id.* at 1051.

²⁴⁶⁵ *Id.* at 1052 (“The Board of Appeal’s ruling that [Plaintiff] owned all the intellectual property was a necessary predicate to its conclusion So the ownership ruling wasn’t dicta.”).

²⁴⁶⁶ *Id.*

²⁴⁶⁷ See *Mahindra & Mahindra Ltd. v. FCA US LLC*, 503 F. Supp. 3d 542 (E.D. Mich. 2020).

²⁴⁶⁸ *Id.* at 548.

requiring modification of any orders entered by this Court.”²⁴⁶⁹ Holding that “[f]inality for purposes of preclusion . . . is not equivalent to immutability”²⁴⁷⁰ and also that “trial court judgments are considered final for preclusion purposes even if a party intends to appeal or if an appeal is pending,”²⁴⁷¹ the court concluded its analysis by invoking *B & B Hardware* to hold that the ITC’s status as an administrative agency did not disqualify its decisions from enjoying issue-preclusive effect:

[I]n “situations in which Congress has authorized agencies to resolve disputes, “courts may take it as given that Congress has legislated with the expectation that the principle will apply except when a statutory purpose to the contrary is evident.” Stated differently, “absent a contrary indication, Congress presumptively intends that an agency’s determination . . . has preclusive effect.”²⁴⁷²

A final notable reported opinion to reach a holding of issue preclusion transpired in a bankruptcy proceeding in which a prevailing plaintiff in an earlier false advertising case against the debtor argued that the willful and malicious nature of the debtor’s conduct rendered the accounting of the debtor’s profits ordered in the earlier case nondischargeable.²⁴⁷³ The purely procedural disposition of the earlier litigation ordinarily might have precluded the necessary finding that the issue of the defendant’s willfulness had been actually litigated. Nevertheless, the creditor successfully invoked the proposition that “the ‘actual litigation’ requirement is satisfied where a debtor actively participates in the prior litigation but eventually abandons their efforts, resulting in entry of a default judgment against them.”²⁴⁷⁴ Because “[the debtor] actively participated in the District Court litigation for over a year, from the filing of its Answer on May 15, 2018 to the entry of default by the Clerk of the District Court on June 11, 2019,” the issue of its willfulness had indeed been actually litigated in the earlier case.²⁴⁷⁵ With the court additionally concluding that willfulness in the false advertising context presented the same issue as willfulness under Section 523(a)(6) of the Bankruptcy Code²⁴⁷⁶ and that the earlier finding of willfulness had been critical to the earlier judgment,²⁴⁷⁷

²⁴⁶⁹ *Id.* at 550.

²⁴⁷⁰ *Id.*

²⁴⁷¹ *Id.*

²⁴⁷² *Mahindra & Mahindra*, 503 F. Supp. 3d at 550 (quoting *B & B Hardware*, 578 U.S. at 148, 151).

²⁴⁷³ See *In re Better Than Logs, Inc.*, 631 B.R. 670 (Bankr. D. Mont. 2021).

²⁴⁷⁴ *Id.* at 681.

²⁴⁷⁵ *Id.*

²⁴⁷⁶ *Id.* at 680 (citing 11 U.S.C. § 523(a)(6) (2018)).

²⁴⁷⁷ *Id.* at 682.

the debtor was barred from taking a second bite at the willfulness apple.²⁴⁷⁸

b. Claim Preclusion (Res Judicata)

Under the doctrine of claim preclusion, or *res judicata*, “a final judgment on the merits of an action precludes the parties or their privies from relitigating issues that were or could have been raised in that action.”²⁴⁷⁹ In litigation before a Michigan federal district court, prior unappealed findings by the International Trade Commission that the counterclaim plaintiff’s trade dress was neither infringed, famous, nor likely to be diluted received claim-preclusive effect when the counterclaim plaintiff asserted counterclaims to protect the same trade dress.²⁴⁸⁰ In reaching that outcome, the court adopted the Sixth Circuit’s doctrinal test for claim preclusion, namely:

To establish claim preclusion, Plaintiffs must show (1) “a final judgment on the merits” in a prior action; (2) “a subsequent suit between the same parties or their privies”; (3) an issue in the second lawsuit that should have been raised in the first; and (4) that the claims in both lawsuits arise from the same series of transactions.²⁴⁸¹

The court’s application of those factors was aided by the counterclaim plaintiff’s decision not to contest them when responding to the counterclaim defendant’s motion for summary judgment on the issue; “Indeed, in its Response,” the court noted, “[the counterclaim plaintiff] concedes that its claims which did not succeed at the ITC cannot go forward in this forum.”²⁴⁸²

In contrast, the Third Circuit reversed a district court’s grant of a motion to dismiss grounded in the theory that a prior Trademark Trial and Appeal Board opinion addressing the likelihood of confusion between the parties’ marks enjoyed claim-preclusive effect.²⁴⁸³ The reason? The plaintiff’s claim of likely confusion before the district court under Section 43(a), was different than its claim of likely confusion under Section 2(d).²⁴⁸⁴ As the court explained:

Because the TTAB has no jurisdiction to consider whether an infringer’s use of a mark damages a petitioner seeking cancellation, and in turn cannot award any remedy beyond cancellation for the injuries a petitioner has suffered, a

²⁴⁷⁸ *Id.*

²⁴⁷⁹ *Allen v. McCurry*, 449 U.S. 90, 94 (1980).

²⁴⁸⁰ *See Mahindra & Mahindra Ltd. v. FCA US LLC*, 503 F. Supp. 3d 542 (E.D. Mich. 2020).

²⁴⁸¹ *Id.* at 553 (quoting *Wheeler v. Dayton Police Dep’t*, 807 F.3d 764, 766 (6th Cir. 2015)).

²⁴⁸² *Id.*

²⁴⁸³ *See Beasley v. Howard*, 14 F.4th 226 (3d Cir. 2021).

²⁴⁸⁴ 15 U.S.C. § 1052(d) (2018).

section 43(a) claim is not one that could have been brought in a TTAB cancellation proceeding.

....

... Granting claim preclusive effect to TTAB proceedings against subsequent infringement suits would penalize trademark holders who promptly oppose or seek to cancel an invalid mark, rather than delay litigation until that party could assert all possible causes of action in the District Court. A rule encouraging such delay would moreover stand in tension with sections 14(1) and 15 of the Lanham Act, which urge prompt opposition and cancellation petitions by providing that trademark registrations over five years old are generally incontestable [sic] and cannot be challenged.

We will not apply claim preclusion in a way that encourages litigants to sit on their claims and undermines the Lanham Act's adjudicative mechanisms.²⁴⁸⁵

6. Judicial Estoppel

Invocations of judicial estoppel came into play in two cases producing reported opinions, both in the context of ownership disputes. In the first case, the plaintiff had executed two applications to register marks consisting in whole or in part of her name; each application was filed in the name of a company, and each eventually matured into a registration.²⁴⁸⁶ When the plaintiff and the company later had a falling out, she claimed to own the registered marks at issue, but that claim met a distinctly hostile judicial reception. While granting a defense motion for summary judgment, the court held that judicial estoppel barred the plaintiff's latter-day assertion of ownership:

In deciding whether to apply the doctrine, courts must determine (1) whether the “party’s later position is ‘clearly inconsistent’ with its earlier position;” (2) whether the “party’s position has been adopted in some way by the court in the earlier proceeding;” and (3) whether “the party asserting the two positions would derive an unfair advantage against the party seeking estoppel.”²⁴⁸⁷

The court found each of these requirements was satisfied as a matter of law. To begin with, it determined, “it is undisputed that Plaintiff took a prior inconsistent position before the USPTO in signing the Trademark applications which contained the assertion

²⁴⁸⁵ *Beasley*, 14 F.4th at 234, 236.

²⁴⁸⁶ *See Kennedy v. Basil*, 531 F. Supp. 3d 828 (S.D.N.Y. 2021).

²⁴⁸⁷ *Id.* at 838 (quoting *DeRosa v. Nat'l Envelope Corp.*, 595 F.3d 99, 103 (2d Cir. 2010)).

that only the Company held rights to the Trademarks.”²⁴⁸⁸ It likewise was undisputed that “the USPTO adopted this position, as the USPTO would not have otherwise granted the [company] trademark registrations for trademarks that constituted Plaintiff’s name.”²⁴⁸⁹ Finally, “the Company would suffer an ‘unfair detriment’ if judicial estoppel were not applied as the Company has already taken actions in reliance of ownership of the Trademarks, specifically seeking and obtaining financing based at least in part on the assets of the Company, which included the Trademarks.”²⁴⁹⁰ Having reached those findings, the court rejected three last-ditch arguments by the plaintiff, which were that: (1) the *ex parte* nature of the application process did not prevent the plaintiff from taking an inconsistent position regarding ownership of the disputed marks;²⁴⁹¹ (2) “no tribunal, including the PTO, has adopted the proposition that the Company is the owner of the [Trademarks] or that [the plaintiff] is not the senior user of the [Trademarks]”;²⁴⁹² and (3) the plaintiff had unintentionally represented that the company owned the mark through her reliance on outside counsel to prepare and file the applications that matured into the registrations.²⁴⁹³

In the second case, following the death of a tattoo artist in 1973, his widow entered into a transaction with another artist that conveyed either the items in the deceased artist’s shop (according to the widow) or those items along with the deceased artist’s personal and intellectual property rights (according to the second artist).²⁴⁹⁴ In the years after the transaction, the second artist and his business partner began selling various items under the deceased artist’s nickname and introduced a rum sold under that nickname in 2001. They eventually sold their rum business to their distributor, which, along with some of its affiliates, were named as defendants in a lawsuit brought by a successor in interest to the

²⁴⁸⁸ *Id.*

²⁴⁸⁹ *Id.*

²⁴⁹⁰ *Id.* at 839.

²⁴⁹¹ According to the court, the case law proffered by the plaintiff in support of that argument was “distinguishable because they involved implicit positions on whether a mark was suggestive or as to the likelihood of confusion. The position taken by Plaintiff was not an implicit one—she declared that the Company and no one else owned the Trademarks and the USPTO adopted this view by granting the Company the Trademarks.” *Id.* at 840.

²⁴⁹² *Id.* at 839.

²⁴⁹³ *Id.* at 840 (“[The plaintiff] has presented no evidence that [prosecution counsel], a firm experienced in representing clients in the [parties’] industries, somehow made a mistake in registering the Trademarks in the Company’s name. . . . The decision of who the Trademarks should be registered to was solely that of [the plaintiff], as [then the] sole managing member of [the Company], and not an area where [the Company’s] attorneys could exercise discretion.”).

