The Trademark Reporter®

INTA International Trademark Association

The Law Journal of the International Trademark Association

United States Annual Review

The Seventy-Sixth Year of Administration of the Lanham Act of 1946

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January–February, 2024 Vol. 114 No. 1

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The TMR (ISSN 0041-056X) is published electronically six times a year by INTA, 675 Third Avenue, New York, NY 10017-5704 USA. INTA, the INTA logo, INTERNATIONAL TRADEMARK ASSOCIATION, THE TRADEMARK REPORTER, and inta.org are trademarks, service marks, and/or registered trademarks of the International Trademark Association in the United States and certain other jurisdictions.

The Trademark Reporter®

(USPS 636-080)

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This issue of *The Trademark Reporter* (TMR) should be cited as 114 TMR ___ (2024).

The Trademark Reporter®

UNITED STATES ANNUAL REVIEW

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

INTRODUCTION

By Theodore H. Davis Jr.**

Either shortly before, or shortly after, this year's Review goes to press, the Supreme Court likely will have issued three substantive trademark and unfair competition opinions within a twelve-month

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* 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. For the Twenty-Sixth and Twenty-Seventh Years, a committee of members of the Editorial Board of *The Trademark Reporter* wrote the Review, with contributions and edits from Dr. Derenberg. Following Dr. Derenberg's death in 1975, the Annual Review continued with new authors. Theodore H. Davis Jr. has coauthored the Annual Review from the Fifty-Second Year in 2000 to date; John L. Welch has coauthored the Annual Review with Mr. Davis from the Sixty-Fourth Year in 2012 to date. This Review primarily covers opinions reported between July 1, 2022, and June 30, 2023, as well as certain ones falling outside that twelve-month period.

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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: *Abitron Austria GmbH v. Hetronic International, Inc.*, 600 U.S. 412 (2023) (counsel of record for amicus curiae Intellectual Property Owners Association in support of neither party), *Jack Daniel's Properties, Inc. v. VIP Products LLC*, 599 U.S. 140 (2023) (post-appeal counsel for counterclaim plaintiff), *Impossible Foods Inc. v. Impossible X LLC*, 80 F.4th 1079 (9th Cir. 2023) (counsel for plaintiff), *petition for cert. filed*, No. 21-16977 (U.S. Feb. 12, 2024), *D.H. Pace Co. v. OGD Equip. Co.*, 78 F.4th 1286 (11th Cir.) (counsel for plaintiff), *San Diego County Credit Union v. Citizens Equity First Credit Union*, 65 F.4th 1012 (9th Cir.) (expert witness for defendant), *cert. denied*, 144 S. Ct. 190 (2023), *Bertini v. Apple, Inc.*, 63 F.4th 1373 (Fed. Cir. 2023) (counsel for applicant), *Belin v. Starz Entertainment, LLC*, 662 F. Supp. 3d 1092 (C.D. Cal. 2023) (counsel for defendants); *adidas America, Inc. v. Thom Browne, Inc.*, 629 F. Supp. 3d 213 (S.D.N.Y. 2022) (counsel for plaintiffs), *report and recommendation adopted*, No. 21-CV-5615 (JSR), 2022 WL 10668978 (S.D.N.Y. Oct. 18, 2022), *In re Seminole Tribe of Florida*, 2023 U.S.P.Q.2d 631 (T.T.A.B. 2023) (consultant for applicant), and *In re Pound Law, LLC*, 2022 U.S.P.Q.2d 1062 (T.T.A.B. 2022) (counsel for applicant), *appeal dismissed and remanded sub nom. Pound Law LLC v. Vidal*, No. 6:23-CV-61 RMN, slip op. (M.D. Fla. Sept. 11, 2023).

The author gratefully acknowledges the editorial contributions (over two-plus decades) of Mary Kathryn Hagge to his portions of this Review, as well as the cite-checking assistance of Cynthia W. Baldwin, M. Rebecca Hendrix, and Richard L. Sieg.

period. That would not be an unprecedented circumstance—after all, the Court once delivered four such opinions during a single calendar year,[1] and it anted up three others within 340 days of each other not too long ago.[2] Nevertheless, the frequency with which the Court has issued writs of certiorari in cases within the scope of this Review during the first quarter of the Twentieth-First century is light years removed from the fallow period between the Court's articulation of the *Sears-Compco* doctrine in 1964[3] and its seminal 1985 decision in *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*[4]

The biggest of the Court's big-ticket items over the past year was *Jack Daniel's Properties, Inc. v. VIP Products LLC*,[5] which is arguably its most significant decision since *Park 'N Fly*. As most United States trademark professionals are by now aware, *Jack Daniel's* addresses the metes and bounds of the highly restrictive test for liability found in *Rogers v. Grimaldi*[6] and typically applied when a plaintiff challenges an alleged infringement of its mark in the title or content of an expressive work.[7] Last year's edition of this Review pointed out that the Ninth Circuit's practice of applying *Rogers* to protect trademark uses by defendants was inconsistent with the majority rule on the issue[8] and also identified the defendant's trademark use in *Jack Daniel's* as a possible key consideration of the Court's disposition of the matter.[9] And so it was, with the Court holding that "[w]ithout deciding whether *Rogers* has merit in other contexts, we hold that it does not when an alleged infringer uses a trademark in the way the Lanham Act most cares

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1 *See* Creswill v. Grand Lodge, Knights of Pythias, 225 U.S. 246 (1911); Jacobs v. Beecham, 221 U.S. 263 (1911); Baglin v. Cusenier Co., 221 U.S. 580 (1911); Standard Paint Co. v. Trinidad Asphalt Mfg. Co., 220 U.S. 446 (1911).

2 *See* Romag Fasteners, Inc v. Fossil, Inc., 140 S. Ct. 1492 (2020); Iancu v. Brunetti, 139 S. Ct. 2294 (2019); Mission Prod. Holdings, Inc. v. Tempnology, LLC, 139 S. Ct. 1652 (2019).

3 *See* Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964); Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234 (1964).

4 469 U.S. 189 (1985).

During that period, the Court decided only *Fleischmann Distilling Co. v. Maier Brewing Co.*, 386 U.S. 714 (1967), which was eventually mooted by an amendment to Section 35(a), 15 U.S.C. 1117(a) (2018), to allow recovery of attorneys' fees in exceptional cases, and *Inwood Lab'ys v. Ives Lab'ys*, 456 U.S. 844 (1982), which, for substantive trademark and unfair competition law purposes, is largely a source of dictum only.

5 599 U.S. 140 (2023).

6 875 F.2d 994 (2d Cir. 1989).

7 Although formulations of that test vary from court to court, it generally requires plaintiffs to demonstrate that challenged uses either have no artistic relevance to the underlying creative work or, if they do have any artistic relevance, they are explicitly misleading. *Id.* at 999.

8 *See* Theodore H. Davis Jr. & John L. Welch, *The Seventy-Fifth Year of Administration of the Lanham Act of 1946*, 113 TMR 1, 307–08 (2023).

9 *Id.* at 5.

about: as a designation of source for the infringer's own goods."[10] Thus, the Court explained, "the First Amendment does not demand a threshold inquiry like the *Rogers* test. When a [defendant's] mark is used as a mark (except, potentially, in rare situations), the likelihood-of-confusion inquiry does enough work to account for the interest in free expression."[11] Nevertheless, the Court took pains to emphasize that *Rogers*'s unavailability in challenges to trademark uses does not mean that findings of liability in that scenario should be automatic. Instead, "a trademark's expressive message—particularly a parodic one . . . may properly figure in assessing the likelihood of confusion."[12]

Despite resolving one significant *Rogers*-related issue, *Jack Daniel's* has left others open. One is the question of whether *Rogers* survives in cases *not* presenting trademark uses by defendants, with the limited case law addressing that question so far suggesting that it does.[13] Another is whether the expressive nature of a defendant's good or service is a factor weighing against a finding of likely confusion; at least where the Ninth Circuit is concerned, the answer to that question also is yes, possibly without regard to the actual content of that expression.[14] Finally, a pronounced (and possibly cert.-worthy in its own right) split in the federal circuit courts of appeals remains on the subject of whether a plaintiff attempting to prove that a defendant's conduct is explicitly misleading under *Rogers*'s second prong can do so with a "particularly compelling" showing of likely confusion, as in the Second Circuit,[15] or whether

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10 *Jack Daniel's*, 599 U.S. at 153.

11 *Id.* at 159.

12 *Id.* at 161.

13 *See, e.g.*, Hara v. Netflix, Inc., No. 2:23-CV-03456-RGK-AS, 2023 WL 6812769 (C.D. Cal. Aug. 23, 2023) (granting post–*Jack Daniel's Rogers*-based motion to dismiss); JTH Tax LLC v. AMC Networks Inc., No. 22 CIV. 6526 (PGG), 2023 WL 6215299 (S.D.N.Y. Sept. 25, 2023) (same); *see also* Christine Haight Farley, *Jack Daniel's Properties v. VIP Products and the Current State of Trademark Fair Use*, 23 Chi.-Kent J. Intell. Prop. 119, 121 (2023) ("The Ninth Circuit's rule that the *Rogers* test applies where the mark is used in part of an expressive work protected by the First Amendment remains good law in that circuit and other jurisdictions that follow this approach, with the new exception announced by the Court that the defendant must not use the plaintiff's mark as a mark [itself].").

14 *See* Punchbowl, Inc. v. AJ Press, LLC, 90 F.4th 1022, 1032 (9th Cir. 2024) ("[T]he expressive nature of [the defendant's] use of [its mark] . . . will certainly be relevant in the likelihood-of-confusion analysis.").

15 *See, e.g.*, 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. However, the finding of likelihood of confusion must be particularly compelling to outweigh the First Amendment interest recognized in *Rogers*.").

that prong contemplates proof of something more than the use of a confusingly similar mark, as in the Ninth Circuit.[16]

The second opinion issued by the Court has implications extending well beyond trademark and unfair competition law. Based on the outcome of *Steele v. Bulova Watch Co.*,[17] numerous lower federal courts have assumed for the last seventy-plus years that Congress rebutted the general presumption against extraterritorial applications of federal law when passing the Lanham Act and that foreign conduct merely having an *effect* on United States commerce therefore is potentially actionable under the Act.[18] Having strengthened the presumption against extraterritoriality in numerous other contexts in recent years,[19] however, the Court disabused those courts of that notion in *Abitron Austria GmbH v. Hetronic International, Inc.*[20] In the process, it adopted a two-step test for the liability under federal law of actors outside the United States, the first step of which is to ask whether Congress affirmatively and unmistakably intended for the statutory cause of action at issue to apply to those actors' conduct.[21] If Congress did not so intend, the second step is to determine whether "the *conduct relevant to the statute's focus* occurred in the United States."[22] In applying the first prong of that test, the Court concluded as an initial matter that neither Section 32(1)[23] nor Section 43(a)(1)[24] of the Act was "an express statement of extraterritorial application or any other clear indication that it is one of the 'rare' provisions that nonetheless applies abroad,"[25] a

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16 *See, e.g.*, Dr. Seuss Enters. v. ComicMix LLC, 983 F.3d 443, 462 (9th Cir. 2020) (holding that *Rogers*'s second prong requires the defendant's use to be 'an "explicit indication," "overt claim," or "explicit misstatement' about the source of the work."(quoting Brown v. Elec. Arts, Inc., 724 F.3d 1235, 1245 (9th Cir. 2013)); Novalogic, Inc. v. Activision Blizzard, 41 F. Supp. 3d 885, 901 (C.D. Cal. 2013) ("To be 'explicitly misleading,' a defendant's work must make some affirmative statement of the plaintiff's sponsorship or endorsement, beyond the mere use of the plaintiff's name or other characteristic.").

17 344 U.S. 280 (1952).

18 *See generally* McBee v. Delica Co., 417 F.3d 107 (1st Cir. 2005); Trader Joe's Co. v. Hallatt, 835 F.3d 960 (9th Cir. 2016); Hetronic Int'l, Inc. v. Hetronic Germany GmbH, 10 F.4th 1016 (10th Cir. 2021), *vacated and remanded*, 600 U.S. 412 (2023); Vanity Fair Mills, Inc. v. T. Eaton Co., 234 F.2d 633 (2d Cir. 1956).

19 *See* Nestlé USA, Inc. v. Doe, 141 S. Ct. 1931 (2021) (Alien Tort Statute); WesternGeco LLC v. ION Geophysical Corp., 138 S. Ct. 2129 (2018) (patent infringement); RJR Nabisco, Inc. v. European Community, 579 U.S. 325 (2016) (RICO); Morrison v. Nat'l Australia Bank Ltd., 561 U.S. 247 (2010) (securities fraud).

20 600 U.S. 412 (2023).

21 *Id.* at 417–18.

22 *Id.* at 418 (quoting *Nestlé*, 141 S. Ct. at 1936).

23 15 U.S.C. § 1114(1) (2018).

24 *Id.* § 1125(a)(1).

25 *Abitron*, 600 U.S. at 420 (quoting 15 U.S.C. §§ 1115(1)(a), 1125(a)).

holding presumably applicable with equal force to Section 43(c)[26] (which was not at issue in the case). It then remanded the matter for an application of the second prong with the strong suggestion that a defendant accused of extraterritorial liability under the Act must have used its mark in commerce domestically for a finding of liability to attach to that use.[27] That remand also included the faint suggestion that only use in commerce within the meaning of Section 45's definition of the phrase so qualified,[28] which, if deliberately made, would upend the majority treatment of the issue by the lower federal courts.[29]

The final trademark-related dispute to reach the Supreme Court was that in *Vidal v. Elster*[30] over the registrability of the TRUMP TOO SMALL mark for various types of shirts referencing a certain alleged aspect of the former president's anatomy and the "smallness" of his political agenda. Invoking Section 2(c) of the Act, which prohibits the registration of any mark that "[c]onsists of or comprises a name . . . identifying a particular living individual" without the individual's written consent,[31] the USPTO refused registration, only to have the Federal Circuit hold that the rejection violated the applicant's First Amendment right to free speech.[32] Not surprisingly, the Supreme Court's decisions in *Matal v. Tam*[33] and *Iancu v. Brunetti*[34] cast long shadows over the Federal Circuit's rejection of the USPTO's arguments to the contrary, but the

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26 15 U.S.C. § 1125(c).

27 *Abitron*, 600 U.S. at 422 ("[T]he *conduct* relevant to any focus the parties have proffered is infringing use in commerce, as the Act defines it.").

28 *Id.* at 428 ("[T]he 'term "use in commerce" means the bona fide use of a mark in the ordinary course of trade,' where the mark serves to 'identify and distinguish [the mark user's] goods . . . and to indicate the source of the goods.'" (quoting 15 U.S.C. § 1127)).

29 *See, e.g.*, Rescuecom Corp. v. Google Inc., 562 F.3d 123, 133 (2d Cir. 2009) ("When one considers the entire definition of 'use in commerce' set forth in [Section 45], it becomes plainly apparent that this definition was intended to apply to the Act's use of that term in defining favored conduct, which qualifies to receive the protection of the Act."); Playboy Enters. v. Netscape Commc'ns Corp., 354 F.3d 1020, 1024 n.11 (9th Cir. 2004) (holding that Section 45's definition "applies to the required use a plaintiff must make in order to have rights in a mark"); BTG Patent Holdings, LLC v. Bag2Go, GmbH, 193 F. Supp. 3d 1310, 1322 (S.D. Fla. 2016) ("[Section 45's] definition of 'use in commerce' applies only in the trademark qualification context and not in the trademark infringement context."). *But see* Sazerac Brands, LLC v. Peristyle, LLC, 892 F.3d 853, 859 (6th Cir. 2018) ("In our circuit, plaintiffs carry a threshold burden to show that the defendant is using a mark 'in a "[] trademark" way' that 'identifies the source of their goods.'" (alteration in original) (quoting Interactive Prods. Corp. v. a2z Mobile Office Sols., Inc., 326 F.3d 687, 695 (6th Cir. 2003)).

30 143 S. Ct. 2579 (2023) (granting cert.).

31 15 U.S.C. § 1052(c) (2018).

32 *See In re* Elster, 26 F.4th 132 (Fed. Cir. 2022), *cert. granted sub nom.* Vidal v. Elster, 143 S. Ct. 2579 (2023).

33 582 U.S. 218 (2017).

34 139 S. Ct. 2294 (2019).

outcomes in those two cases turned on determinations that the then-extant prohibitions in Section 2(a)[35] against the registration of immoral, scandalous, and potentially disparaging marks constituted highly disfavored viewpoint discrimination by the government.[36] In contrast, the Federal Circuit acknowledged that the prohibition at issue in *Elster* might have only content-discriminatory effect in cases such as the one before the court.[37] Nevertheless, it ultimately held the distinction between the two concepts irrelevant because the government could not satisfy even the more lenient *Central Hudson* test[38] applicable (at least for now) to content-based, but viewpoint-neutral, government action.[39]

With the Federal Circuit thus invalidating Section 2(c) on an as-applied basis—the only relief sought by the applicant—the Supreme Court granted a petition for a writ of certiorari presenting a single question, which was "[w]hether the refusal to register a mark under Section [2(c)] violates the Free Speech Clause of the First Amendment when the mark contains criticism of a government official or public figure."[40] And, whatever the merits of the

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35 15 U.S.C. § 1052(a).

36 "Government regulation of speech is content based if a law applies to particular speech because of the topic discussed or the idea or message expressed." Reed v. Town of Gilbert, Ariz., 576 U.S. 155, 163 (2015). In contrast, "[v]iewpoint discrimination is . . . an egregious form of content discrimination. The government must abstain from regulating speech when the specific motivating ideology or the opinion or perspective of the speaker is the rationale for the restriction." Rosenberger v. Rector & Visitors of Univ. of Va., 515 U.S. 819, 829 (1995); *see also Brunetti*, 139 S. Ct. at 2299 ("[T]he key question [is]: Is the 'immoral or scandalous' criterion in the Lanham Act viewpoint-neutral or viewpoint-based? It is viewpoint-based."); *Tam*, 582 U.S. at 243 (op. of Alito, J.) ("[Section 2(a)'s prohibition on the registration of potentially disparaging matter] evenhandedly prohibits disparagement of all groups. It applies equally to marks that damn Democrats and Republicans, capitalists and socialists, and those arrayed on both sides of every possible issue. It denies registration to any mark that is offensive to a substantial percentage of the members of any group. But in the sense relevant here, that is viewpoint discrimination: Giving offense is a viewpoint."); *id.* at 247–48 (Kennedy, J., concurring in part) ("[T]he First Amendment's protections against viewpoint discrimination apply to the trademark here.").

37 *Elster*, 26 F.4th at 1331 ("[A]s applied in this case, section 2(c) involves content-based discrimination that is not justified by either a compelling or substantial government interest.").

38 Under that test, the asserted government interest must be substantial, the regulation at issue must directly advance that government interest, and the regulation must be no more extensive than necessary. *See* Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n of N.Y., 447 U.S. 557, 566 (1980).

39 *Elster*, 26 F.4th at 1338–39 ("[W]hether we apply strict scrutiny and the compelling government interest test, or *Central Hudson*'s intermediate scrutiny and the substantial government interest test, 'the outcome is the same.' The PTO's refusal to register [the applicant's] mark cannot be sustained because the government does not have a privacy or publicity interest in restricting speech critical of government officials or public figures in the trademark context—at least absent actual malice, which is not alleged here." (quoting Sorrell v. IMS Health Inc., 564 U.S. 552, 571 (2011)).

40 Petition for Writ of Certiorari at (I), Vidal v. Elster, No. 22-704 (U.S. Jan. 27, 2023), 2023 WL 1392051, at *I.

framework apparently established by *Tam* and *Brunetti*, oral argument in the matter suggested the Court's receptiveness to conspicuously different alternatives. Those include something akin to the pre-*Tam* governing paradigm, namely, that the refusal to register a mark is subject to reduced constitutional scrutiny because the refusal does not restrict the mark's use,[41] as well as the theories that the registration system is a limited public forum[42] or that it constitutes a presumptively permissible government subsidy.[43]

Of course, significant decisions emanated from tribunals other than the Supreme Court, perhaps especially so where claims to nontraditional marks were concerned. For example, the Trademark Trial and Appeal Board took issue with the USPTO's argument in two separate ex parte appeals that building exteriors could not qualify as inherently distinctive service marks.[44] In determining

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41 *Compare In re* McGinley, 660 F.2d 481, 484 (C.C.P.A. 1981) ("With respect to appellant's First Amendment rights, it is clear that the PTO's refusal to register appellant's mark does not affect his right to use it. No conduct is proscribed, and no tangible form of expression is suppressed. Consequently, appellant's First Amendment rights would not be abridged by the refusal to register his mark." (citation omitted)), *abrogated by In re* Tam, 808 F.3d 1321 (Fed. Cir. 2015) (en banc), *aff'd*, 528 U.S. 218 (2017) *with* Transcript of Oral Argument at 20–21, Vidal v. Elster, No. 22-704 (U.S. Nov. 1, 2023), 2023 WL 9375551, at *20–21 (Sotomayor, J.) ("The question is, is this an infringement on speech? And the answer is no. He can sell as many shirts with this saying, and the government's not telling him he can't use the phrase, he can't sell it anywhere he wants. There's no limitation on him selling it. So there's no traditional infringement [on free speech]. Government action always has to have a 'rational basis.' The question then in my mind becomes, is there a rational basis for the government's activity here?").

42 *See, e.g.*, Transcript of Oral Argument at 18, Vidal v. Elster, No. 22-704 (U.S. Nov. 1, 2023), 2023 WL 9375551, at *18 (Kavanaugh, J.) ("Doctrinally, if we're looking at which box to put it in in terms of First Amendment categories, isn't it—I mean, several of us in prior cases have said it's analogous or may be analogous to the Limited Public Forum Doctrine. I think Justice Alito's opinion with the Chief Justice and Justice Thomas and Breyer said that in the *Tam* case, and Justice Sotomayor said that in the *Brunetti* case.").

43 *See, e.g.*, Transcript of Oral Argument at 51, Vidal v. Elster, No. 22-704 (U.S. Nov. 1, 2023), 2023 WL 9375551, at *51 (Kagan, J.) ("[W]hat you can't find is a case that supports your proposition that when it's not viewpoint-based, government cannot make distinctions when government is only giving out a benefit and not restricting any speech."). Four Justices rejected that proposition in *Tam*, 582 U.S. at 239–41 (op. of Alito, J.), but others (one now retired) were more receptive to it. *See Brunetti*, 139 S. Ct. at 2305 (Breyer, J., concurring in part) ("The trademark registration system also bears some resemblance to cases involving government subsidies for private speech, as such programs—like trademark registration—may grant a benefit to some forms of speech without prohibiting other forms of speech."); *id.* at 2316 (Sotomayor, J., concurring in part) ("In other situations, the Court has discussed similar initiatives as government programs or subsidies.").

44 *See In re* Seminole Tribe of Fla., 2023 U.S.P.Q.2d 631 (T.T.A.B. 2023) (reversing refusal to register guitar-shaped building for casino and hotel services); *In re* Palacio Del Rio, Inc., 2023 U.S.P.Q.2d 630 (T.T.A.B. 2023) (("[W]e consider whether Applicant's proposed marks are inherently distinctive for Applicant's services under the paradigm established for 'product packaging.' That is, the hotel building designs are akin to the packaging of what is being rendered and sold inside, namely, hotel services; thus constituting trade dress for the services.").

that *Two Pesos, Inc. v. Taco Cabana, Inc.*[45] mandated the contrary *legal* rule, however, one of those two opinions made clear that not all building exteriors so qualify as a *factual* proposition;[46] moreover, consistent with the USPTO's argument in each appeal, a Florida federal district court held that a claimed service mark comprising a building design was a product configuration and therefore required a showing of acquired distinctiveness to be protectable.[47]

Despite the latter outcome, trade dress plaintiffs in the regional circuits fared unusually well in establishing their protectable rights. For example, after falling on hard times for a number of years,[48] the theory that the intentional copying of product configurations is probative evidence of acquired distinctiveness continued its comeback.[49] Likewise, and despite Supreme Court dictum to the contrary,[50] plaintiffs' proffers of alternative designs paid dividends in the inquiry into whether claimed trade dress was nonfunctional, whether in the utilitarian or the aesthetic sense.[51] Finally, the Sixth Circuit completed a retreat from its once bright-line rule that an aesthetic intent when designing a product configuration is irrelevant to the configuration's nonfunctionality.[52]

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45 505 U.S. 763 (1992).

46 *Palacio Del Rio*, 2023 U.S.P.Q.2d 630, at *3–9 (finding applicant's applied-for building configurations not inherently distinctive). The Board then added insult to injury by finding that the applicant's configurations lacked acquired distinctiveness as well. *See id.* at *9–13 (finding lack of acquired distinctiveness).

47 *See* Hyde Park Storage Suites Daytona, LLC v. Crown Park Storage Suites, LLC, 631 F. Supp. 3d 1203, 1215 (M.D. Fla. 2022) ("[T]he [plaintiff's] trade dress . . . could be characterized as a product design . . . . So[,] the Court will follow the Supreme Court's admonishment to 'err on the side of caution' in close cases and classify this ambiguous trade dress as product design, 'thereby requiring secondary meaning.'" (quoting Wal-Mart Stores, Inc. v. Samara Bros., 529 U.S. 205, 215 (2000)).

48 *See, e.g.*, Craft Smith, LLC v. EC Design, LLC, 969 F.3d 1092, 1110 (10th Cir. 2020) (limiting inference of acquired distinctiveness in cases of intentional copying to actions to protect product packaging).

49 *See* Jason Scott Collection, Inc. v. Trendily Furniture, LLC, 68 F.4th 1203, 1214 (9th Cir. 2023), *cert. denied*, No. 23-194, 2024 WL 71923 (U.S. Jan. 8, 2024); DayCab Co. v. Prairie Tech., LLC, 67 F.4th 837, 850 (6th Cir. 2023); Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co., 647 F. Supp. 3d 145, 214–16 (S.D.N.Y. 2022), *appeal docketed*, No. 23-1446 (Fed. Cir. Feb. 1, 2023); I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko," 614 F. Supp. 3d 114, 146 (E.D. Pa. 2022); *see also Hyde Park Storage Suites Daytona*, 631 F. Supp. 3d at 1216 (treating record evidence of the copying of a building design—treated by the court as a product configuration—as evidence of acquired distinctiveness).

50 *See* TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 32 (2001) (suggesting that, if a product's design is essential to the use or purpose of the article or if it affects the cost or quality of the article, "[t]here is no need . . . to engage . . . in speculation about other design possibilities").

51 *See DayCab*, 67 F.4th at 848–49; *Hyde Park Storage Suites Daytona*, 631 F. Supp. 3d at 1218; Diageo N. Am., Inc. v. W.J. Deutsch & Sons Ltd., 626 F. Supp. 3d 635, 642 (S.D.N.Y. 2022), *appeal withdrawn*, No. 22-2106, 2022 WL 21295717 (2d Cir. Nov. 14, 2022).

52 *Compare DayCab*, 67 F.4th at 849 (vacating grant of defense motion for summary judgment in part because of testimony by the plaintiff's principal of an aesthetic intent

Nevertheless, and despite some notable exceptions such as the Second Circuit's post-*Jack Daniel's* affirmance of a finding of likely confusion against one self-styled parodist[53] and a separate jury finding against another one under the *Rogers* test,[54] plaintiffs' attempts to prove liability for infringement often fell short. One such attempt floundered when the Second Circuit took the plaintiff to task for its inconsistent claim of a crowded field to the USPTO when registering its mark, on the one hand, and the plaintiff's subsequent claim of mark strength while pursuing an infringement-based preliminary injunction, on the other.[55] The Eighth Circuit likewise reversed the entry of just such an injunction because of the plaintiff's failure to adduce evidence of actual confusion,[56] and a North Carolina appellate panel affirmed the grant of a defense motion for summary judgment based almost exclusively on the same consideration.[57] Consumer sophistication played a similarly significant role in other cases,[58] as did the absence of overlapping trade channels[59] and dissimilarities between the parties' marks.[60]

The general bad luck suffered by plaintiffs when trying to prove liability extended beyond the infringement context. For example, several overambitious assertions of mark fame in likelihood-of-dilution actions under Section 43(c) of the Act[61] failed as a matter of

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in the design process) *with* Groeneveld Transp. Efficiency, Inc. v. Lubecore Int'l, Inc., 730 F.3d 494, 507–08 (6th Cir. 2013) ("Every viable mass-market product is presumably designed with marketing considerations in mind, and this unremarkable fact says nothing about whether the product design is nonfunctional.").

53 *See* Vans, Inc. v. MSCHF Prod. Studio, Inc., 88 F.4th 125, 142 (2d Cir. 2023) (per curiam) (affirming entry of preliminary injunction with observation that "if a parodic use of protected marks and trade dress leaves confusion as to the source of a product, the parody has not 'succeeded' for purposes of the Lanham Act, and the infringement is unlawful").

54 *See* Hermès Int'l v. Rothschild, No. 22-CV-384 (JSR), 2023 WL 4145518 (S.D.N.Y. June 23, 2023) (denying defendant's post-trial challenges to jury verdict), *appeal docketed*, No. 23-1081 (2d Cir. July 24, 2023).

55 *See* RiseandShine Corp. v. PepsiCo, Inc., 41 F.4th 112, 123 (2d Cir. 2022).

56 *See* H&R Block, Inc. v. Block, Inc., 58 F.4th 939, 949 (8th Cir. 2023); *see also* MC3 Invs. LLC v. Loc. Brand, Inc., 661 F. Supp. 3d 1145, 1165–66 (N.D. Fla. 2023) (denying infringement-based preliminary injunction motion based in part on absence of actual confusion).

57 *See* Duffy v. Camp, 882 S.E.2d 675, 693 (N.C. Ct. App. 2022).

58 *See* M Welles & Assocs. v. Edwell, Inc., 69 F.4th 723, 735–36 (10th Cir. 2023); Great W. Air, LLC v. Cirrus Design Corp., 649 F. Supp. 3d 965, 985 (D. Nev. 2023), *appeal docketed*, No. 23-15157 (9th Cir. Feb. 6, 2023); 1-800 Contacts, Inc. v. JAND, Inc., 608 F. Supp. 3d 148, 158 (S.D.N.Y. 2022), *appeal docketed*, No. 22-1634 (2d Cir. July 28, 2022).

59 *See, e.g.*, DC Comics v. Cellular Nerd LLC, 2022 U.S.P.Q.2d 1249, at *53 (T.T.A.B. 2022); Shenzhen IVPS Tech. Co. v. Fancy Pants Prods., LLC, 2022 U.S.P.Q.2d 1035, at *51–52 (T.T.A.B. 2022).

60 *See, e.g.*, Jackpocket, Inc. v. Lottomatrix NY LLC, 645 F. Supp. 3d 185, 256 (S.D.N.Y. 2022); *DC Comics*, 2022 U.S.P.Q.2d 1249, at *54–57.

61 15 U.S.C. § 1125(c) (2018).

law.[62] Numerous plaintiffs asserting persona-based claims under Section 43(a)[63] and corresponding state law right-of-publicity causes of action also went home empty-handed.[64] Likewise, judicial skepticism toward claims of damage and causation in false advertising actions helped dispose of those claims as well, whether on the merits[65] or in the standing context.[66]

Also on the standing front, *Lexmark International, Inc. v. Static Control Components, Inc.*[67] unambiguously holds that the Lanham Act does not recognize consumer standing, even if that consumer is a business.[68] Nevertheless, that lack of ambiguity did not prevent some consumers from trying to establish their standing under the Act, and so it was that two such attempts wound up before the Sixth Circuit and the Trademark Trial and Appeal Board. The plaintiff claiming standing in the appeal to the former tribunal brought a putative class action for false advertising under Section 43(a) against the operators of an online real estate referral network, only to have his case dismissed based on his allegations that he had been deceived into joining the network and therefore was entitled to a refund of a referral fee he had paid the defendants to do so.[69] The Board likewise rejected the proposition that a professor of trademark law was entitled to bring a genericness-based challenge to an application because of her putative concern that registration of the applied-for mark would force her to pay higher prices for the goods sold under the mark.[70]

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62 *See* PetConnect Rescue, Inc. v. Salinas, 656 F. Supp. 3d 1131, 1163–64 (S.D. Cal. 2023); Walker Wear LLC v. Off-White LLC, 624 F. Supp. 3d 424, 430–31 (S.D.N.Y. 2022); Monbo v. Nathan, 623 F. Supp. 3d 56, 124–25 (E.D.N.Y. 2022), *reconsideration denied*, No. 18-CV-5930 (MKB), 2022 WL 4134455 (E.D.N.Y. Sept. 11, 2022); S&P Glob. Inc. v. S&P Data LLC, 619 F. Supp. 3d 445, 466–67 (D. Del. 2022); *In re* Gordos Rest. Corp., 643 B.R. 1, 31 (Bankr. S.D.N.Y. 2022).

63 15 U.S.C. § 1125(a).

64 *See* Souza v. Exotic Island Enters., 68 F.4th 99, 110–17 (2d Cir. 2023); Ratermann v. Pierre Fabre USA, Inc., 651 F. Supp. 3d 657, 672–73 (S.D.N.Y. 2023); Eliott v. Lions Gate Ent. Corp., 639 F. Supp. 3d 1012, 1026–28 (C.D. Cal. 2022); Wurth Baer Supply Co. v. Strouse, 627 F. Supp. 3d 422, 443 (M.D. Pa. 2022).

65 *See Souza*, 68 F.4th at 120; Am. Soc'y of Home Inspectors, Inc. v. Int'l Ass'n of Certified Home Inspectors, 36 F.4th 1238, 1242–43 (10th Cir. 2022); FedEx Ground Package Sys., Inc. v. Route Consultant, Inc., 661 F. Supp. 3d 765, 784, 785 (M.D. Tenn. 2023), *appeal docketed*, No. 23-5456 (6th Cir. May 16, 2023); Williams & Cochrane, LLP v. Rosette, 631 F. Supp. 3d 884, 915 (S.D. Cal. 2022), *appeal docketed*, No. 23-55166 (9th Cir. Feb. 23, 2023); I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko," 614 F. Supp. 3d 114, 146 (E.D. Pa. 2022).

66 *See* Geomatrix, LLC v. NSF Int'l, 82 F.4th 466, 484–485 (6th Cir. 2023); TocMail, Inc. v. Microsoft Corp., 67 F.4th 1255 (11th Cir. 2023); McNeil v. Mount Carmel Health Sys., 643 F. Supp. 3d 810, 822 (S.D. Ohio 2022).

67 572 U.S. 118 (2014).

68 *See id.* at 132.

69 *See* Lewis v. Acuity Real Est. Servs., LLC, 63 F.4th 1114, 1119 (6th Cir. 2023).

70 *See* Curtin v. Trademark Holdings, Inc., 2023 U.S.P.Q.2d 535, at *4 (T.T.A.B. 2023) ("Put simply, the Trademark Act does not provide 'consumer standing.' That is, it does not

Where substantive questions of registrability were concerned, the past year brought forth a single precedential opinion from the Board affirming a failure-to-function refusal.[71] Consistent with that unusually low number, there were additional signals either that the Board is imposing some doctrinal discipline on what has bordered on a blank check for examiners in recent years or that the USPTO as a whole is approaching the issue with less zeal than in the recent past. With respect to the first of these (nonexclusive) scenarios, two precedential opinions from the Board reversed failure-to-function refusals, albeit for fact-specific reasons.[72] And, with respect to the second, the Office agreed during the pendency of a district court appeal to allow another application to move forward despite the Board's prior affirmance, also in a precedential opinion, of a final failure-to-function refusal to register the underlying mark.[73]

Finally, although the Board has never been enthusiastic about the citation to nonprecedential opinions,[74] it took a surprisingly strident stance against the practice while disposing of a notice of opposition.[75] After noting that "a Board opinion or decision not designated as precedent involves application by a panel of existing law and policy to only the factual record and issues presented in an individual case, and is not controlling legal authority for Board attorneys and judges,"[76] it opined that:

> Opposer cited 14 non-precedential Board opinions in its main brief and nine non-precedential opinions in its reply brief. Whether Opposer is unfamiliar with Board practice or simply disregarded it, *the wholesale citation of nonprecedential cases lessens the persuasive value of Opposer's briefs*. Citing nonprecedential cases should be done judiciously and rarely.[77]

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entitle mere consumers to a statutory cause of action; a statutory cause of action is reserved for those with commercial interests."), *appeal docketed*, No. 23-2140 (Fed. Cir. July 5, 2023).

[71] *See, e.g.*, *In re* Brunetti, 2022 U.S.P.Q.2d 764 (T.T.A.B. 2022) (affirming failure-to-function refusal to register FUCK for clothing), *appeal docketed*, No. 23-1103 (Fed. Cir. Oct. 24, 2022).

[72] *See In re* ZeroSix, LLC, 2023 U.S.P.Q.2d 705 (T.T.A.B. 2023) (BOYS WORLD for audio recordings featuring music); *In re* Lizzo LLC, 23 U.S.P.Q.2d 139 (T.T.A.B. 2023) (100% THAT BITCH for apparel).

[73] *See* Pound Law LLC v. Vidal, No. 6:23-CV-61-RMN, slip op. at 3 (M.D. Fla. Sept. 11, 2023) ("Upon remand, the USPTO will take appropriate steps to approve application Serial No. 87/724,338 [to register #LAW for legal referral services] for publication forthwith."), *remanding In re* Pound Law, LLC, 2022 U.S.P.Q.2d 1062 (T.T.A.B. 2022).

[74] *See, e.g.*, *In re* Fiat Grp. Mktg. & Corp. Commc'ns S.p.A, 109 U.S.P.Q.2d 1593, 1596 n.6 (T.T.A.B. 2014) (nonprecedential decisions are not binding on the Board, but may be cited to and considered for whatever persuasive value they may hold).

[75] *See* DC Comics v. Cellular Nerd LLC, 2022 U.S.P.Q.2d 1249 (T.T.A.B. 2022).

[76] *Id.* at *8.

[77] *Id.* at *8–9 (emphasis added).

Whether this means that litigants are better off leaving their arguments unsupported by citations altogether, rather than relying on nonprecedential opinions, remains to be seen. In the immediate short term, however, there clearly is a premium on litigants finding opinions bearing the magic words "THIS OPINION IS A PRECEDENT OF THE TTAB" when assembling authority for their submissions to the Board.

PART I. EX PARTE CASES

By John L. Welch*

A. United States Court of Appeals for the Federal Circuit

1. Section 2(d) Likelihood of Confusion

In re Charger Ventures LLC

Although the Trademark Trial and Appeal Board ("TTAB" or "Board") neglected to explain the weight accorded to each of the relevant *DuPont* factors, the U.S. Court of Appeals for the Federal Circuit ("CAFC") upheld the Board's decision affirming a refusal to register the mark SPARK LIVING for "leasing of residential real estate; residential real estate listing; residential real estate service, namely, residential rental property management; specifically excludes commercial property and office space" [LIVING disclaimed].[1] The Board found confusion likely with the registered mark SPARK for brokerage, leasing, and management of commercial property, offices, and office space. Appellant Charger challenged the Board's factual findings on five *Du Pont* factors,[2] as well as on its failure to indicate the weight given to each factor, but the CAFC ruled that the Board's decision was supported by substantial evidence.

The Board concluded that, despite some commercial weakness in the cited mark and despite the sophistication of relevant consumers, there was "insufficient evidence in the record" to overcome the "close similarity" of the marks and the relatedness of the services.[3]

Charger argued that the Board improperly dissected its SPARK LIVING mark and gave too much weight to the word "SPARK" in the face of third-party uses of that term. The CAFC pointed out, however, that the Board compared the marks "in their entireties" and based its findings on the "overall commercial impression of the

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In the interest of full disclosure, the author notes the participation of his law firm in *In re Uman Diagnostics AB*, 2023 U.S.P.Q.2d 191 (T.T.A.B. 2023) (counsel for the applicant), and in *adidas America, Inc. v. Thom Browne, Inc.*, 629 F. Supp. 3d 213 (S.D.N.Y. 2022), *report and recommendation adopted*, No. 21-CV-5615 (JSR), 2022 WL 10668978 (S.D.N.Y. Oct. 18, 2022) (counsel for defendant).

1 *In re* Charger Ventures LLC, 64 F.4th 1375, 2023 U.S.P.Q.2d 451 (Fed. Cir. 2023).

2 *In re* E.I. DuPont de Nemours & Co., 476 F.2d 1357, 177 U.S.P.Q. 563 (C.C.P.A. 1973). *DuPont* sets forth thirteen nonexclusive factors to be considered in determining whether a likelihood of confusion exists.

3 *Charger Ventures*, 2023 U.S.P.Q.2d 451, at *4.

marks as a whole."[4] The court found no error in the Board's focusing on "SPARK" as the dominant portion of Charger's mark.

Charger claimed that the involved services are different in nature and are offered in different trade channels. The Board, however, pointed to the dozens of registrations in the record, covering both residential and commercial real estate services, and noted that the involved application and registration are not limited as to trade channels. The CAFC concluded that substantial evidence supported the Board's findings on these factors.

Charger next contended that the consumers for its services are substantially different from those for the registrant's services. The appellee, the Director of the United States Patent and Trademark Office ("USPTO" or the "Office"), argued that the record lacked evidence to support that argument, and further that "people who seek commercial real estate services *live* somewhere."[5] The CAFC concluded that the "potential overlap of consumers,"[6] coupled with the axiom that even careful or sophisticated customers are not immune from source confusion,[7] constituted substantial evidence supporting the Board's determination on this factor.

The CAFC agreed with the Board that the evidence of third-party use of the term "SPARK," although demonstrating "some" degree of weakness, "was not enough to render it unprotectable."[8] The Board properly considered that the cited mark enjoyed a presumption of validity under Section 7(b) of the Trademark Act.[9]

Finally, Charger contended that the Board failed to indicate the weight that it assigned to each *DuPont* factor and therefore its analysis lacked substantial evidence. The CAFC agreed that, for purposes of appellate review, the Board "must provide a reasonable explanation for its findings, explaining the weight it assigned to the relevant factors."[10] However, an appellate court will "uphold a

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4 *Id.* at *3.

5 *Id.* at *6 (emphasis in original).

6 *Id.*

7 *Id.*, citing *In re* Rsch. & Trading Corp., 793 F.2d 1276, 1279 (Fed. Cir. 1986).

8 *Id.*

9 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.

10 *Charger Ventures*, 2023 U.S.P.Q.2d 191, at *7. *See* SEC v. Chenery Corp., 318 U.S. 80 (1943) ("[C]ourts cannot exercise their duty of review unless they are advised of the considerations underlying the action under review.").

decision of less than ideal clarity if the agency's path may reasonably be discerned."[11]

> Here, the agency's path may be reasonably discerned. Based on the record as a whole, there is sufficient evidence from its assessment of the relevant *DuPont* factors to support the Board's finding of a likelihood of confusion of Charger's mark SPARK LIVING.[12]

B. Trademark Trial and Appeal Board

1. Section 2(b) Governmental Insignia

In re County of Orange

Every few years, like clockwork, the TTAB decides a Section 2(b) case. This time the Board affirmed refusals to register the two proposed marks depicted below, for various governmental services (for example, maintaining parks and libraries), on the ground that the marks constitute insignia of a governmental entity, i.e., a "municipality."[13] The Board rejected the arguments that Orange County is not a municipality and that, because Orange County already has an "official" seal, these designs cannot be insignia of the county.

Section 2(b) is a complete bar to registration of a mark that "[c]onsists of or comprises the flag or coat of arms or other insignia of . . . any State or municipality . . . ."[14] It is based on the idea that "official government insignia . . . should not be registered as symbols of origin for commercial goods and services."[15]

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11 *Id.*, quoting Motor Vehicle Mfrs. Ass'n of U.S., Inc. v. State Farm Mut. Auto. Ins. Co., 463 U.S. 29, 43 (1983).

12 *Id.*

13 *In re* County of Orange, 2022 U.S.P.Q.2d 733 (T.T.A.B. 2022).

14 Section 2(b) of the Lanham Act, 15 U.S.C. § 1052(b). A Section 2(b) refusal is one of those that cannot be overcome by proof of acquired distinctiveness under Section 2(f), nor can the application be amended to seek registration on the Supplemental Register under Section 23.

15 *County of Orange*, 2022 U.S.P.Q.2d 733 at *8, quoting J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 19:78 (5th ed. 2022).

Insignia?: The Board first focused on the "Circular Mark" on the left. It observed that the term "insignia" has multiple meanings, including "a distinguishing mark or sign" and "an emblem."[16] The Board acknowledged that the Circular Mark has not gone through the two-step process set out in the California Government Code to make it an "official seal" of Orange County. In fact, Orange County has an "official" seal, shown immediately below. The Board pointed out, however, that formal adoption as an "official" seal is not a requirement of Section 2(b).[17]

Evidence submitted by the examining attorney showed that the Circular Mark is displayed prominently on the county's website, which provides links to various services offered by the county, such as business licenses and payment of property tax bills. It is also displayed on the website for the Clerk-Recorder's office, which manages many official government documents such as marriage licenses and death certificates. The Circular Mark appears prominently on signage for county offices, including the county courthouse, on the wall of the meeting room of the County Board of Supervisors, and on maps depicting the location of county offices.

> [W]e find that the prominent and repeated display of the proposed Circular Mark to denote traditional government records, functions, and facilities would reasonably lead members of the general public to perceive the proposed mark as an "insignia" of Applicant within the meaning of Section 2(b) of the Trademark Act. *** [T]he proposed mark serves as "a distinguishing mark or sign" and an "emblem" of Applicant's authority.[18]

Municipality?: The Board took judicial notice of a definition of "municipality" as "[a] city, town, or other local political entity with the powers of self government."[19] Orange County acknowledged that the California Constitution provides that a county may have some such powers: for example, a county may make and enforce local

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16 *Id.* at *9.

17 *Id.* at *17.

18 *Id.* at *16.

19 *Id.* at *21, citing *Black's Law Dictionary* (11th ed. 2019).

ordinances, may sue and be sued, and may levy and collect taxes. And a county may adopt a charter. The Board therefore concluded that Orange County is a "municipality" for purposes of Section 2(b).[20]

The county argued that state law should control because the applicant was created and is governed by California law. The Board disagreed: "[I]n the absence of a plain indication to the contrary, it is to be assumed when Congress enacts a statute that it does not intend to make its application dependent on state law."[21]

The Badge Mark: Unsurprisingly, as to the county's other proposed mark, referred to as the "Badge Mark," the same analysis applied.

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

In re Zuma Array Ltd.

Applicant Zuma Array was left smarting after the Board affirmed a Section 2(e)(1) refusal to register the proposed mark SMART BEZEL, finding it to be merely descriptive of electronic sensor modules for controlling and integrating home automation systems, lighting systems, and smart heating systems [SMART disclaimed]. Zuma contended that its goods are not bezels and therefore the mark cannot describe the goods. The Board, however, found the mark to be descriptive of a use or purpose of the modules, and thus ineligible for registration without proof of acquired distinctiveness.[22]

Zuma acknowledged that "smart" is defined as "using a built in microprocessor" and the word "bezel" refers to "the outer frame of a computer screen, mobile phone or other electronic device."[23] However, it asserted, "none of the applied for goods . . . feature a 'bezel' at all."[24] The examining attorney maintained that the proposed mark immediately conveys information about the goods because Zuma's sensors are designed to be incorporated into the bezels of various electronic appliances and lighting and heating systems, "to render the bezels . . . capable of performing automatic operations for processing data or for achieving greater versatility."[25]

The Board noted "with some surprise" that neither Zuma nor the Office discussed the nature of "electronic sensor modules."[26] The

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20 *Id.* at *23.

21 *Id.* at *24, quoting Dickerson v. New Banner Inst., Inc., 460 U.S. 103, 119 (1983) (cleaned up; citation omitted).

22 *In re* Zuma Array Ltd., 2020 U.S.P.Q.2d 736 (T.T.A.B. 2022).

23 *Id.* at *3.

24 *Id.* at *4.

25 *Id.* at *9.

26 *Id.* at *12.

Board took judicial notice that a "module" is "a usually packaged functional assembly of electronic components for use with other . . . assemblies."[27] It then observed that "a proposed mark that describes the intended use or purpose of the goods with which it is used is merely descriptive."[28]

Zuma's website states that "swap[ping] out a standard bezel for a Smart Bezel™" enables homeowners "to access a wide range of built-in sensors to support environmental, presence and life safety applications."[29] Thus, the word "BEZEL" refers to the type of device on which Zuma's sensors will be used.

> The commercial context of Applicant's use of its proposed mark on its website "demonstrates that a consumer would immediately understand the intended meaning of" SMART BEZEL for electronic sensor modules, *In re N.C. Lottery*, 866 F.3d 1363, 123 U.S.P.Q.2d 1707, 1710 (Fed. Cir. 2017, namely, that the modules are used to create a "smart bezel."[30]

Finally, the Board pointed out once again that even if Zuma were the first and only user of the proposed mark, the mark may be merely descriptive of the identified goods.[31]

In re NextGen Management, LLC

Another applicant ran into a Section 2(e)(1) roadblock when the Board affirmed a refusal to register the proposed mark DXPORTAL, finding the mark to be merely descriptive of "providing an Internet website portal in the healthcare field to provide a patient and caregivers with the patient's drug prescription information."[32] Dictionary definitions of DX (a common abbreviation for "diagnostic") and of "portal" (a website that serves as a starting

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27 *Id.* The Board "may take judicial notice of dictionary definitions, including online dictionaries, definitions in technical dictionaries and translation dictionaries that exist in printed form." *In re* Omniome, Inc., 2020 U.S.P.Q.2d 3222, at *2 n.17 (T.T.A.B. 2019).

28 *Id.* at *13. *See, e.g.*, *In re* G. E. Smith, Inc., 138 U.S.P.Q. 518, 519 (T.T.A.B. 1963) (finding that KOLD KURE was the phonetic equivalent of COLD CURE, which "merely describe[d] the intended use of the product—an ingredient used in the cold cure process of making cores or molds"); *In re* Clorox Co., 196 U.S.P.Q. 140, 142 (T.T.A.B. 1977) (finding that ERASE was merely descriptive of laundry soil and stain remover because it "immediately describe[d] to the average purchaser of household detergents the purpose and function of applicant's product").

29 *Id.* at *15.

30 *Id.* at *16.

31 *Id. See, e.g.*, *In re* Fallon, 2020 U.S.P.Q.2d 11249, at *11 (T.T.A.B. 2020) ("'The fact that Applicant may be the first or only user of a term does not render that term distinctive' if, as here, it has been shown to be merely descriptive of the goods identified in the application." (quoting *In re* Fat Boys Water Sports LLC, 118 U.S.P.Q.2d 1511, 1514 (T.T.A.B. 2016)).

32 I*n re* NextGen Mgmt., LLC, 203 U.S.P.Q.2d 14 (T.T.A.B. 2023).

point to other destinations or activities on the Web), information on Applicant NextGen's and third-party websites, and NextGen's acknowledged intention to offer diagnostic services in connection with the mark led the Board to conclude that consumers would immediately understand that the mark "identifies a portal that will also link them with diagnostic information, specifically the diagnosis relied upon by the healthcare provider who wrote the drug prescription."[33]

NextGen argued that, although it "does intend (in the future) to include limited diagnostic information on the portal, the storing of diagnostic information is not the focus of the portal, nor is it recited in the description of services of the mark."[34] The Board confirmed that it was proper for the examining attorney to look at NextGen's website for possible evidence of descriptive use.[35] The website demonstrated that providing diagnostic information is an "integral part of Applicant's website relating to drug prescriptions, even if such diagnostic information is not the paramount aspect."[36] In short, "[d]iagnostic information necessarily is tied to prescriptions, which treat the conditions that are diagnosed."[37]

Moreover, third-party webpages "illustrate how diagnostic information and therapeutic solutions, such as prescription drugs, are integral to each other."[38] These webpages showed "an inherent relationship between diagnostic services and treatment, which could include prescribing drugs to address a condition."[39] Furthermore, the term "drug prescription information" is broad enough to encompass diagnostic information on which a prescription is based.

The Board concluded that the mark DXPORTAL "as a whole conveys no more than the sum of its individually descriptive parts."[40]

3. Inherent and Acquired Distinctiveness

In re Palacio Del Rio, Inc.

In one of two "hotel configuration" cases decided on the same day, the Board upheld the USPTO's refusals to register the two

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33 *Id.* at *18.

34 *Id.* at *11.

35 *Id.* at *12-13, citing *In re* Reed Elsevier Props. Inc., 482 F.3d 1376, 82 U.S.P.Q.2d 1378, 1380 (Fed. Cir. 2007) (it is appropriate for the Board to consider the applicant's website to understand the meaning of the services for which registration is sought).

36 *Id.* at *14.

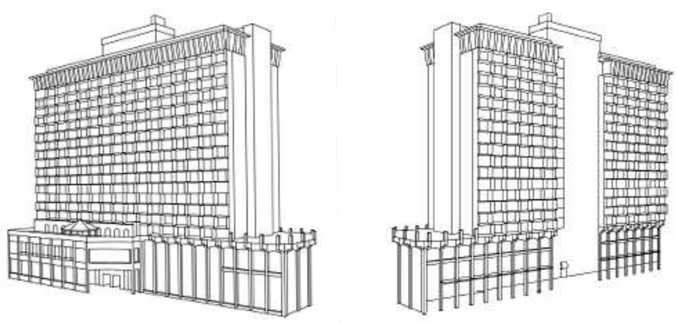
37 *Id.*

38 *Id.*

39 *Id.* at *17-18.

40 *Id.* at *18.

proposed marks shown below, comprising the three-dimensional configurations of the front and back of a hotel building, for "hotel services; provision of conference, exhibition, and meeting facilities," finding that the building designs are not inherently distinctive and lack secondary meaning.[41]



Inherent Distinctiveness: The Supreme Court's decision in *Two Pesos*,[42] which concerned the décor of a Mexican restaurant, established that "adornments to a building structure may be protectable as a service mark."[43] In *Wal-Mart*, the Court described that restaurant décor "as either product packaging—which . . . normally is taken by the consumer to indicate origin—or else some *tertium quid* that is akin to product packaging . . . ."[44]

Following those teachings, the Board found the designs at issue to be "akin to the packaging of what is being rendered and sold inside, namely, hotel services."[45] The Board therefore considered whether the proposed hotel configuration marks are inherently distinctive for the applicant's services "under the paradigm established for 'product packaging:'"[46] i.e., the *Seabrook* factors:

- Whether the proposed marks constitute a "common" basic shape or design;
- Whether the proposed marks are unique or unusual in the field in which they are used;
- Whether the proposed marks are a mere refinement of commonly adopted and well-known forms of ornamentation for the particular class of services viewed by the public as a dress or ornamentation for the services; and

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41 *In re* Palacio Del Rio, Inc., 2023 U.S.P.Q.2d 630 (T.T.A.B. 2023).

42 Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763 (1992).

43 *Palacio Del Rio*, 2023 U.S.P.Q.2d 630, at *4.

44 Wal-Mart Stores, Inc. v. Samara Bros., 529 U.S. 205, 215 (2000).

45 *Palacio Del Rio*, 2023 U.S.P.Q.2d 630, at *5.

46 *Id.* at *5. *See, e.g.*, *In re* Frankish Enters. Ltd., 113 U.S.P.Q.2d 1964, 1973 (T.T.A.B. 2015) (finding design of monster truck to be analogous to product packaging for monster truck exhibition services).

- Whether the proposed marks are capable of creating a commercial impression distinct from the accompanying words.[47]

To show that the proposed marks each constitute a "common" basic shape or design, the examining attorney submitted evidence of a dozen or so hotel buildings having common design elements similar to the proposed marks. In response, Applicant Palacio del Rio submitted declarations from four customers of the hotel (the Hilton Palacio Del Rio in San Antonio, Texas). The Board, however, found the declarations to be of "minimal persuasiveness" since they were few in number and identical ("cookie cutter") in many ways, and they included legal conclusions that were the sole province of the Board.[48] In short, Palacio failed to overcome the USPTO's evidence.

Palacio's specimens of use and its advertising evidence depicted the side of the building but also displayed the hotel name. There was no evidence of promotion of the shape of the building separate from the hotel name, or that customers rely upon that shape to identify and distinguish Palacio's services.

> In sum, Applicant's articles and customer declaration evidence do not overcome the Examining Attorney's evidence that Applicant's proposed marks constitute the "common" basic design elements of hotel buildings façades (e.g., grid-like hotel rooms, smooth column, outwardly extending crown, and arches); they are not unique or unusual in the hotel field, and they are mere refinements of commonly-adopted and well-known forms of ornamentation for hotel buildings that would be viewed by the public "as a dress or ornamentation" for Applicant's hotel services.[49]

Acquired Distinctiveness: In view of the Board's findings under the *Seabrook* factors, the applicant's burden to prove acquired distinctiveness was "commensurately high."[50] The Board considered the CAFC's *Converse* factors in order to assess Palacio's Section 2(f) evidence:

1. association of the trade dress with a particular source by actual purchasers (typically measured by customer surveys);
2. the length, degree, and exclusivity of use;
3. the amount and manner of advertising;
4. the amount of sales and number of customers;

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47 Seabrook Foods, Inc. v. Bar-Well Foods, Ltd., 568 F.2d 1342, 196 U.S.P.Q. 289, 291 (C.C.P.A. 1977).

48 *Palacio Del Rio*, 2023 U.S.P.Q.2d 630, at *7.

49 *Id.* at *20-21, quoting *Seabrook*, 196 U.S.P.Q. at 291.

50 *Id.* at *10.

5. intentional copying; and
6. unsolicited media coverage of the services in connection with which the trade dress is used.[51]

Palacio did not submit survey results or any other direct evidence of consumer association of the proposed marks with Applicant Palacio (Factor 1), nor did it provide any evidence of copying by third parties (Factor 5). Its declaration evidence established that the designs have been in use since 1968, but only at the single, San Antonio location (Factor 2).

As to Factor 3, Palacio's advertising did not encourage consumers to view the proposed marks as source indicators. "Given the ways in which Applicant advertises its services, affording little recognition to the design elements of the hotel building itself as shown in the application drawings and described in the Applications, the proposed marks are unlikely to create a commercial impression distinct from the HILTON PALACIO DEL RIO hotel name."[52]

With regard to Factor 4, the proffered sales numbers lacked context as to market share or significance in the industry. Finally, as to Factor 6, unsolicited media coverage discussed the innovative techniques employed in constructing the hotel rather than directing consumers to look for the elements of the hotel design as source indicators for Palacio's services.

And so, the Board concluded that Palacio del Rio had failed to establish acquired distinctiveness, and so the refusals to register were affirmed.

In re Seminole Tribe of Florida

In the second "hotel configuration" case, the Board came to the opposite conclusion. It reversed a refusal to register "trade dress consisting of a three-dimensional building in the shape of a guitar" (shown below), for "casinos" and "hotel, restaurant and bar services," finding the proposed mark to be inherently distinctive. The examining attorney had accepted the Seminole Tribe's alternative claim of acquired distinctiveness under Section 2(f), but the Tribe chose to pursue its claim that the building shape is an inherently distinctive source indicator.[53]

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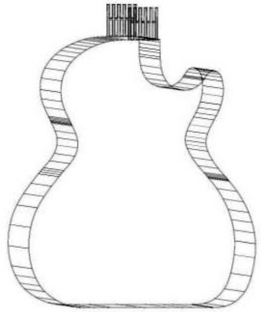
51 Converse, Inc. v. ITC, 909 F.3d 1110, 128 U.S.P.Q.2d 1538, 1546 (Fed. Cir. 2018).

52 *Palacio Del Rio*, 2023 U.S.P.Q.2d 630, at *12.

53 *In re* Seminole Tribe of Fla., 2023 U.S.P.Q.2d 631 (T.T.A.B. 2023).



The Board first addressed the question of whether the proposed mark constitutes product design, product packaging, or something else. In *Two Pesos*,[54] the Supreme Court held that proof of secondary meaning is not required for trade dress that is inherently distinctive, and it upheld the finding that the décor of Taco Cabana's Mexican restaurants was inherently distinctive. In *Wal-Mart*, the Court distinguished "product design" trade dress from "product packaging," ruling that the former is protectable "only upon a showing of secondary meaning."[55] The Court in *Wal-Mart* concluded that the clothing designs there at issue constituted product design. Distinguishing *Two Pesos*, the Court in *Wal-Mart* observed:

> ***Two Pesos* is inapposite to our holding here because the trade dress at issue [in *Two Pesos*], the décor of a restaurant, seems to us not to constitute product *design*. It was either product packaging—which, as we have discussed, normally *is* taken by the consumer to indicate origin—or else some *tertium quid* that is akin to product packaging and has no bearing on the present case.**[56]

In answering that first question, the Board turned to decisions that analyzed the inherent distinctiveness of trade dress used with a variety of services, not just building designs. In *Chippendales*, the CAFC affirmed the Board's finding that the so-called "Cuffs & Collar" trade dress for erotic dancers was not inherently distinctive because it was "inspired by the ubiquitous Playboy bunny suit," but it also ruled that the Board erred in suggesting that any costume in the adult entertainment industry would lack inherent distinctiveness.[57]

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54 Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 23 U.S.P.Q.2d 1081 (1992).

55 Wal-Mart Stores, Inc. v. Samara Bros., 529 U.S. 205, 54 U.S.P.Q.2d 1065, 1070 (2000).

56 *Id.*, 54 U.S.P.Q.2d at 1069 (citations omitted) (italics in original; emphasis added by the Board).

57 *In re* Chippendales USA, Inc., 622 F.3d 1346, 96 U.S.P.Q.2d 1681, 1683 (Fed. Cir. 2010).

Following *Chippendales*, it is appropriate for the Board to consider "whether a consumer would immediately rely on Applicant's Guitar Design to differentiate Applicant's Services from the services of others who offer casinos or hotel, restaurant and bar services."[58] *Chippendales* "set the stage" for the Board's finding in *Frankish* that the "fanciful, prehistoric animal design" of the cab of a monster truck is "akin to product packaging for an applicant's monster truck services, and therefore, inherently distinctive."[59] The Board found that truck design to be "unique" and "unusual" in the monster truck field, and the evidence scant, at best, that the design was a "**'mere refinement' of anything, let alone a commonly-adopted' and 'well-known form' in the monster truck field.**"[60]

Under the guidance of *Two Pesos*, *Wal-Mart*, and *Chippendales*, the Board concluded that the Seminole Tribe's proposed hotel configuration mark is "*tertium quid*" akin to product packaging.[61] Focusing on the uniqueness of the Tribe's building design in the relevant industry, the Board concluded that the design is inherently distinctive for the recited services.

The Board's conclusion was "further supported"[62] by the *Seabrook* test for inherent distinctiveness: "whether the trade dress is a 'common' basic shape or design; whether it is unique or unusual in a particular field; or 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."[63]

> We find that Applicant's Mark is not a common design; rather, it is unique, and not a mere refinement of a commonly-adopted and well-known form of ornamentation for Applicant's Services. Given the uniqueness of Applicant's three-dimensional Guitar Design trade dress as applied to Applicant's Services, we find Applicant's Mark is of a type that consumers would immediately rely on to differentiate Applicant's Services from casinos or hotel, restaurant, and bar services offered by others, and that it therefore constitutes inherently distinctive trade dress.[64]

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58 *Seminole Tribe*, 2023 U.S.P.Q.2d 631, at *6.

59 *Id.*, quoting *In re* Frankish Enters. Ltd., 113 U.S.P.Q.2d 1964, 1970 (T.T.A.B. 2015).

60 *Frankish*, 113 U.S.P.Q.2d at 1971 (emphasis by the Board).

61 *Seminole Tribe*, 2023 U.S.P.Q.2d 631, at *7.

62 *Id.*

63 *Id.*, citing Seabrook Foods, Inc. v. Bar-Well Foods, Ltd., 568 F.2d 1342, 196 U.S.P.Q. 289, 291 (C.C.P.A. 1977).

64 *Id.* at 7-8.

4. Failure-to-Function

In re Brunetti

Erik Brunetti, famous in the trademark world for knocking the scandalous and immoral provision of Section 2(a) out of the Lanham Act,[65] returned to the TTAB in this battle over the proposed mark FUCK for phone cases, jewelry, bags, and retail store services, in four separate applications. The Board affirmed each of the refusals to register on the ground that FUCK fails to function as a trademark, concluding that the word "fuck" is in such widespread use that it does not create the commercial impression of a source indicator, but rather expresses well-recognized, familiar sentiments. The Board rejected Brunetti's argument that the Supreme Court decision in the FUCT case[66] requires reversal to change numbering levels here, and it also rejected his claim of biased treatment by the Board.[67]

The failure-to-function refusal was rather straightforward. The Board pointed out that Sections 1, 2, 3, and 45 of the Lanham Act serve as the statutory basis for the refusal. Sections 1 and 2 provide for registration of "trademark[s] by which the goods of the applicant may be distinguished from the goods of others."[68] Section 3 states that service marks are registrable "in the same manner and with the same effect as are trademarks."[69] Section 45 defines a "trademark" and a "service mark" as something that identifies and distinguishes one person's goods and services from those of others.[70]

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65 *See* Iancu v. Brunetti, 588 U.S. ___, 2019 U.S.P.Q.2d 232043 (2019) (holding unconstitutional the provision of Section 2(a) that barred registration of a mark that is immoral or scandalous because it violated the First Amendment).

66 *Id.*, which involved the proposed mark FUCT for various items of apparel.

67 *In re* Brunetti, 2022 U.S.P.Q.2d 764 (T.T.A.B. 2022).

68 Sections 1 and 2 of the Lanham Act, 15 U.S.C. §§ 1051 and 1052 (quoting § 1052).

69 Section 3 of the Lanham Act, 15 U.S.C. § 1053.

70 Section 45 of the Lanham Act, 15 U.S.C. § 1127, states, in pertinent part:

> The term "trademark" includes any word, name, symbol, or device, or any combination thereof—
>
> (1) used by a person, or
>
> (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.
>
> The term "service mark" means any word, name, symbol, or device, or any combination thereof—
>
> (1) used by a person, or
>
> (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish the services of one person, including a unique service, from the

> If the evidence shows that consumers would not perceive the proposed mark as performing the Congressionally-defined functions of a trademark under Section 45, then, under Sections 1 and 2—which all require "trademarks"—such proposed marks may not be registered.[71]

The Board and its reviewing courts have for decades held that "[s]logans and other terms that are considered to be merely informational in nature . . . are not registrable."[72] Merely informational matter includes common terms that consumers are "accustomed to seeing used by various sources to convey ordinary, familiar, or generally understood concepts or sentiments."[73]

The examining attorney submitted evidence in two categories: evidence showing the ubiquity of the word "FUCK" in general, and evidence showing widespread use of the word FUCK for various consumer goods.

> Applicant suggests that he intends to use FUCK . . . to critique capitalism, government, religion and pop culture. Applicant thus concedes that he intends to use FUCK as the word is commonly understood, to convey the sentiment he hopes prospective consumers of his goods and services will take away from its display.[74]

Brunetti offered several feeble and unsuccessful arguments seeking to undermine the evidence, and he also erroneously claimed that the Office found only that the word "FUCK" was widely used, but not that it failed to function as a trademark. He provided no evidence that rebutted the examining attorney's showing regarding consumer perception of the word "FUCK."

> The record before us establishes that the word FUCK expresses well-recognized familiar sentiments and the relevant consumers are accustomed to seeing it in widespread use, by many different sources, on the kind of goods identified in the FUCK Applications. Consequently, we

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services of others and to indicate the source of the services, even if that source is unknown.

71 *Brunetti*, 2022 U.S.P.Q.2d 764, at *10.

72 *Id.* at *11, quoting *In re* Eagle Crest Inc., 96 U.S.P.Q.2d 1227, 1229 (T.T.A.B. 2010). *See, e.g.*, *In re* Boston Beer Co., 198 F.3d 1370, 1374, 53 U.S.P.Q.2d 1056, 1058 (Fed. Cir. 1999) (holding that THE BEST BEER IN AMERICA "is a common phrase used descriptively by others before and concurrently with [the applicant]'s use, and is nothing more than a claim of superiority" that is incapable of registration as a trademark); Roux Labs., Inc. v. Clairol, Inc., 427 F.2d 823, 166 U.S.P.Q. 34, 39 (C.C.P.A. 1970) ("The mere fact that a combination of words or a slogan [such as HAIR COLOR SO NATURAL ONLY HER HAIRDRESSER KNOWS FOR SURE] is adopted and used by a manufacturer with the intent [that it function as a trademark] does not necessarily mean that the slogan accomplishes that purpose in reality."). *See also* TMEP § 1202.04 (July 2022).

73 *Id.* at *12.

74 *Id.* at *43.

> find that it does not create the commercial impression of a source indicator, and does not function as a trademark to distinguish Applicant's goods and services in commerce and indicate their source. *Team Jesus*, 2020 U.S.P.Q.2d 11489, at *18-19. Consequently, Applicant cannot appropriate the term exclusively to itself, denying others the ability to use it freely. "'[I]t is the type of expression that should remain free for all to use.'" *Univ. of Kentucky v. 40-0, LLC*, 2021 U.S.P.Q.2d 253, at *36 (quoting *Eagle Crest*, 96 U.S.P.Q.2d at 1230).[75]

The Board rejected Brunetti's contention that the Supreme Court's decision in *Iancu v. Brunetti* (the FUCT case) controls here. That case concerned only Section 2(a)'s prohibition of registration of marks containing scandalous matter.

> Nothing in *Iancu v. Brunetti* requires the USPTO to register a term that would have been refused under Section 2(a) if it is otherwise unregistrable under other provisions of the statute. The First Amendment does not require the USPTO, through federal registration, to confer on any applicant the exclusive right to use an expressive term that fails to function as a mark and thereby deny others the ability to use it freely.[76]

Brunetti claimed that the USPTO is biased against him: "[T]he PTO has granted dozens of registrations for FUCK. It just refuses to approve [Applicant's] application because he is [Applicant]."[77] The Board was unmoved. It noted that all the registered marks cited by Brunetti include other wording in addition to FUCK. In any event, the Office makes registrability determinations based on the particular mark, goods, and services in each case.[78]

Moreover, the refusal at hand was issued not because of use of the word "FUCK" by Brunetti, but because the word fails to function as a trademark.

> Applicant has not provided any evidence that plausibly suggests the USPTO maintains any bias against him for prevailing in his appeal of the Office's refusal to register a different word (FUCT) based on a different statutory basis (Section 2(a)'s now invalidated scandalous and immoral

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75 *Id.* at *46.

76 *Id.* at *50.

77 *Id.* at *51.

78 *Id.* at *54. *See, e.g.*, *In re* Shinnecock Smoke Shop, 571 F.3d 1171, 1174, 91 U.S.P.Q.2d 1218, 1221 (Fed. Cir. 2009) ("Applicant's allegations regarding similar marks are irrelevant because each application must be considered on its own merits.").

provision), or is motivated by his exercise of his first amendment rights.[79]

In re Pound Law, LLC

Some failure-to-function refusals are based on the way the proposed mark appears on the specimens of use. For example, the Board upheld a refusal to register the proposed mark #LAW for legal referral services, finding that the term, as used on Applicant Pound Law's specimens of use, fails to function as a source indicator. Instead, the Board found that the term, a vanity phone number, would be perceived by consumers as merely informational, a means to contact the applicant or its licensee, the Morgan & Morgan law firm.[80]

The Board observed that, as made clear by the Lanham Act, the USPTO "is statutorily constrained to register matter on the Principal Register if and only if it functions as a mark."[81] As noted above, Section 45 defines "trademark" and "service mark" as "any word, name, symbol, or device, or any combination thereof . . . used by a person . . . to identify and distinguish" goods or services, respectively, "and to indicate the source" of the goods or services, "even if that source is unknown."[82] The Board must determine "whether the relevant public, i.e. purchasers or potential purchasers of the identified legal and legal referral services, would perceive #LAW as identifying the source or origin of such services."[83]

Considering first the nature of the proposed mark, the Board pointed out that "matter widely used to convey informational messages generally is not perceived as indicating a single source."[84] The CAFC in *Vox Populi* indicated that evidence of how a term is used in the marketplace is relevant to the issue of consumer perception.[85]

Citing numerous examples from various law firm advertising materials, the Board found that #LAW is commonly used as a hashtag in the legal field, including by the applicant's licensee,

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79 *Id.*

80 *In re* Pound Law, LLC, 2022 U.S.P.Q.2d 1062 (T.T.A.B. 2022). Subsequently, Pound Law brought a civil action for review of the Board's decision, providing additional evidence of consumer perception of the mark. The district court entered an agreed order remanding the application to the USPTO to take appropriate steps to approve the mark for publication.

81 *Id.* at *9, quoting *Brunetti*, 2022 U.S.P.Q.2d 764, at *9.

82 15 U.S.C. § 1127.

83 *Pound Law*, 2022 U.S.P.Q.2d 1062, at *10. *See, e.g.*, *In re* Texas With Love, LLC, 2020 U.S.P.Q.2d 11290, at *2 (T.T.A.B. 2020).

84 *Id.* at *11. *See, e.g.*, *In re* Vox Populi Registry Ltd., 2022 U.S.P.Q.2d 115, at *3 (Fed. Cir. 2022) (affirming failure-to-function refusal where .SUCKS would be viewed "as only a non-source identifying part of a domain name, rather than as a mark").

85 *Id.* at *11-12, citing *Vox Populi*, 2022 U.S.P.Q.2d 115, at *2-3.

Morgan & Morgan. Although the third-party uses are not in the nature of trademarks, they are probative of consumer perception.[86] "Applicant's use of its proposed mark is not qualitatively different than the third-party uses that Applicant concedes are non-source indicating."[87]

Applicant Pound Law argued that the Board has long recognized the registrability of mnemonic telephone numbers, pointing to Trademark Manual of Examining Procedure ("TMEP") Section 1209.03(l).[88] The Board, however, observed that the new versions of vanity phone numbers "present a somewhat different situation than traditional alphanumeric phone numbers."[89] The "different formation" of these new vanity numbers "impacts perception and distinguishes them" from traditional numbers.[90]

Turning to Pound Law's own use of #LAW, its specimens fell into two categories: multimedia examples promoting the Morgan & Morgan law firm, and website excerpts promoting the #LAW vanity phone number to the general public and to law firms. As to the multimedia specimens, the Board concluded that they do not show service mark use because "they present #LAW as a mnemonic for the telephone number #529, by which prospective clients may contact a lawyer at the Morgan & Morgan law firm, not as a source indicator for legal or legal referral services."[91]

As to Pound Law's website specimens (which did not refer to Morgan & Morgan), the Board found that, when each is viewed as a whole, consumers would perceive #LAW as a mnemonic for a phone number and not a source indicator. For example, the appearance of #LAW under #529 on a cell phone screen conveys that "this is the phone number to use to be connected with a lawyer who is part of the 'nationwide network of law firms.'"[92]

Pound Law maintained that the Board disregarded the CAFC's *Dial-A-Mattress* decision,[93] which, Pound Law claimed, "expressly

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86 *Id.* at *23.

87 *Id.*

88 Section 1209.03(l) of the TMEP, entitled "Telephone Numbers," states:

> If an applicant applies to register a designation that consists of a merely descriptive term with numerals in the form of an alphanumeric telephone number (e.g., 800, 888, or 900 followed by a word), the examining attorney must refuse registration under §2(e)(1). . . . If the relevant term is merely descriptive, but not generic, the mark may be registered on the Principal Register with a proper showing of acquired distinctiveness under §2(f), or on the Supplemental Register, if appropriate.

89 *Pound Law*, 2022 U.S.P.Q.2d 1062, at *24.

90 *Id.* at *24-25.

91 *Id.* at *28.

92 *Id.* at *35.

93 *In re* Dial-A-Mattress Operating Corp., 240 F.3d 1341, 57 U.S.P.Q.2d 1807 (Fed. Cir. 2001).

recognize[s] that mnemonic telephone numbers function as trademarks."[94] The Board disagreed. "Just as there is no per se rule that all mnemonic telephone numbers are not registrable, there is no per se rule that they are. As in all refusals, consumer perception is determined based on the unique evidence and circumstances in each case."[95]

Dial-A-Mattress involved the reversal of a genericness refusal of 1-800-MATTRESS for telephone shop-at-home retail store services in the field of mattresses. Here, the refusal is based on "failure-to-function in view of the manner of use by Applicant on its specimens."[96] Thus, there is no inconsistency between this case and *Dial-A-Mattress*.

Finally, Pound Law pointed to its ownership of a fifteen-year-old registration for #LAW on the Supplemental Register. The Board was unimpressed, observing that it must make its own findings of fact regardless of the conclusions made by an examining attorney in another application,[97] and recognizing that circumstances have changed in the fifteen years since the prior registration issued (including third-party use of the proposed mark as a hashtag). "Given the nature of Applicant's use on the specimens at issue, the prior registration does not convince us that #LAW functions as a service mark in the case before us."[98]

The Board therefore affirmed the refusal to register under Section 1, 2, 3, and 45 of the Lanham Act.

In re Lizzo LLC

As we have seen, attempts to register common slogans, Internet memes, and informational material regularly hit the failure-to-function wall at the USPTO. But the Office has the burden of proof, and here its evidence fell short with regard to two refusals of the mark 100% THAT BITCH for certain clothing items, including t-shirts and baseball hats. The Board concluded that the evidence failed to show that the proposed mark is a common expression in such widespread use that it fails to function as a mark for the identified goods.[99]

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94 *Pound Law*, 2022 U.S.P.Q.2d 1062, at *42.

95 *Id.*

96 *Id.*

97 *Id.* at *43. *See, e.g.*, *In re* Cordua Rests., Inc., 823 F.3d 594, 118 U.S.P.Q.2d 1632, 1635 (Fed. Cir. 2016) ("The PTO is required to examine all trademark applications for compliance with each and every eligibility requirement . . . ."); *In re* Nett Designs, Inc., 236 F.3d 1339, 57 U.S.P.Q.2d 1564, 1566 (Fed. Cir. 2001) (USPTO "must assess each mark on the record of public perception submitted with the application.").

98 *Id.* at *44.

99 *In re* Lizzo LLC, 23 U.S.P.Q.2d 139 (T.T.A.B. 2023).

Applicant Lizzo LLC is the trademark holding company of the popular singer and performer known as "Lizzo." The proposed mark was inspired by a lyric in Lizzo's song, "Truth Hurts."[100] The examining attorney maintained that 100% THAT BITCH "is a commonplace expression widely used by a variety of sources to convey an ordinary, familiar, well-recognized sentiment."[101]

In analyzing whether a proposed mark functions as a source identifier, the critical issue is consumer perception.[102] The Board and its reviewing courts have held that slogans, phrases, or terms that consumers perceive as "merely informational in nature . . . are not registrable."[103] A widely used message will be understood as conveying an ordinary concept or sentiment, rather than serving as a source indicator.

> Where the evidence suggests that the ordinary consumer would take the words at their ordinary meaning rather than read into them some special meaning distinguishing the goods and services from similar goods and services of others, then the words fail to function as a mark.[104]

The examining attorney relied on an *Urban Dictionary* definition of "100% That Bitch" ("Slang. A woman whom EVERYONE wants to be. Everyone is extremely jealous of her."); lyrics from Lizzo's song, which includes the line "I just took a DNA test, turns out I'm 100% that bitch;" Internet articles in which Lizzo admitted that she did not coin the term, but rather adopted it from an Internet meme; and screenshots from websites offering various shirts and hats featuring the wording 100% THAT BITCH. Some of the evidence was from Lizzo LLC's own website, and some evidence made reference to Lizzo's song.

Lizzo LLC argued that 100% THAT BITCH "functions precisely the way a trademark is supposed to function, namely, it identifies Lizzo as the source of goods,"[105] and that others use the term to trade off of Lizzo's fame, notoriety, and goodwill in order to sell

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100 The song, "Truth Hurts," begins with the following lyrics:

> Why men great 'til they gotta be great?
> Wooh
> I just took a DNA test, turns out I'm **100% that bitch**.
> Even when I'm crying crazy.
> Yeah, I got boy problems, that's the human in me.
> Bling Bling, then I solve 'em, that's the goddess in me.

(emphasis added).

101 *Lizzo*, 23 U.S.P.Q.2d 139, at *2.

102 *Id.* at *5. *See, e.g.*, *Vox Populi*, 2022 U.S.P.Q.2d 115, at *2.

103 *Id.* at *6, quoting *Brunetti*, 2022 U.S.P.Q.2d 764, at *11.

104 *Id.* at *7-8 quoting *In re* Ocean Tech., Inc., 2019 U.S.P.Q.2d 450686, at *3 (T.T.A.B. 2019) (internal punctuation omitted).

105 *Id.* at *27.

unauthorized merchandise, often making express reference to Lizzo and her song.

The Board acknowledged that "[p]rominent ornamental use of a proposed mark, as shown in the examples of record, 'is probative in determining whether a term or phrase would be perceived in the marketplace as a trademark or as a widely used message.'"[106] However, that was not the end of the story.

> Significantly, much of [the] evidence references Lizzo, her music and song lyrics from the single "Truth Hurts." The remainder of the evidence displays 100% THAT BITCH used in context in internet articles discussing Lizzo, her song "Truth Hurts," and the origin of the song lyric comprising the mark at issue. This lessens the weight we otherwise may have accorded the ornamental nature of those uses in showing that the phrase fails to function as a trademark.[107]

Lizzo LLC and the examining attorney agreed that 100% THAT BITCH conveys a feeling of female strength, empowerment, and independence. "But more importantly, considering the entirety of the record, we find that most consumers would perceive 100% THAT BITCH used on the goods in the application as associated with Lizzo rather than as a commonplace expression."[108]

Although Lizzo did not originate the phrase, and in fact gave a writing credit to the person who did create it, "lyrics from songs are more likely to be attributed to the artists who sing, rap or otherwise utter them, rather than the songwriters, who may be different individuals receiving varying degrees of writing credit."[109] The evidence showed use of the phrase beginning in 2017, the year her song appeared. Thus, the USPTO did not establish that the mark was "'widely used, over a long period of time and by a large number of merchandisers' before Lizzo popularized it."[110]

> We acknowledge that to some degree consumers and potential consumers have been exposed to use of the proposed mark 100% THAT BITCH in a non-source-identifying (i.e., ornamental) manner on the same and similar goods to those of Applicant. We find, however, that

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106 *Id.* at *34. *See, e.g.*, D.C. One Wholesaler, Inc. v. Chien, 120 U.S.P.Q.2d 1710, 1716 (T.T.A.B. 2016) (prominent ornamental display of I ♥ DC "itself is an important component of the product and customers purchase the product precisely because it is ornamented with a display of the term in an informational manner, not associated with a particular source").

107 *Id.* at *34-35.

108 *Id.* at *36.

109 *Id.* at *37.

110 *Id.* at *38, quoting *D.C. One Wholesaler*, 120 U.S.P.Q.2d, at 1716.

> that circumstance is outweighed by references in most of those uses to Lizzo and/or her music.[111]

In re ZeroSix, LLC

Not all failure-to-function refusals involve faulty specimens or common memes. An artist's name does not always function as a trademark for musical recordings, but here the Board reversed a failure-to-function refusal of BOYS WORLD for "audio recordings featuring music," ruling that the term not only identifies the musical group but also serves as a trademark for the group's recordings.[112]

Sometimes an artist's name may simply identify the source *of the performance* contained on the record, which is not enough to establish that the artist's name functions as a mark *for the recording*.[113] And so, the Board observed that "in this case, we must decide whether BOYS WORLD merely identifies the girl group of that name and 'the source of the performance' on BOYS WORLD recordings, or whether BOYS WORLD also functions as a mark for Applicant's 'audio recordings featuring music.'"[114]

"Typically, in order to function as a mark for recordings, a performing artist's name must be used for a series of recordings."[115] There must also be evidence "that the name functions as a mark."[116]

> This may be shown by providing evidence of the sort presented in *Polar Music*, i.e. evidence establishing that the author controls the quality of her distributed works and controls use of her name, so as to indicate the quality of those works; or it may be shown, akin to the showing in *Scholastic*, by submitting evidence of promotion and recognition of the author's name so that prospective readers, when they see the name, "know what they are getting." *Scholastic*, 23 U.S.P.Q.2d at 1778. In addition, evidence of promotion and recognition of the author's name would have to be of the type that would identify the author as the source of the series of works.[117]

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111 *Id.* at *39.

112 *In re* ZeroSix, LLC, 2023 U.S.P.Q.2d 705 (T.T.A.B. 2023).

113 *Id.* at *2, citing *In re* Polar Music Int'l AB, 714 F.2d 1567, 221 U.S.P.Q. 315, 318 (Fed. Cir. 1983).

114 *Id.*

115 *Id.*, citing *Polar Music*, 221 U.S.P.Q., at 318.

116 *Id.* at *4.

117 *Id.*, quoting *In re* First Draft Inc., 76 U.S.P.Q.2d 1183, 1190 (T.T.A.B. 2005). *See also In re* Arnold, 105 U.S.P.Q.2d 1953 (T.T.A.B. 2013) (finding that the performer's name was used for a series but did not identify the source of the series); *In re* Scholastic Inc., 23 U.S.P.Q.2d 1774, 1778 (T.T.A.B. 1992) ("[T]he designation THE MAGIC SCHOOL BUS, as shown on book covers, functions as a trademark and not just as a portion of a book

The examining attorney conceded that the first element—evidence of a series of works—was satisfied by the applicant. The Board then reviewed the record with regard to promotion and recognition of BOYS WORLD as a source indicator for the series of recordings.

Listings with Apple Music and Amazon Music, the group's YouTube page, numerous social media pages, and the group's website prominently display the BOYS WORLD mark and provide access to the group's recordings. Articles in *Billboard* and *People* magazine contributed to the widespread recognition of BOYS WORLD and of Applicant Zero Six's identified goods that bear the BOYS WORLD mark.

> Boys World is consistently identified—by streaming services and social, print and web media—as the source of BOYS WORLD audio recordings featuring music. This is not surprising because BOYS WORLD has been heavily promoted and widely recognized as the source of the group's music. As a result, consumers "know what they are getting" when they purchase BOYS WORLD "audio recordings featuring music." Thus, BOYS WORLD functions as a mark.[118]

5. Genericness

In re International Fruit Genetics, LLC

In a decision of importance to trademark practitioners who labor in the varietal plant field, the Board held that "proposed marks that constitute the prominent portion of a varietal denomination are unregistrable under Trademark Act Sections 1, 2, and 45 because they are generic for the varietals they identify" and therefore "incapable of functioning as a trademark."[119] And so, the Board refused to register the proposed mark IFG for "fresh fruits and vegetables; live plants; live trees; live grape vines; live plant material, namely, live grape vine material, live plant material and live tree material."

The CAFC in *Pennington Seed*[120] upheld the USPTO's long-standing precedent and practice of treating varietal names as generic, affirming the Board's ruling that the term "Rebel," as a varietal name for a type of grass seed, failed to function as a mark. The CAFC explained that an entity that is the source of a varietal

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title. Where the designation THE MAGIC SCHOOL BUS has been used in each title of each book of the series and also has come to represent a source to purchasers, the designation may be registered as a trademark since it functions as one.").

118 *Id.* at *4, quoting *Scholastic*, 23 U.S.P.Q.2d, at 1778.

119 *In re* Int'l Fruit Genetics, LLC, 2022 U.S.P.Q.2d 1119, at *25 (T.T.A.B. 2022).