²⁴⁹⁴ See *N.K. Collins, LLC v. William Grant & Sons, Inc.*, 472 F. Supp. 3d 806 (D. Haw. 2020).

deceased artist's widow and children. One cause of action asserted by the plaintiff relied on a statute enacted well after those events, which led the defendants to move for summary judgment of nonliability on the theory that the statute did not have retroactive effect. The plaintiff responded to the defendants' motion by arguing that the defendants were judicially estopped from questioning the existence of the deceased artist's post-mortem right of publicity under the statute because of: (1) the lead defendant's registration of itself as the owner of rights under the statute; and (2) the defendants' assertion of those rights as a basis for standing in a probate proceeding.

Weighing the parties' cross-motions for summary judgment, the court invoked a three-part test when answering the question of whether judicial estoppel precluded the defendants from arguing that the statute did not apply retroactively:

The United States Supreme Court has identified three factors courts should consider in determining whether to apply the doctrine of judicial estoppel: (1) whether a party's later position is "clearly inconsistent with its earlier position"; (2) whether the party persuaded the first court to accept the party's earlier position, so that judicial acceptance of the later inconsistent position "would create the perception that either the first or the second court was misled"; and (3) whether the party seeking to assert an inconsistent position "would derive an unfair advantage or impose an unfair detriment on the opposing party if not estopped."²⁴⁹⁵

It then held that the defendants' conduct did not satisfy the first prerequisite because "[t]he [defendants'] positions are not inconsistent because their asserted property rights were never based on the [statute]. Rather, the [defendants] have always asserted that they obtained their property rights . . . from [the second artist] and other predecessors prior to the [statute] being enacted."²⁴⁹⁶

7. Extraterritorial Applications of the Lanham Act

The Tenth Circuit delivered up the most aggressive extraterritorial application in recent memory and in the process widened a preexisting split in the circuits as to the proper test on the issue.²⁴⁹⁷ That split has arisen from the absence of Supreme Court guidance since the Court's 1952 opinion in *Steele v. Bulova*

²⁴⁹⁵ *Id.* at 819 (quoting *New Hampshire v. Maine*, 532 U.S. 742, 750-51 (2001)).

²⁴⁹⁶ *Id.*

²⁴⁹⁷ *See* *Hetronic Int'l, Inc. v. Hetronic Ger. GmbH*, 10 F.4th 1016 (10th Cir. 2021).

*Watch Co.*²⁴⁹⁸ In that decision, the Court recognized a general presumption against extraterritoriality; at the same time, however, it affirmed a holding that a United States citizen and domiciliary who operated a business in Mexico that affixed spurious copies of the plaintiff's BULOVA mark to watches that made their way into the United States and were presented for repairs by the plaintiff's agents could be found liable for infringement. According to the Court in that case:

In the light of the broad jurisdictional grant in the Lanham Act, we deem its scope to encompass petitioner's activities here. His operations and their effects were not confined within the territorial limits of a foreign nation. He bought component parts of his wares in the United States, and spurious 'Bulovas' filtered through the Mexican border into this country; his competing goods could well reflect adversely on Bulova Watch Company's trade reputation in markets cultivated by advertising here as well as abroad.²⁴⁹⁹

The Court's failure to articulate a doctrinal test for evaluating the extraterritorial reach of the Act has led the Second, Eleventh, and Federal Circuits to adopt the so-called *Vanity Fair* standard, which considers (1) whether the defendant's conduct had a substantial effect on U.S. commerce; (2) whether the defendant was a United States citizen; and (3) whether there was a conflict with trademark rights established under the relevant foreign law.²⁵⁰⁰ The Fourth and Fifth Circuits also have gravitated toward *Vanity Fair* as well, although the former has modified the first factor to require a "significant" (as opposed to a "substantial") effect,²⁵⁰¹ and the latter requires only a demonstration that a defendant's conduct have "some" effect on United States commerce.²⁵⁰² The Ninth Circuit has adopted its own tripartite test, which allows liability for extraterritorial activities if: (1) those activities have "some" effect on "American foreign commerce"; (2) that effect is sufficiently cognizable to injure the plaintiff; and (3) "the interests of and links to American foreign commerce [are] sufficiently strong in relation to those of other nations to justify an assertion of extraterritorial authority."²⁵⁰³ Finally, the First Circuit applies the antitrust-based *McBee* test, pursuant to which: (1) the Lanham Act will usually

²⁴⁹⁸ 344 U.S. 280 (1952).

²⁴⁹⁹ *Id.* at 286.

²⁵⁰⁰ See *Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633, 642 (2d Cir. 1956); see also *Int'l Cafe, S.A.L. v. Hard Rock Cafe Int'l, (U.S.A.), Inc.*, 252 F.3d 1274, 1278 (11th Cir. 2001); *Aerogroup Int'l, Inc. v. Marlboro Footworks, Ltd.*, 152 F.3d 948, 1998 WL 169251, at *2 (Fed. Cir. 1998) (per curiam) (unpublished).

²⁵⁰¹ See *Nintendo of Am., Inc. v. Aeropower Co.*, 34 F.3d 246, 250 (4th Cir. 1994).

²⁵⁰² See *Am. Rice, Inc. v. Ark. Rice Growers Coop. Ass'n*, 701 F.2d 408, 414 n.8 (5th Cir. 1983).

²⁵⁰³ *Trader Joe's Co. v. Hallatt*, 835 F.3d 960, 969 (9th Cir. 2016) (alteration in original).

extend extraterritorially when the defendant is an American citizen because “a separate constitutional basis for jurisdiction exists for control of activities, even foreign activities, of an American citizen”;²⁵⁰⁴ but (2) when the defendant is not a United States citizen, the Lanham Act applies “only if the complained-of activities have a substantial effect on [U.S.] commerce, viewed in light of the purposes of the Lanham Act.”²⁵⁰⁵

Choosing between these competing approaches, the Tenth Circuit picked that of the First Circuit, but with what it described as “one caveat.”²⁵⁰⁶ That caveat was in reality the court’s engrafting of a third prerequisite for extraterritoriality, which was that “if a plaintiff successfully shows that a foreign defendant’s conduct has had a substantial effect on U.S. commerce, courts should also consider whether extraterritorial application of the Lanham Act would create a conflict with trademark rights established under the relevant foreign law.”²⁵⁰⁷ “Though the *McBee* court eschewed such an analysis,” the court explained, “every other circuit court considers potential conflicts with foreign law in assessing the Lanham Act’s extraterritorial reach.”²⁵⁰⁸ It then summarized its holding in the following manner:

To recap, in deciding whether the Lanham Act applies extraterritorially, courts should consider three factors. First, courts should determine whether the defendant is a U.S. citizen. Second, when the defendant is not a U.S. citizen, courts should assess whether the defendant’s conduct had a substantial effect on U.S. commerce. Third, only if the plaintiff has satisfied the substantial-effects test, courts should consider whether extraterritorial application of the Lanham Act would create a conflict with trademark rights established under foreign law.²⁵⁰⁹

The court then applied its new test to hold that the Act indeed reached the conduct of the defendants before it. Those defendants, none of which was a United States citizen or domiciliary, had manufactured radio remote controls for heavy-duty construction equipment bearing the plaintiff’s marks for nearly a decade. The parties’ amicable relationship abruptly ended, however, when the defendants decided on the basis of “an old research-and-development agreement between the parties” that they, rather than the plaintiff, owned the marks in question. They then continued to

²⁵⁰⁴ *McBee v. Delica Co.*, 417 F.3d 107, 111 (1st Cir. 2005).

²⁵⁰⁵ *Id.*

²⁵⁰⁶ *Hetronic Int’l*, 10 F.4th at 1036.

²⁵⁰⁷ *Id.* at 1037.

²⁵⁰⁸ *Id.* at 1030.

²⁵⁰⁹ *Id.* at 1038.

manufacture and sell goods bearing the marks outside the United States, even when found liable for infringement by a jury and having been permanently enjoined on a worldwide basis from doing so. Some of those goods wound up in United States markets, and the defendants apparently sold at least some of them directly to United States consumers. Those facts were enough for the court to hold in the plaintiffs' favor on the issue of whether the defendants' conduct had had the required substantial effect on United States commerce, especially considering the plaintiff's evidence that United States consumers encountering the defendants' goods were actually confused about the goods' origin:

Viewing the evidence as a whole, [the plaintiff] has presented more than enough evidence to show that Defendants' foreign infringing conduct had a substantial effect on U.S. commerce. Besides the millions of euros worth of infringing products that made their way into the United States after initially being sold abroad, Defendants also diverted tens of millions of dollars of foreign sales from [the plaintiff] that otherwise would have ultimately flowed into the United States. Moreover, though much of [the plaintiffs] evidence focused on consumer confusion abroad, it also documented numerous incidents of confusion among U.S. consumers. We thus conclude that [the plaintiff] has presented evidence of impacts within the United States of a sufficient character and magnitude as would give the United States a reasonably strong interest in the litigation. Accordingly, the Lanham Act applies extraterritorially here to reach all of Defendants' foreign infringing conduct.²⁵¹⁰

Nevertheless, the defendants did not go home entirely empty-handed, for the court credited their challenge to the geographic scope of the injunction, which the district court had granted on a worldwide basis. As to that issue, the court held the plaintiff entitled to relief only in those jurisdictions in which the plaintiff was active under its marks and trade dress. Expanding either the *Dawn Donut* or the *Tea Rose-Rectanus* doctrine to the international context—the court invoked both without distinguishing between them—the court queried whether “[i]f Defendants begin tomorrow selling their remote controls in a country in which [Plaintiff] has no presence, [Plaintiff] could hardly assert a trademark claim against Defendants. How could there be market confusion, the hallmark of a trademark claim, when there were no confusingly similar products being marketed?”²⁵¹¹ Apparently finding no answer in the

²⁵¹⁰ *Id.* at 1045-46.

²⁵¹¹ *Id.* at 1046.

defendants' briefs, it narrowed the injunction "to the countries in which [Plaintiff] currently markets or sells its products."²⁵¹²

A second reported opinion addressing alleged extraterritorial violations of the Lanham Act on a motion to dismiss turned on a straight-up application of the *Vanity Fair* test.²⁵¹³ According to the plaintiffs, the defendants had attached labels to their Chinese-manufactured diamond sawblades that falsely represented the blades' geographic origin as Thailand and Canada. The court's analysis of two of the three *Vanity Fair* factors was a nonevent because the parties apparently did not dispute that the defendants were not U.S. domiciliaries and that no potential conflict between the Lanham Act and foreign trademark law existed.²⁵¹⁴ That left the question of whether the defendants' alleged conduct had a substantial effect on United States commerce, a question the court answered to the defendants' disadvantage: "Here, . . . the diamond sawblades directly entered the U.S. market, significantly altering the landscape of the industry."²⁵¹⁵

8. Joinder of Indispensable Parties

Rule 12(b)(7) of the Federal Rules of Civil Procedure²⁵¹⁶ authorizes the dismissal of claims if the plaintiff has failed to join a required party, and that mechanism occasionally leads licensees of marks to move for the dismissal of allegations of infringement against them on the ground that their licensees are indispensable parties. Such a motion succeeded in a case in which the plaintiffs accused the defendants of infringing the THEEILOVE mark, which they had registered in the USPTO for various articles of clothing.²⁵¹⁷ In support of their motion to dismiss, the defendants asserted that the plaintiffs' claimed mark was the title of the alma mater of Jackson State University, which had acquired trademark rights to the phrase under Mississippi statutory and common law prior to the plaintiffs' date of first use and had licensed the title's use as a trademark by the defendants; indeed, according to the defendants, Jackson State had petitioned for the cancellation of the plaintiffs' registration and intended to oppose an application for a second registration of the mark filed by the plaintiffs once that application

²⁵¹² *Id.*

²⁵¹³ See *Diamond Sawblades Manufacturers' Coal. v. Diamond Tools Tech., LLC*, 504 F. Supp. 3d 927 (S.D. Ind. 2020).

²⁵¹⁴ *Id.* at 940.

²⁵¹⁵ *Id.*

²⁵¹⁶ FED. R. CIV. P. 12(b)(7).

²⁵¹⁷ See *Lee v. Learfield Commc'ns, LLC*, 486 F. Supp. 3d 1041 (E.D. La. 2020), *appeal docketed sub nom. Lee v. Anthony Lawrence Collection*, No. 20-30796 (5th Cir. Dec. 16, 2020).

was published. Referring to Rule 19(a)²⁵¹⁸ for guidance (as mandated by Rule 12(b)(7)), the court agreed with the defendants that Jackson State possessed “an interest relating to the subject of the action that may as a practical matter impair or impede the person’s ability to protect the interest.”²⁵¹⁹ “Engaging the merits of plaintiffs’ complaint absent [Jackson State’s] participation in the case,” the court held “would, as a practical matter, hinder [Jackson State’s] ability to protect its interest. This is particularly true in light of the ongoing petition process between [Jackson State] and plaintiffs over the trademark.”²⁵²⁰ Joinder of Jackson State as an indispensable party therefore was necessary.

9. Sanctions

Reported opinions were generally devoid of discussions of actual or potential sanctions with an unfair competition nexus. Nevertheless, the Supreme Court of Idaho reversed outright a trial court’s refusal to sanction a defendant for certain discovery violations, including an initial refusal to produce documents responsive to the plaintiff’s discovery requests until after the plaintiff had moved to compel the documents’ production.²⁵²¹ According to the court’s interpretation of the relevant rule of Idaho civil procedure, “[w]ithout substantial justification for [the defendant’s] failure to produce discovery . . . , more than an order attempting to cure discovery abuses was required; monetary sanctions were mandated in the form of reasonable expenses associated with the motion to compel.”²⁵²² The court also held that the trial court had erroneously refused to sanction the defendant for summarily denying certain of the plaintiff’s requests for admission without providing the required concurrent explanations for those denials (which the court found unconvincing in any case when presented with them).²⁵²³ Nevertheless, the court was more sympathetic to the defendant where the plaintiff’s request for sanctions arising from the defendant’s failure to produce a group of e-mails was concerned based on the trial court’s finding that the e-mails had been deleted from the defendant’s network prior to service of the requests for production covering them.²⁵²⁴

²⁵¹⁸ FED. R. CIV. P. 19(a).

²⁵¹⁹ *Lee*, 486 F. Supp. 3d at 1049 (quoting FED. R. CIV. P. 19(a)(1)(B)(i)).

²⁵²⁰ *Id.*

²⁵²¹ *See Gem State Roofing, Inc. v. United Components, Inc.*, 488 P.3d 488 (Idaho 2021).

²⁵²² *Id.* at 499.

²⁵²³ *Id.* at 500-01.

²⁵²⁴ *Id.* at 499-500.

In a different sanctions-related dispute turning in part on the protectability of the plaintiff's claimed marks,²⁵²⁵ the plaintiff submitted a notice of supplemental authority calling the court's attention to the then-recent decision in *United States Patent & Trademark Office v. Booking.com B.V.*²⁵²⁶ When the defendants responded, the plaintiff claimed the response addressed matters outside the subject matter of the plaintiff's notice and in fact constituted impermissible additional argument on why the court should exclude testimony by one of the plaintiff's experts. Without extended analysis, the court rejected the plaintiff's argument that the defendants had violated an earlier order limiting the number of pages available to the parties regarding expert testimony. Sanctions therefore were inappropriate.²⁵²⁷

10. Consolidation of Causes of Action

It is a standard practice for the complaints of trademark and unfair competition plaintiffs to set forth multiple federal and state causes of action even if those overlap to some extent because they turn on the same test for liability. Nevertheless, one court took the unusual step at the pleadings stage of ordering the consolidation of federal claims of infringement and counterfeiting under Section 32 and unfair competition under Section 43(a).²⁵²⁸ The court explained its rationale in the following manner: “[T]here can be no dispute that [the plaintiff's] three claims under the Lanham Act are governed by the same legal standards. Logically and practically, then, there is no reason to delay in consolidating plaintiff's three claims . . . into a single count of Lanham Act trademark infringement.”²⁵²⁹ Citing a “not complete overlap” between those causes of action and an additional one asserted under New York law, however, the court declined to take the same step with respect to the state-law claim.²⁵³⁰

E. Evidentiary Matters

1. Admissibility of Expert Witness Testimony

As a general proposition, courts applying Federal Rule of Evidence 702²⁵³¹ usually admit the testimony and reports from

²⁵²⁵ See *D. H. Pace Co. v. Aaron Overhead Door Atlanta LLC*, 526 F. Supp. 3d 1360 (N.D. Ga. 2021).

²⁵²⁶ 140 S. Ct. 2298 (2020),

²⁵²⁷ *D. H. Pace Co.*, 526 F. Supp. 3d at 1381.

²⁵²⁸ See *BJB Ltd. v. iStar Jewelry LLC*, 533 F. Supp. 3d 83 (E.D.N.Y. 2021).

²⁵²⁹ *Id.* at 101 (citation omitted).

²⁵³⁰ *Id.*

²⁵³¹ That rule provides:

monetary relief experts, but, like the district court before it had, the Second Circuit took a dim view of an expert witness report purporting to establish the fair market value of images of professional models who had sued a group of defendants over the images' unauthorized use to promote the defendants' strip club.²⁵³² The plaintiffs commissioned the report to support their claim of actual damages, but the report failed to make it into evidence, and the appellate court held that its exclusion did not constitute reversible error. As the court noted, the models' earnings histories upon which the report relied was "derived in part from contractual agreements that paid [the plaintiffs] for substantially more than what [the plaintiffs] seek compensation for here—namely, the fair market value of a single photoshoot."²⁵³³ The result was that "[t]his methodology resulted in calculations of damages amounts far greater than the actual amount [the plaintiffs] received for the photographs in the first instance."²⁵³⁴ "Because the . . . Report therefore systematically overestimated the fair market value of the photographs at issue," the court concluded, "we find no abuse of discretion in the district court's decision to strike it."²⁵³⁵

The Tenth Circuit similarly affirmed the exclusion of a would-be monetary relief expert, albeit one proffered by defendants seeking to reduce their exposure to an accounting of profits.²⁵³⁶ The expert's report rested in part on the alleged costs the defendants had incurred in producing goods sold under their infringing marks, but the defendants had repeatedly failed to substantiate those costs because, they claimed, their accounting system could not segregate them. At a *Daubert* hearing on the issue,²⁵³⁷ the district court

A witness who is qualified as an expert by knowledge, skill, experience, training, or education may testify in the form of an opinion or otherwise if:

- (a) the expert's scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue;
- (b) the testimony is based on sufficient facts or data;
- (c) the testimony is the product of reliable principles and methods; and
- (d) the expert has reliably applied the principles and methods to the facts of the case.

FED. R. EVID. 702.

²⁵³² See *Electra v. 59 Murray Enters.*, 987 F.3d 233 (2d Cir.), *cert. denied*, 142 S. Ct. 563 (2021).

²⁵³³ *Id.* at 254.

²⁵³⁴ *Id.* at 255.

²⁵³⁵ *Id.*

²⁵³⁶ See *Hetronic Int'l, Inc. v. Hetronic Ger. GmbH*, 10 F.4th 1016 (10th Cir. 2021).

²⁵³⁷ See *Daubert v. Merrell Dow Pharms.*, 509 U.S. 579, 592 (1993) ("Unlike an ordinary witness, an expert is permitted wide latitude to offer opinions, including those that are not based on firsthand knowledge or observation. Presumably, this relaxation of the usual requirement of firsthand knowledge . . . is premised on an assumption that the expert's opinion will have a reliable basis in the knowledge and experience of his discipline." (citations omitted)).

provisionally denied the plaintiff's bid to exclude the witness's testimony based on the defendants' representation that they would proffer a party witness on the issue, but the defendants failed to deliver on that representation at trial, leading the court to bar the witness from testifying on the subject. The district court did not abuse its discretion in doing so, for, as the Tenth Circuit explained, even if the witness had used reliable methods to reach his conclusions, "his testimony wouldn't be worth much if it was based on unreliable, manufactured numbers. Defendants had ample time and opportunity to authenticate the disputed numbers (as they promised they would), but they never did."²⁵³⁸

Another proffered expert in a different field received an equally unenthusiastic reception in a Fifth Circuit opinion.²⁵³⁹ The plaintiff in that case claimed infringement of his METCHUP mark for a combination mayonnaise and ketchup condiment by the defendant's MAYOCHUP mark for a competitive product. Seeking to bolster his case, the plaintiff retained a marketing professor with a doctorate in communication, who opined that typical consumers would confuse the two marks based on their alleged visual and auditory similarities, an opinion resting in part on questions posted by Twitter users about the pronunciation of the defendant's mark. Noting that "[c]onfusion about how to pronounce the product's name does not show actual confusion as to its source, sponsorship, or affiliation,"²⁵⁴⁰ the court declined to credit the testimony for the additional reason that:

[The witness] neither presented consumer survey data nor provided an analysis of such data. Her testimony amounts to her personal opinion on the topic of actual confusion and does not address evidence where potential consumers were asked to offer their opinions or tested to see if they actually got, or were, confused by either [the defendant's] use of the name Metchup in advertising or by it selling Mayo-chup. Thus, [the witness's] testimony provides no evidence of actual confusion.²⁵⁴¹

Yet another proffered expert to fall victim to Rule 702 was an attorney specializing in the regulatory approval of medical devices.²⁵⁴² He was put forward in a case in which the defendant's advertising that its blood-collection devices were registered and listed with the Food and Drug Administration allegedly created the

²⁵³⁸ *Hetricon Int'l*, 10 F.4th at 1055.

²⁵³⁹ See *Perry v. H. J. Heinz Co. Brands, L.L.C.*, 994 F.3d 466 (5th Cir. 2021).

²⁵⁴⁰ *Id.* at 473.