120 *In re* Pennington Seed Co., 466 F.3d 1053, 80 U.S.P.Q.2d 1758, 1761-62 (Fed. Cir. 2006).

may use a particular term as a trademark for its specific varietal, but it must be clear that there is also a generic name for the varietal. "This notion reflects the Board's earlier decisions that if the term is used as a designation of source (i.e., a trademark) and there is a different varietal designation, the term may be registrable."[121]

The Board agreed with the applicant that IFG, by itself, is not the entire varietal name for the identified goods. However, the USPTO's evidence established that the initialism IFG is the first component of numerous varietal names for grapes, grapevines, grapevine plants, sweet cherry trees and cherries—which are encompassed within the scope of the identified goods.

> Thus, the questions before us are: (1) is the prominent portion of a varietal name barred from registration under Trademark Act Sections 1, 2, and 45 because varietal names are the equivalent of generic designations; (2) if so, does the record show that IFG is a prominent portion of the varietal names of record for the identified goods; and (3) does this constitute an absolute bar to registration given Applicant's prior valid and subsisting trademark registration of the same mark for "Live plants, namely, table grape vines, cherry trees" where such registration issued prior to the application filing dates of any of the plant patents or plant breeder's rights (i.e. PVP certificates under U.S. law) and purported prior trademark use?[122]

As to the first question, the Board followed *Pennington Seed* in concluding that "[g]ranting an applicant a trademark registration for the prominent portion of a varietal name would be anticompetitive since it would be allowing one entity to have exclusive trademark rights in a generic term."[123] Moreover, "[t]o hold otherwise would breach U.S. obligations under the UPOV Convention."[124]

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121 *International Fruit Genetics,* 2022 U.S.P.Q.2d 1119, at *14. *See, e.g., In re* Cole Nursery Co., Inc., 178 U.S.P.Q. 424, 424-25 (T.T.A.B. 1973) (reversing refusal to register TALLHEDGE as a varietal name; "[a] page from applicant's Spring 1972 Trade List shows that 'TALLHEDGE' is used as an identification of source and, 'Rhamnus frangula Columnaris' as a varietal designation.").

122 *Id.* at *23-24. A PVP Certificate is issued by the Plant Variety Protection Office ("PVPO") of the U.S. Department of Agriculture and provides protection against the unauthorized growing of the material, propagation of the variety for commercial purposes, and marketing or offers for sale without the owner's authorization. More information is available here: https://www.ams.usda.gov/services/plant-variety-protection.

123 *Id.* at *24-25.

124 *Id.* at *28. The International Union for the Protection of New Varieties of Plants ("UPOV") was established by the International Convention for the Protection of New Varieties of Plants ("UPOV Convention"). More information may be found here: https://upovlex.upov.int/en/convention.

As to the second question, the Board followed *Delta & Pine Land Co.*,[125] in finding that IFG is the prominent portion of each of the applicant's varietal names (for example, "IFG Cher-seven"). "Consumers are likely to focus on the initial letter string 'I-F-G' and pronounce it as such in calling for the goods."[126]

As to the third question, the Board concluded that the applicant's ownership of a registration for IFG for partly identical goods ("live plants, namely, table grape vines, cherry trees") did not alter the result here. After filing the underlying application for that prior registration, the applicant selected IFG as the initial term in subsequently filed applications for plant patents with the USPTO, and for plant variety protection ("PVP") with the Plant Variety Protection Office of the Department of Agriculture.

> Thus, when a purchaser asks for any of Applicant's patented or PVP protected goods, it "has no other name to use but its designated name." *Pennington Seed*, 80 U.S.P.Q.2d at 1762. Applicant could have chosen a designation other than IFG to associate as a brand name and file[d] for trademark protection. Instead, cognizant that such varietal denominations would eventually become the generic designations upon the expiration of plant patent and PVP certificate protection, Applicant risked the integrity of its IFG trademark by using IFG to name new varietals. Applicant cannot now inhibit current and future public use of these varietal denominations because of its decision-making.[127]

The Board brushed aside the applicant's patently erroneous assertion that because its prior registration is "incontestable,"[128] the application at issue is immune from a genericness attack. Under Section 14(3) of the Lanham Act, genericness claims are not time-barred and can be brought "any time the mark becomes the generic name for the goods."[129]

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125 *In re* Delta & Pine Land Co., 26 U.S.P.Q.2d 1157 (T.T.A.B. 1993) (upholding a refusal to register DELTAPINE, which was a portion of the varietal names Deltapine 50, Deltapine 20, Deltapine 105, and Deltapine 506 for cotton and soybean plants).

126 *International Fruit Genetics*, 2022 U.S.P.Q.2d 1119, at *31-32.

127 *Id.* at *33.

128 By "incontestable," the applicant meant that the registration was more than five years old and that a Section 15 declaration had been filed. Note that Section 15 of the Lanham Act provides that the exclusive right *to use* a mark may become incontestable, but the Act makes no mention of a *registration* being "incontestable."

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

> 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

The Board showed no sympathy for the applicant: "By making a deliberate decision to select IFG as the prominent portion of the varietal names of the identified goods, Applicant self-abrogated its own trademark rights, exposing its prior trademark registration to potential cancellation in an inter partes proceeding."[130]

In re Uman Diagnostics AB

In this "key aspect" genericness case, the Board upheld a refusal to register the proposed mark NF-LIGHT for "specimen analysis kits containing reagents and assays for detecting neurological biomarkers in biological samples, serum, blood, plasma, saliva, and cerebrospinal fluid in human and animal samples used by medical and clinical researchers in labs and institutions," finding the term to be generic for the goods.[131] The Board first found that Applicant Uman's ELISA[132] kits are "a subset of the broad genus of goods identified in the application, and [that] neurofilament light[133]—the particular 'neurological biomarker' detected by applicant's kit—is a subcategory and key aspect of the genus."[134] Then it found that the relevant consumers of the goods (clinical and medical researchers) understand "NF-Light" as a generic term referring to neurofilament light.

Uman confirmed that its goods "detect the neurofilament light protein that is generated in the human brain."[135] In other words, the "target analyte" of Uman's ELISA kits is neurofilament light.[136]

> We find that Applicant's broadly worded identification of goods (the genus in this case) . . . encompasses the enzyme-linked immunosorbent assays (ELISA) kits for detecting neurological biomarkers, namely neurofilament light protein

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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.

130 *International Fruit Genetics*, 2022 U.S.P.Q.2d 1119, at *38-39.

131 *In re* Uman Diagnostics AB, 2023 U.S.P.Q.2d 191 (T.T.A.B. 2023).

132 *Id.* at *5-6. The Board took judicial notice that "an 'ELISA,' the acronym for an 'enzyme-linked immunosorbent assay,' is '[a] sensitive immunoassay that uses an enzyme linked to an antibody or antigen as a marker for the detection of a specific protein, especially an antigen or antibody.'"

133 *Id.* "Neurofilaments (NFs) are the main structural proteins of neurons and are members of the class IV intermediate filament protein family. NFs are selectively expressed in the nervous system and are found at the highest levels in long projection axons. They are composed of four subunits, namely NF light (NFL), NF medium (NFM), and NF heavy (NFH) chain subunits plus an unstable alpha internexin subunit." Definition from a February 7, 2019, article in the *Journal of Clinical Laboratory Analysis* titled "Neurofilament Levels in patients with neurological diseases: A comparison of neurofilament light and heavy chain levels."

134 *Id.* at *8.

135 *Id.* at *7.

136 *Id.* at *8.

> that Applicant actually provides under its purported mark. Applicant's ELISA kits are thus a subset of the broad genus of goods identified in the application, and neurofilament light—the particular "neurological biomarker" detected by Applicant's kit—is a subcategory and *key aspect* of the genus.[137]

The question, then, was whether "the relevant public (medical/clinical researchers) understands the term 'NF-Light' to refer primarily to that key aspect."[138] If so, then the term "NF-Light" is generic, "even if the public does not understand the term to refer to the broad genus as a whole."[139]

Numerous articles and dictionary references, in addition to third-party uses, convinced the Board that "the term NF-LIGHT, or similar variation NF light, is a commonly used and well recognized abbreviation for the neurofilament light subunit, and is used as such by medical and clinical researchers in the relevant field of use. Indeed, the evidence shows the terms to be substantially synonymous."[140] The evidence also showed that the term "NF-Light" is so used by competitors, which is "strong evidence of genericness."[141]

Relying on the CAFC's *Merrill Lynch* decision,[142] Uman argued that the USPTO failed to meet its burden of showing the proposed mark to be generic because there was a "mixed record" of usage—i.e., generic usage as well as proper trademark use. The Board was unimpressed.

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137 *Id.* (emphasis added).

138 *Id.*

139 *Id.* at 8-9, quoting *Cordua*, 118 U.S.P.Q.2d at 1638 (finding that substantial evidence supported the Board's conclusion that CHURRASCOS was generic because it referred to a key aspect of restaurant services featuring grilled meat). *See also* Royal Crown Co. v. Coca-Cola Co., 892 F.3d 1358, 127 U.S.P.Q.2d 1041, 1047 (Fed. Cir. 2018) (the term ZERO deemed generic "because it refers to a key aspect of at least a sub-group or type of [the genus of] the claimed beverage goods"); *In re* Twenty-Two Desserts, LLC, 2019 U.S.P.Q.2d 292782, at *5 (T.T.A.B. 2019) (holding MALAI, which refers to an Indian dairy ingredient, generic for applicant's frozen desserts because relevant consumers would understand it to refer to a key aspect or subcategory of the genus of the goods).

140 *Id.* at *15, quoting Baroness Small Estates, Inc. v. Am. Wine Trade, Inc., 104 U.S.P.Q.2d 1224, 1226 (T.T.A.B. 2012).

141 *Id.*, citing BellSouth Corp. v. DataNational Corp., 60 F.3d 1565, 35 U.S.P.Q.2d 1554, 1558 (Fed. Cir. 1995) ("The cases have recognized that competitor use is evidence of genericness."); Philip Morris Inc. v. Brown & Williamson Tobacco Corp., 230 U.S.P.Q. 172, 176 (T.T.A.B. 1986) (finding evidence that competitors have used a particular word as the name of their goods is persuasive evidence of genericness).

142 *In re* Merrill Lynch, Pierce, Fenner & Smith Inc., 828 F.2d 1567, 4 U.S.P.Q.2d 1141, 1143 (Fed. Cir. 1987) ("The mixture of usages unearthed by the NEXIS computerized retrieval service does not show, by clear evidence, that the financial community views and uses the term CASH MANAGEMENT ACCOUNT as a generic, common descriptive term for the brokerage services to which Merrill Lynch first applied the term.").

> [T]his is not a "mixed record" case that compels a finding of non-genericness. "[T]he mere fact that a record includes evidence of both proper trademark use and generic use does not necessarily create a mixed record that would overcome an examining attorney's evidence of genericness." *In re Am. Online, Inc.*, 77 U.S.P.Q.2d 1618, 1623 (T.T.A.B. 2006). Where the record shows a "mixture" of uses, our task remains the same: to determine whether a preponderance of the evidence shows that the proposed mark's "primary significance" to the relevant consuming public is to refer to the product or to indicate source.[143]

The Board observed that "two decades of scientific journals consistently use the term 'NF-Light' or 'NF Light' as an abbreviation for 'neurofilament light.'"[144] Moreover, the Merrill Lynch firm was recognized as a "pioneer"[145] in providing the specific financial services involved in that case, but Uman was late to the party.

> The scientific journal articles unearthed in this record show that the term "NF-LIGHT" has been used in the scientific community as an abbreviation for "neurofilament light" in scientific journals since at least as early as 2003, nine years before Applicant claims to have coined the term.[146]

The Board found that Uman's evidence of use of the term "NF-LIGHT" by third parties in scientific articles that acknowledged the term as Uman's trademark, was "the type of use less probative than the usage showing that it is understood as a generic term," because it is an "industry practice in scientific journals to identify products that are used in the course of a study using the name for the product applied by the manufacturer."[147] The generic use of "NF-LIGHT" in some of these articles is "strong evidence of the primary significance of that term to the relevant public, and is not offset by the apparent ceremonial identification of the term as a trademark whenever Applicant's goods are used in a study."[148]

> We are convinced on this record that the relevant public perceives NF-LIGHT as substantially synonymous with, and a reference to, neurofilament light, a subcategory and key aspect of Applicant's "specimen analysis kits containing reagents and assays for detecting neurological biomarkers in biological samples, serum, blood, plasma, saliva, and

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143 *Uman*, 2023 U.S.P.Q.2d 191 at *28.

144 *Id.* at *30.

145 *Id.*

146 *Id.* at *29.

147 *Id.* at *31.

148 *Id.* at *32.

cerebrospinal fluid in human and animal samples used by medical and clinical researchers in labs and institutions."[149]

6. Goods in Trade

In re The New York Times Co.

In a soporific decision that understandably did not merit a banner headline in the *New York Times*, the Board, in six consolidated appeals, reversed refusals to register the marks THE NEW OLD AGE, A GOOD APPETITE, HUNGRY CITY, WORK FRIEND, OFF THE SHELF, and LIKE A BOSS for, inter alia, "columns" (in International Class 16) on the subjects of business, office, money, careers, and work–life balance. The Board rejected the USPTO's position that each mark identifies only "individual portions of applicant's publication" and does not identify "separate goods in trade."[150] The Board concluded that, in light of changes in the marketplace for the delivery of news, a new test is required for the registrability of non-syndicated columns or sections in printed publications or recorded media, and under that new test the subject columns qualified as goods in trade.[151]

The Board observed that a "goods in trade" refusal is founded on Section 1, 2, and 45 of the Lanham Act.[152] Proposed marks that are not used for "goods in trade" cannot be registered on the Principal or the Supplemental Register.[153] For example, incidental items such as invoices, reports, packaging, and business forms used in conducting a business—as opposed to items that are sold or transported in commerce—are not goods in trade.[154]

According to TMEP Section 1202.07, "[a] column, section, or supplement of a publication that is printed, downloadable, or

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149 *Id.* at *36.

150 *In re* The New York Times Co., 2023 U.S.P.Q.2d 392 (T.T.A.B. 2023). The six applications also included the services of providing online publications in the nature of articles, columns, and newspapers (in International Class 41), but the refusals to register were limited to the Class 9 goods.

151 *Id.* at *17.

152 *Id.* at *4. *See, e.g.*, *In re* S'holders Data Corp., 495 F.2d 1360, 181 U.S.P.Q. 722, 723 (C.C.P.A. 1974) ("Although the Act does not define 'goods,' the definition of a 'trademark' in section 45 states that a trademark is used 'to identify goods' and section 2 refers to 'goods in commerce.'").

153 *Id.* at *6. *See* TMEP § 1202.06 (July 2022).

154 *Id. See*, *e.g.*, *S'holders Data*, 181 U.S.P.Q. at 723 (reports are not goods in trade where applicant is not engaged in the sale of reports, but solely in furnishing financial reporting services, and the reports are merely a conduit through which services are rendered); *In re* MGA Entm't, Inc., 84 U.S.P.Q.2d 1743, 1746-47 (T.T.A.B. 2007) (applicant's trapezoidal cardboard boxes for toys, games, and playthings held to be merely point of sale containers for applicant's primary goods and not separate goods in trade, where there was no evidence that applicant is a manufacturer of boxes or that applicant is engaged in selling boxes as commodities in trade).

recorded on electronic media is normally not considered to be separate 'goods' or 'goods in trade,' unless it is sold, syndicated, or offered for syndication separate and apart from the larger publication in which it appears." However, "[t]he USPTO has carved out an exception for marks that identify non-syndicated columns or sections of printed newspapers" by making them eligible for registration either on the Principal Register with a showing of acquired distinctiveness under Section 2(f), or on the Supplemental Register.[155]

> The USPTO's practice of refusing marks identifying non-syndicated columns in print format is based on decisions issued at a time when new or opinion columns were only available to consumers as part of the overall purchase of a particular newspaper, magazine, or other type of publication in print format. *See, e.g.*, *In re Broad. Publ'ns*, 135 U.S.P.Q. 374 (T.T.A.B. 1962); *Ex parte Meredith Publ'g*, 109 U.S.P.Q. 426 (Comm'r Pats. 1956).[156]

The New York Times Co. did not dispute that its newspaper's columns are not syndicated. Nor did it invoke the "exception" by claiming acquired distinctiveness or seeking registration on the Supplemental Register. It did, however, directly challenge the contention that *New York Times* columns are not "goods in trade." The question for the Board, then, was whether the *New York Times* columns "are independent 'goods in trade'—that is, items sold or transported in commerce for use by others—or merely ancillary or incidental to its goods or services."[157]

After reviewing the state of the law, the Board decided that changes in the marketplace for the delivery of news "have impacted consumer perceptions of what titles of non-syndicated columns represent," and so "the correct legal standard for determining whether a non-syndicated column is a good in trade should no longer depend on the format in which it is offered."[158]

> Whether a non-syndicated column that is, for example, "printed, downloadable, or recorded on electronic media," TMEP Section 1202.07(a), is a good in trade should be analyzed using the same standard we use to assess goods in trade issues in other contexts.[159]

The Board therefore adopted a new test, based on *Lens.com, Inc. v. 1-800 Contacts, Inc.*,[160] for non-syndicated columns, a test that

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155 *Id.* at *7. *See* TMEP § 1202.07(a)(ii).

156 *Id.* at *7-8.

157 *Id.* at *9.

158 *Id.* at *18.

159 *Id.*

160 686 F.3d 1376, 103 U.S.P.Q.2d 1672 (Fed. Cir. 2012).

considers the following factors in determining whether an applicant's goods are "goods in trade":

- whether the goods are simply the conduit or necessary tool useful only in connection with the applicant's primary goods or services;
- whether they are so inextricably tied to and associated with the primary goods or services as to have no viable existence apart from them; and
- whether they are neither sold separately nor of any independent value apart from the primary goods or services.[161]

The Board found that the *New York Times* columns are not merely a "conduit or necessary tool" to obtain its primary goods, nor is each individual print column so inextricably tied to or associated with the *New York Times* print edition as to have no viable existence apart from the print edition as a whole.[162]

Finally, the Board found that the columns possess independent value separate and apart from the newspaper, noting that consumers may look for and search for the name of the column and then separately read that column.

> Prior to the widespread availability of the Internet to consumers, the only way a printed newspaper column could reach a wide geographic area was through syndication. The search engine results show the "independent value" of the print columns to consumers insofar as readers recognize the columns as separate goods to such a degree that they may be searchable by name and retrieve multiple results. This has a similar impact on the consumer's experience as traditional syndication.[163]

The Board concluded that the proposed marks identify individual columns of the newspaper, "distinguishing them from columns of other publishers' newspapers and may be perceived as such by the public."[164]

7. Unlawful Use

In re National Concessions Group, Inc.

Finding that Applicant National Concessions' essential oil dispenser constitutes illegal drug paraphernalia under the

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161 *New York Times,* 2023 U.S.P.Q.2d 392, at *19, citing *Lens.com*, 103 U.S.P.Q.2d at 1676.

162 *Id.* at *21.

163 *Id.* at *24-25.

164 *Id.* at *25.

Controlled Substances Act ("CSA")[165] the Board upheld refusals to register the marks BAKKED (in standard characters) and the stylized drop design shown below. The Board rejected National Concessions' arguments that because the goods are legal under Colorado state law, or are traditionally used with tobacco products, they fall within either of two exemptions set forth in the CSA.[166]

The Board has consistently held that, in order to qualify for registration, the use (or intended use) of a mark must be lawful.[167] Section 863(a) of the CSA makes it unlawful to (1) sell or offer for sale, (2) use the mails or any other facility of interstate commerce to transport, or (3) import or export drug paraphernalia. Equipment or products primarily intended or designed for use in ingesting, inhaling, or otherwise introducing marijuana into the human body (for example, water pipes, roach clips, and bongs) constitute unlawful drug paraphernalia under Section 863(d) of the CSA, except for two exemptions set out in Section 863(f):

1. any person authorized by local, State, or Federal law to manufacture, possess, or distribute such items; or
2. any item that, in the normal lawful course of business, is imported, exported, transported, or sold through the mail or by any other means, and traditionally intended for use with tobacco products, including any pipe, paper, or accessory.[168]

The first question for the Board was whether the subject goods constitute "drug paraphernalia" under the CSA. Although the goods, as identified in the application ("essential oil dispenser, sold empty, for domestic use") are not unlawful, "extrinsic evidence may be used to show such a violation."[169] The examining attorney submitted several articles explaining the process of "dabbing" as a means of

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165 21 U.S.C. § 801 *et seq.*

166 *In re* Nat'l Concessions Grp., Inc., 2023 U.S.P.Q.2d 527 (T.T.A.B. 2023).

167 *In re* PharmaCann LLC, 123 U.S.P.Q.2d 1122, 1123-24 (T.T.A.B. 2017); *In re* JJ206, LLC, 120 U.S.P.Q.2d 1568, 1569 (T.T.A.B. 2016); *In re* Brown, 119 U.S.P.Q.2d 1350, 1351 (T.T.A.B. 2016).

168 21 U.S.C. § 863(f).

169 *Nat'l Concessions*, 2023 U.S.P.Q.2d 527, at *3, citing *Brown*, 119 U.S.P.Q.2d at 1351-52 (applicant's specimen and website showed that its "retail store services featuring herbs" included the sale of marijuana).

inhaling superheated cannabis concentrates to produce a quicker "high," wherein the concentrate is applied to specialized devices.

National Concessions' website and third-party websites promote its essential oil dispenser as a "dabbing" tool. The Board, noting that National Concessions identifies itself as "The Largest Cannabis Company in the US," concluded that the evidence "amply supports a finding" that the subject essential oil dispenser "primarily is intended or designed for use in connection with preparing, inhaling or introducing marijuana into the human body via 'dabbing.'"[170] Consequently, the dispenser comprises prohibited drug paraphernalia as defined in the CSA.

Under the CSA, it is unlawful to sell, offer to sell, transport, import, or export drug paraphernalia in interstate commerce. The evidence showed that National Concessions uses the mail or other facilities of interstate commerce to transport drug paraphernalia.

The next question was whether the subject goods qualify for an exemption under the CSA. To repeat, Section 863(f)(1) exempts "any person authorized by local, State, or Federal law to manufacture, possess, or distribute such items," and Section 863(f)(2) exempts "any item that, in the normal lawful course of business, is imported, exported, transported, or sold through the mail or by any other means, and traditionally intended for use with tobacco products, including any pipe, paper, or accessory."

National Concessions argued that it is a person authorized by state law to manufacture, possess, or distribute its goods. The Board, however, ruled that it did not have to decide the validity of that argument because, in any case, National Concessions is not entitled to federal registration of its marks. First, the registration that it seeks is not limited to Colorado, and registration would give it presumptive exclusive rights to nationwide use of its mark. Second, any authorization by the State of Colorado "cannot override the laws of the other states or federal law outside Colorado."[171]

> While Applicant may be correct that Colorado has authorized it to manufacture, possess or distribute the goods, such authorization does not extend beyond the borders of Colorado. The Section (f)(1) exemption argued for here is tied to a geographic area—that is, Applicant argues it is authorized by Colorado law to manufacture, possess or distribute the goods in Colorado. But that exemption is insufficient to support the federal trademark registration Applicant seeks, which would be nationwide in effect.[172]

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170 *Id.* at *5.

171 *Id.* at *7.

172 *Id.* at *7-8. *Compare Brown*, 119 U.S.P.Q.2d at 1351 ("[T]he fact that the provision of a product or service may be lawful within a state is irrelevant to the question of federal registration.").

The Board therefore held that "when a Section 863(f)(1) exemption is applicable based on state law, that exemption does not support federal registration."[173]

Turning to the exemption under Section 863(f)(2), National Concessions contended that its identified goods could be used to dispense tobacco oil because the goods are "of the type traditionally intended for use with tobacco products."[174] However, its evidence fell short of convincing the Board that such a tradition existed. The traditional devices that National Concessions pointed to did not resemble the goods with which it uses the two marks at issue.

And so, the Board sustained the refusals to register under Sections 1 and 45 of the Lanham Act.

8. Use of Collective Membership Mark

In re Mission America Coalition

Section 4 of the Lanham Act[175] provides for registration of a collective membership mark, defined as a trademark or service mark adopted by a collective and used by members to indicate membership in the collective.[176] Mission American Coalition sought to register the mark THE TABLE COALITION "to indicate membership in a group of church leaders, senior church members, ministers, independent evangelical preachers, and other evangelical principals to promote and support evangelistic activities." However, its specimen of use failed to show use by members to indicate

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173 *Id.* at *8.

174 *Id.*

175 Section 4 of the Lanham Act, 15 U.S.C. § 1054, states:

> Subject to the provisions relating to the registration of trademarks, so far as they are applicable, collective and certification marks, including indications of regional origin, shall be registrable under this chapter, in the same manner and with the same effect as are trademarks, by persons, and nations, States, municipalities, and the like, exercising legitimate control over the use of the marks sought to be registered, even though not possessing an industrial or commercial establishment, and when registered they shall be entitled to the protection provided in this chapter in the case of trademarks, except in the case of certification marks when used so as to represent falsely that the owner or a user thereof makes or sells the goods or performs the services on or in connection with which such mark is used. Applications and procedure under this section shall conform as nearly as practicable to those prescribed for the registration of trademarks.

176 Section 45 of the Lanham Act, 15 U.S.C. § 1127, defines the term "collective mark" as follow:

> [A] trademark or service mark (1) used by the members of a cooperative, an association, or other collective group or organization, or (2) which such cooperative, association, or other collective group or organization has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, and includes marks indicating membership in a union, an association, or other organization.

membership in the collective organization, and so the Board affirmed a refusal to register under Sections 1, 4, and 45 of the Act.[177]

The Coalition's specimen of use comprised a business card of its Director of Ministry, Deena Kvasnik. The examining attorney maintained that the business card is used by the organization itself, not by a member to indicate membership in the applicant coalition.

The Coalition argued that Ms. Kvasnik's business card is presented to potential members to solicit their membership in the organization. However, in her declaration, Ms. Kvasnik did not aver that she is a member of the organization. Her business card stated that she holds the position of Director of Ministry, but it did not identify her as a member.

> Thus, Applicant's specimen—the business card of one of Applicant's officers—shows use of THE TABLE COALITION by Applicant, not as a collective membership mark by **members of Applicant's organization**, "to inform relevant persons of the members' association with the organization." *In re* Code Consultants Inc., 60 U.S.P.Q.2d 1699, 1700 (T.T.A.B. 2001).[178]

The record as a whole, including Ms. Kvasnik's declaration "suggests **Applicant's** use of THE TABLE COALITION as a service mark," but it does not show use of the mark as a collective membership mark in connection with the identified services.[179]

9. Prosecution Issues

a. Translation Requirement

In re Advanced New Technologies Co., Ltd.

Rule 2.32(a)(9) of the Trademark Rules of Practice[180] requires that any non-English wording in a proposed mark be translated into English. Applicant Advanced New Technologies applied to register the mark ZHIMA for hundreds of goods and services in nine classes, but it refused to comply with the examining attorney's requirement that it submit an English translation of the mark. Advanced advanced the argument that "ZHIMA" is not an English word but

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177 *In re* Mission Am. Coal., 2023 U.S.P.Q.2d 228 (T.T.A.B. 2023).

178 *Id.* at *12 (emphasis in original).

179 *Id.* (emphasis in original).

180 Rule 2.32(a)(9) of the Trademark Rules of Practice 37 C.F.R. § 2.32(a)(9), entitled "Requirements for a complete trademark or service mark application," states, in pertinent part: "(a) The application must be in English and include the following: . . . (9) If the mark includes non-English wording, an English translation of that wording."

(although concededly a transliteration of the Chinese characters for the word) a coined term. The Board sided with the USPTO.[181]

The original applicant was the Chinese company, Alibaba. The Board noted that "Ali Baba" is the hero of the Arabian Nights story, "Ali Baba and the Forty Thieves."[182] Ali Baba is a poor woodcutter who discovers the secret of a thieves' den, which he entered by uttering the phrase "Open Sesame."[183]

> The term "Open Sesame" has come to mean, inter alia, "a marvelous or irresistible means of securing access to what would normally be inaccessible." Thus, the use of the Chinese word for "Sesame" for the wide variety of goods and services identified [in] its application creates the commercial impression that Applicant is offering access to what was previously inaccessible (i.e., all of Applicant's goods and services).[184]

The Board also noted that, in a co-pending application for the Chinese characters, Advanced entered a translation of the characters as "SESAME in English."

The examining attorney submitted a translation of the Chinese characters (sometimes accompanied by the term "ZHIMA") from nine Chinese-English dictionaries, as "sesame" or "sesame seed." Advanced conceded that the dictionary evidence showed that the Chinese characters "transliterate or are pronounced 'zhima,'" but argued that this evidence does not show that the term "ZHIMA" "is translated to the English word 'sesame' nor that ZHIMA has any meaning at all."[185]

The examining attorney countered with numerous news articles referring to "zhima" as the Chinese term for "sesame," as well as with third-party website evidence discussing "ZHIMA" or "ZHI MA" sesame products. Indeed, the Alibaba.com website advertised a sesame powder as "Zhima Powder."

The Board found that the evidence both established that "ZHIMA is a transliteration of a Chinese word that means 'Sesame,'"[186] and contradicted Advanced's argument that "ZHIMA" is a "coined term." The term "ZHIMA" "is used and recognized as the Chinese word for 'Sesame' and . . . Applicant [has] improperly refused to comply with the requirement to enter a translation statement."[187]

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181 *In re* Advanced New Techs. Co., Ltd., 2023 U.S.P.Q.2d 60 (T.T.A.B. 2023).

182 *Id.* at *4.

183 *Id.*, citing *Ali Baba and the Forty Thieves*, Wikipedia, https://en.wikipedia.org/wiki/Ali_Baba_and_the_Forty_Thieves (last visited July 14, 2023).

184 *Id.*

185 *Id.* at *9.

186 *Id.* at *15.

187 *Id.* at *17.

b. New Arguments for Refusal

In re Berkeley Lights, Inc.

The TTAB rejected Applicant Berkeley Lights' quixotic request for reconsideration of the Board's decision[188] affirming a Section 2(e)(1) mere descriptiveness refusal of DEEP OPTO PROFILING for various chemicals and for biochemical services. Berkeley unsuccessfully claimed that the Board both violated Berkeley's constitutional due process rights and the requirements of the Administrative Procedure Act ("APA") and failed to follow Board precedent by not affording Berkeley the benefit of the doubt on the issue at hand.[189]

After a detailed review of the record and the prior decision, the Board found no substantive or procedural error. It rejected Berkeley's principal contention that the Board may not rely on "new arguments that the Examining Attorney **never** made" in reaching its decision.[190] According to the Trademark Board Manual of Procedure ("TBMP"), Section 1217, the Board "need not find that the examining attorney's rationale was correct in order to affirm the refusal to register, but may rely on a different rationale."

Berkeley pointed to several decisions in which the CAFC purportedly had found it "unlawful" under the Due Process Clause and the APA for the Board of Patent Appeals and Interferences to rely on supposedly "new arguments" in reviewing a patent examiner's rejection of patent claims.[191] However, the Board pointed out, those cases did not involve new arguments, but rather new grounds for rejection. "Unlike the Patent Board in the cited cases, we did not adopt a 'new ground' for refusing to register Applicant's proposed mark when we affirmed the Examining Attorney's descriptiveness refusal."[192]

> [T]he mere descriptiveness refusal has remained the same since the first Office Action. Throughout prosecution and on appeal, the mere descriptiveness refusal was based on the meaning of the individual terms and their continued descriptive significance when used in combination in connection with Applicant's goods and services. Applicant was provided with the evidence supporting the refusal as attachments to the Office Actions, and had the opportunity

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188 *In re* Berkeley Lights, Inc., Serial No. 88895703 (T.T.A.B. Jan. 26, 2022).

189 *In re* Berkeley Lights, Inc., 2022 U.S.P.Q.2d 1000 (T.T.A.B. 2022).

190 *Id.* at *8. (emphasis by the applicant).

191 *Id.* at *13-14.

192 *Id.* at *14. *See In re* Kumar, 418 F.3d 1361, 76 U.S.P.Q.2d 1048 (Fed. Cir. 2005); *In re* Leithem, 661 F.3d 1316, 100 U.S.P.Q.2d 1155 (Fed. Cir. 2011); *In re* Stepan Co., 660 F.3d 1341, 100 U.S.P.Q.2d 1489 (Fed. Cir. 2011); *In re* Biedermann, 733 F.3d 329, 108 U.S.P.Q.2d 1623 (Fed. Cir. 2013).

> to address the Examining Attorney's evidence and to provide evidence of its own in response, and Applicant did so.[193]

The Board pointed out that, in any case, Berkeley could have addressed the "new arguments" in this request for reconsideration, but did not.[194] Accordingly, the Board found no lack of notice or lack of due process here.

Finally, Berkeley's reliance on the so-called "rule of doubt" argument was misplaced since the Board did not express any doubt in its decision.

> To the contrary, based on our review of the record as a whole, including Applicant's own materials, we had "no doubt that consumers of Applicant's goods and services for testing cells on a microfluidic chip would immediately understand that DEEP OPTO PROFILING describes a key function and purpose of Applicant's chemicals and assays, namely, a self-described 'process' involving the use of optofluidic technology that depends on microfluidics" *** because the Examining Attorney had made of record sufficient evidence to establish a prima facie case for mere descriptiveness, and Applicant neither rebutted that evidence nor showed on this request for reconsideration why the Board's decision relying on that evidence was wrong.[195]

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193 *Id.* at *16. *See In re* Shinnecock Smoke Shop, 571 F.3d 1171, 91 U.S.P.Q.2d 1218, 1220 (Fed. Cir. 2009) ("There was no due process violation here because Applicant 'was provided a full opportunity to prosecute [its] application and to appeal the examining attorney's final rejection[ ] to the Board.'") (quoting *In re* Int'l Flavors & Fragrances Inc., 183 F.3d 1361, 51 U.S.P.Q.2d 1513, 1518 (Fed. Cir. 1999)).

194 *Id.* at *19.

195 *Id.* at *21-22.

PART II. INTER PARTES CASES

A. United States Court of Appeals for the Federal Circuit

1. Section 2(d) Likelihood of Confusion

Bertini v. Apple Inc.

Because the TTAB got it wrong on the core issue of priority by way of "tacking," the CAFC overturned the Board's decision[196] dismissing Charles Bertini's Section 2(d) opposition to registration of APPLE MUSIC for a host of services, including the production and distribution of sound recordings and presentation of live music performances. The court ruled that the Board had erred in awarding priority to Apple over Bertini's use of the common law mark APPLE JAZZ for live musical performances. On a question of first impression, the court held that a trademark applicant cannot establish priority for every good or service in its application merely because it has priority through tacking in a single good or service listed in its application.[197]

Opposer Bertini's earliest date of use was in 1985. Apple, Inc. has used the mark APPLE MUSIC since 2015, when it launched the APPLE MUSIC streaming service. Apple, Inc. asserted that it acquired trademark rights in the mark APPLE from Apple Corps in connection with sound recordings and films, with an August 1968 date of use, for gramophone records and audio compact discs featuring music, and that it therefore has priority for the services recited in its application that are closely related to the production and distribution of sound recordings. The Board agreed.

The CAFC, however, observed that "[t]he standard for a trademark owner to invoke tacking is strict."[198] The party seeking to tack must show that the old mark and the new mark "create the same, continuing commercial impression so that consumers 'consider both as the same mark.'"[199] In other words, the marks must be "legal equivalents."[200]

Apple claimed priority for all fifteen categories of services in its application by tacking on Apple Corps' 1968 use of APPLE for gramophone records. According to the Board, that was permissible, but the CAFC disagreed.

> Tacking a mark for one good or service does not grant priority for every other good or service in the trademark application. *Cf. Van Dyne-Crotty*, 926 F.2d at 1160 ("[I]t would be clearly

196 Bertini v. Apple, Inc., Opposition No. 91229891 (T.T.A.B. Apr. 26, 2021).

197 Bertini v. Apple, Inc., 63 F.4th 1373, 2023 U.S.P.Q.2d 407 (Fed. Cir. 2023).

198 *Id.* at *2, citing *Van Dyne-Crotty, Inc. v. Wear-Guard Corp.*, 926 F.2d 1156, 1160 (Fed. Cir. 1991).

199 *Id.*, quoting Hana Fin., Inc. v. Hana Bank, 574 U.S. 418, 422 (2015).

200 *Id.* quoting *Hana*, 574 U.S. at 422.

> contrary to well-established principles of trademark law to sanction the tacking of a mark with a narrow commercial impression onto one with a broader commercial impression."). A trademark owner must show tacking is available for each good or service for which it claims priority on that ground.[201]

The court found that the Board had conflated the tacking standard with the standard for Section 2(d) oppositions whereby "[a]n opposer can block a trademark application in full by proving priority of use and likelihood of confusion for any of the services listed in the trademark application."[202] Thus, to prove likely confusion, Bertini needed to show only that he had priority of use of APPLE JAZZ for any service listed in Apple's application. "The reverse is not true."[203]

Bertini had priority as to two of the services in Apple's application: production and distribution of sound recordings; and arranging, organizing, conducting, and presenting live musical performances. Even if Apple could tack the use of APPLE for gramophone records onto its use of APPLE MUSIC for sound recordings, "this does not give Apple priority . . . for live musical performances," nor for the "laundry list" of other services in its application.[204]

The CAFC then considered the "scope of the tacking inquiry."[205] Prior cases dealt with the standard for tacking two different marks used for the *same* goods or services.[206] The court had not addressed "the appropriate standard for tacking uses on *different* goods or services."[207]

The Board has held that tacking requires that the new and old goods or services be "substantially identical."[208] The CAFC observed that this requires that "the new goods or services are within the normal evolution of the previous line of goods or services," and partly depends on "whether consumers would generally expect the

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201 *Id.* at *4.

202 *Id.* at *5, citing Tuxedo Monopoly, Inc. v. Gen. Mills Fun Grp., Inc., 648 F.2d 1335, 1336 (C.C.P.A. 1981) (affirming Board decision sustaining opposition in which opposer showed that applicant's use of its mark on T-shirts would likely cause confusion with opposer's mark, the registration of which included T-shirts, dresses, skirts, coats, scarves, etc.); McCarthy on Trademarks and Unfair Competition § 20:17 (5th ed.).

203 *Id.*

204 *Id.*

205 *Id.*

206 *Id.*

207 *Id.* (emphasis in original).

208 *Id. See* Big Blue Prods. Inc. v. Int'l Bus. Machs. Corp., 1991 WL 326549, at *3 (T.T.A.B. Apr. 8, 1991); *see also* C.P. Ints., Inc. v. Cal. Pools, Inc., 238 F.3d 690, 700-01 (5th Cir. 2001) (noting "substantially identical" goods or services is the "dominant terminology" for tacking).

new goods or services to emanate from the same source as the previous goods or services."[209]

Thus, to establish tacking, Apple had to show that live performances are substantially identical to gramophone records. Although tacking is a question of fact, the CAFC saw no need to remand to the Board for finding on the issue of tacking.

No reasonable person could conclude, based on the record before us, that gramophone records and live musical performances are substantially identical. Nothing in the record supports a finding that consumers would think Apple's live musical performances are within the normal product evolution of Apple Corps' gramophone records.[210]

And so, the court reversed the Board's dismissal of Bertini's opposition.

Spireon, Inc. v. Flex Ltd.

In a ruling that may portend a major change in the assessment of the strength of a mark under the fifth and sixth *DuPont* factors, the CAFC vacated and remanded the Board's decision[211] that found confusion likely between Applicant Spireon's mark FL FLEX for electronic devices for tracking the location of mobile assets, and Opposer Flex's registered marks FLEX, FLEX (Stylized), and FLEX PULSE for supply chain and logistics management services. The appellate court concluded that the Board erred in its assessment of both the conceptual and the commercial strength of Flex's marks by failing to consider all relevant evidence. The Board also erred when, in comparing the marks at issue, it mistakenly analyzed Spireon's mark against the mark FLEX PLUS instead of the correct mark FLEX PULSE.[212]

Conceptual Strength: The Board, in concluding that Flex's marks are not conceptually weak, improperly discounted the probative value of fifteen registered marks comprising compound terms that included "another word or letters in addition to 'FLEX.'"[213] After excluding those marks, the Board found that the remaining record evidence of third-party uses and registrations was "far less than the amount of evidence found convincing in *Jack Wolfskin* and *Juice Generation* wherein 'extensive evidence of third-party uses' of similar marks was shown."[214] That exclusion of evidence was an error:

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209 *Id.* at *6.

210 *Id.*

211 Flex Ltd. v. Spireon, Inc., Opposition No. 91252138 (T.T.A.B. Feb. 10, 2022).

212 Spireon, Inc. v. Flex Ltd., 71 F.4th 1355, 2023 U.S.P.Q.2d 737 (Fed. Cir. 2023).

213 *Id.* at *2.

214 Flex Ltd. v. Spireon, Inc., Opposition No. 91252138, slip op. at 18, quoting Jack Wolfskin Ausrustung Fur Draussen GmbH & Co. KGAA v. New Millennium Sports, S.L.U., 797

> At least where the registrations and application [at issue] are for non-identical marks, as they are here, it is error for the Board to effectively disregard third-party composite marks. The composite third-party registrations are relevant to the question of whether the shared segment—in this case, "flex"—has a commonly understood descriptive or suggestive meaning in the field and whether there is a crowded field of marks in use. The composite marks have probative value and should have been included in the Board's analysis.[215]

The Board "compounded this error by apparently giving no weight" to Spireon's evidence and argument that "flex" is highly suggestive because it is a shortened form of "flexible."[216]

> It seems apparent that the term "flex" "hint[s] at some attribute of the goods or services," 2 McCarthy, § 11:64, in this industry and is thus suggestive. On remand, the Board must consider all relevant evidence to determine whether Flex's marks are conceptually weak.[217]

Commercial Strength: The Board erred again in declining to consider third-party use of composite marks. Spireon argued that the Board should also have considered two third-party registrations for the identical mark FLEX for supply chain and logistics management software, and a third registration of FLeX for a transportation controller, even though there was no record evidence of use of the marks. This led the CAFC to consider the burden of proof regarding third-party registrations.

The court observed that it is well-established that the opposer has the burden of proof in opposition proceedings,[218] which would suggest that, once an applicant has introduced a third-party registration, the opposer has the burden to show the registered mark is not in use. "In other words, absent proof of non-use, use could be assumed."[219] However, the court noted, "in prior cases, we and our predecessor court appear to have assumed, without explicitly stating, that in connection with the analysis of commercial

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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 evidence of at least fourteen third-party registrations and uses, and in *Juice Generation* there was evidence of twenty-six registrations and uses.

215 *Spireon*, 2023 U.S.P.Q.2d 737, at *5.

216 *Id.*

217 *Id.* at *6.

218 *Id. See* Real Foods Pty. Ltd. v. Frito-Lay N. Am., Inc., 906 F.3d 965, 128 U.S.P.Q.2d 1370 (Fed. Cir. 2018).

219 *Id.*

strength, the burden rested on the applicant to establish that prior marks were actually in use."[220]

The CAFC declined to address "the broader question of which party bears the burden of establishing non-use as a general matter."[221]

> This case presents the far narrower question of whether the burden of showing non-use of identical marks for identical goods rests with the opposer. We think it necessarily does. Otherwise, the opposer would be able to dismiss the commercial significance of previously registered identical marks for identical goods where the opposer's own mark should perhaps have not been granted registration in the first place.[222]

On remand, Flex "should be given the opportunity" to show that these identical marks are not in use. "If Flex fails to establish non-use, the commercial strength of the Flex marks must be considered weak as to Spireon's non-identical mark."[223]

FLEX PLUS?: Flex argued that the Board's inexplicable error in considering the mark FLEX PLUS rather than FLEX PULSE was harmless because the Board's overall analysis was supported by substantial evidence. The CAFC disagreed:

> We note that FLEX PULSE is quite different from FL FLEX in appearance and sound. "Flex" appears as the first word in the FLEX PULSE mark, while it is the last word in the FL FLEX mark. On remand, the Board should analyze the correct mark, taking into account all the differences between FL FLEX and FLEX PULSE.[224]

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220 *Id. See, e.g.*, AMF Inc. v. Am. Leisure Prods., Inc., 474 F.2d 1403, 177 U.S.P.Q. 268, 269 (C.C.P.A. 1973) (holding that "little weight is to be given [to third-party] registrations in evaluating whether there is likelihood of confusion" because "[t]he existence of these registrations is not evidence of what happens in the marketplace or that customers are familiar with them").

221 *Id.* at *7. If the burden of proving non-use for all third-party registrations were placed on the opposer, that would indeed be a major change in TTAB jurisprudence, with significant practical ramifications with regard to discovery practice and the gathering of evidence.

222 *Id.* It would seem to be the rare case indeed where an opposer is faced with three third-party registrations for the identical mark for identical goods or services.

223 *Id.*

224 *Id.* at *7-8.

B. Trademark Trial and Appeal Board

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

NPG Records, LLC and Paisley Park Enterprises, LLC v. JHO Intellectual Property Holdings LLC

Finding that the proposed mark PURPLE RAIN for dietary and nutritional supplements violates Section 2(a) of the Lanham Act because it falsely suggests a connection with the famous musician and performer Prince, the Board granted the opposers' motion for summary judgment.[225] The record contained "copious, unrebutted evidence of Prince's fame among the general consuming public and his unique association with the words PURPLE RAIN."[226] The Board agreed with the opposers[227] that "[b]ecause purchasers are accustomed to celebrity licensing, they may presume a connection with a celebrity even though the goods have no relation to the reason for the celebrity's fame."[228]

Section 2(a), in relevant part, prohibits registration of "matter which may . . . falsely suggest a connection with persons, living or dead, institutions, beliefs or national symbols . . . ."[229] In this case, the opposers had to establish there was no genuine dispute that:

- Applicant's mark PURPLE RAIN is the same or a close approximation of Prince's name or identity;
- The mark would be recognized as such, in that it points uniquely and unmistakably to Prince;
- Opposers are not connected with the goods sold by Applicant or Applicant's other activities under the PURPLE RAIN mark; and
- PURPLE RAIN is of sufficient fame or reputation that, when Applicant's mark is used in connection with its goods, a connection with Prince would be presumed.[230]

As to the first element, the evidence of use of the term "PURPLE RAIN" by Prince included his iconic album *Purple Rain*, an award-

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225 NPG Records, LLC and Paisley Park Enters., LLC v. JHO Intell. Prop. Holdings LLC, 2022 U.S.P.Q.2d 770 (T.T.A.B. 202).

226 *Id.* at *21.

227 Opposer NPG claimed to own registered and common law rights in the trademark PURPLE RAIN, and Opposer Paisley Park claimed to own rights in the name, image, and likeness of Prince Rogers Nelson (the musical artist commonly known as "Prince").

228 *NPG Records*, 2022 U.S.P.Q.2d 770, at *21-22.

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

230 *NPG Records*, 2022 U.S.P.Q.2d 770, at *13-14. *See* Piano Factory Grp., Inc. v. Schiedmayer Celesta GmbH, 11 F.4th 1363, 2021 U.S.P.Q.2d 913, at *11 (Fed. Cir. 2021) (citing cases); University of Notre Dame du Lac v. J.C. Gourmet Food Imports Co., 703 F.2d 1372, 217 U.S.P.Q. 505, 509 (Fed. Cir. 1983); Pierce-Arrow Soc'y v. Spintek Filtration, Inc., 2019 U.S.P.Q.2d 471774, at *4 (T.T.A.B. 2019) (citing cases).

winning movie of that name, and sales of associated merchandise using the term, as well as survey results showing that the public commonly associates the term "PURPLE RAIN" with Prince. The Board therefore found that PURPLE RAIN is widely recognized as synonymous with Prince.

As to the second element, there was "plentiful evidence of the notoriety of Prince's PURPLE RAIN song and PURPLE RAIN movie," as well as evidence of substantial merchandising efforts "dovetailing the song and movie and the connection to Prince."[231] Survey results showed that a significant percentage of the general public (66.3%) recognizes PURPLE RAIN as a reference to Prince. And so, the Board found that PURPLE RAIN points uniquely and unmistakably to Prince.

As to the third element, the evidence was uncontroverted that Prince is not connected with the applicant's activities or the goods provided, or intended to be provided, under the PURPLE RAIN mark.

As to the fourth element, the Board observed that "[t]here is no prerequisite that the institution or person actually provide the goods in order to find that an applicant's mark creates a false suggestion of a connection. Nor does it 'require proof that a prior user's reputation is closely related to an applicant's goods.'"[232]

Moreover, "[u]nlike in the case of trademark or trade name infringement, it is enough that the defendant-applicant uses the plaintiff's name to cause a false connection between the plaintiff and the defendant's goods."[233]

> If the applicant's goods are of a type that consumers would associate them . . . in some fashion with a sufficiently famous person or institution, then we may infer that purchasers of the goods or services would be misled into making a false connection with the named party. *In re Int'l Watchman, Inc.*, 2021 U.S.P.Q.2d 1171, at *25 (citing cases).[234]

The opposers also showed that they use and license the mark PURPLE RAIN for a variety of consumer products. The Board found that "consumers encountering Applicant's mark, when used in connection with Applicant's goods, will presume a connection between PURPLE RAIN and Prince under the fourth factor of Trademark Act Section 2(a)."[235]

In conclusion, the Board found no genuine dispute of material fact as to the false suggestion of a connection claim under

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231 *Id.* at *16.

232 *Id.* at *21.

233 *Id.*, quoting *Piano Factory Grp.*, 2021 U.S.P.Q.2d 913, at *14.

234 *Id.*

235 *Id.* at *23.

Trademark Act Section 2(a), and so it entered judgment in favor of the opposers, sustaining the opposition.

2. Section 2(c) Consent of Living Individual

Mystery Ranch, Ltd. v.
Terminal Moraine Inc. d/b/a Moraine Sales

The Board sustained an opposition to registration of the mark DANA DESIGN in the form shown below, for backpacks, hiking equipment, tents, and related goods, on the ground that the mark comprises the name of a living individual, Dana Gleason, without his consent and is therefore barred from registration by Section 2(c) of the Trademark Act.[236] However, the Board rejected Opposer Mystery Ranch's Section 2(a) false connection claim because the opposed mark is not a close approximation of Mystery Ranch's name or identity, nor does it point uniquely or unmistakably to Mystery Ranch.[237]

Entitlement to a Statutory Cause of Action: In 1985, Dana Gleason founded Dana Design Ltd. to manufacture backpacks. In 1992, the company registered the word mark DANA DESIGN, and in 1997 it registered a backpacker silhouette like that shown above. In 2000, the marks were assigned to another company, and the registrations were cancelled in 2016 and 2018, respectively. However, the evidence showed that DANA DESIGN–branded backpacks are currently being offered for sale on a secondary market. Opposer Mystery Ranch, co-owned by Dana Gleason, has been making and selling backpacks since 2000, but apparently not under the DANA DESIGN mark.

Applicant Terminal Moraine Inc. was formed in 2015 for the specific purpose of selling backpacks and tents under the (allegedly abandoned) DANA DESIGN word mark. In 2018, it applied to register the word-plus-design mark here opposed.

The Board observed that Mystery Ranch need not have a proprietary interest in a term for purposes of its Section 2(a) claim; "rather, a Section 2(a) plaintiff has standing by virtue of who the

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[236] Section 2(c) of the Lanham Act, 15 U.S.C. § 1052(c), in pertinent part, bars registration of a mark that "[c]onsists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent . . . ."

[237] Mystery Ranch, Ltd. v. Terminal Moraine Inc. d/b/a Moraine Sales, 2022 U.S.P.Q.2d 1151 (T.T.A.B. 2022).

plaintiff is, that is, the plaintiff's personality or 'persona.'"[238] Although it rejected the argument that the company's interest coincided with that of Dana Gleason, the Board found that Mystery Ranch's interest "is in protecting Dana Gleason's persona in order to preserve Opposer's right, as a direct competitor of Applicant, to use the DANA name in promoting backpacks, tents, and related goods."[239]

The Board concluded that Mystery Ranch "demonstrated its personal stake in preventing the registration of a mark in the backpack field that allegedly appropriates the persona of one of its owners promoted in connection with the business, and a reasonable belief in resultant damage."[240] "As the corporate body owned in part by Dana Gleason, Opposer has an interest beyond that of the general public in protecting Mr. Gleason's reputation as the purportedly famous 'Dana' named in the designation DANA DESIGN."[241] Moreover, having established its entitlement under Section 2(a), Mystery Ranch may rely on any other ground set forth in Section 2 of the Lanham Act that negates the applicant's right to registration.[242]

Section 2(a)—False Suggestion of a Connection: Mystery Ranch is not the legal successor to Dana Design Ltd. or its successors. However, despite the transfer of the goodwill of the DANA DESIGN trademark, the Board found that Dana Gleason did not abandon "whatever rights he may have in his 'persona.'"[243] Moreover, the evidence showed that, in the field of backpacks and hiking gear, "the name 'Dana' would be recognized as a nickname for Dana Gleason."[244]

The Board then found that "although . . . consumers associate Dana Gleason and Mystery Ranch . . . they are not perceived as each

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238 *Id.* at *13, quoting Estate of Biro v. Bic Corp., 18 U.S.P.Q.2d 1382, 1385 (T.T.A.B. 1991), cited in Bos. Ath. Ass'n v. Velocity, LLC, 117 U.S.P.Q.2d 1492, 1494 (T.T.A.B. 2015) (establishing standing based on use of unregistered mark); *see also Univ. of Notre Dame*, 217 U.S.P.Q. at 509 ("There may be no likelihood of such confusion as to the source of goods even under a theory of 'sponsorship' or 'endorsement,' and, nevertheless, one's right of privacy, or the related right of publicity, may be violated.").

239 *Id.* at *15.

240 *Id.*

241 *Id.* at *15-16. *See, e.g.*, *Piano Factor*, 2021 U.S.P.Q.2d 913, at *10 (plaintiff corporation was entitled to bring Section 2(a) claim that the applicant's use of the family businesses name "Schiedmayer" injured the reputation of the brand; "this is not a case in which other Schiedmayer companies or individuals appear to have interests that conflict with the interests of Schiedmayer Celesta.").

242 *Id.* at *17, citing Jewelers Vigilance Comm., Inc. v. Ullenberg Corp., 823 F.2d 490, 2 U.S.P.Q.2d 2021, 2023 (Fed. Cir. 1987) ("Once standing is established, the opposer is entitled to rely on any of the grounds set forth in Section 2 of the Lanham Act which negate applicant's right to its subject registration.").

243 *Id.* at *23.

244 *Id.*

other's alter ego. There is no merger of the two such that the 'Dana' in DANA DESIGN refers interchangeably to either entity."[245] The Board therefore concluded that the opposed mark is not a "close approximation" of Mystery Ranch's name or identity, and this failure to meet the first element of the Section 2(a) test was enough to sink its Section 2(a) claim.[246]

Furthermore, the opposed mark does not point "uniquely and unmistakably" to Mystery Ranch, another requirement of the Section 2(a) test[247] since the mark may point to Mystery Ranch, Dana Gleason, the defunct Dana Design Ltd., or the assignees of that company's marks.

Section 2(c)—Lack of Consent: Terminal Moraine contended that Mystery Ranch had no right to invoke Section 2(c) on behalf of Dana Gleason. The Board observed that, in order to rely on Section 2(c), an entity "must assert that it has a 'cognizable or proprietary right' in the name, image, likeness or signature, such as through a 'linkage or relationship' with that particular individual sufficient to assert the third party's rights."[248]

There are two ways to show that a name identifies a particular living individual for purposes of Section 2(c): "(1) if the person is so well known that the public would reasonably assume the connection, or (2) if the person is publicly connected with the business in which the mark is being used."[249]

The evidence established that Dana Gleason "is publicly connected with the business in which Applicant's mark is intended for use; consumers would make an association between Gleason and Applicant's mark."[250] The Board therefore found that Dana Gleason "was in privity with Dana Design Ltd and is currently in privity with [Mystery Ranch]."[251] Consequently, Mystery Ranch "has a cognizable right to assert Gleason's rights under Section 2(c) to prevent the use of his first name DANA without his written consent."[252]

Applicant Terminal Moraine argued that Dana Gleason sold his interest in the DANA DESIGN marks decades ago and the marks

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245 *Id.* at *27-28.

246 *Id.* at *28. *See Pierce-Arrow*, 2019 U.S.P.Q.2d 471774, at *4 (T.T.A.B. 2019); *In re* White, 73 U.S.P.Q.2d 1713, 1718 (T.T.A.B. 2004); *see also*, *Piano Factory*, 2021 U.S.P.Q.2d 913, at *11.

247 *Id.* at *28-30.

248 *Id.* at *32, quoting Ceccato v. Manifattura Lane Gaetano Marzotto & Figli S.p.A., 32 U.S.P.Q.2d 1192, 1195 (T.T.A.B. 1994); *see also* Nike, Inc. v. Palm Beach Crossfit, 116 U.S.P.Q.2d 1025, 1033 (T.T.A.B. 2015).`

249 *Id.* at *35, citing M/S R.M. Dhariwal Huf 100% EOU v. Zarda King Ltd., 2019 U.S.P.Q.2d 149090, at *5 (T.T.A.B. 2019); *Nike, Inc.*, 116 U.S.P.Q.2d at 1032-33.

250 *Id.* at *37.

251 *Id.*

252 *Id.*

were subsequently abandoned. The Board pointed out, however, that "[i]t is one thing to permit another to use one's name as a mark, quite another to 'relinquish all ownership rights in one's name and agree to allow another to register one's name."[253] Gleason's actions in setting up Mystery Ranch in 1999, honoring Dana Design Ltd.'s warranties, continuing to interface with the public as the designer of backpacks, and promoting himself as the owner and designer, demonstrated his intent to keep using his name.

And so, the Board sustained the Section 2(c) claim.

3. Section 2(d) Likelihood of Confusion

a. Likelihood of Confusion Found

Monster Energy Co. v. Lo

Frequent TTAB litigant Monster Energy prevailed in this opposition to registration of the mark ICE MONSTER & Design for "restaurants, coffee shops, ices parlors, snack bars with take-out for flavored and fruit ice products, and specifically excluding frozen yogurt" [ICE disclaimed]. The Board found the mark likely to cause confusion with the registered mark MONSTER ENERGY for restaurant services. Although the MONSTER ENERGY mark is famous for energy drinks, the Board rejected Monster's claim of fame as to restaurant services. Nonetheless, the Board found the marks at issue to be very similar, the services legally identical in part, and the trade channels and classes of consumers presumably the same.[254]

ICE MONSTER

The Board observed that Monster's broad recitation of "restaurant services" encompasses Applicant Chun Hua Lo's restaurants with takeout for flavored and fruit ice products. Lo argued that Monster "uses its cafeteria mostly to feed its employees,"[255] but the Board pointed out once again that the issue of likelihood of confusion must be decided on the basis of the recitation of services in the cited registration, regardless of actual marketplace usage.[256] Because the involved services are legally

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253 *Id.* at *34, quoting *In re* D.B. Kaplan Delicatessen, 225 U.S.P.Q. 342, 344 (T.T.A.B. 1985).

254 Monster Energy Co. v. Lo, 2023 U.S.P.Q.2d 87 (T.T.A.B. 2023).

255 *Id.* at *16.

256 *See* Octocom Sys., Inc. v. Hous. Comput. Servs. Inc., 918 F.2d 937, 16 U.S.P.Q.2d 1783, 1787 (Fed. Cir. 1990). ("the authority is legion" that whether a likelihood of confusion with a registered mark bars an applicant's mark "must be decided on the basis of the

identical in part, the Board must presume that they travel in the same trade channels to the same classes of consumers.[257]

Turning to the strength of the mark MONSTER ENERGY, the Board found that "MONSTER" is the more dominant term because of its "hyperbolic quality."[258] "MONSTER ENERGY as applied to restaurant services suggests either a monster of energy or an energetic monster . . . ."[259] In addition, the first word in a mark "generally . . . creates the strongest impression."[260] In sum, the mark is arbitrary and conceptually strong.

With regard to commercial strength, the Board found the mark MONSTER ENERGY to be famous for energy drinks, but Monster's evidence of fame did not encompass restaurant services. Its use of the mark for restaurant services "has not resulted in any notable commercial strength . . . ."[261] Monster operates one restaurant, Monster Bistro Café, in its headquarters building, for employees and visitors to the building. The Board found no evidentiary basis for finding MONSTER ENERGY to be commercially strong for restaurant services.

The Board also considered whether the strength of the MONSTER ENERGY mark for energy drinks "would impart strength to its mark when used for restaurant services."[262] Monster argued that consumers would perceive energy drinks as closely related to the flavored and fruit ice products offered at Lo's restaurants. The Board acknowledged Monster's limited evidence that some takeout restaurants offer both ice products and MONSTER ENERGY drinks, but it concluded that the fame of MONSTER ENERGY drinks does not extend to Lo's recited services.

Comparing the marks at issue, the Board found the "hyperbolic" term "MONSTER" to be dominant in both marks. Moreover, the term "ICE" is not only disclaimed, but as presented in the opposed mark may indicate the specialty of the restaurant "while the term

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identification of goods set forth in the application regardless of what the record may reveal as to the particular nature of an applicant's goods, the particular channels of trade or the class of purchasers to which the sales of goods are directed.").

257 *See In re* Viterra Inc., 671 F.3d 1358, 101 U.S.P.Q.2d 1905, 1908 (Fed. Cir. 2012) (identical goods or services are presumed to travel in same channels of trade to same class of purchasers).

258 *Monster Energy*, 2023 U.S.P.Q.2d 87, at *21.

259 *Id.*

260 *Id. See In re* Detroit Athletic Co., 903 F.3d 1297, 128 U.S.P.Q.2d 1047, 1049 (Fed. Cir. 2018) ("The identity of the marks' initial two words is particularly significant because consumers typically notice those words first."); Palm Bay Imps., Inc. v. Veuve Clicquot Ponsardin Maison Fondee En 1772, 396 F.3d 1369, 73 U.S.P.Q.2d 1689, 1692 (Fed. Cir. 2005) ("Veuve" is the most prominent part of the mark VEUVE CLICQUOT because "veuve" is the first word in the mark).

261 *Id.* at *25.

262 *Id.* at *27.

MONSTER alone indicates the mark."[263] The Board also accorded the literal element ICE MONSTER greater weight than the design element in Lo's mark because "[t]he blue rectangle suggests an ice cube and so reinforces the term ICE."[264] Monster's mark, on the other hand, is registered in standard character form and could be employed in the same color and stylization as Lo's mark.[265]

> Considering the marks as a whole, we find the common term MONSTER, especially when applied to legally identical restaurant services, creates the same commercial impression, and this impression does not alter with the addition of the terms ENERGY, ICE, and the background design or stylization of Applicant's mark.[266]

Lo pointed to the eleventh *DuPont* factor, which considers "the extent to which applicant has a right to exclude others from use of its mark on its goods,"[267] arguing that use of his mark in Taiwan since 1996 and his aggressive action in policing the mark since his arrival in this country, demonstrate his right to exclude. The Board, however, was unmoved.

> In sum, *DuPont* factor eleven does not consider the strength or fame of the applicant's mark in the same way the scope of protection is determined for the prior user under *DuPont* factor five. The factor may be useful to determine how marketplace realities and consumer perception defined by applicant's common law use and consequent right to exclude other users affects the likelihood of confusion. While the factor may consider any successful trademark enforcement activity in which the applicant has engaged, the purpose is not to assess the scope of protection of the applicant's mark (as in the fame analysis for the prior user's mark), but to

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263 *Id.* at *33.

264 *Id.* at *34. *See*, *e.g.*, Herbko Int'l, Inc. v. Kappa Books, Inc., 308 F.3d 1156, 64 U.S.P.Q.2d 1375, 1380 (Fed. Cir. 2002) ("[T]he puzzle design does not convey any distinct or separate impression apart from the word portion of the mark. Rather, it serves only to strengthen the impact of the word portion in creating an association with crossword puzzles.").

265 *See*, *e.g.*, Cunningham v. Laser Golf Corp., 222 F.3d 943, 55 U.S.P.Q.2d 1842, 1847-48 (Fed. Cir. 2000) ("The record shows that the registration for the LASERSWING mark contains a 'typed drawing.' . . . Therefore, it is irrelevant that Cunningham has a particular display for his mark in commerce, and the Board was correct to ignore those features."); Trademark Rule 2.52(a), 37 C.F.R. § 2.52(a), ("Applicants who seek to register words, letters, numbers, or any combination thereof without claim to any particular font style, size, or color must submit a standard character drawing that shows the mark in black on a white background.").

266 *Monster Energy*, 2023 U.S.P.Q.2d 87, at *36.

267 *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 entireties as to appearance, sound, connotation and commercial impression." *Id.* at 567.

> discern the marketplace reality and consumer perception of Applicant's use. In this way, when relevant evidence of an applicant's right to exclude is offered under *DuPont* factor eleven, it may impact the weight given to other *DuPont* factors in our ultimate weighing of the factors.[268]

The Board found two problems with Lo's argument regarding the eleventh factor. First, the involved services are legally identical and so there is no need to consider Lo's actual use of his mark. Second, the testimony regarding Lo's use was withdrawn, leaving no probative evidence on the issue.

Finally, under the thirteenth *DuPont* factor, Monster maintained that Lo adopted his mark in bad faith, but its only evidence was an admission that Lo "was familiar with Monster before he selected and began using [his] mark in the U.S."[269] The CAFC and the Board have repeatedly held that "mere knowledge of a prior similar mark is insufficient to demonstrate bad faith in adoption."[270]

Balancing the relevant *DuPont* factors, the Board found confusion likely, and it sustained the opposition.

Major League Baseball Players Ass'n and Aaron Judge v. Chisena

Michael P. Chisena went down swinging in this consolidated opposition to his applications to register the word marks ALL RISE and HERE COMES THE JUDGE and the design mark shown below, for "clothing, namely, t-shirts, shirts, shorts, pants, sweatshirts, sweatpants, jackets, jerseys, athletic uniforms, and caps." The Board found his proposed marks to be confusingly similar to the opposers' previously used marks for overlapping goods, and so it sustained the opposition on the Section 2(d) ground, declining to reach the opposers' Section 2(a) false connection and Section 43(c) dilution claims.[271]

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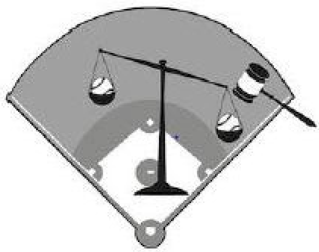
[268] *Id.* at *46-47.

[269] *Id.* at *48-49. The thirteenth *DuPont* factor calls for consideration of "any other established fact probative of the effect of use." 177 U.S.P.Q. at 567.

[270] *See, e.g.*, QuikTrip W., Inc. v. Weigel Stores, Inc., 984 F.3d 1031, 2021 U.S.P.Q.2d 35, at *4 (Fed. Cir. 2021); Action Temp. Serv. Inc. v. Labor Force Inc., 870 F.2d 1563, 10 U.S.P.Q.2d 1307, 1309 (Fed. Cir 1989); Carefirst of Md., Inc. v. FirstHealth of the Carolinas, Inc., 77 U.S.P.Q.2d 1492, 1512 (T.T.A.B. 2005); NASDAQ Stock Mkt. Inc. v. Antartica S.r.l., 69 U.S.P.Q.2d 1718, 1733 (T.T.A.B. 2003).

[271] Major League Baseball Players Ass'n and Aaron Judge v. Chisena, 2023 U.S.P.Q.2d 444 (T.T.A.B. 2023).



Applicant Chisena, a Long Island resident purportedly oblivious to the meteoric ascent of Aaron Judge in the baseball world, filed his intent-to-use applications for the word marks on July 14, 2017, and for the design mark on October 12, 2017. By that time, Aaron Judge had established himself as a star outfielder for the New York Yankees. He was named American League Rookie of the month in April, May, and June 2017, and also American League Player of the month in June 2017. On July 10, 2017, he won the Home Run Derby at the All-Star Game. By that time, sports media, the Yankees, and Yankee fans had already adopted a "judicial theme" in promotional material, stadium signage, and various souvenir items referring to Judge, displaying the phrases "ALL RISE" and "HERE COMES THE JUDGE" and depictions of "judicial indicia," such as a gavel, a courthouse, and the scales of justice, accompanied by his name or likeness.

"Standing": Chisena contended that the opposers lacked "standing" to bring their claims, but the Board would not stand for it. Mr. Judge authorized his union, Opposer MLBPA, to license the rights to use his name and likeness, as well as other words and designs referring to him, on apparel and other goods.[272] Moreover, Mr. Judge retained the right to enter into endorsement contracts with other entities—such as adidas, Under Armour, and Rawlings—the value of which could be undermined by unauthorized use and registration of confusingly similar marks on athletic wear. Thus, Judge had a real interest in protecting against unauthorized use of confusingly similar marks on apparel.

MLBPA had a real interest based on Judge's rights because he joined the union as a member and authorized it to act as his licensing agent and to enforce his rights. "[C]orporate or institutional plaintiffs may assert a real interest even where such interest in the outcome of a proceeding is based on the asserted rights of its members."[273]

Priority: Applicant Chisena relied on his filing dates as his first use dates. The opposers' evidence established that as of July 2017,

[272] *Id.* at *15. *See* Moreno v. Pro Boxing Supplies, Inc., 124 U.S.P.Q.2d 1028, 1035 (T.T.A.B. 2017) ("It is well-settled that use of a mark by a licensee inures to the benefit of the trademark owner."); *see also Monster Energy*, 2023 U.S.P.Q.2d 87, at *12.

[273] *Id.* at *16, quoting *Mystery Ranch*, 2022 U.S.P.Q.2d 1151, at *14.

licensees of MLBPA were selling shirts bearing the marks ALL RISE and HERE COMES THE JUDGE, some with depictions of gavels and of Aaron Judge himself, some with the words "THE JUDGE" and "JUDGE'S CHAMBERS," and some with depictions of a baseball diamond or the scales of justice. The Board particularly noted the licensees' testimony that Aaron Judge "is the only athlete they know of who has been marketed in connection with judicial phrases and symbols, as a play on his surname."[274]

> These are the hallmarks of trademark use. *** The evidence of record supports a finding that the consumers who encounter these signature slogans and symbols on t-shirts and other athletic apparel would recognize, associate, and perceive them as pointing to a single source: Aaron Judge, the one sponsoring or authorizing the merchandise. The subject slogans and symbols, as used by Opposers and their authorized licensees in the context of athletic apparel, perform that classic trademark function.[275]

Chisena argued that the opposers failed to prove that their alleged common law marks serve as source indicators, but the Board found that "fans perceive these judicially-themed slogans as a direct and unmistakable reference to Opposer Aaron Judge, as a play on his judicial-sounding surname."[276] For example, in May 2017, Yankee Stadium opened a section of seating dubbed "THE JUDGE'S CHAMBERS" three rows behind Mr. Judge in right field, in which eighteen fans were given black judge's robe t-shirts with his number 99 on the back, along with a foam gavel displaying the phrase "ALL RISE."[277]

For the same reasons, the Board rejected Chisena's claim that the marks are merely ornamental or informational, and therefore fail to function as trademarks. "[H]ere, the record shows that the consuming public recognizes the subject slogans and symbols carrying judicial connotations as pointing to only one baseball player on one major league team, similar to the record in *Lizzo*, 2023 U.S.P.Q.2d 139, at *34-39."[278]

> Considering the applicable evidence as a whole, as if each piece were part of a puzzle, *W. Fla. Seafood, Inc. v. Jet Rests., Inc.*, 31 F.3d 1122, 31 U.S.P.Q.2d 1660, 1663 (Fed. Cir. 1994), we find by a preponderance of the evidence that Opposers

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274 *Id.* at *28.

275 *Id.* at *42.

276 *Id.* at *39.

277 *Id.* at *8.

278 *Id.* at *44. In *Lizzo*, the Board reversed a failure-to-function refusal of the mark 100% THAT BITCH for various clothing items, finding that most consumers would understand the phrase as associated with the popular singer named "Lizzo" and not as a commonplace expression. For a full discussion of *Lizzo*, see Part I, Section B.4, above.

have established priority of use of ALL RISE and HERE COMES THE JUDGE, as well as judicial designs such as a gavel, courthouse image, or the scales of justice, as trademarks on t-shirts, baseball caps, and other athletic apparel.[279]

Likelihood of Confusion: The Board found that Chisena's word marks ALL RISE and HERE COMES THE JUDGE, "capture the key judicial phrasing used so frequently as a play on Aaron Judge's name."[280] As to Chisena's design mark:

> [It] confirms the reference to baseball, framing the key judicial images against a baseball diamond background. Superimposed over the baseball field are the scales of justice, tilting toward right field, Aaron Judge's frequent defensive position. Suspended in the scales of justice are baseballs. Striking the baseball in right field is a judicial gavel—an image frequently used to replace a baseball bat in the hands of Mr. Judge.[281]

Moreover, Chisena's marks could be displayed in navy blue and white, the Yankees' colors, and his goods could be sold "in or near stadiums or in sports apparel stores, and where the consuming public is sports fans, particularly baseball fans, the commercial impression is unmistakable: it refers to Aaron Judge."[282]

And so, the Board found that the involved marks are so similar in commercial impression that "persons who encounter the marks would be likely to assume a connection between the parties,"[283] and it sustained the opposition on the Section 2(d) ground.

b. Likelihood of Confusion Not Found

Shenzhen IVPS Technology Co. v. Fancy Pants Products, LLC

You might say that Applicant Fancy Pants relied on the old rope-a-dope strategy in this opposition to its application to register SMOKES & Design (shown below) for "Cigarettes containing tobacco substitutes not for medical purposes containing only cannabis with a delta-9 THC concentration of not more than 0.3% on a dry weight basis." Opposer Shenzhen claimed likely confusion with its registered mark SMOK and several SMOK-formative marks for electronic cigarettes, parts, and components thereof, and related services. Fancy Pants submitted neither testimony nor

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279 *Id.* at *50.

280 *Id.* at *54.

281 *Id.* at *55.

282 *Id.* at *56.

283 *Id.* at *57, quoting Cai v. Diamond Hong, Inc., 901 F.3d 1367, 127 U.S.P.Q.2d 1797, 1801 (Fed. Cir. 2018).

evidence nor did it file a brief, but the Board ruled in its favor, finding "SMOK" to be a weak mark, Fancy Pants' mark not confusingly similar to SMOK, and no overlap in trade channels.[284]

Family of Marks: In addition to its registration of, and common law rights in, the mark SMOK, Shenzhen claimed to own a family of "SMOK" marks, including SMOK FASHION, SMOK MODS, SMOK ECIG, SMOK MINI, SMOK PIPE, and SMOK TECH. The Board first considered whether Shenzhen established priority of use with regard to this alleged family of marks. Although priority was not an issue as to Shenzen's pleaded registration,[285] priority as to the family of marks is a separate issue: "while we acknowledge the Section 7(b) presumptions that attach to Opposer's Section 2(f) SMOK Principal Register registration, this statutory presumption does not factor into the family of marks analysis which considers the priority and the distinctiveness of the family feature under common law."[286]

The Board found that "SMOK," the "family feature" of Shenzhen's alleged family of marks, is descriptive of the goods, and therefore Shenzhen must make a "strong showing" of acquired distinctiveness for "SMOK" to qualify as a family feature.[287] Considering the evidence as a whole, the Board found that Shenzhen failed to prove that this asserted family feature had acquired distinctiveness prior to Fancy Pants' filing date. Therefore,

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284 Shenzhen IVPS Tech. Co. v. Fancy Pants Prods., LLC, 2022 U.S.P.Q.2d 1035 (T.T.A.B. 2022).

285 *Id.* at *14, citing King Candy, Inc. v. Eunice King's Kitchen, Inc., 496 F.2d 1400, 182 U.S.P.Q. 108, 110 (C.C.P.A. 1974); Signal Co., Inc. v. Sigmor Corp., 190 U.S.P.Q. 81, 83 (T.T.A.B. 1975).

286 *Id.* at *16-17. *See* Marion Labs. Inc. v. Biochemical/Diagnostics Inc., 6 U.S.P.Q.2d 1215, 1219 (T.T.A.B. 1988) (considering whether opposer's evidence of use and promotion of its alleged family of marks was prior to applicant's use and whether the evidence demonstrated "that the family feature is distinctive," and not "descriptive or highly laudatory or commonly used in the trade [such that] it cannot serve as the basis for a family of marks, at least in the absence of a showing of distinctiveness").

287 *Id.* at *31-32. *See* Royal Crown Co. v. Coca-Cola Co., 892 F.3d 1358, 127 U.S.P.Q.2d 1041, 1049 (Fed. Cir. 2018) (a descriptive term can serve as a family feature "only where there is a strong showing of secondary meaning in the term.").

Shenzhen could not prevail on its Section 2(d) claim based on its alleged family of marks.

Individual Common Law Marks: The Board then turned to whether Shenzhen proved priority based on its common law rights in the individual marks. It found that Shenzhen's testimony was "too vague and nonspecific to associate use of any of the SMOK or SMOK-formative marks identified by Opposer's witness with any particular goods or services or with any date of use."[288]

Registered Mark SMOK: Shenzhen properly submitted only one registration: for the mark SMOK in standard character form, as to which priority was not an issue. The Board, not surprisingly, found that SMOK, the phonetic equivalent of "smoke," is an "inherently weak" mark for Shenzhen's products and services.[289] Moreover, the design elements in Fancy Pants' mark sufficed to distinguish the mark from the SMOK mark.

As to the goods, the Board focused on Shenzhen's "electronic cigarettes" and found them to be related to Fancy Pants' "cigarettes containing tobacco substitutes," since they both could be used for the same purpose: "vaping or smoking (inhaling) a particular smokable substance."[290]

As to channels of trade, Shenzhen's products are sold online and at smoking shops, vaping shops, and convenience stores, but Shenzhen did not prove that those venues are normal channels of trade for Fancy Pants' products. The fact that both Fancy Pants and Shenzhen promote and offer their products on the Internet was not a sufficient basis for a finding that they are sold through the same trade channels.[291]

Although the Board concluded that the involved goods are related, the dissimilarity of the marks and the weakness of the common element, together with the lack of proof that the trade channels overlap, required a finding of no likelihood of confusion.

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288 *Id.* at *35.

289 *Id.* at *40.

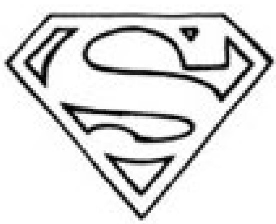
290 *Id.* at *48; *see, e.g.*, *In re* Davia, 110 U.S.P.Q.2d 1810, 1812, 1817 (T.T.A.B. 2014) (finding pepper sauce and agave related where evidence showed both were used for the same purpose in the same recipes).

291 *Id.* at *50-51. *See* Parfums de Coeur Ltd. v. Lazarus, 83 U.S.P.Q.2d 1012, 1021 (T.T.A.B. 2007) ("the mere fact that goods and services may both be advertised and offered through the Internet is not a sufficient basis to find that they are sold through the same channels of trade"); Inter IKEA Sys. B.V. v. Akea, LLC, 110 U.S.P.Q.2d 1734, 1743 (T.T.A.B. 2014) (rejecting opposer's theory that "any goods or services sold through retail stores, catalogs or over the Internet move through the same channels of trade and, therefore, for all intents and purposes, all goods and services potentially move through the same channels of trade").

DC Comics v. Cellular Nerd LLC

The Board not surprisingly tossed out this opposition to registration of the word-and-design mark shown immediately below, for "installation, maintenance and repair of cell phone related hardware," finding no likelihood of confusion with, and no likelihood of dilution of, several "'S' shield" marks associated with the "Superman" character. The Board found the marks, goods and services, and trade channels too different for purposes of the likelihood of confusion claim, and as to the dilution claim, it deemed the differences in the marks alone to be fatal.[292]

Procedurally, DC Comics took off on the wrong foot by citing numerous non-precedential TTAB decisions[293] and by submitting several illegible exhibits.[294] The Board made clear its displeasure. Substantively, the Board focused on three registered marks of DC Comics: the two "S & Design" marks shown below, for entertainment services, comics, clothing, and a few other mundane products, and the colorful design mark shown below right, for credit card services and customer loyalty rebate programs (collectively the "'S' Shield marks").

292 DC Comics v. Cellular Nerd LLC, 2022 U.S.P.Q.2d 1249 (T.T.A.B. 2022).

293 *Id.* at *8-9 ("Whether Opposer is unfamiliar with Board practice or simply disregarded it, the wholesale citation of nonprecedential cases lessens the persuasive value of Opposer's briefs. Citing nonprecedential cases should be done judiciously and rarely.").

294 *Id.* at *9. ("Illegible materials are of no help to the Board or anyone else in deciding registrability questions before the Board. We consider the evidence, or a portion of the evidence, only if it is clear and legible.").

Likelihood of confusion: The Board found the "S" shield marks to be conceptually strong and commercially strong or famous. However, the Board observed, although those marks are famous indicia of the Superman character and although licensed products bear those marks, in those licensed uses the marks serve as collateral source identification rather than as primary source identifiers.[295]

Furthermore, the Board was not persuaded that Applicant Cellular Nerd's cell phone hardware services are similar or related to DC Comics' entertainment-focused goods and services and its array of licensed products, including cell phone cases and accessories. Additionally, DC Comics failed to show an overlap in the channels of trade: Cellular Nerd may render its services "from mobile units, brick and mortar stores, and, perhaps, through the mail, and Opposer's goods and services are offered online and through various retail locations."[296]

With respect to the marks, the Board found that their differences outweighed their similarities. Importantly, the term "CELLULARNERD.com" dominates the opposed mark because it identifies the character superimposed over the letters "CN" in the diamond shield design. "This creates the commercial impression of a tech nerd ready to solve your cell phone problems in his persona as a tech nerd, as opposed to the letter 'S' shield design marks symbolizing a specific superhero."[297]

> [C]onsumers may easily distinguish Applicant's mark from Opposer's "S" shield and design marks. Because Applicant's mark conveys the image of a tech-savvy, problem-solving nerd with a vastly different set of skills than Opposer's superhero, consumers will not view the marks in their entireties as sufficiently similar to cause them to mistakenly believe there is an association with Opposer.[298]

Dilution-by-Blurring: The evidence established that the first two "S" shield design marks are famous for dilution purposes, and they achieved fame before Cellular Nerd's first use of its mark. However, the testimony and evidence did not prove the third mark to be famous for "issuance of credit cards; providing cash and other rebates for credit card use as part of a customer loyalty program" before the applicant's first use of its mark. In any case, the Board found the marks too dissimilar to support the dilution claim.[299]

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295 *Id.* at *50.

296 *Id.* at *53.

297 *Id.* at *56-57.

298 *Id.* at *57.

299 *Id.*

c. Priority

Narita Export LLC v. Adaptrend, Inc.

In a dubiously precedential decision, the Board granted cancellation petitioner Narita Export's motion for summary judgment, finding the registered mark TONOSAMA for gift baskets containing candy to be confusingly similar to Narita's identical common law mark for candy. The only real dispute concerned Narita's priority of use, which hinged on the validity of a nunc pro tunc assignment and an oral assignment.[300]

The Board first dealt with a procedural issue, ruling that because Respondent Adaptrend had withdrawn its affirmative defenses of abandonment and non-ownership (although stating that the withdrawal was "without prejudice pending further discovery"), it could not raise those two issues in connection with the summary judgment motion.[301] The Board did not cite any authority for this ruling.

Petitioner Narita submitted declarations from its president, Mr. Narita, and from Mr. Izumi, the former president of a company referred to as "TI Express." Mr. Izumi asserted that TI Express created the TONOSAMA mark and first sold branded candy in the United States on March 27, 2016, as evidenced by an Amazon screenshot showing a sale on that date. Furthermore, on October 20, 2020, Mr. Izumi executed a nunc pro tunc assignment of the mark to Petitioner Narita Exports, with an effective date of November 2, 2016, memorializing an "oral agreement" between the parties. Mr. Izumi also described the sales of TONOSAMA products that occurred prior to the assignment. Mr. Narita echoed Mr. Izumi's assertions regarding the assignment and regarding sales of the product.

Adaptrend argued that the declarations constituted inadmissible hearsay and lacked foundation, claiming that the declarations do not say that Mr. Narita or Mr. Izumi personally participated in the oral agreement. Rule 56(c)(4) of the Federal Rules of Civil Procedure states that declarations may be submitted on summary judgment motions if they are "made on personal knowledge, set out facts that would be admissible in evidence, and show that the affiant or declarant is competent to testify on the matters stated." The Board observed that "[t]he determinative factor is whether the testimony is 'characterized by contradictions,

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300 Narita Exp. LLC v. Adaptrend, Inc., 2022 U.S.P.Q.2d 857 (T.T.A.B. 2022).

301 *Id.* at *5.

inconsistencies, and indefiniteness' and whether it carries with it conviction of accuracy and applicability."[302]

A declaration may adequately support a summary judgment motion "when the declarant's position with the employer renders the declarant competent to provide the testimony on the particular issues which the declaration concerns."[303] The Board found that Mr. Narita and Mr. Izumi "are positioned to know or have access to information relevant to the substance of their respective declarations and the assignment referenced therein."[304]

The Board concluded that the declarations made a sufficient showing of personal knowledge of the stated facts. Each declaration was based on the declarant's position as president and on personal knowledge or regular business records.

Narita also submitted rebuttal declarations of the two declarants, stating that these two individuals were friends and personally reached the oral agreement at issue. The Board found that those declarations constituted proper rebuttal evidence.

The Board made short work of Adaptrend's Section 2(d) claim. Adaptrend asserted a first use date of June 13, 2016. Narita's declarations established a first use date of May 27, 2016. The marks are identical, the goods overlap, and it was undisputed that the goods travel in the same channels of trade. And so, the Board ruled that Narita was entitled to judgment on its Section 2(d) claim as a matter of law.

JNF LLC v. Harwood International Inc.

Petitioner JNF LLC was undoubtedly not the happiest with the outcome of its petition to cancel a registration for the mark HAPPIEST HOUR for bar and restaurant services. JNF claimed prior use of THE HAPPIEST HOUR for the identical services, but it failed to prove priority.[305] Its evidence regarding its first rendering of services under the mark was "characterized by contradictions, inconsistencies, and indefiniteness,"[306] and its claim of use analogous to trademark use failed because its prior publicity "was not sufficiently clear, widespread and repetitive."[307]

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302 *Id.* at *8-9, quoting B. R. Baker Co. v. Lebow Bros., 150 F.2d 580, 66 U.S.P.Q. 232, 236 (C.C.P.A. 1945); *see also* Powermatics, Inc. v. Glebe Roofing Prods. Co., 341 F.2d 127, 144 U.S.P.Q. 430, 432 (C.C.P.A. 1965).

303 *Id.* at *9. *See, e.g.*, *In re* DBC, 545 F.3d 1373, 89 U.S.P.Q.2d 1123, 1131 (Fed. Cir. 2008); Ava Ruha Corp. dba Mother's Milk Mkt. v. Mother's Nutritional Ctr., Inc., 113 U.S.P.Q.2d 1575, 1578 (T.T.A.B. 2015).

304 *Id.*

305 JNF LLC v. Harwood Int'l Inc., 2022 U.S.P.Q.2d 862 (T.T.A.B. 2022).

306 *Id.* at *29.

307 *Id.* at *35.

Registrant Harwood enjoyed a constructive first use date of October 6, 2014, the filing date of its underlying application. JNF owned a pending application to register its mark, with a claimed first use date "at least as early as October 10/00/2014." The Board noted that, when a specific day is not given in an alleged first use date, the USPTO, for examination purposes, presumes that the first use date is the last day of the month stated—in this case, October 31, 2014.[308]

After the registration was cited against JNF's application, JNF amended its alleged first use date to September 7, 2014, and then filed this petition for cancellation, "claiming prior use based on the amended date."[309]

Technical Trademark Use: Normally, a cancellation petitioner must prove priority by a preponderance of the evidence. But when a party claims a first use date earlier than what it alleged in its own application, "that is considered a change in position, contrary to the admission it made against interest at the time it filed the application; in these circumstances, its proof of the earlier date must be clear and convincing."[310]

Declaration testimony may be accepted as clear and convincing evidence. However, "[s]uch testimony should not be characterized by contradictions, inconsistencies, and indefiniteness, but should carry with it conviction of its accuracy and applicability."[311]

JNF submitted two testimonial declarations, one from its CEO and the other from a friend of the CEO, to support its claim that its restaurant had a "soft opening" in September 2014, with the mark THE HAPPIEST HOUR displayed on signage. However, its evidence was "contradictory, inconsistent, and indefinite."[312] For example, several restaurant reviews published in late October 2014 suggested that the restaurant opened on October 31, 2014.

The Board pointed out that a service mark is not in use unless and until the services have been *rendered* under the mark.

> Advertising and preparatory measures, such as taking reservations, may precede the rendering of services, but they are not the same as **rendering** those services. As the Federal Circuit made clear in *Couture v. Playdom*, the

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308 *Id.* at *8, citing TMEP § 903.06 (2022).

309 *Id.* at *8-9.

310 *Id.* at *9, citing Hydro Dynamics Inc. v. George Putnam & Co. Inc., 811 F.2d 1470, 1 U.S.P.Q.2d 1772, 1773-74 (Fed. Cir. 1987) (heavier burden imposed where applicant seeks to prove date of first use earlier than stated in its application). *See also* Elder Mfg. Co. v. Int'l Shoe Co., 194 F.2d 114, 92 U.S.P.Q. 330, 332 (C.C.P.A. 1952) and Stanspec Co. v. Am. Chain & Cable Co., 531 F.2d 563, 189 U.S.P.Q. 420, 424 (C.C.P.A. 1976)).

311 *Id.* at *11, quoting Elder Mfg. Co., 92 U.S.P.Q. at 332; *Baker v. Lebow*, 66 U.S.P.Q. at 236; *see also* Threshold.TV Inc. v. Metronome Enters. Inc., 96 U.S.P.Q.2d 1031, 1036 (T.T.A.B. 2010).

312 *Id.* at *25.

> statutory language in 15 U.S.C. § 1127 requiring that "the services are rendered" reflects the nature of trademark rights: "There is no such thing as property in a trademark except as a right appurtenant to an established business or trade in connection with which the mark is employed. . . . [T]he right to a particular mark grows out of its use, not its mere adoption. . . ." *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918).[313]

Observing that "[t]estimony regarding events from years before, uncorroborated by documents showing use of the mark before the critical date, is insufficient to prove a prior date of use by clear and convincing evidence,"[314] the Board found that JNF had failed to prove prior service mark use.

Analogous Use: Although mere advertisement of a mark without the rendering of services does not constitute "technical trademark use" that would support an application to register, in some circumstances it could be sufficient (as "use analogous to trademark use") to prove priority in an inter partes proceeding.[315] However, the party claiming such analogous use "must show prior use sufficient to create an association in the minds of the purchasing public between the mark and the petitioner's goods" and further that this prior use had a "substantial impact."[316]

JNF's evidence consisted of a September 7, 2014, press release, a September 2, 2014, *New York Times* article, and an August 24, 2014, article at *Grubstreet.com*. As to the press release, there was no information as to who received it or how many potential customers it reached. As to the two articles, they were not in the form of advertisements, and the mark was buried in the body of the articles. The Board was unimpressed.

> Petitioner's prior publicity was not sufficiently clear, widespread and repetitive to create the required association in the minds of the potential purchasing public between the mark as an indicator of a particular source and the service to

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313 *Id.* at *27-28 (emphasis in original), citing Couture v. Playdom, Inc., 778 F.3d 1379, 113 U.S.P.Q.2d 2042, 2043-44 (Fed. Cir. 2015); *accord* Lyons v. Am. Coll. of Veterinary Sports Med. & Rehab., 859 F.3d 1023, 123 U.S.P.Q.2d 1024, 1029 (Fed. Cir. 2017) ("mere preparation and publication of future plans do not constitute use in commerce"); Aycock Eng'g, Inc. v. Airflite, Inc., 560 F.3d 1350, 90 U.S.P.Q.2d 1301, 1307 (Fed. Cir. 2009) ("Mere adoption (selection) of a mark accompanied by preparations to begin its use are insufficient for claiming ownership of and applying to register the mark.").

314 *Id.* at *28, citing Am. Hygienic Labs. Inc. v. Tiffany & Co., 12 U.S.P.Q.2d 1979, 1984 (T.T.A.B. 1989).

315 *Id.* at *30, citing Malcolm Nicol & Co. v. Witco Corp., 881 F.2d 1063, 11 U.S.P.Q.2d 1638, 1639 (Fed. Cir. 1989); *see also* L. & J.G. Stickley, Inc. v. Cosser, 81 U.S.P.Q.2d 1956, 1968 (T.T.A.B. 2007); Shalom Children's Wear Inc. v. In-Wear A/S, 26 U.S.P.Q.2d 1516, 1519 (T.T.A.B. 1993).

316 *Id.* at *32, quoting T.A.B. Systems v. PacTel Teletrac, 77 F.3d 1372, 37 U.S.P.Q.2d 1879, 1883 (Fed. Cir. 1996).

> become available later. . . . It fails to prior prove [sic] analogous use by a preponderance of the evidence.[317]

Nkanginieme v. Appleton

When the Board sustained Nnenna Lovette Nkanginieme's Section 2(d) opposition to registration of the mark LOVETTE for handbags, Applicant Lovette Appleton certainly didn't love it. She requested reconsideration, contending that the Board improperly found that priority was not at issue. After the proceeding commenced, Opposer Nkanginieme had obtained a registration for her pleaded mark and entered same into the record. The Board pointed out that, absent a petition for cancellation of the "pleaded and proven registration," priority is not an issue in a Section 2(d) dispute, and so it denied the reconsideration request.[318]

Nkanginieme filed the application underlying her registration *after* Applicant Appleton had filed the application here opposed. Appleton contended it was error to allow Nkanginieme "to rely solely on a registration with a constructive priority date that postdates Applicant's application by five months."[319] In response, Nkanginieme pointed to Rule 2.106(b)(3)(ii),[320] which states that "[a]n attack on the validity of a registration pleaded by an opposer will not be heard unless a counterclaim or separate petition is filed to seek the cancellation of such registration." Appleton denied that she was making a "collateral attack," but rather was merely insisting that the registration should not be considered evidence of priority.

The Board pointed out that it did not make a determination as to priority because Nkanginieme's registration had removed priority as an issue.[321] In short, the Board must consider existing registrations without regard to prior use, absent a petition for cancellation of the registration.[322]

> Long-standing precedent makes clear that Trademark Act Section 2(d) provides two separate bases for refusal, one being a mark registered in the USPTO and the other being a mark

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317 *Id.* at *35.

318 Nkanginieme v. Appleton, 2023 U.S.P.Q.2d 277 (T.T.A.B. 2023).

319 *Id.* at *2.

320 Rule 2.106(b)(3)(ii) of the Trademark Rules of Practice, 37 C.F.R. § 2.106(b)(3)(ii).

321 *Nkanginieme*, 2023 U.S.P.Q.2d 277, at *4. *See, e.g.*, King Candy Co. v. Eunice King's Kitchen, Inc., 496 F.2d 1400, 182 U.S.P.Q. 108, 110-11 (C.C.P.A. 1974) ("In an opposition, the board must consider existing registrations of subsequent-user opposers . . . .").

322 *Id. See* Massey Junior Coll., Inc. v. Fashion Inst. of Tech., 492 F.2d 1399, 181 U.S.P.Q. 272, 275 n.6 (C.C.P.A. 1974) ("[P]rior use need not be shown by an opposer relying on a registered mark unless the applicant counterclaims for cancellation."); Signal Cos. v. Sigmor Corp., 190 U.S.P.Q. 81, 83 (T.T.A.B. 1975) (although filing date of opposer's application was subsequent to applicant's first use, priority was not an issue in the absence of a counterclaim to cancel the pleaded registration).

> (or trade name) previously used in the United States and not abandoned, and that the requirement of priority of use applies only to unregistered marks asserted as a bar to registration.[323]

The Board observed that Appleton could have made priority an issue by opposing Nkanginieme's underlying application when it was published, or by petitioning to cancel the issued registration, claiming priority in either case. Appleton would not thereby have given up her defense of no likelihood of confusion because she could have alternatively pleaded priority, on the one hand, and no likelihood of confusion on the other.[324]

4. Abandonment

Vans, Inc. v. Branded, LLC

In an exhaustive and exhausting opinion, the Board granted petitions to cancel two registrations for the mark OLD SCHOOL for various clothing items, on the ground of abandonment. The Board found that Registrant Branded, despite claiming attempts to sell or license the mark, had discontinued use of the mark with an intent not to resume use.[325]

Under Section 45 of the Trademark Act, a mark shall be deemed abandoned:

> [w]hen its use has been discontinued with intent not to resume such use. . . . 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.[326]

Abandonment is a question of fact.[327] Because a registration is presumed to be valid,[328] a cancellation petitioner must rebut this presumption by a preponderance of the evidence.[329]

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323 *Id.* at *5-6, citing *In re* House Beer, LLC, 114 U.S.P.Q.2d 1073, 1076 (T.T.A.B. 2015); *Signal Cos*., 190 U.S.P.Q. at 83.

324 *Id.* at *8.

325 Vans, Inc. v. Branded, LLC, 2022 U.S.P.Q.2d 742 (T.T.A.B. 2022).

326 Section 45 of the Trademark Act, 15 U.S.C. § 1027.

327 *Vans*, 2022 U.S.P.Q.2d 742, at *20, quoting Quality Candy Shoppes/Buddy Squirrel of Wisc., Inc. v. Grande Foods, 90 U.S.P.Q.2d 1389, 1393 (T.T.A.B. 2007).

328 Section 7(b) of the Lanham Act, 15 U.S.C. § 1057(b), states:

> 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.

329 *Vans*, 2022 U.S.P.Q.2d 742, at *20. *See* Cold War Museum v. Cold War Air Museum, 586 F.3d 1352, 92 U.S.P.Q.2d 1626, 1628 (Fed. Cir. 2009); W. Fla. Seafood Inc. v. Jet Rests., Inc., 31 F.3d 1122, 31 U.S.P.Q.2d 1660, 1665-66 (Fed. Cir. 1994).

Nonuse: The Board combed through the record evidence in great detail (the opinion includes 250 footnotes citing to the record). It noted that Branded "failed to introduce any credible documents showing use of the mark OLD SCHOOL to identify clothing or sales of OLD SCHOOL clothing."[330] Nor was there any evidence of advertising. Branded's testimony regarding use was unpersuasive because of its inconsistencies, contradictions, and unspecific nature. Vans thus established nonuse of the mark since 2008, a period of more than three years and thus prima facie evidence of abandonment.

> Petitioner's prima facie case of abandonment eliminates its burden of establishing the intent element of abandonment as an initial part of its case and creates a rebuttable presumption that Respondent had no intent to commence or resume use of the OLD SCHOOL trademark. *See Rivard v. Linville*, 133 F.3d 1446, 45 U.S.P.Q.2d 1374, 1376 (Fed. Cir. 1998); *Imperial Tobacco Ltd. v. Philip Morris Inc.*, 899 F.2d 1575, 14 U.S.P.Q.2d 1390, 1393 (Fed. Cir. 1990). The presumption shifts the burden to Respondent to introduce evidence that it intended to commence or resume use of its OLD SCHOOL trademark during the period of non-use. *See Rivard v. Linvell*, *supra*; *Cerveceria India Inc. v. Cerveceria Centroamerica, S.A.*, 10 U.S.P.Q.2d 1064, 1068 (T.T.A.B. 1989), aff'd, 892 F.2d 1021, 13 U.S.P.Q.2d 1307 (Fed. Cir. 1989).[331]

Intent Not to Resume Use: A registrant, in order to prove an intent to commence or resume use, must provide evidence "with respect to either specific activities undertaken during the period of nonuse, or special circumstances which excuse nonuse."[332] Here, Respondent Branded never intended to use the mark itself, but claimed that it always intended to license or sell it.

The Board was unimpressed. Branded could not prove its intent to resume use of its mark on the basis of its intent to sell the mark, "especially where the evidence that it 'used' the mark at all is so vague, inconsistent and unreliable."[333]

> [H]olding a mark with no use, with only an intent to sell the mark at some time in the future, is not proof of present use or intent to resume use. Under these circumstances, the buyer, not the seller, would be the party resuming use and such use would not relate back to the seller and establish the seller's intent to resume use. Rather, any use commenced by

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330 *Id.* at *48.

331 *Id.* at *53.

332 *Id.*, citing *Cerveceria*, 10 U.S.P.Q.2d at 1069.

333 *Id.* at *54.

> the buyer of a mark not associated with a business or relevant portion thereof could, at best, establish only the buyer's going-forward priority rights based on its own, and proper, first use of the mark.[334]

The Board held that "an intent to sell a trademark separate and apart from an ongoing business supports finding an intent not to resume use (i.e., no intent to resume use) by the seller."[335] Indeed, such an intent is evidence of "trafficking in trademarks," which the Trademark Act seeks to prevent by deeming such a sale invalid and the involved application or registration void.[336]

As to Branded's claimed efforts to license the mark, the Board acknowledged that bona fide licensing of a mark "involves use of a mark by the licensee that inures to the benefit of the licensor," and constitutes "use" attributable to the trademark owner.[337] However, because of the generality and vagueness of Branded's testimony, the Board concluded that Branded failed to establish that it had an acceptable intent to resume use rather than merely an attempt to "reserve a right in the mark until the right deal to license it [or] sell it outright came along."[338]

Branded contended that it had been policing its marks, which demonstrated its intent to resume use, but there was no evidence of the issuance of cease-and-desist letters, nor of the commencement of any litigation. Branded filed a single trademark opposition in 2009, but then filed none for the next nine years, until after this proceeding had commenced. The Board found this evidence of enforcement efforts "not persuasive."[339]

Conclusion: The Board found that Petitioner Vans established by a preponderance of the evidence that Branded failed to use its OLD SCHOOL mark after acquiring the mark in 2008 and intended

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334 *Id.* at *55.

335 *Id.* at *55-56. *See* M.Z. Berger & Co., Inc. v. Swatch AG, 787 F.3d 1368, 114 U.S.P.Q.2d 1892, 1899 (Fed. Cir. 2015) (applicant's intent in filing the application was merely to reserve a right in the mark, and not a bona fide intent to use the mark in commerce); Caesars World v. Milanian, 247 F. Supp. 2d 1171, 1192 (D. Nev. 2003) (reserving what the owner perceived to be desirable names with the intent to sell or license them to others).

336 *Id. See* Clorox Co. v. Chem. Bank, 40 U.S.P.Q.2d 1098, 1104 (T.T.A.B. 1996) ("[T]he remedy intended by Congress, in order to prevent the trafficking in marks which are the subject of intent-to-use applications, was that any such prohibited assignment, is not only invalid, . . . but the prohibited assignment also voids the application or any resulting registration.").

337 *Id.* at *54. *See* Moreno v. Pro Boxing Supplies, Inc., 124 U.S.P.Q.2d 1028, 1035 (T.T.A.B. 2017); *Quality Candy*, 90 U.S.P.Q.2d at 1392.

338 *Id.* at *61-62. *See Imperial Tobacco*, 14 U.S.P.Q.2d at 1394 ("[T]he Lanham Act was not intended to provide a warehouse for unused marks."); L & J.G. Stickley, Inc. v. Cosser, 81 U.S.P.Q.2d 1956, 1967 (T.T.A.B. 2007) (after a 28-year period of nonuse, petitioner's statement that he was holding the mark "in esteem" was not sufficient to demonstrate that petitioner had a bona fide intent to use the mark).

339 *Id.* at *65-66.

not to resume use. Therefore, Branded abandoned the mark in the two registrations involved in these proceedings.

ARSA Distributing Inc. v. Salud Natural Mexicana S.A. de C.V.

Finding Applicant Salud Natural Mexicana's long period of nonuse of its mark EUCALIN for nutritional supplements to be excusable, the Board dismissed this Section 2(d) opposition because Opposer ARSA Distributing was unable to prove priority. Salud, deemed a Specially Designated Narcotics Trafficker ("SDNT") by the U.S. Treasury Department, was banned from doing business in the United States from 2008 to 2015. Although Salud did not resume use of the mark for another seven years, it commenced TTAB litigation with ARSA in 2016 regarding ownership of the EUCALIN mark. The Board ruled that Salud's nonuse during the ban was excusable and that, in any case, Salud maintained an intent to resume use after 2016, negating the presumption of abandonment arising from its nonuse during that period.[340]

Opposer ARSA claimed prior common law rights in the mark EUCALIN for dietary and nutritional supplements, but Salud asserted that ARSA was its U.S. distributor and therefore that the goodwill generated by ARSA's use of the mark inured to Salud as the supplier of the product. ARSA argued that there was no distribution agreement, and in any case that Salud had abandoned the mark because it stopped selling product from 2008 to 2015 and failed to produce any evidence of an intent to resume use during that period. Therefore, ARSA claimed, it had priority of use dating back to 2008.

The Board found that, beginning in 1999, Salud sold its EUCALIN product in the United States. The packaging stated that the product was made by Salud in Mexico and distributed in the United States by ARSA. There was conflicting testimony regarding the distribution agreement, and so the Board found that "there was no clear agreement between the parties."[341]

Salud created the mark and the product, while ARSA was responsible for building up the business in the United States. ARSA solicited customers and fielded customer inquiries. ARSA's website address and telephone number were printed on the packaging.

When Salud was banned as an SDNT in October 2008,[342] ARSA found a new manufacturer for the EUCALIN product, but under a

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340 ARSA Distrib., Inc. v. Salud Natural Mexicana S.A. de C.V., 2022 U.S.P.Q.2d 887 (T.T.A.B. 2022).

341 *Id.* at *18.

342 Salud was named an SDNT by the U.S. Treasury Department's Office of Foreign Assets Control, under the Kingpin Act. The government claimed that a number of Mexican pharmaceutical companies participated in a network that made and distributed methamphetamines.

different formulation, since it did not have access to the original formulation. That same month, ARSA filed an application to register the mark EUCALIN, and obtained a registration in 2010 (cancelled in 2017 for failure to file the required Section 8 declaration of use).

In May 2015, Salud was removed from the SDNT list. In October 2015, Salud filed an application to register its EUCALIN mark, and in 2016 it petitioned the Mexican Institute of Industrial Property ("IMPI") for administrative statements of infringement against ARSA's label and syrup suppliers. In July 2016, Salud petitioned to cancel ARSA's U.S. registration, and in 2017 it applied to register its EUCALIN word-and-design mark.

Who Owned the Mark?: The Board first considered the issue of ownership of the EUCALIN mark. It observed that there is a legal presumption that the manufacturer, Salud, owned the mark, but the presumption may be rebutted.[343] In determining ownership between a manufacturer and distributor, the Board considers the following factors:

- which party created and first affixed the mark to the product;
- which party's name appeared with the trademark on packaging and promotional materials;
- which party maintained the quality and uniformity of the product, including technical changes;
- which party does the consuming public believe stands behind the product, e.g., to whom customers direct complaints and turn to for correction of defective products;
- which party paid for advertising; and
- what a party represents to others about the source or origin of the product.[344]

The Board found that the first, second, third, and sixth factors favored Applicant Salud while the second and fifth favored ARSA, and it concluded that "[o]n balance, the factors favor Applicant."[345] Therefore, ARSA did not rebut the presumption that its use of the EUCALIN mark from 1999 to October 2008 inured to the benefit of Salud as owner of the mark.

Abandonment: The question, then, was whether Salud had abandoned its rights in the EUCALIN mark. Abandonment requires nonuse coupled with an intent not to resume use.[346] ARSA

[343] *ARSA Distrib.*, 2022 U.S.P.Q.2d 887, at *22. *See* UVeritech, Inc. v. Amax Lighting, Inc., 115 U.S.P.Q.2d 1242, 1245-46, 1249 (T.T.A.B. 2015) (applying presumption where there was no written agreement and a dispute about whether there was an oral agreement).

[344] *Id.*, quoting *UVeritech*, 115 U.S.P.Q.2d at 1249.

[345] *Id.* at *23.

[346] Section 45 of the Lanham Act, 15 U.S.C. § 1127, in pertinent part, defines abandonment of a mark as follows:

established a prima facie case of abandonment based on Salud's admitted nonuse of the mark during any three-year period between 2008 and 2015. The burden of production shifted to Salud to prove an intent to resume use.[347] The burden of persuasion, however, remained with ARSA.[348]

Salud argued that, in view of its ban from conducting business in the United States, its nonuse of the mark from 2008 to 2015 was excusable. Furthermore, its intent to resume use was demonstrated by its prompt filing of an application to register the mark in October 2015, the infringement actions filed in Mexico, and its petition for cancellation of ARSA's registration. The Board sided with Salud:

> This is not a case where Applicant decided to cease use of its mark for business reasons. Rather, Applicant had no choice but to cease use of its mark because its use was prohibited by government sanctions banning it from doing business in the United States for the period it was identified as a SDNT.[349]

The Board found that Salud "maintained an intent to resume use of the EUCALIN mark during its period of compulsory nonuse and beyond."[350]

ARSA further contended that, since Salud did not resume actual use of the mark until nearly seven years after the ban was lifted in 2015, it did not maintain an intent to resume use. The Board was unmoved. Since 2016, Salud was engaged in litigation before the Board regarding the EUCALIN mark. Its "vigorous defense" of the instant opposition also supported a finding that it maintained an intent to resume use throughout the litigation.[351] Moreover, the Board found that Salud's nonuse during the period of litigation was excusable, "negating the inference of abandonment."[352]

> 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.

347 *ARSA Distrib.*, 2022 U.S.P.Q.2d 887, at *24, citing Azeka Bldg. Corp. v. Azeka, 122 U.S.P.Q.2d 1477, 1485 (T.T.A.B. 2017); *see also* On-Line Careline, Inc. v. Am. Online, Inc., 229 F.3d 1080, 56 U.S.P.Q.2d 1471, 1476 (Fed. Cir. 2000).

348 *Id.* Exec. Coach Builders, Inc. v. SPV Coach Co., 123 U.S.P.Q.2d 1175, 1180-81 (T.T.A.B. 2017) (citing Cerveceria Centroamericana S.A. v. Cerveceria India Inc., 892 F.2d 1021, 13 U.S.P.Q.2d 1307, 1309 (Fed. Cir. 1989)).

349 *Id.* at *29.

350 *Id.* at *32.

351 *Id.*

352 *Id.* at *32-33. *See* Penthouse Int'l, Ltd. v. Dyn Elecs., Inc., 196 U.S.P.Q. 251, 257 (T.T.A.B. 1977) ("Nonuse of a mark pending the outcome of litigation to determine the right to such use or pending the outcome of a party's protest to such use constitutes excusable nonuse sufficient to overcome any inference of abandonment."); *see also Imperial*

Because ARSA failed to prove priority, the Board dismissed its Section 2(d) claim.

5. Laches

Advance Magazine Publishers, Inc. v. Fashion Electronics, Inc.

The Board rendered a complicated split decision in this opposition to registration of the mark EVOGUE for a wide variety of consumer electronic devices and accessories, tossing out Opposer Advance Magazine's Section 2(d) claim but partly upholding its dilution claim, each based on the registered mark VOGUE for, inter alia, magazines and mobile phone software. Laches barred both claims as to certain of the goods in light of Applicant Fashion Electronics' ownership of an expired registration for EVOGUE for substantially the same goods. As to Fashion's remaining goods, the Board found confusion unlikely but dilution-by-blurring likely.[353]

The Board observed that laches generally does not apply in opposition proceedings, but a laches defense "may be based upon opposer's failure to object to an applicant's earlier registration of the same mark for substantially the same goods."[354] An "opposer's failure to object to applicant's prior registration during the existence thereof [is] not wiped out by the expiration of the registration, albeit the period of delay end[s] with the expiration of that registration . . . ."[355]

Because there was no evidence that Advance knew of Fashion's use of the EVOGUE mark prior to the publication of the application that issued as the prior registration, the laches period began to run on the issue date of January 15, 2008, and continued until August 17, 2018, when the registration was cancelled.[356]

The Board noted that delays of "as little as three and a half years have supported a finding of laches when coupled with sufficient prejudice to a registrant.[357] It found the length of Advance's delay to be unreasonable and supportive of a defense of laches.

Tobacco, 4 U.S.P.Q.2d at 1395 (Fed. Cir. 1990) ("[T]he Board recognized that suspension of actual use, or plans to use a mark pending resolution of litigation, may serve to justify nonuse[.]").

353 Advance Magazine Publishers, Inc. v. Fashion Elecs., Inc., 2023 U.S.P.Q.2d 753 (T.T.A.B. 2023).

354 *Id.* at *3, quoting Aquion Partners L.P. v. Envirogard Prods. Ltd., 43 U.S.P.Q.2d 1371, 1373 (T.T.A.B. 1997) (citing Lincoln Logs Ltd. v. Lincoln Pre-cut Log Homes, Inc., 971 F.2d 732, 23 U.S.P.Q.2d 1701, 1703 (Fed. Cir. 1992).

355 *Id.* at *3-4, quoting *Aquion Partners*, 43 U.S.P.Q.2d at 1373 n.8; *see also* Fishking Processors, Inc. v. Fisher King Seafoods Ltd., 83 U.S.P.Q.2d 1762 (T.T.A.B. 2007).

356 *Id.* at *6.

357 *Id. See* Teledyne Techs., Inc. v. W. Skyways, Inc., 78 U.S.P.Q.2d 1203, 1211 (T.T.A.B. 2006) (finding that a delay of three years and eight months supported a laches defense to a cancellation based on Section 2(d) likelihood of confusion), *aff'd*, 208 F. App'x 886 (Fed. Cir. 2006); Ava Ruha Corp. v. Mother's Nutritional Ctr., Inc., 113 U.S.P.Q.2d 1575,

"To prove laches, in addition to showing unreasonable delay, an applicant must show it has suffered material prejudice as a result of the delay."[358] The Board observed that "economic prejudice to the defendant may ensue whether or not the plaintiff overtly lulled the defendant into believing that the plaintiff would not act, or whether or not the defendant believed that the plaintiff would have grounds for action."[359] "The question is whether there has been a change in the economic position [of the applicant] . . . during the period of delay."[360] "Economic prejudice may arise from investment in and development of a trademark, as well as the continued commercial use and economic promotion of a mark over a prolonged period."[361]

> Applicant continued to invest in and develop its trademark and continued commercial use and economic promotion of its mark over a prolonged period when the mark was on the Principal Register. Loss of Applicant's rights in EVOGUE resulting from its inability to re-register the mark for its various cell phone accessories would result in economic prejudice and would be a detriment to Applicant due to the delay.[362]

The Board concluded that Fashion had proven laches vis-à-vis the goods listed in the current application that are "substantially the same" as those of the expired registration.[363]

Likelihood of Confusion: With respect to the goods that were subject to the laches defense, the question, then, was whether confusion was inevitable, since a laches defense may be overcome by proof of inevitable confusion. "If confusion is inevitable, any private injury to the defendant is outweighed by the public's interest in preventing confusion."[364] "A showing of inevitable confusion is

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1581 (T.T.A.B. 2015) (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.").

358 *Id.* at *4, citing *Aquion Partners*, 43 U.S.P.Q.2d at 1373.

359 *Id.* at *7, quoting 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).

360 *Id.*, quoting *Ava Ruha*, 113 U.S.P.Q.2d at 1583.

361 *Id.*, citing *Bridgestone/Firestone*, 58 U.S.P.Q.2d at 1463.

362 *Id. See* Ralston Purina Co. v. Midwest Cordage Co., 373 F.2d 1015, 153 U.S.P.Q. 73, 76 (C.C.P.A. 1967) (long delay may provide basis for laches even without expansion of trade ". . . each day sees some incremental aggrandizement of good will—each advertising dollar expended adds in some sense to registrant's equity.").

363 *Id.*, citing Brooklyn Brewery Corp. v. Brooklyn Brew Shop, 17 F.4th 129, 2021 U.S.P.Q.2d 1069, at *8 (Fed. Cir. 2021) (quoting *Aquion Partners*, 43 U.S.P.Q.2d at 1373 ("[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.")).

364 *Id.* at *8, citing *Brooklyn Brewery*, 2021 U.S.P.Q.2d 1069, at *8.

subject to a stringent standard that is satisfied only where both the goods and marks are nearly identical."[365]

Comparing the marks at issue, EVOGUE and VOGUE, the Board found them to be "similar for purposes of likely confusion but not so similar as to support a finding of inevitable confusion."[366] Moreover, even if the marks were considered "nearly identical," the differences in the goods precluded a finding of inevitable confusion.[367]

As to the goods not covered by the prior registration—battery chargers, speaker and stereo stands, and wireless speakers—Advance pointed out that accessories such as protective cases for electronic devices are featured in its media, but the Board observed that those goods are displayed with third-party marks. And there was no evidence that Advance's downloadable software is related to Fashion's electronic goods.

And so, the Board dismissed Advance's likelihood of confusion claim in its entirety.

Likelihood of Dilution: As noted, in the context of Section 2(d), a laches defense may be overcome by proof of inevitable confusion. Dilution, however, does not involve confusion of the public, "but rather provides extraordinary protection to owners of 'the select class of marks—those with such powerful consumer association that even non-competing uses can impinge on their value.'"[368]

Therefore, with regard to the goods identified in Fashion's prior registration, laches is a "complete defense" to Advance's dilution claim.[369] With regard to Fashion's other goods, however, the story had a different ending.

> There is no question that VOGUE is a famous mark, that VOGUE goods and services are widely used and recognized by a large percentage of the United States population, or that Opposer's VOGUE mark is distinctive. This was the case

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365 *Id. See, e.g., In re* Nat'l Distillers & Chem. Corp., 297 F.2d 941, 132 U.S.P.Q. 271 (C.C.P.A. 1962) (finding differences between MARQUES DEL MERITO and MERITO for the non-identical goods wine and rum were "sufficient to raise a doubt as to the likelihood of confusion, mistake or deception of purchasers arising from the common use of the word MERITO").

366 *Id.* at *11-12.

367 *Id.* at *12. *Teledyne*, 78 U.S.P.Q.2d at 1212 (confusion likely but not inevitable, where the parties' marks were identical but the goods, although commercially related, were "hardly identical").

368 *Id.* at *14-15, quoting Toro Co. v. Torohead Inc., 61 U.S.P.Q.2d 1164, 1179 (T.T.A.B. 2001) (quoting Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 51 U.S.P.Q.2d 1801, 1805 (9th Cir. 1999)). *See* TCPIP Holding Co. v. Haar Commc'ns Inc., 244 F.3d 88, 57 U.S.P.Q.2d 1969, 1975 (2d Cir. 2001) ("The Dilution Act offers no benefit to the consumer public—only to the owner."); Pharmacia Corp. v. Alcon Labs., Inc., 201 F. Supp. 2d 335, 381 n.17 (D.N.J. 2002) ("Dilution does not implicate any public interest against consumer deception because, by definition, it protects only a trademark owner's private interest.").

369 *Id.* at *15.

> prior to Applicant's proven date of first use of its mark. Moreover, there is no evidence that any United States marks come as close to VOGUE as Applicant's EVOGUE mark. This impairs the distinctiveness of Opposer's previously registered mark. In view thereof, we find dilution by blurring.[370]

6. Nonuse

Fender Musical Instruments Corp. v. Win-D-Fender, LLC

Rejecting Applicant Win-D-Fender's Hail Mary attempt to amend its identification of goods, the Board granted guitar-maker Fender's motion for summary judgment in this opposition to registration of the mark EN-D-FENDER for "musical instruments" on the ground of nonuse. Win-D-Fender sought to end-run the nonuse claim by modifying its identification of goods to "musical instrument accessories, namely, an ambient wind foot joint guard for flute family instruments," but the Board found that the proposed identification of goods exceeded the scope of the original identification.[371]

Motion to Amend: Win-D-Fender argued that its application was "qualified" by a "miscellaneous statement" entered on the Trademark Electronic Application System ("TEAS") application form, stating: "For Musical Instrument Accessories namely a wind guard mounted to a flute."[372] Unfortunately for Win-D-Fender, that limiting language was not included in the proper field on the form and therefore is not considered a part of the identification of goods.[373]

> Although Applicant's listing of "musical instruments" as the identification of goods may have been a mistake on Applicant's part, it is settled that once the extent of an identification has been established, it cannot be expanded later. *See In re Swen Sonic Corp.*, 21 U.S.P.Q.2d 1794 (T.T.A.B. 1991); and *In re M.V. Et Associes*, 21 U.S.P.Q.2d 1628 (Comm'r Pats. 1991). *** Here, the wording "musical instruments" establishes the parameters of Applicant's identification of goods. Applicant therefore is limited in any amendment solely to narrowing or clarifying the nature and

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370 *Id.* at *17.

371 Fender Musical Instruments Corp. v. Win-D-Fender, LLC, 2023 U.S.P.Q.2d 61 (T.T.A.B. 2023).

372 *Id.* at *4.

373 The Board pointed out that "In a TEAS application, including the TEAS Plus application submitted by Applicant, 'only the goods and/or services listed in the proper field (i.e., 'Identification' field) will be considered part of the identification.'" *Id.* at *3, citing TMEP § 1402.01(d) (July 2022).

> type of the applied-for "musical instruments" with greater particularity.[374]

Because accessories are not musical instruments, they are not encompassed within the original identification of goods, and so the Board denied the motion to amend.

Nonuse: Win-D-Fender's interrogatory answers supported Fender's nonuse claim: "Applicant states the products sold under the 'En-D-Fender' mark are not musical instruments, as such products are accessories for a flute."[375] And so, the Board wasted no time in granting Fender's motion for summary judgment.

7. Ownership

CBC Mortgage Agency v. TMRR, LLC

Finding that Petitioner CBC Mortgage was the first and only user of the mark shown below for mortgage financing services, the Board granted a petition for cancellation of a registration therefor. Respondent TMRR created and promoted the mark, but it did not use the mark in rendering mortgage services, nor was it permitted to do so by an agreement between the parties.[376]

TMRR conceived of a mortgage financing program that would be run by a Native American tribe, and it contracted with the Paiute Indian Tribe of Utah to implement and operate the program. TMRR created the mark CHENOA FUND and the logo. In 2013, the Tribe and TMRR signed a Management Services Agreement ("MSA") to provide the program, and Petitioner CBC Mortgage was formed, as a subsidiary of the Tribe, pursuant to the MSA. Under the MSA, TMRR is deemed CBC Mortgage's "agent" and "contracted day-to-day operator."[377]

The Board observed that only the owner of a mark may file an application to register. An application filed by one who is not the

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374 *Fender*, 2023 U.S.P.Q.2d 61, at *5.

375 *Id.* at *9.

376 CBC Mortg. Agency v. TMRR, LLC, 2022 U.S.P.Q.2d 748 (T.T.A.B. 2022).

377 *Id.* at *9.

owner of the mark is a "void application."[378] In deciding the issue of ownership, the Board was guided by *Lyons v. American College of Veterinary Sports Medicine & Rehabilitation*,[379] which (in a somewhat different context) set forth "three main factors to be considered in ownership disputes surrounding service marks as between a departing member and the remnant group: (1) the parties' objective intentions or expectations; (2) who the public associates with the mark; and (3) to whom the public looks to stand behind the quality of goods or services offered under the mark."[380]

As to the first factor, the MSA unambiguously established the intent and expectation that Petitioner CBC Mortgage would solely own the CHENOA FUND mark. Those intentions and expectations are also reflected in promotional and advertising material for the program.

CBC Mortgage, not Respondent TMRR, was first to offer mortgage services under the mark. The fact that TMRR created the mark two years earlier and "promoted" the mark in seeking an entity that would offer the services does not mean it owned the mark.[381] "[A] service mark must be 'used' in commerce, meaning not only that it must be 'used or displayed in the sale or advertising of services,' but also that the services must be 'rendered in commerce.' 15 U.S.C. § 1127."[382]

As to element (2) and (3) of the *Lyons* test, the Board pointed out that Respondent TMRR "operates behind the scenes, out of public view," while CBC Mortgage is "out front, engaging with the public via materials that identify Petitioner, and only Petitioner, as the source of the mortgage financing services rendered in connection with the CHENOA FUND mark."[383] Thus, it is Petitioner CBC

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378 *Id.* at *15-16, quoting *In re* Tong Yang Cement Corp., 19 U.S.P.Q.2d 1689, 1690 (T.T.A.B. 1991) (citing *In re* Techsonic Indus., Inc., 216 U.S.P.Q. 619 (T.T.A.B. 1982)). *See also* 15 U.S.C. § 1051(a).

379 859 F.3d 1023, 123 U.S.P.Q.2d 1024, 1027 (Fed. Cir. 2017) ("[R]egistration by one who did not own the mark at the time of filing renders the underlying application void ab initio.")

380 *Id.* at *16, quoting *Lyon v. Am. Coll.*, 123 U.S.P.Q.2d at 1028. This case does not, of course, involve an ownership dispute "between a departing member and the remnant group."

381 *Id.* at *22, citing Hydro-Dynamics, Inc. v. George Putnam & Co., 811 F.2d 1470, 1 U.S.P.Q.2d 1772, 1774 (Fed. Cir. 1987) ("Mere invention, creation, or discussion of a trademark does not create priority rights.") (citation omitted); Hole In 1 Drinks, Inc. v. Lajtay, 2020 U.S.P.Q.2d 10020, at *9 (T.T.A.B. 2020) ("To the extent that Respondent argues he created the mark, trademark rights are not gained by creating a mark, but through use of the mark."); Reflange Inc. v. R-Con Int'l, 17 U.S.P.Q.2d 1125, 1130 (T.T.A.B. 1990) ("While there is no question that Rocky coined the term R-CON, it is not the act of inventing a trademark which creates prior rights.").

382 *Id.* at *23. *See, e.g.*, Aycock Eng'g, Inc. v. Airflite, Inc., 560 F.3d 1350, 90 U.S.P.Q.2d 1301, 1308 (Fed. Cir. 2009); Couture v. Playdom, Inc., 778 F.3d 1379, 113 U.S.P.Q.2d 2042, 2044 (Fed. Cir. 2015).

383 *Id.* at *27.

Mortgage that the public associates with the mark and to whom the public looks to stand behind the quality of the services.

And so, the Board found that Respondent TMRR was not the owner of the mark when the underlying application was filed, and therefore the subject registration was void ab initio.

8. Section 14(3) Misrepresentation of Source

PepsiCo, Inc. v. Arriera Foods LLC

In a rather surprising decision to strict constructionists, the Board for the first time ruled that a claim for misrepresentation of source under Section 14(3) of the Lanham Act[384] is available not just to a cancellation petitioner, but also to an opposer.[385]

The Board observed that Section 14(3) does not expressly provide that misrepresentation of source is an available claim *in an opposition*. Section 14(3) says the claim may be brought "if the registered mark is being used" to misrepresent source. However, the Board saw "nothing in the nature of a misrepresentation of source claim that would limit it to registered marks."[386]

> Public policy further supports allowing a claim of misrepresentation of source in an opposition. It would be judicially inefficient to limit misrepresentation of source claims to cancellation proceedings as a plaintiff with facts supporting multiple claims, including misrepresentation of source, would not be able to bring all of its claims in a single opposition proceeding potentially leading to piecemeal litigation . . . . *** The potential harm to a plaintiff also might be compounded if it were required to wait until a mark registers to assert misrepresentation of source.[387]

Acknowledging the requirement of "use" of the registered mark in Section 14(3), the Board held that "misrepresentation of source is an available ground for opposition: (1) against a use-based application (either filed as use or amended to allege use) under Section 1(a) of the Trademark Act, 15 U.S.C. § 1051(a); or (2) a non-use based application, provided that the opposer alleges sufficient facts to support use of the applied-for mark in commerce."[388]

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

385 PepsiCo, Inc. v. Arriera Foods LLC, 2022 U.S.P.Q.2d 856 (T.T.A.B. 2022).

386 *Id.* at *8.

387 *Id.* at *8-9. *See* Colorado River Water Conservation Dist. v. U.S., 424 U.S. 800, 818 (discussing the "desirability of avoiding piecemeal litigation"); Ultra-Precision Mfg. Ltd. v. Ford Motor Co., 338 F.3d 1353, 67 U.S.P.Q.2d 1790, 1794 (Fed. Cir. 2003) (recognizing the "long-standing policy against piecemeal litigation").

388 *Id.* at *9.

9. Entitlement to a Statutory Cause of Action

PepsiCo, Inc. v. Arriera Foods LLC

Although the Board ruled that a claim of misrepresentation of source under Section 14(3) is available in an opposition, it dismissed this same opposition to registration of the mark TORTRIX for "corn-based snack foods" due to the insufficiency of Opposer PepsiCo's allegations regarding that claim.[389] The Board also dismissed PepsiCo's inadequately pleaded claims of fraud and lack of bona fide intent, but it allowed PepsiCo thirty days to file an amended notice of opposition.

Applicant Arriera Foods contended that PepsiCo had failed to sufficiently allege its entitlement to a statutory cause of action because it did not allege any interest in a U.S. trademark. The Board pointed out, however, that ownership of a trademark is not a required element in pleading entitlement to a cause of action.[390] The CAFC in *Meenaxi v. Coca-Cola* held that misrepresentation of source "extend[s] to the improper use of marks that cause commercial injury[.]"[391] According to *Meenaxi*, a plaintiff may plead "entitlement based on reputational injury or lost sales provided that the plaintiff establishes a reputational interest in the United States."[392]

PepsiCo did not plead lost sales but did claim injury to its reputation in the United States, and further claimed that it will not be able to register its TORTRIX mark in the United States if the involved application matures to registration. It alleged use of the mark TORTRIX for years in Central and South America for corn-based snack foods and claimed to own several registrations for that mark in a number of countries.

The Board found that PepsiCo had failed to plead "a plausible entitlement to relief."[393] PepsiCo's allegations that Arriera "intends to make, and/or is making, blatant misuse" of the TORTRIX mark were "merely speculative."[394] Nor did PepsiCo plead any facts "to support how its use of the TORTRIX mark in Central and South

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389 PepsiCo, Inc. v. Arriera Foods LLC, 2022 U.S.P.Q.2d 856, at *23 (T.T.A.B. 2022).

390 *Id.* at *11. *See* 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*, 142 S. Ct. 82 (2021) (holding that a plaintiff in a Board proceeding may establish entitlement to bring a statutory cause of action "regardless of whether [the plaintiff] lacks a proprietary interest in an asserted unregistered mark").

391 *Id.*, quoting Meenaxi Enter., Inc. v. Coca-Cola Co., 38 F.4th 1067, 2022 U.S.P.Q.2d 602, at *6 (Fed. Cir. 2022).

392 *Id.*, quoting *Meenaxi*¸ 2022 U.S.P.Q.2d 602, at *4 (holding that petitioner did not establish entitlement to a statutory cause of action because it failed to introduce sufficient evidence to support that its reputation extends to the United States).

393 *Id.* at *13.

394 *Id.*, quoting Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555 (2007).

America has resulted in the mark having a reputation among consumers in the United States."[395] And so, PepsiCo failed to sufficiently plead its entitlement to a statutory cause of action under Section 14(3).

In addition, PepsiCo failed to plead a proper cause of action under Section 14(3) because it did not allege "unequivocal facts" to support its claim that Arriera is using its mark in commerce or has engaged in "specific acts or conduct" that amounts to deliberately passing off its goods as those of PepsiCo.[396] Nor, as previously noted, did PepsiCo allege that its mark TORTRIX has a reputation among relevant U.S. consumers, but only that it uses the mark in Central and South America. And so, the Board granted Arriera's motion under Fed. R. Civ. P. 12(b)(6) to dismiss the Section 14(3) cause of action for failure to state a claim upon which relief can be granted.

Lack of Bona Fide Intent: PepsiCo also alleged that Arriera cannot have a bona fide intent to use the mark TORTRIX in the United States because such use would be "unlawful," since it would violate Section 14(3) and/or Section 43(a).[397] The Board pointed out, however, that use of, or an intent to use, a mark is unlawful only when there has been a prior determination that the party is not in compliance with a relevant statute, or when there is a per se violation of a statute.[398] PepsiCo did not allege that there had been a prior determination regarding legality of the intended use. As to per se illegality, the Board observed that Section 14(3) is relatively narrow cause of action that does not encompass whether use of a

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395 *Id.* citing *Meenaxi*, *2022* U.S.P.Q.2d 602, at*9 (Coca-Cola did not prove that consumers in the United States were aware of its THUMS UP and LIMCA marks).

396 *Id.* at *15-16. *See, e.g.*, Bayer Consumer Care AG v. Belmora LLC, 90 U.S.P.Q.2d 1587, 1592 (T.T.A.B. 2009) (misrepresentation of source sufficiently pleaded where complaint included "photographic comparison of the parties' respective packaging" and allegations that the "respondent copied petitioner's mark, including its particular display, and virtually all elements of its packaging").

397 Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), provides, in pertinent part:

> (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, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—
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> (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 . . . *** 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.

398 *Id.* at *17-18. *See* General Mills Inc. v. Health Valley Foods, 24 U.S.P.Q.2d 1270, 1273 (T.T.A.B. 1992); Kellogg Co. v. New Generation Foods Inc., 6 U.S.P.Q.2d 2045, 2047 (T.T.A.B. 1988).

mark is "lawful."[399] And as to Section 43(a), the Board has no jurisdiction over such a claim.[400]

And so, the Board found that PepsiCo failed to adequately plead a lack-of-bona-fide-intent claim.

Fraud: Lastly, PepsiCo alleged that Arriero, in its application to register, made three false statements with the intent to deceive the USPTO: that Arriero is "entitled to use the mark;" that it had a bona fide intention to use the mark in commerce; and that no other person had a right to use a confusingly similar mark. PepsiCo further alleged that Arriero "knew or should have known" that these statements were false. Not good enough, said the Board.

> A pleading of fraud requires an allegation that the defendant "knowingly" made a specific false statement. *Asian and W. Classics B.V. v. Selkow*, 92 U.S.P.Q.2d 1478, 1479 (T.T.A.B. 2009). Opposer has not alleged sufficient facts to support that Applicant had knowledge of and relied upon false, material facts in presenting its application for registration.[401]

PepsiCo did not allege any facts to support the claim that Arriero was not entitled to use the mark in the United States or that Arriero subjectively believed it was not entitled to use. Nor did it allege any facts to support the lack-of-bona-fide-intent claim. As to the third purportedly false statement, PepsiCo did not allege that it or anyone else was using the TORTRIX mark in commerce, or that Arriero knew of any superior rights, or that Arriero "either subjectively believed, or had no reasonable basis not to believe that a likelihood of confusion would result from [its] use of [the TORTRIX] mark."[402]

And so, the Board dismissed PepsiCo's fraud claim.

Ahal Al-Sara Group for Trading v. American Flash, Inc.

The requirement that a plaintiff in a TTAB proceeding plead and prove its entitlement to a statutory cause of action (formerly called "standing") presents a "low threshold," but a "critical" one.[403] Petitioner Ahal Al-Sara Group sought cancellation of a registration for the mark shown below for various cleaning products, claiming abandonment and fraud, but its petition for cancellation failed to

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399 *Id.* at *19.

400 *Id.*, citing Fiat Grp. Autos. S.p.A. v. ISM, Inc., 94 U.S.P.Q.2d 1111, 1116 n.8 (T.T.A.B. 2010) (claims under 15 U.S.C. § 1125(a) [Section 43(a) of the Lanham Act] are outside the Board's jurisdiction); *see also* TBMP § 102.01.

401 *Id.* at *21.

402 *Id.* at *22.

403 *See* Syngenta Crop. Protection v. Bio-Chek LLC, 90 U.S.P.Q.2d 1112, 1118 n.8 (T.T.A.B. 2009) (citing Ritchie v. Simpson, 170 F.3d 1092, 50 U.S.P.Q.2d 1025-26, (Fed. Cir. 1999). *See also Meenaxi*, 2022 U.S.P.Q.2d 602, at *4 (Fed. Cir. 2022) ("While the zone-of-interest test 'is not especially demanding,' it nonetheless imposes a critical requirement.") (internal citations omitted).

identify an interest that falls within the zone of interests protected by the Trademark Act and thus it failed to sufficiently plead its entitlement to a statutory cause of action. The Board, however, gave the petitioner twenty days within which to serve and file an amended petition for cancellation.[404]

The petitioner alleged that Respondent American Flash relied on the subject registration in a cancellation proceeding in Saudi Arabia involving Ahal Al-Sara Group's FIGHTER FLASH mark. American Flash moved for dismissal of the petition for lack of "standing," pointing out that the Group is a Saudi Arabian company that has no sales in the United States, does not compete with American Flash in this country, does not manufacture goods here, and has not filed a U.S. trademark application for its mark or any variation thereof.

In *Lexmark International, Inc. v. Static Control Components, Inc.*,[405] the Supreme Court 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. The Court pointed out that Section 45 of the Trademark Act, includes an "unusual, and extraordinarily helpful,' detailed statement of the statute's purpose" and which identifies the interests protected through the regulation of "commerce within the control of Congress."[406]

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404 Ahal Al-Sara Grp. for Trading v. American Flash, Inc., 2023 U.S.P.Q.2d 79 (T.T.A.B. 2023).

405 572 U.S. 118, 109 U.S.P.Q.2d 2061, 2068 (2014)

406 *Id.* The pertinent portion of Section 45, 15 U.S.C. § 1127, states:

> The intent of this chapter is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.

The CAFC, in *Corcamore, LLC v. SFM, LLC*,[407] CAFC held that the test in *Lexmark* is met by demonstrating a real interest in opposing or cancelling a registration of a mark, which satisfies the zone-of-interests requirement, and a reasonable belief in damage by the registration, which satisfies the proximate causation requirement.

Accordingly, a plaintiff must first plead facts that, if proved, demonstrate a "real interest" that affects U.S. commerce, including interstate commerce and commerce with foreign nations.[408] Here, the petition relied only on challenges to the petitioner's foreign marks in foreign proceedings.

> Petitioner has not pleaded a presence in the United States. Petitioner does not contend that its interests involve selling or manufacturing goods within the United States, and Petitioner has not filed any U.S. trademark applications to register FIGHTER FLASH or AMERICAN FLASH or any variations thereof. Nor does Petitioner plead an intent to enter the U.S. market in the future, or any other facts that if proved, would demonstrate an interest related to or affecting U.S. commerce falling within the scope of protection under the Trademark Act.[409]

The Board therefore concluded that Ahal Al-Sara Group failed to plead entitlement to a statutory cause of action. However, consistent with its usual practice, the Board allowed the Group twenty days to cure its defective pleading.[410]

For the sake of completeness, the Board took a look at the allegations in Ahal Al-Sara Group's two pleaded claims: fraud and abandonment. It found the abandonment claim to be adequately pled but dismissed the fraud claim. Ahal Al-Sara Group alleged that American Flash committed fraud by stating a false first date of use. The Board pointed out, however, that the dates of use stated in an application are not material to the Office's decision to approve an application for publication.[411] As long as the mark at issue was in

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407 978 F.3d 1298, 2020 U.S.P.Q.2d 11277, at * 6-7 (Fed. Cir. 2020), *cert. denied*, 141 S. Ct. 2671 (2021).

408 *Ahal Al-Sara Grp.*, 2023 U.S.P.Q.2d 79, at *7. *See, e.g.*, Empresa Cubana Del Tabaco v. Gen. Cigar Co., 753 F.3d 1270, 111 U.S.P.Q.2d 1058, 1062 (Fed. Cir. 2014) (holding that foreign trademark owner Cubatabaco had "a legitimate commercial interest" in the COHIBA mark because Cubatabaco's pending application had been refused registration based on a likelihood of confusion with the subject registered marks, and that was "sufficient to show that the petitioner seeking to cancel the registered mark is the type of party Congress authorized under 15 U.S.C. § 1064.").

409 *Id.* at *9.

410 *Id.*

411 *Id.* at *11-12, citing Hiraga v. Arena, 90 U.S.P.Q.2d 1102, 1107 (T.T.A.B. 2006) ("[I]f the mark was in use in commerce as of the filing date, then the claimed date of first use, even if false, does not constitute fraud because the first use date is not material to the Office's decision to approve a mark for publication.").

use prior to the filing date, the erroneous statement of first use dates cannot be fraudulent.[412] Here, Ahal Al-Sara Group itself alleged that American Flash used its mark before the filing date of its underlying application. End of story.

Curtin v. United Trademark Holdings, Inc.

Perhaps unsurprisingly, the Board dismissed Professor Rebecca Curtin's opposition to registration of the mark RAPUNZEL for dolls and toy figures, finding that Curtin, as a mere consumer of fairy tale–themed products, failed to prove her entitlement to a statutory cause of action.[413] The Board addressed this single, threshold question: "[I]s Opposer Rebecca Curtin, as a purchaser of goods bearing the challenged mark, entitled to oppose the mark's registration under Section 13 of the Trademark Act, 15 U.S.C. § 1063, when she alleges the proposed mark is both invalid and the subject of a fraudulent application?"[414] The Board said no.

Curtin asserted that she is a consumer who "participates amongst other consumers in the marketplace for dolls and toy figures of fairytale characters, including Rapunzel."[415] She "believes" that if Applicant United Trademark Holdings ("UTH") obtains a registration for the mark RAPUNZEL, she and others "will be denied access to healthy marketplace competition for products that represent the well-known fictional character," and further that they will "also likely face an increased cost of goods associated with Rapunzel merchandise, given the lack of competition."[416] She further believes that the registration "could chill the creation of new dolls and toys by fans of the Rapunzel fairytale, crowding out the substantial social benefit of having diverse interpreters of the fairy tale's legacy."[417]

Entitlement to a statutory cause of action is a threshold requirement of every inter partes proceeding.[418] "A plaintiff may oppose registration of a mark when doing so is within the zone of interests protected by the statute and she has a reasonable belief in

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412 *Id.* at *12. *See* W. Worldwide Enters. Grp. v. Qinqdao Brewery, 17 U.S.P.Q.2d 1137, 1141 (T.T.A.B. 1990) ("The Board repeatedly has held that the fact that a party has set forth an erroneous date of first use does not constitute fraud unless, inter alia, there was no valid use of the mark until after the filing of the application.").

413 Curtin v. United Trademark Holdings, Inc., 2023 U.S.P.Q.2d 535 (T.T.A.B. 2023).

414 *Id.* at *1.

415 *Id.*

416 *Id.* at *2.

417 *Id.*

418 *Australian Therapeutic*, 2020 U.S.P.Q.2d 10837, at *3, *cert. denied*, 142 S. Ct. 82 (2021) (citing *Lexmark*, 572 U.S. at 125-26.

damage that would be proximately caused by registration of the mark."[419]

Here, "the essential problem" for Opposer Curtin was that mere consumers "are generally not statutorily entitled to oppose registration under 15 U.S.C. § 1063."[420]

The Board observed that Section 13 entitles "[any person who believes that [she] would be damaged by the registration of a mark" to oppose it.[421] Although this language is quite broad, it is not to be given an expansive reading.[422] As required by *Lexmark*, the Board must first look to see whether Curtin came within the "zone of interests" protected by the Lanham Act.

In *Lexmark*, the Supreme Court pointed out that "[i]dentifying the interests protected by" the Trademark Act "requires no guesswork."[423] Section 45 of the Lanham Act identifies those interests:

> The intent of this chapter is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.[424]

In short, the Lanham Act "regulates commerce and protects plaintiffs with commercial interests."[425]

The Court in *Lexmark* concluded that the "zone of interests" in a suit under Section 43(a)(1) of the Act—which, like Section 13, may be invoked by a person 'who believes that her or she is or is likely to be damaged' by the challenged act—**"a plaintiff must allege an injury to a commercial interest in reputation or sales."**[426] In *Corcamore*, a cancellation proceeding under Section 14, the CAFC found "no principled reason why the analytical framework

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419 *Curtin*, 2023 U.S.P.Q.2d 535, at *2. *Corcamore*, 2020 U.S.P.Q.2d 11277, at * 6-7, *cert. denied*, 141 S. Ct. 2671 (2021), citing *Lexmark*, 572 U.S. at 131; *Meenaxi*, 2022 U.S.P.Q.2d 602, at *3.

420 *Id.* at *3.

421 Section 13 of the Lanham Act, 15 U.S.C. § 1063.

422 *Curtin*, 2023 U.S.P.Q.2d 535, at *3.

423 Lexmark, 575 U.S. at 131.

424 15 U.S.C. § 1127. (emphasis by the Board).

425 *Curtin*, 2023 U.S.P.Q.2d 535, at *3.

426 *Id.*, quoting *Lexmark*, 575 U.S. at 131-32 (emphasis by the Board).

articulated by the Court in *Lexmark* should not apply to [15 U.S.C.] § 1064."[427] Applying those precedents, the Board found that Curtin's allegations fell outside the zone of interests of the Lanham Act.

> The Court specifically stated that while consumers "may well have an injury-in-fact" caused by violations of the Trademark Act, they "cannot invoke the protection" of the statute based solely on injuries suffered as consumers, "a conclusion reached by every Circuit to consider the question." *** ("Even a business misled by a supplier into purchasing an inferior product is, like consumers generally, not under the Act's aegis.")[428]

If, according to *Lexmark*, a business that buys goods or services does not fall within the Act, then "[a] fortiori, a mere consumer that buys goods or services is not under the Trademark Act's aegis."[429] "Put simply, the Trademark Act does not provide 'consumer standing.' That is, it does not entitle mere consumers to a statutory cause of action; a statutory cause of action is reserved for those with commercial interests."[430]

In addition to satisfying the "zone of interests" requirement, Curtin "must show economic or reputational injury flowing directly from" UTH's registration of RAPUNZEL.[431]

> However, "[t]hat showing is generally not made when" a defendant's conduct "produces injuries to a fellow commercial actor that in turn affect the plaintiff. For example, while a competitor who is forced out of business by a defendant's false advertising generally will be able to sue for its losses, the same is not true of the competitor's landlord, its electric company, and other commercial parties . . . .[432]

Here, Curtin's evidence of the damage she would allegedly suffer was "too remote from registration and is entirely speculative."[433] She assumed, without evidence, that UTH will be "so successful in enforcing its asserted rights that it will reduce 'marketplace competition,' 'chill the creation of new dolls and toys' and prevent 'access to classic, already existing, Rapunzel merchandise.'"[434]

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427 *Id.* at *4, quoting *Corcamore,* 2020 U.S.P.Q.2d 11277, at *6.

428 *Id.* at *3, quoting *Lexmark*, 575 U.S. at 132.

429 *Id.* at *4.

430 *Id.*, citing *Lexmark*, 575 U.S. at 131-32. *See also* Conte Bros. Auto, Inc. v. Quaker State-Slick 50, Inc., 165 F.3d 221, 49 U.S.P.Q.2d 1321, 1327 (3d Cir. 1998).

431 *Id.* at *4-5, quoting *Lexmark*, 575 U.S. at 133.

432 *Id.* at 5, quoting *Lexmark*, 575 U.S. at 133-34.

433 *Id.*

434 *Id.*

Furthermore, the Board pointed out, "registration would at most preclude others from using RAPUNZEL as their own source indicator for such products, subject to defenses such as 15 U.S.C. § 1115(b)(4) (creating a defense to infringement where the 'term or device . . . is descriptive of and used fairly and in good faith only to describe the goods and services of such party')."[435]

And so, the Board concluded that Professor Curtin had failed to prove her entitlement to a statutory cause of action, and it dismissed the opposition.

10. Procedural Issues

a. Claim Preclusion

Flame & Wax, Inc. v. Laguna Candles, LLC

Petitioner Flame & Wax found itself on the short end of the candlestick when the Board denied its petition for cancellation of a registration for the mark LAGUNA CANDLES for "aromatherapy candles; candles; scented candles" [CANDLES disclaimed], finding that the mark had acquired distinctiveness and therefore was not primarily geographically descriptive of the goods. The Board rejected Flame & Wax's invocation of the doctrine of claim preclusion based on an earlier successful opposition to Laguna Candles' prior application to register the same mark, also on the ground of geographic descriptiveness, finding that the instant cancellation proceeding involved a different set of transactional facts.[436]

Acquired Distinctiveness: Because the challenged registration was issued under Section 2(f), inherent distinctiveness was not an issue.[437] A registration may be cancelled if the mark lacks distinctiveness either when registered or at the time of trial.[438] The Board construed the petition as alleging geographical descriptiveness and lack of acquired distinctiveness at the time of trial.

A cancellation petitioner bears the initial burden to establish a prima facie case of no distinctiveness. If it does so, then the burden shifts to the respondent to submit evidence and argument in its favor. However, the ultimate burden of proof remains with the petitioner.[439]

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435 *Id.*, n.10.

436 Flame & Wax, Inc. v. Laguna Candles, LLC, 2022 U.S.P.Q.2d 714 (T.T.A.B. 2022).

437 *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.").

438 *See* Neapco Inc. v. Dana Corp., 12 U.S.P.Q.2d 1746, 1747 (T.T.A.B. 1989).

439 *Cold War Museum*, 92 U.S.P.Q.2d at 1630.

The Board was first required to determine the degree of geographical descriptiveness of the mark LAGUNA CANDLES.[440] Relevant inquiries include evidence that the place named in the mark is very well known, and that third parties in the same industry use the geographic place name in connection with their goods.[441]

There was no evidence of third-party use, or newspaper or magazine articles referring to third-party use, of "Laguna." "Even the Orange County Wikipedia webpages do not contain much information about Laguna Beach."[442] Laguna Candles' website states that it is located in Laguna Beach, California. Flame & Wax presented testimony that Laguna Beach is often referred to as "Laguna." The Board concluded that the degree of geographic descriptiveness of LAGUNA CANDLES is "modest."[443]

Because Flame & Wax relied on outdated evidence (evidence submitted in the earlier opposition some nine years previously), the Board found that Flame & Wax failed to make a prima facie case that overcame Laguna Candles' claim of five years of continuous and substantially exclusive use. Moreover, even had Flame & Wax made out a prima facie case, it did not overcome Laguna Candles' evidence that its sales and gross income figures have increased from 2011: from then until the trial, the Laguna Candles sold 324,318 "units" and received press coverage in several national magazines.

The Board therefore concluded that Flame & Wax had failed to carry its burden of proof on the Section 2(f) issue.

Claim preclusion: In October 2013, the TTAB sustained Flame & Wax's opposition to the same mark for candles on the ground of geographical descriptiveness.[444] Four months later, Laguna Candles filed a new application, claiming acquired distinctiveness under Section 2(f) based on continuous and substantially exclusive use of the mark for five years. Flame & Wax asserted that the prior TTAB decision established that the proposed mark is primarily geographically descriptive of Laguna Candles' goods.

Application of the doctrine of claim preclusion requires (1) an identity of parties (or their privies), (2) an earlier final judgment of

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440 *See, e.g.*, *In re* Boston Beer Co., 198 F.3d 1370, 1373 (Fed. Cir. 1999) ("[T]he greater the degree of descriptiveness the term has, the heavier the burden to prove it has attained secondary meaning" (quoting *In re* Bongrain Int'l (Am.) Corp., 894 F.2d 1316, 13 U.S.P.Q.2d 1727, 1727 n.4 (Fed. Cir. 1990)).

441 *Flame & Wax*, 2022 U.S.P.Q.2d 714, at *24, citing Spiritline Cruises LLC v. Tour Mgmt. Servs., Inc., 2020 U.S.P.Q.2d 48324, at *5 (T.T.A.B. 2020).

442 *Id.* at *25.

443 *Id.* at *26.

444 Flame & Wax, Inc. v. Laguna Candles, Opposition No. 91200223 (T.T.A.B. October 2, 2013).

a claim on the merits, and (3) a second claim based on the same set of transactional facts as the first.[445]

The decision in the opposition identified "Laguna Candles," a sole proprietorship composed of Candrice Hendricks, as the defendant, but she was not a principal of the respondent Laguna Candles, LLC. Not to worry. Because of the family nature of the business and because Laguna Candles did not dispute privity, the Board deemed the first element to be satisfied. As to the second requirement for claim preclusion, the decision in the opposition was on the merits. As to the third, the Board observed that after an adverse final decision, an applicant may make a second attempt to register a mark if circumstances have changed.[446] The Board found no case, however, in which an applicant claimed acquired distinctiveness in a second application filed only four months after its first application was denied in a successful opposition.

The Board noted the additional evidence in this proceeding that was not present in the first proceeding: The challenged registration enjoys a presumption of validity under Section 7; a five-year declaration under Section 2(f) was included in the new application; the mark had been in use for seven more years; Laguna Candles' sales increased; and it had received additional press coverage. The Board found that these facts "establish a recognizable change of circumstances from the time of trial in the Prior Opposition and the time of trial in the cancellation."[447] And so, it concluded that the third element—requiring the same set of transactional facts—was not satisfied, and therefore claim preclusion was not applicable.

Fraud: Flame & Wax also claimed that the Laguna Candles committed fraud on the USPTO when it represented in its second application that it was entitled to register the mark when it knew that the Board had already ruled that the mark was not registrable. The Board pointed out, however, that the examining attorney knew of the prior application and knew, or should have known, of the prior Board decision, and so the Laguna Candles' statement "was not material to the registrability of the mark."[448]

Moreover, Flame & Wax failed to prove that Laguna Candles had a deceptive intent in making the representation in question. Laguna Candles disclosed the prior application to the examining attorney, which suggests there was no deliberate concealment. Also,

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445 *Flame & Wax*, 2022 U.S.P.Q.2d 714, at *32, citing Jet Inc. v. Sewage Aeration Sys., 223 F.3d 1360, 55 U.S.P.Q.2d 1854, 1856 (Fed. Cir. 2000).

446 *Id.* at *36, citing *In re* Honeywell Inc., 8 U.S.P.Q.2d 1600, 1601-02 (T.T.A.B. 1988) (involving the configuration of a circular thermostat cover; seventeen 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.).

447 *Id.* at *40.

448 *Id.* at *42.

it may have believed that the change of circumstances permitted a second application.

And so, Flame & Wax's fraud claim was denied.[449]

b. Issue Preclusion

Empresa Cubana Del Tabaco d/b/a Cubatabaco v. General Cigar Co.

In the latest round of this twenty-five-year-old saga, the Board granted a petition for cancellation of two registrations for the mark COHIBA (one mark in standard form, the other slightly stylized) for "cigars," on the ground of violation of Article 8 of the Pan American Convention.[450] The evidence established that Petitioner Cubatabaco enjoyed legal protection of the COHIBA mark in Cuba prior to Respondent General Cigar's constructive first use date in the United States, and that General Cigar had knowledge of Cubatabaco's use of the mark in Cuba prior to filing the two underlying applications. General Cigar did not contest the Board's conclusion that it had violated Article 8, but it maintained that the Article 8 claim was barred under the doctrine of issue preclusion in light of the past federal court litigation between the parties. The Board disagreed.[451]

Cubatabaco filed its petition for cancellation in 1997. The proceeding was suspended from 1998 to 2011 in view of a trademark infringement action (unsuccessful) against General Cigar brought by Cubatabaco. When the cancellation proceeding resumed, the Board granted General Cigar's motion for summary judgment on the ground of lack of standing. In 2014, the CAFC reversed the Board on the issue of standing, and further ruled that claim preclusion and issue preclusion based on the decisions by the courts did not apply to the claims pending before the TTAB.

Under Article 8 of the Pan American Convention, a petitioner may seek to cancel a U.S. registration if (1) the petitioner's mark enjoys legal protection in another contracting state prior to the respondent's application filing date *and* the respondent either

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449 The Board declined to reach the respondent's affirmative defense of laches, but perhaps Flame & Wax's delay may account for the Board's leaning in favor of Laguna Candles. The cancellation petition was filed two days before the fifth anniversary of the challenged registration, and five years and two months after the underlying application was published for opposition. So, laches may have been a good defense here.

450 The Gen. Int'l Am. Convention for Trade Mark and Commercial Protection, 46 Stat. 2907, Feb. 20, 1929 (the "Pan American Convention"). The member states are Colombia, Cuba, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, Peru, and the United States.

451 Empresa Cubana Del Tabaco d/b/a Cubatabaco v. General Cigar Co., 2022 U.S.P.Q.2d 1242 (T.T.A.B. 2022). For an explanation of the working of the Pan American Convention as applied in this case, see "Prof. Christine Haight Farley Explains the Pan American Convention and the COHIBA Decision," *The TTABlog* at http://thettablog.blogspot.com/2023/01/prof-christine-haight-farley-explains.html (Jan. 24, 2023).

(2) had knowledge of the petitioner's mark prior to filing its application *or* (3) the petitioner used the mark in the United States prior to the respondent's filing date.[452]

General Cigar filed its underlying applications after Cubatabaco had registered and began use of its COHIBA mark in Cuba, satisfying the first element of Article 8. The evidence from General Cigar's own records showed that it had knowledge of Cubatabaco's use of the mark COHIBA as a cigar brand in Cuba prior the filing of the underlying applications, thus satisfying the second element. And so, the Board found that Cubatabaco had proven its claim under Article 8.

General Cigar, relying heavily on *B&B Hardware v. Hargis*,[453] maintained that Cubatabaco's Article 8 claim was barred by the doctrine of issue preclusion. Section 27 of the Restatement (Second) of Judgments sets forth the elements of issue preclusion:

> (1) an issue of fact or law must have been presented in both the prior and current actions; (2) that issue must have been actually litigated in the prior action and determined adversely to the precluded party in a valid and final judgment; (3) determination of that issue must have been necessary and essential to the prior judgment; and (4) the parties are the same, or the precluded party's position in the prior action was fully represented by another party.[454]

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452 Article 8 of the Pan American Convention states:

> When the owner of a mark seeks the registration or deposit of the mark in a Contracting State other than that of origin of the mark and such registration or deposit is refused because of the previous registration or deposit of an interfering mark, he shall have the right to apply for and obtain the cancellation or annulment of the interfering mark upon proving, in accordance with the legal procedure of the country in which cancellation is sought, the stipulations in Paragraph (a) and those of either Paragraph (b) or (c) below:
>
> (a) That he enjoyed legal protection for his mark in another of the Contracting States prior to the date of the application for the registration or deposit which he seeks to cancel; and
>
> (b) That the claimant of the interfering mark, the cancellation of which is sought, had knowledge of the use, employment, registration or deposit in any of the Contracting States of the mark for the specific goods to which said interfering mark is applied, prior to adoption and use thereof or prior to the filing of the application or deposit of the mark which is sought to be cancelled; or
>
> (c) That the owner of the mark who seeks cancellation based on a prior right to the ownership and use of such mark, has traded or trades with or in the country in which cancellation is sought, and that goods designated by his mark have circulated and circulate in said country from a date prior to the filing of the application for registration or deposit for the mark, the cancellation which is claimed, or prior to the adoption and use of the same.

453 B&B Hardware, Inc. v. Hargis Indus., Inc., 575 U.S. 138, 113 U.S.P.Q.2d 2045 (2015).

454 *Empresa Cubana*, 2022 U.S.P.Q.2d 1242, at *31.

However, the CAFC had already held (in 2014) that the issue decided in the federal civil action—whether Section 44(h)[455] of the Act incorporated Article 8 claims—was not the same as the Article 8 issue here. It ruled that "[i]ssue preclusion does not apply" because "the Board can cancel registrations directly under Article 8 of the IAC [Pan American Convention], pursuant to the Board's jurisdiction under 15 U.S.C. § 1067(a) [Section 17(a) of the Lanham Act]."[456] Therefore, pursuant to the CAFC's holding, the parties here are precluded from asserting issue preclusion.

General Cigar argued that the Board need not abide by the CAFC's ruling because of an exception to the "law of the case" doctrine when controlling authority (the Supreme Court's 2015 decision in *B&B Hardware*) "changed governing the law."[457]

> Under this exception, "[t]hree conditions must be satisfied." *Dow Chem. Co. v. Nova Chem. Corp.*, 803 F.3d 620, 115 U.S.P.Q.2d 2024, 2030 (Fed. Cir. 2015). "First, the governing law must have been altered . . . . Second, the decision sought to be reopened must have applied the old law . . . . Third, the change in law must compel a different result[.]" *Id.* These requirements are strictly construed. *Sacramento Mun. Util. Dist. v. United States*, 566 F. App'x 985, 996 (Fed. Cir. 2014) (citations omitted).[458]

The Board, however, was not persuaded that *B&B Hardware* changed the law. In fact, the CAFC applied the rule that General Cigar itself claimed was later established by *B&B Hardware*: that district court rulings have preclusive effect before the Board if ordinary issue preclusion standards are met, a rule that "has been

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455 Section 44(h) of the Lanham Act, 15 U.S.C. § 1126(h), states:

> Any person designated in subsection (b) of this section as entitled to the benefits and subject to the provisions of this chapter shall be entitled to effective protection against unfair competition, and the remedies provided herein for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.

Section 44(b) states:

> Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, shall be entitled to the benefits of this chapter.

456 *Empresa Cubana*, 2022 U.S.P.Q.2d 1242, at *34, citing Havana Club Holding S.A. v. Galleon S.A., 203 F.3d 116, 124, 53 U.S.P.Q.2d 1609, 1614 (2d Cir. 2000). Section 17(a) of the Lanham Act states:

> In every case of interference, opposition to registration, application to register as a lawful concurrent user, or application to cancel the registration of a mark, the Director shall give notice to all parties and shall direct a Trademark Trial and Appeal Board to determine and decide the respective rights of registration.

457 *Id.* at *35.

458 *Id.* at *37.

settled in the Federal Circuit for quite some time."[459] Moreover, *B&B Hardware* "addressed an entirely different issue: 'whether the District Court in this case should have applied issue preclusion to the [Board's] decision,' 113 U.S.P.Q.2d at 2048, not vice versa."[460]

The Board also observed that *B&B Hardware* did not change the standard for issue preclusion. Moreover, *B&B Hardware* "did not concern or address the scope of the Board's jurisdiction under Section 17(a) of the Lanham Act, Article 8, or any other treaty-based claims, or § 44 of the Lanham Act."[461]

In sum, the Board concluded that "*B&B Hardware* provides no warrant for the Board to disregard the Federal Circuit's decision in contravention of established practice regarding mandates emanating from that Court."[462]

If that wasn't enough, the Board also concluded that *B&B Hardware* is "irrelevant" to the CAFC's ruling because, as that court stated: "[u]nlike in the district court, the Board need not consider the interplay with [Lanham Act] Section 44(h)."[463] Here Cubatabaco's claim for cancellation falls under Section 17 of the Act and is therefore "entirely different."[464]

And one more thing. "The Second Circuit held that to the extent its decision has any preclusive effect on this Board proceeding, Respondent could simply raise 'its estoppel claim before the [US]PTO and **let the agency decide**, subject to review by the Federal Circuit, what preclusive effect should be given to our decision.'"[465]

And so, the Board ruled that issue preclusion did not bar Cubatabaco's claim under Article 8 of the Pan American Convention.

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459 *Id. See, e.g.*, Mother's Rest, Inc. v. Mama's Pizza, Inc., 723 F.2d 1566, 221 U.S.P.Q.2d 394 (Fed. Cir. 1983) (holding that the TTAB properly gave preclusive effect to the Texas court's findings of fact).

460 *Id.*

461 *Id.* at *38.

462 *Id.* at *40.

463 *Id.* at *41.

464 *Id.*

465 *Id.*, quoting Empresa Cubano Del Tabaco dba Cubatabaco v. Culbro Corp., General Cigar Co., Inc., and General Cigar Holdings, Inc., 541 F.3d 476, 88 U.S.P.Q.2d 1125, 1128 (2d Cir. 2008) (emphasis in original).

Common Sense Press Inc. d/b/a Pocket Jacks Comics v. Ethan Van Sciver and Antonio J. Malpica

In a rather mundane ruling, the Board held that "the termination of a reexamination or expungement proceeding in favor of a registrant cannot be the basis for the registrant's assertion of claim or issue preclusion in a proceeding before the Board to cancel that registration."[466] The Board therefore denied the respondents' motion for judgment and resumed the cancellation proceeding.

In October 2020, Common Sense Press Inc. petitioned to cancel a registration for the mark COMICS GATE for "comics," claiming nonuse, abandonment, and fraud. In March 2023, Common Sense filed a petition to the Director under Section 16B of the Lanham Act,[467] requesting reexamination of the challenged registration and at the same time moving to suspend the cancellation proceeding.

The USPTO instituted the reexamination proceeding,[468] informing the respondents that, in order to avoid cancellation, they must submit evidence sufficient to "establish use of the mark for [comics] as of the deadline for filing a statement of use pursuant to Trademark Act Section 1(d), which is August 13, 2020."[469]

The reexamination proceeding was terminated on January 6, 2023, the notice of termination stating that:

> Upon review of the evidence of record, the USPTO determined that registrant has demonstrated use of the mark in commerce for all goods, subject to the proceeding. 37 C.F.R. § 2.93(c)(3)(i).
>
> The evidence and arguments provided by the registrant demonstrates valid use of the relevant goods in interstate commerce. Registrant has also established that the relevant goods were provided through trade channels that directly affect interstate commerce during the period of time relevant to this proceeding.
>
> Accordingly, no change is required to the registration, and the proceeding is terminated. 37 C.F.R. § 2.94.[470]

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466 Common Sense Press Inc. d/b/a Pocket Jacks Comics v. Ethan Van Sciver and Antonio J. Malpica, 2023 U.S.P.Q.2d 601, at *3 (T.T.A.B. 2023).

467 15. U.S.C. § 1066B.

468 By way of a reexamination proceeding, one may request the deletion of some or all of the goods or services in a use-based registration on the basis that the trademark was not in use in commerce with those goods or services on or before a particular relevant date (e.g., the date when a use-based application was filed, or the date when a statement of use was filed in an intent-to-use application).

469 *Common Sense Press*, 2023 U.S.P.Q.2d 601, at *1.

470 *Id.*

A person who requests institution of a reexamination or an expungement[471] proceeding must submit "all documentary evidence supporting a prima facie case of nonuse of the mark in commerce and an itemized index of such evidence."[472] If the proceeding is instituted, the requestor has no further involvement, the matter proceeds on an ex parte basis[473] and the registrant may rebut the prima facie case of nonuse.[474] If the registrant successfully rebuts the evidence and complies with all outstanding requirements, the proceeding is terminated with no change to the registration.[475]

The Board began with a review of the statute and the Trademark Rules. It pointed out, although the Lanham Act contains explicit estoppel provisions that bar the filing of future reexamination or expungement proceedings as to the identical goods or services once a proceeding of the same kind has been instituted,[476] neither the statute nor the regulations set forth a limitation on any party's ability to petition to cancel a registration just because the registration has been the subject of a reexamination or expungement proceeding.[477] Likewise, the Trademark Rules provide that "termination of an expungement or reexamination proceeding in favor of the registrant does not bar future nonuse cancellation actions under [Trademark Rule] 2.111 with respect to the registration."[478]

Moreover, the Act provides that the decision to institute (or not) "shall not prejudice any party's right to raise any issue and rely on any evidence in any other proceeding" except as provided in Sections 16A(j) and 16B(j).[479]

Apart from the statutory language, the Board observed that, since reexamination and expungement proceedings are conducted ex parte, "they have no preclusive effect against a petitioner who

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471 In an expungement proceeding, one may request deletion of some or all the goods or services from a registration because the registrant *never* used the trademark in commerce with those goods or services. *See* Section 16A of the of the Lanham Act, 15 U.S.C. §§ 1066A.

472 Rule 2.91(c)(9) of the Trademark Rules of Practice, 37 C.F.R. § 2.91(c)(9).

473 Sections 16A(c) and 16B(d) of the Lanham Act, 15 U.S.C. §§ 1066A(c) and 1066B(d).

474 Sections 16A(d), 16A(e), 16B(e), and 16B(f) of the Lanham Act, 15 U.S.C. §§ 1066A(d), 1066A(e), 1066B(e), and 1066B(f).

475 Sections 16A(g) and 16B(g) of the Lanham Act, 15 U.S.C. §§ 1066A(g) and 1066B(g).

476 Sections 16A(j) and 16B(j) of the Lanham Act, 15 U.S.C. §§ 1066A(j) and 1066B(j); *accord*, Rules 2.92(d)(1) and (d)(2) of the Trademark Rules of Practice, 37 C.F.R. § 2.92(d)(1) and (2).

477 *See* Sections 16A and 16B of the Lanham Act, 15 U.S.C. §§ 1066A and 1066B; Rules 2.91-2.94 of the Trademark Rules of Practice, 37 C.F.R. §§ 2.91-2.94.

478 CHANGES TO IMPLEMENT PROVISIONS OF THE TRADEMARK MODERNIZATION ACT OF 2020, 86 Fed. Reg. 64300, 64306 (Nov. 17, 2021); *see also* 37 C.F.R. § 2.111(b).

479 Sections 16A(c)(3) and 16B(d)(3) of the Lanham Act, 15 U.S.C. §§ 1066A(c)(3) and 1066B(d)(3).

seeks to cancel that same registration through a cancellation proceeding—even if that petitioner also submitted the petition requesting institution of a reexamination or expungement proceeding."[480]

> Further, inasmuch as a person who files a petition requesting institution of a reexamination or expungement proceeding is not a party to that *ex parte* proceeding, he or she has no right to appeal the Director's decision in that proceeding. As we recently stated, "[i]f a party cannot appeal the outcome of an earlier proceeding, then the second action is not barred under either [claim or issue] preclusion." *Valvoline Licensing & Intellectual Prop. LLC v. Sunpoint Int'l Grp. USA Corp.*, 2021 U.S.P.Q.2d 785, at *7 (T.T.A.B. 2021).[481]

On January 9, 2023, the respondents filed a two-page "Notice of Termination of Re-examination and Motion for Judgment," arguing that issue preclusion should be applied with regard to Petitioner Common Sense's nonuse claim. The Board, finding no basis for claim or issue preclusion, denied the motion for judgment and resumed the cancellation proceeding.

c. Correction of Ownership

Phat Scooters, Inc. v. Fatbear Scooters, LLC

The underlying application for the registration of FAT BEAR for motor scooters was filed in the name of Fatbear Scooters, LLC on December 19, 2019, but that entity did not exist as of the filing date. Petitioner Phat Scooters, Inc. moved for partial summary judgment on its claim that the registration is void ab initio because the application was not filed by the rightful owner of the mark. The Board, however, allowed the respondent to correct the misidentification because the error was "inadvertent, made in good faith, and has been formalized through the filing and issuance of the limited liability certificate."[482]

There was no dispute that the corrective action was taken after this proceeding commenced, and the certificate of formation for Fatbear Scooters, LLC was issued one day after the answer was filed. Respondent Fatbear submitted the affidavit of one of its two co-owners, Isaac Ashkenazie, stating that the belated incorporation was due to an "oversight," but they intended to create the entity at

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480 *Common Sense Press*, 2023 U.S.P.Q.2d 601, at *2-3. *See* Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found., 402 U.S. 313, 329 (1971) ("litigants . . . who never appeared in a prior action [ ] may not be collaterally estopped without litigating the issue . . . .").

481 *Id.* at *3.

482 Phat Scooters, Inc. v. Fatbear Scooters, LLC, 2023 U.S.P.Q.2d 486 (T.T.A.B. 2023) [precedential].

the same time the application was filed. He further averred that he and his cousin (of the same name) started the business in about November 2019, that the business has continued to the present under the same ownership, and that no other entity has owned or used the FAT BEAR mark.

The Board construed Fatbear's response to the summary judgment motion as a "cross-motion to amend the involved registrations due to a correctable owner's mistake."[483] The Board noted that under Rule 2.133,[484] a registration that is the subject of a Board proceeding may be amended upon motion granted by the Board, without the consent of the other party.

Under Trademark Rule 2.71(d), a use-based application filed in the name of an entity that is not the owner of the mark is void.[485] "However, where a use-based application is filed by the owner of the mark, the Trademark Act and Rules allow for correction of certain mistakes in the manner or form in which the owner's name is set out in the application or resulting registration. Trademark Act § 7(h), 15 U.S.C. § 1057(h); Trademark Rule 2.71(d)."[486]

For example, if the named applicant did not exist as of the application filing date, the name may be corrected.[487]

> Such a correction requires a showing that the applicant be the same, single commercial enterprise that filed and owned the mark at the time of filing the application. *Argo & Co. v. Springer*, 198 U.S.P.Q. 626, 635 (T.T.A.B. 1978) (holding that application may be amended to name three individuals as joint applicants in place of originally named corporate applicant which was never legally incorporated, because individuals and non-existent corporation were found to be same, single commercial enterprise); *U.S. Pioneer Elec. Corp. v. Evans Mktg., Inc.*, 183 U.S.P.Q. 613, 614 (Comm'r Pats. 1974) (finding applicant's name may be corrected where

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483 *Id.* at *2.

484 37 C.F.R. § 2.133.

485 Rule 2.71(d) of the Trademark Rules of Practice, 37 C.F.R. § 2.71(d), states:

> The applicant may amend the application to correct the name of the applicant, if there is a mistake in the manner in which the name of the applicant is set out in the application. The amendment must be verified. However, the application cannot be amended to set forth a different entity as the applicant. An application filed in the name of an entity that did not own the mark as of the filing date of the application is void.

486 *Phat Scooters*, 2023 U.S.P.Q.2d 486, at *2. Section 7(h) of the Lanham Act states:

> Whenever a mistake has been made in a registration and a showing has been made that such mistake occurred in good faith through the fault of the applicant, the Director is authorized to issue a certificate of correction or, in his discretion, a new certificate upon the payment of the prescribed fee: *Provided*, That the correction does not involve such changes in the registration as to require republication of the mark.

487 *Id.* at *2-3.

> application was mistakenly filed in name of fictitious and non-existent party).[488]

The Board found this case similar to *Accu Personnel, Inc. v. Accustaff, Inc.*[489] In both cases, the entity named as owner of the mark did not exist as of the filing date.

> Fatbear Scooters, LLC is "merely a later manifestation of the same, single commercial enterprise which filed the application . . . . The same single commercial enterprise operated by the Ashkenazie cousins has owned the mark, the application, and the resulting registration the entire time, and the misidentification of the commercial business as a New Jersey limited liability company is a correctable mistake.[490]

The Board found that chain of title in the same, single commercial enterprise existed between the LLC and the Ashkenazie cousins (d/b/a Fatbear Scooters). The evidence also demonstrated that the error in identification was, as noted above, "inadvertent, made in good faith, and has been formalized through the filing and issuance of the limited liability certificate."[491] The Board concluded that the misidentification of the applicant was correctable. The Board further found the evidence sufficient to allow joinder of Messrs. Ashkenazie d/b/a Fatbear Scooters as party defendants.