²⁵⁴¹ *Id.*

²⁵⁴² See *Kurin, Inc. v. Magnolia Med. Techs., Inc.*, 473 F. Supp. 3d 1117 (S.D. Cal. 2020), *aff'd in part, dismissing appeal in part*, No. 21-55025, 2021 WL 5823707 (9th Cir. Dec. 8, 2021).

false impression that the agency had reviewed and approved the defendant's device. Although the attorney opined that viewers of the defendant's advertising would be misled, he based that opinion on neither a scientific survey nor "any literature on the topic of medical device purchasers' perception of statements about FDA regulatory status or any 'incident reports.'"²⁵⁴³ He instead invoked his experience representing manufacturers of other medical devices and two studies he claimed demonstrated confusion about the regulatory status of the defendant's devices among those conducting the studies. The former was inadequate because the witness interacted with purchasers of medical devices "only infrequently," which meant that "[h]is opinion about [the defendant's] purchasers' perception therefore cannot reliably be based on his experience";²⁵⁴⁴ likewise, "neither article suggests that the authors were confused about the limited significance of FDA registration and listing."²⁵⁴⁵ "Accordingly," the court concluded, "[the witness's] opinion that [the defendant's] purchasers were confused is not based on sufficient facts or experience" to warrant the witness's testimony as an expert.²⁵⁴⁶

Proffered testimony from a proposed linguistics expert witness on the issue of the possible genericness of the plaintiff's marks—OVERHEAD DOOR and OVERHEAD DOOR COMPANY OF ATLANTA for upward acting metal doors and associated goods, such as electric motors and remote controllers—was the subject of an equally successful motion to exclude.²⁵⁴⁷ Although the court rejected the defendants' attack on the witness's credentials, it still held his testimony inadmissible as unreliable and unlikely to assist the trier of fact. With respect to the first of those points, the court rejected the expert's reliance on "dictionaries, linguistic corpora, and a wide variety of consumer and industry usage,"²⁵⁴⁸ of which the court held:

[The expert's] methodology, to the extent there is one, appears to entail his examination of various databases followed by him reaching some conclusions based on his observations. This "methodology" does not appear to be testable, does not appear to be subject to peer review, does not appear to have been published, and [the plaintiff] has presented no evidence that it is generally accepted in the scientific community. Without any articulated methodology,

²⁵⁴³ *Id.* at 1141.

²⁵⁴⁴ *Id.*

²⁵⁴⁵ *Id.*

²⁵⁴⁶ *Id.*

²⁵⁴⁷ *See* D. H. Pace Co. v. Aaron Overhead Door Atlanta LLC, 526 F. Supp. 3d 1360 (N.D. Ga. 2021).

²⁵⁴⁸ *Id.* at 1370.

[the expert's] self-serving conclusions amount to nothing more than ipse dixit and this is insufficient to [establish his testimony's] . . . reliability²⁵⁴⁹

Turning to the likelihood of the witness's testimony assisting the trier of fact, the court took issue with the witness's answer to the following hypothetical:

[W]hether "overhead door" or "overhead door of atlanta" is "commonly used as the name of a genus of products or services or whether the primary significance of either of those terms is simply to identify a product or service, rather than to describe a feature of a product or service or to identify who offers that product or service."²⁵⁵⁰

According to the court, "[i]nstead of making an assessment of whether 'overhead door' is a generic term, [the expert] repeatedly provides conclusory observations that 'garage door' is 'the' generic term (or the more frequently used generic term) to refer to the genus of products and services provided by [the parties]."²⁵⁵¹ "Absent any argument or law suggesting that there can only be one generic phrase to refer to an item," it continued, "[the expert's] conclusion that 'garage door' is a more frequently used generic term than 'overhead door,' or that 'the generic term for the relevant genus of products is "garage door,"" proves nothing in terms of whether 'overhead door' is generic."²⁵⁵² The report therefore was inadmissible on that ground as well.

In stark contrast, a different court proved receptive to two expert reports in the face of challenges to them by the nonproffering parties.²⁵⁵³ The first report came from a marketing professor retained by the defendant to opine on the commercial weakness of the plaintiff's marks for purposes of the plaintiff's federal dilution claim. The expert did so largely based on third-party use of similar marks compiled by a research organization recommended by the expert. The plaintiff objected to the report's introduction by accusing the expert's analysis as "irrelevant and insufficient because he improperly relied on the mere existence of third parties to support his analysis, rather than reviewing and analyzing the extent to which each third party uses the [disputed] mark;"²⁵⁵⁴ it also criticized that analysis for focusing on the marks' distinctiveness, rather than their fame. After weighing the defendant's response, the court declined to exclude the report, citing the expert's involvement

²⁵⁴⁹ *Id.* at 1372.

²⁵⁵⁰ *Id.* at 1373.

²⁵⁵¹ *Id.*

²⁵⁵² *Id.* at 1374 (citation omitted).

²⁵⁵³ *See Am. Dairy Queen Corp. v. W.B. Mason Co.*, 543 F. Supp. 3d 695 (D. Minn. 2021).

²⁵⁵⁴ *Id.* at 725.

in the collection of evidence by the outside research firm and the detailed description of his methodology set forth in his report. As the court pointed out, the plaintiff was free to cross examine the witness at trial to identify any deficiencies in his work.²⁵⁵⁵

Unfortunately for the defendant, the court took the same approach where the report of an expert retained by the plaintiff was concerned. That expert, the principal of a strategic consulting firm, opined on a variety of topics, including: (1) the value of the plaintiff's brand; (2) the influence of brands in consumer purchasing decisions; (3) the means by which brands can be damaged; and (4) whether use of the defendant's mark had damaged the value of the plaintiff's marks. "To formulate his opinions," the court noted, "[the expert] 'applied the standard methods of scientific inquiry in [his] field' by using 'well-known frameworks, models, methods and methodologies' and 'multiple approaches based on proven conceptual models of branding and brand equity, used in both academia and in business.'"²⁵⁵⁶ He did not, however, rely upon the results of any empirical research, and that circumstance led the defendant to seek the exclusion of his report. Although several aspects of the report touched upon the likelihood-of-confusion inquiry, the court denied the defendant's motion to exclude the report:

The Court will not exclude [the expert's] opinion related to consumer confusion. [The expert] has sufficiently explained his methodology, and the Court finds that his opinions related to subsidiary elements of confusion will be helpful to the fact finder . . . Defendant will be free to cross-examine him about his methodology, market conditions, the products' coexistence, the lack of actual confusion, and the extent of third-party use. These issues all go to the weight to be assigned to his testimony, as opposed to its admissibility.²⁵⁵⁷

The court then reached the same conclusions with respect to the defendant's objections to the report's treatment of the similarity of the parties' marks, the competitive proximity of the parties' goods, "the risk of misassociation," and the possibly low quality of the defendant's goods.²⁵⁵⁸

2. Admissibility of Other Evidence and Testimony

In an opinion in which it affirmed a jury finding of contributory liability for counterfeiting, the Second Circuit sustained several

²⁵⁵⁵ *Id.* at 726.

²⁵⁵⁶ *Id.* at 727 (second alteration in original).

²⁵⁵⁷ *Id.* at 728.

²⁵⁵⁸ *Id.* at 728-31.

evidentiary holdings by the district court.²⁵⁵⁹ One related to the admission into evidence of a police report describing the circa-2010 arrest of an individual for selling a watch bearing counterfeit imitations of the plaintiff's marks at a building owned by the defendant, which the defendant claimed was the only evidence that the defendant knew of such sales occurring on its property. The court held that any error by the district court was harmless in light of: (1) an admission by a principal of the defendant of his awareness of the arrest independent of the police report, which the defendant "took seriously"; and (2) "substantial evidence of rampant trademark infringement of other marks at [the property] over a lengthy period of time, suggesting extensive counterfeiting activity."²⁵⁶⁰ That the "extensive counterfeiting activity" at issue may have involved marks owned by other parties was of no consequence; rather, "[i]f a storefront is willfully blind to widespread trademark infringement under its roof, it is more probable—and therefore the evidence is 'relevant' per Rule [of Evidence] 401—that the storefront 'intentionally shielded itself from discovering the offending listings or the identity of the sellers behind them.'"²⁵⁶¹

Another evidentiary ruling by the district court to survive appellate scrutiny was the admission of evidence relating to what the defendant characterized as the personal wealth of its owners. The Second Circuit took issue with that characterization, holding that:

To be clear, the evidence admitted at trial was not directly on the issue of the owners' wealth but rather on their ownership of several other buildings, purportedly to show that the owners needed to be deterred across several properties. In accordance with the district court's ruling limiting evidence in this area, [the plaintiff] did not offer evidence about the value of the buildings or the owners' net worth.²⁵⁶²

That evidence, the court concluded, was relevant to the calculation of the statutory damages to which the plaintiff was entitled. As it explained:

The owners of [the property at issue] are the most relevant individuals whose actions need to be deterred, and the jury could have believed the owners were insufficiently attentive to trademark infringement at [the property] because they owned so many properties, in which case there would be a

²⁵⁵⁹ See *Omega SA v. 375 Canal, LLC*, 984 F.3d 244 (2d Cir. 2021).

²⁵⁶⁰ *Id.* at 256.

²⁵⁶¹ *Id.* at 257 (quoting *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 109 (2d Cir. 2010)).

²⁵⁶² *Id.* at 259.

direct tie between owning other properties and the propriety of higher statutory damages.²⁵⁶³

The district court therefore had not abused its discretion by admitting the evidence.

Finally, in a different dispute, a group of defendants accused of cybersquatting supported their motion for summary judgment in part with an expert report to which screenshots secured through use of the Internet Archive's Wayback Machine were attached.²⁵⁶⁴ Although the defendants authenticated the screenshots with a declaration from the Internet Archive, they also asked the court to take judicial notice of the screenshots under Federal Rule of Evidence 201(b)(2) on the theory that the screenshots' content could be "accurately and readily determined from [a] source[] whose accuracy cannot. . . reasonably be questioned."²⁵⁶⁵ Whether because the plaintiff failed to contest the issue or because of the merits of the defendants' argument, the court granted their motion without extended analysis.²⁵⁶⁶

F. Trademark- and Service Mark-Related Transactions

1. Interpretation and Enforcement of Assignments

Three courts addressed the question of whether written documents between the parties constituted assignments of rights to marks referenced by the documents. On its face, the document at issue in the first dispute was styled as an exclusive distribution agreement, and consistent with that characterization, the document allowed the lead defendant to distribute jewelry manufactured by the plaintiff and bearing the plaintiff's mark.²⁵⁶⁷ It also, however, authorized the lead defendant to enforce the rights to the mark in the United States and Canada. According to the defendants, that authorization transferred ownership of the mark to the lead defendant, and, of course, the lead defendant could not infringe a mark that it owned. Although such an outcome might have support in the copyright context, the court declined to adopt such a rule as a proposition of trademark law. Instead, it held, "[t]his analogy, unsupported by any trademark law authority, attempts to transmute the legal implications of an exclusive license in the copyright context into a limited license in the trademark context.

²⁵⁶³ *Id.*

²⁵⁶⁴ See *Sturgis Motorcycle Rally, Inc. v. Rushmore Photo & Gifts, Inc.*, 529 F. Supp. 3d 940 (D.S.D. 2021), *appeal dismissed*, No. 21-1973, 2021 WL 4994465 (8th Cir. June 1, 2021).

²⁵⁶⁵ FED. R. EVID. 201.

²⁵⁶⁶ *Sturgis Motorcycle Rally*, 529 F. Supp. 3d at 960.

²⁵⁶⁷ See *BJB Ltd. v. iStar Jewelry LLC*, 533 F. Supp. 3d 83 (E.D.N.Y. 2021).

For all its brashness, the argument sputters at the outset and fails to ward off [the plaintiff's] infringement claim."²⁵⁶⁸

The court hearing the second case also rejected a claim that a written agreement between the parties worked an assignment of two registered trademarks from the defendants to the plaintiff.²⁵⁶⁹ At a better point in the parties' relationship, the plaintiff, a fashion designer named Elizabeth Kennedy, had executed an operating agreement with a limited liability company named Elizabeth Kennedy, LLC, while at the same time filing two applications to register her personal name with the company listed as the applicant. The operating agreement recited, *inter alia*, that:

If at any time **ELIZABETH KENNEDY** is no longer a Member of the Company, then, upon her demand or the demand of her estate/legal representative, the Company shall change its name from "**ELIZABETH KENNEDY, LLC**" to a name which is not confusingly similar thereto. In addition, upon her demand or the demand of her estate/legal representative, the Company shall execute any documentation necessary for **ELIZABETH KENNEDY** or her estate/legal representative to use the name "**ELIZABETH KENNEDY, LLC**."²⁵⁷⁰

According to the plaintiff, her departure from the company triggered an obligation for the company to assign the two registered marks to her (in addition to changing its corporate name, which it had done). On the parties' cross-motions for summary judgment, the court disagreed, holding instead that the absence from the relevant language of any reference to "trademarks" precluded the interpretation of the agreement urged upon it by the plaintiff. Faulting the plaintiff for incorrectly assuming that "the word 'name' and 'trademark' are generally understood to mean the same thing,"²⁵⁷¹ the court held that the plaintiff had failed as a matter of law to prove her ownership of the disputed marks.

In contrast, faced with competing claims to the ownership of a mark on a motion to dismiss, the Pennsylvania federal district court hearing the third case decided to defer a decision on the significance of two written documents signed by one of the counterclaim plaintiffs.²⁵⁷² Executed in August 1992, the first document recited that "I agree that [the lead counterclaim defendant] is the owner of the Trademark, GRISHKO and its goodwill in the United States of America. I further consent to the use of my name in that

²⁵⁶⁸ *Id.* at 99.

²⁵⁶⁹ *See Kennedy v. Basil*, 531 F. Supp. 3d 828 (S.D.N.Y. 2021).

²⁵⁷⁰ *Id.* at 842.

²⁵⁷¹ *Id.* at 843.

²⁵⁷² *See I.M. Wilson, Inc. v. Otvstvennostyou "Grichko"*, 500 F. Supp. 3d 380 (E.D. Pa. 2020), *later proceedings*, No. 18-5194, 2020 WL 6703585 (E.D. Pa. Nov. 13, 2020).

trademark.”²⁵⁷³ The second document provided that “[i]n addition to the consent to [the lead counterclaim defendant] that I previously granted on August 5, 1992, I hereby grant [the lead counterclaim defendant] the right to register the trademark GRISHKO in the U.S. patent and trademark office [sic].”²⁵⁷⁴ When the counterclaim plaintiffs asserted a claim of infringement based on the counterclaim defendants’ use of the GRISHKO mark, the counterclaim defendants asserted in response that the lead counterclaim defendant was the mark’s real owner. Rather than holding that the August 1992 agreement unambiguously assigned the mark to the lead counterclaim defendant, the court found “latent structural ambiguity” in the document. Considerations underlying that determination included the document’s “extraordinary brevity,” which the court regarded as inconsistent with an irrecoverable transfer of a valuable mark, its silence on the subject of consideration, and the lead counterclaim defendant’s drafting of the document in English, which was not the signatory’s native language.²⁵⁷⁵ Moreover, the court was equally unconvinced that the document unambiguously transferred the rights to other marks not mentioned in it, as the counterclaim defendants’ motion to dismiss also argued.²⁵⁷⁶ The significance of the August 1992 agreement therefore remained to be determined at the proof stage of the litigation.

2. Interpretation and Enforcement of Licenses

Unusually, two reported opinions addressed the possible existence of licenses at the pleadings stage of the cases before them. The first arose from a document styled as an exclusive distribution agreement between the plaintiff, a jewelry manufacturer, and the defendants, who, by the time hostilities erupted, were allegedly trafficking in goods bearing counterfeit copies of the plaintiff’s mark, as well as their own infringing mark.²⁵⁷⁷ To support a naked licensing defense, the defendants argued the disputed agreement was really a license, and they therefore urged the court to look beyond the agreement’s title, which the court did. “While the typical manufacturer-distributor relationship does not confer a license,” the court observed, “an agreement permitting a dealer to ‘hold itself out as an “authorized” dealer . . . and the like’ would require a license.”²⁵⁷⁸ Although the agreement did not expressly contemplate

²⁵⁷³ *Id.* at 395.

²⁵⁷⁴ *Id.* at 396.

²⁵⁷⁵ *Id.* at 401.

²⁵⁷⁶ *Id.* at 402-03.

²⁵⁷⁷ *See* BJB Ltd. v. iStar Jewelry LLC, 533 F. Supp. 3d 83 (E.D.N.Y. 2021).

²⁵⁷⁸ *Id.* at 98 (alteration in original) (quoting 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 18:41 (5th ed.)).

“a public-facing role for [the lead defendant] . . . along the lines of an ‘authorized dealer,’”²⁵⁷⁹ it did contain certain language consistent with a license. That language included: (1) authorization to the defendants to use the mark for advertising and promotional purposes; (2) a prohibition on the defendants “continu[ing] to use the brand” upon termination of the agreement; (3) the requirement that the defendants use their best efforts to challenge infringements and counterfeits; and (4) the assignment to the lead defendant of the right to enforce rights to the mark in question in the United States and Canada.²⁵⁸⁰ “Taken together,” the court concluded. “it is clear that the EDA goes well beyond a simple manufacturer-distributor agreement and creates a formal license relationship.”²⁵⁸¹

In the second case, when the parties to a license covering a verbal mark used in connection with ballet shoes had a falling out and resorted to litigation to resolve their differences, the lead counterclaim plaintiff argued that the license necessarily covered certain model numbers and “sole marks” affixed to the shoes but unmentioned in the license.²⁵⁸² The lead counterclaim defendant argued in a motion to dismiss that, having created the model numbers and sole marks, it owned them, but it did so unsuccessfully. As the court explained in denying the motion:

[A]lthough the model and sole marks are not explicitly referenced in the licensing agreement, [the lead counterclaim plaintiff] plausibly alleges that [the lead counterclaim defendant] only had permission to use those marks because of their licensing relationship. Accordingly, the Court finds, at least at the motion to dismiss stage, [the lead counterclaim plaintiff] alleges enough facts that the relationship between the parties was that of a licensor and licensee.

3. Interpretation and Enforcement of Settlement Agreements

A disputed offer of judgment under Rule 68 of the Federal Rules of Civil Procedure²⁵⁸³ gave the Second Circuit the opportunity to address whether the parties before it had reached a settlement

²⁵⁷⁹ *Id.*

²⁵⁸⁰ *Id.*

²⁵⁸¹ *Id.*

²⁵⁸² See *I.M. Wilson, Inc. v. Otvetstvennostyou “Grichko,”* 500 F. Supp. 3d 380 (E.D. Pa. 2020), *later proceedings*, No. 18-5194, 2020 WL 6703585 (E.D. Pa. Nov. 13, 2020).

²⁵⁸³ FED. R. CIV. P. 68.

earlier in the litigation.²⁵⁸⁴ In a case presenting eight causes of action, the defendants wrote to their opponents that:

Defendants hereby offer to Plaintiffs collectively to take a judgment against Defendants in the amount of \$82,500.00, inclusive of interest, costs and attorneys' fees, and without any admission of liability, on each of the Causes of Action contained in the Complaint, based upon facts existing as of the date of acceptance of the offer.²⁵⁸⁵

That offer of judgment led the plaintiffs to respond that "Plaintiffs hereby accept a total of six hundred and sixty thousand dollars (\$660,000.00), inclusive of interest, costs and attorneys' fees, for full and final settlement of all eight (8) Causes of Action contained in the Complaint based upon facts existing as of the date of acceptance of the offer."²⁵⁸⁶

The plaintiffs attempted to collect on what they argued was an offer of \$82,500.00 for each of their eight causes of action but both the district court and the Second Circuit held that no settlement had occurred. Contrary to the plaintiffs' characterization of the parties' exchange of correspondence, the latter tribunal held that "plaintiffs' purported acceptance of the Offer of Judgment is more properly construed as a counteroffer because it changed the most essential term of the Offer of Judgment—the dollar amount offered."²⁵⁸⁷ "In sum," the court held, "because the Rule 68 offer was ambiguous as to what dollar amount the [Defendants] were offering—i.e., as to the most fundamental aspect of the proposed contract, the amount to be specified in the judgment—the Offer of Judgment was not a proper Rule 68 offer."²⁵⁸⁸ Moreover, and in any case: "[E]ven if we were to conclude that, notwithstanding the fundamental ambiguity in the Offer of Judgment, . . . we would uphold the district court's refusal to enter such a judgment on the ground that Appellees should be allowed to avoid the contract on the basis of mistake."²⁵⁸⁹ Specifically:

[Defendants] made their formal Rule 68 offer of \$82,500 only after making an informal offer to settle the entire case for that amount. . . . [The] undisputed record reveals that Appellants knew Appellees intended to have a Rule 68 judgment entered that required them to pay Appellants collectively a total of \$82,500. As Appellants attempted to

²⁵⁸⁴ See *Electra v. 59 Murray Enters.*, 987 F.3d 233 (2d Cir.), *cert. denied*, 142 S. Ct. 563 (2021).

²⁵⁸⁵ *Id.* at 242.

²⁵⁸⁶ *Id.* at 243.

²⁵⁸⁷ *Id.* at 245.

²⁵⁸⁸ *Id.* at 247.