Accordingly, the Board denied Phat Scooters' motion for partial summary judgment.

d. Sanction for Spoliation

Rapid Inc. v. Hungry Marketplace, Inc.

Finding that Opposer Rapid Inc.'s star witness had "not only been dishonest with the Board, but he also engaged in spoliation of evidence," the Board tossed out this Section 2(d) opposition.[492] Rapid claimed priority of use for the mark HUNGR for food ordering application software, and likelihood of confusion with Applicant Hungry Marketplace's mark HUNGRY for overlapping software. The Board found that Rapid's witness "engaged in a pattern of

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488 *Id.* at *3.

489 Accu Personnel, Inc. v. Accustaff, Inc., 38 U.S.P.Q.2d 1443, 1445, 1446 (T.T.A.B. 1996) (holding that an application filed in name of a non-existent corporate entity was not void ab initio when the applicant prematurely identified itself as a Florida corporation before the merger of four regional companies into the applicant corporation).

490 *Phat Scooters*, 2023 U.S.P.Q.2d 486, at *3. *Compare Accu Personnel with* Great Seats, Ltd. v. Great Seats, Inc., 84 U.S.P.Q.2d 1235, 1244 (T.T.A.B. 2007) (application void ab initio where two separate commercial entities were in existence on the application filing date and the application was filed in name of the wrong entity.)

491 *Id.* at *4.

492 Rapid Inc. v. Hungry Marketplace, Inc., 2022 U.S.P.Q.2d 678, at *52-53 (T.T.A.B. 2022).

fabrication and spoliation of evidence, which vitiates the probative effect of his testimony and evidence, and taints the remainder of evidence that might otherwise indirectly support Opposer's claim of priority."[493] Absent proof of priority, Rapid's claim failed.

Rapid's proofs included the testimony declaration of Aaron Mortensen, its Vice President and Chief Information Officer, and the declarations of four third parties who averred that they had encountered the HUNGR mark in connection with food delivery services. Hungry Marketplace was entitled to rely on its May 4, 2016, filing date as its constructive first use date.

Mr. Mortensen claimed that his company began using the HUNGR mark in 2012, relying on certain documentary support that the Board found of questionable probative value. Rapid also submitted a promotional flyer allegedly distributed in 2012, but that document too was of dubious provenance, as were certain documents regarding installations of the HUNGR software downloaded from the Google Play Store and the Apple App Store.

Of critical importance to the Board's decision was a *RestaurantNews.com* press release purportedly announcing the launching of an updated version of the HUNGR app on November 15, 2015. Actually, the press release originally referred to an app called TOGO, but in November 2016, Mr. Mortensen contacted the publication and arranged to have the published press release "updated" by changing it to refer to HUNGR rather than TOGO but keeping the same publication date.[494] On cross-examination, Mr. Mortensen denied that he ever contacted the publication (except once to ask about its advertising rates). Similarly, Mr. Mortensen denied having contacted the Wayback Machine to seek removal of the original, archived version of the *RestaurantNews.com* webpage. That testimony, too, was false and was proven so by Applicant Hungry Marketplace.

> After carefully reviewing all evidence and testimony in this case . . . we find that not only has Opposer's "star witness" Mr. Mortensen been dishonest with the Board, but he also engaged in spoliation of evidence. "Spoliation refers to 'the destruction or material alteration of evidence or the failure to preserve property for another's use as evidence in pending or reasonably foreseeable litigation.'" *Optimal Chem. Inc. v. Srills LLC*, 2019 U.S.P.Q.2d 338409, at *16 (T.T.A.B. 2019)

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493 *Id.* at *55-56. *See* Vodusek v. Bayliner Marine Corp., 71 F.3d 148, 155-156 (4th Cir. 1995) ("Under the spoliation of evidence rule, an adverse inference may be drawn against a party who destroys relevant evidence."); Gilmer v. Colo. Inst. of Art, 12 F. App'x 892, 895, 2001 WL 686406 at *3 (10th Cir. 2001) (court has discretion to decide factual disputes regarding the fabrication of evidence even when that issue also goes to the merits of the case).

494 *Id.* at *34-38.

(citing *Silvestri v. Gen. Motors Corp.*, 271 F.3d 583, 590 (4th Cir. 2001)).[495]

The Board found this testimony and evidence to be "particularly egregious, and casts a dark shadow over the remaining testimony and evidence he provided."[496] Invoking the legal maxim "*falsus in uno, falsus in omnibus*" (false in one thing, false in everything),[497] the Board looked askance at his remaining testimony. Furthermore, the Board found that Rapid's third-party witnesses, "while perhaps intending to testify truthfully about the dates on which they purportedly first used or became familiar with Opposer's HUNGR app, merely signed the declarations based on the advice of or their relationship with Mr. Mortensen without having any independent recollection of the specific dates to which they testified."[498]

The Board therefore found that Rapid failed to meet its burden of proving priority by a preponderance of the evidence. "Because opposer cannot establish its priority, a necessary element of the ground of likelihood of confusion, opposer's priority and likelihood of confusion claim is dismissed."[499]

e. Unpleaded Claim

Kimberley Kampers IP Pty. Ltd. v. Safiery Pty. Ltd.

In this dispute involving two Australian companies tussling over ownership of the mark KIMBERLEY KAMPERS for campers, Petitioner Kimberley Kampers moved for summary judgment on the grounds of non-ownership and abandonment, but it failed to meet its initial burden to make a prima facie case. The Board therefore denied the motion as to those grounds, but in light of Kimberley Kampers' evidence regarding nonuse for the three-year statutorily presumptive abandonment period, the Board chose to consider nonuse (though unpleaded) as a separate ground for summary judgment, and it set a schedule for briefing on that issue.[500]

Kimberley Kampers claimed that it could meet its initial burden to prove a prima facie case "by showing that there is an absence of

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495 *Id.* at *51-52.

496 *Id.* at *52.

497 *Id.* at *54. *See* Lambert v. Blackwell, 387 F.3d 210, 256 (3rd Cir. 2004) (describing the *falsus in uno, falsus in omnibus* principle, which permits a jury to disregard part or all of a witness's testimony if the witness has testified falsely about a material fact); United States v. Martinez, 356 F. Supp. 2d 856, 870 (M.D. Tenn. 2005) (applying the doctrine *falsus in uno, falsus in omnibus* to discredit an agent's entire testimony due to certain inconsistencies with the record).

498 *Id.* at *55.

499 *Id.* at *56.

500 Kimberley Kampers IP Pty. Ltd. v. Safiery Pty. Ltd., 2022 U.S.P.Q.2d 1036 (T.T.A.B. 2022).

evidence to support the nonmoving party's case.'"[501] Wrong, said the Board. "[W]here, as here, 'the *moving party* will bear the burden of persuasion at trial, that party must support its motion with credible evidence—using any of the materials specified in [Fed. R. Civ. P.] 56(c)—that would entitle it to a directed verdict if not controverted at trial.'"[502] Here, Kimberley Kampers failed to meet its burden of production on either claim.

Non-ownership: Section 7(b)[503] provides Respondent Safiery with a presumption that it owns the registered mark. Therefore, Kimberley Kampers could not meet its initial burden merely by showing that the Safiery lacks evidence to support its claim or by otherwise shifting the burden onto Safiery to prove ownership.[504] The submissions by Kimberley Kampers purporting to show that it owns the mark were "inconclusive and insufficient to demonstrate the absence of a genuine dispute on the issue."[505]

Abandonment: Kimberley Kampers relied on the three-year presumption of abandonment found in Section 45[506] in asserting that Safiery's interrogatory responses (stating that it had not begun use of the mark) established a three-year period of nonuse, and thus a prima facie case of abandonment. Safiery's underlying application was filed on March 2, 2018, and Safiery was entitled to the presumption of validity as of that date under Section 7(b).[507] The critical three-year period for the presumption of abandonment began on that date.[508] However, Safiery's interrogatory answers were dated January 12, 2021, and so the three-year requirement of nonuse was not met, and Kimberley Kampers again failed to meet its initial burden of proof.

Nonuse: Nonetheless, the Board found that the parties' briefs and submissions "raise a question of Respondent's nonuse of its mark at the time of filing the underlying application that would

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501 *Id.* at *5.

502 *Id.* at *5-6, quoting Celotex Corp. v. Catrett, 477 U.S. 317, 331 (1986) (Brennan, J., dissenting) (emphasis in original).

503 Section 7(b) of the Lanham Act, 15 U.S.C. § 1057, states:

> 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.

504 *Kimberley Kampers*, 2022 U.S.P.Q.2d 1036, at *6.

505 *Id.* at *6-7. The Board does not say what the submissions were.

506 Section 45 of the Lanham Act, 15 U.S.C. § 1127, provides, in pertinent part, that a mark is deemed to be abandoned "[w]hen its use has been discontinued with intent not to resume such use." Such intent "may be inferred from circumstances" and "[n]onuse for 3 consecutive years shall be prima facie evidence of abandonment."

507 *Kimberley Kampers*, 2022 U.S.P.Q.2d 1036, at *7-8.

508 *See* ShutEmDown Sports, Inc. v. Lacy, 102 U.S.P.Q.2d 1036, 1042 (T.T.A.B. 2012).

render the registration void ab initio."[509] Since the underlying application was filed under Section 1(a), Kimberley Kampers' allegation that the registered mark had never been used in commerce "necessarily included an allegation that the mark was not in use on the filing date of the application."[510]

A claim of nonuse thus appeared to be supported by Kimberley Kampers' allegations, as well as by certain of the Safiery's interrogatory answers, which stated that it was "currently in the process of developing a product," and "has not yet commenced sales."[511]

The Board observed that it is not its practice to consider an unpleaded claim on summary judgment. However, in this "unusual situation," it chose to do so.[512]

> [W]e find that the allegations within Petitioner's pleading of abandonment were sufficient to put Respondent on notice that Petitioner had alleged nonuse and that Respondent's use of its mark at the time the underlying application was filed was at issue . . . . We therefore read the petition for cancellation as asserting a separate claim that the registration is void ab initio for nonuse.[513]

The Board directed the parties to file briefs and submit evidence on the issue of nonuse.[514]

f. Explanation for Partial Abandonment

Ruifei (Shenzhen) Smart Technology Co. v. Shenzhen Chengyan Science and Technology Co.

After the commencement of this proceeding for cancellation of a registration for the mark DISO for various electronic devices, on the grounds of fraud and abandonment, the registration was subject to a USPTO audit regarding Respondent Shenzhen's Section 8 Declaration of Use. The audit resulted in deletion of many of the identified goods, leaving only "earphones and headphones; portable

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509 *Kimberley Kampers*, 2022 U.S.P.Q.2d 1036, at *9.

510 *Id. Cf.* NT-MDT LLC v. Kozodaeva, 2021 U.S.P.Q.2d 433, at *16 (T.T.A.B. 2021) (stipulation that respondent had never used the mark in interstate commerce in the United States "would appear to seal Petitioner's victory on the nonuse claim").

511 *Id.* at *9-10.

512 *Id.* at *11.

513 *Id.* at *10-11. *See ShutEmDownSports*, 102 U.S.P.Q.2d at 1045 ("[T]he petition for cancellation clearly put respondent on notice that petitioner had alleged nonuse by respondent, in particular, 'on all recited goods at the time of the application.' . . . [S]eparate pleading of a nonuse claim, while preferable, is not, however, critical, and the Board has found applications to be void *ab initio* even when nonuse was not pleaded as a separate claim or issue.").

514 Two months after this ruling, Respondent Safiery surrendered its registration for cancellation.

media players, namely MP3 players." Observing that a registrant may not, by deleting goods from a registration, moot a proceeding to avoid a judgment as to the deleted goods, the Board allowed Shenzhen twenty days to explain the reason for its deletions.[515]

Trademark Rule 2.134(b)[516] applies when a respondent permits its registration to be cancelled under Section 8 during the pendency of a cancellation proceeding. Under that rule, "an order may be issued allowing respondent until a set time . . . in which to show cause why such cancellation. should not result in entry of judgment against respondent . . . ." If the respondent shows that the cancellation was the result of inadvertence or mistake, judgment will not be entered against it. If the reason was abandonment of the mark and such abandonment was not for purposes of avoiding the proceeding, judgment will be entered, but only on the ground of abandonment.

In *Orange Bang*,[517] the Board found that the deletion of all of the goods that were subject to the cancellation petition was an attempt to moot the proceeding, and so the Board granted petitions to cancel the involved registrations with respect to the deleted goods. Here, however, only some of the goods that were under attack were deleted from the challenged registration.

> Nonetheless, Petitioner's claims of abandonment and fraud related to nonuse rely in part on nonuse of the mark on the now-deleted goods, and therefore the same concerns raised in *Orange Bang* and the policies underlying Trademark Rule 2.134(b) apply. Namely, by deleting certain goods subject to this cancellation, Respondent may not moot this proceeding and avoid judgment as to the deleted goods. As set forth in TBMP § 602.02(b), we require Respondent's response

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515 Ruifei (Shenzhen) Smart Tech. Co., Ltd. v. Shenzhen Chengyan Science and Tech. Co., Ltd., 2023 U.S.P.Q.2d 59 (T.T.A.B. 2023).

516 Trademark Rule 2.134(b), 37 C.F.R. § 2.134(b), states:

> After the commencement of a cancellation proceeding, if it comes to the attention of the Trademark Trial and Appeal Board that the respondent has permitted its involved registration to be cancelled under section 8 or section 71 of the Act of 1946, or has failed to renew its involved registration under section 9 of the Act of 1946, or has allowed its registered extension of protection to expire under section 70(b) of the Act of 1946, an order may be issued allowing respondent until a set time, not less than fifteen days, in which to show cause why such cancellation, failure to renew, or expiration should not be deemed to be the equivalent of a cancellation by request of respondent without the consent of the adverse party and should not result in entry of judgment against respondent as provided by paragraph (a) of this section. In the absence of a showing of good and sufficient cause, judgment may be entered against respondent as provided by paragraph (a) of this section.

517 Orange Bang, Inc. v. Olé Mexican Foods, Inc., 116 U.S.P.Q.2d 1102 (T.T.A.B. 2015).

regarding the deletion of goods as it relates to abandonment.[518]

The Board ordered Respondent Shenzhen to show cause "why its deletion of certain goods in the subject registration should not be deemed the equivalent of a partial cancellation of the registration by request of Respondent without Petitioner's consent, and should not therefore result in judgment against Respondent on Petitioner's abandonment claim as to the deleted goods."[519]

If Shenzhen shows that it allowed partial cancellation of goods because the mark had been abandoned as to those goods, and not to avoid judgment here, judgment will be entered only and specifically on the ground of abandonment as to the deleted goods.

If Shenzhen shows that the deletion was not made to avoid judgment and shows "good and sufficient cause" (as required by Rule 2.134(b)), why judgment should not be entered against it for abandonment, Petitioner Ruifei will be allowed time to choose whether to proceed with its abandonment claim and its fraud claim, including as to the deleted goods, or whether this proceeding as to the deleted goods should be dismissed without prejudice.[520]

g. Page Limit for ACR Brief

Rasa Vineyards, LLC v. Rasasvada, LLC

The Board re-designated as precedential an interlocutory order in this Section 2(d) opposition involving an application to register the mark RASASVADA for alcohol and spirits. The Board had accepted the parties' stipulation to proceed under the Accelerated Case Resolution ("ACR") regime.[521] Facing the Board was the question of whether the normal 55-page final brief limit applied or whether the summary judgment limit of 25 pages applied, since the parties had stipulated to submission of the case "through ACR briefing in a cross-motion for summary judgment format."[522] The Board said "25."

When Applicant Rasasvada filed a 41-page brief (including table of contents), Opposer Rasa Vineyards moved to strike, requesting that Rasasvada be required to re-submit a brief that satisfied the

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518 *Ruifei*, 2023 U.S.P.Q.2d 59, at *9.

519 *Id.* at *9-10.

520 Shenzhen submitted a response stating that the subject mark was abandoned as to the deleted goods because those goods had been discontinued. The Board then entered judgment against Shenzhen only on the ground of abandonment as to the deleted goods.

521 "Accelerated Case Resolution ('ACR') is an alternative to typical Board inter partes proceedings with full discovery, trial and briefing, in which parties to a Board proceeding can obtain a determination of the claims and defenses in their case in a shorter time period than contemplated in the typical Board proceeding." TBMP § 702.04(a).

522 Rasa Vineyards, LLC v. Rasasvada, LLC, 2022 U.S.P.Q.2d 769, at *2 (T.T.A.B. 2022).

25-page limit of Rule 2.127(a) for briefing of motions.[523] Rasasvada argued that the stipulation regarding ACR did not recite a page limit, and that Rule 2.128(b), which deals with briefs at final hearing, should govern.[524] The Board sided with Rasa Vineyards.

> The parties clearly stipulated to submission of their briefs in summary judgment format and the page limits of a motion for summary judgment apply. Applicant's brief exceeds the 25 page limit including a table of contents and will therefore receive no consideration. *See Mattel Inc. v. Brainy Baby Co.*, 101 U.S.P.Q.2d 1140, 1141. (TTAB 2011) (overlength brief on motion for summary judgment will not be considered).[525]

The Board therefore granted the motion to strike Rasasvada's brief but allowed it one day to re-submit a brief limited to 25 pages. Rasasvada did so.

h. Timeliness of Discovery Requests

OMS Investments, Inc. v. Habit Horticulture LLC

In a snoozer of a precedential order, the Board ruled on several discovery-related motions in this opposition to registration of the mark GROMEO for "planters for flowers and plants; Self-watering planters for flowers and plants." Opposer OMS claimed likelihood of confusion with, and likely dilution of, its registered mark MIRACLE GRO and several GRO-formative marks for fertilized, soil, pots, and containers.[526]

Applicant Habit[527] moved to compel a deposition and to extend its time to respond to OMS's discovery requests. When Habit filed it reply brief, OMS claimed the reply should be stricken as untimely. OMS served its opposition to the motion to compel on December 10,

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[523] Rule 2.127(a) of the Trademark Rules of Practice, 37 C.F.R. § 2.127(a), states, in pertinent part, "Neither the brief in support of a motion nor the brief in response to a motion shall exceed twenty-five pages in length in its entirety, including table of contents, index of cases, description of the record, statement of the issues, recitation of the facts, argument, and summary."

[524] Rule 2.128(b) of the Trademark Rules of Practice, 37 C.F.R. § 2.128(b), states, in pertinent part,

> Without prior leave of the Trademark Trial and Appeal Board, a main brief on the case shall not exceed fifty-five pages in length in its entirety, including the table of contents, index of cases, description of the record, statement of the issues, recitation of the facts, argument, and summary; and a reply brief shall not exceed twenty-five pages in its entirety.

[525] *Rasa Vineyards*, 2022 U.S.P.Q.2d 769, at *4.

[526] OMS Investments, Inc. v. Habit Horticulture LLC, 2022 U.S.P.Q.2d 1074 (T.T.A.B. 2022).

[527] Actually, the applicant's name is Habitat Horticulture, but the opposer OMS misspelled it in the Notice of Opposition.

2021, and argued that, under Trademark Rule 2.127(a),[528] the reply filed on December 31 was one day too late. Not so, said the Board. The opposition was not *filed* until December 11, so the reply was due twenty days after that date and was therefore timely.

> Trademark Rule 2.195(a) does not contemplate that a submission filed with the Board may have different service dates and filing dates for purposes of calculating briefing deadlines under Trademark Rule 2.127(a). Rather, "[f]or administrative purposes, a firm and **single** receipt-by date is necessary for submissions transmitted to the Board." *Island, LLC v. JBX Pty. Ltd.*, 2021 U.S.P.Q.2d 779, at *4 n.9 (T.T.A.B. 2021) (emphasis added). Thus, in the event that a party serves a copy of its motion prior to filing the submission with the Board, the submission nonetheless is assigned a single receipt-by date, based on Eastern Time, for purposes of calculating the deadline for filing a response or reply brief under Trademark Rule 2.127(a).[529]

The Board then denied Habit's motion to compel because it was filed prematurely (OMS had not "clearly or unambiguously stated that it would not designate or produce a witness for the noticed deposition"[530]) and because Habit failed to make the required good-faith effort to resolve the dispute prior to filing its motion.[531] The parties were ordered to meet and confer forthwith in a good-faith effort to resolve any disputes regarding the topics for examination (under Fed. R. Civ. P 30(b)(6)), the designated witnesses, and/or the date and location of the deposition.

Finally, the Board denied Habit's motion to extend the time for responding to OMS's discovery requests. Habit contended that it

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528 Rule 2.127(a) of the Trademark Rules of Practice, 37 C.F.R. § 2.127(a), provides, in pertinent part: "a reply brief, if filed, shall be filed within twenty days from the date of service of the brief in response to the motion."

529 *OMS Investments*, 2012 U.S.P.Q.2d 1074, at *3-4 (emphasis by the Board). Rule 2.195(a) of the Trademark Rules of Practice, 37 C.F.R. § 2.195(a), states that: "[t]he filing date of an electronic submission is the date the Office receives the submission, based on Eastern Time, regardless of whether that date is a Saturday, Sunday, or Federal holiday within the District of Columbia."

530 *Id.* at *10.

531 *Id.* at *9. *See* Rule 2.120(f)(1) of the Trademark Rules of Practice, 37 C.F.R. § 2.120(f)(1), which provides, in pertinent part:

> A motion to compel initial disclosures, expert testimony disclosure, or discovery must be supported by a showing from the moving party that such party or the attorney therefor has made a good faith effort, by conference or correspondence, to resolve with the other party or the attorney therefor the issues presented in the motion but the parties were unable to resolve their differences.

See also S. Indus. Inc. v. Lamb-Weston Inc., 45 U.S.P.Q.2d 1293, 1298 (T.T.A.B. 1997) ("A party to an inter partes proceeding before the Board may, after proper notice and a good faith effort to resolve the matter, file a motion to compel a party to attend a deposition.").

should not have to respond to the requests until after the Rule 30(b)(6) deposition of Habit in order to "maintain the status quo," i.e., Habit noticed its deposition first. The Board rejected that argument since discovery is not governed by the concept of priority and one party's discovery obligations are independent of the actions of its adversary.[532]

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[532] *Id.* at *13-14. *See, e.g.*, Trans-High Corp. v. JFC Tobacco Corp., 127 U.S.P.Q.2d 1175, 1177 n.3 (T.T.A.B. 2018) ("[D]iscovery [in a Board proceeding] is not governed by the concept of priority of discovery, and parties' discovery obligations are not dependent upon the actions of the other party."); Giant Food, Inc. v. Standard Terry Mills, Inc., 231 U.S.P.Q. 626, 632 (T.T.A.B. 1986) ("It is imperatively not the prerogative . . . for parties or their counsel to unilaterally impose conditions upon the sequence and timing of discovery . . . .").

PART III. LITIGATION IN THE FEDERAL COURTS AND STATE COURTS OF GENERAL JURISDICTION

A. Infringement, Unfair Competition, and Related Torts

1. Establishing Liability

a. Liability for Violations of Trademark and Service Mark Rights

i. Defining Claimed Marks

Several courts rejected defense arguments—typically advanced in cases involving product configurations—that plaintiffs had described their claimed marks at too high a level of abstraction. For example, one set of plaintiffs to defeat such an argument following a bench trial successfully protected the appearance of their shower curtains with integrated coplanar rings.[533] Reviewing the relevant allegations in the operative complaint, the court concluded that:

> Plaintiffs' Trade Dress is drawn in clear and specific detail. It specifies that the affixture of the shower curtain to the rod is to be by rings, not hooks (or buckles, clasps, or any other means of affixing). Those rings are to be integrated into the shower curtain so as to be co-planar with it (not perpendicular or at any other angle relative to the fabric). The rings are not to protrude above the curtain's upper edge. The rings are to contain slits that are fixed in place that allow the user to snap the curtain onto the rod—either ring by ring where the slit connects to the curtain's upper edge, or in pairs of rings where the slit horizontally connects two rings and travels through the curtain's fabric. The resulting appearance of the curtain's surface billowing back and forth across the curtain rod makes the appearance "neat and orderly."[534]

"This level of specificity," the court found, "goes well beyond proposed trade dress descriptions that have been held unprotectible and generic . . . ."[535]

In another example, having been found liable for infringing the trade dress of a line of furniture, one group of defendants argued on appeal to the Ninth Circuit that the plaintiff's references to the "overall look" of its pieces were impermissibly broad.[536] In rejecting that argument, the appellate court held "[t]hat [the plaintiff] at

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533 *See* Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co., 647 F. Supp. 3d 145 (S.D.N.Y. 2022), *appeal docketed*, No. 23-1446 (Fed. Cir. Feb. 1, 2023).

534 *Id.* at 208.

535 *Id.*

536 *See* Jason Scott Collection, Inc. v. Trendily Furniture, LLC, 68 F.4th 1203 (9th Cir. 2023), *cert. denied*, No. 23-194, 2024 WL 71923 (U.S. Jan. 8, 2024).

times used the phrase 'overall look' does not mean that we should disregard the more detailed descriptions of trade dress used elsewhere . . . ."[537] Moreover:

> Although [the plaintiff's] summary judgment motion used the words "overall look" to describe the dress of the [plaintiff's] Pieces, its other filings—for example, its Complaint and the Joint Pretrial Order—provide highly specific details of the trade dress, such as the furniture's "weathered-teak" appearance, metal designs, and ornately carved legs. The district court underscored these descriptions in its findings, explaining that the [plaintiff's furniture] "features large-scale furniture adorned with intricate wood carvings and decorative metal."[538]

The plaintiff's definition of its claimed rights therefore was adequate.

A final mark-definition-based attack on a complaint failed on a motion to dismiss for failure to state a claim.[539] That occurred in a case in which the plaintiffs claimed as protectable trade dress a set of avatars available for customization on the plaintiffs' online gaming platform. The defendants argued that the operative complaint defined the alleged trade dress in overly vague terms. Denying the motion, the court disagreed, accepting as adequate the plaintiffs' description of the avatars as "hav[ing] a distinct overall look and feel stemming from at least their (1) humanoid, blocky shape; (2) cylindrical heads; (3) C-shaped hands; (4) block-shaped legs; (5) square or rounded arms; (6) cartoon-like facial expressions and lack of a nose; and (7) the particularized combination of these elements."[540] That description, the court held, adequately constituted a "distinct trade dress."[541]

ii. Establishing Protectable Rights

(A) The Effect of Federal Registrations on the Mark-Validity Inquiry

A plaintiff seeking to protect a claimed mark not covered by a registration on the Principal Register bears the burden of proof where the mark's validity is concerned.[542] Immediately upon that

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537 *Id.* at 1213.

538 *Id.*

539 *See* Roblox Corp. v. WowWee Grp., 660 F. Supp. 3d 880 (N.D. Cal. 2023).

540 *Id.* at 892.

541 *Id.*

542 *See, e.g.*, EVO Brands, LLC v. Al Khalifa Grp. LLC, 657 F. Supp. 3d 1312, 1325 (C.D. Cal. 2023) ("It is not necessary that a trademark be registered in order for it to qualify for protection under the Lanham Act. However, without registration, a mark does not receive the prima facie presumption of validity that registered marks benefit from. A

registration's issuance, however, the registration serves as prima facie evidence of, among other things, the validity of the underlying mark under Sections 7(b) and 33(a) of the Act.[543] To the few courts interpreting the significance of that prima facie evidence, those sections shifted the burden of proof from plaintiffs to defendants on the issue of mark validity.[544]

(B) The Common-Law Requirements for Mark Validity

(1) Use in Commerce

As the Supreme Court has explained, "[r]ights in a trademark are determined by the date of the mark's first use in commerce. The party who first uses a mark in commerce is said to have priority over other users."[545] The past year produced several notable reported opinions applying these basic propositions.

(a) The Nature and Quality of Use in Commerce Necessary to Establish Protectable Rights

Findings that plaintiffs have failed at the pleadings stage to establish their priority of rights are relatively rare, but the

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plaintiff claiming an unregistered trademark must therefore alleges [sic] sufficient facts to support it's [sic] assertion that it has a valid ownership interest in the mark." (citations omitted); Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co., 647 F. Supp. 3d 145, 204–05 (S.D.N.Y. 2022) (declining to accord weight to registration on Principal Register issuing after inception of defendants' allegedly infringing conduct), *appeal docketed*, No. 23-1446 (Fed. Cir. Feb. 1, 2023); Now-Casting Econ., Ltd. v. Econ. Alchemy LLC, 628 F. Supp. 3d 501, 516 (S.D.N.Y. 2022) ("[A] party 'will prevail on the merits of its unregistered trademark infringement claim if it can show that it has a valid trademark entitled to protection and that the defendant's use of it is likely to cause confusion.'" (quoting Genesee Brewing Co. v. Stroh Brewing Co., 124 F.3d 137, 142 (2d Cir. 1997)), *reconsideration denied*, No. 18 CIV. 2442 (JPC), 2023 WL 3724155 (S.D.N.Y. May 30, 2023); Diageo N. Am., Inc. v. W.J. Deutsch & Sons Ltd., 626 F. Supp. 3d 635, 651 (S.D.N.Y. 2022) (rejecting defense motion for new trial by noting that jury instruction had properly placed burden of proving validity of unregistered trade dress on plaintiff), *appeal withdrawn*, No. 22-2106, 2022 WL 21295717 (2d Cir. Nov. 14, 2022); Monbo v. Nathan, 623 F. Supp. 3d 56, 125 (E.D.N.Y. 2022) ("The Joint Moving Defendants registered their domain name on January 9, 2013, prior to Plaintiffs' registration of their mark. Therefore, Plaintiffs' mark is not presumed to be distinctive."), *reconsideration denied*, No. 18-CV-5930 (MKB), 2022 WL 4134455 (E.D.N.Y. Sept. 11, 2022); *In re* Gordos Rest. Corp., 643 B.R. 1, 25 (Bankr. S.D.N.Y. 2022) ("[B]ecause [the disputed mark] was not registered with the USPTO it is not presumptively entitled to protection . . . .").

543 15 U.S.C. §§ 1057(b), 1115(a) (2018).

544 *See, e.g.*, PetConnect Rescue, Inc. v. Salinas, 656 F. Supp. 3d 1131, 1157 (S.D. Cal. 2023) "If a plaintiff establishes that a mark has been properly registered, the burden shifts to the defendant to show by a preponderance of the evidence that the mark is not protectable."); *Focus Prods. Grp. Int'l*, 647 F. Supp. 3d at 195 ("[W]hen a plaintiff sues for infringement of its registered mark, the defendant bears the burden of production and persuasion to rebut the presumption of ownership." (quoting C=Holdings B. V. v. Asiarim Corp., 992 F. Supp. 2d 223, 239 (S.D.N.Y. 2013)).

545 Hana Fin., Inc. v. Hana Bank, 574 U.S. 418, 419 (2015).

complaint before one court was sufficiently deficient as to produce such a result.[546] The court did not identify with precision the fatal flaw in the plaintiffs' averment of priority, but it was apparently the plaintiffs' failure to identify the dates of first use of their allegedly infringed marks. The plaintiffs sought to escape that issue by arguing that materials submitted by the defendants in support of their motion to dismiss demonstrated the marks' use on particular dates, but that was not good enough for the court. It observed that "these documents are not judicially noticeable for the truth of the facts asserted therein at the pleading stage. Furthermore, even if judicial notice were appropriate, it is insufficient for Plaintiffs to merely state dates on which Plaintiffs used the Marks, because they fail to state the first date of use."[547] Because "Defendants are . . . left guessing as to whether [the date of one of the documents reflecting the marks' use] is the earliest date that Plaintiffs used the Marks, or whether there is an earlier date," the court dismissed the complaint with leave to replead.[548]

Challenges to claims of priority by the plaintiffs in different cases, however, met different fates. In particular, reported opinions from two Virginia federal district courts addressed the degree of continuous use required to establish protectable rights to marks in the first instance. The defendant in the action before the first court responded to allegations of infringement against it by asserting that it, and not its opponent, enjoyed priority of rights.[549] Weighing the parties' cross-motions for summary judgment, the court sided with the plaintiff on the issue. As it explained, "[w]ith respect to his assertion of common law rights, Defendant has not offered any evidence of market penetration, sales, advertising efforts, or secondary meaning as to his use of the mark before Plaintiff's registration."[550]

The second court tackled the issue of whether, having established prior use of the mark to which it claimed protectable rights, a senior user must also establish its use was continuous through the defendant's adoption of its allegedly infringing mark.[551] That issue arose in a case in which the plaintiff originally used its mark between 2002 and 2008 before "paus[ing]" that use in 2009.[552] Following the pause, the plaintiff's use of the mark was sporadic before the plaintiff recommitted itself to the mark following the lead

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546 *See* EVO Brands, LLC v. Al Khalifa Grp., 657 F. Supp. 3d 1312 (C.D. Cal. 2023).

547 *Id.* at 1326.

548 *Id.*

549 *See* GoSecure Inc. v. Bhandari, 637 F. Supp. 3d 368 (E.D. Va. 2022).

550 *Id.* at 376.

551 *See* Simply Wireless, Inc. v. T-Mobile US, Inc., 638 F. Supp. 3d 644 (E.D. Va. 2022), *appeal docketed*, No. 22-2236 (4th Cir. Dec. 1, 2022).

552 *Id.* at 650.

defendant's date of first use. Based on the breaks in the plaintiff's use, the defendants argued in a summary judgment motion that the lead defendant enjoyed priority of rights. That failed to convince the court, which held that "[a]lthough some cases imply that a common law trademark owner must show continuous use of the mark at least up and until the junior user's first use in order to accrue and maintain their rights, that view conflicts with fundamental principles of trademark law."[553] The plaintiff's victory on that narrow issue, however, was a short-lived one, as the court ultimately found as a matter of law that the plaintiff's nonuse of its mark rose to the level of abandonment.[554]

On an unrelated issue, the question of whether uses of claimed marks in fictional contexts are sufficient to create protectable rights arose in a case in which the plaintiffs were the producers of the popular television shows *The Office* and *Friday Night Lights*.[555] The former program featured the DUNDER MIFFLIN mark for sales of office paper, while the DILLON PANTHERS, PANTHERS FOOTBALL, DILLON PANTHERS FOOTBALL, and EAST DILLON FOOTBALL marks figured prominently in the latter's plotlines concerning a high-school football team. The success of each program led the plaintiffs in 2006 to begin selling various promotional goods bearing the marks on the lead plaintiff's website and through third-party electronic marketplaces. During the following year, the principal of one of the corporate defendants applied to register the DUNDER MIFFLIN mark for apparel, and that ultimately successful application was followed by a number of others to register the same mark and the EAST DILLON FOOTBALL mark for various promotional goods. Some of those filings blocked the plaintiffs' applications to register their marks for the same or similar goods, and the defendants responded to the lead plaintiff's demand letter by ill-advisedly making demands and issuing threats of their own based on their prior filings in the USPTO.

In the ensuing litigation, the defendants sought the dismissal of the plaintiffs' complaint based in part on their putative prior rights to the disputed marks, especially the DUNDER MIFFLIN mark. Rejecting the defendants' argument that the complaint failed to establish the prominent use of the mark in the plaintiffs' program, the court noted the plaintiffs' averment that the mark had appeared in all 201 episodes of the program, as well as the complaint's inclusion of "five and a half pages of stills from 29 episodes showing

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553 *Id.* at 657.

554 *Id.* at 658–63.

555 *See* NBCUniversal Media, LLC v. Jay Kennette Media Grp., 653 F. Supp. 3d 732 (C.D. Cal. 2023).

the use of the mark."[556] Characterizing the defendants' argument that the complaint should have included exemplars from each episode as "border[ing] on frivolous," the court found that "[a]t this pleading stage, Plaintiffs have adequately alleged that DUNDER MIFFLIN plays a central role in *The Office* and is entitled to common law trademark protection";[557] moreover, it reached the same conclusion with respect to the plaintiffs' EAST DILLON marks, albeit without extended analysis.[558]

Of critical significance, the court also declined to dismiss the complaint for priority-related reasons based on the plaintiffs' sale through licensees of goods bearing their marks before the sale of the defendants' corresponding goods. The defendants argued that, as the plaintiffs' marks appeared on tags bearing additional verbiage, the marks were merely ornamental in nature. The court disagreed:

> [T]his argument ignores that the items themselves—not just the sales tags—prominently display the DUNDER MIFFLIN mark. It is not implausible that consumers viewing apparel and other merchandise emblazoned with distinctive marks taken directly from popular television shows would assume that the goods are produced by the creators of the television shows or their licensees, regardless of the contents of the tags on the items.[559]

At least in the context of the defendants' motion to dismiss, the plaintiffs therefore had established their priority of rights to the disputed marks.

(b) Lawful vs. Unlawful Use in Commerce

To support a successful claim of priority, a plaintiff's use of its mark must be lawful; a use in violation of federal law will not do the job. Nevertheless, as one group of defendants learned the hard way, the ease with which the proposition can be stated does not mean a demonstration of unlawful use as part of a motion to dismiss for failure to state a claim can be easily accomplished.[560] The plaintiffs filing the lawsuit producing that teachable moment sold synthetic nicotine-based vape products under their allegedly infringed marks, but their adversaries responded to their complaint with a claim of priority of their own grounded in the theory that the plaintiffs and the plaintiffs' predecessor had only used the plaintiffs' marks in connection with adulterated or misbranded products. The defendants supported their argument by inviting the court to take

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556 *Id.* at 746.

557 *Id.*

558 *Id.* at 747.

559 *Id.* at 737.

560 *See* EVO Brands, LLC v. Al Khalifa Grp., 657 F. Supp. 3d 1312, 1326 (C.D. Cal. 2023).

judicial notice of two letters from the Food and Drug Administration—one accusing the plaintiffs' predecessor of selling adulterated or misbranded tobacco-based nicotine products, and the other leveling the same accusation at the predecessor's synthetic nicotine products. Although taking judicial notice of the letters' existence, the court disposed of the first as irrelevant by pointing out that the plaintiffs did not assert rights to their marks in connection with tobacco-based nicotine products. It then declined to take judicial notice of the truth of the contents of the second letter, at least at the pleadings stage of the case, holding that "Defendants are free to make their argument for illegality based on this evidence on a motion for summary judgment, but consideration of this issue is simply not appropriate on a [Rule] 12(b)(6) motion."[561]

(c) Use-Based Geographic Rights

If neither the senior user nor the junior user to a trademark dispute owns a federal registration on the Principal Register, the metes and bounds of the parties' geographic rights are governed by the *Tea Rose-Rectanus* doctrine. Under it, an absolute senior user's rights ordinarily will be limited to the geographic areas in which it does business, or, possibly, its zone of natural expansion; thus, it is possible for a good-faith junior user of the same mark in a geographic market to acquire prior rights in that market.[562] As set forth by the Supreme Court, that general rule is subject to a significant exception in cases in which "the second adopter has selected the mark with some design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like."[563]

A Texas federal district court declined to apply the doctrine to protect a defendant accused of infringement in the Dallas-Fort Worth market.[564] The preliminary injunction record before that court established the plaintiff was the prior user in that market of its unregistered TOTALCARE mark for family medicine and emergency care services and that actual confusion had arisen when the defendant, which provided urgent care under the TOTAL CARE mark, opened a location half a mile away and on the same street from one of the plaintiff's facilities. The defendant invoked the *Tea Rose-Rectanus* doctrine, but the court found the doctrine inapplicable with the following explanation:

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561 *Id.* at 1326–27.

562 *See generally* United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90 (1918); Hanover Star Milling Co. v. Metcalf, 240 U.S. 403 (1916).

563 *Hanover Star*, 240 U.S. at 415.

564 *See* Totalcare Healthcare Servs., LLC v. TotalMD, LLC, 643 F. Supp. 3d 636 (N.D. Tex. 2022), *reconsideration denied sub nom.* Totalcare Healthcare Servs., LLC v. Total MD, LLC, No. 4:22-CV-00789-P, 2022 WL 19976459 (N.D. Tex. Dec. 9, 2022).

> In asserting the *Tea-Rose Rectanus* rule, Defendant has its role in this conflict reversed. It is a junior remote user from Central Texas who entered the local North Texas territory of a senior user. If Plaintiff sought to enjoin Defendant's use of TOTALCARE in Austin—a remote territory to Plaintiff's senior use—this rule would apply. Yet Plaintiff is seeking to oust Defendant's use of the mark in *Plaintiff's* local territory. The reasoning behind the rule—protecting the territorial rights of users—cuts against Defendant's assertion.[565]

The plaintiff therefore was the senior user in the Dallas-Fort Worth area.

(d) Use in Commerce Through Licensees

Section 5 of the Lanham Act provides that "[w]here 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";[566] consequently, "[i]f 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."[567] That statute proved the key to the defeat of a motion for summary judgment in a case in which the plaintiff had once distributed the defendants' ballet shoes and the parties disputed the ownership of the mark appearing on those goods.[568] According to the plaintiff, it had first used the mark in commerce, but the defendants countered by arguing the plaintiff's use had been under license, which meant they owned the mark under Section 5. The court credited the defendants' argument, at least for purposes of the plaintiff's motion for summary judgment:

> If true, [the plaintiff's] sales of the trademarked slippers inured to [the defendants'] benefit as the licensor[s]. Once [the plaintiff] stopped serving as [their] distributor, [the defendants] sold the shoes [themselves] . . . . From this, reasonable jurors could find that [the defendants have] used the mark first and [have] used it continuously since.[569]

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565 *Id.* at 646.

566 15 U.S.C. § 1055 (2018).

567 *Id.*

568 *See* I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko," 614 F. Supp. 3d 114 (E.D. Pa. 2022).

569 *Id.* at 143.

(2) Distinctiveness

(a) Determining the Inherent Distinctiveness of Verbal and Two-Dimensional Design Marks

(i) Generic Designations

"A generic mark [sic] is a common name, such as automobile or aspirin, that identifies a kind of product."[570] The inherently factual nature of the distinctiveness inquiry did not prevent a finding as a matter of law that the claimed "gruyere" certification mark for cheese was generic.[571] Dissatisfied with a determination to identical effect by the Trademark Trial and Appeal Board, the plaintiffs, who believed gruyere should only be used to label cheese produced in the Gruyère region of Switzerland and France,[572] unsuccessfully pursued a district court appeal before seeking recourse from the Fourth Circuit. For various reasons, that court agreed with the findings of genericness below, both of which turned on the issue of whether members of the general public who purchased or consumed cheese primarily understood the term gruyere as referencing a type of cheese, rather than identifying the Gruyère region of Switzerland and France as the locus of the cheese's production.

Not the least of those reasons was that the relevant Food and Drug Administration "standard of identity" for gruyere-labeled cheese did not impose any geographic limitations on where that cheese could be produced. Citing favorably to a USPTO examination guide endorsing the use of standards of identity, the court held the standard at issue evidence of genericness, observing that "because the FDA standard of identity for 'Gruyere cheese' has set constraints for labeling products as gruyere since 1977, it follows that its requirements—which do not prescribe any limitations on where the cheese must be produced—accord with consumer expectations about

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570 RiseandShine Corp. v. PepsiCo, Inc., 41 F.4th 112, 120 (2d Cir. 2022).

571 *See* Interprofession du Gruyere v. U.S. Dairy Exp. Council, 61 F.4th 407 (4th Cir. 2023).

572 By way of background:

> Gruyere cheese originated in the district of La Gruyère in the Canton of Fribourg, Switzerland in 1115 AD. The original area of production has since expanded to include other areas in Switzerland and neighboring areas of France. In the Gruyère region of Switzerland and France, "producers make cheese from the unpasteurized milk of cows that graze on alpine grasses. The resulting cheese goes through a rigorous aging and production process." Switzerland and France have approved "Gruyère" as a protected designation of origin ("PDO") and a protected geographical indication ("PGI"), respectively. As a general matter, PDO and PGI designations "guarantee that [a] food product originates in the specified region or follows a traditional production process." The PDO and PGI designations for "Gruyère" each set forth detailed requirements that dictate the process of gruyere production, including that the cheese be produced in specified areas of Switzerland (pursuant to the Swiss PDO) and France (pursuant to the French PGI).

Id. at 412 (citations omitted).

the gruyere label."[573] In thus holding, the court rejected the plaintiffs' argument that the examination guide was relevant to the genericness of trademarks, and not certification marks:

> [I]t would not make sense for the USPTO Guide to apply to trademarks but not certification marks, as certification marks are registrable "in the same manner and with the same effect as are trademarks." Therefore, to the extent that guidance informs the genericness inquiry for trademarks, so too, does it inform the genericness inquiry for certification marks.[574]

Moreover, that was true even though at least some registered certification marks for cheese, *e.g.*, ROQUEFORT and REGGIANO, were the subjects of FDA standards of identity.[575]

That was not all, however, for the summary judgment record also demonstrated that hundreds of thousands of pounds of cheese produced outside the Gruyère region was imported into the United States and sold in the United States labeled as "gruyere." That record also contained "undisputed evidence in the record that numerous other cheese companies and retailers have labeled their domestically produced cheese as gruyere," with some of that evidence consisting of demand letters by the plaintiffs to third parties.[576] Finally, numerous media references to gruyere cheese originating outside of France and Switzerland established the term's genericness,[577] even if conflicting dictionary definitions did not necessarily do so.[578] The defendants might have failed to support their case with survey evidence, but that failure did not place the genericness of the plaintiffs' claimed mark into dispute.[579]

(ii) Descriptive Marks

"A 'descriptive' mark is just that: descriptive. It 'define[s] qualities or characteristics of a product in a straightforward way

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573 *Id.* at 418.

574 *Id.* (quoting 15 U.S.C. § 1054 (2018)).

575 *Id.* at 419–20 ("[T]he FDA standard of identity for Roquefort cheese is not limited to one label. Rather, it is titled 'Roquefort cheese, sheep's milk blue-mold, and blue-mold cheese from sheep's milk.' Similarly, the standard of identity for Reggiano cheese has the dual title 'Parmesan and reggiano cheese.' Therefore, even though Roquefort and Reggiano cheese may not be generic, their respective FDA standards of identity prescribe production and ingredient requirements for alternative (and, ostensibly, generic) names for those cheeses. It thus makes sense why an FDA standard of identity—which does not require cheese to be produced in any location—exists for those types of cheese which have both generic and non-generic labels." (citations omitted)).

576 *Id.* at 422.

577 *Id.* at 422–23.

578 *Id.* at 423–24.

579 *Id.* at 425–26.

that requires no exercise of the imagination to be understood.'"[580] With a Nebraska trial court apparently having overlooked the issue, the supreme court of that state tackled the question of the possible descriptiveness of the claimed unregistered CHARTER WEST BANK mark for financial services.[581] The court's analysis was short and to the point: "The word 'bank' is a generic term incapable of protection by itself. The words 'charter' and 'west' are, at most, merely descriptive terms that are not inherently distinctive."[582] Especially in light of past case law rejecting a claim of suggestiveness for the word "charter" for identical services, the court found the plaintiff's mark descriptive as a matter of law.[583]

Another finding of descriptiveness came in a case in which the plaintiffs sought to protect their 12 O'CLOCK BOYZ mark for a documentary on Baltimore urban dirt-bike riders and various associated goods and services.[584] The summary judgment record leading to that determination demonstrated the mark referred to the plaintiffs' practice of elevating the front tires of their bikes so that the bikes were perpendicular to the road, or, in other words, in the twelve o'clock position. With the plaintiffs having failed to adduce evidence of acquired distinctiveness, the court found their mark ineligible for protection.[585]

In less conventional analysis, a federal bankruptcy court found that GORDO'S lacked inherent distinctiveness when used as a mark for restaurant services by a business founded in part by one Gordon Krueger.[586] The court did so under the following framework:

> While there is some disagreement as to the inherent weakness of personal names to indicate the source of goods or services with which they are associated, especially if the name is not common or not viewed by the public in context as a personal name, and it is not readily apparent that they fit in the general rubric of descriptiveness, as opposed to suggestiveness, in that they neither describe the product or its purpose or utility, it has been held that a personal name is "descriptive" even if the mark does not refer to an actual

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580 BBK Tobacco & Foods LLP v. Cent. Coast Agric. Inc., 615 F. Supp. 3d 982, 1017 (D. Ariz. 2022) (alteration in original) (quoting Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery, 150 F.3d 1042, 1047 n.8 (9th Cir. 1998)).

581 *See* Charter W. Bank v. Riddle, 989 N.W.2d 428 (Neb. 2023).

582 *Id.* at 439 (footnotes omitted).

583 *Id.* at 439–40 (citing Charter Nat'l Bank & Tr. v. Charter One Fin., Inc., 65 U.S.P.Q.2d 1684, 1687 (N.D. Ill. 2001)).

584 *See* Monbo v. Nathan, 623 F. Supp. 3d 56 (E.D.N.Y. 2022), *reconsideration denied*, No. 18-CV-5930 (MKB), 2022 WL 4134455 (E.D.N.Y. Sept. 11, 2022).

585 *Id.* at 126.

586 *See In re* Gordos Rest. Corp., 643 B.R. 1 (Bankr. S.D.N.Y. 2022).

person, or the alleged infringer is not itself associated with someone who has the same or a similar name.[587]

A final reported opinion bearing on descriptiveness arose from a declaratory judgment action in which the Florida-based counterclaim plaintiff owned eight federal registrations of several marks featuring an inverted image of that state and covering clothing, alcoholic beverages, and key chains, of which the following are representative examples:[588]

The counterclaim defendant asserted the marks were invalid as geographically descriptive, leading the court to hold that:

> A mark is primarily geographically descriptive if the primary significance the term would have in the marketplace for the particular services in question is geographic, that is, that the term names a place. Further, it must be shown that there is a basis for prospective purchasers of such services to make an association between the place named by the term and the services.[589]

With respect to the merits of the counterclaim defendant's challenge, the court then noted that "[a] mark is not descriptive, however, merely because it contains a geographic term, especially if 'the geographic meaning is . . . unconnected with the goods.'"[590] Although the counterclaim plaintiff's marks depicted a known geographic location, consumers encountering them would not readily conclude that the counterclaim plaintiff sold the particular goods it did under the marks. The court therefore found the marks were not geographically descriptive and that the counterclaim defendant had failed to rebut the prima facie evidence of mark validity attaching to the counterclaim plaintiff's registrations.[591]

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587 *Id.* at 25 (footnote omitted) (citations omitted).

588 *See* MC3 Invs. LLC v. Loc. Brand, Inc., 661 F. Supp. 3d 1145, 1156 (N.D. Fla. 2023).

589 *Id.* at 1159 (quoting Sarco Creek Ranch v. Greeson, 36 F. Supp. 3d 726, 731 (S.D. Tex. 2014)) (internal quotation marks omitted).

590 *Id.* (second alteration in original) (quoting Helpful Hound, L.L.C. v. New Orleans Bldg. Corp., 331 F. Supp. 3d 581, 593 (E.D. La. 2018)).

591 *Id.* at 1160.

(iii) Suggestive Marks

The Second Circuit offered the following explanation of suggestive marks in affirming a finding that the RISE mark fell into that category when used in connection with a coffee-based beverage:

> Suggestive marks suggest (rather than directly describe) the product on which they are employed, or its attributes, sometimes requiring imagination to grasp the linkage. They are the weakest marks that are protectable without need to show acquired secondary meaning. They receive a narrower scope of protection than the protection accorded to arbitrary or fanciful marks—those at the top of the ladder.[592]

Without expressly applying that (or a similar) definition, a different court concluded that four marks used in connection with ballet shoes were suggestive as a matter of law.[593] As it explained:

> NOVA, NOVA PRO, and NOF FLEX are suggestive, hinting that the dancer wearing those shoes will shine bright like a star. So is TRIUMPH, which indicates that the dancer's performance will be a success. These distinctive marks "identify" the slipper models that bear them "and distinguish [them] from those manufactured or sold by others."[594]

So too did another court reach findings of suggestiveness for the JACKPOCKET and JACKPOCKET.COM marks, owned by a plaintiff in the business of providing lottery courier services, or, in other words, the purchase and delivery of lottery tickets for others.[595] Key to the court's analysis was the similarity of the (presumably coined) word "jackpocket" to the generic word "jackpot," of which the court observed that "[b]y joining 'jackpot' with 'pocket,' the mark conjures up in an immediate sense the essential part of the product offered by [the plaintiff]—entryway into the opportunity to win the top prize in a lottery."[596] The result might be a portmanteau, but it was one that the trial record suggested consumers read as "jackpot," and indeed, the plaintiff's counsel conceded the near similarity between the two.[597] "It follows," the court found, "that Jackpocket is at best weakly suggestive."[598]

Other findings of suggestiveness were more dubious. One came in a dispute between competitors in the market for "shower curtains

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592 RiseandShine Corp. v. PepsiCo, Inc., 41 F.4th 112, 121 (2d Cir. 2022) (citation omitted).

593 *See* I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko," 614 F. Supp. 3d 114 (E.D. Pa. 2022).

594 *Id.* at 143 (alteration in original) (quoting 15 U.S.C. § 1127 (2018)).

595 *See* Jackpocket, Inc. v. Lottomatrix NY LLC, 645 F. Supp. 3d 185 (S.D.N.Y. 2022).

596 *Id.* at 241.

597 *Id.* ("As Plaintiff acknowledged in its pretrial brief, JACKPOCKET and jackpot 'differ by just three letters—C, K, and E—nestled in a manner that's difficult to discern.'").

598 *Id.* at 242.

with hookless rings that are coplanar with the curtain"—in other words, curtains not requiring separate rings to attach them to shower rods.[599] Rather generously, the court found that the unregistered EZ-ON mark was suggestive for those goods:

> "EZ-ON" is a suggestive mark because it does not merely describe what the product is—a shower curtain that incorporates rings into its fabric just beneath the upper edge—but invites the mind to draw an inference as to the characteristics that make the product preferable to hooked shower curtains—namely, that it "easily" snaps "onto" the shower rod. "EZ-ON" is not a descriptive mark because, on its own, it does not convey that it is a shower curtain. Nor does the mark neutrally describe the features of its underlying product. The EZ-ON Mark, in other words, suggests a reason it is superior to competing products, leaving it for the customer to associate this attribute with the product upon engaging with it.[600]

The plaintiff in another case benefitted from a sympathetic Texas federal district court, which found the TOTALCARE mark suggestive of healthcare services.[601] Declining the defendant's invitation to evaluate the mark's distinctiveness by considering its constituent elements separately, the court applied the Fifth Circuit's two different tests for suggestiveness: (1) "whether a consumer would readily perceive the nature of the mark owner's product or service or whether the consumer would need to make an imaginative leap to do so";[602] and (2) "whether a competitor would need to use the purported mark to describe its product or service."[603] Under the first test, the court found that "TOTALCARE does not immediately evoke urgent or family medical care centers. It may involve healthcare, dental care, pet care, furniture care, car care, lawncare, or a host of other services";[604] moreover, "[w]ithout Plaintiff's use of descriptive wording after its mark, it would be difficult to figure out the services it offers."[605] And, under the second

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599 *See* Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co., 647 F. Supp. 3d 145, 168 (S.D.N.Y. 2022), *appeal docketed*, No. 23-1446 (Fed. Cir. Feb. 1, 2023).

600 *Id.* at 205.

Even more credulously, the court also found that the plaintiffs' HOOKLESS mark was inherently distinctive, albeit in a cursory analysis turning exclusively on the mark's registration on the Principal Register. *Id.* at 204.

601 *See* Totalcare Healthcare Servs., LLC v. TotalMD, LLC, 643 F. Supp. 3d 636 (N.D. Tex. 2022), *reconsideration denied sub nom.* Totalcare Healthcare Servs., LLC v. Total MD, LLC, No. 4:22-CV-00789-P, 2022 WL 19976459 (N.D. Tex. Dec. 9, 2022).

602 *Id.* at 644–45.

603 *Id.* at 645.

604 *Id.*

605 *Id.*

test, "the word 'care' is certainly needed to accurately describe a service in the urgent and family care industry. But the combined mark of TOTALCARE is not."[606] The mark therefore was inherently distinctive.

So too did other courts classify additional marks as suggestive, albeit with far more limited analyses. Those included the Tenth Circuit, which affirmed a finding that the EDWELL mark was suggestive of educational services because it was derived from the phrase "education done well."[607] They also included a New York federal district court, which found the 1-800 CONTACTS mark suggestive of contact lenses "because it 'suggests the product, though it may take imagination to grasp the nature of the product.'"[608]

Finally, a California federal district court acknowledged the possibility that the CIRRUS mark might be suggestive for personal airplanes, without necessarily deciding that the mark fell into that category.[609] Comparing the mark to the suggestive ROACH MOTEL mark for insect traps at issue in a past appeal to the Second Circuit,[610] the court found after a bench trial that "[the counterclaim plaintiff] has provided no evidence that 'Cirrus' suggests any features of [the counterclaim plaintiff's] planes. While the term could suggest that the plane flies amongst cirrus clouds, that suggestion is less obvious than 'Roach Motel' insect traps, which were designed and marketed to invoke a motel."[611] Nevertheless, because the mark could be either suggestive or arbitrary, it was on the "stronger end of the spectrum" where its conceptual strength was concerned.[612]

(iv) Arbitrary Marks

"[A]rbitrary marks . . . bear no relationship to the product (e.g., 'Sun Bank' is arbitrary when applied to banking services)."[613] A Pennsylvania federal district court reached a finding of

606 *Id.*

607 *See* M Welles & Assocs. v. Edwell, Inc., 69 F.4th 723, 733 (10th Cir. 2023).

608 1-800 Contacts, Inc. v. JAND, Inc., 608 F. Supp. 3d 148, 156 (S.D.N.Y. 2022) (quoting Gruner + Jahr USA Pub., a Div. of Gruner + Jahr Printing & Publ'g Co. v. Meredith Corp., 991 F.2d 1072, 1076 (2d Cir. 1993)), *appeal docketed*, No. 22-1634 (2d Cir. July 28, 2022).

609 *See* Great W. Air, LLC v. Cirrus Design Corp., 649 F. Supp. 3d 965 (D. Nev. 2023), *appeal docketed*, No. 23-15157 (9th Cir. Feb. 6, 2023).

610 *See* Am. Home Prods. Corp. v. Johnson Chem. Co., 589 F.2d 103 (2d Cir. 1978).

611 *Great W. Air*, 649 F. Supp. 3d at 978.

612 *Id.*

613 MC3 Invs. LLC v. Loc. Brand, Inc., 661 F. Supp. 3d 1145, 1161 (N.D. Fla. 2023) (second alteration in original) (quoting Fla. Int'l Univ. Bd. of Trs. v. Fla. Nat'l Univ., Inc., 830 F.3d 1242, 1257 (11th Cir. 2016)).

arbitrariness for three marks used in connection with ballet shoes.[614] Those marks were MAYA I, ALICE, and 2007 GRISHKO. Although it was undisputed that Grishko was the surname of the lead defendant's principal, the court found on the parties' cross-motions for summary judgment that "the women's names and the number 2007 have no apparent connection to the ballet slippers on which they appear."[615]

Another finding of arbitrariness was phrased in the alterative.[616] The counterclaim plaintiff in the action producing it owned eight registrations covering composite marks consisting in part of an inverted silhouette of the state of Florida.[617] Noting that the counterclaim plaintiff's argument in favor of the inherent distinctiveness of its marks was "brief," the court accepted the counterclaim plaintiff's position on the merits in an equally succinct analysis: "The [counterclaim plaintiff's marks] bear no relationship to [the counterclaim plaintiff's] services or products—apparel, beer, and rum—on which they are placed. [The counterclaim defendant's marks], therefore, likely are fanciful or arbitrary . . . ."[618]

(v) Coined or Fanciful Marks

One court explained that "[t]he inventor of a fanciful term enjoys the greatest degree of protection without the need to show any secondary meaning; she enriches the language of commerce."[619] Without articulating or applying that or a similar definition, a Florida federal district court addressing the distinctiveness of eight composite marks, each of which included both an image of the state of Florida and additional elements—primarily the letter string "ocal," thereby giving them the appearance of the word "local"—and which were used in connection with clothing, alcohol, and key chains.[620] In an analysis leaning heavily on the counterclaim defendant's failure to provide evidentiary support for its claim that the marks were geographically descriptive, the court concluded that the marks were either arbitrary or fanciful but did not reach a definitive finding on the issue.[621]

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614 *See* I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko," 614 F. Supp. 3d 114 (E.D. Pa. 2022).

615 *Id.* at 142.

616 *See* MC3 Invs. LLC v. Loc. Brand, Inc., 661 F. Supp. 3d 1145 (N.D. Fla. 2023).

617 *Id.* at 1156.

618 *Id.* at 1162.

619 Jackpocket, Inc. v. Lottomatrix NY LLC, 645 F. Supp. 3d 185, 239 (S.D.N.Y. 2022).

620 *See MC3 Invs.*, 661 F. Supp. 3d at 1160 ("[A]lthough an outline of Florida obviously depicts a known geographic location, [the counterclaim plaintiff] appends an 'upside-down' outline of the shape of the State of Florida to the 'OCAL' in its [marks] to serve as the letter 'L' in the word 'Local.'").

621 *Id.* at 1162 ("[The counterclaim plaintiff's] argument that its [marks] are arbitrary or fanciful, although brief, has some merit. The [marks] bear no relationship to [the

(b) Determining the Inherent Distinctiveness of Trade Dress and Nontraditional Marks

Although the Trademark Trial and Appeal Board (twice) concluded that building exteriors can qualify as inherently distinctive,[622] a Florida federal district court lost its way in concluding that a claimed *service* mark comprising a building design was a *product configuration* and therefore required a showing of acquired distinctiveness to be protectable as trade dress—precisely what the physical product consumers received when transacting with the plaintiff went unexplained.[623] Treating the question of whether the plaintiff's self-storage facilities were packaging or product configurations as a question of law on the parties' cross-motions for summary judgment, the court held that:

> [T]he [plaintiff's] trade dress, which makes the storage units face inward and creates an outer wall, and makes the storage units have overhead doors, could be characterized as a product design: the design of the storage units or the storage facility. So[,] the Court will follow the Supreme Court's admonishment to "err on the side of caution" in close cases and classify this ambiguous trade dress as product design, "thereby requiring secondary meaning."[624]

The court did not attempt to distinguish the Supreme Court's affirmance in *Two Pesos, Inc. v. Taco Cabana, Inc.*[625] of a jury finding of inherent distinctiveness for a trade dress consisting in part of the exterior of a restaurant design.[626]

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counterclaim plaintiff's] services or products—apparel, beer, and rum—on which they are placed.").

[622] *See In re* Seminole Tribe of Fla., 2023 U.S.P.Q.2d 631, at *7–8 (T.T.A.B. 2023) (finding exterior of guitar-shaped hotel and casino inherently distinctive); *In re* Palacio Del Rio, Inc., 2023 U.S.P.Q.2d 630, at *5 (T.T.A.B. 2023) ("[W]e consider whether Applicant's proposed marks are inherently distinctive for Applicant's services under the paradigm established for 'product packaging.' That is, the hotel building designs are akin to the packaging of what is being rendered and sold inside, namely, hotel services; thus constituting trade dress for the services.").

[623] *See* Hyde Park Storage Suites Daytona, LLC v. Crown Park Storage Suites, LLC, 631 F. Supp. 3d 1203 (M.D. Fla. 2022).

[624] *Id.* at 1215 (quoting Wal-Mart Stores, Inc. v. Samara Bros., 529 U.S. 205, 215 (2000)).

[625] 505 U.S. 763 (1992).

[626] In *Two Pesos*, the Court quoted without disapproval the following definition of the plaintiff's trade dress in that case:

> a festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals. The patio includes interior *and exterior* areas with the interior patio capable of being sealed off from the outside patio by overhead garage doors. The stepped *exterior* of the building is a festive and vivid color scheme using top border paint and neon stripes. Bright awnings and umbrellas continue the theme.

(c) Acquired Distinctiveness (Secondary Meaning)

(i) Opinions Finding Acquired Distinctiveness

The proposition that intentional copying is probative evidence of the acquired distinctiveness of product configurations has fallen into disfavor in some jurisdictions,[627] but the pendulum has in recent years appeared to swing toward plaintiffs on the issue, including in an appeal to the Ninth Circuit in a case in which the defendants, an example of whose goods appear below on the right, had been found liable for infringing the trade dress of a line of furniture consisting in part of the example on the left:[628]

In affirming, that court held that "[s]econdary meaning can be established in a variety of ways, including 'direct consumer testimony; survey evidence; exclusivity, manner, and length of use of mark; amount and manner of advertising; amount of sales and number of customers; established place in the market; and proof of intentional copying by the defendant.'"[629] With respect to the last of those requirements, the court rejected as inconsistent with its own past authority the defendants' argument that copying was probative of acquired distinctiveness only if motivated by an intent to confuse.[630] That was not the only relevant consideration favoring the plaintiffs' position, however, for the trial record also reflected the plaintiff's use of its trade dress since 2004, which the court treated as prima facie evidence of distinctiveness under Section 2(f)

Id. at 765 (emphasis added) (quoting Taco Cabana Int'l, Inc. v. Two Pesos, Inc., 932 F.2d 1113, 1117 (5th Cir. 1991), *aff'd sub nom.* Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763 (1992)).

627 *See, e.g.*, Craft Smith, LLC v. EC Design, LLC, 969 F.3d 1092, 1110 (10th Cir. 2020) (limiting inference of acquired distinctiveness in cases of intentional copying to actions to protect product packaging).

628 *See* Jason Scott Collection, Inc. v. Trendily Furniture, LLC, 68 F.4th 1203, 1225–26 (9th Cir. 2023), *cert. denied*, No. 23-194, 2024 WL 71923 (U.S. Jan. 8, 2024).

629 *Id.* at 1214 (quoting P & P Imps. LLC v. Johnson Enters., 46 F.4th 953, 961 (9th Cir. 2022)).

630 *Id.* at 1215 (citing *P & P Imps.*, 46 F.4th at 961).

of the Act,[631] the prominent display of the plaintiff's furniture at trade shows and in advertising, "several awards" won by the plaintiff, coverage of the plaintiff "in . . . national and regional magazines," and the plaintiff's "longstanding and well-known presence in the high-end furniture market."[632] The defendants accused the plaintiff of relying on testimony of actual confusion from dealers and wholesalers (as opposed to from consumers), but the court was unconvinced, holding that, "while a court's reliance on retailer confusion might be misplaced in some cases, it was appropriate in this particular market, where retailers play a significant role in hand-selecting pieces for their showrooms."[633]

A separate finding of acquired distinctiveness for a product configuration also rested in part on the intentional copying of the plaintiffs' design by both the defendants and third parties.[634] The configuration at issue was a hookless shower curtain, and the New York federal district court weighing its protectability applied the Second Circuit's test for secondary meaning, which required consideration of "(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."[635] In an application of those factors, the plaintiffs benefitted from their promotional efforts (although much of their advertising emphasized the utilitarian features of their trade dress), [636] their "modest" showing of unsolicited favorable media coverage,[637] their "substantial sales figures, both in the hospitality industry and among retail

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631 *Id.* at 1216 (citing 15 U.S.C. § 1052(f) (2018)).

632 *Id.*

633 *Id.* The court elaborated on this point with the following observation:

> [T]he high-end furniture market involves specialized distributors. High-end furniture sellers attend trade shows and select certain furniture pieces for sale in their stores. These pieces are often expensive investments that take up significant real estate in a showroom, and only a small number of them are sold each year. As a result, retailers in the high-end furniture market functionally operate as consumers: They must be selective when they purchase pieces for their showrooms, as they have a substantial interest in ensuring that the products they stock will sell. Thus, furniture manufacturers must develop a brand recognizable to dealers in addition to the end-consumer to get their pieces displayed and eventually purchased.

Id. at 1217–18.

634 *See* Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co., 647 F. Supp. 3d 145 (S.D.N.Y. 2022), *appeal docketed*, No. 23-1446 (Fed. Cir. Feb. 1, 2023).

635 *Id.* at 210 (quoting A.V.E.L.A., Inc. v. Est. of Marilyn Monroe, LLC, 364 F. Supp. 3d 291, 309 (S.D.N.Y. 2019)).

636 Evidence of the plaintiffs' spend on advertising was apparently limited to $500,000 over one year, although the plaintiffs also documented "approximately $1.2 million in rebates" covering a four-year period, as well as their use of "approximately 150 field representatives." *Id.* at 211.

637 *Id.* at 213.

customers,"[638] the widespread copying of their design,[639] and their sixteen years of exclusive use.[640] Although not necessarily a factor for consideration under the Second Circuit test, the defendants' admission of actual confusion sealed the deal in the plaintiffs' favor,[641] even though they had failed to adduce survey evidence of distinctiveness.[642]

As it usually does, the significance of intentional copying extended into the verbal mark context in a case tried before a New York federal bankruptcy court and resolved by reference to the same Second Circuit factors.[643] The mark at issue was GORDO'S, used in connection with restaurant services and determined by the court to lack inherent distinctiveness. The plaintiff—a bankruptcy trustee suing the restaurant's former operators for infringement—benefitted from the restaurant's "40-year record of success,"[644] the lack of similar third-party marks in the immediate vicinity,[645] the defendants' payment of $560,000 to purchase the business sixteen years earlier,[646] and actual confusion between the GORDO'S mark and the GORDOS NORTH mark.[647] As a final consideration, the court found unpersuasive the defendants' protestations of an innocent intent, determining instead that the defendants had "intentionally appropriated" the goodwill associated with the GORDO'S mark.[648] The plaintiff therefore had established the mark's protectability.

(ii) Opinions Declining to Find Acquired Distinctiveness

A plaintiff may completely fail to introduce evidence of acquired distinctiveness,[649] but one reported opinion in particular demonstrated that that was not the only scenario in which a finding

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638 *Id.* at 214 ("Revenues for [the plaintiffs'] brand products between 2005 and September 2013 exceeded $150 million, with revenues from hospitality market sales being $14.7 million in 2013; $16.5 million in 2014; $21.2 million in 2015; $16.9 million in 2016; and $12.1 million in January through August 29, 2017.").

639 *Id.* at 214–16.

640 *Id.* at 216.

641 *Id.* at 212–13.

642 *Id.* at 212.

643 *See In re* Gordos Rest. Corp., 643 B.R. 1 (Bankr. S.D.N.Y. 2022).

644 *Id.* at 28.

645 *Id.* at 27.

646 *Id.* at 28.

647 *Id.*

648 *Id.*

649 *See, e.g.*, Charter W. Bank v. Riddle, 989 N.W.2d 428, 439 (Neb. 2023) ("Seeing no evidence in the record establishing secondary meaning, we find that [the plaintiff] failed to show its mark was 'distinctive.'").

of no acquired distinctiveness as a matter of law was possible.[650] That opinion originated in an application to register a multidimensional view of the configuration of a boot, which the USPTO declined to register under Section 2(f) of the Act.[651] The applicant pursued a district court appeal to the Eastern District of Virginia, which noted as an initial matter that "[s]ix factors are considered in assessing acquired distinctiveness: (1) advertising expenditures; (2) consumer studies linking the mark to a source; (3) record of sales success; (4) unsolicited media coverage; (5) attempts to plagiarize the mark; and (6) the length and exclusivity of the plaintiff's use of the mark."[652] Although not necessarily proceeding through those factors seriatim, the court referred to many of them while reviewing the record, with devastating effect on the applicant's appeal. Third-party use of similar designs favored the USPTO's position, as did the absence of any "look-for" advertising, a dearth of unsolicited media coverage featuring the claimed mark's elements, and the lack of successful enforcement activity by the applicant related to third parties' plagiarism of the applicant's configuration.[653] In an apparent attempt to address those deficiencies, the applicant proffered the results of a secondary meaning survey, but the court rejected the "marginal" thirty percent net recognition rate for several reasons, including the survey's use of inappropriate stimuli,[654] its failure to ask respondents whether they associated the claimed mark with a *unique* source,[655] and its use of a control looking "nothing like" the claimed mark.[656] The court did not stop there, however, for it also found probative the applicant's representations in support of a past (unsuccessful) application to register the boots' "light yellow-wheat color";[657] if that color indicated the boots' source, as the applicant had claimed, the court was skeptical that the boot's shape might

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650 TBL Licensing, LLC. v. Vidal, 644 F. Supp. 3d 190 (E.D. Va. 2022), *appeal docketed*, No. 23-1150 (4th Cir. Feb. 9, 2023).

651 15 U.S.C. § 1052(f) (2018).

652 *TBL Licensing*, 644 F. Supp. 3d at 199.

653 *Id.* at 201–02.

654 Although the applicant sought registration of line drawings of its shoe, the stimuli comprised photographs of shoes. *Id.* at 202.

655 *Id.* ("The flaws start with not asking the basic, standard first question that acquired distinctiveness surveys lead with: 'Do you associate [the stimuli] with one or more than one company?' That question gets at the core issue: do consumers see the stimuli as indicating a single, unique source or not? Because without exclusivity, there can [be] no acquired distinctiveness. Because the Survey failed to ask this simple and accepted question, it falls short of proving that the alleged trade dress here is uniquely associated with a specific source." (first alteration in original).

656 *Id.*

657 *Id.* at 203.

now perform that function.[658] Thus, although the applicant had adduced "large sales and advertising numbers,"[659] those failed to create a factual dispute on the issue, and the court therefore granted the USPTO's motion for summary judgment while denying the applicant's cross-motion.

(iii) Opinions Deferring Resolution of the Acquired Distinctiveness Inquiry

Several motions for summary judgment based on the alleged lack of acquired distinctiveness of plaintiffs' marks and trade dresses failed to carry the day. One example of that phenomenon came in an appeal to the Sixth Circuit in a case in which the plaintiff claimed protectable rights in the appearance of tractor-trailer cabs modified through conversion kits sold by the plaintiff.[660] The district court granted summary judgment in the defendants' favor after finding the plaintiff's configuration functional as a matter of law, and, on the plaintiff's appeal, the defendants argued their victory could be affirmed on the alternative ground that the configuration had not acquired distinctiveness. In rejecting the latter assertion, the court of appeals held that:

> This Court applies a seven-factor test to determine whether secondary meaning exists in a trade dress: (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.[661]

Over the defendants' objections, the court then credited the plaintiff's showing that intentional copying had occurred, explaining that "evidence of intentional copying shows the strong secondary meaning of [a product] because '[t]here is no logical reason for the precise copying save an attempt to realize upon a secondary meaning that is in existence."[662] So too did it recognize that the plaintiff also had adduced evidence of its sales volume and

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658 *Id.* at 202 ("During [the applicant's] prosecution of the now-abandoned yellow color application, two of its officers swore under oath that the only way those [third-party] articles were able to identify the celebrities' boots in those photos as [the applicant's] boots was by the yellow color because nothing else identifying the boots as [the applicant's] was discernable from the photos.").

659 *Id.* at 201.

660 *See* DayCab Co. v. Prairie Tech., LLC, 67 F.4th 837 (6th Cir. 2023).

661 *Id.* at 850 (quoting Gen. Motors Corp. v. Lanard Toys, Inc., 468 F.3d 405, 418 (6th Cir. 2006)).

662 *Id.* (alterations in original) (quoting Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, Inc., 280 F.3d 619, 639 (6th Cir. 2002)).

advertising.[663] The summary judgment record therefore reflected a factual dispute concerning the acquired distinctiveness of the plaintiff's configuration.

Another denial of a motion for summary judgment on the issue of acquired distinctiveness came in a case in which the counterclaim plaintiff accused the counterclaim defendants of infringing the trade dress of a line of ballet shoes.[664] The Pennsylvania federal district court hearing the case noted as a preliminary matter that:

> In deciding if the design is distinctive, such that it has taken on secondary meaning in the eyes of the consuming public, courts in the Third Circuit consider several factors:
>
> - For how long has this design been used?
> - Has the company been the exclusive user of this design?
> - How many products have been sold, and to how many customers?
> - How big is the company?
> - How much has the company spent on advertising this design?
> - Do customers recognize the design as belonging to the company?
> - Did the competitor copy the design?
> - Did the competitor's use create actual confusion?[665]

Then, reviewing the summary judgment record, the court credited the counterclaim plaintiff's showings that: (1) it had sold more than a million shoes "for an estimated $45 to $65 million dollars" over a period of thirty years;[666] (2) it employed 600 cobblers to make the shoes by hand;[667] (3) it had spent "significant money on advertising outside the United States;[668] (4) customers recognized the shoes as originating with the counterclaim plaintiff; and (5) the counterclaim defendants had copied "not just the individual features but the exact *font, color*, and *placement* of each feature on the shoe in an attempt to convey to customers that its shoe is the same as that produced by [the counterclaim plaintiffs]."[669] Without explaining the significance of advertising in other countries to the acquired distinctiveness of the shoes in the United States, the court held that

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663 *Id.* at 850–51.

664 *See* I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko," 614 F. Supp. 3d 114 (E.D. Pa. 2022).

665 *Id.* at 144.

666 *Id.* at 145.

667 *Id.*

668 *Id.* at 146.

669 *Id.*

the counterclaim plaintiff's showings created a factual issue on the subject precluding summary judgment.

So too did another defense motion for summary judgment fail to get the job done in a lawsuit by plaintiffs in the self-storage business against competitors they accused of misappropriating the trade dress of their facilities.[670] While weighing a defense motion for summary judgment, the Florida federal district court hearing the case invoked the standard Eleventh Circuit factors for consideration:

> Whether a trade dress acquired secondary meaning is a question of fact. Without consumer survey evidence, four factors are considered in assessing secondary meaning: (1) length and manner of use; (2) nature and extent of advertising; (3) the plaintiff's efforts to promote a connection in the public's mind between its name and the product; and (4) the extent of the public's association of [the] plaintiff's name with its services . . . . And proof of intentional copying with [an] intent to confuse.[671]

The defendants' motion argued that the summary judgment record was devoid of evidence or testimony supporting the plaintiffs' claim of acquired distinctiveness, but the court disagreed. One reason for that was the plaintiffs' consistent use of its trade dress for over ten years, coupled with "extensive advertisements, including some with celebrities, magazines, direct mailers, and billboards."[672] Perhaps of greater significance, however, was the plaintiffs' evidence of intentional copying. Although the defendants averred that any copying they had undertaken was not with the intent to confuse consumers, the court observed (with possible understatement) that:

> [A] reasonable jury may infer that because [the individual defendant] began the design process with [the lead plaintiff's] blueprints, directed people to [the lead plaintiff's] website as an example of the facility he was building, used pictures of his own suite and a friend's in [the plaintiffs'] facility [on] [the defendants'] website, and met with a . . . tenant [of the plaintiffs] and explained that he was building "something like [the plaintiffs' facility]," [the individual defendant] (and so [the corporate defendant]) intended to benefit from [the plaintiffs'] reputation and intended to confuse.[673]

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670 *See* Hyde Park Storage Suites Daytona, LLC v. Crown Park Storage Suites, LLC, 631 F. Supp. 3d 1203 (M.D. Fla. 2022).

671 *Id.* at 1215.

672 *Id.* at 1216.

673 *Id.*

Whether or not the plaintiffs' trade dress had acquired distinctiveness therefore remained to be resolved at trial.

(3) Nonfunctionality

(a) Utilitarian Nonfunctionality

At least two disputes over the utilitarian functionality or nonfunctionality of claimed trade dresses reached final resolutions on the merits. In the first case, a jury found nonfunctional the plaintiff's "canteen-shaped, embossed [whiskey] bottle[] with a label placed on the lower portion."[674] In attacking that finding, the defendant argued in a motion for a new trial that each element of the plaintiff's bottle, including its "rounded shoulders, shape, cork closure, embossing, black cap, clear glass, label borders, arched text, and text dividers," was functional in both the utilitarian and aesthetic sense.[675] Nevertheless, the court addressed, and rejected, that argument by applying factors sounding in the utilitarian nonfunctionality inquiry. Specifically, it found from the trial record that:

> Looking at the [plaintiff's] Trade Dress as a whole, the evidence at trial was sufficient for the jury to find that the bottle design is not functional because of evidence that it: increases the cost of production, is not advertised as being functional, was not intended to be functional, and has many alternatives, such that competitors' ability to compete is not impaired.[676]

The defendants' bid for a new trial therefore fell short of the mark.

In contrast, the USPTO successfully defended a Trademark Trial and Appeal Board finding that the following applied-for mark was functional for lace-up boots in an ex parte federal district court appeal:[677]

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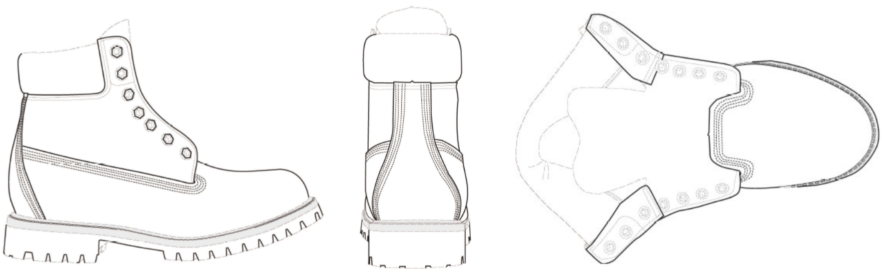
674 *See* Diageo N. Am., Inc. v. W.J. Deutsch & Sons Ltd., 626 F. Supp. 3d 635, 642 (S.D.N.Y. 2022), *appeal withdrawn*, No. 22-2106, 2022 WL 21295717 (2d Cir. Nov. 14, 2022).

675 *Id.* at 648.

676 *Id.*

677 *See* TBL Licensing, LLC. v. Vidal, 644 F. Supp. 3d 190 (E.D. Va. 2022), *appeal docketed*, No. 23-1150 (4th Cir. Feb. 9, 2023). The illustrations in the text accompanying this footnote do not appear in the opinion but instead are taken from U.S. application Serial No. 86634819 (filed May 19, 2015).



In affirming the Office's refusal to register the mark, the Virginia federal district court hearing the appeal held that:

> The Fourth Circuit weighs four factors to assess functionality: (1) the existence of utility patents disclosing the applied-for design, (2) advertisements and other promotional materials touting the functional benefit of the design, (3) the existence of alternative designs, and (4) any effect on the manufacturing or quality of the product. A strong showing on the first two factors, utility patents and advertisements, compels a finding of functionality, because a prior patent has vital significance in resolving the trade dress claim, constituting strong evidence that the features therein claimed are functional.[678]

The plaintiff fared poorly under the first two factors, beginning with evidence in the record of the disclosure of several related utility patents, of which the court found that "[a]t least one utility patent discloses each feature of the boot design, and some patents claim [all] the features."[679] Moving on to the second factor, it further found that "[t]he record is replete with materials published by [the applicant] and third parties extolling the functional benefits of each element of the applied-for design."[680] The court did not address the remaining two factors, but it nevertheless found as a matter of law based on the first two that:

> The features of the applied-for boot design as a whole do what these features are supposed to do in any good boot: they make it comfortable, they make it durable, they make it waterproof, and they make it suitable for its intended uses, including hiking through a variety of environments and

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678 *Id.* at 198 (citation omitted).

679 *Id.* at 199; *see also id.* ("Most of the issued patents cited in this brief have expired, meaning that the disclosed features are in the public domain. To conclude that [the applicant] can strip the public's right to copy and benefit from these features today would be antithetical to the pro-competitive objectives of both trademark and patent law.").

680 *Id.*

> pursuing some work projects for which toe protection is needed.[681]

The applicant's appeal therefore failed.

Some of the more notable reported opinions addressing claims of utilitarian nonfunctionality did not resolve the issue, with, for example, the Sixth Circuit vacating the grant of a defense motion for summary judgment.[682] The plaintiff in the case before that court produced kits allowing the conversion of tractor-trailer cabs so they did not include sleeper units for drivers, a key component of which was an angled panel covering an opening created by the conversion. The plaintiff's principal testified he had "carefully selected" the "angles, curves, tapers, lines, profile and appearance" of cabs modified using the kits and had "considered and decided against several other possible designs, including designs with different angles, curves, tapers, lines, profile and appearance, but also that he finally settled on what became the final model because [he] liked the way that it looked."[683] His testimony also identified third-party kits producing modified cab designs distinguishable from those generated by those of his own company.

Based in part on the report of a defense expert, the district court was unimpressed with the plaintiff's showings, and it therefore granted a defense motion for summary judgment, but that disposition did not survive appellate scrutiny. Rejecting in particular the district court's reliance on the inherent utility of the plaintiff's panel, the Sixth Circuit observed that:

> [W]hile a product may serve a function, that does not render its specific features necessarily functional. . . . [I]n this case, while the conversion kit panel serves the general function of covering the opening in a truck cab, there remains a genuine dispute of material fact whether the specific design of the panel constitutes protectable trade dress, as that design is not the only design available.[684]

The court also credited the claim by the plaintiff's principal of an aesthetic intent in the design process, as well as the availability of alternative designs documented by the summary judgment record. With respect to the latter issue, the court tackled the suggestion of the Supreme Court in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*[685] that, if a product's design is essential to the use or purpose of the article or if it affects the cost or quality of the article, "[t]here is no need . . . to engage . . . in speculation about other design

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681 *Id.*

682 *See* DayCab Co. v. Prairie Tech., LLC, 67 F.4th 837 (6th Cir. 2023).

683 *Id.* at 843.

684 *Id.* at 848.

685 532 U.S. 23 (2001).

possibilities . . . ."[686] The court disposed of that suggestion by holding that "[the plaintiff] argues that the design serves no functional purpose at all. The existence of alternative designs is relevant to the functionality determination because they support [the plaintiff's] contention that [its principal] designed the panel with aesthetic intent and that its resulting features are ornamental rather than functional."[687] The issue of the functionality of the plaintiff's design therefore remained to be determined at trial.

Another opinion reached the same disposition on different facts.[688] The claimed trade dress at issue in the case producing it was the configuration of a ballet shoe. Targeting the configuration's individual elements,[689] the counterclaim defendants argued that many were functional.[690] Responding to the counterclaim defendants' motion for summary judgment, the counterclaim plaintiff apparently conceded that some of the shoe's elements were individually functional, but argued that the shoe as a whole was nonfunctional. "Reasonable jurors," the court held, "could certainly agree. [The counterclaim plaintiff] chose a particular combination of functional and ornamental features, each of which contributes to the overall look and feel of the . . . shoe."[691] It therefore denied the

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686 *Id.* at 32.

687 *DayCab Co.*, 67 F.4th at 849.

688 *See* I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko," 614 F. Supp. 3d 114 (E.D. Pa. 2022).

689 As the counterclaim plaintiff summarized the shoe's appearance, it comprised:

- Light pink satin with matching matte trim;
- The GRISHKO mark on the bottom of the outsole;
- The gold model mark on the insole;
- The phrase "Handmade by Grishko Ltd." situated between two horizontal lines in the middle of the insole;
- The unique identification numbers handwritten inside the fold of the left inner seam;
- The sole and size markings on the narrowest part of the sole;
- The crosshatch pattern embossed in the top of the sole; and
- The stitch patterns used to hold the shoe together.

Id. at 145.

690 *Id.* ("[The counterclaim defendant] nitpicks each of these features. . . . Some, [the counterclaim defendant] asserts, are functional. The stitches hold the shoe together. The size markings and identification numbers identify the particular shoes. The crosshatching leaves grooves in the sole, improving traction and preventing slips. Other features, [the counterclaim defendant] asserts, are nondistinctive and in the 'public domain,' such that they may be 'freely copied.' Light pink ballet shoes are ubiquitious [sic]. Many shoes include trademarks on the insole and outsole. The running stitch used is a common sewing stitch. And at least one other manufacturer uses similar cross-hatching." (quoting Am. Greetings Corp. v. Dan-Dee Imps., Inc., 807 F.2d 1136, 1145 (3d Cir. 1986)).