²⁵⁸⁹ *Id.*

have such a judgment entered only in the amount of \$660,000, the parties never reached agreement on a specific amount.²⁵⁹⁰

G. The Relationship Between the Lanham Act and Other Statutes

1. The Federal Trade Commission Act

The most notable opinion to address the potential intersection of trademark law and antitrust law came from the Second Circuit in an appeal from a determination of the Federal Trade Commission.²⁵⁹¹ Unusually, that agency not only had initiated an investigation into long-since resolved trademark disputes, it had concluded that the plaintiff had engaged in an actionable conspiracy to restrain trade in violation of Section 1 of the Sherman Act.²⁵⁹² The underlying actions arose from 1-800 Contacts' objections to the purchase of its flagship mark as a trigger for paid online advertising, which led it to file trademark infringement actions against a number of its competitors. 1-800 Contacts lost one of those actions on summary judgment,²⁵⁹³ the remaining ones were settled through joint agreements with the defendants, pursuant to which the parties agreed not to bid on their respective marks as keywords. In a lengthy main opinion, accompanied by additional ones by individual commissioners, the Commission found that the settlement agreement violated Section 1 of the Sherman Act and therefore Section 5 of the FTC Act²⁵⁹⁴ as well:

We find that the agreements harm consumers and competition for the online sale of contact lenses. We also find that Respondent has not demonstrated valid offsetting procompetitive justifications for the advertising restraints, and that the restraints were not reasonably necessary to achieve the claimed procompetitive benefits. Consequently, we enter a cease-and-desist order that prohibits 1-800 Contacts from enforcing the unlawful provisions in the challenged agreements and prevents 1-800 Contacts from entering into similar agreements in the future. We also find that challenged agreements harm competition in bidding for search engine key words, artificially reducing the prices that

²⁵⁹⁰ *Id.* at 248.

²⁵⁹¹ See *In re 1-800 Contacts, Inc.*, No. 9372, 2018 WL 6078349 (F.T.C. Nov. 14, 2018) (“*1-800 Contacts I*”), *rev'd sub nom.* *1-800 Contacts, Inc. v. Fed. Trade Comm'n*, 1 F.4th 102 (2d Cir. 2021).

²⁵⁹² 15 U.S.C. § 1 (2018).

²⁵⁹³ See *1-800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229 (10th Cir. 2013).

²⁵⁹⁴ 15 U.S.C. § 45.

Respondent paid and the quality of the search engine results delivered to consumers—without offsetting efficiencies.²⁵⁹⁵

Granting 1-800 Contacts’ petition for review, the Second Circuit would have none of this.²⁵⁹⁶ Key to its reversal of the Commission’s decision was a differing view of the effect of trademark-related settlement agreements on competition. Rather than considering them inherently suspect, as had the Commission, the court held them subject to review under a standard rule-of-reason analysis, under which “an antitrust plaintiff ‘must demonstrate that a particular contract or combination is in fact unreasonable and anticompetitive before it will be found unlawful’”;²⁵⁹⁷ after such a showing is made, “the burden shifts to the defendant to proffer procompetitive justifications for the agreement,”²⁵⁹⁸ which in turn triggers the need for a showing by the plaintiff that less restrictive alternatives exist.²⁵⁹⁹

In its subsequent application of the rule of reason, the court acknowledged the Commission’s proffered theory of how the settlement agreements in question had anticompetitive effects in the market for contact lenses, namely that “‘disrupted information flow’ is an anticompetitive effect and that a reduction in the quantity of advertisements by 1-800 Contacts’ competitors] is direct evidence of that effect.”²⁶⁰⁰ It ultimately held that theory moot, however, because 1-800 Contacts had proffered a procompetitive justification for the agreements. In particular, and citing its prior decision to similar effect in *Clorox Co. v. Sterling Winthrop, Inc.*,²⁶⁰¹ the court held:

Crucially, the restraints at issue here could plausibly be thought to have a net procompetitive effect because they are derived from trademark settlement agreements. In *Clorox*, applying the rule of reason, we considered whether a trademark settlement agreement illegally restrained trade under the Sherman Act and we explained that “[t]rademarks are by their nature non-exclusionary.” Agreements to protect trademarks, then, should not immediately be assumed to be anticompetitive – in fact, *Clorox* tells us instead to presume they are *procompetitive*.²⁶⁰²

²⁵⁹⁵ *1-800 Contacts I*, 2018 WL 6078349, at *2.

²⁵⁹⁶ See *1-800 Contacts, Inc. v. Fed. Trade Comm’n*, 1 F.4th 102 (2d Cir. 2021) (“*1-800 Contacts II*”).

²⁵⁹⁷ *Id.* at 114 (quoting *Chi. Bd. of Trade v. United States*, 246 U.S. 231, 238 (1918)).

²⁵⁹⁸ *Id.*

²⁵⁹⁹ *Id.*

²⁶⁰⁰ *Id.* at 119.

²⁶⁰¹ 117 F.3d 50 (2d Cir. 1997).

²⁶⁰² *1-800 Contacts II*, 1 F.4th at 116 (quoting *Clorox*, 117 F.3d at 55-56).

That determination shifted the burden to the government to prove the existence of less restrictive alternatives achieving the same legitimate competitive benefits. Although the government argued that the parties to the disputed settlement agreements could have agreed to require clear disclosures in their advertising of the competitors whose marks had been purchased as keywords, the court once again deferred to the choices made by the parties:

In *Clorox*, . . . we noted that “it is usually unwise for courts to second-guess” trademark agreements between competitors. In this context, what is “reasonably necessary” is likely to be determined by competitors during settlement negotiations. And, as articulated above, absent something that would negate the typically procompetitive nature of these agreements, “the parties’ determination of the scope of needed trademark protections is entitled to substantial weight.”

. . . .

While trademark agreements limit competitors from competing as effectively as they otherwise might, we owe significant deference to arm’s length use agreements negotiated by parties to those agreements. Doing so may give rise to collateral harm in a relevant market. But forcing companies to be less aggressive in enforcing their trademarks is antithetical to the procompetitive goals of trademark policy.²⁶⁰³

The court therefore remanded the action with instructions to the agency to dismiss its administrative complaint.²⁶⁰⁴

2. The Foreign Sovereign Immunities Act

Subject to certain exceptions, the Foreign Sovereign Immunities Act (FSIA) provides in salient part that “[s]ubject to existing international agreements to which the United States is a party at the time of enactment of this Act a foreign state shall be immune from the jurisdiction of the courts of the United States and of the States.”²⁶⁰⁵ The FSIA rarely makes appearances in trademark-related disputes, but the French Republic and its official tourism office successfully used it to fend off a suit in the United States arising from their appropriation under French law of the *france.com* domain name, despite the long-time ownership of that domain name by a California-based corporation.²⁶⁰⁶ In addition to the domain

²⁶⁰³ *Id.* at 121-22 (citations omitted) (first quoting *Clorox*, 117 F.3d at 60; then quoting *United States v. Brown Univ.*, 5 F.3d 658, 679 (3d Cir. 1993)).

²⁶⁰⁴ *Id.* at 122.

²⁶⁰⁵ 28 U.S.C. § 1604 (2018).

²⁶⁰⁶ *France.com, Inc. v. French Republic*, 992 F.3d 248 (4th Cir. 2021).

name, the plaintiff owned United States and European registrations of the FRANCE.COM mark for advertising and other services related to France. Its troubles began when it objected to a French entity's use of FRANCE.COM and filed a suit in France that triggered the intervention of the national government and its tourism office. The result was an order requiring the domain name's transfer to the government on the theory that "the designation 'France' constitutes for the French State an element of identity akin to the family name of a natural person."²⁶⁰⁷ Presented with the order, the plaintiff's registrar transferred the domain name to the Minister of Europe and Foreign Affairs of the French Republic. Prior to the ultimate disposition of the French litigation before the French Supreme Court, the plaintiff sought relief in the Eastern District of Virginia against the French intervenors, the minister, and the domain name itself, in the course of which it asserted causes of action for cybersquatting, reverse domain name hijacking, federal unfair competition, and expropriation. The district court denied the defendants' motion to dismiss under FSIA, but it granted permission for an interlocutory appeal in which the plaintiff sought to defend its procedural victory by invoking two exceptions to the FSIA, the first of which was that the defendants were engaged in commercial activity in the United States²⁶⁰⁸ and the second that they had expropriated the plaintiff's property.²⁶⁰⁹

The Fourth Circuit disagreed with the district court's assessment of each exception. With respect to commercial use, it rejected the plaintiff's reliance on "the French State's use of <France.com> to offer links to tours, accommodations, restaurants and other tourism resources and to sell advertisements."²⁶¹⁰ The court concluded of that theory that "[a] study of the complaint makes clear that the conduct that the Corporation asserts 'actually injured' it is not subsequent use of the website, but the adverse French judgment holding that <France.com> properly belongs to the French State. All asserted injuries alleged in the complaint flow from that French judgment."²⁶¹¹ Moreover, that was true regardless of "what motivated the French State to intervene in the French lawsuit for purposes of the commercial activity exception."²⁶¹²

The appellate court was no more receptive to the plaintiff's assertion that FSIA did not apply because the defendants had expropriated the plaintiff's property; that exception was triggered "when property is 'taken in violation of international law' and that

²⁶⁰⁷ *Id.* at 251.

²⁶⁰⁸ *See* 28 U.S.C. § 1605(a)(2) (2018).

²⁶⁰⁹ *Id.* § 1605(a)(2).

²⁶¹⁰ *France.com*, 992 F.3d at 253.

²⁶¹¹ *Id.*

²⁶¹² *Id.*

property is either ‘present in the United States in connection with a commercial activity carried on in the United States by the foreign state’ or ‘owned or operated by an agency or instrumentality of the foreign state and that agency or instrumentality is engaged in a commercial activity in the United States.’”²⁶¹³ The court required the allegations of the plaintiff’s complaint to satisfy a four-part test—namely, that: (1) property rights were at issue; (2) the defendants had taken the property; (3) the taking violated international law; and (4) a nexus existed between the taking and commercial activity in the United States. Rather than examining each factor seriatim, however, the court first held that:

[I]t is unclear whether the alleged conduct qualifies as an “expropriation” for FSIA purposes. The French State did not engage in “the nationalization” of the website. Nor did the French State take the property through eminent domain.

Rather, French courts held that the French State owns the word “France” because it is integral to its identity as a nation, and so was also entitled to <France.com>. The French courts so held after the French State intervened in litigation in France initiated by the Corporation itself. And the French courts acted only after years of litigation. Although the Corporation now asserts the French courts were biased, it points to nothing that suggests it did not receive a full and fair (and lengthy) opportunity to present its position.²⁶¹⁴

The court next faulted the plaintiff’s complaint for failing to identify any international law violated by the French courts’ award of the domain name to the defendants; in particular, it held, “[t]he [plaintiff] argues repeatedly that the French court applied French law in a way that conflicts with or is ‘hostile to’ the laws of the United States. Even if this is accurate, it does not demonstrate a violation of international law, as is required to satisfy the expropriation exception to FSIA immunity.”²⁶¹⁵ Finally, the court rejected the plaintiff’s attacks on the outcome of the French litigation as “specious,” concluding instead that “[n]either in its amended complaint nor its brief does the [plaintiff] assert facts supporting a claim that the French legal process was not ‘legitimate.’ Moreover, this would seem to be a difficult and unlikely claim given that the [the plaintiff] itself invoked the power of the French courts.”²⁶¹⁶ It therefore reversed the district court’s denial of

²⁶¹³ *Id.* at 254 (quoting 28 U.S.C. § 1605(a)(3)).