691 *Id.*

counterclaim defendants' motion for a finding of functionality as a matter of law.

A failed defense motion for summary judgment—along with a failed cross-motion for a finding of nonfunctionality as a matter of law—also made an appearance in litigation between competitors in the market for climate-controlled self-storage facilities.[692] The trade dress claimed by the plaintiffs consisted of certain core features of the configurations of its buildings, as well as certain "optional" features.[693] The following graphics capture the appearances of the plaintiffs' facilities:[694]

692 *See* Hyde Park Storage Suites Daytona, LLC v. Crown Park Storage Suites, LLC, 631 F. Supp. 3d 1203 (M.D. Fla. 2022).

693 The court summarized the claimed trade dress of the plaintiff's facilities in the following manner:

> These are the claimed features of the trade dress:
>
> > (a) A closed-in structure accessible through a single, gated vehicle entryway with prominent structures positioned on either side evoking a fortress, castle-like feel;
> >
> > (b) The entryway provides ingress and egress to the structure's closed-in secure private community courtyard created by a wall formed by contiguously aligned, independent, large, inwardly facing luxury storage units capable of securely housing expensive recreational vehicles, boats, automobiles, and other treasures;
> >
> > (c) These contiguous, inward facing storage units form the tall, substantial, and seemingly impenetrable wall surrounding, concealing, and protecting each stored treasure along with the community courtyard from intruders;
> >
> > (d) The inward facing units have a large overhead door providing access from the inward facing unit to the community courtyard;
>
> And optional features:
>
> > (e) A crenel roofline that extends from the prominent structures along the top of the public-facing, exterior facade of the closed-in structure continuing the fortress, castle-like feel;
> >
> > (f) An interior building containing additional storage units located in the center of the courtyard . . . ; and
> >
> > (g) An angled, shaved corner of the contiguous and continuous closed-in structure at which the single gated entry is located with the flanking towers.

Id. at 1209 (footnote omitted).

694 *Id.* at 1210.

The defendants' attacks on the nonfunctionality of the plaintiffs' claimed trade dress included the theories that an impenetrable wall was necessary to the purpose of a self-storage facility and that zoning codes in the markets in which the parties competed mandated the appearance of the plaintiffs' facility. The plaintiffs, however, countered that facilities with distinguishable appearances could pass regulatory muster and that their inward-facing units resulted in undesirable, irregularly shaped corner units; they also successfully introduced expert testimony that their facilities were more expensive to construct. Finally, the court credited the plaintiffs' argument that the single gated entries characteristic of their units were not essential in the industry in light of the absence of similar entries to the facilities of third-party competitors. Taken as a whole, the summary judgment record was sufficiently replete with conflicts on the issue of functionality that neither party was entitled to prevail as a matter of law prior to trial.[695]

(b) Aesthetic Nonfunctionality

One court held that "[a] mark is aesthetically functional, and therefore ineligible for protection under the Lanham Act, where protection of the mark *significantly* undermines competitors' ability to compete in the relevant market."[696] It did so while weighing a

695 *Id.* at 1218.

696 adidas Am., Inc. v. Thom Browne, Inc., 629 F. Supp. 3d 213, 216 (S.D.N.Y. 2022) (quoting Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc., 696 F.3d

motion to dismiss a counterclaim for the cancellation of a registration covering a mark consisting of three diagonally oriented parallel lines and used in connection with clothing. According to the court:

> The crux of the Counterclaim's allegations is as follows: the protected mark is "essentially[] three stripes" not limited to "any particular length, orientation or placement of the stripes on clothing"; "third party clothing designers *use stripes in a wide variety of orientations*, numbers and placements on clothing"; and if "clothing designed were not permitted to use *parallel stripes* on clothing, they would be put to a significant, non-reputation related disadvantage."[697]

Absent from those allegations were any establishing the allegedly deleterious effect on competition of protecting *three* diagonal parallel stripes such as those comprising the counterclaim defendants' registered mark, as opposed to the potential effect of allowing the counterclaim defendants to challenge *all* parallel stripes on clothing. Whether cognizant of that flaw or not, the counterclaim plaintiff argued that because the counterclaim defendants were asserting their design against the counterclaim plaintiff's use of four horizontal, parallel bands, they had admitted their claimed rights were not limited to a diagonal orientation or to three stripes. The court rejected that argument as an attempt "to transform an infringement argument into an invalidity argument. . . . It may be that a mark consisting of more than three stripes could be deemed to infringe [the counterclaim defendants' mark] as set forth in the Challenged Registration. But that turns on a number of factors that have nothing to do with whether a mark is invalid for aesthetic functionality."[698] The counterclaim for cancellation therefore failed to state a claim.

(C) Ownership

The perennial issue of whether a manufacturer of particular goods or the exclusive distributor of those goods owns the mark under which the goods are sold reared its ugly head in a dispute between two companies in the ballet shoe business but failed to produce a resolution, at least on the parties' cross-motions for summary judgment.[699] In 1990, the plaintiff and the lead defendant entered into a distribution agreement, which gave the plaintiff the

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206, 222 (2d Cir. 2012), *report and recommendation adopted*, No. 21-CV-5615 (JSR), 2022 WL 10668978 (S.D.N.Y. Oct. 18, 2022).

697 *Id.* at 217 (alteration in original) (citations omitted).

698 *Id.*

699 *See* I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko," 614 F. Supp. 3d 114 (E.D. Pa. 2022).

right to distribute shoes manufactured by the lead defendant, as well as a license to use the disputed GRISHKO mark on those shoes. When the parties re-executed the agreement in April 1990, the plaintiff's principal expressed an interest in owning the mark in the United States; although the lead defendant's principal, Nikolai Grishko (himself a named defendant), denied assigning the mark as part of those discussions, he did agree to allow the plaintiff to register the mark in the USPTO. The USPTO initially denied the plaintiff's application under Section 2(a),[700] but the plaintiff overcame that refusal by submitting two documents executed by Grishko, one reciting that the plaintiff owned the mark and the other containing Grishko's consent to the mark's registration. The plaintiff eventually allowed the resulting registration to lapse, but then secured additional ones by resubmitting Grishko's original consent. Four of those had passed their fifth anniversaries prior to the termination of the license by the defendants, and the plaintiff had filed declarations of incontestability for them.

The parties had a falling out after a nearly thirty-year relationship, and litigation over ownership of the mark ensued. The court adopted the following test for evaluating the merits of the parties' respective claims to the mark:

> The initial distribution agreement between a manufacturer and distributor might expressly identify one as the owner of the mark, or they might have implicitly expected either the manufacturer or distributor to be the owner. A manufacturer and distributor might also exchange ownership of the mark later, perhaps in a separate assignment. These agreements control. But if the parties did not agree on ownership, the manufacturer is the "presumptive" owner unless the distributor can prove that it, and not the manufacturer, "operated as the rightful owner," such as by controlling the mark.[701]

It then identified six factors relevant to the inquiry into whether the plaintiff had rebutted that presumption, namely: (1) who had created the mark; (2) who had first put it onto the goods; (3) whose name had appeared on the goods' packaging and marketing materials; (4) which party had controlled the nature and quality of the goods; (5) to whom had customers complained and directed requests for replacements or refunds; and (6) who had paid to advertise and promote the goods.[702]

Although acknowledging the parties' initial agreement would have been unnecessary had it owned the mark at the time, the

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700 15 U.S.C. § 1052(a) (2018).

701 *I.M. Wilson*, 614 F. Supp. 3d at 131 (quoting Covertech Fabricating, Inc. v. TVM Bldg. Prods., Inc., 855 F.3d 163, 170 (3d Cir. 2017)).

702 *Id.* at 137.

plaintiff argued that Grishko's agreements with it worked an assignment of the mark to the plaintiff, while the defendants argued the agreements did nothing of the sort. The court found a factual dispute on the issue, citing conflicting testimony on whether Grishko had intended to assign the mark when executing the agreements allowing the plaintiff to register the mark. But the court went further in rejecting the plaintiff's argument that, because the plaintiff's rights to the mark had become incontestable, it owned the mark as a matter of law. According to the court, "[t]hat a trademark is classified as incontestable does not mean that courts and juries cannot consider any agreements which permitted the registrant to apply for the trademark and submit the certificate of incontestability in the first place."[703] On the contrary:

> The Lanham Act exists against the backdrop of contract and agency law. Parties have long relied on contracts to delineate ownership and to permit concurrent uses of trademarks. For example, an exclusive licensing agreement might permit the domestic distributor to register the trademark but require the distributor to convey the trademark back to the foreign manufacturer at the termination of the agreement.
>
> The Lanham Act, in setting up a framework for incontestable marks, did not deign to automatically—and silently—displace any and all such contracts setting the terms of registration. . . . Given the vital role that contracts play in setting ownership of trademarks, if Congress had intended to override all existing contracts between the true owner and the registrant, it presumably would have said so explicitly.[704]

"In sum," the court concluded, "faced with an incontestable trademark registration registered by a domestic distributor on behalf of a foreign manufacturer, courts must look beyond the face of the incontestable registration to discern the true owner of the registration."[705] The factual question of which of the parties owned the mark and registrations at issue therefore was one for a jury to resolve.

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703 *Id.* at 139.

704 *Id.* (citations omitted).

705 *Id.* at 140.

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,[706] 43(a),[707] and 43(c),[708] 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.[709] 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

An opinion rejecting a defense claim of no actionable use in commerce arose from a lawsuit in which the Ford Motor Company challenged the use of its marks by a licensee of software Ford provided to businesses performing remote automotive diagnostic services.[710] Ford accused the defendant of displaying Ford's marks (along with those of at least thirty-five other companies) in its promotional materials, which the defendant attempted to justify by arguing it had done so only to respond to the claim of a third-party competitor of the defendant that the defendant did not have the capability to use the software; according to the defendant, its goal in using Ford's marks was not to make a profit but instead to refute the third party's claims. That claim failed as a matter of law, with the court concluding that the defendant's promotional campaign "was a whole product comparison, directed toward [the defendant's] potential customers, which asserted the ways in which [the defendant's product] scan tool was superior to [the third party's product]."[711] "Similarly," the court continued, "[the defendant's] other advertisements and posts that used the Ford Marks promoted [the defendant's] commercial services and can be said to have profit as their primary aim."[712]

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[706] 15 U.S.C. § 1114 (2018).

[707] *Id.* § 1125(a).

[708] *Id.* § 1125(c).

[709] *See, e.g.*, N.Y. Gen. Bus. Law § 360-k(a) (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").

[710] *See* Ford Motor Co. v. AirPro Diagnostics LLC, 632 F. Supp. 3d 753 (E.D. Mich. 2022).

[711] *Id.* at 767.

[712] *Id.*

In a variation on the no-actionable-use-in-commerce argument, a group of defendants selling dolls allegedly copied from avatars on an online gaming platform operated by the lead plaintiff under the ROBLOX mark promoted sales of their dolls by using the #roblox and #newroblox hashtags.[713] The defendants moved to dismiss the inevitable trademark-based infringement causes of action against them on the theory that their hashtags were merely descriptive and functional tools identifying the location of promotions to facilitate consumers' access to them. The court disagreed, holding instead under the Lanham Act that "use of a hashtag can constitute trademark infringement when the use otherwise meets the test for trademark infringement";[714] it then reached the same conclusion under California law.[715]

(2) Opinions Declining to Find Actionable Uses in Commerce

Some claims of actionable uses in commerce were so deficient they failed as a matter of law. In one case presenting such a scenario, a defendant moved for summary judgment on the ground that the record was devoid of any evidence it had used either the lead plaintiff's allegedly violated mark or one confusingly similar to it.[716] The lead plaintiff did not contest the point, and indeed, "appeared to concede that there is no evidence against [the moving defendant] with respect to [the plaintiff's] claims for trademark infringement, false designation of origin, and dilution."[717] Not surprisingly, a grant of summary judgment followed.

A series of unfortunate events for a pair of plaintiffs likewise failed to produce a finding that a domain name registrar they had sued had engaged in an actionable use in commerce.[718] The lead plaintiff was a physically challenged athlete and motivational speaker, while a second plaintiff was a nonprofit foundation formed by the lead plaintiff to promote the interests of wounded veterans and other individuals with disabilities. When the plaintiffs failed to renew a domain name registration with the defendant, a registrar, the registration was cancelled and eventually acquired by a third party, which used it in conjunction with a gambling information site. The plaintiffs then filed suit against the defendant, alleging, among other things, unfair competition, and cybersquatting under

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713 *See* Roblox Corp. v. WowWee Grp. Ltd., 660 F. Supp. 3d 880 (N.D. Cal. 2023).

714 *Id.* at 894.

715 *Id.*

716 *See* PetConnect Rescue, Inc. v. Salinas, 656 F. Supp. 3d 1131 (S.D. Cal. 2023).

717 *Id.* at 1158.

718 *See* Rigsby v. GoDaddy Inc., 59 F.4th 998 (9th Cir. 2023).

the Lanham Act; their complaint also requested restoration of the domain name to them.

According to the plaintiffs, the defendant was "'knowingly providing the use of the domain name' in a deceptive way,"[719] but that theory failed to convince the Ninth Circuit, which affirmed the district court's dismissal of the complaint for want of an actionable use in commerce. As it saw things, the plaintiffs had failed to aver plausibly the defendant's role in the third party's actions beyond registering the domain name. "The fact that [a] [third party] can then use its domain name to infringe on the rights of a registered trademark owner," the court held, "does not subject the registrar to liability for trademark infringement or unfair competition."[720] Because the plaintiffs had failed to allege the defendant had used their mark, much less in commerce, the district court properly had granted the defendant's motion to dismiss.[721]

An additional reported opinion finding no actionable use in commerce did so in an abbreviated analysis.[722] The plaintiff in the case producing it owned the GOSECURE mark for various cybersecurity-related goods and services, while the defendant was the registrant of the gosecure.com domain name, which he used in connection with a website, a blog, and an e-mail address. Because the content of the website and blog addressed goods and services similar to those provided by the plaintiff, the court found confusion likely with respect to them. Nevertheless, the outcome was different where the defendant's e-mail address was concerned. As to that use, the court found from the summary judgment record that:

> Plaintiff has not provided any evidence that Defendant used his email with the mark to sell any cybersecurity goods or services, or that he used that email in connection with the operation of the website. Therefore, there is no evidence the mark was used here in connection with commerce sufficient to create a likelihood of confusion among consumers.[723]

The plaintiff's general victory therefore did not extend to its challenge to the defendant's e-mail address.

(3) Opinions Deferring Resolution of the Actionable Use-in-Commerce Inquiry

One court declined to grant a defense motion for summary judgment in an opinion clarifying the nature of the actionable-use-

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719 *Id.* at 1004.

720 *Id.* at 1005 (second alteration in original) (quoting Bird v. Parsons, 289 F.3d 865, 878 (6th Cir. 2002)).

721 *Id.*

722 *See* GoSecure Inc. v. Bhandari, 637 F. Supp. 3d 368 (E.D. Va. 2022).

723 *Id.* at 377.

in-commerce inquiry and suggesting that the argument of at least some of the moving defendants that they had not made such uses was meritless.[724] The lead plaintiff in the action owned the PETCONNECT RESCUE WHERE ANIMALS ARE ONE STEP CLOSER TO HOME and PETCONNECT RESCUE marks for pet adoption services and related goods and services, while the moving defendants in question used PET CONNECT RESCUE, INC. and PCRI for closely related services. According to those defendants, they were immune from liability for infringement and unfair competition because they had not used exact reproductions of the lead plaintiff's marks. The court disabused them of that notion, holding that "[t]he issue here, as in many trademark infringement cases, is the resemblance to a registered mark. '[A]s a general rule, . . . exact similitude is not required to constitute an infringement or to entitle the complaining party to protection.'"[725] "Thus," it concluded, "to the extent [the moving defendants in question] argue there is no liability because they only used the terms 'Pet Connect Rescue, Inc.' and 'PCRI,' the Court is unpersuaded."[726]

(B) Infringement

(1) The Standard Multifactored Test for Likely Confusion

(a) Factors Considered

(i) The First Circuit

Cases originating in the First Circuit did not produce any readily apparent reported opinions addressing or applying that jurisdiction's multifactored test for likely confusion.

(ii) The Second Circuit

Courts within the Second Circuit continued to apply that court's *Polaroid* factors in conventional likelihood-of-confusion disputes. Those factors comprised: (1) the strength (both conceptual and commercial) of the plaintiff's mark; (2) the degree of similarity between the parties' marks; (3) the competitive proximity of the parties' goods or services; (4) the likelihood of the parties bridging any gap between them; (5) actual confusion between the parties' marks; (6) the defendant's good faith or bad faith in adopting its

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724 *See* PetConnect Rescue, Inc. v. Salinas, 656 F. Supp. 3d 1131 (S.D. Cal. 2023).

725 *Id.* at 1157 (second and third alterations in original) (quoting G. Heileman Brewing Co. v. Indep. Brewing Co., 191 F. 489, 494 (9th Cir. 1911)).

726 *Id.*

mark; (7) the quality of the defendant's goods or services; and (8) the sophistication of the parties' customers.[727]

(iii) The Third Circuit

As they have for four decades, the Third Circuit's rather unwieldy *Lapp* factors[728] continued to govern determinations of the likelihood of confusion between litigants' marks. Those factors consisted of the following:

> (1) the degree of similarity between the owner's mark and the alleged infringing mark; (2) the strength of the owner's mark; (3) the price of the goods and other factors indicative of the care and attention expected of consumers when making a purchase; (4) the length of time the defendant has used the mark without evidence of actual confusion arising; (5) the intent of the defendant in adopting the mark; (6) the evidence of actual confusion; (7) whether the goods, though not competing, are marketed through the same channels of trade and advertised through the same media; (8) the extent to which the targets of the parties' sales efforts are the same; (9) the relationship of the goods in the minds of consumers because of the similarity of function; (10) other facts suggesting that the consuming public might expect the prior owner to manufacture a product in the defendant's market, or that he is likely to expand into that market.[729]

(iv) The Fourth Circuit

The Fourth Circuit itself did not issue any opinions laying out the factors properly considered in the likelihood-of-confusion inquiry, but courts within it applied both versions of its test for infringement. For example, a Virginia federal district court applied the seven-factor version, considering: (1) the strength of the

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727 *See* Vans, Inc. v. MSCHF Prod. Studio, Inc., 88 F.4th 125, 136 (2d Cir. 2023); Souza v. Exotic Island Enters., 68 F.4th 99, 110 (2d Cir. 2023); RiseandShine Corp. v. PepsiCo, Inc., 41 F.4th 112, 119 (2d Cir. 2022); Hermès Int'l v. Rothschild, 654 F. Supp. 3d 268, 281 (S.D.N.Y. 2023); Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co., 647 F. Supp. 3d 145, 209 (S.D.N.Y. 2022), *appeal docketed*, No. 23-1446 (Fed. Cir. Feb. 1, 2023); Jackpocket, Inc. v. Lottomatrix NY LLC, 645 F. Supp. 3d 185, 235 (S.D.N.Y. 2022); adidas Am., Inc. v. Thom Browne, Inc., 629 F. Supp. 3d 213, 217–18 (S.D.N.Y. 2022), *report and recommendation adopted*, No. 21-CV-5615 (JSR), 2022 WL 10668978 (S.D.N.Y. Oct. 18, 2022); Monbo v. Nathan, 623 F. Supp. 3d 56, 120 (E.D.N.Y. 2022), *reconsideration denied*, No. 18-CV-5930 (MKB), 2022 WL 4134455 (E.D.N.Y. Sept. 11, 2022); 1-800 Contacts, Inc. v. JAND, Inc., 608 F. Supp. 3d 148, 155 (S.D.N.Y. 2022), *appeal docketed*, No. 22-1634 (2d Cir. July 28, 2022); *In re* Gordos Rest. Corp., 643 B.R. 1, 28 (Bankr. S.D.N.Y. 2022).

728 *See* Interpace Corp. v. Lapp, Inc., 721 F.2d 460, 463 (3d Cir. 1983).

729 S&P Glob. Inc. v. S&P Data LLC, 619 F. Supp. 3d 445, 455–56 (D. Del. 2022) (quoting *Lapp*, 721 F.2d at 463); *see also* Steeplechase Arts & Prods., L.L.C. v. Wisdom Paths, Inc., 652 F. Supp. 3d 481, 492 (D.N.J. 2023).

plaintiff's mark; (2) the similarity of the parties' marks to consumers; (3) the similarity of the parties' goods and services; (4) the similarity of the facilities used by the parties; (5) the similarity of the parties' advertising; (6) the defendant's intent; and (7) the actual confusion.[730] In contrast, an intermediate North Carolina appellate panel applied the nine-factor version, which included:

> (1) the strength or distinctiveness of the plaintiff's mark as actually used in the marketplace; (2) the similarity of the two marks to consumers; (3) the similarity of the goods or services that the marks identify; (4) the similarity of the facilities used by the markholders; (5) the similarity of advertising used by the markholders; (6) the defendant's intent; (7) actual confusion; (8) the quality of the defendant's product; and (9) the sophistication of the consuming public.[731]

(v) The Fifth Circuit

A Texas federal district court addressing a claim of infringement evaluated that claim by weighing the following factors from the Fifth Circuit's doctrinal test for likely confusion: (1) the type of the plaintiff's mark; (2) the similarity between the parties' marks; (3) the similarity between the parties' goods and services; (4) outlet and purchaser identity; (5) any overlapping advertising media used by the parties; (6) the defendant's intent; (7) actual confusion; and (8) care exercised by potential purchasers.[732] "[L]ike most eight-part multifactor tests," that court explained, "the application of the eight digits ultimately results in a common-sense judgment call."[733]

(vi) The Sixth Circuit

The *Frisch's* factors[734] remained extant in the Sixth Circuit, mandating consideration of: (1) the strength of the plaintiff's mark; (2) the relatedness of the parties' goods; (3) the similarity of the parties' marks; (4) evidence of actual confusion; (5) the parties' marketing channels; (6) the likely degree of purchaser care; (7) the

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730 GoSecure Inc. v. Bhandari, 637 F. Supp. 3d 368, 375 (E.D. Va. 2022).

731 Duffy v. Camp, 882 S.E.2d 675, 693 (N.C. App. 2022) (quoting George & Co. v. Imagination Ent. Ltd., 575 F.3d 383, 392 (4th Cir. 2009)).

732 *See* Totalcare Healthcare Servs., LLC v. TotalMD, LLC, 643 F. Supp. 3d 636, 646 (N.D. Tex. 2022), *reconsideration denied,* No. 4:22-CV-00789-P, 2022 WL 19976459 (N.D. Tex. Dec. 9, 2022).

733 *Id.*

734 *See* Frisch's Rest., Inc. v. Shoney's Inc., 759 F.2d 1261, 1264 (6th Cir. 1985).

defendant's intent in selecting its mark; and (8) the likelihood of expansion of the parties' goods or services.[735]

(vii) The Seventh Circuit

Cases originating in the Seventh Circuit did not produce any readily apparent reported opinions addressing or applying that jurisdiction's multifactored test for likely confusion.

(viii) The Eighth Circuit

As it has for decades, the Eighth Circuit applied the same six-factor test for likely confusion, which included consideration of:

> (1) the strength of the owner's mark; (2) the similarity of the owner's mark and the alleged infringer's mark; (3) the degree to which the products compete with each other; (4) the alleged infringer's intent to "pass off" its goods as those of the trademark owner; (5) incidents of actual confusion; and (6) the type of product, its cost and conditions of purchase.[736]

(ix) The Ninth Circuit

The Ninth Circuit's *Sleekcraft* factors remained the ones of choice in that jurisdiction. They contemplated consideration of: (1) the strength of the plaintiff's mark; (2) the proximity of the parties' goods or services; (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 exercised by purchasers; (7) the defendant's intent in choosing its mark; and (8) the likelihood of expansion of the parties' goods or services.[737]

(x) The Tenth Circuit

Although the district courts answering to it did not apply the Tenth Circuit's multifactored test for likely confusion in any reported opinions, that court of appeals itself considered the

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735 *See* DayCab Co. v. Prairie Tech., LLC, 67 F.4th 837, 851 (6th Cir. 2023); Ford Motor Co. v. AirPro Diagnostics LLC, 632 F. Supp. 3d 753, 768 (E.D. Mich. 2022).

736 H&R Block, Inc. v. Block, Inc., 58 F.4th 939, 947 (8th Cir. 2023) (quoting Select Comfort Corp. v. Baxter, 996 F.3d 925, 932 (8th Cir. 2021)); *see also* Crabar/GBF, Inc. v. Wright, 644 F. Supp. 3d 513, 535 (D. Neb. 2022).

737 *See* Jason Scott Collection, Inc. v. Trendily Furniture, LLC, 68 F.4th 1203, 1218 (9th Cir. 2023), *cert. denied*, No. 23-194, 2024 WL 71923 (U.S. Jan. 8, 2024); PetConnect Rescue, Inc. v. Salinas, 656 F. Supp. 3d 1131, 1160 (S.D. Cal. 2023); Blumenthal Distrib., Inc. v. Comoch Inc., 652 F. Supp. 3d 1117, 1128–29 (C.D. Cal. 2023); Great W. Air, LLC v. Cirrus Design Corp., 649 F. Supp. 3d 965, 976 (D. Nev. 2023), *appeal docketed*, No. 23-15157 (9th Cir. Feb. 6, 2023); BBK Tobacco & Foods LLP v. Cent. Coast Agric. Inc., 615 F. Supp. 3d 982, 1012 (D. Ariz. 2022); *see also* CoStar Grp. v. Com. Real Est. Exch. Inc., 619 F. Supp. 3d 983, 995 (C.D. Cal. 2022) (referencing, but not identifying, *Sleekcraft* factors).

following nonexhaustive factors: (1) the degree of similarity between the parties' marks, including the marks' appearance, pronunciation, suggestion, and manner of display; (2) the strength or weakness of the plaintiff's mark; (3) the defendant's intent when adopting its mark; (4) similarities or differences in the parties' goods, services and marketing strategies; (5) the degree of care likely to be exercised by purchasers of the goods or services involved; and (6) evidence of actual confusion, if any.[738]

(xi) The Eleventh Circuit

The Eleventh Circuit endorsed its usual multifactored test for likely confusion, which considered: (1) the strength of the allegedly infringed mark; (2) the similarity of the parties' marks; (3) the competitive proximity of the parties' goods or services; (4) the similarity of the parties' customers and channels of distribution; (5) the similarity of the parties' promotional media; (6) the alleged infringer's intent; and (7) the existence and extent of actual confusion.[739] "Additionally," it held, "this Court has also analyzed consumer sophistication as a separate factor or circumstantial fact relevant to determining likelihood of confusion . . . ."[740]

(xii) The District of Columbia Circuit

Cases originating in the District of Columbia Circuit did not produce any readily apparent reported opinions addressing or applying that jurisdiction's multifactored test for likely confusion.

(b) Findings and Holdings

(i) Opinions Finding Confusion Likely on Motions for Preliminary Injunctive Relief

The Supreme Court's holding in *Jack Daniel's Properties, Inc. v. VIP Products LLC*[741] that challenges to trademark uses by defendants are properly evaluated under a straight-up application of the likelihood-of-confusion test for infringement[742] led the Second Circuit to affirm the entry of preliminary injunctive relief in a case brought by the plaintiffs to protect the marks and trade dress

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738 *See* M Welles & Assocs. v. Edwell, Inc., 69 F.4th 723, 730 (10th Cir. 2023).

739 *See* FCOA LLC v. Foremost Title & Escrow Servs. LLC, 57 F.4th 939, 947 (11th Cir.), *cert. denied*, 144 S. Ct. 103 (2023); MC3 Invs. LLC v. Loc. Brand, Inc., 661 F. Supp. 3d 1145, 1160 (N.D. Fla. 2023); *see also* Hyde Park Storage Suites Daytona, LLC v. Crown Park Storage Suites, LLC, 631 F. Supp. 3d 1203, 1218 (M.D. Fla. 2022).

740 *FCOA*, 57 F.4th at 947.

741 599 U.S. 140 (2023).

742 *Id.* at 153 ("When a mark is used as a mark (except, potentially, in rare situations), the likelihood-of-confusion inquiry does enough work to account for the interest in free expression.").

appearing in the left-hand column below against the uses appearing in the right-hand column:[743]








Having concluded that the defendant's alleged "Wavy Baby" parodies of the plaintiff's marks and trade dress were in the nature of trademark uses, the court held that the district court had not abused its discretion in finding confusion likely. Testimony from a defense witness that the defendant had imitated the plaintiffs' marks and trade dress because the plaintiffs' shoe was the "most iconic, prototypical" skate shoe on the market established their

743 *See* Vans, Inc. v. MSCHF Prod. Studio, Inc., 88 F.4th 125, 131–32 (2d Cir. 2023) (per curiam).

strength.[744] The similarity between the marks and trade dresses at issue presented a "closer question," but, once again, an admission against interest, namely, that "the [defendant's] Wavy Baby sneaker design intentionally evoked an image of [the plaintiffs'] Old Skool sneaker" tipped the balance in the plaintiffs' favor.[745] The court next affirmed the district court's finding of competitive proximity, holding that:

> The district court did not clearly err in rejecting [the defendant's] factual claim that the Wavy Baby is a work of art meant to be displayed rather than a pair of sneakers meant to be worn. Although it is hard to see why some people would wear the Wavy Baby as a functional shoe, we owe that finding deference. Many people are martyrs to fashion and dress to excite comment.[746]

The existence of anecdotal evidence of actual confusion further weighed in the plaintiffs' favor,[747] as did the general lack of sophistication among the parties' customers.[748] The court was skeptical of the district court's conclusion that the lower quality of the defendant's shoes supported the plaintiffs, but, even so, that one factor did not alter the likelihood of the plaintiffs prevailing on their infringement claims.[749] In the final analysis, "if a parodic use of protected marks and trade dress leaves confusion as to the source of a product, the parody has not 'succeeded' for purposes of the Lanham Act, and the infringement is unlawful."[750]

In an opinion of perhaps questionable ongoing validity in light of the Supreme Court's restrictive approach to extraterritorial applications of the Lanham Act in *Abitron Austria GmbH v. Hetronic International, Inc.*,[751] the Fourth Circuit affirmed the entry of a preliminary injunction against a Dutch entity sued for

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744 *Id.* at 139.

745 *Id.*; *see also id.* at 140 ("This admission is embodied in the Wavy Baby design: the Wavy Baby features a combination of elements (*e.g.*, a three-tiered appearance, textured toe box, visible stitching, and red tags on the back), which are placed relative to one another such that the Wavy Baby's appearance evokes [the plaintiffs'] Old Skool sneaker.").

746 *Id.*

747 *Id.* at 140–41 ("The district court relied on evidence in the record that customers were actually confused. For example, it pointed to comments made on a sneaker-centric podcast with guest appearance by [the defendant's] chief creative officer . . . . [That witness] acknowledged the host's comment that '[e]veryone [the host has] spoken to about' the Wavy Baby agrees that if a person saw someone wearing Wavy Baby sneakers on the street, 'they'd say they're wearing a pair of [the plaintiffs' shoes].'" (fourth and fifth alterations in original)).

748 *Id.* at 142.

749 *Id.* at 141.

750 *Id.* at 142.

751 600 U.S. 412 (2023).

infringement by a North Carolina–based plaintiff.[752] At a better time during the parties' relationship, the defendant distributed the plaintiff's DMARCIAN-branded software in Europe and Africa pursuant to a handshake agreement. The defendant also registered dmarcian.eu, dmarcian.nl, and dmarcian.es as domain names, all of which it programmed to redirect visitors to the plaintiff's dmarcian.com website. Finally, the defendant rebranded its business to operate under the DMARCIAN EUROPE BV mark.

Following a falling out between the parties, the defendant continued to sell the plaintiff's software without authorization and set up multiple websites featuring the plaintiff's logo (albeit with the word "Europe" added), as well as the likenesses of the plaintiff's employees and the identities of the plaintiff's customers. According to the plaintiff, a link on one of those sites titled "the Americas" routed visitors clicking on it to the defendant's primary site, and the district court found that at least one U.S. customer had transferred its business to the defendant. Although not applying its usual multifactored test for likely confusion, the court had no difficulty affirming the district court's finding that the defendant's conduct constituted infringement, especially because of evidence in the preliminary injunction record of actual confusion. According to the appellate court, "[i]t is all too predictable that homonymous companies selling the same software on nearly identical websites would spawn confusion. [The plaintiff] has thus demonstrated a likelihood of prevailing on its Lanham Act claim."[753]

A dispute between Texas-based healthcare providers also produced a preliminary injunction.[754] The plaintiff operated under the TOTALCARE mark, which the court found suggestive, while the defendant used TOTAL CARE for its competitive services. The parties presented their marks in the marketplace in the following manner:[755]

The court found the parties' marks confusingly similar because "[t]he sound of [each] mark is the same as they both say TOTALCARE. Importantly, for the modern era—in which business

[752] *See* dmarcian, Inc. v. dmarcian Eur. BV, 60 F.4th 119 (4th Cir. 2023).

[753] *Id.* at 140.

[754] *See* Totalcare Healthcare Servs., LLC v. TotalMD, LLC, 643 F. Supp. 3d 636 (N.D. Tex. 2022), *reconsideration denied sub nom.* Totalcare Healthcare Servs., LLC v. Total MD, LLC, No. 4:22-CV-00789-P, 2022 WL 19976459 (N.D. Tex. Dec. 9, 2022).

[755] *Id.* at 647.

is heavily driven by internet search results—this identical mark is likely to muddy search results for first time or even repeat customers."[756] Although the plaintiff specialized in family medicine and the defendant provided primary care services, the court similarly found that "[f]amily medicine and primary care are different words for essentially the same service" and that "[b]oth parties are on the front lines of the medical care industry."[757] The plaintiff continued to rack up likelihood-of-confusion factors in its favor with the court's further findings that "[b]oth parties have the same market and demographic of consumers—people seeking quick and convenient quality healthcare services,"[758] that they used overlapping marketing channels,[759] that at least some consumers had confused the two businesses,[760] and that "[m]edical care might be the most sensitive and important field in which consumers make choices. It is thus necessary for their choices to be clear for both times of emergency and times of ordinary care."[761] The preliminary injunction record may have lacked evidence of bad-faith conduct,[762] but that did not detract from what the court otherwise found was the plaintiff's "clear and convincing evidence that it is likely to succeed in showing that consumers are likely to be confused or deceived by Defendant's use of the TOTALCARE mark."[763]

(ii) Opinions Finding Confusion Likely as a Matter of Law

The easiest way for a plaintiff to prevail on claims of likely confusion is to do so via a defendant's default. The owner of the registered OFFICE STAR, SPACE, and SPACE SEATING marks for office furniture secured just such an outcome after it sued three China-based defendants—one a former supplier to the plaintiff—for manufacturing and importing into the United States STARSPACE-branded competitive furniture.[764] The plaintiff's complaint did not aver the existence of actual confusion. Nevertheless, its allegations did establish the conceptual and commercial strength of the plaintiff's mark, the competitive proximity and low-price points of the parties' goods, the parties' use of overlapping marketing and

756 *Id.* (citation omitted).

757 *Id.*

758 *Id.* at 648.

759 *Id.*

760 *Id.*

761 *Id.* at 649.

762 *Id.* at 648.

763 *Id.* at 649.

764 *See* Blumenthal Distrib., Inc. v. Comoch Inc., 652 F. Supp. 3d 1117 (C.D. Cal. 2023).

distribution channels, and the defendants' bad faith.[765] Those factual recitations were sufficient to entitle the plaintiff to prevail as a matter of law.

Outside the default judgment context, the Ford Motor Company won big in a case in which it challenged the unauthorized use of its FORD mark in standard-character format and in conjunction with an oval design by a licensee of Ford's software.[766] Although the license allowed the defendant to perform remote automotive diagnostic scans, the defendant actually used non-Ford diagnostic software for 96-98% of its scans. When Ford's marks appeared in the defendant's promotional materials, Ford sued on the theory that the defendant sought to create the impression it used Ford's software more often than it did. The defendant responded by claiming to have used Ford's marks only in response to a third party's accusation that the defendant was incapable of using the software, but that excuse failed to convince the court, which granted Ford's motion for summary judgment of liability. In doing so, the court cited: (1) the strength of Ford's marks; (2) the relatedness of the software used by the parties; (3) the defendant's exact reproduction of Ford's marks; (4) the parties' overlapping marketing channels; and (5) what the court saw as the defendant's bad-faith intent.[767] Although the court dismissed Ford's putative evidence of actual confusion and there was no evidence of the degree of care exercised by purchasers, those considerations were not enough to create a factual dispute as to the defendant's liability.[768]

Summary judgment of liability also was the outcome in a case brought by a provider of goods and services in the cybersecurity space under the GOSPACE mark.[769] The plaintiff's dispute with the defendant—the registrant of the gosecure.com domain name—first escalated to an adversarial proceeding when the plaintiff pursued a UDRP action against the defendant. That action was apparently based on the theory that, although registering the domain name prior to the plaintiff's date of first use, the defendant did not use it following that date.[770] In response, the defendant introduced evidence of at least some ongoing use, which led the arbitrators to find the plaintiff was engaged in attempted reverse domain name hijacking.

Things changed, however, when the parties wound up in federal district court and the parties cross-moved for summary judgment.

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765 *Id.* at 1129–30.

766 *See* Ford Motor Co. v. AirPro Diagnostics LLC, 632 F. Supp. 3d 753 (E.D. Mich. 2022).

767 *Id.* at 768–69.

768 *Id.* at 769.

769 *See* GoSecure Inc. v. Bhandari, 637 F. Supp. 3d 368 (E.D. Va. 2022).

770 The defendant renewed its registration of the domain name on an annual basis. *Id.* at 373.

That tribunal found the defendant had abandoned any prior uses to which it had put the disputed domain name, leaving only the question of likely confusion for resolution. With the defendant apparently using GOSPACE as a mark for cybersecurity services, as well as in connection with a website, affiliated blog, and affiliated twitter account, the court concluded that it could "presume the existence of a likelihood of confusion under certain circumstances, including when there is no dispute that the defendant has used an identical mark in connection with similar goods or services offered by the plaintiff."[771] The court then determined the defendant had failed to rebut that presumption, leaving it liable to the plaintiff as a matter of law.[772]

(iii) Opinions Finding Confusion Likely After Trial

When a group of defendants intentionally copied the appearance of a line of high-end teak furniture offered by a competitor and then offered their imitations to the same retailers used by the plaintiff, the predictable result following a bench trial was a finding of likely confusion.[773] Perhaps just as predictable was the affirmance of that finding by the Ninth Circuit, which considered the close similarity between the following representative pieces "of considerable importance to the likelihood of confusion analysis, given that 'the greater the similarity between the two marks at issue, the greater the likelihood of confusion'":[774]

Indeed, the court noted, the similarity at issue was so pronounced that "[s]everal witnesses—all of whom were professionals in the high-end furniture business—could not distinguish [between the parties' furniture], indicating that ordinary consumers would also

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771 *Id.* at 375.

772 *Id.* at 377.

773 *See* Jason Scott Collection, Inc. v. Trendily Furniture, LLC, 68 F.4th 1203 (9th Cir. 2023), *cert. denied*, No. 23-194, 2024 WL 71923 (U.S. Jan. 8, 2024).

774 *Id.* at 1218 (quoting adidas Am., Inc. v. Skechers USA, Inc., 890 F.3d 747, 755 (9th Cir. 2018)).

face the same difficulty."[775] Beyond that, the district court had "correctly highlighted" the parties' overlapping marketing channels and accorded proper weight to the defendants' intentional copying, of which the Ninth Circuit noted that "the copying in this case is so blatant that it is hard to imagine any other reason for it than [the defendants'] desire to take advantage of [the plaintiff's] good will."[776] Even if the trial record lacked evidence of actual confusion among consumers (as opposed to retailers), the district court's finding of infringement was not clearly erroneous because "the failure to prove instances of actual confusion is not dispositive against a trademark plaintiff, because actual confusion is hard to prove; difficulties in gathering evidence of actual confusion make its absence generally unnoteworthy."[777]

Intentional copying played a significant role in another dispute producing a finding of liability.[778] The plaintiffs in that action sought to protect the verbal EZ-ON and HOOKLESS marks for hookless shower curtains, as well as the following trade dress of those goods:[779]

[775] *Id.* at 1218–19.

[776] *Id.* at 1219.

[777] *Id.* (quoting Perfumebay.com, Inc. v. eBay, Inc., 506 F.3d 1165, 1176 (9th Cir. 2007)).

[778] *See* Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co., 647 F. Supp. 3d 145 (S.D.N.Y. 2022), *appeal docketed*, No. 23-1446 (Fed. Cir. Feb. 1, 2023).

[779] *Id.* at 218, 219.

They accused the defendants of infringement based on the defendants' use of the HOOKLESS and EZ HANG mark in connection with the following product designs:[780]

The court found the plaintiffs' marks strong based on the marks' perceived inherent distinctiveness and without consideration of their commercial strength or weakness;[781] it then reached the same finding with respect to the plaintiffs' trade dress based on the plaintiffs' demonstration of acquired distinctiveness.[782] Comparing the appearances of the parties' marks and trade dress, it found the former "so strongly similar in look and sound . . . as to be nearly identical,"[783] while "[t]he strong similarity" between the latter was

780 *Id.* at 218, 219.

781 *Id.* at 210.

782 *Id.* at 216–17.

783 *Id.* at 219.

"apparent."[784] The defendants fared no better where the competitive proximity of the parties' goods was concerned, with the court rejecting the defendants' attempt to distinguish between the residential and hospitality markets; that factor, it found, "overwhelmingly" and "very strongly" favored the plaintiffs' case.[785] So too did the plaintiffs' "compelling" anecdotal evidence of actual confusion in the form of consumer complaints at least where the defendants' use of HOOKLESS and its trade dress were concerned.[786] Finding as well that the defendants' "strategy of deliberate infringement . . . was holistic," the court found their bad faith was further evidence of likely confusion,[787] as were the low quality of the defendants' goods[788] and the low price points at which they were sold.[789] Each defendant therefore was liable for infringement.

Bad faith also played a significant role in an infringement action tried before a New York federal bankruptcy court.[790] The mark owned by the debtor's estate was GORDO'S, used in connection with restaurant services for forty years before its then-owners filed for bankruptcy protection.[791] Following that filing, the wife of the debtor's principal and another defendant opened a competing restaurant approximately one-and-a-half miles away under the GORDOS NORTH mark and using the slogan "A New Dining Experience with Old Friends";[792] the defendants also hired several employees of the old restaurant, offered many of the items appearing on the old restaurant's menu, and engaged in various promotional strategies suggesting the new restaurant was a reopened version of the original.[793]

Not surprisingly, the court found confusion likely between the parties' respective uses of GORDO'S and GORDOS NORTH. According to its review of the trial record:

> [The GORDO'S mark] had strong prior secondary meaning in the relevant market, the name "Gordos North" is closely

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784 *Id.*

785 *Id.* at 221.

786 *Id.* at 223–24.

787 *Id.* at 224.

788 *Id.* at 224–26.

789 *Id.* at 226–27.

790 *See In re* Gordos Rest. Corp., 643 B.R. 1 (Bankr. S.D.N.Y. 2022).

791 The court viewed the mark as a trade name, with no apparent effect on its analysis or the ultimate outcome of the litigation. *Id.* at 23.

792 *Id.* at 16.

793 *See id.* at 18 ("Gordos North's Facebook page picked up on the linkage with [the original] Gordos [sic] in a post, dated December 9, 2019 stating, 'Boom! Fan favorite Gordos North is BACK with a more upscale atmo and some worldly cuisine!' along with a hyperlink to [an online third-party] article by its 'This Hawthorne Restaurant Reopened' title.").

> similar to "Gordo's" in that market, and the two restaurants were not only located close to each other but also Gordos North sought to create the same neighborhood atmosphere serving the same basic type of food and drink. There were multiple instances of customer confusion, and that evidence also showed that Gordos North appealed to the same type of customer, who rather naturally linked the two restaurants.[794]

The defendants feebly claimed they had adopted the latter mark because "gordos" meant "fat" in Spanish and because two of them had had weight-loss surgery, but the court found testimony to that effect "not credible,"[795] and it therefore determined that "Gordos North actually intended to trade on [Gordo's] goodwill, and in so doing acted in bad faith."[796] The ultimate outcome was that "[t]he Trustee . . . has shown a likelihood of customer confusion and therefore has established Gordos North's liability under section 43(a) of the Lanham Act."[797]

As reflected in these outcomes, bad faith by a defendant can be highly probative evidence of likely confusion, but a different post-trial finding of liability demonstrated that proof of that circumstance is not necessary.[798] The lead plaintiff in the litigation producing that outcome was a financial data and analysis company and owner of a claimed family of marks described by the court as "begin[ning] with 'S&P' followed by a descriptor identifying geographic locations, market segments, or other non-distinctive features of the good or service."[799] Joined by several subsidiaries as additional plaintiffs, the lead plaintiff successfully demonstrated a likelihood of confusion between those marks and the defendants' use of S&P DATA for "contact center services" handling communications with their customers. Proceeding through the standard likelihood-of-confusion factors, the court found the parties' marks similar because, "[a]s compared to Plaintiffs' 'S&P' mark, Defendants' 'S&P Data' merely appends a generic term to the more

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794 *Id.* at 29 (footnote omitted).

795 *Id.* at 19.

796 *Id.* at 29.

797 *Id.* at 30.

798 *See* S&P Glob. Inc. v. S&P Data LLC, 619 F. Supp. 3d 445 (D. Del. 2022).

799 *Id.* at 455. The marks comprising the family were S&P, S&P 100, S&P 1000, S&P 500, S&P 500 CATHOLIC VALUES INDEX, S&P 500 DYNAMIC VEQTOR INDEX, S&P LOW VOLATILITY INDEX, S&P VEQTOR, S&P AGGREGATE, S&P CAPITAL IQ, S&P CHINA 500, S&P COMPOSITE 1500, S&P GIVI, S&P GLOBAL, S&P GLOBAL MARKET INTELLIGENCE, S&P HIGH YIELD DIVIDEND ARISTOCRATS, S&P LTVC GLOBAL INDEX, S&P MIDCAP 400, S&P PRISM, S&P SMALLCAP 600, S&P STRIDE, S&P STRIDE TIPS-LOCKBOX, S&P U.S. RETIREE SPENDING INDEX, and S&P WCI. *Id.* at 454.

prominent 'S&P.'"[800] The plaintiffs next benefitted from the court's findings that the "S&P" component of their marks was "at the highest level of conceptual distinctiveness" and that they had adduced "extensive evidence of commercial strength, including evidence of commercial strength within the general public";[801] that strength was further reflected in anecdotal evidence of actual confusion between the parties' marks.[802] That same evidence obviously favored a finding of likely confusion in its own right,[803] as did the competitive proximity of the parties' services.[804] The defendants were not without supporting evidence and testimony of their own, with the court crediting their arguments that the parties' customers were sophisticated,[805] that they had acted in good faith,[806] that their marks had at least during certain times coexisted without actual confusion,[807] that there were no overlapping marketing channels,[808] that consumers would not necessarily assume a single company would offer the services at issue,[809] and that the parties were unlikely to expand into the others' markets.[810] "While Plaintiffs and Defendants offer different goods and services," the court concluded, "the test for noncompeting goods is likelihood of confusion as to sponsorship, affiliation or connection. Plaintiffs have shown this."[811]

(iv) Opinions Finding Confusion Unlikely on Motions for Preliminary Injunctive Relief

The abuse-of-discretion standard of review typically applied to appeals arising from preliminary injunction motions means appellants can face uphill battles, but one defendant successfully challenged the grant of such a motion in an appeal to the Eighth

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800 *Id.* at 456.

801 *Id.* at 458.

802 *Id.*

803 *Id.* at 460–61.

804 *Id.* at 463 ("The targeted industries have some overlap. Defendants serve a variety of industries, one of which is the financial industry. Plaintiffs are focused on the financial industry. There is evidence of confusion in the banking industry, which is unsurprising given the strength of Plaintiffs' marks. I think Defendants are right to point out that they service different departments within a corporation, which weighs somewhat in their favor. Still, there is evidence of overlapping sales targets and, accordingly, I think this factor favors Plaintiffs.").

805 *Id.* at 458–59.

806 *Id.* at 459–60.

807 *Id.* at 459.

808 *Id.* at 462.

809 *Id.* at 463.

810 *Id.* at 463–64.

811 *Id.* at 464 (citations omitted).

Circuit.[812] That appeal had its origins in the objection of tax services provider H&R Block, Inc. and one of its affiliates to the adoption of the BLOCK mark by the former Square, Inc., especially because of the latter's concomitant use of the following logo in connection with an app having tax-related functionality:

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Those actions, H&R Block successfully alleged before the district court, were likely to cause confusion with its own marks, which included the following:

H&R BLOCK

Spruce built by H&R BLOCK

BLOCK Advisors Tax Preparation

In reversing the district court's preliminary injunction, the court of appeals accepted the district court's finding of commercial strength for H&R Block's marks.[813] It likewise declined to disturb the determinations below that the parties' services were "in close proximity"[814] and that "even if conditions of purchase provide some opportunity to differentiate the parties' products, the purchasing conditions are not so different that they dispel the risk of confusion."[815] From there, however, things went downhill fast for H&R Block, beginning with the court's conclusion that the district court had erred in finding that the "apparent similarity between the marks at issue" "strongly" favored a finding of liability;[816] instead,

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812 *See* H&R Block, Inc. v. Block, Inc., 58 F.4th 939 (8th Cir. 2023), *rehearing denied*, No. 22-2075, 2023 WL 2524058 (8th Cir. Mar. 15, 2023).

813 *Id.* at 947.

814 *Id.* at 948.

815 *Id.* at 949.

816 *Id.* at 948.

"[w]hen examining all the evidence in the record, there are observable differences between the two logos and the competing products."[817] H&R Block's failure to adduce evidence or testimony of actual consumer confusion at the point of sale similarly favored reversal,[818] even though the record did contain social media posts in which third parties questioned "whether the name change was too close to H&R Block"[819] and "several news articles published within a couple months of [the defendant's] name change that can be read to reflect confusion about whether the [defendant's] services are being offered by H&R Block."[820] Especially because "[a] plaintiff seeking a preliminary injunction bears the burden of showing that such extraordinary relief is warranted,"[821] H&R Block had failed to establish its entitlement to that relief.

Holding that "[e]xtensive third-party usage of a mark [with] related products generally weighs against a finding that a trademark is strong,"[822] the Second Circuit similarly reversed the entry of a preliminary injunction requested by the owner of the RISE BREWING CO. mark for a coffee product:[823]

The plaintiff averred its rights to the mark were infringed by the use of the MTN DEW RISE ENERGY mark for an energy drink sold in cans with the following appearances:[824]

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[817] *Id.*

[818] *Id.* at 949.

[819] *Id.* at 945.

[820] *Id.* at 951.

[821] *Id.* at 946.

[822] RiseandShine Corp. v. PepsiCo, Inc., 41 F.4th 112, 123 (2d Cir. 2022).

[823] *Id.* at 117, 118.

[824] *Id.* at 118.

The differing presentations of the parties' marks weighed against a finding of likely confusion,[825] as did the weakness of the plaintiff's mark, which was demonstrated by extensive third-party use of similar marks and the plaintiff's representations to the USPTO when registering its mark. With respect to the last of these considerations, the court noted:

> Plaintiff itself acknowledged this crowded field in its application to the United States Patent and Trademark Office ("PTO"). It initially attempted to register the mark "RISE COFFEE CO." but was rejected by the PTO on the basis that there was a likelihood of confusion between "RISE COFFEE CO." and prior registrations that also used the word "Rise" for coffee, such as "Rise Up Coffee Roasters" and "Rise Up Organic Coffee." Plaintiff objected to the PTO's determination, arguing that the presence of multiple marks using the word "Rise" indicated the mark's weakness . . . .
>
> Now, having registered its trademark, Plaintiff argues that there is no such room for multiple "Rise" marks to coexist peacefully, even outside the coffee sector. That is not persuasive. If there was room for Plaintiff's use of "Rise" in the already crowded coffee field, there would also be room for Defendant's, especially on a product that is distinct from coffee. Trademark law does not offer robust protection to those who demand the exclusive right to use words that describe or suggest a product or its virtues.[826]

Another failed preliminary injunction motion came in a separate case between Florida-based entities.[827] The counterclaim plaintiff owned several registered composite marks featuring an inverted image of the state of Florida and used in connection with clothing, alcoholic beverages, and key chains, while the counterclaim defendant used a mark with similar elements for a single-location coffee shop and café. As suggested by the following comparison of

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[825] *Id.* at 125.

[826] *Id.* at 123 (footnote omitted).

[827] *See* MC3 Invs. LLC v. Loc. Brand, Inc., 661 F. Supp. 3d 1145 (N.D. Fla. 2023).

one of the counterclaim plaintiff's marks (shown on the left) and that used by the counterclaim defendant (shown on the right) when the motion was filed, the court found that the mark-similarity factor favored a finding of likely confusion:[828]

The conceptual strength of the counterclaim plaintiffs' arbitrary or fanciful marks—the court did not definitively place the marks in either category—similarly supported a finding of liability, as did the marks' commercial strength, which the counterclaim plaintiff established largely by introducing evidence and testimony of sales volume and its channels of distribution.[829] So too did the court find it likely that the parties served overlapping customers[830] and that the counterclaim defendant's continued use of its mark following its receipt of the counterclaim plaintiff's objections constituted at least some evidence of bad faith.[831] Nevertheless, the court found those considerations outweighed by the distinguishable nature of the parties' goods and services (despite the counterclaim plaintiff's professed plans to open a restaurant),[832] the lack of overlapping promotional media other than the parties' use of the Internet (which the court discounted because the counterclaim plaintiff neglected to demonstrate that the parties targeted the same consumers),[833] and the absence from the preliminary injunction record of detailed evidence of actual confusion.[834] Because the counterclaim plaintiff

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828 *Id.* at 1156–57. Before receiving a cease-and-desist letter from the counterclaim plaintiff, the counterclaim defendant used a version of its mark without a rectangular border. *Id.* at 1156.

829 *Id.* at 1162 ("[The counterclaim plaintiff's principal's] declaration sets forth Defendant's efforts to promote and advertise its [marks] by distributing over 150,000 free decals of its [marks], selling its beer and rum products in approximately 150 restaurants and bars throughout Florida, and selling its clothing apparel under its Local Marks in approximately 85 stores throughout Florida. [That declaration] also states that [the counterclaim plaintiff] has an annual gross revenue of over $1 million."). The counterclaim plaintiff's showing of commercial strength was somewhat diminished by its failure to introduce evidence of the exclusivity of its marks, proof of the number and types of its customers, and supporting survey evidence. *Id.*

830 *Id.* at 1164.

831 *Id.* at 1164–65.

832 *Id.* at 1163.

833 *Id.* at 1164.

834 *Id.* at 1165–66. Although apparently crediting the counterclaim plaintiff's showing that one consumer had expressed confusion after seeing the counterclaim defendant's

therefore had failed to prove the required substantial likelihood of success on its infringement causes of action, the court denied its motion.

(v) Opinions Finding Confusion Unlikely as a Matter of Law

Because of the inherently factual nature of the likelihood-of-confusion inquiry, most courts are reluctant to resolve it in defendants' favor at the pleadings stage of the cases before them, but New York federal district courts often prove the exceptions to that general rule. For example, a motion for judgment on the pleadings in a case lodged in the Southern District of New York succeeded after the court rejected the plaintiff's argument that the defendant had unlawfully manipulated search engine results by purchasing the plaintiff's 1-800 CONTACTS mark for contact lenses as triggers for advertising promoting the defendant's WARBY PARKER–branded lenses.[835] The plaintiff alleged the advertisements mimicked the look and feel of its website, "including through use of a confusingly similar color scheme, layout, and discount offering, along with imagery evoking the [plaintiff's] website."[836] It also alleged that consumers clicking on the advertisements were taken to a website with an appearance closer to the plaintiff's site than that of the site to which consumers were routed when they entered the defendant's mark into a search engine. Despite those allegations, as well as the court's findings from the parties' opening pleadings that the plaintiff's suggestive mark was both conceptually and commercially strong,[837] that the parties' goods were competitive and of the same general quality,[838] and that the defendant may have acted in bad faith,[839] the court found confusion unlikely as a matter of law. The court's determination to that effect was largely grounded in its determination that "the parties' marks are too dissimilar for reasonably sophisticated internet consumers to be confused as to whether they have navigated to, and are purchasing contacts from [the plaintiff] instead of [the defendant]."[840] "Accordingly," the court

signage, the court faulted the counterclaim plaintiff for failing to provide supporting details for its claim that other "people" had expressed confusion as well. *Id.* at 1166.

835 *See* 1-800 Contacts, Inc. v. JAND, Inc., 608 F. Supp. 3d 148 (S.D.N.Y. 2022), *appeal docketed*, No. 22-1634 (2d Cir. July 28, 2022).

836 *Id.* at 153.

837 *Id.* at 156–57.

838 *Id.* at 157.

839 *Id.* at 157–58.

840 *Id.* at 158.

concluded, "[the plaintiff] has failed to plausibly plead a likelihood of consumer confusion in this case."[841]

In the summary judgment context, perhaps the simplest analysis to dispose of a claim of likely confusion as a matter of law came from a panel of the North Carolina Court of Appeals.[842] The parties before that court had once cooperated in the founding of a communications company under the CAMPSIGHT STRATEGIC COMMUNICATIONS, INC. mark, but, following a falling out, the lead defendant organized a competing business under the CAMPSIGHT STRATEGIES, LLC mark. The similarities between the parties' marks and businesses might ordinarily have created a factual dispute as to liability on the defendants' motion for summary judgment, but neither the trial court nor the appellate court felt that way, primarily because of the absence from the record of evidence of actual confusion. Having held that "evidence of actual confusion is often paramount in the likelihood of confusion analysis,"[843] the latter tribunal faulted the plaintiff for failing to adduce either anecdotal or survey evidence of confusion caused by the defendants' conduct, however malevolent the intent underlying that conduct may have been. With that failure fatally undercutting the plaintiff's claim of infringement, the trial court had properly dismissed that claim on summary judgment.

Marks sharing a common element can be rendered dissimilar as a matter of law by their presentations in the marketplace, and so it was in a different lawsuit brought by the owner of the RAW, RAW ORGANIC, RAW ARTESANO, SUPERNATURAL RAW, RAW CONNOISSEUR, and RAW BLACK marks for smoking-related products such as cigarette rolling papers and the like, as well as information services concerning those products.[844] The defendants sold cannabis concentrates under the RAW GARDEN mark, and the court found it beyond material dispute that, as they appeared on the parties' packaging, the marks at issue created "significantly different commercial impressions, such that consumers could readily distinguish between the parties' products as they appear in the marketplace":[845]

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841 *Id.* at 160.

842 *See* Duffy v. Camp, 882 S.E.2d 675 (N.C. Ct. App. 2022).

843 *Id.* at 693 (quoting George & Co. v. Imagination Ent. Ltd., 575 F.3d 383, 392 (4th Cir. 2009)).

844 *See* BBK Tobacco & Foods LLP v. Cent. Coast Agric. Inc., 615 F. Supp. 3d 982 (D. Ariz. 2022).

845 *Id.* at 1024.

That was not the only consideration favoring the defendants, however, for the court also found the "likely descriptive and at most suggestive" "raw" element of the plaintiff's marks was conceptually weak and not so strengthened by the plaintiff's advertising and promotion as to favor a finding of likely confusion.[846] Likewise, the plaintiff failed to adduce anecdotal evidence of actual confusion, and that failure was magnified by the results of two surveys it had commissioned, which yielded modest net positive results of 11.4 percent and 12.4 percent.[847] As final considerations in the defendants' favor, there was no evidence either that they had acted in bad faith or that the plaintiff had concrete plans to enter the defendants' market.[848] The plaintiff might have benefitted from its showings that the parties' marketing channels overlapped "at least somewhat"[849] and that "[t]he tobacco and cannabis industries, though distinct, are adjacent, and consumers could reasonably conclude that [the plaintiff] expanded into the cannabis concentrate market,"[850] but the court declined to hold that those showings created a factual dispute as to the defendant's nonliability. It therefore granted the defendant's motion for summary judgment.

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846 *Id.* at 1019.

847 *Id.* at 1021.

848 *Id.* at 1023–24.

849 *Id.* at 1022.

850 *Id.* at 1016.

(vi) Opinions Finding Confusion Unlikely After Trial

The Tenth Circuit affirmed a magistrate judge's post-trial finding that the EDWELL mark used by a nonprofit organization dedicated to improving schoolwide mental health and well-being was not confusingly similar to the EDWEL mark, which was registered for "[t]raining, mentoring, and tutoring services in the fields of project management and product management; [and] [e]ducational services, namely, conducting classes, seminars, workshops in the fields of project management and product management."[851] The plaintiff's claim of infringement had at least some support in the trial record because of the near identity of the parties' marks[852] and the conceptual strength of the plaintiff's suggestive mark.[853] Nevertheless, substantial evidence also supported the finding of nonliability below, including the defendant's lack of bad faith when adopting its mark (despite its knowledge of the plaintiff's use),[854] differences in the parties' services,[855] the sophistication of the parties' customers (who would likely conduct substantial due diligence before making purchases),[856] and the de minimis nature of the single instance of actual confusion proffered by the plaintiff.[857] Because only two of the relevant factors supported the plaintiff's position, the finding that confusion was unlikely between the parties' marks was not clearly erroneous.[858]

That was not the only finding of noninfringement following a full trial. Following a bench trial based in part on a preliminary injunction record, a New York federal district court declined to reach a finding of confusing similarity between several variations on the JACKPOCKET mark for lottery courier services and the JACKPOT.COM mark for Internet gambling websites.[859] The court

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851 *See* M Welles & Assocs. v. Edwell, Inc., 69 F.4th 723, 728 (10th Cir. 2023).

852 *Id.* at 732.

853 *Id.* at 732–33.

854 *Id.* at 733–34.

855 *Id.* at 735 ("[T]he magistrate judge found that [the plaintiff] currently markets to universities, large companies, and individuals seeking to further their business careers. In contrast, the magistrate judge found that [the defendant] provides 'one-on-one coaching and counseling in the area of mental health, stress reduction, and wellness for public school teachers, administrators, and students.'"); *see also id.* at 731 (citing approvingly magistrate's finding that the odds of a customer searching for one party's services but finding the others were "slim to none").

856 *Id.* at 735–36.

857 *Id.* at 736.

858 *Id.*

859 *See* Jackpocket, Inc. v. Lottomatrix NY LLC, 645 F. Supp. 3d 185 (S.D.N.Y. 2022). The court explained the plaintiff's lottery courier services in the following manner:

> One way for a consumer to purchase state lottery tickets online is through lottery courier services. After placing an order for lottery tickets electronically, a

found the plaintiff's marks conceptually weak, both "because [the marks] incorporate the word 'jackpot,' the very purpose of a lottery, in a conspicuous manner and do not contain sufficient additional content to create distance between the mark and the product it is describing"[860] and because "[t]he ubiquity of the word 'jackpot' among competitors suggests the weakness of the similar JACKPOCKET mark as a source-identifier."[861] That finding preceded one that the mark was commercially weak as well, a determination driven by the court's application of the Second Circuit's acquired distinctiveness factors.[862] Next, the court found the following presentations of the parties' marks in the marketplace distinguishable:[863]

Jackpocket

Jackpot .com

The court was equally dismissive of the plaintiff's anecdotal evidence of actual confusion because the defendant had not yet entered the United States market and because that evidence

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> lottery courier service will purchase physical lottery tickets on the customer's behalf through licensed lottery retailers. The lottery courier service then uploads a scan of the physical ticket to the customer's account.

Id. at 203.

860 *Id.* at 240.

861 *Id.* at 244.

862 *See id.* at 225 ("There is no single yardstick or metric for acquired strength. Analysis of whether a mark has acquired meaning requires consideration of factors such as: (1) advertising expenditures; (2) consumer studies linking the name to the source; (3) sales success; (4) unsolicited media coverage of the product; (5) attempts to plagiarize the mark; and (6) the length and exclusivity of the mark's use.").

The court reached its finding of commercial weakness despite the plaintiff's proffer of sales and advertising numbers that were "significant in the aggregate and in absolute terms." *Id.* at 246–46. In its estimation, the plaintiff's advertising had often emphasized the size of the jackpots that could be won instead of the plaintiff's mark; likewise, "most of [the plaintiff's] sales, like most of [its] advertising, appears to come during peaks in multi-state lottery jackpots. . . . These sales data too suggest that consumers are drawn to the jackpot, not [the plaintiff's] product itself." *Id.* at 247–48. Finally, the court dismissed survey evidence of mark strength proffered by the plaintiff—"[t]he survey found that the unaided awareness of the Jackpocket brand was 19.0% among respondents, while the aided awareness was 58.3%," *id.* at 253—for several reasons: (1) the survey's universe was limited to respondents in only two of the twelve states in which the plaintiff operated; (2) in both of those states, the plaintiff had only a single competitor; (3) the net positive recognition rate tended "to show that even [the plaintiff's] consumers do not recognize [it] as the service they have used; these figures are far below what could be expected when the realm of possible choices is so narrowly defined," *id.* at 253–54; and (4) rebuttal survey evidence proffered by the defendants established a net aided awareness of the plaintiff's mark of only 14.9%. *Id.* at 254.

863 *Id.* at 256.

reflected de minimis confusion among nonconsumers at best.[864] It likewise rejected claimed survey evidence of confusion because the *Squirt* format used by the plaintiff's survey expert was inappropriate, because the survey used stimuli failing to replicate market conditions, because its questions were leading, and because a rebuttal survey commissioned by the defendants committed none of those errors.[865] So too did the court credit the defendants' representations of the good-faith adoption of their mark[866] and the sophistication of the relevant consumers.[867] Against that backdrop, the defendants' concession of competitive proximity[868] was not enough to establish a likelihood of confusion between the parties' marks.

A bench trial in a different suit, a declaratory judgment action featuring counterclaims for infringement brought by a manufacturer of CIRUS-branded personal aircraft against a provider of "high-end" airplane charter services under CIRRUS AVIATION mark also resulted in a defense verdict.[869] With the counterclaim plaintiff's suggestive or arbitrary mark—the court could not make up its mind—occupying the "strong end" of the conceptual distinctiveness spectrum,[870] that consideration favored the counterclaim plaintiff, but it was neutralized by the mark's commercial weakness in the market served by the counterclaim defendant.[871] Moreover, although the counterclaim plaintiff's planes and the counterclaim defendant's flights were "complementary and similar in use and function," they were sold to "different classes of purchasers."[872] The court also discounted the counterclaim plaintiff's proffered anecdotal evidence of actual confusion, both because it mostly involved nonconsumers and because it was spread across thirteen years of coexistence between the parties.[873]

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864 *Id.* at 259–62.

865 *Id.* at 262–70.

866 *Id.* at 271–72.

867 *Id.* at 272–73.

868 *Id.* at 258–59.

869 *See* Great W. Air, LLC v. Cirrus Design Corp., 649 F. Supp. 3d 965, 972 (D. Nev. 2023), *appeal docketed*, No. 23-15157 (9th Cir. Feb. 6, 2023).

870 *Id.* at 977.

871 With respect to the mark's commercial weakness, the court credited the counterclaim defendant's showing of third-party use of similar marks in related contexts. *Id.* at 978. That showing overcame the counterclaim plaintiff's evidence and testimony of "the awards it has won, articles about its success, its advertisements, its founders' induction into the National Aviation Hall of Fame, and testimony from its president about how certain of its planes have been bestsellers in their categories for years running," as well as an advertising spend of "up to $10 million a year in marketing." *Id.* (footnotes omitted).

872 *Id.* at 979.

873 *Id.* at 983–84.

Moreover, it found that the parties' marketing channels did not overlap,[874] that the parties' expensive goods and services meant their customers exercised a high degree of care,[875] that the counterclaim defendant had not adopted its mark in bad faith,[876] and that neither party was likely to expand into the other's line of business.[877] That the parties' marks were "nearly identical in appearance and sound"[878] was not enough to establish the counterclaim defendant's liability.

(vii) Opinions Deferring Resolution of the Likelihood-of-Confusion Inquiry

As usual, motions to dismiss allegations of likely confusion for failure to state claims failed.[879] For example, one such motion was filed by a counterclaim defendant accused of having purchased the counterclaim plaintiff's mark as a keyword to trigger advertisements when users of Google's search engine searched for the mark; the complaint also asserted the advertisements used the counterclaim plaintiff's mark when promoting the counterclaim defendant's competitive real estate services.[880] In denying the motion, the court declined to give dispositive effect to the counterclaim defendant's arguments that the advertisements would not confuse the sophisticated real estate professionals whom they targeted and that any initial-interest confusion occasioned by them would be cured before the point of sale. The court deemed both arguments "premature," further observing that "[the counterclaim defendant] may ultimately prove to be correct on both points, but drawing all factual inferences in [the counterclaim plaintiff's] favor, as the Court must on a motion to dismiss, the Counterclaim alleges

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874 *Id.* at 984 ("While both parties presented evidence that certain of their marketing is the same type—referrals and websites—the Court is not convinced that these constitute the same channels. Both parties having websites is not enough to demonstrate that they use the same marketing channels, especially because it is not clear that either party relies heavily on its site for sales.").

875 *Id.* at 985 ("[The counterclaim defendant's] flights range from about $8,000 to about $340,000 per flight. [The counterclaim plaintiff's] plane[s] cost[] between $1 million and over $3 million. It is unlikely a buyer—particularly the charter brokers or plane enthusiasts to whom [the parties] market—would not second guess a $3 million plane ticket or $340,000 plane." (footnotes omitted)).

876 *Id.* at 985–86.

877 *Id.* at 986–87.

878 *Id.* at 980.

879 *See, e.g.*, Sea Tow Servs. Int'l, Inc. v. Tampa Bay Marine Recovery, Inc., 632 F. Supp. 3d 91, 118 (E.D.N.Y. 2022) (denying motion to dismiss claim of infringement grounded in licensees' alleged breach of agreement with licensor).

880 *See* CoStar Grp. v. Com. Real Est. Exch. Inc., 619 F. Supp. 3d 983 (C.D. Cal. 2022).

sufficient facts to state a claim for trademark infringement under the Lanham Act."[881]

Various circumstances obviously also can preclude the resolution of cases on motions for summary judgment.[882] They include material factual disputes such as those in an Eleventh Circuit appeal in which the plaintiff alleged confusion was likely between the mark shown below on the left, used in connection with "many different lines of insurance," and the one shown below on the right, used in connection with title insurance:[883]

FOREMOST INSURANCE GROUP

FOREMOST TITLE & ESCROW

Although the Eleventh Circuit has long followed an aberrational rule treating incontestable marks such as the plaintiff's as presumptively strong for purposes of the likelihood-of-confusion analysis,[884] it suggested (without expressly holding) that that rule is limited to consideration of a mark's *conceptual* strength, with its *commercial* strength or "the real-world consumer recognition of a mark, most often created by the efforts and work of the mark holder."[885] Despite that partial qualification of its past practice, the court nevertheless found the defendant had failed to rebut the presumptive strength of the plaintiff's mark through its proffer of "62 registered trademarks and 541 registered business names in various states using the term 'foremost,'" especially because of the plaintiff's showing of extensive sales and advertising figures, as well as favorable survey evidence.[886] Having thus determined the factor of mark strength favored the plaintiff's position, the court next found another factual dispute with respect to the marks' similarity, observing that "'Foremost' is the most distinctive part of both parties' marks, and far more important than generic words like title and escrow";[887] moreover, "[t]he logos create a similar overall effect

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[881] *Id.* at 995.

[882] *See, e.g.*, PetConnect Rescue, Inc. v. Salinas, 656 F. Supp. 3d 1131, 1160 (S.D. Cal. 2023) (denying, without extended discussion, cross-motions for summary judgment because of parties' failure to discuss likelihood-of-confusion factors); *see also id.* at 1165 (denying defense motion for summary judgment grounded exclusively in argument that plaintiff failed to adduce survey evidence).

[883] *See* FCOA LLC v. Foremost Title & Escrow Servs. LLC, 57 F.4th 939, 952 (11th Cir.), *cert. denied*, 144 S. Ct. 103 (2023).

[884] *See, e.g.*, Sovereign Mil. Hospitaller Ord. of Saint John of Jerusalem of Rhodes & of Malta v. Fla. Priory of the Knights Hospitallers of the Sovereign Ord. of Saint John of Jerusalem, Knights of Malta, the Ecumenical Ord., 809 F.3d 1171, 1183 (11th Cir. 2015).

[885] *FCOA*, 57 F.4th at 950.

[886] *Id.* at 951.

[887] *Id.* at 953.

and accentuate the marks' similarities, because both feature two lines of text, with 'Foremost' in bold, sans-serif type above smaller letters detailing the generic parts of the marks, to the right of a stylized 'F.'"[888] Likewise, and although the parties did not sell directly competitive insurance products, a reasonable fact finder could find that those products, as well as the potential purchasers of them and the promotional media used to promote them, overlapped.[889] Despite the absence from the summary judgment record of evidence or testimony that the parties' customers were unsophisticated,[890] that the defendant had adopted its mark in bad faith,[891] or that instances of actual confusion had occurred,[892] the district court had erred in finding confusion unlikely as a matter of law.[893]

The Sixth Circuit similarly declined to resolve the question of likely confusion as a matter of law.[894] The case appealed to that court was between manufacturers of kits used to convert the cabs of tractor-trailer trucks; the plaintiff claimed the appearances of cabs converted through the use of its kits constituted trade dress infringed by the defendants. The district court found the plaintiff's claimed trade dress functional as a matter of law, and, in response to the plaintiff's appeal of that disposition, the defendants argued, inter alia, that the court of appeals could affirm because of the absence of likely confusion, even if the district court had declined to address the issue. The Sixth Circuit refused that invitation based in part on testimony in the summary judgment record by both parties that they themselves could not distinguish between cabs created by their respective kits. Of greater significance, that record also contained testimony that the plaintiff had received "numerous inquiries" from consumers seeking to purchase kits sold under the defendants' mark.[895] Although the court agreed with the defendants that consumers of the parties' relatively expensive kits were sophisticated, that consideration was not so compelling as to render confusion unlikely as a matter of law.[896]

In a disposition generating an opinion on appeal, a Nebraska federal district court declined to grant a defense motion for summary judgment in a battle in the market for custom-printed

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888 *Id.*

889 *Id.* at 953–55.

890 *Id.* at 957–58.

891 *Id.* at 956.

892 *Id.*

893 *Id.* at 960.

894 *See* DayCab Co. v. Prairie Tech., LLC, 67 F.4th 837 (6th Cir. 2023).

895 *Id.* at 852.

896 *Id.*

folders.[897] The acrimony between the parties was exacerbated by the defendants having sold an earlier incarnation of their business to the plaintiff before forcing the plaintiff out of the facility in which the business was located. Having done so, the defendants opened a directly competitive business located in that same facility. As part of the transaction between the parties, the plaintiff acquired the rights to the FOLDER EXPRESS, THINK FAST, and SCULPTURED POCKETS marks, each of which the plaintiff claimed was infringed by the defendants' POCKET FOLDERS FAST mark. The defendants improbably supported their motion for summary judgment by arguing their own mark was unprotectable, a strategy the court quite properly determined "missed the point."[898] With respect to the actual considerations properly weighed in the likelihood-of-confusion inquiry, the plaintiff's marks were weak, and the similarity between them and the defendant's use not "particularly strong."[899] Nevertheless, certain evidence and testimony in the summary judgment record weighed in the plaintiff's favor, including that of the competition between the parties and of the defendants' possible bad-faith intent. Of equal importance, the court credited the plaintiff's evidence of actual confusion, some of it apparently comprising inquiries about the relationship between the parties but at least some of it reflecting one consumer's mistaken belief that the parties' businesses were the same. "On balance," the court concluded, "whether the plaintiff has shown a likelihood of confusion is a question for the jury."[900]

A Florida federal district court similarly declined to grant a defense motion for summary judgment in a case between competitors in the market for luxury climate-controlled self-storage units "sold like condominiums [to] house luxury items such as recreational vehicles."[901] In that dispute, the plaintiffs sought to protect the trade dress of their facilities, shown below in the left-hand column, against the defendants' alleged infringements, which appear in the right-hand column:[902]

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897 *See* Crabar/GBF, Inc. v. Wright, 644 F. Supp. 3d 513 (D. Neb. 2022).

898 *Id.* at 534.

899 *Id.* at 535.

900 *Id.*

901 *See* Hyde Park Storage Suites Daytona, LLC v. Crown Park Storage Suites, LLC, 631 F. Supp. 3d 1203, 1209 (M.D. Fla. 2022).

902 *Id.*

The court evaluated the similarity between the parties' respective buildings by applying the "subjective eyeball test" and concluding that a reasonable jury could find them confusingly similar.[903] The direct competition between the parties also favored a finding of liability, as did the defendants' failure to demonstrate third-party use of similar designs, the defendants' targeting of the same customers by driving around one of the plaintiffs' facilities with a sign advertising their own services, the parties' concurrent use of websites, Facebook pages, brochures, and flyers as promotional tools, and the geographic proximity—less than a mile—of the parties' facilities.[904] Equally to the point, the court also found a material factual dispute regarding the defendants' intent in light of the plaintiffs' showings that the defendants had commissioned copies of the plaintiffs' buildings (albeit with different dimensions) using the plaintiffs' blueprints (which they obtained from the local municipal government) and that, during the construction process, the defendants' contractor had given the defendants' facilities nicknames incorporating the names of the plaintiffs' facilities.[905] The summary judgment record may have lacked evidence of actual confusion and the sophistication of the parties' customers went unaddressed by the parties, but those considerations were not enough to render the plaintiffs' claims meritless as a matter of law.[906]

Finally, in a case ultimately producing a jury finding of likely confusion, a defendant marketing nonfungible tokens depicting fur-covered images of the plaintiffs' BIRKEN handbags sought to escape liability on a motion for summary judgment; the plaintiffs likewise filed their own cross-motion seeking a finding of liability as a matter

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903 *Id.* (quoting J-B Weld Co. v. Gorilla Glue Co., 978 F.3d 778, 789–90 (11th Cir. 2020)).

904 *Id.* at 2018–20.

905 *Id.* at 1210–11.

906 *Id.* at 1220–21.

of law.[907] The court accepted the defendant's argument that the artistic nature of his NFTs meant the First Amendment–based test for infringement set out in *Rogers v. Grimaldi*[908] governed the disposition of the plaintiffs' claims, but that holding did not obviate the need to examine the likelihood of confusion between the parties' respective uses under the Second Circuit's version of *Rogers*.[909] The defendant did not help himself under those factors by ill-advisedly insisting to his associates he was "a marketing king" and "sitting on a gold mine,"[910] which the court not surprisingly found placed his alleged good faith into dispute.[911] The plaintiffs likewise benefitted from introducing into the summary judgment record both anecdotal and survey evidence of actual confusion.[912] Nevertheless, although the plaintiffs' proffers defeated the defendant's motion for summary judgment, they failed to mandate the grant of their own motion.[913]

(2) The First-Sale Doctrine and Likely Confusion Arising from the Diversion or Alteration of Genuine Goods

Only a single readily apparent reported opinion squarely addressed the issue of liability for infringement arising from the diversion or alteration of genuine goods.[914] It did so in a case in which the plaintiff objected to the defendant's practice of buying the plaintiff's piano music books, giving them spiral bindings, and then reselling them as "new." The plaintiff moved for summary judgment on the theory that the defendant's changes to the books were material in nature and that the defendant had failed to disclose those changes adequately. In contrast, and without necessarily

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907 *See* Hermès Int'l v. Rothschild, 654 F. Supp. 3d 268 (S.D.N.Y. 2023).

908 875 F.2d 994 (2d Cir. 1989).

909 In cases in which a defendant's alleged imitation of a plaintiff's mark occurs in the title or content of an artistic (or creative work), the second prong of the *Rogers* test precludes liability for infringement unless the accused infringement has no artistic relevance to the underlying work or, if it does have artistic relevance, it is explicitly misleading with respect to the source or content of the work. *Id.* at 999. Pursuant to Second Circuit authority, whether a defendant's use is explicitly misleading is evaluated by reference to the standard likelihood-of-confusion factors. Under them, a "particularly compelling" showing of likely confusion will render a challenged use explicitly misleading. Twin Peaks Prods., Inc. v. Publ'ns Int'l, Ltd., 996 F.2d 1366, 1379 (2d Cir. 1993).

910 *See Hermès Int'l*, 654 F. Supp. 3d at 274.

911 *Id.* at 282.

912 According to the court's (limited) discussion of the plaintiffs' survey, the survey yielded a net confusion rate of 18.7% among respondents. *Id.*

913 *Id.* ("Because there remain substantial factual disagreements between the parties with respect to many—if not most—of the eight [likelihood-of-confusion] factors, any of which could be dispositive to the outcome, the Court declines to grant summary judgment for either party on this issue.").

914 *See* Steeplechase Arts & Prods., L.L.C. v. Wisdom Paths, Inc., 652 F. Supp. 3d 481 (D.N.J. 2023).

disputing the materiality of those changes, the defendant's cross-motion for summary judgment (which began life as one to dismiss) claimed the protection of the first-sale doctrine because its marketing of the revised books disclosed the changes the defendant had made to them.[915] The court's evaluation of the two motions began in promising fashion for the defendant, with the court acknowledging the "intuitive appeal" of the position that "[i]f a consumer understands that the reseller is responsible for any material differences between the resold and genuine product, then the owner's goodwill in the trademarked product is unlikely to be damaged."[916] Nevertheless, it ultimately concluded from the summary judgment record that:

> [I]t is not at all clear that [the defendant's] label alleviates all confusion about which entity is responsible for the rebinding, particularly in light of the fact that [the defendant] advertises its version of the Piano Book as "new." If consumers understand that [the defendant] modified the binding but believe that it did so with the permission of or in association with [the plaintiff], the goodwill of the [plaintiff's] Mark could still be affected.[917]

The result was a procedural stalemate necessitating a trial to resolve the parties' respective claims and defenses.

(C) Counterfeiting

The relationship between the mere infringement of a plaintiff's mark, on the one hand, and the trafficking in goods bearing a counterfeit imitation of that mark, on the other, came into play in two reported opinions. The first issued from the Ninth Circuit in an appeal from the post-trial overturning of a jury finding of liability for counterfeiting.[918] The plaintiff in that proceeding challenged the sales under copies of its registered mark of goods the district court deemed distinguishable from those the plaintiff itself sold, even

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915 The court explained the first-sale doctrine in the following manner:

> Under that doctrine, "a trademark owner's authorized initial sale of its product into the stream of commerce extinguishes the trademark owner's rights to maintain control over who buys, sells, and uses the product in its authorized form." "The rationale for the rule 'is that trademark law is designed to prevent sellers from confusing or deceiving consumers about the origin or make of a product, which confusion ordinarily does not exist when a genuine article bearing a true mark is sold.'"

Id. at 493 (first quoting Iberia Foods Corp. v. Romeo, 150 F.3d 298, 301 n.4 (3d Cir. 1998); and then quoting Brilliance Audio, Inc. v. Haights Cross Commc'ns, Inc., 474 F.3d 365, 369 (6th Cir. 2007)).

916 *Id.* at 494.

917 *Id.*

918 *See* Y.Y.G.M. SA v. Redbubble, Inc., 75 F.4th 995 (9th Cir. 2023), *petition for writ of certiorari filed*, No. 23-752 (U.S. Jan. 11, 2024).

though the goods at issue fell into the same general categories—namely, stickers, hats, and T-shirts. In concluding the district court had erred in overturning the jury's verdict, the appellate court held that "[t]here may be times the mark itself is so strong in the marketplace that the use of an identical mark by itself may cause consumer confusion, even if other aspects of the products are different."[919] Not only had the district court therefore committed reversible error by failing to consider the strength and distinctiveness of the plaintiff's mark in its likelihood-of-confusion evaluation, but its requirement that the plaintiff demonstrate the defendant's sale of exact reproductions of its goods reflected a misunderstanding of the relevant test for liability: "The question is not, as the district court concluded, whether products are 'stitch-for-stitch' copies; it is whether, based on the record, confusion could have resulted because the products on [the defendant's] website bearing the [plaintiff's] [m]ark are the kinds of trademarked goods [the plaintiff] sells."[920] A vacatur and remand followed.

So too did another plaintiff also have good luck before a New York federal district court, albeit in a case in which the defendants defaulted.[921] Consistent with the approach taken by other federal tribunals in that state, the court saw no need to trot through the standard likelihood-of-confusion factors to determine the defendants' uses were confusingly similar to the plaintiff's registered marks; instead, it held, "the standard for consumer confusion is easily satisfied in the case of counterfeits because counterfeits, by their very nature, cause confusion."[922] In any case, however, "Plaintiff's well-plead [sic] allegations establish that the trademarks deployed by the Defaulting Defendants are counterfeit as they are virtually indistinguishable from Plaintiff's . . . Marks."[923]

Not all defendants accused of counterfeiting were found liable for that tort, however. One defendant to escape that fate had registered a domain name similar to a mark owned by the plaintiff suing it years before the plaintiff adopted its mark.[924] Although initially using the domain name to sell goods in the plaintiff's line of business, that use fell into desuetude before the defendant renewed and expanded it after the plaintiff's priority date. Entertaining the parties' cross-motions for summary judgment on

919 *Id.* at 1004 (alteration in original) (quoting Arcona, Inc. v. Farmacy Beauty, LLC, 976 F.3d 1074, 1080 n.4 (9th Cir. 2020)).

920 *Id.*

921 *See* Kelly Toys Holdings, LLC v. alialialiLL Store, 606 F. Supp. 3d 32 (S.D.N.Y. 2022).

922 *Id.* at 50 (quoting Off-White LLC v. 5HK5584, No. 19-CV-672 (RA) (JLC), 2020 WL 1646692 at *5 (S.D.N.Y. Apr. 3, 2020)).

923 *Id.*

924 *See* GoSecure Inc. v. Bhandari, 637 F. Supp. 3d 368 (E.D. Va. 2022).

the defendant's liability for counterfeiting, the court teed the ball up in the following manner:

> To support a claim of counterfeiting, a plaintiff must provide evidence that the defendant (1) intentionally used a counterfeit mark in commerce; (2) knowing that the mark was counterfeit; (3) in connection with the sale, offering for sale, or distribution of goods; and (4) the use of the counterfeit mark was likely to confuse or deceive.[925]

It then rejected the plaintiff's claim of liability in an application of that test because:

> The strongest evidence of possible counterfeiting is Defendant's use of Plaintiff's corporate name in his twitter account byline. However, that twitter page never directly sold any cybersecurity goods or services, and the website it was linked to stopped selling such goods by 2011, which was several years prior to the [Plaintiff's] mark's registration. On this record, no reasonable trier of fact would find that Defendant either intentionally used a counterfeit mark in commerce, or knew such a mark was counterfeit, when none of his infringing uses of the mark post-registration were commercially beneficial or advantageous.[926]

Finally, Section 34(d) of the Act[927] authorizes the ex parte seizure of goods bearing counterfeit imitations of registered marks and does so in terms seeking to ensure preservation of evidence that might otherwise evaporate before litigation can establish a trademark violation. Nevertheless, one opinion demonstrated that seizures are hardly automatic.[928] That opinion faulted the licensing agent for the band Metallica—described by the court in one of the worst judicial invocations of popular culture in recent memory as the band's "master of trademarks"[929]—for waiting until the eve of a tour to pursue a seizure order and temporary restraining order with nationwide effect. Although the court granted the plaintiff's request for relief against a group of defaulting defendants in Louisville, Kentucky, where the tour opened,[930] it declined to give the order

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925 *Id.* at 379.

926 *Id.*

927 15 U.S.C. § 1116(d) (2018).

928 *See* Merch Traffic, LLC v. Does, 620 F. Supp. 3d 644 (W.D. Ky. 2022).

929 *Id.* at 645.

930 *Id.* at 647 ("[The plaintiff's] seizure motion satisfied the relevant requirements of the Trademark Counterfeiting Act. It notified the acting U.S. Attorney for the Western District of Kentucky, didn't publicize the seizure order, provided a $5,000 bond, and made the showing called for under § [34(d)(4)(B)]: another order would be inadequate to avoid immediate and irreparable injury at the concert, where persons would likely be selling counterfeit goods, which they would destroy or hide if notice were provided." (citations omitted)).

nationwide effect, citing, among a long list of additional concerns, the right to due process of potential defendants outside of that city. With respect to that consideration, the court held that:

> [The plaintiff] designed its litigation strategy with an understandable concern for efficiency. Wouldn't one nationwide preliminary injunction be easier and less costly—for plaintiffs and courts alike—than following a band across the country to ask different judges for different seizure orders at different concerts? Undoubtedly so. And counterfeiting remains a real problem, as Congress plainly recognized. But while efficient enforcement resonates in some of our due process precedent, the law still principally serves to arrest, not accelerate, those who would like to take property held by others. However inconvenient, the rule of law remains as crucial today as it was for an older generation living in the borderlands of the law's reach: "It's infinitely more deadly when the law is disregarded by men pretending to act for justice than when it's simply inefficient."[931]

(D) Actual or Likely 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.[932] Under Section 43(c)(2)(A),[933] 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,"[934] 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.[935]

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931 *Id.* at 654–55 (quoting Walter Van Tilburg Clark, The Ox-Bow Incident 53 (1973)).

932 15 U.S.C. § 1125(c)(1) (2018).

933 *Id.* § 1125(c)(2)(A).

934 *Id.*

935 *Id.* § 1125(c)(2)(A)(i)-(iv).

In contrast, the dilution statutes of some states, such as that of New York,[936] require a threshold showing only of mark distinctiveness. As always, these prerequisites generated reported opinions applying them.

(a) Opinions Finding Marks Famous and Distinctive

The fame and distinctiveness of some marks was such that it was not seriously disputed. Those included the FORD mark in standard-character format and in design form for vehicle repair and maintenance services; the finding of fame for those marks was apparently based in large part on evidence of the value of the FORD mark in other contexts, rather than that directly related to those services.[937] They also included the members of a family of marks beginning with the shared element "S&P" and used in connection with financial data and analysis services, which a Delaware federal district court found sufficiently famous to qualify for protection under the dilution statute of that state[938] without extended analysis.[939]

In a case in which the issue was contested at trial, the plaintiff successfully convinced a jury that its "canteen-shaped, embossed bottle[] with a label placed on the lower portion" was famous for the plaintiff's whiskey before the defendants' introduction of a similar bottle for a competitive beverage.[940] Following post-trial briefing by the parties, the court declined to disturb that finding, citing evidence and testimony at trial of: (1) twenty-one years of prior use by the plaintiff; (2) an advertising spend for the plaintiff's brand of $56 million in the five years preceding the introduction of the defendant's bottle; (3) advertising campaigns in national print and digital magazines, on billboards, and at professional arenas, sporting events, and festivals, and on social media reaching 100 million consumers; (4) $150 million dollars in sales during one year alone; and (5) testimony by the plaintiff's employees of consumers' recognition of the trade dress.[941] Based on the trial record, the court concluded, "[t]he jury was reasonable and had a legally sufficient

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936 N.Y. Gen. Bus. Law § 360-l.

937 *See* Ford Motor Co. v. AirPro Diagnostics LLC, 632 F. Supp. 3d 753, 759 (E.D. Mich. 2022).

938 6 Del. Code Ann. tit. 6, § 3313.

939 *See* S&P Glob. Inc. v. S&P Data LLC, 619 F. Supp. 3d 445, 468 (D. Del. 2022) ("Plaintiffs' marks are inherently distinctive, and thus qualify for protection under the Delaware Antidilution Statute.").

940 *See* Diageo N. Am., Inc. v. W.J. Deutsch & Sons Ltd., 626 F. Supp. 3d 635 (S.D.N.Y. 2022), *appeal withdrawn*, No. 22-2106, 2022 WL 21295717 (2d Cir. Nov. 14, 2022).

941 *Id.* at 645.

evidentiary basis to find the [plaintiff's] trade dress was famous before the introduction of the diluting [defendant's] packaging."[942]

(b) Opinions Declining to Find Marks Famous and Distinctive

The past year produced the usual reported opinions disposing of overambitious claims by plaintiffs that their marks were sufficiently famous and distinctive to qualify for protection against actual or likely dilution. Perhaps the most conspicuous such claim was by the owner of the WW XXL ATHLETIC mark for clothing, which was victimized by a successful motion to dismiss.[943] The plaintiff supported its aspirations to mark fame with allegations of over thirty years' use and the mark's appearance in three films and three magazine features, only to have the court hold that "Plaintiff is incorrect that media coverage, even at a far more considerable level, necessarily warrants a finding of fame."[944] The court was no more impressed with the assertion that "multiple individuals and consumers" associated the mark with the plaintiff, which it determined was probative "at most, [of] niche fame within the design or streetwear industry—a form of fame that [Section 43(c)], by design, rejects as unsupportive of a claim for dilution."[945] Because of the complaint's additional failure to address in detail the plaintiff's advertising budget, the geographic scope of sales under its mark, or the mark's registration status, the plaintiff had failed to state a claim for likely dilution under federal law.[946]

Another mark failing to make the grade was 12 O'CLOCK BOYZ, used in connection with various goods and services related to a documentary on Baltimore dirt-bike riders.[947] Not surprisingly, the court found as a matter of law in a summary judgment order that "Plaintiffs' trademark dilution claim fails because Plaintiffs have not alleged or provided evidence that the 12 O'Clock Boyz mark is famous outside the niche community of dirt-bike riders or the limited geographic region of the city of Baltimore."[948] The defendants attempted to demonstrate the existence of a factual dispute on the issue by citing to sales of fifty-thousand copies of their documentary, but the court concluded that "those sales numbers fall

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942 *Id.*

943 *See* Walker Wear LLC v. Off-White LLC, 624 F. Supp. 3d 424 (S.D.N.Y. 2022).

944 *Id.* at 430.

945 *Id.*

946 *Id.* at 431.

947 *See* Monbo v. Nathan, 623 F. Supp. 3d 56 (E.D.N.Y. 2022), *reconsideration denied*, No. 18-CV-5930 (MKB), 2022 WL 4134455 (E.D.N.Y. Sept. 11, 2022).

948 *Id.* at 124.

well short of sales for marks that have been considered famous for trademark dilution purposes."[949]

So too did each member of a family of marks with the shared lead element of "S&P" and used in connection with financial data and analysis services all fail to qualify as famous under Section 43(c)(2)(A).[950] The key to their owners' failure to prevail on the issue was the requirement that fame exist prior to the defendants' first use of their marks in 2004. Aside from that point, the plaintiffs' showing was impressive: Many of their inherently distinctive marks had been used since the 1940s, and the trial record documented the plaintiffs' "advertising spend, media coverage, revenue, federal trademark registrations, and . . . survey [evidence]."[951] Unfortunately for the plaintiffs, however, much of their evidence (and at least some of their registrations) postdated the first use of the defendants' marks. That problem was perhaps most acute where the plaintiffs' survey evidence was concerned, for the court held it entitled to reduced weight because of the seventeen-year gap between the defendants' date of first use and the survey; of equal importance, the court was unimpressed with the net 67% rate of respondents familiar with the plaintiffs' marks, which it considered "below [the 75% rate] the leading commentator recommends ought to be the threshold for a finding of fame."[952] The plaintiffs' marks therefore were ineligible for protection against likely dilution under federal law.

The same outcome held when the lead plaintiff in a separate case asserted a federal cause of action under Section 43(c) to protect its PET CONNECT RESCUE mark for various goods and services related to pet-adoption services.[953] The California federal district court hearing the case noted when considering the defendants' motion for summary judgment that "[t]he Ninth Circuit has explained that '[d]ilution is a cause of action invented and reserved for a select class of marks—those marks with such powerful consumer associations that even non-competing uses can impinge on their value.'"[954] It then determined from the record that, as a matter of law, the plaintiff's mark did not fall within that select class: On the contrary, the lead plaintiff's showing was limited to articles in third-party media referencing the mark, many of which were about the litigation and some of which were duplicates. "Based

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949 *Id.* at 125.

950 *See* S&P Glob. Inc. v. S&P Data LLC, 619 F. Supp. 3d 445 (D. Del. 2022).

951 *Id.* at 466.

952 *Id.* at 467 (citing J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 24:106 (5th ed.)).

953 *See* PetConnect Rescue, Inc. v. Salinas, 656 F. Supp. 3d 1131 (S.D. Cal. 2023).

954 *Id.* at 1163 (second alteration in original) (quoting Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 875 (9th Cir. 1999)).

on these 'news pieces' alone," the court concluded, "no reasonable jury could find that [the lead plaintiff's] mark is 'widely recognized by the general consuming public.'"[955]

An additional failed claim of mark fame under federal law emerged from a trial before a federal bankruptcy court.[956] The disputed mark, used by a Hawthorne, New York, restaurant, was GORDO'S, which the court treated as a trade name instead of a service mark. That insistence led it to speculate in dictum that Section 43(c) was unavailable in the first instance,[957] but that issue ultimately was not a dispositive consideration in the court's rejection of the plaintiff's cause of action. Instead, the mark was ineligible for protection under federal law because it neither was recognized by the general public of the United States nor had a nationwide geographic reach.[958] "For purposes of section 43(c)," the court explained, "[a] distinctive trademark designates a particular source of products, and the more it retains that source significance beyond the goods and services it is used on, the more distinctive it is. Would prospective purchasers think of the product bearing the mark if they saw the same mark on *unrelated* products?"[959] "The answer to that question here," the court concluded without apparent consideration of the directly competitive nature of the services at issue in the case before it, "is no."[960] Having reached that conclusion, the court rejected the plaintiff's cause of action for likely dilution under New York law as well,[961] despite acknowledging that "[u]nlike under section 43(c) of the Lanham Act, [the New York statute] does not require the mark to be 'famous,' only that it be distinctive, either inherently or by acquiring secondary meaning."[962]

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955 *Id.* at 1164 (quoting 15 U.S.C. § 1125(c)(2)(a) (2018)).

956 *See In re* Gordos Rest. Corp., 643 B.R. 1 (Bankr. S.D.N.Y. 2022).

957 According to the court:

> Because "Gordo's" is a trade name, not a trademark, by its plain terms section 43(c), which protects "the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness . . . against another person, who at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous *mark*," does not appear to apply to it.

Id. at 31 (alteration in original) (footnote omitted) (quoting 15 U.S.C. § 1125(c) (2018)).

958 *Id.*

959 *Id.* (quoting 2 Jerome Gilson & Anne Gilson LaLonde, Gilson on Trademarks § 5A.01[5][c][ii]).

960 *Id.*

961 *See* N.Y. Gen. Bus. Law § 360-l.

962 *Gordos Rest.*, 643 B.R. at 32. According to the court:

> Unlike under section 43(c) of the Lanham Act, section 360-1 does not require the mark to be "famous," only that it be distinctive, either inherently or by acquiring secondary meaning. It must, however, be sufficiently strong to be subject to "dilution," given that section 360-1, like section 43(c) of the Lanham Act, protects marks even where the later user is not in competition with the plaintiff. Thus

Another court also missed that point about the New York statute.[963] It did so in a case brought to protect the JACKPOCKET and JACKPOCKET.COM marks for lottery courier services. Although finding the marks suggestive for purposes of weighing their strength in the likelihood-of-confusion inquiry, the court apparently forgot that determination when weighing the plaintiff's claim of likely dilution. On that later occasion, it found the marks "not distinctive, either inherently or commercially."[964]

(c) Opinions Deferring Resolution of the Mark-Fame and Mark-Distinctiveness Inquiries

A rather dubious claim to mark fame under the Alabama dilution statute[965] survived a motion to dismiss.[966] The cause of action targeted by that motion was a counterclaim to protect the unregistered K2 MARINE mark for the custom manufacture of boats. Protection under the statute was limited to famous and distinctive marks, and the counterclaim defendant's moving papers argued the counterclaim plaintiff's allegations of mark fame were fatally deficient under the following four nonexclusive factors found in the statute:

> (1) The duration, extent, and geographic reach of advertising and publicity of the mark in this state, whether advertised or publicized by the owner or third parties.
>
> (2) The amount, volume, and geographic extent of sales offered under the mark in this state.
>
> (3) The extent of actual recognition of the mark in this state or a significant geographic area in this state.
>
> (4) Whether the mark is the subject of a state registration in this state, or a federal registration under the Act of March 3, 1881, or under the Act of February 20, 1905, or on the principal register under the Trademark Act of 1946, as amended.[967]

Although the factual averments underlying the plaintiff's claim to mark fame within Alabama were apparently limited to its relationship with a single dealer in the state, its use of its mark for

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> "[A] trademark's distinctiveness in a limited geographical or commercial area does not endow it with a secondary meaning for the public generally."

Id. (alteration in original) (quoting SMJ Grp. v. 417 Lafayette Rest. LLC, No. 06 Civ. 1774(GEL), 2006 WL 2516519, at *3 (S.D.N.Y. Aug. 30, 2006)).

963 *See* Jackpocket, Inc. v. Lottomatrix NY LLC, 645 F. Supp. 3d 185 (S.D.N.Y. 2022).

964 *Id.* at 280.

965 Ala. Code § 8-12-17.

966 *See* ALK 2, LLC v. K2 Marine, Inc., 647 F. Supp. 3d 1253 (M.D. Ala. 2022).

967 Ala. Code § 8-12-17(b)(1)–(4).

nearly two decades, and putatively extensive advertising, the court declined to find those averments deficient as a matter of law. Instead, it held, "[t]he [multifactored] analysis is fact-specific and is more properly decided after discovery has been conducted. [The counterclaim plaintiff] need not demonstrate that its mark is *likely* famous at this stage in litigation, it need only establish that its mark is *plausibly* famous. [It] has satisfied this pleading standard."[968]

(2) Actual or Likely Dilution

(a) Actual or Likely Dilution by Blurring

Section 43(c)(2)(B) of the Act, sets forth the following nonexclusive factors for consideration by courts weighing claims of likely dilution under federal law:

> (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.[969]

As a practical matter, however, few courts evaluating those claims applied the factors seriatim if, indeed, they even mentioned them.

For example, the late but not exactly lamented Supreme Court opinion in *Moseley v. V. Secret Catalogue*,[970] largely abrogated by the Trademark Law Revision Act,[971] made an appearance in a lawsuit before a Michigan federal district court in which the plaintiff accused the defendant under Section 43(c) of reproducing its marks in promotional materials.[972] In *Moseley*, of course, the Court observed that "actual dilution can . . . be proved through circumstantial evidence—the obvious case is one where the junior and senior marks are identical."[973] Without acknowledging the distinction between the actual dilution standard for liability at issue

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968 *ALK 2*, 647 F. Supp. 3d at 1260.

969 15 U.S.C. § 1125(c)(2)(B) (2018).

970 537 U.S. 418 (2003).

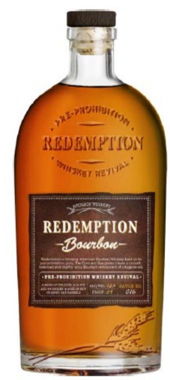
971 Pub. L. No. 100-667, 102 Stat. 3935 (codified as amended at 15 U.S.C. § 1125(c) (2018)).

972 *See* Ford Motor Co. v. AirPro Diagnostics LLC, 632 F. Supp. 3d 753 (E.D. Mich. 2022).

973 537 U.S. at 434.

in *Moseley* and the likelihood-of-dilution standard extant under the current Section 43(c), the Michigan court found liability as a matter of law on the parties' cross-motions for summary judgment. As it explained, "[t]he Supreme Court has held that the use of identical marks on similar goods establishes the final element of likelihood of dilution as a matter of law and is an 'obvious case.' [The defendant] used [the plaintiff's] trademarked logo in the promotion of its product, making this an obvious case of trademark dilution."[974]

A finding of likely dilution by blurring under federal and New York law also was the outcome in a suit between competing whiskey producers.[975] The designations at issue were the following two bottles, with the plaintiff's appearing on the left and the defendants' on the right:[976]



A jury found likely dilution, and the defendants challenged that finding based on the differences between the bottles, the absence of results from a dilution survey, and third-party uses of similar designs that allegedly already had diluted the distinctiveness of the plaintiff's bottle. With respect to the first of the defendants' attacks on the verdict, the court concluded that "[t]he evidence, such as the bottles themselves, pictures of the bottles on shelves, and testimony from consumers and parties' witness, showed the jury the similarities and dissimilarities between the bottles, and it came to a sensible judgment that the bottles are similar enough to support a finding that dilution by blurring would occur."[977] The court then declined to fault the plaintiff for failing to commission survey evidence of consumers' association of the parties' bottles, citing

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974 *Ford Motor Co.*, 632 F. Supp. 3d at 767 (quoting *Moseley*, 537 U.S. at 434).

975 *See* Diageo N. Am., Inc. v. W.J. Deutsch & Sons Ltd., 626 F. Supp. 3d 635 (S.D.N.Y. 2022), *appeal withdrawn*, No. 22-2106, 2022 WL 21295717 (2d Cir. Nov. 14, 2022).

976 The graphics accompanying this footnote do not appear in the court's opinion, but instead are reproduced from the plaintiff's complaint. *See* Complaint at 10, *Diageo N. Am.* (No. 1:17-cv-0439).

977 *Diageo N. Am.*, 626 F. Supp. 3d at 646.

evidence of five instances of actual confusion, of which it noted that "[w]hile mere evidence of isolated instances of 'actual association' is insufficient, that evidence in conjunction with the other evidence just mentioned suffices for a reasonable fact finder to determine that the bottles are similar."[978] "Additionally," it concluded, "the jury was able to review a plethora of third-party bottles to determine whether those bottles were similar enough to the [plaintiff's bottle] to render use of the design non-exclusive."[979] Under the circumstances, the jury had been within its rights to find the defendants liable not only under Section 43(c) but under the New York dilution statute as well.[980]

Having disposed of a federal dilution claim brought by the owners of a family of S&P marks for financial data and analysis services because those marks lacked fame as of the date of first use of the defendants' S&P DATA mark,[981] one Delaware federal district court nevertheless reached a finding of liability for dilution by blurring under the law of that state. Without guidance from either the Delaware statute or state courts on how to interpret it, the court turned to the statutory factors found in Section 43(c)(2)(B). That the plaintiffs' marks were inherently distinctive and confusingly similar to the defendants' mark favored a finding of liability.[982] Long-standing policing by the plaintiffs that had led to them enjoying the substantially exclusive use of their marks also contributed to their victory,[983] as did a 67% net recognition rate of their marks among respondents to a survey they had commissioned[984] and the existence of anecdotal evidence of actual confusion.[985] The court accepted the defendants' claim of good faith under the fifth factor,[986] but that did not preclude liability.

In contrast, a New York federal district court applying the dilution statute of that state in a bench trial looked to a different set of factors—namely: "(i) the similarity of the marks; (ii) the similarity of the products covered; (iii) the sophistication of the consumers; (iv) the existence of predatory intent; (v) the renown of the senior mark; and (vi) the renown of the junior mark."[987] Ultimately,

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978 *Id.*

979 *Id.*

980 *Id.* at 646–47.

981 *See* S&P Glob. Inc. v. S&P Data LLC, 619 F. Supp. 3d 445, 465–67 (D. Del. 2022).

982 *Id.* at 468.

983 *Id.* at 468–69.

984 *Id.* at 469.

985 *Id.*

986 *Id.*

987 Jackpocket, Inc. v. Lottomatrix NY LLC, 645 F. Supp. 3d 185, 279 (S.D.N.Y. 2022) (quoting N.Y. York Stock Exch., Inc. v. N.Y., N.Y. Hotel LLC, 293 F.3d 550, 558 (2d Cir. 2002)).

however, the first factor received greatest significance: Noting that "New York law does not permit a dilution claim unless the marks are 'substantially' similar,"[988] the court found the plaintiff's JACKPOCKET and JACKPOCKET.COM marks for lottery courier services did not so resemble the defendants' directly competitive use of the JACKPOCK.COM mark as to support a viable dilution claim.[989] Other considerations favoring that conclusion included the high engagement of consumers in the industry and the absence of predatory intent on the defendants' part. The competitive proximity of the parties' services favored the plaintiff, but it did not outweigh the remaining evidence and testimony supporting the defendants.[990]

(b) Actual or Likely Dilution by Tarnishment

The Supreme Court took up the appropriate test for liability under dilution-based challenges to allegedly humorous uses of plaintiffs' marks in *Jack Daniel's Properties, Inc. v. VIP Products LLC.*[991] In that case, a claim of likely dilution by tarnishment under Section 43(c) initially failed as a matter of law after the Ninth Circuit concluded that the counterclaim defendant's use qualified for the noncommercial use "exclusion" from liability recognized by Section 43(c)(3)(C).[992] The use in question appeared on a dog chew toy featuring scatological imitations of the counterclaim plaintiff's marks and trade dress. Critically, the district court found on summary judgment that the counterclaim defendant's imitations of the counterclaim plaintiff's marks and trade dress were in the nature of trademark uses.[993] In other words, the district court found it undisputed that the counterclaim defendant used its imitations of the plaintiff's marks and trade dress as indicators of the source of its own goods. Following a bench trial, the district court found the defendants' uses likely to cause dilution under a tarnishment theory.[994]

The counterclaim defendant's luck changed on appeal—at least before the Ninth Circuit. Having found the chew toy an expressive

988 *Id.* at 279 (quoting Starbucks Corp. v. Wolfe's Borough Coffee, Inc., 588 F.3d 97, 114 (2d Cir. 2009)).

989 *Id.* at 280.

990 *Id.*

991 599 U.S. 140 (2023).

992 15 U.S.C. § 1125(c)(3)(C) (2018).

993 *See* VIP Prods., LLC v. Jack Daniel's Props., Inc., No. CV-14-2057-PHX-SMM, 2016 WL 5408313, at *5 (D. Ariz. Sept. 27, 2016) ("*VIP I*"), *later proceedings*, 291 F. Supp. 3d 891 (D. Ariz. 2018) ("*VIP II*"), *reversed in part and vacated in part*, 953 F.3d 1170 (9th Cir. 2020) (*VIP Prods. III*"), *cert. denied*, 141 S. Ct. 1054 (2021), *on remand*, No. CV-14-02057-PHX-SMM, 2021 WL 5710730 (D. Ariz. Oct. 8, 2021) ("*VIP Prods. IV*"), *aff'd*, No. 21-16969, 2022 WL 1654040 (9th Cir. Mar. 18, 2022) ("*VIP Prods. V*"), *vacated and remanded,* 599 U.S. 140 (2023).

994 *See VIP Prods.*, 291 F. Supp. 3d at 904–05.

work falling within the scope of the First Amendment's protection as a matter of law on appeal while evaluating the counterclaim plaintiff's likelihood-of-confusion-based causes of action, that court concluded with respect to the plaintiff's Section 43(c) cause of action that "[w]hen the use of a mark is 'noncommercial,' there can be no dilution by tarnishment. Speech is noncommercial 'if it does more than propose a commercial transaction' and contains some 'protected expression.' Thus, use of a mark may be 'noncommercial' even if used to 'sell' a product."[995] The court then reached the same conclusion with respect to the Arizona dilution statute,[996] which similarly provides that noncommercial uses by defendants are "not actionable."[997] The Supreme Court subsequently granted a petition for a writ of certiorari presenting the following as one of its two questions: "Whether humorous use of another's mark as one's own on a commercial product is 'noncommercial' under [Section 43(c)(3)(C)], thus barring as a matter of law a claim of dilution by tarnishment under the Trademark Dilution Revision Act."[998]

The Court answered that question in the negative, citing as the primary basis of its decision another exclusion from liability established by Section 43(c)(3)(A)(ii) of the Act.[999] That exclusion covers:

> Any fair use, including a nominative or 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, including use in connection with . . . identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.[1000]

Reviewing the exclusion's language and purpose, the Court held that "[t]he problem with the Ninth Circuit's approach is that it reverses that statutorily directed result, as this case illustrates."[1001] It continued in a holding meriting reproduction at length:

> Given the fair-use provision's carve-out, parody (and criticism and commentary, humorous or otherwise) is exempt from liability only if *not* used to designate source. Whereas on [sic] the Ninth Circuit's view, parody (and so

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[995] *VIP Prods. III*, 953 F.3d at 1176 (first quoting Nissan Motor Co. v. Nissan Comput. Corp., 378 F.3d 1002, 1017 (9th Cir. 2004); and then quoting Mattel, Inc. v. MCA Recs., 296 F.3d 894, 906 (9th Cir. 2002)).

[996] Ariz. Rev. Stat. § 44-1448.01.

[997] *VIP Prods. III*, 953 F.3d at 1176.

[998] Petition for Writ of Certiorari at (I), Jack Daniel's Props., Inc. v. VIP Prods. LLC, 599 U.S. 140 (2023) (No. 22-148), 2020 WL 5632652, at *(I).

[999] 15 U.S.C. § 1125(c)(A)(ii) (2018).

[1000] *Id.*

[1001] *Jack Daniel's*, 599 U.S. at 162.

> forth) is exempt always—regardless [of] whether it designates source. The expansive view of the "noncommercial use" exclusion effectively nullifies Congress's express limit on the fair-use exclusion for parody, etc. Just consider how the Ninth Circuit's construction played out here. The District Court had rightly concluded that because [the counterclaim defendant] used the challenged marks as source identifiers, it could not benefit from the fair-use exclusion for parody. The Ninth Circuit took no issue with that ruling. But it shielded [the counterclaim defendant's] parodic uses anyway. In doing so, the court negated Congress's judgment about when—and when not—parody (and criticism and commentary) is excluded from dilution liability.[1002]

Thus, "the noncommercial exclusion does not shield parody or other commentary when [a defendant's] use of a mark is . . . source-identifying."[1003]

(3) Liability for Cybersquatting

As codified in Section 43(d) of the Act,[1004] the Anticybersquatting Consumer Protection Act (ACPA) authorizes both in rem and in personam challenges to domain names that allegedly misappropriate trademarks and service marks. 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.[1005]

(a) In Rem Actions

Whether because of the effectiveness of the UDRP or for other reasons, reported opinions arising from in rem actions under the ACPA have been in decline, and, indeed, the past year produced only one example of such an opinion, which issued from the Fourth Circuit.[1006] The plaintiff was Prudential Insurance Company of America, which established beyond material dispute its ownership of several PRU and PRU-formative marks, while the China-based registrant of record was the chief executive officer of a China-based

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1002 *Id.*

1003 *Id.* at 163.

1004 *See* 15 U.S.C. § 1125(d) (2018).

1005 *See id.* § 1114(2)(D)(v).

1006 *See* Prudential Ins. Co. of Am. v. Shenzhen Stone Network Info. Ltd., 58 F.4th 785 (4th Cir. 2023).

company, which had intervened in the matter and was eventually named as the lead defendant. That defendant used the disputed pru.com domain name as an access point for a page including advertisements displaying the plaintiff's marks, as well as marks of the plaintiff's competitors. The registrant of record was not the original owner of the domain name, which the registrant had purchased from a third party in a transaction in which he consented to an exercise of personal jurisdiction in Arizona as part of the registrar's paperwork; that transaction occurred only after the plaintiff had filed its in rem action in Virginia and before the registrant's successful personal jurisdiction-based challenge to the plaintiff's in personam cause of action against him under the ACPA left only the plaintiff's in rem challenge to the domain name itself.

In an opinion that began by rejecting the lead defendant's claim that its CEO's agreement to an exercise of personal jurisdiction in Arizona precluded an in rem action in the first place,[1007] the Fourth Circuit affirmed the district court's entry of summary judgment in the plaintiff's favor. Although the record lacked evidence that the original third-party owner of the domain name had acted with a bad-faith intent to profit from its registration, the Fourth Circuit joined the Third Circuit[1008] and Eleventh Circuit[1009] in holding that, for purposes of the ACPA,

> the term "registers" and its derivatives extend to each registration of a domain name, including the initial registration and any subsequent re-registrations. Where a successive registration of a disputed domain name postdates the trademark registration of the corresponding mark, the mark owner may show that the successive registration was done in bad faith.[1010]

Having thus concluded that an assignee of a registration can be held liable for a violation of the ACPA even if the domain name was originally registered in good faith, the court turned to the issue of whether the district court had properly found an absence of a material factual dispute concerning the defendant's bad-faith intent to profit from its acquisition of the domain name. Like the district court, it concluded that the statutory factors under the ACPA favored a finding of liability. Specifically: (1) neither the lead

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1007 There were several reasons for that outcome, not the least of which was that "[t]he record is clear that [the CEO], in his individual capacity, was not the actual registrant of the disputed domain name." *Id.* at 792. Another was that the CEO's agreement with the registrar did not extend to disputes such as the one at issue. Finally, "[the registrant and lead defendant] has appeared in this lawsuit only on behalf of the subject res and has not expressly consented to personal jurisdiction anywhere in the United States." *Id.* at 793.

1008 *See* Schmidheiny v. Weber, 319 F.3d 581, 582 (3d Cir. 2003).

1009 *See* Jysk Bed'N Linen v. Dutta-Roy, 810 F.3d 767, 777 (11th Cir. 2015).

1010 *Prudential Ins. Co.*, 58 F.4th at 797.

defendant nor its CEO had any trademark or intellectual property right in the domain name at the time it was transferred;[1011] (2) the lead defendant was not commonly known as PRU;[1012] (3) the lead defendant had not previously used PRU.COM as a mark for the bona fide commercial offering of goods and services;[1013] (4) the lead defendant did not use PRU.COM for a permissible non-commercial or fair use purpose;[1014] (5) the circumstantial evidence established the lead defendant's intent to divert customers from the plaintiff;[1015] (6) the use of false and misleading contact information for the domain name;[1016] (7) the lead defendant's practice of registering additional domain names corresponding to others' marks;[1017] and (8) the fame and distinctiveness of the plaintiff's marks.[1018] Although there may have been a factual dispute over whether the lead defendant had offered to sell the domain name to the plaintiff for an inflated price or, alternatively, whether it had merely rejected the plaintiff's lower offer,[1019] and although the lead defendant claimed without any kind of substantiation that it had reasonable grounds for believing its acquisition of the domain name was a fair use or otherwise lawful,[1020] those considerations did not render the district court's grant of summary judgment in the plaintiff's favor inappropriate.

(b) In Personam Actions

In personam actions under the ACPA rarely result in reported opinions from state courts of last resort, but the Supreme Court of Nebraska addressed a cybersquatting claim brought by a financial institution operating under the claimed CHARTER WEST BANK mark.[1021] The defendants were disgruntled former husband-and-wife customers of the plaintiff, who, having sued the plaintiff in

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1011 *Id.* at 799.

1012 *Id.*

1013 *Id.* As the court determined from the summary judgment record, "it is undisputed that since [the lead defendant's] acquisition of the PRU.COM domain in 2017, the website only resolved to a GoDaddy parked page." *Id.*

1014 *Id.* at 801.

1015 That evidence included the identity of the salient portion of the domain name and the plaintiff's PRU mark, the absence of a credible explanation for the defendant's registration of it, the appearance of advertisements for the plaintiff's competitors on the website accessible at the domain name, regardless of whether the lead defendant knew the registrar of the domain name would accept that advertising. *Id.* at 801–02.

1016 *Id.* at 803–04.

1017 *Id.* at 804.

1018 *Id.* at 804–05.

1019 *Id.* at 802–03.

1020 *Id.* at 806–07.

1021 *See* Charter W. Bank v. Riddle, 989 N.W.2d 428 (Neb. 2023).

connection with a mortgage gone wrong, registered the www.charterwestbank.com domain name. The husband then threatened to use the domain name to post negative information about the plaintiff before informing the plaintiff that the domain name was for sale; according to the plaintiff, the defendants' asking price was $1 million.

Although the plaintiff prevailed under the ACPA on a preliminary injunction motion and at trial, its victory met with misfortune on appeal. The appellate court confirmed that state and federal courts have concurrent jurisdiction over ACPA claims,[1022] as well as that the unregistered status of the plaintiff's mark did not preclude a successful action to enforce the rights to it,[1023] but the court otherwise declined to affirm the plaintiff's victory. The problem, it held, was the distinctiveness—more specifically, the lack thereof—of the plaintiff's mark. Not only was the mark not inherently distinctive, but there was no evidence in the record of acquired distinctiveness; moreover, the same was true for any claim of mark fame the plaintiff might advance. The defendants therefore were entitled to a reversal of the finding of liability against them and a vacatur of the trial court's injunction.[1024]

Finally in a brief treatment of the issue, one court denied the parties' cross-motions for summary judgment on the issue of liability under the ACPA.[1025] The plaintiffs owned various BIRKEN marks for handbags and related fashion accessories, while the defendant registered the metabirkins.com domain name, at which he marketed nonfungible tokens consisting of fur-covered imitations of the plaintiffs' bags and associated with the METABIRKENS mark. Having modestly described himself as a "a marketing king" who was "sitting on a gold mine,"[1026] and despite evidence he planned to target other luxury brands in similar fashion, the defendant rather improbably sought a finding that, as a matter of law, he lacked a bad-faith intent to profit from his registration of the disputed domain name; in particular, he claimed his use of a disclaimer of his affiliation with the plaintiffs mandated that result. Not surprisingly, the court found that argument unconvincing, but, at the same time, it declined to find on the plaintiffs' cross-motion an absence of a material dispute over the defendant's bad faith. It

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1022 *Id.* at 436.

1023 *Id.* at 437.

1024 *Id.* at 441.

1025 *See* Hermès Int'l v. Rothschild, 654 F. Supp. 3d 268 (S.D.N.Y. 2023).

1026 *Id.* at 274.

therefore found a trial necessary to resolve the issue,[1027] one that ultimately delivered a victory for the plaintiffs.[1028]

b. Liability for Passing Off and Reverse Passing Off

According to the Supreme Court's opinion in *Dastar Corp. v. Twentieth Century Fox Film Corp.*,[1029] "[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."[1030] Although the Court's definitions of the two torts played roles in several opinions, *Dastar* also was significant for another reason, namely, the Court's interpretation of the word "origin" in Section 43(a)(1)(A) of the Act,[1031] which restricts that section's utility in challenges to reverse passing off unless defendants have taken physical goods originating with plaintiffs and sold them as their own.

i. Passing Off

A New York federal district court delivered up a pro-plaintiff opinion in the passing off context after accepting the argument that *Dastar* does not automatically preclude liability in disputes arising from defendants' artistic works.[1032] It did so in the unusual context of a defense motion for leave to file an interlocutory appeal after the court denied the defendant's motion to dismiss the plaintiffs' allegations of infringement of their BIRKIN mark for handbags and other fashion accessories. The defendant argued *Dastar* immunized his METABIRKIN-branded nonfungible tokens—which imitated the plaintiffs' bags—from challenge because they were intangible items comparable to the creative content of the videotapes at issue in *Dastar*. The court rejected that contention because:

> *Dastar* said nothing at all about the general applicability of the Lanham Act to intangible goods. Rather, the Supreme Court sought to underscore the subtle distinction between copyright [protection] — with its focus on encouraging the production of creative content — and trademark [protection] — aimed

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1027 *Id.* at 282.

1028 *See* Hermès Int'l v. Rothschild, No. 22-CV-384 (JSR), 2023 WL 4145518 (S.D.N.Y. June 23, 2023), *appeal docketed*, No. 23-1081 (2d Cir. July 24, 2023).

1029 539 U.S. 23 (2003).

1030 *Id.* at 28.

1031 15 U.S.C. § 1125(a)(1)(A) (2012).

1032 *See* Hermès Int'l v. Rothschild, 590 F. Supp. 3d 647 (S.D.N.Y. 2022).

principally at preventing confusion regarding consumer goods.[1033]

The court then cited the defendant's imitation of the plaintiffs' marks to hold "it is plausible that the use of trademarks by [the defendant] *did* generate consumer confusion with respect to the defendant's intangible goods for sale—the MetaBirkins—and so *Dastar* does not bar [the plaintiffs] from pursuing [their] Lanham Act claims."[1034] "Unlike plaintiffs in *Dastar* and related cases," the court continued, "[the plaintiffs] can reasonably contend that consumers would be confused about the source of [the defendant's] goods—not just their creative content—and more likely to buy those goods if they believed [the plaintiffs were] associated with the project."[1035] It therefore declined to certify for interlocutory appeal its earlier refusal to dismiss the plaintiffs' action for failure to state a claim.

In contrast, another passing off cause of action failed after a pair of plaintiffs let a domain name registration owned by one of them to lapse, and the registrar, GoDaddy, allowed another party to register it.[1036] The plaintiffs had used the domain name for a website dedicated to wounded veterans and other individuals with disabilities, while the new owner used it in connection with an online gambling education website. The loss of the domain name and the subject of the new owner's site led the plaintiffs to seek injunctive relief against GoDaddy's "passing off the merchandise and the services of [the plaintiffs] being the merchandise and services of gambling interests."[1037] Both the district court assigned to the case and the Ninth Circuit rejected that request as a matter of law, with the latter tribunal holding that "[the plaintiffs] pick[ed] the wrong culprit. GoDaddy is not the one 'passing off the merchandise'—the third-party registrant is the one allegedly promoting gambling services."[1038]

ii. Reverse Passing Off

A rare finding of reverse passing off as a matter of law came in a case between competitors in the market for bed bug treatments.[1039] According to the plaintiff, the defendant had undertaken two separate acts of reverse passing off. First, the defendant allegedly had applied new labels bearing its own XOUT

1033 *Id.* at 654–55.

1034 *Id.* at 655.

1035 *Id.*

1036 *See* Rigsby v. GoDaddy Inc., 59 F.4th 998 (9th Cir. 2023).

1037 *Id.* at 1009.

1038 *Id.*

1039 *See* FabriClear, LLC v. Harvest Direct, LLC, 651 F. Supp. 3d 406 (D. Mass. 2023).

mark to bottles of FABRICLEAR-branded product originally produced by the plaintiff, And, second, the defendant had made bulk purchases of the same product from the plaintiff before selling it in bottles bearing the same XOUT mark but otherwise resembling the plaintiff's bottles:[1040]

With the defendant admitting those allegations against it, a finding of reverse passing off on the plaintiff's motion for summary judgment followed as a matter of course,[1041] even though the latter allegation might well have supported a cause of action for passing off, instead of reverse passing off.

In contrast, a failed cause of action for reverse passing off appeared in a complaint alleging the defendant had imitated the plaintiff's furniture and then represented in its advertising that the "exclusive" copies were available "only" from the defendant.[1042] Responding that the allegedly copied pieces were indeed available only from it, the defendant convinced the court in a motion to dismiss that *Dastar* precluded liability under Section 43(a)(1)(A):

> *Dastar* explained that the phrase "'origin of goods' in the Lanham Act referred to the producer of the [goods], and not the producer of the (potentially) copyrightable or patentable designs that the [goods] embodied." Therefore, to have a viable claim regarding the goods' origin, the plaintiff must allege that the defendant did not manufacture the goods in question.[1043]

[1040] *Id.* at 410.

[1041] *Id.* at 413.

[1042] *See* Williams-Sonoma, Inc. v. Wayfair Inc., 652 F. Supp. 3d 216, 222 (D. Mass. 2023).

[1043] *Id.* at 223 (alterations in original) (quoting *Dastar*, 539 U.S. at 37).

Because the complaint was devoid of allegations to that effect, it failed to state a cause of action under Section 43(a)(1)(A);[1044] moreover, the court also refused to allow the plaintiff to make an end run around *Dastar* by claiming the defendant's representations falsely advertised the properties, capabilities, or characteristics of the challenged pieces under Section 43(a)(1)(B) of the Act.[1045]

An additional claim of reverse passing off, one brought under Pennsylvania common law, similarly failed to survive a motion to dismiss.[1046] The plaintiff designed fonts, including one it believed the defendants had used without permission, whether because they initially failed to secure a license from the plaintiff or because, having entered into one, they used the font outside the license's scope. Significantly, the defendants did not compete with the plaintiff, and that circumstance proved fatal to the plaintiff's cause of action because of the Pennsylvania rule requiring competition between the parties as a condition for liability of reverse confusion.[1047] The plaintiff did not do itself any favors by failing to contest the defendants' motion to dismiss, but a grant of that motion might have been a foregone conclusion even had the plaintiff put up a fight.

Nevertheless, the court declined to grant the defendants' motion to dismiss with respect to the plaintiff's claim of reverse passing off under Section 43(a) of the Lanham Act. With respect to that claim, the court held:

> A reverse passing off claim has 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."[1048]

It then noted the plaintiff's complaint accused the defendants of using the plaintiff's font in a manner representing that the lead defendant was the font's source, that the typeface was affiliated or associated exclusively with the plaintiff and that the defendants' conduct had destroyed the value of the font. Those allegations, the court held, were sufficient to state a claim of reverse passing off under federal law.[1049]

1044 *Id.*

1045 *Id.* at 224 (interpreting 15 U.S.C. § 1125(a)(1)(B) (2018) to hold that "[t]hese statements of exclusivity more closely relate to misrepresentations about the origin of goods and are not cognizable under Section 43(a)(1)(B)").

1046 *See* Brand Design Co. v. Rite Aid Corp., 623 F. Supp. 3d 526 (E.D. Pa. 2022).

1047 *Id.* at 542.

1048 *Id.* at 541 (quoting Syngenta Seeds, Inc. v. Delta Cotton Co-op., Inc., 457 F.3d 1269, 1277 (Fed. Cir. 2006)).

1049 *Id.* at 541–42.

c. Liability for False Advertising

The Tenth Circuit invoked the five-part test for false advertising applied (in varying formulations) by a majority of federal courts:

> To succeed on the merits of a false advertising claim under the Lanham Act, a plaintiff must show (1) that the defendant "made a false or misleading description of fact or representation of fact in a commercial advertisement about [its] own or another's product;" (2) that the "misrepresentation [wa]s material, in that it [wa]s likely to influence the purchasing decision;" (3) that the "misrepresentation actually deceive[d] or ha[d] the tendency to deceive a substantial segment of its audience;" (4) that the defendant "placed the false or misleading statement in interstate commerce;" and (5) that the plaintiff "has been or is likely to be injured as a result of the misrepresentation, either by direct diversion of sales or by a lessening of goodwill associated with its products."[1050]

In contrast, the Second Circuit applied a closely similar test, holding that a plaintiff alleging false advertising under federal law must demonstrate: (1) the falsity of the challenged statement; (2) the statement's materiality; (3) the dissemination of the statement in interstate commerce; and (4) injury arising from the statement, "either by direct diversion of sales or by a lessening of goodwill associated with its products."[1051] Whatever the precise test

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1050 Vitamins Online, Inc. v. Heartwise, Inc., 71 F.4th 1222, 1233 (10th Cir. 2023) (alterations in original) (quoting Bimbo Bakeries USA, Inc. v. Sycamore, 29 F.4th 630, 643–44 (10th Cir. 2022)); *see also* Enigma Software Grp. USA, LLC v. Malwarebytes, Inc., 69 F.4th 665, 671 (9th Cir.), *cert. denied*, 141 S. Ct. 13 (2023); Azurity Pharms., Inc. v. Edge Pharma, LLC, 45 F.4th 479, 486 (1st Cir. 2022); FedEx Ground Package Sys., Inc. v. Route Consultant, Inc., 661 F. Supp. 3d 765, 782 (M.D. Tenn. 2023), *appeal docketed*, No. 23-5456 (6th Cir. May 16, 2023); PetConnect Rescue, Inc. v. Salinas, 656 F. Supp. 3d 1131, 1166 (S.D. Cal. 2023); Diamond Resorts U.S. Collection Dev., LLC v. Pandora Mktg., LLC, 656 F. Supp. 3d 1073, 1089 (C.D. Cal. 2023); Williams-Sonoma, Inc. v. Wayfair Inc., 652 F. Supp. 3d 216, 222 (D. Mass. 2023); Steeplechase Arts & Prods., L.L.C. v. Wisdom Paths, Inc., 652 F. Supp. 3d 481, 490 (D.N.J. 2023); AHBP LLC v. Lynd Co., 649 F. Supp. 3d 371, 395 (W.D. Tex. 2023); McNeil v. Mount Carmel Health Sys., 643 F. Supp. 3d 810, 819 (S.D. Ohio 2022); Wolf Designs LLC v. Five 18 Designs LLC, 635 F. Supp. 3d 787, 797 (D. Ariz. 2022); Pegasystems Inc. v. Appian Corp., 633 F. Supp. 3d 456, 469 (D. Mass. 2022); Williams & Cochrane, LLP v. Rosette, 631 F. Supp. 3d 884, 910 (S.D. Cal. 2022), *appeal docketed*, No. 23-55166 (9th Cir. Feb. 23, 2023); Geomatrix, LLC v. NSF Int'l, 629 F. Supp. 3d 691, 708 (E.D. Mich. 2022), *aff'd*, 82 F.4th 466 (6th Cir. 2023); Hytera Commc'ns Corp. Ltd. v. Motorola Sols., Inc., 623 F. Supp. 3d 857, 886 n.4 (N.D. Ill. 2022); Am. Achievement Corp. v. Jostens, Inc., 622 F. Supp. 3d 749, 767 (D. Minn. 2022); CoStar Grp. v. Com. Real Est. Exch. Inc., 619 F. Supp. 3d 983, 995 (C.D. Cal. 2022).

1051 Int'l Code Council, Inc. v. UpCodes Inc., 43 F.4th 46, 56 (2d Cir. 2022) (quoting Merck Eprova AG v. Gnosis S.p.A., 760 F.3d 247, 255 (2d Cir. 2014)); *see also* Souza v. Exotic Island Enters., 68 F.4th 99, 118 (2d Cir. 2023); PharmacyChecker.com v. Nat'l Ass'n of Bds. of Pharmacy, 629 F. Supp. 3d 116, 128 (S.D.N.Y. 2022); Picket Fence Preview, Inc.

applicable, one court held that allegations under it must be averred with particularity under Rule 9(b) of the Federal Rules of Civil Procedure,[1052] despite that rule's reference only to allegations of fraud or malice, not false advertising.[1053]

i. False Statements of Fact in Commercial Advertising or Promotion

(A) Actionable Statements of Fact

(1) The Existence of Statements in the First Instance

Although different jurisdictions sometimes apply different tests for false advertising, each variation presupposes that a defendant has made a false statement in the first instance. The need to demonstrate such a statement does not present an obstacle to most plaintiffs, but it did in a battle between manufacturers of ballet shoes.[1054] The counterclaim defendant once distributed shoes manufactured by the Russia-based counterclaim plaintiffs, and, when the parties' relationship ran its course, the counterclaim defendant filled pending orders for the counterclaim plaintiffs' shoes with shoes sourced from China. The counterclaim plaintiffs asserted that that conduct constituted false advertising, but the court disagreed, and it therefore granted the counterclaim defendant's motion for summary judgment. As it explained, "[m]erely omitting material information about the product is not enough; [the counterclaim defendant] must have made some sort of 'affirmative' representation that, on its own or in combination with the omission of material facts, mislead potential customers."[1055] Because "[the counterclaim plaintiffs] [have] not pointed to any *specific* affirmative representation that [the counterclaim defendant] made to customers that would have required [the counterclaim defendant] to turn around after the termination of the distribution agreement and affirmatively inform the customer that the shoes shipped were actually made in China," the counterclaim plaintiffs' cause of action for false advertising could not stand.[1056]

A separate claim of false advertising failed in a different case for a similar reason.[1057] The parties in the case featuring that claim

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v. Zillow, Inc., 623 F. Supp. 3d 371, 387 (D. Vt. 2022), *aff'd*, No. 22-2066-CV, 2023 WL 4852971 (2d Cir. July 31, 2023).

1052 Fed. R. Civ. P. 9(b).

1053 *See Williams-Sonoma*, 652 F. Supp. 3d at 221.

1054 *See* I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko," 614 F. Supp. 3d 114 (E.D. Pa. 2022).

1055 *Id.* at 147.

1056 *Id.*

1057 *See* Wolf Designs LLC v. Five 18 Designs LLC, 635 F. Supp. 3d 787 (D. Ariz. 2022).

designed and installed so-called "vehicle wraps," or large graphics and decals applied to motor vehicles. Having accused the defendants of copying its designs, the plaintiff also objected to a representation in an Instagram post that a particular wrap was "only available" from the lead defendant.[1058] Nevertheless, the complaint demonstrated that the post actually related to a wrap design not allegedly copied from the plaintiff's inventory. The court therefore granted the defendants' motion for judgment on the pleadings based on the plaintiff's failure to aver the required false statement of fact.[1059]

Finally, despite successfully stating a cause of action for infringement against a counterclaim defendant that had purchased its trademark as a keyword from Google and then included that mark in advertising triggered by searches for the mark, one counterclaim plaintiff overextended itself by characterizing the same conduct as false advertising.[1060] The counterclaim defendant moved for the dismissal of the counterclaim plaintiff's cause of action for false advertising for want of a false statement in the first instance, and the court granted that relief. As the court saw things, "considering the ads both with and without the offending word, [the counterclaim plaintiff] does not explain how the inclusion of the word . . . in the ads 'misrepresents the nature, characteristics, qualities,' of [the counterclaim defendant's] products and services, as required to state a claim for false advertising under the Lanham Act."[1061] The counterclaim defendant's mere reference to the counterclaim plaintiff's mark could not constitute the required statement of fact because of the absence of an accompanying verb, and the counterclaim plaintiff therefore had failed to state a claim for that reason.[1062]

(2) Puffery

In reviewing a district court's finding of puffery, the Second Circuit explained that:

> [There are] two forms of puffery: The first encompasses "[s]ubjective claims about products, which cannot be proven either true or false." It often manifests as "exaggeration[s] or overstatement[s]" that mention "nothing specific," but rather amount to "general claim[s] of superiority" "expressed in broad, vague, and commendatory language" that are "considered to be offered and understood as an expression of

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[1058] *Id.* at 798.

[1059] *Id.* at 797–98.

[1060] *See* CoStar Grp. v. Com. Real Est. Exch. Inc., 619 F. Supp. 3d 983 (C.D. Cal. 2022).

[1061] *Id.* at 996 (quoting 15 U.S.C. § 1125(a)(1)(B) (2018)).

[1062] *Id.*

> the seller's opinion only." The second form of puffery involves "exaggerated, blustering, and boasting statement[s]" that are objective—and therefore technically provable—but "upon which no reasonable buyer would be justified in relying."[1063]

In applying these standards, the same court rejected a conclusion below based on correspondence from the parties to the district court, which the latter court *sua sponte* treated as a motion to dismiss, that certain allegedly false representations were nonactionable puffery as a matter of law.[1064] Two such representations were that the defendants' compilations of building codes and standards were "[a]lways up to date" and that its customers would "never work from outdated code."[1065] The court found those "not so patently hyperbolic that it would be implausible for buyers to rely on them,"[1066] despite the defendants' use of a disclaimer of liability for "any errors or omissions in the information" they provided.[1067] It therefore held the district court had improperly disposed of the plaintiff's false advertising claims at the pleadings stage.[1068]

In contrast, the court affirmed the dismissal of the plaintiff's challenge to the defendants' representation that the lead defendant's website provided "a complete understanding of relevant material" because it fell within the court's first category of puffery.[1069] According to the court, "[w]hether users could glean a 'complete understanding of relevant material' from [the] website is immeasurable and subjective."[1070] "That is," it continued, "even if [the lead defendant] provided entirely accurate materials, whether any individual could '[u]nderstand all code relevant to [her] project" depends on the cognitive abilities of the user and the nature of the project. These statements, which are 'expressed in broad, vague, and commendatory language,' should be 'understood as an expression of the seller's opinion only.'"[1071] Holding that "[f]alse advertising claims challenging this type of puffery are appropriately resolved at the pleadings stage," the court therefore held the district court had

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1063 *See* Int'l Code Council, Inc. v. UpCodes Inc., 43 F.4th 46, 59–60 (2d Cir. 2022) (alterations in original) (first quoting Time Warner Cable, Inc. v. DIRECTV, Inc., 497 F.3d 144, 159 (2d Cir. 2007); then quoting *id.* at 159–60; and then quoting *id.* at 160).

1064 *See* Int'l Code Council, Inc. v. UpCodes Inc., 43 F.4th 46 (2d Cir. 2022).

1065 *Id.* at 61.

1066 *Id.* (alteration in original).

1067 *Id.* at 62.

1068 *Id.* at 63.

1069 *Id.*

1070 *Id.*

1071 *Id.* (second and third alterations in original) (citation omitted).

properly granted the defendants' motion to dismiss with respect to the challenge at issue.[1072]

Another defendant's victory on a puffery-based theory was more unqualified.[1073] That defendant was a drug compounder whose website represented that "commercially available options are not ideal for use in the hospital setting."[1074] According to the plaintiff, the defendant's statement communicated that the plaintiff's competitive product was not ideal for use in hospitals, while the defendant's was; the accuracy or inaccuracy of both of those implications, the plaintiff further argued, could be verified through reference to guidance from the Food and Drug Administration, which had approved the plaintiff's drug but not that of the defendant. Those arguments failed to head off a motion to dismiss for failure to state a claim before the district court, and they also failed in an appeal to the First Circuit. The appellate court held the defendant's statements puffery as a matter of law, explaining in the process that:

> Because there are, perhaps, many other factors that go into whether a drug is "ideal for use in the hospital setting," such as ease of administration or reliable supply of the drug in large quantities, that FDA approval itself may not have a bearing on, we see no reason why FDA approval is the only measure by which a consumer of these drugs would measure the "ideal-ness" of them.[1075]

It therefore affirmed the district court's grant of the defendant's motion to dismiss with respect to the defendant's "ideal-ness" representation.

(3) Opinions

Just as puffery is nonactionable as false advertising, so too are mere opinions. The latest plaintiff to learn that lesson the hard way was a drug manufacturer with approval from the Food and Drug Administration to market vancomycin.[1076] That plaintiff challenged representations on the website of a drug compounder marketing a formulation of vancomycin that the compounder complied with the Food, Drug, and Cosmetic Act (FDCA), even though the compounder did not have FDA pre-approval to sell its formulation. Affirming the district court's dismissal of the defendant's claims of compliance, albeit under a different rationale, the First Circuit focused on the absence of a clear and unambiguous statement from the FDA on

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1072 *Id.*

1073 *See* Azurity Pharms., Inc. v. Edge Pharma, LLC, 45 F.4th 479 (1st Cir. 2022).

1074 *Id.* at 486.

1075 *Id.* at 504.

1076 *See id.* at 483.

what constituted compliance in the context of the defendant's operations; rather, the best the plaintiff could offer was a non-binding guidance document from the agency. Without such a statement, the court held, the defendant's assertions of compliance were nothing more than mere nonverifiable legal opinions and therefore not actionable as false advertising.[1077]

Another defendant successfully convinced the court hearing allegations of false advertising against it that at least some of the statements challenged by the plaintiff were nonactionable opinions.[1078] That plaintiff was FedEx, while the defendant was a consultancy business serving certain of FedEx's contractors and that claimed in various media that the contractors were disadvantaged by their contracts with the shipping giant. One statement determined by the court to be a mere opinion was the defendant's assertion that "the current [contractor] financial model is collapsing due to substantial increases in the cost of fuel, labor, and vehicles over the past 12 months,"[1079] despite—and maybe because of—its "melodramatic" nature.[1080] The same was true of the defendant's reference to the contractors' "soaring" default rates and "financial distress," which the court found "not a clearly defined term" and "difficult to refute," respectively.[1081] The defendant therefore was entitled to the dismissal of FedEx's complaint to the extent the complaint relied on those statements.

Nevertheless, not all defense claims of nonactionable opinions succeeded, especially on motions to dismiss for failure to state claims. For example, the Ninth Circuit reversed a district court's determination on such a motion that a defendant's descriptions of a competitor's software as "malicious" and a "threat" to customers' computers were mere opinions.[1082] The plaintiff's victory on appeal turned on its successful reliance on the nature of the cybersecurity business in which the defendant was engaged. According to the court:

> [The defendant's] designations employ terminology that is substantively meaningful and verifiable in the cybersecurity context. . . . As [the plaintiff] points out, its products either contain malicious files and threaten the security of users' computers, or they do not. These statements are not the type

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1077 *Id.* at 493.

1078 *See* FedEx Ground Package Sys., Inc. v. Route Consultant, Inc., 661 F. Supp. 3d 765 (M.D. Tenn. 2023), *appeal docketed*, No. 23-5456 (6th Cir. May 16, 2023).

1079 *Id.* at 783.

1080 *Id.*

1081 *Id.*

1082 *See* Enigma Software Grp. USA, LLC v. Malwarebytes, Inc., 69 F.4th 665, 668–69 (9th Cir.), *cert. denied*, 141 S. Ct. 13 (2023).

> of general, subjective claims typically deemed non-actionable opinions.[1083]

The court elaborated on that point in the following explanation:

> Although "malicious" and "threatening" are "adjectives [that] admit of numerous interpretations," "[t]he context . . . is paramount" because "the reasonable interpretation of a word can change depending on the context in which it appears." [The defendant's] anti-malware program specifically labeled [the plaintiff's] software as "malicious" and a "threat," which a reasonable person would plausibly interpret as the identification of malware. Because whether software qualifies as malware is largely a question of objective fact, at least when that designation is given by a cybersecurity company in the business of identifying malware for its customers, [the plaintiff] plausibly alleged that [the defendant's] statements are factual assertions.[1084]

Because "[malware] necessarily implies that someone created software with the intent to gain unauthorized access to a computer for some nefarious purpose,"[1085] the complaint sufficiently identified potentially identifiable statements by the defendant to state a cause of action.

(B) Actionable Commercial Advertising or Promotion

Some reported opinions weighing allegations of false advertising not only declined to find actionable commercial advertising or promotion but dismissed allegations to the contrary as a matter of law.[1086] One to do so apparently adopted and applied a rule that face-to-face communications at trade shows are not actionable.[1087] The parties before that court sold competitive digital two-way radios, and the plaintiff accused the defendant of undertaking a misinformation campaign built on false statements that the plaintiff's radios were unreliable, unlicensed by the Federal Communications Commission, and covered by an exclusion order from the International Trade Commission, as well as various "xenophobic remarks" aimed at creating "fear, doubt, and

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1083 *Id.* at 672.

1084 *Id.* (second, fifth, and sixth alterations in original) (footnote in original) (first quoting Partington v. Bugliosi, 56 F.3d 1147, 1158 (9th Cir. 1995); and then quoting Knievel v. ESPN, 393 F.3d 1068, 1075 (9th Cir. 2005)).

1085 *Id.* at 673.

1086 *See, e.g.*, Pegasystems Inc. v. Appian Corp., 633 F. Supp. 3d 456, 475 (D. Mass. 2022) (granting, without extended analysis, defense motion for summary judgment in part based on counterclaim plaintiff's failure to identify any evidence or testimony that certain challenged documents had ever been disseminated to potential customers).

1087 *See* Hytera Commc'ns Corp. Ltd. v. Motorola Sols., Inc., 623 F. Supp. 3d 857 (N.D. Ill. 2022).

uncertainty" concerning those goods.[1088] Unfortunately for the plaintiff, the court concluded that those allegations failed to state a claim of actionable commercial advertising and promotion because "person-to-person comments aren't advertising"[1089] and because "[a]t most, [the plaintiff] alleges that a handful of [the defendant's] representatives made false statements to a handful of dealers."[1090] And so the court granted the defendant's motion to dismiss.

Another successful motion to dismiss disposed of a counterclaim plaintiff's allegations that three takedown notices sent by the counterclaim defendant to Amazon constituted actionable false advertising because they inaccurately described goods bearing the counterclaim plaintiff's marks and resold by the counterclaim plaintiff as inauthentic.[1091] The New York federal district court assigned to the case applied the standard three-factor test for actionable commercial advertising and promotion extant in the Second Circuit and numerous other jurisdictions:

> The Second Circuit employs a three-part test to assess whether statements constitute "commercial advertising or promotion" under the Lanham Act: the 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."[1092]

It further observed that, in applications of those factors:

> The Second Circuit has set a high bar for what is sufficiently disseminated to the relevant purchasing public because "the touchstone of whether a defendant's actions may be considered 'commercial advertising or promotion' under the Lanham Act is that the contested representations are part of an organized campaign to penetrate the relevant market."[1093]

Having thus framed the issue, the court found as a matter of law that the takedown notices had not been sufficiently disseminated beyond Amazon to qualify as actionable because they were not part

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1088 *Id.* at 887.

1089 *Id.*

1090 *Id.* at 888.

1091 *See* Josie Maran Cosms., LLC v. Shefa Grp. LLC, 624 F. Supp. 3d 281 (E.D.N.Y. 2022).

1092 *Id.* at 289–90 (quoting Gmurzynska v. Hutton, 355 F.3d 206, 210 (2d Cir. 2004)).

1093 *Id.* at 290 (quoting Fashion Boutique of Short Hills, Inc. v. Fendi USA, Inc., 314 F.3d 48, 57 (2d Cir. 2002)).

of a "formal or informal campaign or . . . communications with a substantial portion of the relevant market."[1094]

Despite that outcome, courts generally declined defendants' invitations to reach similar conclusions, whether on motions to dismiss or for summary judgment. For example, a Tennessee federal district court denied a bid by the defendant to escape liability at the pleadings stage in a suit brought by shipping giant FedEx.[1095] That suit challenged the defendant's dissemination of allegedly false statements in: (1) a publicly posted letter highlighting the hardships faced by FedEx's contractors and demanding certain modifications to FedEx's agreements with them; (2) various videos to similar effect posted on the defendant's YouTube channel; and (3) a press release reiterating the same points. In a scholarly opinion explaining the First Amendment moorings of the commercial-advertising-and-promotion prerequisite for liability,[1096] the court applied the standard three-factor test for the satisfaction of that requirement.[1097] Responding to FedEx's accusation that the communications at issue were intended to inflame its contractors and drive them into the arms of the defendant's consultancy business, the defendant claimed the communications were constitutionally protected noncommercial speech because they comprised broad, public-facing commentary about business conditions involving FedEx and its contractors. Acknowledging the defendant had raised "serious, important issues," the court nevertheless held that those issues were not ones properly resolved without a fully developed record on the "full body of facts" regarding the package shipping industry, the media environment among FedEx's contractors, the stature of the defendant's principal in the industry, and the "functions performed by the underlying communications."[1098] Because the speech therefore was commercial for purposes of the motion to dismiss, and because the complaint's allegations satisfied the other requirements for a finding of commercial advertising and promotion, the court declined to dismiss the action for failure to state a claim.[1099]

In a less developed doctrinal analysis, another court denied a motion to dismiss grounded in the theory that advertisements for graduation rings and related items were not actionable advertising and promotions because they were distributed to a single

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1094 *Id.* at 291.

1095 *See* FedEx Ground Package Sys., Inc. v. Route Consultant, Inc., 661 F. Supp. 3d 765 (M.D. Tenn. 2023), *appeal docketed*, No. 23-5456 (6th Cir. May 16, 2023).

1096 *Id.* at 778.

1097 *Id.* at 779.

1098 *Id.* at 781.

1099 *Id.*

university.[1100] The key to that disposition of the counterclaim plaintiff's false advertising cause of action was the proposition that "[t]he level of circulation required to constitute advertising and promotion will vary from industry to industry and from case to case."[1101] Because the complaint (and not the counterclaim) averred that there were only three major companies in the relevant industry, that they competed for exclusive deals with schools, and that marketing was generally limited to communications between sales representatives and decisionmakers and bidding processes, the counterclaim survived the pleadings stage.[1102]

While weighing (and ultimately denying) a summary judgment motion filed by a counterclaim defendant, a different court held that, to qualify as actionable commercial advertising, a representation must:

> (a) constitute commercial speech (b) made with the intent of influencing potential customers to purchase the speaker's goods or services (c) by a speaker who is a competitor of the plaintiff in some line of trade or commerce and (d) disseminated to the consuming public in such a way as to constitute "advertising" or "promotion."[1103]

The counterclaim defendant's motion focused on the last of these factors—that of whether its allegedly false advertising had reached enough customers to trigger liability. Finding that the relevant market was "large, with over twenty vendors competing for business from a wide array of large corporations and government agencies,"[1104] the court identified a factual dispute on that issue. For one thing, it concluded, "[t]he evidence before the Court shows that [the counterclaim defendant] distributed [one document with false claims] 6 times to 5 organizations, and [another such document] 30 times to 15 organizations."[1105] And, for another, although the counterclaim plaintiff failed to make similar factual showings with respect to other documents it challenged, it did adduce evidence and testimony that the counterclaim defendant's executives had distributed those documents to sales personnel and encouraged them to use the documents when interacting with customers.[1106]

1100 *See* Am. Achievement Corp. v. Jostens, Inc., 622 F. Supp. 3d 749 (D. Minn. 2022).

1101 *Id.* at 770 (quoting Willis Elec. Co. v. Polygroup Macau Ltd. (BVI), 437 F. Supp. 3d 693, 712 (D. Minn. 2020)).

1102 *Id.* ("At the pleading stage, this states a claim that bids are distributed sufficiently within the industry to constitute advertisements under the Lanham Act.").

1103 Pegasystems Inc. v. Appian Corp., 633 F. Supp. 3d 456, 474 (D. Mass. 2022) (quoting Podiatrist Ass'n v. La Cruz Azul De. P.R., Inc., 332 F.3d 6, 19 (1st Cir. 2003)).

1104 *Id.* at 475.

1105 *Id.*

1106 *Id.*

The counterclaim plaintiff's challenge to those documents therefore survived until trial.

Another reported opinion undertaking a detailed analysis of the issue originated in litigation over the defendants' alleged description of dogs available for adoption as rescues when, in fact, some came from puppy mills.[1107] Some of the alleged false advertising appeared on so-called "cage cards" placed on kennel crates by certain of the defendants, whose summary judgment papers argued were not commercial advertising or promotion because the cards were neither commercial speech nor widely disseminated. With respect to the commercial speech question, the court concluded that a factual dispute existed after applying a three-factor test, which considered: (1) whether the cage cards were advertisements; (2) whether they referred to a particular product; and (3) whether the defendants had an economic motivation for publishing them.[1108] It then reached the same conclusion concerning the extent of the dissemination of the cage cards, albeit in part because of a lack of attention to the issue in the defendants' briefing. Finally, it also denied a portion of the defendants' motion seeking summary judgment of nonliability arising from alleged verbal representations made at the defendants' stores, which the defendants argued were not actionable without developing that argument.[1109]

(C) Falsity

Along with other courts,[1110] the Second Circuit observed that "[a] plaintiff can demonstrate falsity either by showing: (1) literal falsity, i.e., 'that the challenged advertisement is . . . false on its face,' or (2) implied falsity, i.e., 'that the advertisement, while not literally false, is nevertheless likely to mislead or confuse consumers.'"[1111] It then continued:

> "A message can only be literally false if it is unambiguous." We have explained that "a district court evaluating whether an advertisement is literally false must analyze the message conveyed in full context, i.e., it must consider the advertisement in its entirety and not engage in disputatious dissection." "A court may find a statement literally false by

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1107 *See* PetConnect Rescue, Inc. v. Salinas, 656 F. Supp. 3d 1131 (S.D. Cal. 2023).

1108 *Id.* at 1168.

1109 *Id.* at 1169.

1110 *See* Azurity Pharms., Inc. v. Edge Pharma, LLC, 45 F.4th 479, 486 (1st Cir. 2022) ("A description or representation of fact in an advertisement may be either literally false or 'true or ambiguous yet misleading.'" (quoting Cashmere & Camel Hair Mfrs. Inst. v. Saks Fifth Ave., 284 F.3d 302, 311 (1st Cir. 2002)).

1111 Int'l Code Council, Inc. v. UpCodes Inc., 43 F.4th 46, 57 (2d Cir. 2022) (second alteration in original) (quoting *Tiffany*, 600 F.3d at 112).

necessary implication, without considering extrinsic evidence, when the advertisement's words or images, considered in context, necessarily and unambiguously imply a false message."

On the other hand, an "impliedly false" message "leaves an impression on the listener or viewer that conflicts with reality."[1112]

(1) Opinions Finding Falsity

A Tenth Circuit opinion demonstrated the difficulty of appealing adverse findings of fact in false advertising litigation.[1113] That document originated in a dispute in which the plaintiff, a manufacturer of dietary supplements, successfully accused a competitor of misrepresenting various aspects of its own weight-loss supplements. Those misrepresentations included inaccurate claims that the supplements contained particular ingredients (found by the district court to be literally false and false by implication), that each ingredient the defendant used was verified for purity through in-house testing (literally false), that the defendant had implemented FDA-compliant manufacturing protocols (literally false), and that FDA officials regularly inspected the defendant's facilities (literally false). Moreover, the district court also found that the defendant had encouraged its employees to manipulate online reviews in ways leading to increased sales by the defendant at the plaintiff's expense.

The defendant argued on appeal that certain of its claims were accurate while ignoring the district court's findings with respect to the others. Addressing the ingredient-based claims at stake, it asserted that some of its goods were accurately described, but, as the court of appeals noted, that contention did not contradict the

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1112 *Int'l Code Council*, 43 F.4th at 57 (first quoting Tiffany (NJ) Inc. v. eBay Inc., 600 F.3d 93, 112 (2d Cir. 2010); then quoting Church & Dwight Co. v. SPD Swiss Precision Diagnostics, GmBH, 843 F.3d 48, 65 (2d Cir. 2016); then quoting Time Warner Cable, Inc. v. DIRECTV, Inc., 497 F.3d 144, 158 (2d Cir. 2007); then quoting *Church & Dwight Co.*, 843 F.3d at 67 n.8; and then quoting *id.* at 65); *see also* Picket Fence Preview, Inc. v. Zillow, Inc., 623 F. Supp. 3d 371, 387 (D. Vt. 2022) ("Falsity may be established by proving that (1) the advertising is literally false as a factual matter, or (2) although the advertisement is literally true, it is likely to deceive or confuse customers." (quoting S.C. Johnson & Son, Inc. v. Clorox Co., 241 F.3d 232, 238 (2d Cir. 2001)), *aff'd*, No. 22-2066-CV, 2023 WL 4852971 (2d Cir. July 31, 2023); Am. Achievement Corp. v. Jostens, Inc., 622 F. Supp. 3d 749, 767 (D. Minn. 2022) ("Advertisements violate the Lanham Act when they are 'literally false as a factual matter' or 'claims that may be literally true or ambiguous but which implicitly convey a false impression, are misleading in context, or likely to deceive consumers.' 'A literally false statement can be determined as a matter of law, but whether a statement is misleading is considered a matter of fact.'" (first quoting United Indus. Corp. v. Clorox Co., 140 F.3d 1175 (8th Cir. 1998); and then quoting Allsup, Inc. v. Advantage 2000 Consultants Inc., 428 F.3d 1135, 1138 (8th Cir. 2005)).

1113 *See* Vitamins Online, Inc. v. Heartwise, Inc., 71 F.4th 1222 (10th Cir. 2023).

district court's findings that at least some of the goods were not so described. The court was equally unconvinced by the defendant's identification of scientific studies putatively establishing the effectiveness of the ingredients claimed to be in the defendant's supplements, which it regarded as irrelevant because of the absence of those ingredients from the defendant's supplements.[1114]

The court then turned its attention to the manipulation of online reviews by the defendant's employees. Some of that manipulation consisted of block voting on the helpfulness of reviews of the defendant's goods left by consumers, with favorable reviews receiving inflated "helpful" votes and unfavorable reviews receiving "unhelpful" votes. The defendant challenged the district court's findings of literal falsity related to the inflated votes with the argument that the plaintiff had failed to identify any review that was itself false and also had failed to establish that the votes by the defendant's employees were false. Accusing the defendant of missing the point, the court held that the issue was not the falsity of the reviews themselves but instead the misleading impression that unbiased consumers had found favorable reviews helpful and unfavorable reviews unhelpful. Consequently, the court concluded, "it was not clearly erroneous for the district court to find that [the defendant's employees'] block voting misled customers, given that customers were likely under the misimpression that it was unbiased consumers—rather than [the defendant's] employees—who found good reviews of [the defendant's] products to be helpful and bad reviews unhelpful."[1115]

Finally, the court affirmed the district court's finding of liability with respect to another aspect of the defendant's manipulation of product reviews, which was the defendant's offering of free products to reviewers. The district court found the defendant had falsely advertised it did not engage in that particular practice. The defendant challenged the resulting finding of literal falsity by arguing its gifts were not contingent on the content of reviews, but the court rejected that contention. Citing expert witness testimony proffered by the plaintiff, it held that:

> [The defendant's] actions misled consumers about the number of reviews from unbiased customers and the true ratio of putative unbiased positive to negative reviews. . . . [O]ne expert explained that consumers assume reviews are "credible and objective" and that the reviewers do not gain anything from leaving a review "other than the satisfaction of letting [people] know." And, importantly, the expert concluded that the act of offering a product in exchange for a review is likely to skew the positive results of the review.

1114 *Id.* at 1237.

1115 *Id.* at 1238.

> Thus, there was evidence that the act of giving free products in exchange for reviews will mislead other consumers about the objectivity of the reviewers, and so it was not clearly erroneous for the district court to conclude that these actions were likely to mislead customers.[1116]

In a disposition not producing an appellate opinion, one court addressed claims that a group of defendants, which included law firms and companies affiliated with them, had falsely represented the defendants would secure the legal termination of timeshare contracts.[1117] The defendants' advertising promised timeshare owners they could "exit" their contracts based on the plaintiffs' violations of consumer protection laws; if necessary, the advertising represented, the defendants would secure that outcome through either actual or threatened litigation. Timeshare owners induced by the advertising to contract with the defendants were advised to stop making payments on their loans, at which point the defendant law firms would send two letters to the plaintiffs on behalf of their new clients—one reporting the firms had been retained and the other asking the plaintiffs to release those clients from their contracts with the plaintiffs.[1118] If the second letter failed to produce results, which was usually the case,[1119] the clients' lack of payments eventually led the plaintiffs to terminate the contracts themselves "legally," with resulting damage to the clients' credit ratings, as well as the clients' receipt of an IRS Form 1099 for the cancellation of any debt they owed the plaintiffs. On those undisputed facts, the court found the defendants' advertising literally false as a matter of law.[1120]

1116 *Id.* (citations omitted).

1117 *See* Diamond Resorts U.S. Collection Dev., LLC v. Pandora Mktg., LLC, 656 F. Supp. 3d 1073, 1107 (C.D. Cal. 2023).

1118 *See id.* ("The first letter informs [the plaintiffs] that the law firm now represents the owner and admonishes [the plaintiffs] that [they] must cease and desist from having any contact with the owner. This causes [the plaintiffs] to stop sending communications, including deficiency notices and default notices, to the owners, who are then left in the dark as to what is happening with their timeshare. The second letter requests that [the plaintiffs] cancel the timeshare contract.").

1119 *See id.* ("[The plaintiffs] either ignore[] these letters or respond[] with a letter rejecting the offer.").

1120 The court explained its holding with the following observation:

> The unambiguous factual message that [Defendants] are communicating to the timeshare owners is that they are selling a service in which they and their lawyers legally cancel the owners' timeshare contracts based on improprieties by [Plaintiffs]. [Defendants] are not providing that service and they know it. The timeshare contracts are being cancelled because the owners follow Defendants' advice and stop making payments on the contracts, which triggers foreclosure by [Plaintiffs] based on default. There are no lawsuits to speak of. There are no cancellations based on threats of litigation. The terminations are not the result of anything that [Plaintiffs] did or said in the marketing and sales of the timeshares. Instead, they are based on common, run-of-the-mill defaults.

(2) Opinions Declining to Find Falsity

Courts do not often find on motions to dismiss that allegedly false statements are, in fact, true, but such an outcome transpired in multiple cases. In the first, FedEx challenged certain claims by a consulting business targeting FedEx's contractors as clients.[1121] The complaint accused that defendant of advising the contractors that FedEx had made no "adjustments" to its overall business model despite economic challenges faced by the contractors. The court concluded the challenged advertising did not represent that FedEx had never renegotiated terms with individual contractors but instead referred to the absence of revisions to FedEx's overall business model where the contractors were concerned. That meant dismissal of that portion of the complaint for failure to state a claim because:

> Nothing in the Complaint suggests that such a characterization was inaccurate. Indeed, FedEx's consistent position has been that there was no need for any such large-scale adjustment in the first place. [The defendant] was simply stating that FedEx had not done something that FedEx itself argues that it had no reason to do.[1122]

Having thus gained momentum in disposing of those claimed falsehoods, the court did the same with certain others—namely, the defendant's representations that the average FedEx contractor had a profit margin of "below 0%" and "since the Q4 of 2020, the industry has seen a 15% pullback on the value of routes . . . ."[1123] Although those factual statements might be proven false, the complaint failed to aver they were; instead, it contained allegations of FedEx's contractors' revenues (and not profits) and completely failed to address the issue of route value.[1124] The court therefore dismissed FedEx's challenge to those alleged misrepresentations as well for failure to state a claim.

In a separate case, a dispute between competitors in the market for graduation rings similarly produced a finding at the pleadings stage that, even accepting the counterclaim plaintiff's allegations as true, the challenged representations were not false.[1125] The representations at issue were that the counterclaim defendants' rings were "Designed and Engineered in Austin, Texas" and

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Id. at 1111 (citation omitted).

1121 *See* FedEx Ground Package Sys., Inc. v. Route Consultant, Inc., 661 F. Supp. 3d 765 (M.D. Tenn. 2023), *appeal docketed*, No. 23-5456 (6th Cir. May 16, 2023).

1122 *Id.* at 783–84; *see also id.* at 785 (similarly dismissing closely related statement regarding FedEx's refusal to renegotiate arrangements with contractors).

1123 *Id.* at 775–76 (internal quotation marks omitted).

1124 *Id.* at 784.

1125 *See* Am. Achievement Corp. v. Jostens, Inc., 622 F. Supp. 3d 749 (D. Minn. 2022).

"Exclusively Manufactured by [the counterclaim defendants] in Merida, Mexico."[1126] Based on what the court considered "selective and incomplete dictionary definitions,"[1127] the counterclaim plaintiff argued that, because the counterclaim defendants manufactured their rings in Mexico, the rings could not have been engineered in Texas. The court disagreed, holding instead that:

> [T]he fact that the term "engineered" has varying definitions does not matter, because it would be unreasonable for a consumer to adopt the definition pled by [the counterclaim plaintiff]. This Court must view the label in its full context, and in context there is no "tendency to mislead or deceive the consumer" based on this label—the label unambiguously states that the rings were manufactured in Mexico.[1128]

The counterclaim plaintiff therefore had failed to state a claim for false advertising under federal, California, and Minnesota law.[1129]

Another finding that allegedly false advertising was, in fact, true came in a lawsuit brought by developers of timeshares against "exit" companies and law firms engaged in assisting timeshare purchasers to escape their contracts with the plaintiffs, including the purchasers' obligation to make payments on loans they had received from the plaintiffs.[1130] The plaintiffs accused the defendants of falsely advertising that, if not terminated using the defendants' services, the contracts would bind purchasers' heirs. Referring to the contracts between the plaintiffs and purchasers, the court noted that the contracts did indeed purport to bind the purchasers' heirs unless the plaintiffs disapproved of the heirs stepping into the shoes of their predecessors or unless the heirs brought actions to disclaim their inheritance of the contracts. That was sufficient for the court to find the contracts had the effect described in the defendants' advertising.[1131]

A final fatally deficient claim of falsity was asserted in a false advertising dispute between two providers of advertising for home owners selling their properties without the assistance of a real estate agent.[1132] According to the plaintiff, the defendant claimed to offer free online listings for sellers of those for-sale-by-owner, or FSBO, homes but failed to make the contact information for the sellers readily accessible; instead, interested potential buyers were

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1126 *Id.* at 767.

1127 *Id.*

1128 *Id.* (citation omitted).

1129 *Id.* at 768.

1130 *See* Diamond Resorts U.S. Collection Dev., LLC v. Pandora Mktg., LLC, 656 F. Supp. 3d 1073 (C.D. Cal. 2023).

1131 *Id.* at 1110.

1132 *See* Picket Fence Preview, Inc. v. Zillow, Inc., 623 F. Supp. 3d 371 (D. Vt. 2022), *aff'd*, No. 22-2066-CV, 2023 WL 4852971 (2d Cir. July 31, 2023).

allegedly misled into contacting agents affiliated with the defendant, which then required the sellers to enter into a contract if the sellers wanted to know the potential buyers' identities. Dismissing the plaintiff's claim of literal falsity, the court determined from the complaint that FSBO home owners could, in fact, post their listings for free on the defendant's website; likewise, the plaintiff did not accuse the defendant of representing to those owners either that sales of their homes via the defendant's services would be commission-free or that no real estate agents would be involved in the sales. That precluded the defendant's advertising to FSBO home owners from being literally false, and, in light of the plaintiff's failure to offer anything more than conclusory allegations that the advertising was impliedly false, the defendant was entitled to the dismissal of the plaintiff's false advertising cause of action for failure to state a claim.[1133]

(3) Opinions Deferring Resolution of the Falsity Inquiry

The Second Circuit took a dim view of the dismissal of allegations of falsity based only on correspondence by the parties to a district court in anticipation of a motion to dismiss by the defendants.[1134] The plaintiff victimized by the district court's action was a nonprofit organization that developed model codes and standards, which local governments then adopted, sometimes unmodified and sometimes with amendments. The gravamen of its false advertising claim was that the defendants had misleadingly represented their competitive codes were up to date and that they integrated all amendments enacted by local jurisdictions, as well as that the defendants were the sole providers of those amendments.

Unlike the district court, the Second Circuit held the plaintiff had adequately averred the falsity of the defendants' representations. With respect to the claim that the defendants' codes integrated *all* changes made by local governments, the court of appeals noted that the plaintiff's complaint accused the defendants' codes of failing to address changes made by at least some of those governments; moreover, the same was true of the defendants' representations that they hosted "the adopted codes *as enacted* by the state or local jurisdictions" and that they had integrated the codes in particular jurisdictions, which the court viewed as "necessarily imply[ing] that [the defendants] integrate[]

1133 *Id.* at 389 ("Defendant's offer of a free FSBO listing focuses on a preliminary step in a real estate transaction, the advertising of a property for sale, with no guarantee as to what may happen thereafter. A FSBO seller remains free to decide with whom and how it wants to sell any property it lists on Defendant's website. Stated differently, a FSBO seller may refuse to deal with a real estate agent and refuse to pay a commission.").

1134 *See* Int'l Code Council, Inc. v. UpCodes Inc., 43 F.4th 46 (2d Cir. 2022).

all local amendments made in those jurisdictions."[1135] The court then reversed the district court's dismissal of the plaintiff's challenge to the defendants' claims of exclusivity based on the plaintiff's allegation that it offered the same products as the defendants. The district court therefore had erred in dismissing the plaintiff's various claims of falsity.[1136]

The First Circuit similarly reversed, at least in part, the grant of a motion to dismiss litigation brought by a drug manufacturer with pre-approval from the Food and Drug Administration to market vancomycin against a drug compounder that, without similar FDA pre-approval, marketed a formulation of the same antibiotic.[1137] The plaintiff challenged certain representations on the defendant's website, which, it alleged, falsely suggested the defendant's manufacturing facilities were approved by the FDA. The defendant's facilities were registered with the FDA, but the plaintiff claimed the defendant's representations to that effect and references to a particular section of the Food Drug & Cosmetic Act misled purchasers into believing the defendant's goods did not fall within an exception to that section relating to drugs produced through the use of a "bulk drug substance," unless the substance in question appeared on a list of such substances for which there was a clinical need.[1138] Taken as true, the court held, those allegations adequately established the falsity of the defendant's representations to survive a motion to dismiss.[1139]

Other courts declined to resolve claims of falsity on motions for summary judgment.[1140] One did so in a case in which the plaintiffs accused certain defendants of having falsely represented on their website that they acquired homeless dogs for adoption from sources other than breeders when, in fact, those defendants provided puppies for retail sale, and each such puppy was sourced from a breeder or broker.[1141] The plaintiffs' response to a defense motion for summary judgment grounded in the argument that the representations were true pointed to communications between the moving defendants and other defendants suggesting that the moving defendants had purchased the puppies in question instead

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1135 *Id.* at 57, 58.

1136 *Id.* at 59.

1137 *See* Azurity Pharms., Inc. v. Edge Pharma, LLC, 45 F.4th 479 (1st Cir. 2022).

1138 21 U.S.C. § 353b(a)(2) (2018).

1139 *Azurity Pharms.*, 45 F.4th at 498.

1140 *See, e.g.*, Diamond Resorts U.S. Collection Dev., LLC v. Pandora Mktg., LLC, 656 F. Supp. 3d 1073, 1109 (C.D. Cal. 2023) (finding factual dispute over falsity of defendants' "100% money back" guarantee based on evidence that defendants had in fact returned money to dissatisfied customers); Pegasystems Inc. v. Appian Corp., 633 F. Supp. 3d 456, 476 (D. Mass. 2022) (denying, without extended discussion, defense motion grounded in theory that challenged advertising was not literally false).

1141 *See* PetConnect Rescue, Inc. v. Salinas, 656 F. Supp. 3d 1131 (S.D. Cal. 2023).

of acquiring them from sources such as relocating families, unexpected litters, and the like. Although the moving defendants sought to characterize payments reflected in those communications as shipping costs and not payments, the court held that the parties' conflicting showings on the issue presented a material factual dispute precluding summary judgment of nonliability.[1142]

A separate failed motion for summary judgment in a different case was filed by the plaintiff, instead of the defendant.[1143] That plaintiff published piano music in books that the defendant purchased and rebound with spiral binding—a process allegedly leaving visible glue residue on them—before reselling them on Amazon as "new." Faulting the defendant for passing up such alternative descriptions as "used – like new," "used – very good," "used – good," "used – acceptable," and "unacceptable," the plaintiff cited Amazon's definition of "new" in the book context, namely, "[a] brand-new copy with cover and original protective wrapping intact."[1144] It therefore asked the court to find that the defendant's use of that word was literally false as a matter of law; it also invoked the ordinary English definition of the word in support of that request.