²⁶¹⁴ *Id.* at 254-55 (citations omitted).

²⁶¹⁵ *Id.* at 255.

²⁶¹⁶ *Id.*

the defendants' motion to dismiss for want of subject-matter jurisdiction.

3. The Bankruptcy Act

Federal bankruptcy law allows for the discharge of certain obligations owed by a debtor, but Section 523(a)(6) of the Bankruptcy Code excludes from discharge obligations arising from a “willful and malicious injury by the debtor to another entity or to the property of another entity.”²⁶¹⁷ Although a creditor seeking to establish nondischargeability under Section 523(a)(6) must prove both willfulness and malice, one plaintiff did just that with the help of a prior default judgment finding that the debtor had falsely advertised its simulated log siding products as made in Montana when, in fact, those products had been partially manufactured in China.²⁶¹⁸ The default judgment expressly found the debtor's conduct willful, and the bankruptcy court found the debtor had acted maliciously as well under the following standard: “To establish ‘maliciousness’ under § 523(a)(6), a plaintiff must satisfy four elements: 1) a wrongful act; 2) done intentionally; 3) which necessarily causes injury; and, 4) is done without just cause or excuse.”²⁶¹⁹ Although the debtor pointed to deposition testimony to the effect that it had “researched and worked with the State of Montana to verify its products qualified for the ‘Made in Montana’ designation,”²⁶²⁰ the district court had had that testimony before it when entering the default, and the bankruptcy court was not inclined to allow the debtor to relitigate the issue. The accounting of the debtor's profits ordered by the district court therefore was nondischargeable.

4. The Communications Decency Act of 1996

Section 230(c)(2) of the Communications Decency Act of 1996 (CDA) immunizes computer-software providers from liability if they take certain actions to help their end users block violent, objectionable, or “otherwise objectionable” material;²⁶²¹ Section 230(e)(2), however, provides that “[n]othing in this section shall be construed to limit or expand any law pertaining to intellectual property.”²⁶²² In one case, the gravamen of the plaintiff's cause of action under Pennsylvania law was that third parties had posted copies of an unauthorized photograph of the plaintiff (captured by a

²⁶¹⁷ 11 U.S.C. § 523(a)(6) (2018).

²⁶¹⁸ See *In re Better Than Logs, Inc.*, 631 B.R. 670 (Bankr. D. Mont. 2021).

²⁶¹⁹ *Id.* at 680.

²⁶²⁰ *Id.*

²⁶²¹ 47 U.S.C. § 230(c)(2) (2018).

²⁶²² *Id.* § 230(e)(2).

security camera in a New York convenience store) on various websites and social media platforms, including Facebook.²⁶²³ Although the district court held on a motion to dismiss that the plaintiff's Pennsylvania cause of action fell outside Section 230(c)(2)'s exception, the Third Circuit reversed. Observing as an initial matter that, "[b]ecause the term is used in a legal sense, the proper definition of 'intellectual property' is the term's ordinary legal meaning,"²⁶²⁴ the court turned to several dictionary definitions of "intellectual property" for guidance; it concluded from those that "[o]ur survey of legal dictionaries reveals 'intellectual property' has a recognized meaning which includes the right of publicity."²⁶²⁵ Beyond that, the court held, "[l]ike the right to publicity, trademarks secure commercial goodwill. Trademarks also foster the marketplace because they protect consumers' ability to distinguish between competitors. So the right of publicity and trademark are close analogues."²⁶²⁶ Under the circumstances, "[the plaintiff's] statutory claim against Facebook arises out of a law pertaining to intellectual property. For that reason, the § 230(e)(2) limit applies, and Facebook is not immune under § 230(c)."²⁶²⁷

5. The Food, Drug, and Cosmetic Act

The issue of when the Food, Drug, and Cosmetic Act ("FDCA") bars causes of action challenging allegedly deceptive promotional claims concerning goods within the FDCA's scope has long been the subject of judicial attention. In *POM Wonderful LLC v. Coca-Cola Co.*,²⁶²⁸ the Supreme Court held that the FDCA does not prevent the use of Section 43(a) by plaintiffs claiming that beverage labels are unlawfully misleading, but the Court left open the decision's significance to products other than foods and beverages. Although the lower federal courts have had little difficulty applying *POM Wonderful*'s holding in similar cases, the limited scope of the Court's holding (deliberate or otherwise) has opened the door for future litigants to dispute the extent to which *POM Wonderful* applies in other contexts.

The Eleventh Circuit confronted just a dispute after a plaintiff, which manufactured injectable epinephrine products, accused a defendant of falsely suggesting to consumers that the defendant's competitive products enjoyed FDA approval when, in fact, those products were merely "grandfathered" drugs, meaning that they

²⁶²³ See *Hepp v. Facebook, Inc.*, 14 F.4th 204 (3d Cir. 2021).

²⁶²⁴ *Id.* at 213.

²⁶²⁵ *Id.*

²⁶²⁶ *Id.* (citations omitted).

²⁶²⁷ *Id.* at 208.

²⁶²⁸ 573 U.S. 102 (2014).

were exempt from the FDA's new drug approval procedures."²⁶²⁹ Holding that the outcome in *POM Wonderful* was limited to suits arising from allegedly false representations on food and beverage labels, the district court granted a defense motion for summary judgment and declined to allow the plaintiff to challenge representations on the packaging and inserts of the defendant's drugs. Although holding the defendant entitled to prevail as a matter of law for another reason, the Eleventh Circuit disagreed with the district court's interpretation of *POM Wonderful*:

For food and beverage labels, . . . the answer is clear—Lanham Act suits can go forward. But [the defendant] insists that the FDA's heightened regulation of pharmaceutical products means we cannot extend *POM Wonderful's* rule to the drug label context. We cannot agree—nothing in the text of the Lanham Act or the FDCA suggests a different rule for drug products. Nor does the FDA's regulatory role for drug products convince us that a different rule is necessary. Even in the food and beverage context, the Supreme Court recognized the significance of the FDA's regulatory role: "Enforcement of the FDCA and the detailed prescriptions of its implementing regulations is largely committed to the FDA." But it also saw a role for private action: the FDA "does not have the same perspective or expertise in assessing market dynamics that day-to-day competitors possess," and the Lanham Act harnesses that expertise by motivating competitors to challenge certain misleading labels. Nothing about those two points is different in the drug industry.²⁶³⁰

The court acknowledged that a different outcome might result if the FDA affirmatively had preapproved the disputed representations by the defendant, but that factual scenario was not before the court.²⁶³¹

A second reported opinion addressing the relationship between the Lanham Act and the FDCA arose from a challenge to defendants allegedly responsible for the importation into the United States of genuine, but diverted, goods bearing the plaintiffs' marks.²⁶³² Seizing on the plaintiffs' allegation that the diverted goods materially differed from their domestic counterparts because the goods did not comply with the FDCA, the defendants argued in a motion to dismiss that the plaintiffs' infringement and unfair competition claims "would require the Court to make novel interpretations of the FDCA and FDA regulations."²⁶³³ After an

²⁶²⁹ See *Belcher Pharms., LLC v. Hospira, Inc.*, 1 F.4th 1374 (11th Cir. 2021).

²⁶³⁰ *Id.* at 1380 (citation omitted) (quoting *POM Wonderful*, 573 U.S. at 115).

²⁶³¹ *Id.*

²⁶³² See *Nestle USA, Inc. v. Ultra Distribuciones Mundiales S.A. de C.V.*, 516 F. Supp. 3d 633 (W.D. Tex. 2021).

²⁶³³ *Id.* at 646-47.

extensive review of the relevant case law, the court denied the motion. It might be true that “[i]n gray market goods cases, courts often find that regulatory compliance is a material difference.”²⁶³⁴ Nevertheless, “Plaintiffs are not attempting to privately enforce the FDCA. Plaintiffs point out numerous material differences between the products that reference FDA regulations, but the material differences are not the violations themselves.”²⁶³⁵

Despite those holdings, some courts *did* find impermissible conflicts between the FDCA and the false advertising claims of plaintiffs in the pharmaceutical industry.²⁶³⁶ For example, beginning in 2014, the United States encountered a shortage of an amino acid named L-Cysteine, a known contaminant of which was aluminum.²⁶³⁷ The shortage led the FDA to permit the sale of L-Cysteine produced by the Canada-based defendant, which contained more aluminum than the agency otherwise might have allowed. That decision, however, was subject to the requirement that shipments of the Canadian product be accompanied by a “Dear Healthcare Provider” letter reviewed and approved by the agency. The letter explained the product, the circumstances of its approval, and the lack of other similar FDA-approved products. The defendant received several extensions of the conditional approval of its product subject to the same condition.

Upon receiving FDA approval for its own L-Cysteine product, the plaintiff accused the defendant of having engaged in several varieties of false advertising, one of which was the defendant’s alleged failure to update its Dear Healthcare Provider letter to advise readers that an FDA-approved product was then on the market. In granting the defendant’s motion to dismiss that aspect of the plaintiff’s case, the court concluded that:

If the Plaintiff were correct that the FDA approved and mandated Dear Healthcare Provider letters could serve as the grounds for a Lanham Act violation, the Defendant would have had three options once [the plaintiff’s product] received FDA approval in April 2019: (1) face Lanham Act liability for continuing to distribute its L-Cysteine product with the FDA-approved Dear Healthcare Provider letter; (2) face FDA enforcement action for violating the Memorandum

²⁶³⁴ *Id.* at 648.

²⁶³⁵ *Id.* at 648-49.

²⁶³⁶ *See, e.g.,* Azurity Pharms., Inc. v. Edge Pharma, LLC, 540 F. Supp. 3d 141, 143-44 (D. Mass. 2021) (“Plaintiff alleges that defendant’s website misrepresents defendant as complying with the FDCA when it does not. Plaintiff’s Lanham Act claim would require the court to determine whether defendant is violating the FDCA and the FDA’s interim policies

This claim is therefore precluded by the FDCA.”), *appeal docketed*, No. 21-1492 (1st Cir. June 24, 2021).