Finding a factual dispute on the issue, the court observed that "[a] more appropriate way to describe the books would be 'modified,' but that is not an option on Amazon; in selecting 'new' from the list of options, a seller does not unambiguously make any representation either way as to whether the product has been modified."[1145] That ambiguity precluded a finding of literal falsity as a matter of law because:

> One could certainly argue that "new" means "not altered in any manner after manufacturing," but one could also argue that "new" simply means "not used." The Amazon condition guidelines are relevant, at least to the extent that consumers are aware of them, but there is no evidence either way as to whether they are. And even if a judge's experience shopping on Amazon.com is suggestive of a conclusion, it is not so universal as to permit the exercise of judicial notice.[1146]

That was true even though "[i]t is highly counterintuitive . . . that a product, because it has not been used by a consumer, could be listed as 'new' despite being severely damaged."[1147]

1142 *Id.* at 1170–71.

1143 *See* Steeplechase Arts & Prods., L.L.C. v. Wisdom Paths, Inc., 652 F. Supp. 3d 481 (D.N.J. 2023).

1144 *Id.* at 490 (alteration in original).

1145 *Id.* at 491.

1146 *Id.*

1147 *Id.*

ii. Actual or Likely Deception

As always, courts recognized two ways in which plaintiffs could prove the actual or likely deception necessary for a successful claim of false advertising. First, if the challenged advertising was literally false or if a defendant knowingly set out to deceive consumers, deception could be presumed as a matter of law.[1148] Second, if the advertising was literally true but misleading in context, plaintiffs could satisfy their burden of proof by "show[ing] how consumers have actually reacted to the challenged advertisement rather than merely demonstrating how they could have reacted,"[1149] ideally through survey evidence.[1150]

Whatever the theory upon which they rely, complaints advancing claims of false advertising rarely fail at the pleadings stage for want of allegations of actual or likely deception. For example, one plaintiff successfully defeated a motion to dismiss on the issue by alleging that a competitor's false advertising of the putative effectiveness of a sanitizing product against the COVID-19 virus had deceived the plaintiff into purchasing a license to market the sanitizer in Argentina.[1151] Taken as true, that allegation sufficiently established that actual or likely deception had arisen from the challenged advertising to warrant the denial of a defense motion to dismiss.[1152]

Nevertheless, shipping and logistics company FedEx suffered the partial grant of such a motion in its case against a consulting firm providing service to FedEx contractors.[1153] According to FedEx, the defendant's advertising falsely accused FedEx of mismanaging various aspects of its relations with the contractors. One of those accusations related to FedEx's alleged refusal to renegotiate contractor contracts, which FedEx alleged was false because it suggested the contracts were *never* renegotiated when, in fact, some

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[1148] *See, e.g.*, Diamond Resorts U.S. Collection Dev., LLC v. Pandora Mktg., LLC, 656 F. Supp. 3d 1073, 1080 (C.D. Cal. 2023) (applying presumption); *see also* Steeplechase Arts & Prods., L.L.C. v. Wisdom Paths, Inc., 652 F. Supp. 3d 481, 490 (D.N.J. 2023) "[A]ctual deception or a tendency to deceive is presumed if a plaintiff proves that an advertisement is unambiguous and literally false." (quoting Pernod Ricard USA, LLC v. Bacardi U.S.A., Inc., 653 F.3d 241, 248 (3d Cir. 2011)); Williams & Cochrane, LLP v. Rosette, 631 F. Supp. 3d 884, 915 (S.D. Cal. 2022) (recognizing presumption in dictum), *appeal docketed*, No. 23-55166 (9th Cir. Feb. 23, 2023).

[1149] Williams-Sonoma, Inc. v. Wayfair Inc., 652 F. Supp. 3d 216, 222 (D. Mass. 2023) (quoting Clorox Co. P.R. v. Proctor & Gamble Commercial Co., 228 F.3d 24, 33 (1st Cir. 2000)).

[1150] *See Steeplechase Arts & Prods.*, 652 F. Supp. 3d at 490 ("If the message conveyed by an advertisement is literally true or ambiguous, however, the plaintiff must prove actual deception or a tendency to deceive, and it may do so with a properly conducted consumer survey." (quoting *Pernod Ricard USA*, 653 F.3d at 248)).

[1151] *See, e.g.*, AHBP LLC v. Lynd Co., 649 F. Supp. 3d 371 (W.D. Tex. 2023).

[1152] *Id.* at 395.

[1153] *See* FedEx Ground Package Sys., Inc. v. Route Consultant, Inc., 661 F. Supp. 3d 765 (M.D. Tenn. 2023), *appeal docketed*, No. 23-5456 (6th Cir. May 16, 2023).

were. Granting the defendant's motion to dismiss for want of actual or likely deception, the court found that, even accepting the complaint's averments as true, "[i]t is unlikely that any substantial portion of the intended audience of such statements would have been deceived. The targets of [the defendant's] communications . . . were sophisticated participants in the industry capable of understanding FedEx's approach . . . ."[1154]

Another plaintiff's false advertising cause of action under Section 43(a) also failed on a motion to dismiss, the grant of which was affirmed by the First Circuit.[1155] The theory of falsity underlying that cause of action rested on a provision of the Food Drug and Cosmetic Act allowing drug compounders like the defendant to manufacture a particular preparation using a "bulk drug substance" unless the substance in question appeared on a list of such substances for which there was a clinical need.[1156] Although holding the plaintiff had adequately alleged the falsity of the defendant's representations that its operations complied with the FDCA, the court held the complaint fatally defective to the extent that document neither alleged that the defendant's advertising had actually misled purchasers nor provided "any specific explanation" as to how that advertising could have done so.[1157]

iii. Materiality

The materiality requirement for a showing of false advertising contemplates "'that the false or misleading representation involved an inherent or material quality of the product.' In other words, the allegedly false statement must be 'likely to influence purchasing decisions.'"[1158] For the most part, materiality did not prove too much of an obstacle to plaintiffs.[1159] Nevertheless, a substantive discussion of the issue appeared in an opinion from a case originating in allegedly false representations concerning the effectiveness of a sanitizing product the plaintiff wished to license for sale in Argentina during the COVID-19 epidemic.[1160] The

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1154 *Id.* at 784.

1155 *See* Azurity Pharms., Inc. v. Edge Pharma, LLC, 45 F.4th 479 (1st Cir. 2022).

1156 21 U.S.C. § 353b(a)(2) (2018).

1157 *Azurity Pharms.*, 45 F.4th at 498–99.

1158 Int'l Code Council, Inc. v. UpCodes Inc., 43 F.4th 46, 63 (2d Cir. 2022) (quoting Apotex Inc. v. Acorda Therapeutics, Inc., 823 F.3d 51, 63 (2d Cir. 2016)).

1159 *See, e.g.*, *id.* at 64 (holding in appeal from dismissal for failure to state a claim that "[the plaintiff's] allegations that [the defendants'] false statements were 'likely to influence purchasing decisions' are plausible"); Pegasystems Inc. v. Appian Corp., 633 F. Supp. 3d 456, 475 (D. Mass. 2022) (denying, without extended discussion, counterclaim defendant's motion for summary judgment based on failure to proffer evidence or testimony of immateriality, as well as on testimony of materiality by expert retained by counterclaim plaintiff).

1160 AHBP LLC v. Lynd Co., 649 F. Supp. 3d 371 (W.D. Tex. 2023).

plaintiff accused the defendants of overstating that effectiveness through, among other things, references to falsified scientific tests. The plaintiff supported its case by alleging that the Environmental Protection Agency had ordered the sanitizer's manufacturer (a named defendant) to stop marketing the sanitizer with claims it was effective against public health related pathogens, including the virus causing COVID-19. In finding the plaintiff's claims of materiality sufficient to support a claim of false advertising, the court noted in particular that "the EPA Stop Order issued in connection with the same suggests that the false statements about its effectiveness against public-health related pathogens were likely to influence consumers."[1161]

In contrast, a different court granted a motion to dismiss a cause of action for false advertising grounded in the counterclaim defendant's purchase of the counterclaim plaintiff's mark as a keyword to trigger advertising when consumers used Google's search engine to search for the mark.[1162] In disposing of the counterclaim plaintiff's cause of action, the court faulted the complaint for failing to allege plausibly that the counterclaim defendant's conduct would any way affect purchasing decisions of consumers in the market for commercial real estate in which the parties competed, in part because of the absence of averred facts establishing that those consumers had encountered the advertisements in the first place.[1163] The court did, however, grant the counterclaim plaintiff leave to replead.[1164]

iv. Interstate Commerce

As usual, no reported opinions addressed in a substantive manner the question of whether defendants' alleged misrepresentations were disseminated in interstate commerce.[1165]

v. Damage and Causation

Courts addressing the prerequisite of damage and causation for a finding of liability for false advertising reached varying results. On the plaintiff's side of the ledger, the Tenth Circuit recognized a presumption of injury for two years of the defendant's misconduct in a lawsuit between competing manufacturers of weight-loss

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1161 *Id.* at 395–96.

1162 *See* CoStar Grp. v. Com. Real Est. Exch. Inc., 619 F. Supp. 3d 983 (C.D. Cal. 2022).

1163 *Id.* at 996–97.

1164 *Id.* at 997.

1165 *See, e.g.*, AHBP LLC v. Lynd Co., 649 F. Supp. 3d 371, 396 (W.D. Tex. 2023) ("The parties do not appear to dispute that the Product [promoted by the defendants' allegedly false advertising] is [sold] in interstate commerce.").

nutritional supplements.[1166] The key to the correctness of that recognition was the fact that, during the years in question, "the markets at issue were essentially two[-]seller markets."[1167] As the court explained:

> [O]nce a plaintiff has proven that the defendant has falsely and materially inflated the value of its product (or deflated the value of the plaintiff's product), and that the plaintiff and defendant are the only two significant participants in a market or submarket, courts may presume that the defendant has caused the plaintiff to suffer an injury. This presumption follows from basic logic: if A and B are the only two products occupying a market or submarket, and if the producer of product B fraudulently represents its product as better than A, then it can be presumed that at least some consumers will choose product B over A in reliance on that false advertising, thereby depriving the producer of A of some sales.[1168]

"This is still true," the court concluded, "even if there are a few other insignificant market participants, so long as the plaintiff and defendant are the only *significant* actors in the market, since the defendant will still presumably receive most of the diverted sales."[1169] Nevertheless, it added two qualifications to its holding, the first of which was that "this presumption is merely a presumption that the defendant has caused an injury; the *degree* of injury may have to be considered as a separate issue to be later determined when remedies are addressed."[1170] The second was that "because this is merely a rebuttable presumption, a defendant must be given the chance to rebut the presumption once it is found to be applicable."[1171]

A different court took an even more expansive view of the presumption of harm, albeit in what ultimately was in part dictum.[1172] It identified "three scenarios in which the presumption of injury applies: (1) 'where the defendant made a false comparative advertising claim'; (2) 'where the statement at issue was derogatory and undoubtedly referred only to the plaintiff'; or (3) 'in a "two-player market" where there is evidence of "deliberate deception."'"[1173] Nevertheless, only the first of these scenarios came

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1166 *See* Vitamins Online, Inc. v. Heartwise, Inc., 71 F.4th 1222 (10th Cir. 2023).

1167 *Id.* at 1238.

1168 *Id.* at 1240 (citations omitted).

1169 *Id.*

1170 *Id.* at 1241.

1171 *Id.*

1172 *See* Pegasystems Inc. v. Appian Corp., 633 F. Supp. 3d 456 (D. Mass. 2022).

1173 *Id.* at 470 (quoting *In re* Elysium Health-ChrornaDex Litig., No. 17-cv-7394, 2022 U.S. Dist. LEXIS 25090, at *158–59 (S.D.N.Y. Feb. 3, 2022)).

into play in the court's denial of the defendant's motion for summary judgment, a step the court took based on evidence the admittedly false advertising in question was "replete with comparative statements."[1174] Moreover, not only did those statements establish a presumption of damage, but the plaintiff had adduced cognizable factual evidence of reputational damage in that certain of the plaintiff's customers had "raised questions" about its goods based on the advertising: "These customers," the court found from the summary judgment record, "did not move their business from [the plaintiff], but a reasonable jury could infer, based on their concerns, that the [advertising] generated similar concerns in the marketplace. Thus, there is a triable issue on whether [the plaintiff] suffered reputational injury."[1175]

Not all plaintiffs were as lucky, however. Objecting to the unauthorized use of their images to promote strip clubs, a group of past and present professional models asserted causes of action for, among other things, false advertising under Section 43(a).[1176] In response to discovery requests bearing on the work they allegedly had lost, however, they failed to identify any specific opportunities, and that failure came back to haunt them when the district court granted the defendants' motion for summary judgment. The Second Circuit affirmed that disposition, holding that "if Plaintiffs are in direct competition with Defendants, and if Defendants' false advertising implicated Plaintiffs in some way, then injury and proximate cause are presumed. If not, both must be affirmatively shown."[1177] That the parties were not in direct competition (and a presumption of injury therefore inappropriate) was established by the plaintiffs' claims, which the court read as objecting to the suggestion the plaintiffs were "even associated with Defendants' marketplace."[1178] Moreover, the plaintiffs' discovery responses precluded them from establishing injury as a factual matter:

> [E]ven if it is true, as Plaintiffs aver, that this ignorance is to some degree attributable to the customary industry practice not to tell a model why they did not receive a job offer, Plaintiffs have made no attempt to present other evidence conceivably available to people in their position. For example, they admit that there is nothing in the record to suggest that anyone who might have been expected to hire Plaintiffs ever saw the posts in question, or was likely to see the posts, or ever mentioned the posts. There is no temporal evidence correlating downturns in Plaintiffs' careers with

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1174 *Id.*

1175 *Id.*

1176 *See* Souza v. Exotic Island Enters., 68 F.4th 99 (2d Cir. 2023).

1177 *Id.* at 119.

1178 *Id.*

> the appearance of the posts. There is no expert opinion testimony, let alone expert empirical analysis, illustrating the effect of this kind of R-rated association on a typical model's career – much less on these particular models' careers. There is, in short, nothing that could permit a reasonable juror to find that the posts proximately caused actual or likely "economic or reputational" injury here.[1179]

The district court therefore had correctly disposed of the plaintiffs' false advertising claims on summary judgment.

Likewise, the Tenth Circuit affirmed the grant of a defense motion for summary judgment in a case challenging the use by the defendant—a national association of home inspectors—of the following slogan on its website:[1180]

ASHI AMERICAN SOCIETY OF HOME INSPECTORS
Educated. Tested. Verified. Certified.

The plaintiff, the only other national association in the field, accused the defendant of false advertising based on the defendant's acceptance for membership of "novice" inspectors lacking complete training or certification. Responding to the defendant's motion, the plaintiff supported its claim of damage with three things, all of which, like the district court before it, the Tenth Circuit found unconvincing: (1) survey evidence purporting to document deception among consumers of home inspection services; (2) a substantial increase in the defendant's membership after posting the slogan on its website; and (3) declaration testimony from the plaintiff's president of alleged harm. With respect to the plaintiff's survey evidence, the appellate court held that "[w]hile the survey results might be helpful in determining whether *consumers* have been deceived by [the defendant's] tagline, the results do not shed any light on whether *home inspectors* are more likely to join [the defendant] instead of the [plaintiff] due to [the defendant's] tagline."[1181] The surge in the defendant's membership could have created a factual question on the issue, but the court chose instead to credit the defendant's showings that, "around the time" of its adoption of the slogan, the defendant had begun offering reduced and free memberships to students, as well as to former members of a defunct competing association; of equal importance, the court

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1179 *Id.* at 120 (quoting Lexmark Int'l, Inc. v. Static Control Components, Inc., 572 U.S. 118, 134 (2014)).

1180 *See* Am. Soc'y of Home Inspectors, Inc. v. Int'l Ass'n of Certified Home Inspectors, 36 F.4th 1238, 1240 (10th Cir. 2022).

1181 *Id.* at 1242–43.

determined from the summary judgment record the plaintiff had failed to adduce any evidence that its own membership numbers had declined.[1182] Finally, the court dismissed the declaration testimony from the plaintiff's president, finding it "unsupported and conclusory."[1183] The district court's entry of summary judgment therefore withstood scrutiny on appeal.

Claims of injury and causation also failed before trial courts. One notable example of such a failure came in a case in which FedEx objected to advertising by a consulting firm suggesting that various aspects of FedEx's relations with its contractors were unfair to the latter.[1184] Although accepting the complaint's averments of falsity as true, the court found the alleged misrepresentations so trivial they could not have caused cognizable harm. One such alleged misrepresentation was that FedEx had refused to revise its contracts in response to changing economic conditions, when, in fact, at least some changes to those documents had been made. Concluding that the complaint failed to establish any harm arising from the defendant's conduct, the court held that "[a] hyper-technical reading of a statement that makes it false—but for a minor, unimportant reason—merely changes the basis for finding the statement non-actionable."[1185] The complaint's challenge to the defendant's alleged overstatement of the number of FedEx contractors owned by the defendant's principal fell short for the same reason.[1186]

In a separate case producing a similar outcome as a matter of law, the counterclaim defendant operated a website that allowed United States consumers to purchase drugs from foreign pharmacies accredited by the counterclaim defendant, which the counterclaim defendant claimed offered those drugs for lower prices.[1187] The counterclaim plaintiff, an organization founded to work with and support government boards of pharmacy, accused the counterclaim defendant of misleading consumers about the safety and legality of imported drugs and of sullying the counterclaim plaintiff's reputation. Because the counterclaim plaintiff's

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1182 *Id.* at 1243.

1183 *Id.*

1184 *See* FedEx Ground Package Sys., Inc. v. Route Consultant, Inc., 661 F. Supp. 3d 765 (M.D. Tenn. 2023), *appeal docketed*, No. 23-5456 (6th Cir. May 16, 2023).

1185 *Id.* at 784.

1186 *Id.* at 785 ("Given the comparatively attenuated importance of this fact to FedEx's theory of harm, the overstatement would have to have been quite substantial to have made any plausible difference in the course of events. By failing to plead facts that would permit the court to conclude that [the principal] was, in fact, inflating his importance so significantly that FedEx could plausibly have been harmed, FedEx has failed to plead a Lanham Act violation . . . .").

1187 *See* PharmacyChecker.com v. Nat'l Ass'n of Bds. of Pharmacy, 629 F. Supp. 3d 116 (S.D.N.Y. 2022).

complaint expressly recited the parties were not competitors, the court held the counterclaim plaintiff not entitled to the benefit of a presumption of damage.[1188] Moreover, the counterclaim plaintiff's claim to have invested resources to counter the counterclaim defendant's alleged misinformation failed to establish damage as a factual matter because the counterclaim plaintiff's absence from the market prevented it from suffering a commercial injury.[1189] Indeed, even the counterclaim plaintiff's alleged reputational injuries were insufficient because "a plaintiff must allege an injury to a *commercial* interest in reputation or sales."[1190] The court therefore granted the counterclaim defendant's motion to dismiss.

Yet another claim of false advertising to fail for want of a cognizable injury was brought by a group of counterclaim plaintiffs manufacturing ballet shoes against a counterclaim defendant that once had been an exclusive distributor of those shoes.[1191] The distribution agreement limited the counterclaim defendant's territory to the United States, but the counterclaim defendant advertised that territory as extending throughout North America. Despite the advertising's apparent falsity, the court granted the counterclaim defendant's motion for summary judgment of nonliability. According to the court's reading of the record, the counterclaim plaintiffs had failed to identify any evidence or testimony that they (as opposed to distributors of their goods in Canada and Mexico) had suffered any damage traceable to the counterclaim defendant's misrepresentations. Instead, the counterclaim plaintiffs had enjoyed the same profits as they otherwise would have based on sales of the same number of shoes, "just through one distributor rather than several."[1192]

Summary judgment of nonliability for want of damage and causation also came in a case brought by one disgruntled law firm against another firm after the second firm replaced the first as counsel for a Native American tribe in negotiations with the state of California.[1193] The plaintiff firm alleged the tribe had terminated it as counsel based on an allegedly false single-sentence reference to the defendant firm's litigation experience in the biographical information for an attorney at that firm. Discovery, however, failed to yield any evidence or testimony that the tribe had seen the challenged representation, much less relied on it when deciding to

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1188 *Id.* at 129–30.

1189 *Id.* at 130–32.

1190 *Id.* at 131 (quoting Lexmark Int'l, Inc. v. Static Control Components, Inc., 572 U.S. 118, 131–32 (2014)).

1191 *See* I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko," 614 F. Supp. 3d 114 (E.D. Pa. 2022).

1192 *Id.* at 146.

1193 *See* Williams & Cochrane, LLP v. Rosette, 631 F. Supp. 3d 884 (S.D. Cal. 2022), *appeal docketed*, No. 23-55166 (9th Cir. Feb. 23, 2023).

switch firms. "Instead," the court determined from the summary judgment record, "the decision was made based on the fact that [the defendant] was offering to do the legal work at a fraction of the cost being charged by [the plaintiff], and that the Tribal Council was impressed with [the attorney's] experience in negotiating compacts (not his litigation experience, which wasn't discussed)."[1194] "This decision," the court continued, "was made after months of concern and discontent over [the plaintiff's] work and the fees it charged."[1195] Although the plaintiff sought to salvage its case by invoking a putative presumption of damage and causation triggered by the alleged literal falsity of the representation at issue, the court held that past opinions applying such a presumption had limited it to the materiality and deception prerequisites for liability, not those of damage and causation.[1196] The plaintiff therefore failed to identify a factual dispute precluding entry of summary judgment against it.

In contrast, some courts declined to resolve the issues of damage and causation as a matter of law, including on motions to dismiss for failure to state claims. According to the plaintiff in a case producing such a result, the defendants' false advertising of a sanitizer had misled the plaintiff into acquiring the rights to market the sanitizer in Argentina. Moreover, before the falsity of the defendants' representations came to light, the plaintiff alleged it had prepared a media campaign to market and sell the sanitizer, which included "hiring employees and designers, consulting with lawyers, accountants, biologists, and virologists, renting warehouse and office space, and entering into contracts with buyers in Argentina."[1197] When falsified test results submitted by the defendants to Argentine regulators resulted in the plaintiff's inability to sell the sanitizer in that country, the plaintiff alleged its buyers refused to do business with it, its reputation was damaged, and it had lost its investment in the media campaign. These allegations, the court determined, sufficiently established damage and causation to render the defendants' motion meritless.[1198]

In another case, an unsuccessful summary judgment motion presenting the issues of damage and causation was filed by a group of companies and law firms that advertised, and then gave legal advice, to third-party consumers who had taken loans from the plaintiffs to purchase timeshare investments.[1199] The plaintiffs alleged the inaccurate nature of that advertising and legal advice

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1194 *Id.* at 911.

1195 *Id.*

1196 *Id.* at 915.

1197 *See* AHBP LLC v. Lynd Co., 649 F. Supp. 3d 371, 382 (W.D. Tex. 2023).

1198 *Id.* at 396.

1199 *See* Diamond Resorts U.S. Collection Dev., LLC v. Pandora Mktg., LLC, 656 F. Supp. 3d 1073 (C.D. Cal. 2023).

had caused hundreds of those consumers to default on their loans and to pursue exits from their timeshares. The defendants' motion for summary judgment argued the plaintiffs could not support their claims of damage and causation because those claims rested on the deposition testimony of only a few consumers. The court rejected that argument after concluding that, although the plaintiffs might not have established proximate cause with respect to all consumers retaining the defendant law firms after being exposed to the challenged advertising,[1200] they nevertheless had adduced sufficient evidence, including survey results not discussed at length by the court[1201] and deposition testimony from a defense witness that ninety percent of consumers contacting the defendants had done so after seeing the challenged advertising,[1202] to support such a finding.

d. Violations of Persona-Based Rights Under Federal and State Law

Claims to vindicate persona-based rights—whether those for false endorsement under Section 43(a) or for violations of plaintiffs' rights of publicity under state law—generally failed. For example, the Second Circuit's practice of equating the test for false endorsement under Section 43(a) with that for likely confusion continued to pose a significant obstacle to plaintiffs, especially, if recent opinions from that court are any indication, for professional models challenging unauthorized uses of their names and images to promote strip clubs. The latest example of that phenomenon came in a dispute in which the defendants had posted photographs of the plaintiffs on various social media.[1203] Most of the plaintiffs no longer worked as models, none lived in New York (where the action originated), and none could identify in discovery any work lost because of the defendants' actions.

On the parties' cross-motions for summary judgment, the district court granted that of the defendants, and the Second Circuit affirmed. Although the plaintiffs complained on appeal that the district court had treated their (relatively low) recognizability as the "'bottom line' barometer" for the strength of their images,[1204] the court declined to depart from its past authority mandating such an

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1200 *Id.* at 1103 (referencing, in passing, expert report concluding that timeshare owners seeing the challenged advertising were twenty times more likely to hire the defendant law firms and then default on their timeshare contracts).

1201 *Id.* at 1085.

1202 *Id.*

1203 *See* Souza v. Exotic Island Enters., 68 F.4th 99 (2d Cir. 2023).

1204 *Id.* at 110.

approach.[1205] In particular, it rejected the plaintiffs' claim that, because their personas were inherently strong, it was unnecessary for them to make showings of commercial strength. According to the court:

> The concept of inherent distinctiveness is simple enough to apply where, say, one restaurant sues another for coopting its "festive" dining setup, "decorated with artifacts, bright colors, paintings and murals," . . . or even when the subject matter is human *names* . . . . It is more awkward to apply when it effectively interrogates how much one human being does, or does not, physically resemble another. And that includes, as this case vividly illustrates, inquiries concerning the extent to which one unnamed model, whose face may or may not be shown, and who may appear to be of a certain race, ethnicity, body type, physical stature, etc., resembles another.[1206]

"[U]nlike a conventional adopted mark," the court continued, "an endorser's face and body fall nowhere on the familiar spectrum from 'arbitrary' to 'generic'; their identity inherently is their mark."[1207] Moreover:

> [W]here any face or figure regarded as 'attractive,' will do, notwithstanding the anonymity of the actual person whose face or figure is depicted (and the negligible endorsement value derived from that actual person's connection to the product being sold), the unauthorized use of that person's image may invade rights granted by other statutes or common law sources, but creates no risk of consumer confusion as conceived under the Lanham Act.[1208]

The lack of recognizability of their "marks" was not the plaintiffs' only problem. On the contrary, the court faulted the plaintiffs for failing to adduce evidence of actual confusion beyond the excluded results of a survey[1209] and held that the district court had not erred in rejecting the plaintiffs' allegations of bad faith.[1210] The district court's failure to consider the remaining likelihood-of-confusion

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1205 *Id.* at 110–11 (citing Electra v. 59 Murray Enters., 987 F.3d 233 (2d Cir.), *cert. denied*, 142 S. Ct. 563 (2021)).

1206 *Id.* at 111–12 (quoting Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 765 (1992)) (citations omitted).

1207 *Id.* at 112.

1208 *Id.* (citations omitted) (footnote omitted).

1209 *Id.* at 113–15.

1210 Like the district court, the court of appeals credited the defendants' claim that they had merely commissioned third-party contractors to produce the advertisements in question and had not requested them to use the plaintiffs' images. *Id.* at 115.

factors was concerning—a "costly and avoidable remand"[1211] was the usual result "where a district court has punted on factors that it deems irrelevant for reasons that we cannot discern"[1212]—but that failure had not precluded its dismissal on summary judgment of the plaintiffs' claims. That was especially true because the plaintiffs did not themselves seek a vacatur and remand but instead agreed with the defendants that the case was susceptible to resolution as a matter of law.[1213]

A different cause of action for false endorsement under Section 43(a) failed at an even earlier stage of the case in which it was brought.[1214] The plaintiff in that proceeding was a professional model who had executed a license authorizing the use of her likeness to promote a particular brand of cosmetic products on Instagram. Having encountered authorized uses on other electronic platforms, she sued the cosmetic manufacturer in a complaint asserting a Section 43(a) claim, only to have the court dismiss that claim because of the earlier license with the observation that "[w]here a plaintiff *did*, in fact, grant their sponsorship or approval, a false endorsement claim under § 43(a) cannot succeed."[1215] The court was equally unreceptive to the plaintiff's claims against that defendant and others under New York statutory law[1216] because, among other things: (1) one defendant's use of her likeness had occurred only in California;[1217] (2) her allegations that other defendants' uses had taken place in New York were conclusory in nature;[1218] and (3) she did not aver the defendant to which she had given the license was in any responsible for the use of her likeness outside of the license.[1219] Her claims for exemplary damages against the cosmetic manufacturer were fatally defective as well because of the complaint's failure to establish that that defendant had acted with the required scienter.[1220]

Yet another successful motion to dismiss came in litigation challenging a documentary series addressing a high-profile "personal development" and "self-improvement" organization whose operations eventually led to federal criminal charges against its

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1211 *Id.* at 116 (quoting Nat. Organics, Inc. v. Nutraceutical Corp., 426 F.3d 576, 580 (2d Cir. 2005)).

1212 *Id.*

1213 *Id.* at 117.

1214 *See* Ratermann v. Pierre Fabre USA, Inc., 651 F. Supp. 3d 657 (S.D.N.Y. 2023).

1215 *Id.* at 673 (quoting Shabazz v. ICWU Ctr. for Worker Health & Safety Educ., No. 18-CV-339, 2021 WL 6197402, at *9 (S.D. Ohio Dec. 30, 2021)).

1216 *See* N.Y. Civ. Rights Law §§ 50, 51.

1217 *Raterman*, 651 F. Supp. 3d at 671.

1218 *Id.*

1219 *Id.*

1220 *Id.* at 672.

senior leadership for sex trafficking and various other crimes.[1221] Having belonged to the organization, the plaintiff objected to the defendants' alleged portrayal of him in the documentary as a "recruiter and member of a purported sex cult."[1222] Invoking California's anti-SLAPP (strategic lawsuit against public participation) statute,[1223] the defendants successfully moved to dismiss the plaintiff's cause of action for the unauthorized appropriation of his name and likeness. Weighing that motion, the court held that "[t]o state a claim for common law misappropriation, the plaintiff must allege that the defendant used his identity (name or likeness), to defendant's advantage (commercially or otherwise), without plaintiff's consent, causing plaintiff injury."[1224] Nevertheless, it also held that "[u]nder . . . the common law cause of action . . . [,] 'no cause of action will lie for the publication of matters in the public interest, which rests on the right of the public to know and the freedom of the press to tell it.'"[1225] Because the defendants' documentary covered just such matters, the court dismissed the plaintiff's cause of action and additionally denied leave to amend the complaint as futile.[1226]

Likewise, a motion to dismiss a right of publicity cause of action asserted as a counterclaim under Pennsylvania law also bore fruit.[1227] Having had his family business sold out from under him, the counterclaim plaintiff alleged that the purchaser had misappropriated his name and likeness by maintaining on the company's website videos in which the counterclaim plaintiff described projects completed either by the counterclaim defendant and a competitive company founded by the counterclaim plaintiff or, alternatively, entirely by that new company. The parties disagreed on whether the counterclaim plaintiff's cause of action was governed by Pennsylvania common law or by the requirements of a statutory cause of action enacted by that state's general assembly,[1228] but the distinction between the two ultimately did not matter. The first reason for the court's conclusion to that effect was the counterclaim plaintiff's failure to aver that "his name has any special reputation or prestige such that mention of his name or use of his image in a video on [the counterclaim defendant's] website could confer an actionable benefit."[1229] And the second was that, although the

[1221] *See* Eliott v. Lions Gate Ent. Corp., 639 F. Supp. 3d 1012 (C.D. Cal. 2022).

[1222] *Id.* at 1026.

[1223] Cal. Civ. Proc. Code § 425.16.

[1224] *Eliott*, 639 F. Supp. 3d at 1028.

[1225] *Id.* (quoting Downing v. Abercrombie & Fitch, 265 F.3d 994, 1001 (9th Cir. 2001)).

[1226] *Id.*

[1227] *See* Wurth Baer Supply Co. v. Strouse, 627 F. Supp. 3d 422 (M.D. Pa. 2022).

[1228] 42 Pa. Cons. Stat. § 8316.

[1229] *Wurth Baer Supply*, 627 F. Supp. 3d at 443.

counterclaim plaintiff himself had produced the videos before resigning from the counterclaim defendant, his allegations that the counterclaim defendant was not responsible for some of the projects featured on them were "vague and equivocal"[1230]; "[i]indeed," the court noted, "the number of videos containing projects completed by [the counterclaim plaintiff's new company] without [the counterclaim defendant's] involvement may be zero."[1231] Those two deficiencies in the complaint rendered the counterclaim plaintiff's cause of action fatally defective, whether it sounded in the common law or the statute.[1232]

Some courts entertaining motions to dismiss did not definitively reach findings of liability but nevertheless delivered pro-plaintiff opinions.[1233] One such opinion came from an Ohio federal district court tasked with resolving a class action lawsuit challenging Ancestry.com's practice of harvesting names, images, and personal information from yearbooks and then using them to solicit subscriptions for its website.[1234] Seeking the dismissal of the plaintiffs' claims under the Ohio right-of-publicity statute[1235] and the common law, Ancestry argued that the lead plaintiff had failed to aver that his name and image had commercial value, that its alleged uses of those items were nothing more than incidental to its

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[1230] *Id.*

[1231] *Id.*

[1232] *Id.* at 443–44.

[1233] *See, e.g.*, Ratermann v. Pierre Fabre USA, Inc., 651 F. Supp. 3d 657, 672 (S.D.N.Y. 2023) (declining to dismiss causes of action under New York law challenging use of plaintiff's image outside scope of license).

[1234] *See* Wilson v. Ancestry.com LLC, 653 F. Supp. 3d 441 (S.D. Ohio 2023). According to the court's summary of the lead plaintiff's allegations:

> [The lead plaintiff] identifies three advertising techniques in which Ancestry, without [the lead plaintiff's] consent, uses his persona to encourage viewers to subscribe to Ancestry's services. First, via Ancestry's publicly accessible landing page, any visitor may search for any person by name and location. Upon returning a search for [the plaintiff] or any proposed class member, Ancestry retrieves a list of corresponding yearbook photographs accompanied by promotional text urging the visitor to "Sign Up Now" for a subscription. The promotional text further encourages purchase of a subscription by promising that "There's more to see" about the searched individual, including higher-resolution photographs and additional personal information, such as the individual's city of residence, estimated age, and high school graduation year.
>
> As for the second advertising technique, Ancestry sends promotional emails and onsite messages to users who have not yet subscribed and who may be related to [the plaintiff] or a proposed class member. . . .
>
> In the third advertising technique, Ancestry allows users to enroll in a two-week free trial membership during which users have full access to Ancestry's services. These users may search for, view, print, and share [the plaintiff's] and other proposed class members' personal information.

Id. at 447–48 (citations omitted).

[1235] Ohio Rev. Code § 2741.02(A)–(B).

operations, and that the lead plaintiff's statutory claim fell within two statutory exceptions. Addressing the first of those contentions, the court held that "Ancestry's practice of using [the lead plaintiff's] persona to solicit paid subscriptions plausibly demonstrates that [the lead plaintiff's] persona has commercial value."[1236] Turning to the second, the court concluded that, far from being incidental, "[the lead plaintiff's] image and personal information were central to Ancestry's advertising materials,"[1237] even if that advertising did not affirmatively suggest the lead plaintiff endorsed Ancestry's services.[1238] Finally, the court rejected Ancestry's arguments that its advertisements qualified from exemptions from liability because they were "literary" or "historical" works[1239] or because they commented on matters of public affairs.[1240] The plaintiffs' claims therefore survived to the proof stage of the case.

e. Violations of Rights Under Non-Persona-Based Rights Under State-Law Causes of Action

i. Preemption of State-Law Causes of Action

(A) Preemption by the Copyright Act

Several holdings of preemption transpired under Section 301(a) of the Copyright Act,[1241] which bars "all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright."[1242] "In other words," one court explained,

> for the Copyright Act to preempt a state-law claim, the claim must (1) involve a work within the "subject matter of copyright"—that is, the intellectual property at issue must be eligible for copyright protection; and (2) the underlying

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1236 *Wilson*, 653 F. Supp. 3d at 455.

1237 *Id.* at 456.

1238 *Id.* at 457.

1239 *Id.* at 458 ("Ancestry frames [the lead plaintiff's] claims challenging Ancestry's mere reproduction and distribution of his yearbook records. But [the] Complaint states that it is not simply Ancestry's reproduction and distribution of [the lead plaintiff's] yearbook photos that gives rise to his claims, but rather Ancestry's use of [the lead plaintiff's] persona to promote a paid subscription service offering much more than just access to information contained in [the lead plaintiff's] yearbook.").

1240 *Id.* at 459 ("It is Ancestry's use of [the lead plaintiff's] persona in connection with the promotion of *paid subscriptions*—not the reproduction and distribution of [the lead plaintiff's] yearbook—that gives rise to his claim. Under this framing, Ancestry's use of [the lead plaintiff's] persona to promote paid subscriptions cannot conceivably fall under [the] public affairs exceptions, thus rendering the public affairs exceptions inapplicable.").

1241 17 U.S.C. § 301(a) (2018).

1242 *Id.*

state-law claim must be "equivalent to any of the exclusive rights" within the scope of federal copyright protection.[1243]

One lead plaintiff to fall victim to Section 301(a) objected to the use in a 2013 documentary of a clip from an interview featuring him appearing in a 2001 documentary, but that outcome did not necessarily result from a strict application of the standard two-part test for preemption.[1244] That plaintiff asserted a violation of his common-law right of publicity under Maryland law, which the court held depended on his ability to prove the alleged misappropriation of his name and likeness was more than incidental and was for a commercial purpose.[1245] The failure of that cause of action on a defense motion to dismiss was driven by an averment in the complaint that the lead plaintiff had voluntarily appeared in (and sold) the 2001 documentary, which to the court meant that "this use of a right of publicity suit 'could substantially interfere with the utilization of a work in ways explicitly permitted by the Copyright Act, such as for uses that would qualify as fair use under 17 U.S.C. § 107.'"[1246] Concluding next that the lead plaintiff had neglected to identify any substantial state interests distinct from those furthered by copyright law, the court held his right of publicity claim preempted.[1247] It then reached the same conclusion with respect to the lead plaintiff's cause of action for unjust enrichment.[1248]

A separate holding of preemption came in a dispute between competing producers of large decals for automobiles, or "wraps."[1249] Objecting to what it believed was the defendants' copying of its wraps, the plaintiff asserted a cause of action for copyright infringement, but its complaint also recited one for unfair competition under Arizona law. The latter claim, the court held, was preempted by Section 301 because it accused the defendants only of copying the plaintiff's "registered protected artwork," advertising it as their own "custom design" work, and causing confusion in the marketplace as a result.[1250] "That," the court concluded, "is not enough to plausibly establish Defendants wanted consumers to believe *their* vehicle wraps were actually *Plaintiff's*—it merely rephrases the copyright violation."[1251] It therefore granted the

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1243 *Wilson*, 653 F. Supp. 3d at 460 (quoting Wright v. Penguin Random House, 783 F. App'x 578, 582 (6th Cir. 2019)).

1244 *See* Monbo v. Nathan, 623 F. Supp. 3d 56 (E.D.N.Y. 2022), *reconsideration denied*, No. 18-CV-5930 (MKB), 2022 WL 4134455 (E.D.N.Y. Sept. 11, 2022).

1245 *Id.* at 107.

1246 *Id.* at 109 (quoting Jackson v. Roberts (*In re* Jackson), 972 F.3d 25, 40 (2d Cir. 2020)).

1247 *Id.*

1248 *Id.* at 122.

1249 *See* Wolf Designs LLC v. Five 18 Designs LLC, 635 F. Supp. 3d 787 (D. Ariz. 2022).

1250 *Id.* at 801.

1251 *Id.*

defendants' motion for judgment on the pleadings, albeit with a grant of leave to the plaintiff to replead.

Nevertheless, claims of preemption under Section 301(a) did not succeed in all cases. In one in which such a claim failed to bear fruit on a motion to dismiss for failure to state a claim, the defendant was Ancestry.com, which had allegedly used the names, images, and personal information of the plaintiffs in its advertising.[1252] Although Ancestry asserted the plaintiffs sought to vindicate rights falling within the subject matter of copyright, the court was unconvinced. Rather than limited to Ancestry's copying of the yearbooks in question, it noted, "[t]he Complaint makes it clear that the alleged unlawful conduct was not the reproduction and distribution of [the lead plaintiff's] yearbook photos, but rather Ancestry's use of [the lead plaintiff's] name and likeness in advertisements promoting paid subscriptions to Ancestry.com. Such use does not fall within the subject matter of the Copyright Act."[1253] Ancestry's claim of preemption therefore was misplaced.

A separate defense claim of preemption failed in a case in which the plaintiff designed hand-crafted fonts and custom design services.[1254] It accused the defendants of using one of its fonts without a license and, once they took a license, of using the font outside of the license's scope. The defendants responded to the plaintiff's reverse passing off cause of action and related claims under Pennsylvania law with a Section 301-based motion to dismiss, which failed to gain traction with the court. The key to the plaintiff's defeat of the motion was the ineligibility of the plaintiff's fonts for copyright protection,[1255] which prevented the one at issue from falling within the subject matter of copyright. Because the second prong of the test for preemption was not satisfied, the defendant's motion to dismiss was misplaced.[1256]

(B) Preemption by the Patent Act

In addition to falling victim to Section 301 of the Copyright Act, state-law causes of action to protect product configurations in particular may be vulnerable to preemption by the federal patent regime.[1257] That proved to be the case in a design patent and trade dress dispute in which the plaintiff sold the following product (as

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1252 *See* Wilson v. Ancestry.com LLC, 653 F. Supp. 3d 441 (S.D. Ohio 2023).

1253 *Id.* at 461 (citations omitted).

1254 *See* Brand Design Co. v. Rite Aid Corp., 623 F. Supp. 3d 526 (E.D. Pa. 2022).

1255 *See* 37 C.F.R. § 202.1(e) (2022).

1256 *Brand Design Co.*, 623 F. Supp. 3d at 534.

1257 *See generally* Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 152–57 (1989); *see also* Theodore H. Davis Jr., *Copying in the Shadow of the Constitution: The Rational Limits of Trade Dress Protection*, 80 Minn. L. Rev. 595, 609–27 (1996).

depicted in patent's drawings) in the underserved market for baseball-bat-shaped drinking vessels:[1258]

The defendant moved for summary judgment on the plaintiff's unfair competition claim under Pennsylvania law, and the court granted it. The court acknowledged that federal patent law did not expressly preempt that claim because of the absence from that law of a provision similar to Section 301. Nevertheless, it also held that, under the concept of conflict preemption, "[i]f a plaintiff bases its tort action on conduct that is protected or governed by federal patent law, then the plaintiff may not invoke the state law remedy, which must be preempted for conflict with federal patent law."[1259] Attempting to escape conflict preemption, the plaintiff responded to the defendant's motion by accusing the defendant of adopting a verbal mark confusingly similar to its own, but the plaintiff had failed to include a cause of action for trademark infringement in its complaint. Without it, the court concluded, the plaintiff's allegations that the parties targeted the same customers through the same channels of trade established only that the defendant competed with the plaintiff, not that it *unfairly* competed. The plaintiff's state-law cause of action therefore was preempted.[1260]

1258 *See* Samiam Grp. v. Coopersburg Assocs., 650 F. Supp. 3d 295, 300 (E.D. Pa. 2023).

1259 *Id.* at 318 (quoting Hunter Douglas, Inc. v. Harmonic Design, Inc., 153 F.3d 1318, 1334 (Fed. Cir. 1998), *overruled on other grounds by* Midwest Indus. v. Karavan Trailers, Inc., 175 F.3d 1356 (Fed. Cir. 1999)).

1260 *Id.* at 319.

ii. State-by-State Causes of Action

(A) Alabama

Alabama's version of the Uniform Deceptive Trade Practices Act[1261] contains the usual prohibitions against misleading conduct, but the private cause of action it creates is not available to everyone. Instead, as a federal district court in that state confirmed, only consumers have standing to avail themselves of the Act.[1262] The court therefore dismissed a counterclaim brought under the Act in an action between two competitors accusing each other of trademark infringement, despite past case law allowing similar claims to proceed.[1263]

(B) Arizona

When a domain name registration issued by the registrar GoDaddy lapsed and was acquired by a third party, the registration's former owners filed suit, accusing GoDaddy of violating the Arizona Consumer Fraud Act[1264] because the third party had used the domain name for purposes inconsistent with the plaintiffs' mission of supporting disabled athletes.[1265] To the extent the plaintiffs alleged GoDaddy had violated the Act by selling the disputed domain name to the third party, the Ninth Circuit held that liability under that theory turned on the plaintiffs' ability to plead (and ultimately to prove) that GoDaddy "(1) made a misrepresentation in connection with the sale or advertisement of merchandise, and (2) that conduct proximately caused [the plaintiffs] to suffer damages."[1266] According to the court, "'[t]he clear intent of [the Act] is to protect unwary buyers from unscrupulous sellers.' Because GoDaddy made no representations regarding the domain or any advertising or merchandise, this claim is a nonstarter."[1267] It therefore affirmed the district court's dismissal of the plaintiffs' cause of action for failure to state a claim.

1261 Ala. Code § 8-19-5.

1262 *See* ALK 2, LLC v. K2 Marine, Inc., 647 F. Supp. 3d 1253, 1260–61 (M.D. Ala. 2022).

1263 *Id.* at 1261 ("That another plaintiff has attempted a similar claim in the past cannot remedy [the counterclaim plaintiff's] lack of standing on this claim.").

1264 Ariz. Rev. Stat. § 44-1522(A).

1265 *See* Rigsby v. GoDaddy Inc., 59 F.4th 998 (9th Cir. 2023).

1266 *Id.* at 1009.

1267 *Id.* (quoting Sutter Home Winery, Inc. v. Vintage Selections, Ltd., 971 F.2d 401, 407 (9th Cir. 1992)).

(C) California

California's Unfair Competition Law prohibits any "unlawful, unfair or fraudulent business act or practice,"[1268] but a successful claim based on that language requires a demonstration of reliance on the challenged act or practice.[1269] Outside the context of actions brought by consumers, precisely whose reliance that requirement contemplates is something of an open question as far as state appellate opinions are concerned. Faced with conflicting opinions on that issue, a Massachusetts federal district court adopted the majority rule by holding that a plaintiff in competition with the defendant must allege its own reliance on the defendant's false or misleading statements to state a claim.[1270] Because the cause of action underlying that determination failed to allege that the defendant's alleged false advertising had deceived the plaintiff itself, that claim failed at the pleadings stage.[1271]

(D) Delaware

Having successfully prevailed on their federal infringement and unfair competition causes of action after demonstrating to a court's satisfaction that they owned a family of marks, two plaintiffs assumed that the same finding would lead to findings of liability under the corresponding torts under Delaware law.[1272] Not so, held the court hearing their case following a bench trial. Instead, it faulted the plaintiffs for failing to establish that Delaware courts would recognize the family of marks doctrine. Thus, although victorious under federal law, the plaintiffs were not similarly situated where Delaware state law was concerned.[1273]

(E) District of Columbia

The District of Columbia's Consumer Protection Procedures Act prohibits "engag[ing] in an unfair or deceptive trade practice, whether or not any consumer is in fact misled, deceived, or damaged thereby";[1274] it is, however, subject to an important limitation, namely, that the challenged conduct relate to "consumer goods and services that are purchased or received in the District of Columbia."[1275] That limitation proved the downfall of a

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[1268] Cal. Bus. & Pro. Code § 17200.

[1269] *See* Kwikset Corp. v. Superior Ct., 246 P.3d 877, 888 (Cal. 2011).

[1270] *See* Williams-Sonoma, Inc. v. Wayfair Inc., 652 F. Supp. 3d 216, 225 (D. Mass. 2023).

[1271] *Id.*

[1272] *See* S&P Glob. Inc. v. S&P Data LLC, 619 F. Supp. 3d 445 (D. Del. 2022).

[1273] *Id.* at 465.

[1274] D.C. Code § 28-3904.

[1275] Frankeny v. Dist. Hosp. Partners, LP, 225 A.3d 999, 1004 (D.C. 2020).

counterclaim under the Act brought by a Kentucky nonprofit organization headquartered in Illinois against a New York limited liability company with a principal place of business in New York.[1276] The gravamen of the counterclaim was that the counterclaim defendant provided misleading information to consumers about drugs available from foreign pharmacies. In response to a motion by the counterclaim defendant to dismiss for failure to state a claim, the counterclaim plaintiff argued the DC board of pharmacy was one of its members and that it sought to vindicate the interest of consumers in the District. The court found that theory unconvincing, holding it would not infer from the counterclaim plaintiff's cursory allegations "the requisite factual circumstance that a consumer within the District of Columbia actually 'purchased or received' a good or service from [the counterclaim defendant]."[1277]

(F) Massachusetts

A dispute between two software companies afforded a Massachusetts federal district court the opportunity to opine on the prerequisites for the successful assertion of causes of action for commercial disparagement and for commercial defamation.[1278] A claim for commercial disparagement, it held, required the plaintiff to prove the defendant:

> (1) published a false statement to a person other than the plaintiff; (2) "of and concerning" the plaintiff's products or services; (3) with knowledge of the statement's falsity or with reckless disregard of its truth or falsity; (4) where pecuniary harm to the plaintiff's interests was intended or foreseeable; and (5) such publication resulted in special damages in the form of pecuniary loss.[1279]

In contrast, a claim of commercial defamation required showings of (1) a statement by a defendant to a third party; (2) potential resulting damage to the plaintiff's reputation; (3) fault by the defendant, "meaning that it acted negligently if [the plaintiff] is a private actor or with actual malice if [the plaintiff] is a public figure"; and (4) economic loss or potential prejudice to the plaintiff's business.[1280]

[1276] *See* PharmacyChecker.com v. Nat'l Ass'n of Bds. of Pharmacy, 629 F. Supp. 3d 116 (S.D.N.Y. 2022).

[1277] *Id.* at 135 (quoting D.C. Code § 28-3901(c)).

[1278] *See* Pegasystems Inc. v. Appian Corp., 633 F. Supp. 3d 456 (D. Mass. 2022).

[1279] *Id.* at 469 (quoting HipSaver, Inc. v. Kiel, 984 N.E.2d 755, 763 (Mass. 2013)).

[1280] Pegasystems Inc. v. Appian Corp., 633 F. Supp. 3d 456, 476 (D. Mass. 2022).

(G) Michigan

A Michigan federal district court confirmed that direct competition between parties is not a prerequisite for a finding of unfair competition under the common law of that state.[1281] It did so in a case in which the Ford Motor Company licensed the defendant to use Ford software, which allowed the defendant to perform automotive diagnostic services on vehicles manufactured by Ford. Although the defendant used third parties' software to perform 96–98% of its diagnostic scans of those vehicles, it incorporated the FORD mark into its advertising materials in a way that Ford successfully established suggested to consumers the defendant used the software more frequently than it did. The defendant argued in a motion for summary judgment that the absence of actual competition between the parties precluded liability, but the court found that argument deficient for multiple reasons, namely, that: (1) the defendant's representations deprived Ford of the license fees it would obtain if the defendant properly licensed the software;[1282] (2) the defendant's conduct undercut Ford's legitimate licensees by marketing the software the defendant actually used as a substitute for Ford's software and hardware;[1283] (3) the defendant's promotional materials were deceptive because they suggested the defendant always used Ford's software;[1284] and (4) the defendant's conduct reduced the willingness of other potential licensees of the software to enter into contracts with Ford.[1285] The defendant's motion for summary judgment therefore fell short of the mark.[1286]

In contrast, the defendants in a different case successfully escaped liability for several alleged torts under Michigan law; indeed, they did so at the pleadings stage of the case against them.[1287] The plaintiff asserting those causes of action manufactured a septic system based on an unusual design. That design did not comply with standards prepared by the lead

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1281 *See* Ford Motor Co. v. AirPro Diagnostics LLC, 632 F. Supp. 3d 753 (E.D. Mich. 2022).

1282 *Id.* at 770.

1283 *Id.*

1284 *Id.*

1285 *Id.* at 770–71.

1286 The court's earlier finding of likely confusion on Ford's federal infringement claim also led it to deny the defendant's motion for summary judgment on Ford's false designation of origin claim under Michigan law. *See id.* at 770 ("[The defendant's] position is that its display of the Ford logo . . . cannot in any reasonable way be viewed as a claim that Ford . . . is actually the source of [the defendant's] scan tool or the services that [the defendant] provides. First, the relevant inquiry is whether there is a likelihood of confusion that Ford is the source of the software on [the defendant's] scan tool. Second, because the Court has found a likelihood of confusion for purposes of trademark infringement, [the defendant's] motion for summary judgment on Ford's false designation of origin claim is DENIED.").

1287 *See* Geomatrix, LLC v. NSF Int'l, 82 F.4th 466 (6th Cir. 2023).

defendant—an industry standard-setting and certifying organization—while that defendant allegedly was under the influence of various misstatements promulgated by the plaintiffs' competitors (also named defendants). The plaintiff averred the lack of compliance was important because it discouraged state regulators from approving the plaintiff's design; it also objected to the lead defendant's allegedly false representations that the standard-setting process was open and fair.

The district court dismissed the plaintiff's causes of action for failure to state a claim, and the Sixth Circuit affirmed. According to the appellate court, the plaintiff's business defamation claim was meritless both because certain of the defendants' representations underlying that claim had taken place outside of the relevant one-year statute of limitations[1288] and because none of the representations specifically mentioned the plaintiff (as opposed to design of the plaintiff's system).[1289] Certain bases of the plaintiff's cause of action for injurious falsehood similarly failed because of a three-year statute of limitations,[1290] as well as the complaint's silence on the subject of the "special pecuniary damages" required to support that claim.[1291] Things went even more downhill for the plaintiff from that point forward: Its causes of action for "fraud/misrepresentation and interference with a prospective economic advantage" were fatally defective because they challenged the defendants' constitutionally protected right to petition state regulators to reject the plaintiff's design,[1292] and the district court had properly dismissed its cause of action under the Michigan Consumer Protection Act[1293] because the defendants' conduct did not constitute "a 'consumer' transaction involving a 'purchase' of goods."[1294] The defendants' victory therefore remained intact on appeal.

(H) Minnesota

The Minnesota Deceptive Trade Practice Act (MDTPA)[1295] prohibits various forms of misconduct comparable to those proscribed by the MDTPA's counterparts in other states. Upset with a competitor's alleged spreading of false rumors concerning its financial condition, one plaintiff and affiliates availed themselves of

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[1288] *See* Mich. Comp. Laws § 600.5805.

[1289] *Geomatrix*, 82 F.4th at 486.

[1290] *See* Mich. Comp. Laws § 600.5805(2).

[1291] *Geomatrix*, 82 F.4th at 486.

[1292] *Id.* at 486–487.

[1293] Mich. Comp. Laws § 445.901, *et seq.*

[1294] *Geomatrix*, 82 F.4th at 486.

[1295] Minn. Stat. Ann. § 325D.44.

the MDTPA, only to have the defendant move to dismiss the complaint.[1296] The motion argued that causes of action under the MDTPA must be pleaded with particularity in compliance with Rule 9(b) of the Federal Rules of Civil Procedure,[1297] and the court agreed.[1298] Moving on to the complaint's averments, the court concluded that "[the plaintiffs'] conclusory allegation that [the defendant] defamed it by spreading false rumors to [the plaintiffs'] former clients that [the plaintiffs] [were] going out of business does not even meet the notice-pleading standard of Rule 8(a)";[1299] instead, it was "no more than a conclusory statement of law: that [the defendant] said something untrue, and it affected [the plaintiffs'] business."[1300] Thus, because the complaint "did not identify any particular client, instance, or statement to give [the defendant] notice of the conduct at issue," it failed to state a claim under the MDTPA.[1301]

(I) New York

In most jurisdictions, the factual showings necessary to establish liability for infringement and unfair competition are the same under federal and state law. Not so where New York law is concerned. Instead, as one court explained:

> The elements of an unfair competition claim under New York common law "mirror" those of Lanham Act claims for trademark or trade dress infringement. But the proponent of such a claim "must couple its evidence supporting liability under the Lanham Act with additional evidence demonstrating [the defendant]'s bad faith." A plaintiff [asserting a cause of unfair competition under New York law] "must prove: (1) actual confusion or a likelihood of confusion; and (2) the defendant's bad faith."[1302]

[1296] *See* Am. Achievement Corp. v. Jostens, Inc., 622 F. Supp. 3d 749 (D. Minn. 2022).

[1297] Fed. R. Civ. P. 9(b).

[1298] *Am. Achievement Corp.*, 622 F. Supp. 3d at 763 ("[C]laims of fraud under the MDTPA must be pled with specificity as required by Rule 9(b)—they must allege 'the who, what, when, where and how' of the alleged fraud.").

[1299] *Id.*

[1300] *Id.*

[1301] *Id.*

[1302] Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co., 647 F. Supp. 3d 145, 228–29 (S.D.N.Y. 2022) (first alteration in original) (first quoting Gym Door Repairs, Inc. v. Young Equip. Sales, Inc., 331 F. Supp. 3d 221, 250 (S.D.N.Y. 2018); then quoting LVL XIII Brands, Inc. v. Louis Vuitton Malletier S.A., 209 F. Supp. 3d 612, 678 (S.D.N.Y. 2016), *aff'd*, 720 F. App'x 24 (2d Cir. 2017); and then quoting *id.*), *appeal docketed*, No. 23-1446 (Fed. Cir. Feb. 1, 2023)); *accord* Jackpocket, Inc. v. Lottomatrix NY LLC, 645 F. Supp. 3d 185, 229 (S.D.N.Y. 2022) ("Under New York common law, the standards for trademark infringement and unfair competition are 'virtually identical' to the standard under the Lanham Act, 'except that [New York law] requires an additional showing of bad faith.'"

That distinction did not make a difference in the outcome of the litigation producing that explanation, however, for the court found ample evidence of bad faith in addition to that of likely confusion.[1303]

Another court similarly distinguished between unfair competition under Section 43(a) of the Lanham Act and the same tort under New York law while finding liability under the latter.[1304] That court additionally addressed the requirement for liability under the cause of action for deceptive trade practices found in Section 349 of New York's General Business Law.[1305] Consistent with holdings reached by generations of tribunals before it,[1306] the court held that "to be liable for deceptive acts or practices under that provision, 'the gravamen of the complaint must be consumer injury or harm to the public interest.'"[1307] This meant that "[c]ourts routinely reject attempts to fashion Section 349 claims from garden variety disputes between competitors. . . . Instead, there must be specific and substantial injury to the public interest over and above ordinary trademark infringement."[1308] Because the plaintiff had

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(alterations in original) (quoting Lopez v. adidas Am., Inc., No. 19-cv-7631, 2020 WL 2539116, at *15 (S.D.N.Y. May 19, 2020)); Camelot SI, LLC v. ThreeSixty Brands Grp., 632 F. Supp. 3d 471, 480 (S.D.N.Y. 2022) ("The 'elements of an unfair competition claim under New York law are identical to the elements of an unfair competition claim under the Lanham Act, save that the plaintiff must also show bad faith by the infringing party.'" (quoting Fischer v. Forrest, 286 F. Supp. 3d 590, 617 (S.D.N.Y. 2018), *aff'd*, 968 F.3d 216 (2d Cir. 2020)); Josie Maran Cosms., LLC v. Shefa Grp., 624 F. Supp. 3d 281, 292 (E.D.N.Y. 2022) ("Courts in this circuit have consistently held that '[t]o establish a claim for common law unfair competition, the plaintiff must state a Lanham Act claim coupled with a showing of bad faith or intent.'" (alteration in original) (quoting Innovation Ventures, LLC v. Ultimate One Distrib. Corp., 176 F. Supp. 3d 137, 157 (E.D.N.Y. 2016)); 1-800 Contacts, Inc. v. JAND, Inc., 608 F. Supp. 3d 148, 160–61 (S.D.N.Y. 2022) ("The one difference in the applicable standards for the [state and federal] causes of action here is that 'a viable common law claim for unfair competition requires an additional showing of bad faith.'" (quoting Gym Door Repairs, Inc. v. Young Equip. Sales, Inc., 331 F. Supp. 3d 221, 250 (S.D.N.Y. 2018)), *appeal docketed*, No. 22-1634 (2d Cir. July 28, 2022).

[1303] *Focus Prods. Grp.*, 647 F. Supp. 3d at 224.

[1304] *See In re* Gordos Rest. Corp., 643 B.R. 1, 30 (Bankr. S.D.N.Y. 2022) ("[T]he [New York] cause of action requires a showing of bad faith or intent, but the Trustee has made such a showing based on [the defendants'] knowledge of [the] senior tradename and the Court's finding that they meant to appropriate [the infringed trade name's] goodwill by using that name.").

[1305] N.Y. Gen. Bus. L. § 349.

[1306] *See, e.g.*, Now-Casting Econ., Ltd. v. Econ. Alchemy LLC, 628 F. Supp. 3d 501, 520 (S.D.N.Y. 2022) (entering summary judgment of nonliability under Section 349 because "no evidence has been presented to suggest that [the counterclaim defendant's] purportedly prohibited conduct has caused an actionable 'public harm'" (quoting *LVL XIII Brands*, 209 F. Supp. 3d at 679).

[1307] *Gordos Rest.*, 643 B.R. at 31 (quoting Mayes v. Summit Ent. Corp., 287 F. Supp. 3d 200, 208 (E.D.N.Y. 2018)).

[1308] *Id.* at 31–32 (quoting A.V.E.L.A., Inc. v. Est. of Marilyn Monroe, LLC, No. 12 Civ. 4828 (KPF)2018 WL 1273343, at *8–9 (S.D.N.Y. Mar. 5, 2018)).

failed to adduce evidence or testimony of such an injury, its Section 349 cause of action fell short of the mark.[1309]

A different prerequisite for liability under Section 349 and its frequently invoked companion cause of action under Section 350,[1310] namely, that defendants' conduct be consumer oriented, also proved fatal to claims brought under those provisions.[1311] One counterclaim plaintiff asserting just such claims was a nonprofit organization that supported and worked with government boards of pharmacy, while the counterclaim defendant operated a website designed to educate United States consumers on the availability of drugs from foreign pharmacies approved of by the counterclaim defendant, some of which, the counterclaim plaintiff asserted, were not pharmacies at all.[1312] The counterclaim plaintiff accused the counterclaim defendant of affirmatively misleading those consumers about the safety and legality of imported drugs and of sullying the counterclaim plaintiff's reputation.

Although the first of those allegations in particular undoubtedly would have allowed the counterclaim plaintiff's causes of action to survive a motion to dismiss grounded in the usual theory that no public interest was at stake, it did not cure a separate, and fatal, problem with the counterclaims. That problem was the counterclaim plaintiff's failure to aver facts establishing that the counterclaim defendant's conduct had caused the counterclaim plaintiff an actual, direct injury:

> [The counterclaim plaintiff] has alleged only an indirect injury predicated on the alleged injury to consumers caused by [the counterclaim defendant's] deceptive practices, and thus, [the counterclaim plaintiff] is not entitled to recover under either §§ 349 or 350. . . . [The counterclaim plaintiff] alleges that it has been injured because it has been forced to take costly measures to counter [the counterclaim defendant's] misinformation regarding the legality and safety of foreign prescription drug importation and . . . to

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1309 *Id.* at 32.

For another opinion similarly disposing of a Section 349 cause of action because of the plaintiff's failure to adduce any evidence or testimony of public harm arising from alleged infringement, see *Jackpocket, Inc. v. Lottomatrix NY LLC*, 645 F. Supp. 3d 185, 280 (S.D.N.Y. 2022).

1310 N.Y. Gen. Bus. L. § 350.

1311 *See, e.g.*, Walker Wear LLC v. Off-White LLC, 624 F. Supp. 3d 424, 432 (S.D.N.Y. 2022) (granting motion to dismiss causes of action under Sections 349 and 350 because "Plaintiff's conclusory allegation that 'Defendants' . . . consumer-oriented conduct[] has adversely affected the public interest and has resulted in injury to consumers in New York' is plainly insufficient to support an inference that the gravamen of Plaintiff's claim is harm to the public, rather than harm to [Plaintiff]" (first and second alterations in original).

1312 *See* PharmacyChecker.com v. Nat'l Ass'n of Bds. of Pharmacy, 629 F. Supp. 3d 116 (S.D.N.Y. 2022).

> defend [the counterclaim plaintiff's] integrity and credibility. But each of these alleged injuries is ultimately dependent on an alleged injury to *consumers*.[1313]

The court therefore dismissed the counterclaim plaintiff's cause of action under each statute for failure to state a claim.[1314]

(J) South Carolina

Having been sued for false advertising, a participant in the market for school-related products such as yearbooks, caps and gowns, graduation announcements, and class rings, asserted a counterclaim under the South Carolina Unfair Trade Practices Act (SCUTPA)[1315] based on its opponents' distribution of allegedly false promotional materials to South Carolina-based Clemson University.[1316] Weighing a motion to dismiss filed by the counterclaim defendants, the court held that the counterclaim plaintiff's claims under the SCUTPA required three showings, which were that: (1) the counterclaim defendants had engaged in an unfair or deceptive act in the conduct of trade or commerce; (2) that act affected the public interest; and (3) the counterclaim plaintiff had suffered a resulting monetary or property loss.[1317] It added with respect to the second of these requirements that "[a]n unfair or deceptive trade practice has an impact upon the public interest if it has the potential for repetition."[1318]

The counterclaim plaintiff's averments passed muster. The counterclaim defendants did not contest the sufficiency of the counterclaim under the first factor, but they did argue the counterclaim plaintiff had failed to allege facts sufficient to satisfy the second and third ones. With respect to the second, the court credited the counterclaim plaintiff's averments that the parties' industry was a small one and that the counterclaim defendants' false representations had led the university to revoke an initial award of an exclusive contract to the counterclaim plaintiff and to give it to the counterclaim defendants instead. And, with respect to the third, the counterclaim plaintiff accused the counterclaim defendants of twice submitting their fraudulent bid to the university and also maintained that the parties regularly competed for business. The counterclaim plaintiff therefore had stated a claim under the SCUTPA.[1319]

1313 *Id.* at 133 (citation omitted).

1314 *Id.* at 134.

1315 S.C. Code Ann. §§ 39-5-10 *et seq.*

1316 *See* Am. Achievement Corp. v. Jostens, Inc., 622 F. Supp. 3d 749 (D. Minn. 2022).

1317 *Id.* at 770.

1318 *Id.* (quoting Haley Nursery Co. v. Forrest, 381 S.E.2d 906, 908 (S.C. 1989)).

1319 *Id.* at 771.

(K) Tennessee

In enacting that state's Consumer Protection Act (TCPA),[1320] the detail-oriented Tennessee General Assembly identified "more than fifty" courses of conduct potentially leading to liability under the act.[1321] One Tennessee federal district court confirmed that, despite authorizing a cause of action to "[a]ny person who suffers an ascertainable loss of money or property, real, personal, or mixed, or any other article, commodity, or thing of value wherever situated, as a result of the use or employment by another person of an unfair or deceptive act or practice,"[1322] the TCPA was available to companies as well as individual plaintiffs.[1323] Nevertheless, it dismissed the cause of action at issue for want of falsity and actionable resulting damage.[1324]

(L) Vermont

Aggrieved by a competitor's allegedly false advertising, one plaintiff sought relief under the Vermont Consumer Protection Act (VCPA),[1325] only to fall victim to a motion to dismiss for failure to state a claim.[1326] Citing authority from the Supreme Court of Vermont for the proposition that the VCPA's private cause of action was available only to consumers,[1327] the court held that "[i]f a consumer who contracts for Defendant's services reasonably believes it has been deceived or misled, the consumer may bring a claim under . . . the VCPA. Plaintiff, as a competitor, cannot bring a claim for a deceptive practice on the consumer's behalf."[1328]

f. Secondary Liability

i. Contributory Infringement

As it often does, the test for contributory infringement worked to the disadvantage of plaintiffs relying on that theory. An example of that general rule came in a case against the online marketplace Redbubble, on which artists could upload their artwork for printing on various products; at that point, Redbubble collected payment,

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1320 Tenn. Code Ann. § 47-18-104.

1321 FedEx Ground Package Sys., Inc. v. Route Consultant, Inc., 661 F. Supp. 3d 765, 785 (M.D. Tenn. 2023), *appeal docketed*, No. 23-5456 (6th Cir. May 16, 2023).

1322 Tenn. Code Ann. § 47-18-109(a).

1323 *FedEx*, 661 F. Supp. 3d at 786.

1324 *Id.*

1325 9 Vt. Stat. Ann. § 2453.

1326 *See* Picket Fence Preview, Inc. v. Zillow, Inc., 623 F. Supp. 3d 371 (D. Vt. 2022), *aff'd*, No. 22-2066-CV, 2023 WL 4852971 (2d Cir. July 31, 2023).

1327 *See* Messier v. Bushman, 197 A.3d 882, 891 (Vt. 2018).

1328 *Picket Fence Preview*, 623 F. Supp. 3d at 383.

forwarded orders to manufacturers, arranged for shipping, and handled refunds.[1329] A jury found Redbubble contributorily liable for a third party's direct infringement and counterfeiting of the plaintiff's marks, and that verdict survived a post-trial attack by Redbubble after the district court found evidence and testimony in the trial record supporting the jury's finding that Redbubble was willfully blind to the misconduct taking place on its platform.[1330]

On Redbubble's appeal from that determination, the Ninth Circuit acknowledged that "[a] party that 'intentionally induces another to infringe a trademark' or who 'continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement' is 'contributorially responsible for any harm done as a result of the deceit.'"[1331] It also held that:

> [A] party meets the "knows or has reason to know" standard if it is willfully blind to infringement. Willful blindness requires (1) "subjective[ ] belie[f] that infringement was likely occurring" and (2) "deliberate actions to avoid learning about the infringement." In other words, the defendant must have "t[aken] active steps to avoid acquiring knowledge."[1332]

With the issue thus framed, the court of appeals turned to the issue of whether Redbubble's conduct met the relevant standard. The plaintiff's argument that it did leaned heavily on the theory that Redbubble had an affirmative duty to look for infringements on its platform. The court disagreed, holding that "willful blindness for contributory trademark liability requires the defendant to have specific knowledge of infringers or instances of infringement";[1333] in particular, "willful blindness arises when a defendant was 'made aware that there was infringement on its site but . . . ignored that fact.'"[1334] The result was a vacatur and remand for the district court to reconsider whether the trial record supported the jury's verdict under the proper standard.

A different plaintiff received a similarly unfavorable reception at the hands of a New York federal district court, albeit for a

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1329 *See* Y.Y.G.M. SA v. Redbubble, Inc., 75 F.4th 995, 1000 (9th Cir. 2023), *petition for writ of certiorari filed*, No. 23-752 (U.S. Jan. 11, 2024).

1330 *See id.* at 999 ("In 2018, [the plaintiff] notified Redbubble of infringing products listed on Redbubble's website. Redbubble removed those listings and requested that [the plaintiff] notify it of additional listings it wanted removed. After finding additional infringing products, [the plaintiff] sent a second notice the next day.").

1331 *Id.* at 1000 (quoting Inwood Lab'ys v. Ives Lab'ys, 456 U.S. 844, 854 (1982)).

1332 *Id.* at 1001 (alterations in original) (first quoting Fonovisa, Inc. v. Cherry Auction, Inc., 76 F.3d 259, 265 (9th Cir. 1996); then quoting Luvdarts, LLC v. AT&T Mobility, LLC, 710 F.3d 1068, 1073 (9th Cir. 2013); and then quoting *id.*).

1333 *Id.* at 1002.

1334 *Id.* at 1003 (alteration in original) (quoting Omega SA v. 375 Canal, LLC, 984 F.3d 244, 255 (2d Cir. 2021)).

different reason.[1335] That tribunal opined that "[t]o be liable for contributory trademark infringement, a defendant must have (1) 'intentionally induced' the primary infringer to infringe, or (2) continued to supply an infringing product to an infringer with knowledge that the infringer is mislabeling the particular product supplied."[1336] Nevertheless, that test presupposed the existence of direct infringement, and, without it, the same court granted a defense motion for summary judgment on the plaintiffs' cause of action for contributory infringement.[1337]

A final reported opinion to address a claim of contributory liability originated in a suit brought by timeshare developers against a group of defendants who promised to help consumers escape contracts into which they had entered with the plaintiffs.[1338] Certain of the defendants were found liable as a matter of law for falsely advertising, sometimes in calls with those consumers, that law firms with which they were affiliated (and which were also named as defendants) would "legally" terminate the contracts based on the plaintiffs' violations of consumer protection laws; those defendants also represented that they had never lost a dispute.[1339] The plaintiffs' victory did not, however, extend to their attempt to hold the defendant law firms contributorily liable for the false advertising by the other defendants, at least on summary judgment. As to that issue, the court found a factual dispute concerning the firms' knowledge of the substance of the other defendants' advertising. The plaintiffs' motion for summary judgment argued the pervasiveness of the advertising necessarily meant that the firms were aware of it, but the court disagreed:

1335 *See* Monbo v. Nathan, 623 F. Supp. 3d 56 (E.D.N.Y. 2022), *reconsideration denied*, No. 18-CV-5930 (MKB), 2022 WL4134455 (E.D.N.Y. Sept. 11, 2022).

1336 *Id.* at 126 (quoting Kelly-Brown v. Winfrey, 717 F.3d 295, 314 (2d Cir. 2013)).

1337 *Id.* at 127.

1338 *See* Diamond Resorts U.S. Collection Dev., LLC v. Pandora Mktg., LLC, 656 F. Supp. 3d 1073 (C.D. Cal. 2023).

1339 Timeshare purchasers availing themselves of the defendants' services were advised to stop making payments on the loans they had received from the plaintiffs. Then, as the court summarized what transpired afterwards:

> The[] [defendant law] firms are paid in the neighborhood of $700 to send two letters to [the plaintiffs] on behalf of the owners. The first letter informs [the plaintiffs] that the law firm now represents the owner and admonishes [the plaintiffs] that [they] must cease and desist from having any contact with the owner. This causes [the plaintiffs] to stop sending communications, including deficiency notices and default notices, to the owners, who are then left in the dark as to what is happening with their timeshare. The second letter requests that [the plaintiffs] cancel the timeshare contract. [The plaintiffs] either ignore[] these letters or respond[] with a letter rejecting the offer.

Id. at 1097. The clients eventually went into default, and their agreements were "terminated" for that reason.

> Regardless of how widespread the dissemination of the ads was—and [the plaintiffs'] reliance on the marketing budget from 2017-19 alone is not enough to prove that in the context of this motion—there is no evidence that all or even most of the lawyers knew what was being said on the phone calls between the [other defendants] and the [timeshare] owners. It was in those calls that the owners were being told that [the other defendants] had never lost a case. It was also in those calls that the owners were told to stop paying [the plaintiffs].[1340]

Unfortunately for the defendants, however, the same factual dispute precluded a grant of their own summary judgment motion.[1341]

ii. Vicarious Liability

"Vicarious liability for trademark infringement requires a finding that 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."[1342] But, as one pair of plaintiffs learned the hard way, vicarious liability cannot exist without direct liability. Having failed to convince the court hearing their case to deny a defense motion for summary judgment with respect to their claim of direct infringement, they therefore suffered the indignity of having the court grant the motion with respect to their allegations of vicarious liability as well.[1343]

A finding of no vicarious liability as a matter of law also held in a different dispute, one in which there was at least a factual dispute as to the direct liability for infringement of some of the defendants.[1344] The defendants successfully escaping the case on summary judgment had engaged an alleged direct infringer for certain services without knowing of the businesses he operated under the allegedly infringing marks; those businesses were accused of falsely labeling dogs available for adoption as rescues rather than as coming from puppy mills. Responding to the defendants' motion, the plaintiffs invoked the doctrine of *respondeat superior* and argued that the defendants were responsible for the actions of their employee. In rejecting that argument, the court first held that "[v]icarious liability under the Lanham Act requires a

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1340 *Id.* at 1117.

1341 *Id.*

1342 Monbo v. Nathan, 623 F. Supp. 3d 56, 126–27 (E.D.N.Y. 2022) (quoting Kelly-Brown v. Winfrey, 717 F.3d 295, 314 (2d Cir. 2013)), *reconsideration denied*, No. 18-CV-5930 (MKB), 2022 WL 4134455 (E.D.N.Y. Sept. 11, 2022).

1343 *Id.* at 127.

1344 *See* PetConnect Rescue, Inc. v. Salinas, 656 F. Supp. 3d 1131 (S.D. Cal. 2023).

finding that 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."[1345] Because the summary judgment record established that the moving defendants did not have control over the alleged infringements undertaken by the employee's other companies, summary judgment of nonliability was appropriate.[1346]

g. Individual Liability

Individuals can be held liable for infringement and unfair competition, but, as the Eleventh Circuit noted, "[t]he individual liability standard [under the Lanham Act] does not ask whether the individual participated or engaged in some infringing act; instead, it asks whether [s]he actively participated as a moving force in the decision to engage in the infringing acts, or otherwise caused the infringement as a whole to occur."[1347] "Under this standard," it continued, a 'corporate officer who directs, controls, ratifies, participates in, or is the moving force behind the infringing activity' is personally liable."[1348]

The court then vacated a finding of individual liability as a matter of law in a case in which images of the plaintiffs had been used without their authorization to promote a strip club. The individual defendant at issue was the president, manager, and a salaried employee of a limited liability company that owned the club, and she was also the president and managing member of another company that managed the club. Together with her receipt of fees paid by the club to the management club, those considerations led the district court to find her, as well as the management company, liable for the club's misappropriation of the plaintiffs' images. Absent from the summary judgment record, however, was evidence or testimony the individual defendant and the management company had been directly involved in the false endorsement alleged by the plaintiffs. Instead, the court of appeals concluded, the plaintiffs had apparently assumed the three defendants were one and the same, "presumably operating on the mistaken assumption that if [the club] was liable for violating the Act, so were [the other defendants]. Unfortunately, the district court presiding over the summary judgment motion operated under this

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1345 *Id.* at 1158 (second alteration in original) (quoting Routt v. Amazon.com, Inc., 584 F. App'x 713, 716 (9th Cir. 2014)) (internal quotation marks omitted).

1346 *Id.* at 1160.

1347 Edmondson v. Velvet Lifestyles, LLC, 43 F.4th 1153, 1161 (11th Cir. 2022) (alterations in original) (quoting Chanel, Inc. v. Italian Activewear of Fla., Inc., 931 F.2d 1472, 1478 n.1 (11th Cir. 1991)).

1348 *Id.* (quoting Babbit Elecs., Inc. v. Dynascan Corp., 38 F.3d 1161, 1184 (11th Cir. 1994)).

same assumption, never distinguishing between the three defendants during its analysis of the plaintiffs' motion."[1349] Because there was thus a factual dispute over whether the individual defendant had been "a moving, conscious force" behind the unlawful conduct at issue, summary judgment in the plaintiffs' favor with respect to the individual defendant therefore had been inappropriate and merited a remand.[1350]

In contrast, a Pennsylvania federal district court rendered a split opinion when weighing the merits of a motion for summary judgment on the issue of personal liability for infringement.[1351] The counterclaim defendants filing that motion were four executives of the lead counterclaim defendant, each of whom the counterclaim plaintiff accused of personally participating in the alleged infringement of their employer. The counterclaim plaintiff's response to that motion successfully pointed out record evidence and testimony that three of the individual counterclaim defendants had been directly involved in the acts underlying the counterclaims: One, the lead counterclaim defendant's president, "'was the central figure in' [the lead counterclaim defendant], and reasonable jurors could find that she clearly 'authorized and approved the acts of' purported infringement,"[1352] while the other two were the president's husband and daughter, each of whom had interacted with the manufacturer from which the lead counterclaim defendant sourced the goods it sold under the disputed mark. Nevertheless, the counterclaim plaintiff failed to adduce any evidence or testimony that the fourth individual defendant had been involved in the lead counterclaim defendant's daily operations, and that failure led the court to enter summary judgment in his favor.[1353]

Finally, the plaintiffs in a different case scored a victory against an individual defendant, albeit only at the pleadings stage.[1354] Taken as true, the averments in the plaintiffs' complaint established that that defendant had executed an application to register one of the challenged marks at issue with the USPTO on behalf of a corporate defendant. Beyond that, the individual defendant was the owner, president, and CEO of both of the corporate defendants in the case and had knowingly directed their unlawful acts. Observing that "a corporate officer is 'personally liable for all torts which he authorizes or directs or in which he

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1349 *Id.*

1350 *Id.* at 1165 (quoting *Chanel*, 931 F.2d at 1478).

1351 *See* I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko," 614 F. Supp. 3d 114 (E.D. Pa. 2022).

1352 *Id.* at 152 (quoting Donsco, Inc. v. Casper Corp., 587 F.2d 602, 606 (3d Cir. 1978)).

1353 *Id.*

1354 *See* NBCUniversal Media, LLC v. Jay Kennette Media Grp., 653 F. Supp. 3d 732 (C.D. Cal. 2023).

participates, notwithstanding that he acted as an agent of the corporation and not on his own behalf,'" the court denied the individual defendant's motion to dismiss.[1355]

h. Joint and Several Liability

When her likeness was used outside the scope of a license, a professional model filed suit against numerous defendants, which, she alleged, were jointly and severally liable for violating her right of publicity, among other causes of action.[1356] The defendants moved the court to dismiss that aspect of the plaintiff's complaint, and the court obliged. Although the plaintiff responded to the motion by arguing the defendants were alter egos of each other, the court concluded that allegations were

> entirely conclusory and plainly fail as a matter of law. [The plaintiff] provides no factual basis to assert that any [d]efendant "exercised complete domination" over the others with respect to the transactions at issue, let alone "that such domination was used to commit a fraud or wrong against the plaintiff which resulted in the plaintiff's injuries."[1357]

"Accordingly," it held, "[the plaintiff's] alter-ego claims must be and are dismissed for failure to comply with the requirements of Rule 8."[1358]

2. Defenses

a. Legal Defenses

i. Abandonment

Section 45 of the Act provides in part that:

> A mark shall be deemed to be "abandoned" if either of the following occurs:
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> (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

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1355 *Id.* at 748-49 (quoting Transgo, Inc. v. Ajac Transmission Parts Corp., 768 F.2d 1001, 1021 (9th Cir. 1985)).

1356 *See* Ratermann v. Pierre Fabre USA, Inc., 651 F. Supp. 3d 657 (S.D.N.Y. 2023).

1357 *Id.* at 665 (quoting Key Items, Inc. v. Ultima Diamonds, Inc., No. 09-CV-3729 (HBP), 2010 WL 3291582, at *8 (S.D.N.Y. Aug. 17, 2010)).

1358 *Id.*

> 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.[1359]

In addition to these two circumstances, courts also have recognized that abandonment of trademark rights can arise from naked licensing and assignments in gross.

(A) Nonuse

A finding of abandonment as a matter of law occurred in litigation between competing providers of cellular telephone services.[1360] The summary judgment record in that case established that, although it began using the mark to which it claimed rights in 2002, the plaintiff "paused" that use in 2009.[1361] It then resumed using the mark between July 31, 2012, to April 25, 2013, which yielded 277 transactions for a total of $15,546. Following the latter date, it made no further use of the mark until applying to register it on October 2, 2014, after which it earned approximately $7,000 in sales under the mark between 2016 and 2019. Meanwhile, the defendants began using their allegedly infringing mark in June 2014, and the lead defendant successfully applied to register on August 13, 2014.[1362] Following discovery, the parties filed competing motions for summary judgment.

The court granted the defendants' motion and denied that of the plaintiff. Citing Section 45 for the proposition that three years' continuous nonuse of a mark constitutes prima facie evidence of abandonment,[1363] the court found from the summary judgment record that such prima facie evidence existed because "[the plaintiff] did not use [its] mark in commerce for over three-and-a-half years, from 2009 to July 31, 2012 . . . ."[1364] That meant that the plaintiff was required to "establish[] that it had formed an intent to resume use in the reasonably foreseeable future during the three-year statutory period."[1365] Although the plaintiff could have satisfied its burden merely by producing evidence of the required intent (as opposed to proving its existence by a preponderance of the evidence), it failed to do so. Specifically, the court rejected as rebuttal evidence:

1359 15 U.S.C. § 1127 (2018).

1360 *See* Simply Wireless, Inc. v. T-Mobile US, Inc., 638 F. Supp. 3d 644 (E.D. Va. 2022), *appeal docketed*, No. 22-2236 (4th Cir. Dec. 1, 2022).

1361 *Id.* at 650.

1362 *Id.* at 649–52.

1363 *See* 15 U.S.C. § 1127 ("Nonuse for 3 consecutive years shall be prima facie evidence of abandonment.").

1364 *Simply Wireless*, 638 F. Supp. 3d at 658.

1365 *Id.* at 659.

(1) the plaintiff's maintenance of a domain name incorporating its mark (of which the court noted that "merely renewing a domain name for a website without any functionality does not sufficiently indicate an intent to resume use of the [m]ark in the reasonably foreseeable future"); (2) negotiations between the plaintiff and a third party (which the court found lacking in detail and too late in time) that ultimately led in 2012 to limited new sales of goods bearing the mark (which occurred too late); and (3) a declaration from the plaintiff's CEO that the plaintiff always intended to resume the mark's use (which failed to get the job done because it did not reflect "a formulated intent to resume use of the Mark in the reasonably foreseeable future").[1366]

Moreover, the court continued, "[e]ven after taking into account a substantially broader view of [the plaintiff's] post-statutory presumption period activity, [the plaintiff] has failed to produce sufficient evidence of an intent to resume use formulated during the three-year statutory period."[1367] Thus, although acknowledging that evidence of an intent to resume use post-dating Section 45's three-year period could demonstrate the required intent within that period, the court found that the plaintiff's showing on the issue—which included the plaintiff's filing of the lawsuit and the mark's ultimate reintroduction—failed to create a factual dispute on the issue. Rather, "[o]ver [an] entire fourteen-year period interspersed with sporadic use, [the plaintiff] has proffered only vague and indefinite plans which are insufficient as a matter of law to establish the required intent to resume use within the reasonably foreseeable future."[1368] The plaintiff therefore had forfeited its rights as a matter of law.

A separate finding of abandonment came in a case in which a defendant registered the gosecure.com domain name in 1999 and then renewed it annually.[1369] Although the defendant originally sold cybersecurity-related goods and services on a website associated with the domain name, that site went dormant in 2011. In the meantime, the plaintiff adopted, and ultimately registered, GOSECURE as a mark for its goods and services in the cybersecurity space. When the plaintiff filed suit on the theory that the defendant had resumed uses the plaintiff deemed infringing after the plaintiff's priority date, the defendant not surprisingly responded with its own claim of priority. On the parties' cross-motions for summary judgment, the court rejected that claim as a matter of law. It did so in part because of the defendant's failure to establish its alleged common-law rights but also because the

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1366 *Id.* at 660–61.

1367 *Id.* at 661.

1368 *Id.* at 663.