²⁶³⁷ *See* Exela Pharma Scis., LLC v. Sandoz, Inc., 486 F. Supp. 3d 1001 (W.D.N.C. 2020).

of Discretion by sending a new Dear Healthcare Provider letter that had not been approved by the FDA; or (3) withdraw its product from the market completely while it negotiated a new Dear Healthcare Provider letter with the FDA. It is unreasonable to interpret the Lanham Act to impose such a Hobson’s choice, particularly when the FDA has taken and continues to take positive regulatory action to address something as critical and sensitive as a drug shortage.²⁶³⁸

Because the scenario targeted by the plaintiff was not one in which “the FDCA and the Lanham Act complement each other,”²⁶³⁹ “the Plaintiff’s Lanham Act claim based on the Defendant’s failure to send a new Dear Healthcare Provider letter after [the plaintiff’s product] received FDA approval fails to state a claim upon which relief can be granted.”²⁶⁴⁰

The same outcome held with respect to the defendant’s alleged failure to advise healthcare providers that the aluminum levels of its “unapproved product exceed FDA standards.”²⁶⁴¹ That theory of liability also fell short based on the court’s conclusion that “[t]his claim is a thinly veiled attempt by the Plaintiff to step into the shoes of the FDA to enforce the FDCA based on an underlying assumption that the Defendant’s product is unsafe due to its aluminum levels. Such a claim is precluded.”²⁶⁴² The court therefore granted the defendant’s motion to dismiss with respect to that claim as well.

H. Insurance-Related Issues

1. Opinions Ordering Coverage

“Under New York law,” one court observed, “an insurer’s duty to defend is ‘exceedingly broad’ and ‘far more expansive than the duty to indemnify its insured.’”²⁶⁴³ That proposition assisted an insured—a pharmaceutical wholesaler—in securing coverage for the defense of an underlying action in which it (along with other defendants) was accused of selling diverted blood glucose test strips intended for sale outside the United States and materially different in numerous respects from their authorized domestic counterparts. The complaint in the underlying action was replete with uses of the words “advertisement,” “advertise,” “advertisements,” and “market”

²⁶³⁸ *Id.* at 1024.

²⁶³⁹ *Id.* at 1025 (quoting *POM Wonderful*, 573 U.S. at 115).

²⁶⁴⁰ *Id.*

²⁶⁴¹ *Id.*

²⁶⁴² *Id.*

²⁶⁴³ *Value Wholesale, Inc. v. KB Ins. Co.*, 450 F. Supp. 3d 292, 303 (E.D.N.Y. 2020) (quoting *High Point Design, LLC v. LM Ins. Corp.*, 911 F.3d 89, 94-95 (2d Cir. 2018)), *appeal dismissed*, No. 21-201, 2021 WL 3417966 (2d. Cir. Apr. 29, 2021).

when describing the insured's alleged liability and how the plaintiff had been damaged by the insured's conduct. Although the court did not quote the relevant language from the insured's policy, it apparently consisted of a standard advertising-injury clause, which the court found more than adequate to trigger coverage. In reaching that conclusion, the court rejected the carrier's argument that the claimed bases of liability in the underlying case were limited to the importation and distribution of the diverted strips; instead, "[the plaintiff] explicitly alleges that the defendants' advertising activities contributed to the alleged harm, if [those activities occurred] in conjunction with other activities."²⁶⁴⁴ It next found that "[the plaintiff's] complaint alleges injuries which arguably arose from qualifying advertising offenses," citing allegations in the complaint that the insured's "unauthorized importation, advertisement, and that subsequent distribution causes, or is likely to cause, consumer confusion, mistake, and deception to the detriment of [the plaintiff]" and "the advertisement and sales of diverted international . . . test strips *cause great damage to [the plaintiff] and the goodwill of [the plaintiff's] valuable trademarks.*"²⁶⁴⁵ Further sealing the insured's victory on the parties' cross-motions for summary judgment, the court rejected the carrier's invocation of intentional-act exclusions appearing in the policy, holding that "[a]lthough [the plaintiff] alleged willful misconduct, courts have found that allegations of Lanham Act violations preclude application of an intentional acts exclusion because one can be found strictly liable under the Lanham Act, with no finding made as to one's intent."²⁶⁴⁶

A second reported opinion to order coverage did so by applying Illinois law.²⁶⁴⁷ The plaintiffs in the underlying litigation were professional models who accused the insured of using unauthorized photographs to promote the insured's strip club. Seeking to escape provisions in the disputed policy referencing, *inter alia*, alleged violations of rights of publicity, the carrier invoked a knowing-or-intentional-conduct exclusion, but, as the court pointed out, the complaint averred that the insured had negligently failed to promulgate and enforce policies and procedures to prevent the misappropriation of images such as those of the plaintiffs; therefore, even if the complaint also alleged intentional misconduct, the exclusion was not triggered.²⁶⁴⁸ The court then rejected the carrier's reliance on a different exclusion for injuries arising out of "[a]ny

²⁶⁴⁴ *Id.* at 304.

²⁶⁴⁵ *Id.* at 305.

²⁶⁴⁶ *Id.* at 306.

²⁶⁴⁷ *See First Mercury Ins. Co. v. Triple Location LLC*, 536 F. Supp. 3d 326 (N.D. Ill. 2021), *appeal dismissed*, No. 21-1962, 2021 WL 5579015 (7th Cir. Oct. 13, 2021).

²⁶⁴⁸ *Id.* at 330-31.

statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communication or distribution of material or information” based on the absence from the plaintiffs’ complaint of any claims of such conduct.²⁶⁴⁹ Because “[u]nder Illinois law, if an insurance ‘policy contains inconsistent provisions, [the court] must construe the policy in a manner that is most favorable to the insured,’”²⁶⁵⁰ coverage was appropriate.

2. Opinions Declining to Order Coverage

A policy governed by Indiana law failed to create a duty either to defend or to indemnify a policy holder after it found itself embroiled in a dispute with a competitor.²⁶⁵¹ Both parties in the underlying action manufactured trailers, and the complaint in the underlying action accused the insured of selling “knock-off” trailers to the competitor’s customers. Based on a prior contractual relationship between the parties, that pleading framed the accusation in terms of breach of that contract and interference with the competitor’s business expectancies. Nevertheless, it also characterized the trailer sold by the competitor as “distinct in its design and comprises a unique combination of features that render its functionality and appearance unique, as a whole,”²⁶⁵² and also recited that “the[] proprietary unique combination of features consistently built into each [trailer] . . . makes the design unique in both look and operation and readily recognizable and has caused the . . . [trailer] to be distinguished in the marketplace over its 8+ years of existence in the marketplace.”²⁶⁵³ Finally, the complaint included “a non-exclusive list of the trailer’s “unique combination of features.”²⁶⁵⁴

Attempting to qualify for a provision of its policy requiring coverage in trade dress actions, the insured attempted to reframe the complaint as one asserting claims of trade dress infringement, but its efforts to do so failed to bear fruit. Instead, as the court concluded in granting the carrier’s motion for summary judgment, the complaint failed to include any allegations that the disputed trailer design was nonfunctional. Although it might be true that the complaint expressly identified numerous features of the design allegedly appropriated by the insured, it also was true that “for

²⁶⁴⁹ *Id.* at 332.

²⁶⁵⁰ *Id.* (second alteration in original) (quoting *Yates v. Farmers Auto. Ins. Ass’n*, 724 N.E.2d 1042, 1045 (Ill. Ct. App. 2000)).

²⁶⁵¹ *See* *Aluminum Trailer Co. v. Westchester Fire Ins. Co.*, 522 F. Supp. 3d 464 (N.D. Ind. 2021), *aff’d*, No. 21-1538, 2022 WL 278614 (7th Cir. Jan. 31, 2022).

²⁶⁵² *Id.* at 472.

²⁶⁵³ *Id.*

²⁶⁵⁴ *Id.*

nearly each feature listed, [the complaint] states how it improves the trailer's utility The design features that make [the competitor's] trailer unique are pleaded, almost to a one, as functional features, not primarily non-functional features."²⁶⁵⁵ Moreover, the court opined, "[e]ven seemingly aesthetic design features [of the trailer] have functional attributes."²⁶⁵⁶ "Because functional designs and features aren't protected by trade dress infringement," the court held, "[the competitor's] complaint doesn't trigger a duty to defend by [the carrier] under the personal and advertising provision of [the insured's] insurance policy. The court must then grant [the carrier's] motion to dismiss."²⁶⁵⁷

The court then denied the insured's bid for coverage for the additional reason that the injury alleged in the competitor's complaint did not arise from an advertisement in the first instance. On that issue, the insured's policy defined an advertisement as "a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers"²⁶⁵⁸ The insured creatively argued that the design of its trailer fell within the scope of that definition because the insured had affixed its logo to the trailer, but the court rejected that theory. For one thing, "the offending trailer isn't a notice, much less one that is broadcast or published."²⁶⁵⁹ And, for another, "the . . . logo may serve a notice, but for [only] one customer and not anything that could be transmitted by way of the media or even made widely known."²⁶⁶⁰ Finally, reverting to the language of the competitor's complaint, the court concluded that it did not allege "any facts that would raise the possibility that a customer saw a knockoff trailer out in public with [the insured's] logo, noticed [the] logo, and was influenced to buy its product from [the insured]";²⁶⁶¹ "[r]ather, the complaint alleges that [the insured] used its preexisting business relationships with [the competitor's] customers to sell the product to former . . . customers [of the competitor]"²⁶⁶²

In a less complex opinion, a Massachusetts federal district court similarly declined to order a carrier to cover the defense of an action originating in the long-standing divided ownership of the MERCK trademark for pharmaceutical products between a company based in the United States, on the one hand, and one based in Germany,

²⁶⁵⁵ *Id.*

²⁶⁵⁶ *Id.*

²⁶⁵⁷ *Id.* at 474.

²⁶⁵⁸ *Id.*

²⁶⁵⁹ *Id.*

²⁶⁶⁰ *Id.* at 474-75.

²⁶⁶¹ *Id.* at 475.

²⁶⁶² *Id.*

on the other hand.²⁶⁶³ When the German company and one of its affiliates—the insureds—undertook various actions allegedly suggesting that the German company was the “original” Merck and that it had operated in the United States for 125 years, the United States company and one of its affiliates filed suit for, *inter alia*, false advertising. The insureds sought coverage in part under an advertising injury clause referencing the use of another’s advertising idea, but they fell victim to a successful motion to dismiss filed by their carrier: As the court pointed out, the complaint in the underlying action lacked any allegations that the plaintiffs had ever undertaken advertising campaigns similar to those by the insureds.²⁶⁶⁴ The insureds fared no better in their fallback argument that the plaintiffs’ complaint accused them of disparaging the plaintiffs because, according to the court, the insureds’ alleged attempt to associate themselves with the plaintiffs was “the opposite of disparagement.”²⁶⁶⁵ Having reached those conclusions, the court saw no need to address the significance of numerous exclusions from coverage proffered by the carrier.²⁶⁶⁶

²⁶⁶³ See *EMD Millipore Corp. v. HDI-Gerling Am. Ins. Co.*, 511 F. Supp. 3d 41 (D. Mass. 2021), *appeal dismissed*, No. 21-1103, 2021 WL 3556778 (1st Cir. May 28, 2021).

²⁶⁶⁴ *Id.* at 51.

²⁶⁶⁵ *Id.* at 53.

²⁶⁶⁶ *Id.* at 54.

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