1369 *See* GoSecure Inc. v. Bhandari, 637 F. Supp. 3d 368, 373 (E.D. Va. 2022).

summary judgment record established that the defendant had abandoned whatever rights it might have established.[1370]

(B) Loss of Trademark Significance

The claim that a mark owner has abandoned its rights by failing to police third-party uses is frequently advanced, but it rarely succeeds. In one action producing the usual result, a pair of defendants accused of infringing the trade dress of a whiskey bottle argued the plaintiff had tolerated numerous third-party competitors using bottles with features similar or identical to those of the plaintiff's bottle, only to have the jury reject that contention.[1371] Citing evidence and testimony in the trial record that, rather than tolerating third-party uses of similar designs, the plaintiff had a track record of enforcement actions, the court declined to grant a new trial on the issue.[1372] What's more, it also rejected the defendants' argument that it had improperly instructed the jury that abandonment must be proven through clear and convincing evidence, concluding that it had referenced the correct legal standard.[1373]

ii. Descriptive Fair Use

Unusually, there were no readily apparent reported opinions addressing defendants' claims of descriptive fair use.

iii. Nominative Fair Use

An application of the Second Circuit's rather cumbersome test for nominative fair use led to a defense victory as a matter of law at the hands of a New York federal district court.[1374] That outcome came in a case brought by the creators of a 2001 documentary about urban dirt-bike riders from Baltimore. For their part, the defendants had produced a 2013 documentary on the same subject and featuring a rider inspired by the plaintiffs' 2001 documentary. That rider was briefly shown watching the plaintiff's film, which was identified by a title card bearing its name. Asserting trademark rights in the title of their documentary, the plaintiffs accused the defendants of infringement based on the title card's appearance.

The defendants responded to that accusation by filing a motion to dismiss, which the court converted to one for summary judgment.

[1370] *Id.* at 366–67.

[1371] *See* Diageo N. Am., Inc. v. W.J. Deutsch & Sons Ltd., 626 F. Supp. 3d 635 (S.D.N.Y. 2022), *appeal withdrawn*, No. 22-2106, 2022 WL 21295717 (2d Cir. Nov. 14, 2022).

[1372] *Id.* at 648.

[1373] *Id.* at 650–51.

[1374] *See* Monbo v. Nathan, 623 F. Supp. 3d 56 (E.D.N.Y. 2022), *reconsideration denied*, No. 18-CV-5930 (MKB), 2022 WL 4134455 (E.D.N.Y. Sept. 11, 2022).

The court then proved receptive to the defendants' argument that the challenged use was a nominative fair one. It did so by considering the Second Circuit's standard likelihood-of-confusion factors, coupled with three additional ones:

> (1) whether the use of the plaintiff's mark is necessary to describe both the plaintiff's product or service and the defendant's product or service, that is, whether the product or service is not readily identifiable without use of the mark; (2) whether the defendant uses only so much of the plaintiff's mark as is necessary to identify the product or service; and (3) whether the defendant did anything that would, in conjunction with the mark, suggest sponsorship or endorsement by the plaintiff holder.[1375]

The court did not apply the relevant factors on a seriatim basis when entering judgment in the defendants' favor. Instead, it simply concluded that "[the defendants] use the [title] card to identify the film that [the rider] is watching, and they accompany that segment of the video with [the rider's] narration that he used to watch the film with [his brother]";[1376] more importantly, it continued, "[n]othing about the [defendants'] use implies that Plaintiffs . . . endorse the [defendants'] Documentary, and, considered in the context of the [defendants'] Documentary having its own title and credits in a distinct font, the use does not confuse viewers as to the origin of the [defendants'] Documentary."[1377]

Although not doing so under the rubric of the nominative fair use doctrine, a Pennsylvania federal district court reached an outcome consistent with it.[1378] The parties sold ballet shoes and, for a number of years, the plaintiff had been the exclusive distributor in the United States of GRISHKO-branded shoes manufactured in Russia by the lead defendant, which operated under the name "Otvetstvennostyou 'Grichko,'" and the principal of which was named "Nikolay Grishko" (also a defendant in the case). When the parties' amicable relationship came to an end, the plaintiff began sourcing its shoes from a Chinese manufacturer but continued to use the GRISHKO mark. It also successfully pursued a short-lived preliminary injunction against the defendants' use of the mark, at which point the lead defendant adopted the NIKOLAY mark in the United States instead. Nevertheless, the lead defendant represented to consumers that it owned the GRISHKO mark outside of the United States and encouraged those consumers in the United

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1375 *Id.* at 123 (quoting Int'l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC, 823 F.3d 153, 168 (2d Cir. 2016)).

1376 *Id.*

1377 *Id.*

1378 *See* I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko," 614 F. Supp. 3d 114 (E.D. Pa. 2022).

States to purchase NIKOLAY-branded shoes. Based on that representation and other conduct suggesting there were no differences between the parties' shoes, the plaintiff accused the defendants of infringement, only to lose on that claim as a matter of law. According to the court when entering summary judgment in the defendants' favor:

> This comparison between the new NIKOLAY product and the old GRISHKO product is proper comparative advertising. Prior to this lawsuit, all GRISHKO shoes were handmade in Russia. Now, the NIKOLAY shoes are made in Russia through the same process, while [the plaintiff's] GRISHKO shoes are made in China. In other words, NIKOLAY shoes are the same as the old GRISHKO shoes, but under a "new" mark.[1379]

"Though [the plaintiff] might prefer that [the lead defendant] not mention the GRISHKO mark at all," the court concluded, "the Lanham Act 'does not confer a right to prohibit the use of the' mark altogether, nor 'compel a competitor to resort to second-best communication.'"[1380]

Nevertheless, not all claimed invocations of nominative fair use succeeded. One falling short, at least at the pleadings stage, came in a suit brought by the owner of an online gaming platform branded with the ROBLOX mark and a licensee authorized to manufacture figurines based on avatars appearing on the platform.[1381] Those plaintiffs accused the defendants, who sold a line of dolls allegedly based on the plaintiffs' figurines, of infringement based on a laundry list of alleged misconduct, including: (1) the plaintiffs' advertisement of their dolls with a code redeemable on the lead plaintiff's platform; (2) using the hashtags #roblox and #newroblox; (3) including the ROBLEX mark and interface in social media advertisements; (4) "respond[ing] to user confusion about 'stealing the entire [R]oblox brand' or 'having exclusive [Roblox] codes/items in their physical products' by claiming that [the lead defendant] was 'working with top [R]oblox developers'"; and (5) having created actual confusion.[1382] Citing the Ninth Circuit's *New Kids on the Block* test for nominative fair use,[1383] the court concluded without

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[1379] *Id.* at 148.

[1380] *Id.* at 149 (first quoting Prestonettes, Inc. v. Coty, 264 U.S. 359, 368 (1924); and then quoting G.D. Searle & Co. v. Hudson Pharma. Corp., 715 F.2d 837, 842 n.12 (3d Cir. 1983)).

[1381] *See* Roblox Corp. v. WowWee Grp., 660 F. Supp. 3d 880 (N.D. Cal. 2023).

[1382] *Id.* at 893 (first, second, third, and fifth alterations in original).

[1383] *Id.* ("To establish nominative fair use, a defendant must prove that the plaintiff's product is 'not readily identifiable without use of the trademark,' that 'only so much of the mark or marks [is] used as is reasonably necessary to identify the [plaintiff's] product or service;' and that the defendant has done 'nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.'" (alterations in extended analysis that, standing alone, the "specific facts" alleged in the complaint did not mandate a finding of nominative fair use as a matter of law prior to discovery.[1384]

iv. Statutes of Limitations

The Lanham Act does not contain a statute of limitations, but a two-year statute of limitations under Montana law came into play in a case presenting a federal cause of action for fraudulent procurement of a federal registration under Section 38[1385] and ultimately produced the dismissal of that cause of action for failure to state a claim.[1386] Not surprisingly, the plaintiff argued in response to the defendant's motion to dismiss that the two-year period for purposes of the statute ran from the issuance of the defendant's registration, but the court disagreed. Instead of that date, it held, the plaintiff's cause of action had accrued as of the receipt by the plaintiff's predecessor of a demand letter from the defendant. That was the case in part because the plaintiff had responded to the demand letter by pursuing a successful cancellation action before the Trademark Trial and Appeal Board,[1387] instead of seeking damages from a court under Section 38. Although the plaintiff claimed the statute did not bar its cause of action under Montana law's doctrine of equitable tolling, the court held that doctrine unavailable to plaintiffs whose delay in bringing claims "not appropriate in cases in which the litigant has failed to meet a deadline as a result of 'garden variety' neglect."[1388]

The absence of a statute of limitations in the Act also did not stop a California federal district court from considering a defense argument that false advertising claims brought by a group of plaintiffs under Section 43(a) were subject to a three-year statute of limitations under the law of that state.[1389] According to the plaintiffs, the alleged false advertising at issue had led "about 750" timeshare owners holding loans issued by the plaintiffs to stop

original) (quoting New Kids on the Block v. News Am. Publ'g, Inc., 971 F.2d 302, 308 (9th Cir. 1992)).

1384 *Id.*

1385 15 U.S.C. § 1120 (2018).

1386 *See* McGowen Precision Barrels, LLC v. Proof Rsch., Inc., 637 F. Supp. 3d 1116 (D. Mont. 2022).

1387 The Board cancelled the defendant's registration based on its finding that the defendant's mark was functional, rather than because the defendant had either procured or maintained it through a fraudulent paper submitted to the USPTO. *Id.* at 1123.

1388 *Id.* at 1127 (quoting Weidow v. Uninsured Employers' Fund, 246 P.3d 704, 709 (Mont. 2010)).

1389 *See* Diamond Resorts U.S. Collection Dev., LLC v. Pandora Mktg., LLC, 656 F. Supp. 3d 1073 (C.D. Cal. 2023).

payment and to attempt to escape their timeshares.[1390] The defendants, which included law firms representing timeshare owners responding to advertising by the other defendants, argued in a summary judgment motion that the plaintiffs had known of the defendants' allegedly false advertising since "2015 or 2016," more than three years before the plaintiffs' filing of their first complaint in 2020.[1391] As summarized by the court, the plaintiffs' response attributed their delay to the defendants having "employed a complex scheme that prevented [the plaintiffs] from identifying the causes of the [timeshare] owners' default[s] [on the loans] or knowing of Defendants' involvement at the time of default";[1392] as a consequence, the plaintiffs asserted, they had not discovered the true nature of the defendants' conduct or the defendants' identities. In denying the defendants' motion, the court held that "[p]resumably, during the period from 2015 to 2020, there were many more owners who stopped paying who had not hired the [defendants]. Thus, the fact that an owner stopped making a payment on a timeshare contract is not enough to trigger an investigation into what was happening."[1393] It therefore held that the appropriate triggering date with respect to each defaulting timeshare owner was that on which one of the defendant law firms advised the plaintiffs that it represented that owner. "That letter," the court concluded, "combined with the fact that the owner was no longer paying under the contract, should have prompted [the plaintiff] to investigate and find out why. Obviously, there were different dates for different owners and the record is not sufficient to make this determination as to each owner."[1394] A blanket order entering summary judgment of nonliability as to the entirety of the plaintiffs' complaint therefore was inappropriate.

In contrast to claims brought under the Act, most state infringement and unfair competition causes of action *are* subject to time limitations.[1395] For example, having coupled its claim of trade dress infringement under Section 43(a) with one under the Tennessee Consumer Protection Act,[1396] one plaintiff found itself accused of having delayed beyond the one-year statute of limitations

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1390 *Id.* at 1105.

1391 *Id.*

1392 *Id.*

1393 *Id.*

1394 *Id.*

1395 *See, e.g.*, Geomatrix, LLC v. NSF Int'l, 82 F.4th 466, 485–86 (6th Cir. 2023) (affirming dismissal of certain claims under Michigan law based on applicable statutes of limitations); Pegasystems Inc. v. Appian Corp., 633 F. Supp. 3d 456, 474 (D. Mass. 2022) (finding, on motion for summary judgment, counterclaims for false advertising and commercial disparagement under Massachusetts law barred by counterclaim plaintiff's delay of four years and three years, respectively).

1396 Tenn. Code Ann. § 47-18-104(b).

applicable to the latter cause of action.[1397] Apparently recognizing that was indeed the case, the plaintiff failed to contest the defendants' motion for summary judgment on the issue and then declined to appeal its resulting loss to the Sixth Circuit. Not surprisingly, the appellate court affirmed.[1398]

A one-year statute of limitations also proved the downfall of a group of professional models complaining of the unauthorized use of their images on various social media platforms to promote a strip club.[1399] The plaintiffs asserted violations of their rights of publicity under New York law, only to have their claims dismissed under a one-year statute of limitations applicable to alleged violations of the right to privacy.[1400] Affirming the grant of a defense motion for summary judgment on the issue, the Second Circuit declined either to disturb that holding or to certify the question of the statute's applicability to the New York Court of Appeals. As it explained, "[t]o the extent that New York law recognizes a right of publicity, that right is 'encompassed' under the state's statutory right of privacy; it has no other source."[1401] Especially because of state court authority reaching the same conclusion,[1402] that meant the district court had properly held the plaintiffs' claim subject to the right of privacy statute of limitations.[1403]

b. Equitable Defenses

i. Unclean Hands

One court held that the "defense of unclean hands applies only with respect to the right in suit."[1404] "Thus," it continued, "in a trademark infringement case, the 'alleged unclean hands must relate to [the plaintiff's] *acquisition or use* of the . . . trademark, and does not apply to issues which are collateral to the infringement litigation.'"[1405] Under an application of this restrictive definition, the court rejected out of hand three bases of the claim of unclean hands before it, which were that the plaintiff owner of the JACKPOCKET mark had: (1) taken steps outside of the suit to block

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1397 *See* DayCab Co. v. Prairie Tech., LLC, 67 F.4th 837 (6th Cir. 2023).

1398 *Id.* at 853–54.

1399 *See* Souza v. Exotic Island Enters., 68 F.4th 99 (2d Cir. 2023).

1400 N.Y. C.P.L.R. § 215(3).

1401 *Souza*, 68 F.4th at 121.

1402 *See* Richardson v. Proctor & Gamble Co., 176 N.Y.S.3d 605, 607 (App. Div. 2022); Sirico v. F.G.G. Prods., Inc., 896 N.Y.S.2d 61, 66–67 (App. Div. 2010).

1403 *Souza*, 68 F.4th at 122–23.

1404 Jackpocket, Inc. v. Lottomatrix NY LLC, 645 F. Supp. 3d 185, 276 (S.D.N.Y. 2022) (quoting Warner Bros. v. Gay Toys, Inc., 724 F.2d 327, 334 (2d Cir. 1983)).

1405 *Id.* (second alteration in original) (quoting Gidatex, S.r.L. v. Campaniello Imps., Ltd., 82 F. Supp. 2d 126, 131 (S.D.N.Y. 1999)).

its competitors from fair competition; (2) purchased keywords similar to the defendants' JACKPOT.COM mark; and (3) operated illegally without a license.[1406] The court took more seriously two additional allegations by the defendants, namely, that the plaintiff: (1) had registered the JACKPOCKET.COM mark with the USPTO after learning of the defendants' mark; and (2) adopted a logo similar to that of the defendants.[1407] Nevertheless, those allegations also failed to establish unclean hands sufficient to bar the entirety of the plaintiff's claims, even if, as the court noted, they might come into play in the drafting of injunctive relief.[1408]

Having prevailed in a jury trial on their infringement cause of action, two plaintiffs in a different case defeated a post-trial attack on their victory grounded in the theory that what the court deemed "minor misstatements" by its witnesses rose to the level of unclean hands barring relief.[1409] Based on the trial record, the court concluded that "[f]or the most part, [the defendant's] 'evidence' of bad faith consists of minor misstatements by [the plaintiffs'] witnesses that were corrected soon after."[1410] Thus, rather than establishing disingenuous and perjurious conduct, the defendant's allegations rested "wholly on speculation and conjecture, rather than concrete evidence."[1411]

ii. Laches

As always, courts were split (albeit not in substantive fashion) on the test for the affirmative defense for laches. Some applied a two-part test by holding that "[a] party asserting laches must show: '(1) lack of diligence by the party against whom the defense is asserted, and (2) prejudice to the party asserting it.'"[1412] Others, however, broke the relevant test into three parts, requiring defendants to prove "[(1)] that [the] plaintiff had knowledge of [the]

1406 *Id.* at 277.

1407 *Id.* at 278 ("The addition of '.com' to [the plaintiff's] logo does bespeak bad faith. The evidence supports the conclusion that the addition to the logo was made so that the [the plaintiff's] logo would more closely resemble the [defendant's] logo, the use of which [the plaintiff] was seeking to enjoin.").

1408 *Id.*

1409 *See* Hermès Int'l v. Rothschild, No. 22-CV-384 (JSR), 2023 WL 4145518, at *11 (S.D.N.Y. June 23, 2023), *appeal docketed*, No. 23-1081 (2d Cir. July 24, 2023).

1410 *Id.*

1411 *Id.*

1412 *See* DayCab Co. v. Prairie Tech., LLC, 67 F.4th 837, 854 (6th Cir. 2023) (alterations in original) (quoting Nartron Corp. v. STMicroelectronics, Inc., 305 F.3d 397, 408 (6th Cir. 2002)); *accord* NBCUniversal Media, LLC v. Jay Kennette Media Grp., 653 F. Supp. 3d 732, 747 (C.D. Cal. 2023); McGowen Precision Barrels, LLC v. Proof Rsch., Inc., 637 F. Supp. 3d 1116, 1128 (D. Mont. 2022); Pegasystems Inc. v. Appian Corp., 633 F. Supp. 3d 456, 471 (D. Mass. 2022); S&P Glob. Inc. v. S&P Data LLC, 619 F. Supp. 3d 445, 469 (D. Del. 2022).

defendant's use of its marks, [(2)] that [the] plaintiff inexcusably delayed in taking action with respect thereto, and [(3)] that [the] defendant will be prejudiced by permitting [the] plaintiff inequitably to assert its rights at this time."[1413]

Whatever the precise formulation of the test applied, courts agreed that the resolution of the first inquiry—whether plaintiffs had acted to protect their claimed rights with proper diligence—properly should be informed by the statute of limitations for the corresponding state law tort. In other words, as the Sixth Circuit explained, "[a] plaintiff's delay in asserting its rights is presumptively reasonable as long as an analogous state statute of limitations has not elapsed."[1414] This led courts to adopt one year under Tennessee law,[1415] two years under Virginia law,[1416] three years under Maryland law,[1417] three years under Delaware law,[1418] four years under Massachusetts law,[1419] and six years under Pennsylvania law[1420] as benchmarks for determining whether a presumption of inexcusable delay (or a presumption of laches itself) existed; another court noted in dictum that six years was the appropriate period under New York law,[1421] and one entertaining a cause of action under Section 38 for fraudulent procurement invoked a two-year statute of limitations under Montana law on claims of fraud as the proper point of reference.[1422]

That general rule worked to the severe disadvantage of a pair of Maryland-based plaintiffs who asserted claims under the Lanham

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1413 Monbo v. Nathan, 623 F. Supp. 3d 56, 117 (E.D.N.Y. 2022) (quoting Vaas L'Hafotzas Sichos, Inc. v. Kehot Publ'n Soc'y, 697 F. App'x 63, 64 (2d Cir. 2017)), *reconsideration denied*, No. 18-CV-5930 (MKB), 2022 WL 4134455 (E.D.N.Y. Sept. 11, 2022); *accord* Jackpocket, Inc. v. Lottomatrix NY LLC, 645 F. Supp. 3d 185, 274 (S.D.N.Y. 2022).

1414 *DayCab Co.*, 67 F.4th at 854; *see also* Pegasystems Inc. v. Appian Corp., 633 F. Supp. 3d 456, 473 (D. Mass. 2022) ("The burden of proving unreasonable delay and prejudice is allocated to the party asserting laches where the complaint is filed within the limitations period, and the burden of proving their absence falls on the nonmoving party where the complaint is filed outside of the limitations period."); S&P Glob. Inc. v. S&P Data LLC, 619 F. Supp. 3d 445, 469 (D. Del. 2022) ("Delay is assessed based on the most analogous statute of limitations. If the limitations period has expired, there is a presumption of laches. A plaintiff can rebut this presumption by showing that the delay was excusable and did not prejudice the defendant." (citations omitted)).

1415 *See DayCab Co.*, 67 F.4th at 854.

1416 *See* GoSecure Inc. v. Bhandari, 637 F. Supp. 3d 368, 380 (E.D. Va. 2022).

1417 *See* Monbo v. Nathan, 623 F. Supp. 3d 56, 118 (E.D.N.Y. 2022), *reconsideration denied*, No. 18-CV-5930 (MKB), 2022 WL 4134455 (E.D.N.Y. Sept. 11, 2022).

1418 *See S&P Glob.*, 619 F. Supp. 3d at 469.

1419 *See Pegasystems*, 633 F. Supp. 3d at 473.

1420 *See* I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko," 614 F. Supp. 3d 114, 141 (E.D. Pa. 2022).

1421 *Monbo*, 623 F. Supp. 3d at 117–18.

1422 *See* McGowen Precision Barrels, LLC v. Proof Rsch., Inc., 637 F. Supp. 3d 1116, 1129 (D. Mont. 2022).

Act and Maryland law in New York federal district court.[1423] In holding those claims time-barred, the court noted the plaintiffs had sent a demand letter to the defendants on October 20, 2014, while they only filed suit over four years later on October 23, 2014. With Maryland law providing the relevant three-year benchmark, that delay shifted the burden to the plaintiffs of showing why laches should not apply. The plaintiffs not only failed to do so, but they neglected even to respond to the defendants' motion for summary judgment on the issue, which the court not surprisingly granted.[1424]

So too did a presumptively unreasonable delay of more than two years under Montana law bar a claim that a defendant had procured its federal registration by fraudulently representing its claimed mark was not functional.[1425] Attempting to escape the effect of that two-year benchmark, the plaintiff pointed out that, after a predecessor in interest had received a demand letter from the defendant, it had launched an ultimately successful challenge to the registration before the Trademark Trial and Appeal Board,[1426] a strategy that, in its estimation, precluded the defendant from asserting either a lack of notice of the plaintiff's claims or any prejudice resulting from their untimely assertion. The court disagreed, in the process holding that the laches clock had started ticking upon the receipt of the demand letter. It did so despite acknowledging that "[t]he Court is unaware of any cases where a laches analysis was applied to a claim brought under § 38 of the Lanham Act, which does not expressly provide for equitable recovery."[1427]

A Massachusetts federal district court split the proverbial baby in finding some, but not all, of the false advertising claims before it barred by laches.[1428] With respect to those falling into the former category, the counterclaim plaintiff claimed to have learned of the counterclaim defendant's alleged misconduct less than four years—the relevant period defined by the statute of limitations for corresponding state law torts—before filing its complaint, but the summary judgment record demonstrated the counterclaim plaintiff began preparing a response to the defendant's advertising more than four years before escalating the matter to litigation. Based on the counterclaim plaintiff's inability to demonstrate its delay was reasonable or that the counterclaim defendant was not prejudiced

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1423 *See Monbo*, 623 F. Supp. 3d at 118–19.

1424 *Id.* at 119.

1425 *See* McGowen Precision Barrels, LLC v. Proof Rsch., Inc., 637 F. Supp. 3d 1116 (D. Mont. 2022).

1426 The defendant's petition for cancellation successfully asserted that the plaintiff's claimed mark was functional; in light of that finding, the Board declined to assert an accompanying claim of fraudulent procurement. *Id.* at 1123.

1427 *Id.* at 1129.

1428 *See* Pegasystems Inc. v. Appian Corp., 633 F. Supp. 3d 456 (D. Mass. 2022).

because of it, the court granted the counterclaim defendant's motion for summary judgment with respect to that advertising.[1429] The situation was different where certain other advertising by the counterclaim defendant was concerned: As to it, the court found the counterclaim defendant had failed to proffer evidence or testimony of when the counterclaim plaintiff had become aware of the counterclaim defendant's alleged misrepresentations, which meant the counterclaim defendant's laches-based motion with respect to them was without merit.[1430]

In contrast, other courts rejected claims of laches in their entirety. For example, one such claim fell short after the defendant failed to establish an inexcusable delay and any prejudice arising from it.[1431] The plaintiff's original challenge to the defendant occurred in the context of a UDRP arbitration proceeding, which the defendant defeated by adducing certain uses of the challenged domain name of which the plaintiff had until that point been unaware. The plaintiff responded to its loss by filing an infringement and cybersquatting action based on its new-found knowledge of the defendant's actions within one year of the resolution of the UDRP proceeding, which the court found reasonable as a matter of law.[1432] "Moreover," the court concluded in granting the plaintiff's motion for summary judgment on the issue, "Defendant has offered no evidence that in the five years that passed between the mark's registration and the lawsuit, he was unduly prejudiced by either a loss of evidence or economic harm due to expectations surrounding use of the mark."[1433]

Another failed assertion of laches came in a challenge to the JACKPOT.COM mark for lottery courier services.[1434] The record was apparently undisputed that the plaintiff knew of the lead defendant's registration of the jackpot.com domain name as early as 2015 and that one of the plaintiff's principals had visited the defendants' landing page at that domain name in May 2017. Nevertheless, the defendants did not yet do business in the United States market, and, indeed, they publicly announced their intent to do so only in April 2021, at which point "U.S.-based consumers who visited jackpot.com saw a pop-up stating: 'Coming Soon – the NEW way to play the lottery. Sign up now to hear first when we launch in your State.'"[1435] The plaintiff sent the lead defendant a demand letter on May 23, 2022, and filed suit on July 7, 2022. On those facts,

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1429 *Id.* at 473–74.

1430 *Id.* at 474.

1431 *See* GoSecure Inc. v. Bhandari, 637 F. Supp. 3d 368 (E.D. Va. 2022).

1432 *Id.* at 378.

1433 *Id.*

1434 *See* Jackpocket, Inc. v. Lottomatrix NY LLC, 645 F. Supp. 3d 185 (S.D.N.Y. 2022).

1435 *Id.* at 275.

the court rejected the defendants' claim of laches: "Even assuming that [the plaintiff's] infringement case had sufficiently ripened in April 2021 for it to bring suit, the fifteen-month period between when the case apparently ripened and when [the plaintiff] filed this lawsuit is insufficient to find the delay in seeking to enforce its rights unreasonable."[1436]

Likewise, a Pennsylvania federal district court declined to find a presumption of inexcusable delay in a complicated case in which the counterclaim defendant, a former distributor of ballet shoes manufactured by the lead counterclaim plaintiff claimed to own a disputed mark—GRISHKO—consisting of the surname of the lead counterclaim plaintiff's principal.[1437] During the early 1990s, at a better time in the parties' relationship, the counterclaim defendant registered the mark several times with the USPTO with the assistance of that principal, who provided two signed documents, one a standard written consent to registration and the other purporting to be an acknowledgement of the counterclaim defendant's ownership of the mark. Based on the counterclaim defendant's registrations, the USPTO refused applications to register GRISHKO and NIKOLAY GRISHKO filed in 1999 by the principal of the lead counterclaim plaintiff's principal, yet the parties' manufacturer-distributor relationship survived for well over a decade longer until a falling out resulted in litigation and the eventual assertion of counterclaims by the counterclaim plaintiffs in 2018.

According to the counterclaim defendant, the counterclaim plaintiffs had inexcusably delayed bringing their claims of infringement once the USPTO's denial of the applications filed by the lead counterclaim plaintiff's principal had alerted the counterclaim plaintiffs to the counterclaim defendant's claim to own the GRISHKO mark in 1999. At least for purposes of the counterclaim defendant's motion for summary judgment, however, the court accused the counterclaim defendant of ignoring the nature of the counterclaim plaintiffs' claims. Those claims, the court held, did not rest on the counterclaim defendant's alleged infringement during the pendency of the parties' distribution agreement; instead, they originated in the counterclaim defendant's continued use of the disputed mark following the termination of that agreement and its grant of permission to the counterclaim defendant to continue using the mark in 2017. Because the counterclaim plaintiffs brought their counterclaims in 2019, well within the six-year statute for corresponding torts under Pennsylvania law, and because of testimony by the principal of the lead counterclaim plaintiff that he

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1436 *Id.*

1437 *See* I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko," 614 F. Supp. 3d 114 (E.D. Pa. 2022).

understood the counterclaim plaintiff would stop claiming to own the mark as of the distribution agreement's termination, the court denied the counterclaim defendant's bid for a determination of laches on summary judgment.[1438]

Of course, even if triggered by a delay of an appropriate length, such a presumption can be rebutted by the plaintiff. A leading strategy for doing so is to claim the defendant's unlawful conduct has progressively encroached on the plaintiff's rights. According to the Sixth Circuit:

> Progressive encroachment is relevant in assessing whether laches or acquiescence may be used to bar a plaintiff's trademark claim; it applies in cases where the defendant has engaged in some infringing use of its trademark—at least enough of an infringing use so that it may attempt to avail itself of a laches or acquiescence defense—but the plaintiff does not bring suit right away because the nature of defendant's infringement is such that the plaintiff's claim has yet to ripen into one sufficiently colorable to justify litigation.[1439]

In the case producing that restatement, the district court had found the plaintiff's claimed trade dress functional on a defense motion for summary judgment and therefore had not addressed the defendants' laches defense; with the Sixth Circuit vacating the finding of trade dress invalidity as a matter of law, the defendants asked that court to find laches on appeal. Slow to anger, the plaintiff had waited seven years after initially learning of the defendants' conduct before sending the defendants an unanswered demand letter, after which the plaintiff took another nine months to file suit. To explain this long-standing inaction, the plaintiff asserted that the defendants' initial imitations of its claimed trade dress had been "few and far between" and "did not initially make a significant impact on [the plaintiff's] sales."[1440] The defendants responded by advising the court that neither their allegedly infringing trade dress nor their advertising practices had changed over time. Although the defendants urged the court to resolve their defense as a matter of law on appeal, the court declined to do so, choosing instead to remand the matter so the district court could address the issue in the first instance. Moreover, it ominously warned the defendants that "even if the laches issue is ultimately resolved in favor of Defendants, that resolution will not fully resolve the merits of this action because laches 'bars damages that occurred before the filing

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1438 *Id.* at 142.

1439 DayCab Co. v. Prairie Tech., LLC, 67 F.4th 837, 855 (6th Cir. 2023) (quoting Kellogg Co. v. Exxon Corp., 209 F.3d 562, 572 (6th Cir. 2000)).

1440 *Id.*

date of the lawsuit' but does not prevent a plaintiff from obtaining injunctive relief or post-filing damages."[1441]

A Delaware federal district court took much the same approach.[1442] It did so in a case in which the plaintiffs learned of the defendants' offending uses in 2014 but waited until 2019 to voice their objections and initiate settlement negotiations. Based on that delay, the court held a presumption of laches appropriate but found it rebutted by an evolution in the presentation of the defendants' S&P DATA mark to deemphasize the mark's "data" component.[1443] Beyond that, the court rejected the defendants' claim of laches for want of either evidentiary or economic prejudice. With respect to the former, the defendants asserted that, but for the delay, they could have commissioned a survey showing the lack of fame of the plaintiffs' marks at the time of their own first use; they also cited possible missing documents from an opposition by the plaintiffs' predecessor to the registration of their mark in Canada and the death of their outside trademark counsel. The court rejected those claims, finding the putative missing documents relevant only to the issue of the defendants' knowledge of the plaintiffs' mark and that the deceased lawyer had not actually been involved in that matter.[1444] It was equally dismissive of the defendants' averment that they had relied on the plaintiffs' inaction in expanding their business based on record evidence and testimony that the defendants' business was not a brand-sensitive one but instead relied on "long and personalized" sales efforts.[1445] With neither an inexcusable delay nor prejudice to support it, the defendants' invocation of laches was misplaced.

A lack of cognizable prejudice also disposed of a claim of laches advanced in a motion to dismiss.[1446] Having discovered the defendants' ownership of a registration covering a mark to which they claimed rights, the plaintiffs filed both a cancellation action and an infringement suit. Based on the initiation of both proceedings three days before the fifth anniversary of the registration's issuance, the defendants claimed prejudice because the plaintiffs' challenges precluded the filing of a declaration of incontestability for the registration. That argument failed to convince the court, which denied that portion of the defendants' motion with the observation that "if Plaintiffs had filed the petition

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1441 *Id.* at 856 (quoting Nartron Corp. v. STMicroelectronics, Inc., 305 F.3d 397, 412 (6th Cir. 2002)).

1442 *See* S&P Glob. Inc. v. S&P Data LLC, 619 F. Supp. 3d 445 (D. Del. 2022).

1443 *Id.* at 471.

1444 *Id.*

1445 *Id.*

1446 *See* NBCUniversal Media, LLC v. Jay Kennette Media Grp., 653 F. Supp. 3d 732 (C.D. Cal. 2023).

earlier, it still would have precluded the mark from becoming incontestable. Thus, the only harm identified by Defendants is unrelated to any delay by Plaintiffs."[1447]

iii. Acquiescence

In finding a fifteen-month delay in challenging the defendants' alleged infringement reasonable, one court held that "[t]he elements of acquiescence are: (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 the right or claim was not excusable; and (3) the delay caused the defendant undue prejudice."[1448] It distinguished between that defense and the related one of laches with the explanation that "[t]he core difference between these 'closely related doctrines' is that 'acquiescence implies active consent, while laches implies a merely passive consent.'"[1449] At least one other court adopted a test to similar effect, observing that "[i]n contrast to laches which seeks to prevent plaintiffs from sleeping on their rights, the defense of acquiescence centers on whether a plaintiff's conduct 'amounted to an assurance to the defendant, express or implied, that the plaintiff would not assert his trademark rights against the defendant.'"[1450]

Two defense invocations of acquiescence failed for want of the required active representation that no claim would be asserted. The defendants in the first case producing that outcome were accused of misrepresenting that the dogs they made available for adoption were rescues when, in fact, at least some of the canines in question allegedly came from puppy mills.[1451] The lead plaintiff in the case also asserted that two defendants' use of the PET CONNECT RESCUE, INC. and PCRI marks infringed the lead plaintiff's PETCONNECT RESCUE WHERE ANIMALS ARE ONE STEP CLOSER TO HOME and PETCONNECT RESCUE marks for similar services. Moving for summary judgment, the defendants feebly argued that the absence from the record of either a cease-and-desist letter from the plaintiffs or a complaint by the plaintiffs about the defendants' conduct to a government agency constituted an affirmative representation the plaintiffs would not assert claims

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1447 *Id.* at 748 n.13.

1448 Jackpocket, Inc. v. Lottomatrix NY LLC, 645 F. Supp. 3d 185, 274 (S.D.N.Y. 2022) (quoting ProFitness Physical Therapy Ctr. v. Pro-Fit Orthopedic & Sports Physical Therapy P.C., 314 F.3d 62, 67 (2d Cir. 2002)).

1449 *Id.* (quoting *ProFitness Physical Therapy Ctr.*, 314 F.3d at 62).

1450 *See, e.g.*, GoSecure Inc. v. Bhandari, 637 F. Supp. 3d 368, 379 (E.D. Va. 2022) (quoting Sweetheart Plastics, Inc. v. Detroit Forming, Inc., 743 F.2d 1039, 1046 (4th Cir. 1984)).

1451 *See* PetConnect Rescue, Inc. v. Salinas, 656 F. Supp. 3d 1131 (S.D. Cal. 2023).

against them. Not surprisingly, the court denied the defendants' motion as to acquiescence.[1452]

The failure of the defendant in the second case to establish an affirmative representation was more significant because it led to the entry of summary judgment rejecting his claim of acquiescence.[1453] He had registered (and then reregistered) a domain name incorporating the plaintiff's mark, the eventual use of which in connection with goods and services related to those of the plaintiff triggered the claims against him. The gravamen of the defendant's assertion of acquiescence was that the plaintiff had unsuccessfully approached the defendant with offers to purchase the disputed domain name, which had occurred long enough prior to the onset of hostilities between the parties to trigger a presumption of inexcusable delay if the relevant state-law statute of limitations was used as a benchmark. The court declined to treat the offers as the required representation that the plaintiff would not challenge the defendant's registration of the domain name, especially because the plaintiff had filed suit within a year of learning of certain other unlawful conduct by the defendant. The plaintiff therefore was entitled to summary judgment on the issue.[1454]

3. Remedies

a. Injunctive Relief

i. Prerequisites for Injunctive Relief

In *eBay Inc. v. MercExchange, LLC*,[1455] 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.[1456]

In *eBay*'s wake, the Court subsequently held in *Winter v. Natural Resources Defense Council, Inc.*[1457] that the same factors applied in

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[1452] *Id.* at 1180.

[1453] *See* GoSecure Inc. v. Bhandari, 637 F. Supp. 3d 368 (E.D. Va. 2022).

[1454] *Id.* at 379.

[1455] 547 U.S. 388 (2006).

[1456] *Id.* at 391; *accord* Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co., 647 F. Supp. 3d 145, 269–70 (S.D.N.Y. 2022), *appeal docketed*, No. 23-1446 (Fed. Cir. Feb. 1, 2023).

[1457] 555 U.S. 7 (2008).

the preliminary injunction context.[1458] Discussions of each of these prerequisites appeared in numerous opinions.

(A) Irreparable Harm

Following the passage of the Trademark Modernization Act of 2020,[1459] Section 34(a) of the Act provides that:

> 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 subsection in the case of a motion for a preliminary injunction or temporary restraining order.[1460]

Although the Third Circuit has held that Section 34(a)'s presumption shifts only the burden of production (and not the burden of proof) to defendants,[1461] a New York federal district court rejected that conclusion.[1462] "This," the latter court explained, "is because language from the statute's legislative history and a careful consideration of the context in which the statute was enacted both strongly suggest that Congress chose to place the burden of persuasion on the proven infringer."[1463] Having held resort to the legislative history appropriate because of the court's conclusion that "presumption" as used by Section 34(a) was ambiguous,[1464] the court determined that that history established congressional disapproval of courts' abrogation of the presumption of irreparable harm following *eBay*. It explained that:

> Given that *eBay* . . . invalidated the Federal Circuit's presumption "that courts will issue permanent injunctions against patent infringement absent exceptional circumstances"—a presumption that clearly modified the burden of persuasion, not just the burden of proof—the fact that Congress expressly aimed to reverse *eBay*'s ruling in the trademark context makes it reasonably clear that Congress intended the TMA presumption to apply with respect to the

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1458 *Id.* at 20.

1459 Pub. L. 116-260, 134 Stat. 2200 (2020).

1460 15 U.S.C. § 1116(a) (Supp. III 2021).

1461 *See* Nichino Am., Inc. v. Valent U.S.A. LLC, 44 F.4th 180, 185 (3d Cir. 2022).

1462 *See* Hermès Int'l v. Rothschild, No. 22-CV-384 (JSR), 2023 WL 4145518 (S.D.N.Y. June 23, 2023), *appeal docketed*, No. 23-1081 (2d Cir. July 24, 2023).

1463 *Id.* at *8.

1464 *Id.*

> burden of persuasion, and not just the burden of production.[1465]

In any case, the court determined from the trial record that, even if the revised Section 34(a) worked only a shift in the burden of production, the defendant had failed to meet "the modest showing required to overcome that presumption," especially because of "the high likelihood [that] ongoing confusion generated by [the defendant's] continued use of the [plaintiff's] mark would strip [the plaintiff] of the ability to leverage the 'goodwill and reputation' of its marks to launch its own profitable . . . project [in competition with that of the defendant]."[1466]

Whatever Section 35(a)'s burden-shifting effect might be, some courts entered injunctive relief by applying the presumption of irreparable harm without extended analysis.[1467] And at least some others relied on pre-TMA case law to similar effect by holding that irreparable harm exists where "there is any likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused."[1468]

Of course, with or without the presumption's benefit, it is possible for a prevailing plaintiff to establish irreparable harm as a factual proposition. For example, having declined to overturn a jury's finding of likely dilution of the plaintiff's distinctive whiskey bottle, one court held as threshold matter that "[u]pon a finding of trademark dilution, a plaintiff seeking a permanent injunction 'shall be entitled to a rebuttable presumption of irreparable harm.'"[1469] The defendants attempted to rebut the presumption by arguing the plaintiff had failed to prove their conduct had eroded the good will of the plaintiff's bottle, but the court found that "[a]mple evidence showed a loss of goodwill and the whittling away of the distinctiveness of [the plaintiff's] packaging to the detriment of its reputation and its ability to signify to the public that it is a

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1465 *Id.*

1466 *Id.*

1467 *See, e.g.*, Blumenthal Distrib., Inc. v. Comoch Inc., 652 F. Supp. 3d 1117, 1135 (C.D. Cal. 2023) ("In this case, the court finds Plaintiff has appropriately demonstrated that it will suffer irreparable injury because per [Section 34(a)], '[a] plaintiff seeking any such injunction shall be entitled to a rebuttable presumption of irreparable harm upon a finding of a violation identified in this subsection 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 subsection.'" (quoting 15 U.S.C. § 1114(a) (2018)).

1468 Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co., 647 F. Supp. 3d 145 (S.D.N.Y. 2022) (quoting Lobo Enters. v. Tunnel Inc., 822 F.2d 331, 333 (2d Cir. 1987)), *appeal docketed*, No. 23-1446 (Fed. Cir. Feb. 1, 2023); *see also* GoSecure Inc. v. Bhandari, 637 F. Supp. 3d 368, 379 (E.D. Va. 2022) ("Courts generally presume the existence of irreparable harm after there is a finding that a defendant's conduct has caused a likelihood of confusion.").

1469 Diageo N. Am., Inc. v. W.J. Deutsch & Sons Ltd., 626 F. Supp. 3d 635, 653 (S.D.N.Y. 2022), *appeal withdrawn*, No. 22-2106, 2022 WL 21295717 (2d Cir. Nov. 14, 2022).

unique product . . . ."[1470] That evidence included the defendants' apparent intent to copy the plaintiff's bottle after years of using a distinguishable design, comments by focus-group participants associating the parties' designs, survey evidence of actual confusion, and a decline in the sales growth of the plaintiff's whiskey.[1471]

Other courts took similar approaches. They included a Texas federal district court, which cited the revised Section 34(a) approvingly to hold that "[t]he Lanham Act states that irreparable injury is presumed in cases of trademark infringement whenever there is a likelihood of confusion,"[1472] while also finding that "[e]ven without the presumption of the Lanham Act, '[a] plaintiff's lack of control over the quality of the defendant's goods or services constitutes an immediate and irreparable injury, regardless of the actual quality of those goods or services.'"[1473] They also included a different court that, having found a group of defaulting defendants liable for counterfeiting as a matter of law, applied the presumption in the plaintiff's favor but then noted that "[r]egardless, courts have issued permanent injunctions in cases such as this, where intellectual property rights holders have shown a potential loss of goodwill and control over their trademarks";[1474] that potential was exacerbated by an "inference" that, because of their defaults, the defendants could not be counted on to discontinue their misconduct.[1475]

The issue of discontinuance also played a role in other disputes. For example, having been found liable for false advertising following a jury trial, one defendant escaped a permanent injunction by arguing that an ordered disgorgement of profits and the discontinuation of some of its challenged misconduct precluded the plaintiff from establishing the required irreparable harm.[1476] On the plaintiff's appeal, the Tenth Circuit identified multiple flaws in the

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1470 *Id.* at 654.

1471 *Id.*

1472 Totalcare Healthcare Servs., LLC v. TotalMD, LLC, 643 F. Supp. 3d 636, 649 (N.D. Tex. 2022), *reconsideration denied sub nom.* Totalcare Healthcare Servs., LLC v. Total MD, LLC, No. 4:22-CV-00789-P, 2022 WL 19976459 (N.D. Tex. Dec. 9, 2022).

1473 *Id.* (second alteration in original) (emphasis added) (quoting Quantum Fitness Corp. v. Quantum Lifestyle Ctrs., 83 F. Supp. 2d 810, 831 (S.D. Tex. 1999)).

1474 Kelly Toys Holdings, LLC v. alialialiLL Store, 606 F. Supp. 3d 32, 52 (S.D.N.Y. 2022).

1475 *Id.* at 53. That was true even though the platforms used by the defendants had frozen the defendants' accounts in compliance with a temporary restraining order earlier in the case:

> [T]he threat of continued violations may be somewhat diminished to the extent that [the platforms] have frozen the identified user accounts and merchant storefronts owned by Defaulting Defendants in compliance with the TRO and PI Order. But if such restraints are lifted, there remains a serious possibility that Defendants will continue to infringe Plaintiff's intellectual property rights.

Id. at 53.

1476 *See* Vitamins Online, Inc. v. Heartwise, Inc., 71 F.4th 1222 (10th Cir. 2023).

district court's rationale, one of which was that the defendant's representations of discontinuance did not cover all of the defendant's false statements. Another was that "the only evidence in the record indicating that [the defendant] has stopped [its misconduct] is the testimony of its founder, who the district court concluded was 'not a credible witness,' 'not reliable,' and had previously made misrepresentations about [the misconduct]."[1477] Finally, the appellate court observed, "[e]ven if [the defendant] had voluntarily stopped manipulating reviews, voluntary cessation does not normally moot a request for injunctive relief. The voluntary cessation exception to mootness applies only if the defendant can meet a "formidable burden" to show that the "allegedly wrongful behavior could not reasonably be expected to recur."[1478] It therefore remanded the matter to the district court to reconsider the issue of the plaintiff's entitlement to permanent injunctive relief.[1479]

In contrast, a Massachusetts federal court went in the opposite direction in declining to enter a permanent injunction.[1480] In a case in which the plaintiff asserted claims of false advertising based on the contents of a report commissioned from a third party by the defendant, the summary judgment record established the defendant ceased disseminating the report upon the filing of the plaintiff's complaint. Crediting sworn testimony by the defendant's chief marketing officer that the discontinuance was permanent, the court found the plaintiff's request for injunctive relief moot as matter of law. It therefore granted the defendant's motion for summary judgment on the issue.[1481]

Other attempts to demonstrate irreparable harm as factual matters failed for different reasons—especially in cases in which plaintiffs unable to demonstrate liability in the first place leaned too heavily on Section 34(a)'s presumption.[1482] Thus, for example, after reversing entry of a preliminary injunction for want of likely confusion,[1483] the Eighth Circuit took aim at the plaintiff's showing of irreparable harm, determining that:

> The harm [the plaintiff] identifies stems from consumer confusion that purportedly risks damaging its brand. Given

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1477 *Id.* at 1246.

1478 *Id.* (quoting Prison Legal News v. Fed. Bureau of Prisons, 944 F.3d 868, 881 (10th Cir. 2019)).

1479 *Id.* at 1247.

1480 *See* Pegasystems Inc. v. Appian Corp., 633 F. Supp. 3d 456 (D. Mass. 2022).

1481 *Id.* at 472.

1482 *See* H&R Block, Inc. v. Block, Inc., 58 F.4th 939, 951 (8th Cir. 2023) ("Without showing a likelihood of confusion, [the plaintiff] is not entitled to a rebuttable presumption of irreparable harm."), *rehearing denied*, No. 22-2075, 2023 WL 2524058 (8th Cir. Mar. 15, 2023).

1483 *See id.* at 946–51.

> the paucity of evidence concerning consumer confusion, [the plaintiff's] worry about potential negative publicity and loss of intangible assets, such as reputation and goodwill, is speculative and inadequate to demonstrate "a clear and present need for equitable relief."[1484]

Other opinions addressed the extent to which a plaintiff's delay in acting can sink its claim of irreparable harm, and, in cases in which it was applied, rebut Section 34(a)'s presumption. One originated in an appeal to the Ninth Circuit of a district court's post-trial determination that a one-year pre-litigation delay disposed of the presumption and required the plaintiff to demonstrate irreparable harm as a factual matter (which the plaintiff failed to do).[1485] Although holding the district court had not erred by considering the plaintiff's delay, the court of appeals nevertheless classified delay as only a single factor in the irreparable-harm inquiry; moreover, it suggested, that factor should receive less weight where requests for permanent injunctions were concerned than in the preliminary injunction context.[1486] Additionally faulting the district court for failing to explain how the plaintiff's pre-filing delay established an absence of harm on a going-forward basis, it vacated the order denying permanent injunctive relief and remanded the matter for reconsideration.[1487]

In contrast, some courts accepted defense claims of inexcusable delay while denying preliminary injunction motions.[1488] In one case producing such a result, the plaintiff filed its complaint in October 2021—nearly two years after the issuance of a registration covering the defendant's allegedly infringing mark, approximately eighteen months after the USPTO refused to register the plaintiff's mark based on the defendant's prior-registered mark, and two months after the defendant launched an app that the plaintiff apparently believed exacerbated the likelihood of confusion between the parties' marks.[1489] The plaintiff finally sought preliminary injunctive relief

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1484 *Id.* at 951–52 (quoting Padda v. Becerra, 37 F.4th 1376, 1384 (8th Cir. 2022)).

1485 *See* Y.Y.G.M. SA v. Redbubble, Inc., 75 F.4th 995 (9th Cir. 2023), *petition for writ of certiorari filed*, No. 23-752 (U.S. Jan. 11, 2024).

1486 *Id.* at 1006 ("The district court did not explain how a delay has equal bearing in the permanent injunction context (where the injunction protects established rights that a jury found were violated) rather than the preliminary injunction context (where the injunction preserves the status quo pending litigation).").

1487 *Id.* at 1007.

1488 *See, e.g.*, MC3 Invs. LLC v. Loc. Brand, Inc., 661 F. Supp. 3d 1145, 1167 (N.D. Fla. 2023) ("[The counterclaim plaintiff] filed the present [preliminary injunction] motion *more than three months* after [the counterclaim defendant] initiated this action and almost two weeks after filing its amended answer and counterclaims. [The counterclaim plaintiff] may have had good reasons to proceed deliberately. But, as discussed above, a belated motion for a preliminary injunction 'militates against a finding of irreparable harm.'" (quoting Wreal, LLC v. Amazon.com, Inc., 840 F.3d 1244, 1248 (11th Cir. 2016)).

1489 *See* BeatStars, Inc. v. Space Ape Ltd., 624 F. Supp. 3d 681 (W.D. Tex. 2022).

nine months after filing suit and nearly a year after the introduction of the defendant's app.

The court acknowledged the delay was "not unexplained," citing the death of the plaintiff's attorney shortly after the filing of the complaint and the parties' settlement discussions.[1490] Nevertheless, the plaintiff's foot-dragging barred the requested relief because it rebutted any presumption of irreparable harm to which the plaintiff might have been entitled under Section 34(a). "Assuming without deciding that [the plaintiff] could establish a likelihood of success on the merits," the court concluded, "its own actions rebut the presumption of irreparable harm and militate against any need for immediate relief through the 'extraordinary and drastic remedy' of a preliminary injunction."[1491]

(B) Inadequacy of Legal Remedies

The inquiry into the adequacy or inadequacy of legal remedies typically is resolved in prevailing plaintiffs' favor,[1492] but several opinions considered in depth whether the availability of legal remedies could make prevailing plaintiffs whole, thereby mooting their requests for injunctive relief; equally unusually, those opinions turned almost exclusively on the issue of defendants' actual or potential discontinuance of their unlawful conduct.[1493] For example, one defendant's continued promotion and sale of his goods under an infringing mark following a jury verdict of liability helped lead to the entry of a permanent injunction against him.[1494] "[T]he undisputed evidence that [the defendant] has continued to promote sales of the [goods] on social media platforms and to execute sales on a cryptocurrency platform," the court noted, "is dispositive of this

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1490 *Id.* at 688.

1491 *Id.* at 687 (quoting Munaf v. Geren, 553 U.S. 674, 689 (2008)).

1492 *See, e.g.*, Blumenthal Distrib., Inc. v. Comoch Inc., 652 F. Supp. 3d 1117, 1135 (C.D. Cal. 2023) ("Plaintiff has also appropriately demonstrated that legal remedies would be inadequate because . . . '[i]njunctive relief is the remedy of choice for trademark and unfair competition cases, since there is no adequate remedy at law for the injury caused by a defendant's continuing infringement.'" (second alteration in original) (quoting Century 21 Real Est. Corp. v. Sandlin, 846 F.2d 1175, 1180 (9th Cir. 1988)).

1493 *See, e.g.*, GoSecure Inc. v. Bhandari, 637 F. Supp. 3d 368, 380 (E.D. Va. 2022) ("The remedies available at law, such as monetary relief, are inadequate here as it would not ensure that Plaintiff is protected from future infringing uses of its mark."); Diageo N. Am., Inc. v. W.J. Deutsch & Sons Ltd., 626 F. Supp. 3d 635, 654–55 (S.D.N.Y. 2022) ("Where, as here, there is an absence of willful dilution, the sole remedy to a finding of dilution is an injunction prohibiting the use of the diluting [trade dress]. Further, a plaintiff has no adequate remedy at law if, absent an injunction, the defendant is likely to continue diluting its trade dress rights." (citations omitted)), *appeal withdrawn*, No. 22-2106, 2022 WL 21295717 (2d Cir. Nov. 14, 2022).

1494 *See* Hermès Int'l v. Rothschild, No. 22-CV-384 (JSR), 2023 WL 4145518 (S.D.N.Y. June 23, 2023), *appeal docketed*, No. 23-1081 (2d Cir. July 24, 2023).

eBay element."[1495] Thus, "[m]onetary relief, [the plaintiffs have] shown, would not fully compensate [the plaintiffs] for the ongoing harms [they have] suffered by [the defendant's] continued use of [their] trademarks."[1496]

A similar opinion arose from a counterfeiting action in which the defendants failed to appear.[1497] In entering a default judgment that continued an asset freeze ordered earlier in the case, the court found that "[a] showing that there is no adequate remedy at law 'is satisfied where the record contains no assurance against defendant's continued violation' of a plaintiff's rights. Indeed, in intellectual property actions, permanent injunctions are typically granted when there is 'a threat of continuing violations.'"[1498] "To be sure," the court continued, "the threat of continued violations may be somewhat diminished to the extent that [online platforms used by Defaulting Defendants] have frozen the identified user accounts and merchant storefronts owned by Defaulting Defendants in compliance with the TRO and PI Order."[1499] Nevertheless, "if such restraints are lifted, there remains a serious possibility that Defendants will continue to infringe Plaintiff's intellectual property rights."[1500]

So too did another such holding arise from a case in which the defendants contested the issue by pointing to their discontinuance of the conduct leading them to be found liable for trademark and trade dress infringement.[1501] Unimpressed, the court noted that the discontinuance had taken place nearly three years into the litigation, with the defendants continuing to challenge the validity of the plaintiffs' marks and trade dress. It therefore found the legal remedies available to the plaintiffs inadequate with the observation that:

> A court is entitled to consider a defendant's cessation of infringing conduct skeptically where it "has already infringed, continues to contest the lawfulness of its actions, and ceased its infringing conduct only after the initiation of this lawsuit. If not enjoined, [the defendant] would have little

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1495 *Id.* at *9.

1496 *Id.*

1497 *See* Kelly Toys Holdings, LLC v. alialialiLL Store, 606 F. Supp. 3d 32 (S.D.N.Y. 2022).

1498 *Id.* at 52 (S.D.N.Y. June 9, 2022) (first quoting Montblanc-Simplo GMBH v. Colibri Corp., 692 F. Supp. 2d 245, 259 (E.D.N.Y. 2010); then quoting Tiffany (NJ) LLC v. Dong, No. 11-CV-2183, 2013 WL 4046380, at *7 (S.D.N.Y. Aug. 9, 2013)).

1499 *Id.* at 53.

1500 *Id.*

1501 Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co., 647 F. Supp. 3d 145 (S.D.N.Y. 2022), *appeal docketed*, No. 23-1446 (Fed. Cir. Feb. 1, 2023).

> incentive not to employ [plaintiff's] trademarks in advertising its product in the future."[1502]

(C) Balance of the Hardships

As usual, courts reaching findings of liability also found that the balance of the parties' hardships favored prevailing plaintiffs.[1503] For example, having found confusion likely in litigation between two Texas-based healthcare providers, one court was not entirely sympathetic to the defendant's representations that a preliminary injunction would cause it to incur rebranding expenses in the Dallas–Fort Worth area and additionally would result in confusion among its customers.[1504] The court acknowledged those were "important considerations," but held they were not the only ones. It concluded instead that:

> Plaintiff's burden of losing control of its mark, the potential loss of customers, and the potential harm to its reputation and goodwill are far greater than the cost [to defendants] of changing the branding of a few locations . . . . This is the reason the United States of America—through its enactment in the legislature—values and enforces trademark law.[1505]

So too did the claimed inconvenience and cost associated with rebranding by defendants found liable for likely dilution of their opponent's whiskey-bottle trade dress fail to head off a permanent injunction in a different case.[1506] The court signaled its impatience with the defendants' arguments on the issue by noting that "a dilutor cannot complain about the loss of its ability to sell a diluting product."[1507] Then, turning to the specifics of the defendants' showing, it pointed out the lead defendant had available "alternative packaging designs" into which it could rebottle its

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[1502] *Id.* at 270 (alteration in original) (quoting Mattel, Inc. v. Robarb's, Inc., No. 00 Civ. 4866 (RWS), 2001 WL 913894, at *3 (S.D.N.Y. Aug. 14, 2001)).

[1503] *See, e.g.*, Blumenthal Distrib., Inc. v. Comoch Inc., 652 F. Supp. 3d 1117, 1135 (C.D. Cal. 2023) ("The balance of hardships weighs in favor of Plaintiff because Plaintiff 'will lose profits and goodwill without an injunction, while an injunction will only proscribe [Defendants'] infringing activities.'" (alteration in original) (quoting Luxottica Grp., S.p.A. v. Eye Story, Inc., 2020 WL 2404913, at *6 (C.D. Cal. May 11, 2020)); GoSecure Inc. v. Bhandari, 637 F. Supp. 3d 368, 380 (E.D. Va. 2022) ("The balance of equities fall[s] in favor of Plaintiff because Defendant has not demonstrated a legitimate interest in continued use of the mark.").

[1504] *See* Totalcare Healthcare Servs., LLC v. TotalMD, LLC, 643 F. Supp. 3d 636 (N.D. Tex. 2022), *reconsideration denied sub nom.* Totalcare Healthcare Servs., LLC v. Total MD, LLC, No. 4:22-CV-00789-P, 2022 WL 19976459 (N.D. Tex. Dec. 9, 2022).

[1505] *Id.* at 650.

[1506] *See* Diageo N. Am., Inc. v. W.J. Deutsch & Sons Ltd., 626 F. Supp. 3d 635 (S.D.N.Y. 2022), *appeal withdrawn*, No. 22-2106, 2022 WL 21295717 (2d Cir. Nov. 14, 2022).

[1507] *Id.* at 655.

inventory.[1508] Finally, the court found from the trial record that "[c]hanging the diluting . . . packaging will not disproportionately harm [the lead defendant's] business, since approximately 97% of [the lead defendant's] total sales are from non-infringing [sic] products."[1509] And so the court granted the plaintiff's request for permanent injunctive relief.

A final noteworthy opinion also found that a balancing of the parties' respective harms favored permanent injunctive relief.[1510] A jury in that case rejected the defendant's argument that his infringing uses—nonfungible tokens imitating the plaintiffs' goods and sold under a mark confusingly similar to that of the plaintiffs—constituted protected free speech. The defendant's claim of harm rested on the twin theories that an injunction against further distribution of the NFTs would eviscerate his and his purchasers' First Amendment right to promote and sell them in ways that did not explicitly mislead downstream purchasers about their source and that a court-ordered transfer of all the infringing NFTs to the plaintiffs would harm bona fide purchasers not parties to the case. The court rejected the first of these based on the jury's finding that the defendant had intended to mislead potential purchasers into believing that the plaintiffs were associated with his project.[1511] It then disposed of the second theory because the plaintiffs sought a transfer of only the defendant's current inventory to them.[1512] The defendant therefore failed to establish injury outweighing the irreparable harm that the plaintiffs would suffer without the requested injunction.

(D) Public Interest

As always, the requirement that injunctive relief serve the public interest did not pose a serious obstacle to otherwise prevailing plaintiffs. For example, one court considering (and ultimately granting) a preliminary injunction motion in a dispute between healthcare providers noted as an initial matter that "[t]he public interest is served whenever state and federal laws are enforced."[1513] There was more, however, because "[b]eyond enforcing

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1508 *Id.*

1509 *Id.*

1510 *See* Hermès Int'l v. Rothschild, No. 22-CV-384 (JSR), 2023 WL 4145518 (S.D.N.Y. June 23, 2023), *appeal docketed,* No. 23-1081 (2d Cir. July 24, 2023).

1511 *Id.* at *10.

1512 *Id.*

1513 Totalcare Healthcare Servs., LLC v. TotalMD, LLC, 643 F. Supp. 3d 636, 650 (N.D. Tex. 2022) (quoting Blue Bell Creameries, L.P. v. Denali Co., No. CIV.A. H-08-0981, 2008 WL 2965655, at *7 (S.D. Tex. July 31, 2008)), *reconsideration denied sub nom.* Totalcare Healthcare Servs., LLC v. Total MD, LLC, No. 4:22-CV-00789-P, 2022 WL 19976459 (N.D. Tex. Dec. 9, 2022).

the law, the public interest is directly considered in the purposes behind this country's trademark laws, which are '(1) to protect consumers against confusion and monopoly, and (2) to protect the investment of [businesses] in their trade names.'"[1514] Applying those principles, the court found that the public interest favored the relief sought by the plaintiff:

> Plaintiff's situation falls into these two interest categories. *First*, the public has an interest in preventing confusion to consumers—especially in an industry as sensitive and important as healthcare. *Second*, the public has a strong interest in promoting fair competition in the marketplace, where individuals are certain that their investments into the goodwill of their business are not stolen—whether maliciously or accidentally—by others.[1515]

Other courts reached findings to similar effect in cases asserting both likely confusion and likely dilution.[1516] For example, one found after a bench trial that "[t]he public has an interest in not being deceived and 'in being assured that the mark it associates with a product is not attached to goods of unknown origin and quality.'"[1517] Having declined to disturb a jury finding that the sale of certain nonfungible tokens based on the plaintiffs' goods was explicitly misleading and therefore not protected speech under the First Amendment, another court concluded that "[t]he public has an interest—one that is embodied in the Lanham Act—'in not being confused' about the origin of an artwork, as much as it does with respect to a consumer product."[1518] Finally, one noted the "public

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1514 *Id.* (second alteration in original) (quoting Union Nat'l Bank of Tex. v. Union Nat'l Bank of Tex., 909 F.2d 839, 843 (5th Cir. 1990)).

1515 *Id.*

1516 *See, e.g.*, Blumenthal Distrib., Inc. v. Comoch Inc., 652 F. Supp. 3d 1117, 1135 (C.D. Cal. 2023) ("The court . . . finds that an injunction would be in the public interest because '[w]here defendant's concurrent use of plaintiff's trademark without authorization is likely to cause confusion, the public interest is damaged by the defendant's use.'" (second alteration in original) (quoting AT & T Corp. v. Vision One SecuritySystems, 1995 WL 476251, at *7 (S.D. Cal. July 27, 1995)); GoSecure Inc. v. Bhandari, 637 F. Supp. 3d 368, 380 (E.D. Va. 2022) ("[T]he existence of a likelihood of confusion among current consumers of Plaintiff's goods means that a permanent injunction would serve the public interest by preventing future consumers from being misled."); Diageo N. Am., Inc. v. W.J. Deutsch & Sons Ltd., 626 F. Supp. 3d 635, 655 (S.D.N.Y. 2022) ("Granting injunctive relief does not disserve the public interest. Consumers have an interest in being assured that the mark it associates with a product is not attached or associated with other goods. Indeed, that public interest in the prevention of dilution is shown by the passage of both federal and state legislation providing for injunctive relief for that purpose."), *appeal withdrawn*, No. 22-2106, 2022 WL 21295717 (2d Cir. Nov. 14, 2022).

1517 Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co., 647 F. Supp. 3d 145, 270 (S.D.N.Y. 2022) (quoting N.Y.C. Triathlon, LLC v. NYC Triathlon Club, Inc., 704 F. Supp. 2d 305, 344 (S.D.N.Y. 2010)), *appeal docketed*, No. 23-1446 (Fed. Cir. Feb. 1, 2023).

1518 Hermès Intl v. Rothschild, No. 22-CV-384 (JSR), 2023 WL 4145518, at *11 (S.D.N.Y. June 23, 2023) (quoting N.Y.C. Triathlon, LLC v. v. NYC Triathlon Club, Inc., 704 F.

interest in favor of a TRO" when entering that relief in a counterfeiting case.[1519]

ii. Terms of Injunctive Relief

Although the usual injunction bars the continued use of an offending mark or some other form of unfair competition,[1520] trial courts have wide discretion in fashioning the equitable remedy of injunctive relief. Thus, for example, the Second Circuit held a New York federal district court had not abused its discretion in ordering a defendant to hold in escrow all revenues received from sales found to infringe the plaintiffs' rights.[1521] In his appeal from that decision, the defendant argued the district court properly should have required it only to escrow its net profits, instead of its gross revenues, but it advanced that argument unsuccessfully. According to the Second Circuit:

> In assessing profits, the plaintiff is required to prove the defendant's sales only; the defendant must prove all elements of cost or deduction claimed. And, this Court has held that "district courts have the authority to issue a prejudgment asset restraint injunction in favor of plaintiffs seeking an accounting against allegedly infringing defendants in Lanham Act cases."[1522]

So too did a Fourth Circuit opinion decline to criticize a preliminary injunction entered by a North Carolina federal district court.[1523] The case in which that occurred was brought by a domestic software producer against a Dutch company that had once been an authorized distributor of the plaintiff's goods to customers in Europe and Africa; during the pendency of the distribution agreement, the defendant also registered several domain names incorporating the plaintiff's mark. As the parties' once-amicable relationship came to an end, the defendant began marketing software under the plaintiff's mark to United States customers through websites featuring the same mark and accessible at the domain names. The resulting preliminary injunction—entered during the pendency of a parallel suit brought by the defendant against the plaintiff in a Dutch court—restricted the defendant's uses of the plaintiff's mark

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Supp. 2d 305, 326–27 (S.D.N.Y. 2010)), *appeal docketed*, No. 23-1081 (2d Cir. July 24, 2023).

1519 Merch Traffic, LLC v. Does, 620 F. Supp. 3d 644, 647 (W.D. Ky. 2022).

1520 *See, e.g.*, Diageo N. Am., Inc. v. W.J. Deutsch & Sons Ltd., 626 F. Supp. 3d 635, 656 (S.D.N.Y. 2022), *appeal withdrawn*, No. 22-2106, 2022 WL 21295717 (2d Cir. Nov. 14, 2022).

1521 *See* Vans, Inc. v. MSCHF Prod. Studio, Inc., 88 F.4th 125 (per curiam).

1522 *Id.* at 142–43 (quoting Gucci Am., Inc. v. Weixing Li, 768 F.3d 122, 132 (2d Cir. 2014)).

1523 *See* dmarcian, Inc. v. dmarcian Eur. BV, 60 F.4th 119 (4th Cir. 2023).

to the European and African markets the defendant served under the distribution agreement and required the defendant to use disclaimers in conjunction with those uses. Noting that "the district court fashioned a narrow injunction . . . ," the court held that remedy within the district court's discretion.[1524]

In a disposition not producing an opinion on appeal—at least not yet—a New York federal district court gave the prevailing plaintiffs in a jury trial much, but not all, of the relief they sought.[1525] Not surprisingly, the court barred the defendant from continuing to use the plaintiffs' mark in the promotion and sale of nonfungible tokens ("NFTs") sold by the defendant, in the process rejecting the defendant's claim that a disclaimer would render confusion unlikely on a going-forward basis;[1526] the court did not, however, go so far as to order a transfer of the NFTs remaining in the defendant's inventory to the plaintiffs.[1527] Then, because the jury also had found the defendant liable for cybersquatting based on his use of a domain name incorporating the plaintiffs' mark, the court also required the defendant to transfer the offending domain name and "related materials" to the plaintiffs.[1528]

iii. Security

Federal Rule of Civil Procedure 65(c) provides that, except in cases prosecuted by the federal government, a district court "may issue a preliminary injunction or a temporary restraining order only if the movant gives security 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."[1529] That requirement led a defendant on the wrong end of a preliminary injunction to argue in an appeal to the Second Circuit that the district court had committed reversible error by not requiring its opponents to post a bond pending a final resolution on the merits of the plaintiff's claims.[1530] The flaw in that argument, the court of appeals held, was that "where the party opposing an injunction does not request security, the district court does not err in failing to order

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1524 *Id.* at 145.

1525 *See* Hermès Int'l v. Rothschild, No. 22-CV-384 (JSR), 2023 WL 4145518 (S.D.N.Y. June 23, 2023), *appeal docketed*, No. 23-1081 (2d Cir. July 24, 2023).

1526 *Id.* at *10, *12.

1527 *Id.* at *12.

1528 *Id.*

1529 Fed. R. Civ. P. 65(c).

For an example of an opinion requiring the posting of security under Rule 65(c), albeit without extended discussion, see *Merch Traffic, LLC v. Does*, 620 F. Supp. 3d 644, 647 (W.D. Ky. 2022) (noting plaintiff's prior posting of $5,000 bond to support ex parte seizure of goods bearing counterfeit imitations of plaintiff's marks).

1530 *See* Vans, Inc. v. MSCHF Prod. Studio, Inc., 88 F.4th 125 (per curiam).

it."[1531] Because the defendant had not made such a request, it was not in a position to complain.

iv. Contempt

In affirming a finding of contempt, the Fourth Circuit held that:

> To establish civil contempt, the moving party must show by clear and convincing evidence "(1) the existence of a valid decree of which the alleged contemnor had actual or constructive knowledge; (2) that the decree was in the movant's favor; (3) that the alleged contemnor by its conduct violated the terms of the decree, and had knowledge (at least constructive knowledge) of such violations; and (4) that the movant suffered harm as a result."[1532]

The occasion of this restatement of the law was an appeal from a finding of contempt in a suit brought by a North Carolina–based software company against a Dutch company that, in better times, had distributed the plaintiff's software. Among the other terms of a preliminary injunction entered by the district court was a prohibition on any uses of the plaintiff's DMARCIAN mark without an appropriate disclaimer. Rather improbably, the defendant concluded its use of the dmarcian.nl, dmarcian.es, and dmarcian.eu domain names were exempt from the disclaimer requirement, only to learn the hard way that was not the case. Nevertheless, and although otherwise affirming the district court's finding of contempt, the Fourth Circuit took issue with the imposition of a monetary penalty of "$335,000 for 67 days of violative conduct," which amounted to $5,000 per day.[1533] Because the defendant had ceased its violative conduct by the time the penalty was imposed, the appellate court concluded the penalty must have been intended to compensate the plaintiff for losses sustained because of the defendant's contumacy. The preliminary injunction record, however, established that $5,000 represented "roughly half" of the defendant's daily revenue, which called into question whether that figure was rationally linked to the plaintiff's economic loss. The court therefore remanded the matter for further fact-finding: "[A]lthough we are sympathetic to the challenges of quantifying trademark harm, we simply hold that more was needed from the district court to ground the amount of sanctions imposed here."[1534]

[1531] *Id.* at 143.

[1532] dmarcian, Inc. v. dmarcian Eur. BV, 60 F.4th 119, 145 (4th Cir. 2023) (quoting Fed. Trade Comm'n v. Pukke, 53 F.4th 80, 101 (4th Cir. 2022)).

[1533] *Id.* at 146.

[1534] *Id.*

b. Monetary Relief

i. Damages

(A) Actual Damages

(1) Eligibility of Prevailing Plaintiffs for Awards of Actual Damages

The Ninth Circuit proved receptive to an ambitious claim of actual damages.[1535] The litigation leading to that outcome was a trade dress dispute in which the plaintiff learned of the lead defendant's identity from a purchaser of both parties' goods who considered the defendants' goods knockoffs but who wished to remain confidential; indeed, that purchaser threatened to withhold future purchases from the plaintiff if his identity were disclosed. When that disclosure occurred, the purchaser made good on his threat, leading to lost revenue for the plaintiff, for which the plaintiff successfully convinced the district court to order reimbursement as actual damages.

On appeal, the defendants argued the lost revenue at issue was not foreseeable, especially because the plaintiff had made the decision to disclose the purchaser's identity as part of its case on the merits. The Ninth Circuit was unmoved, and it affirmed the district court's award of damages because "[d]amaged business relationships are a reasonably foreseeable consequence of trademark infringement."[1536] It then continued:

> Here, [the purchaser] disclosed [the lead defendant's] identity . . . on the condition that his own identity would not be revealed to avoid harming his own business relationships in the high-end furniture market. Earning a reputation as a "snitch" could reasonably have harmed [the purchaser's] ability to work with certain suppliers. . . . [The purchaser] was not disclosed as the source until it was necessitated by the litigation—his identity was relevant as to how he recognized the [defendants'] furniture knock-offs, the discovery of the infringement, and the likelihood of confusion even seasoned retailers had as to the products' source. Thus, [the plaintiff] was required to reveal [the purchaser's] identity as an integral part of his claim against [the defendants]. And, since the litigation, [the plaintiff] has lost all of [the purchaser's] business. [The plaintiff] had rarely lost customers over the course of its history, which increases

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1535 *See* Jason Scott Collection, Inc. v. Trendily Furniture, LLC, 68 F.4th 1203 (9th Cir. 2023), *cert. denied*, No. 23-194, 2024 WL 71923 (U.S. Jan. 8, 2024).

1536 *Id.* at 1221.

> the likelihood that the infringement was the cause of the lost business.[1537]

Because of the broad discretion enjoyed by district courts when entering monetary relief, and "the plausible causal relationship" between the defendants' actions and the loss of the purchaser's business, the Ninth Circuit concluded, "the district court did not abuse its wide discretion when it found that [the plaintiff] suffered a compensable harm."[1538]

Another case in which the court was called upon to determine the metes and bounds of potential monetary relief arose in part from a distribution agreement in the ballet shoe industry.[1539] The agreement gave the plaintiff the exclusive right to distribute the defendants' shoes in the United States, which the lead defendant apparently violated by itself selling shoes in that territory and by authorizing a third party to make additional sales; moreover, after the agreement's termination, the lead defendant continued its direct sales. By then, however, the plaintiff came to believe it owned the mark affixed to the shoes at issue, and it successfully registered the mark several times with the USPTO. The plaintiff's complaint did not accuse the defendants of breach of contract but instead asserted they had infringed its rights to the disputed mark by their unauthorized sales both during and after the agreement. That led the defendants to invoke the "gist-of-the-action doctrine," which, the court explained, "forbids tort claims that are basically contract claims dressed up to look like a tort."[1540] Although the defendants argued in a summary judgment motion that the doctrine precluded the plaintiff from recovering damages for their alleged infringement, the court rejected that contention, noting the absence of appellate authority applying the doctrine to trademark claims. It then held that:

> When a company grants a license to use its trademark, it waives the right to sue that licensee for infringement, so long as the licensee uses the mark as permitted by the terms of the license. But if the licensee uses the mark outside the scope of the license, that use is actionable as infringement because the licensee has done so "without consent." The use is also an actionable breach of contract; the license set terms of use, and the licensee did not adhere to those terms. The licensee has committed two legal wrongs: it has caused customer confusion and engaged in unfair competition in violation of the Lanham Act, and it has gone back on its word

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1537 *Id.*

1538 *Id.* at 1222.

1539 *See* I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko," 614 F. Supp. 3d 114 (E.D. Pa. 2022).

1540 *Id.* at 150.

> and broken its private agreement in breach of a contract. The trademark owner is entitled to recover for both wrongs.[1541]

"Hence," the court concluded, "even though [the plaintiff] did not bring a claim for breach of the distribution agreement, [the plaintiff] may still argue at trial that [the defendants] infringed its trademark during the term of the distribution agreement and so seek recovery for the sales that [the defendants] made in the United States during the term of that agreement."[1542]

In contrast, another court granted a defense motion for summary judgment in an action in which the plaintiff argued that false statements in a report commissioned by the defendant had cost it an opportunity with a customer.[1543] That claim rested on an internal e-mail sent by an employee of the defendant after transmitting the report to the customer; according to the e-mail, "the [customer's] folks were really excited to hear about" the report.[1544] Nevertheless, the court concluded from the summary judgment record that:

> [T]here is no testimony or documentary evidence from [the customer] that the [report] was a substantial factor in its decision. Even assuming [the customer] read the report (which is far from clear), on this record, no reasonable jury could conclude that [the plaintiff] lost the . . . opportunity because of the [report].[1545]

With the plaintiff having additionally failed to adduce expert testimony of its alleged actual damages, the court held it had forfeited its claim for that remedy.[1546]

Finally, a Pennsylvania federal district court determined after a bench trial on monetary relief that otherwise prevailing counterclaim plaintiffs were not eligible for an award of their actual damages in the form of lost profits.[1547] The nature of the lead counterclaim defendant's infringement of the counterclaim plaintiffs' mark was unusual: Having for years purchased airplane engine fuel injection systems (known as "servos") bearing the RSA mark from the counterclaim plaintiffs, the lead counterclaim defendant contracted with a second counterclaim defendant to produce servos bearing the same mark. Then, when the counterclaim plaintiffs and lead counterclaim defendant's

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1541 *Id.* at 151 (citation omitted) (quoting Franchised Stores of N.Y., Inc. v. Winter, 394 F.2d 664, 668 (2d Cir. 1968)).

1542 *Id.*

1543 *See* Pegasystems Inc. v. Appian Corp., 633 F. Supp. 3d 456 (D. Mass. 2022).

1544 *Id.* at 471.

1545 *Id.*

1546 *Id.*

1547 *See* Avco Corp. v. Turn & Bank Holdings, LLC, 659 F. Supp. 3d 483 (M.D. Pa. 2023), *appeal docketed*, No. 23-1609 (3d Cir. Apr. 4, 2023).

relationship deteriorated, the lead counterclaim defendant began purchasing its servos from the second defendant. Having earlier secured a finding of infringement as a matter of law, the counterclaim plaintiffs argued at trial that the lead counterclaim defendant's insistence on purchasing only servos bearing the RSA mark had created a two-supplier market, which meant that each sale to the counterclaim defendant necessarily resulted in a lost sale by the counterclaim plaintiffs.

The court rejected that argument, and it instead found three reasons why the counterclaim plaintiffs were not entitled to recover any damages. First, it was undisputed that the lead counterclaim defendant had not been confused into purchasing servos bearing the infringing mark from the second defendant. Second, the trial record established that the lead counterclaim defendant had multiple reasons for discontinuing its once-exclusive relationship with the counterclaim plaintiff—including issues with the counterclaim plaintiffs' pricing practices, the counterclaim plaintiffs' untimeliness, quality issues with the counterclaim plaintiffs' servos, and the lead counterclaim defendant's desire to have two suppliers. And, third, "the available real-world data" demonstrated the infringement had not driven the second counterclaim defendant's sales, as those sales increased once the second counterclaim defendant discontinued its use of the RSA mark.[1548] Summing up, the court concluded that:

> It is beyond peradventure that all servos purchased from [the second counterclaim defendant] would have instead been purchased from [the counterclaim plaintiffs] if [the second counterclaim defendant] did not exist, as there are only two manufacturers of the servos at issue in this case. However, the relevant question is not whether, in the absence of [the second counterclaim defendant], any sales would have instead gone to [the counterclaim plaintiffs]. The question is whether, in the absence of the *infringement* by [the counterclaim defendants], any sales would have gone to [the counterclaim plaintiffs]. The evidence of record establishes that the answer to that question is no.[1549]

(2) Calculation of Actual Damages

Having successfully demonstrated their opponents' liability for trade dress infringement and design patent infringement in a case between competitors in the hookless shower curtain market, seven prevailing plaintiffs sought an award of their lost profits for both torts but then successfully invited the court to calculate that remedy

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1548 *Id.* at 498.

1549 *Id.* at 502.

using only a patent-focused analysis.[1550] Nevertheless, the plaintiffs hedged their bets under both causes of action by requesting payment of a reasonable royalty on the defendants' sales as an alternative award. The court granted that request in part with respect to ten percent of the defendants' sales that it determined had not harmed the plaintiffs directly. To reach an appropriate royalty rate, it turned to the fifteen *Georgia-Pacific* factors[1551] often applied in patent litigation, namely:

> [1] the past and present royalties received by the patentee for the licensing of the patent in suit, proving or tending to prove an established royalty;
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> [2] the rates paid by the licensee for the use of other patents comparable to the patents in suit;
>
> [3] the nature and scope of the license, as exclusive or non-exclusive; or as restricted or non-restricted;
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> [4] the licensor's policies and practices regarding the grant of licenses to its technology;
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> [5] the commercial relationship between the licensor and the licensee;
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> [6] the effect of selling the patented specialty in promoting sales of other products of the license, the existing value of the invention to the licensor as a generator of sales of its non-patented items, and the extent of such derivative convoyed sales;
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> [7] the duration of the patent and term of the license;
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> [8] the established profitability of the product made under the patent; its commercial success; and its current popularity;
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> [9] the utility and advantage of the patent property over the old modes or devices, if any . . . has been used for working out similar results;
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> [10] the nature of the patented invention as well as its commercial embodiments and benefits;
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> [11] the extent the infringer used invention and evidence of the value of that use;
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> [12] the customary profit for use of the invention or analogous inventions;

1550 *See* Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co., 647 F. Supp. 3d 145, 231 (S.D.N.Y. 2022) ("Because the sales underlying both infringements are the same, plaintiffs have elected to request a lost profits award as calculated based on a showing of liability [for] patent infringement."), *appeal docketed*, No. 23-1446 (Fed. Cir. Feb. 1, 2023).

1551 *See* Ga.-Pac. Corp. v. United States Plywood Corp., 318 F. Supp. 1116 (S.D.N.Y. 1970).

> [13] the portion of the infringer's profit that should be credited to the invention;
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> [14] the opinion of qualified experts; [and]
>
> [15] the amount that a licensor and a licensee would have agreed upon if both had been reasonably and voluntarily trying to reach an agreement.[1552]

Both sides in the dispute adduced expert testimony on the factors, but the court found that of the plaintiffs' witness more convincing, at least in part. For the infringement of one of the plaintiffs' two marks and their trade dress, that expert concluded a royalty rate of twenty-five percent on the defendants' sales was appropriate, in the process rejecting the four-and-a-half percent rate posited by the defendants' expert, which the court found "at the lower end of ordinary such rates."[1553] Nevertheless, the court was far less receptive to the same expert's proffered four percent royalty rate for a second mark infringed by the defendants, finding the expert's analysis with respect to that mark "threadbare" and grounded in neither the *Georgia-Pacific* factors nor past licensing agreements between the lead plaintiff and third parties; although the expert did refer to online and hard-copy royalty-rate guides,[1554] the court deemed those sources "unreliable."[1555]

(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:[1556] 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)[1557] 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).[1558] Likewise, under Section 35(d),[1559] a prevailing plaintiff in a cybersquatting action can elect to receive "an award of statutory damages in the amount

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1552 *Focus Prods.*, 647 F. Supp. 3d at 232–33 (first through ninth and eleventh through sixteenth alterations in original) (quoting *Ga.-Pac.*, 318 F. Supp. at 1120).

1553 *Id.* at 257.

1554 *Id.* at 259.

1555 *Id.*

1556 15 U.S.C. § 1117(c) (2018).

1557 *Id.* § 1117(c)(1).

1558 *Id.* § 1117(c)(2).

1559 *Id.* § 1117(d).

of not less than $1,000 and not more than $100,000 per domain name, as the court considers just."[1560]

Drawing upon copyright case law, one court entertaining allegations of counterfeiting against a group of defaulting defendants identified the following factors governing the calculation of statutory damages: (1) the expenses saved and profits reaped by the defendant; (2) the revenue lost by the plaintiff; (3) the value of the trademark; (4) the deterrent effect on others besides the defendant; (5) whether the defendant's conduct was innocent or willful; (6) whether a defendant cooperated in providing particular records from which to assess the value of the infringing material produced; and (7) the potential for discouraging the defendant.[1561] The defendants did themselves no favors under an application of the first, second, and sixth factors, for, as the court found:

> [T]he Defaulting Defendants' conduct – including their failure to appear, answer, or otherwise respond to the Complaint, or comply with the expedited discovery ordered in the TRO and PI Order – have made it impossible to determine the Defaulting Defendants' profits, quantify any expenses that the Defaulting Defendants may have saved by infringing Plaintiff's . . . [m]arks, or assess revenues lost by Plaintiff as a result of the Defaulting Defendants' infringing and counterfeiting activities. As such, the Court may, and does, infer that the Defaulting Defendants financially benefitted to a significant degree by marketing and selling counterfeit . . . products.[1562]

The third factor also favored the plaintiff based on the court's acceptance of the plaintiff's allegations that toys bearing its SQUISHMELLOW mark had "achieved global recognition and success as a result of Plaintiff's efforts in building up and developing consumer recognition, awareness, and goodwill in those products."[1563] Finally, the remaining factors—willfulness and deterrence—supported a high award of statutory damages because the defendants were "hardly innocent infringers" and because of their infringement in the first place and their refusal to participate in the litigation.[1564] The court therefore awarded the plaintiff $50,000 in statutory damages against each of the fifty-six defaulting defendants, which it considered "entirely reasonable," "[g]iven that the Lanham Act provides for statutory damages of up to '$2,000,000

[1560] *Id.*

[1561] *See* Kelly Toys Holdings, LLC v. alialialiLL Store, 606 F. Supp. 3d 32, 54 (S.D.N.Y. 2022).

[1562] *Id.* at 54–55.

[1563] *Id.* at 55.

[1564] *Id.*

per counterfeit mark per types of goods or services sold, offered for sale, or distributed, as the court considers just . . . .'"[1565]

(C) Punitive Damages

Having successfully demonstrated its opponent's violation (through false advertising) of the Utah Unfair Competition Law (UCL),[1566] one prevailing plaintiff failed to convince a federal district court in that jurisdiction to impose punitive damages under state law.[1567] In vacating the district court's disposition of the plaintiff's request for that remedy, the Tenth Circuit referenced, although did not expressly enumerate, the following factors governing the relevant inquiry: (1) the defendant's relative wealth; (2) the nature of the alleged misconduct; (3) the facts and circumstances surrounding that misconduct; (4) the effect of the misconduct on the lives of the plaintiff and others; (5) the probability of the misconduct's future recurrence; (6) the relationship of the parties; and (7) the amount of actual damages awarded.[1568] Although the defendant argued its actions—which, in addition to its violation of the UCL, included the destruction of evidence and other discovery violations—were not reprehensible, the court held that that consideration was not the only one to be weighed. It therefore remanded the case for the district court to reconsider the issue.[1569]

In contrast, a Pennsylvania federal district court took a much more hostile position toward a request for punitive damages under the law of that state.[1570] It did so in a case in which the counterclaim defendants' misconduct made the request for that remedy understandable. The counterclaim plaintiffs making it manufactured airplane engine fuel injection systems known as servos, which they sold under the RSA mark. Having purchased RSA-branded servos from the counterclaim plaintiffs for years, the lead counterclaim defendant commissioned a second counterclaim defendant to produce competitive servos also bearing the RSA mark. The lead counterclaim defendant eventually began purchasing its servos exclusively from the second counterclaim defendant; in addition to those sales to the lead counterclaim defendant, the second counterclaim defendant also sold the servos in question to third parties.

1565 *Id.* at 56 (quoting 15 U.S.C. § 1117(c)(2) (2018)).

1566 *See* Utah Code Ann. § 13-5a-103.

1567 *See* Vitamins Online, Inc. v. Heartwise, Inc., 71 F.4th 1222 (10th Cir. 2023).

1568 *Id.* at 1247 (citing Crookston v. Fire Ins. Exch., 817 P.2d 789, 808 (Utah 1991), *holding modified by* Westgate Resorts, Ltd. v. Consumer Prot. Grp., LLC, Appellee, 285 P.3d 1219 (Utah 2012)).

1569 *Id.*

1570 *See* Avco Corp. v. Turn & Bank Holdings, LLC, 659 F. Supp. 3d 483 (M.D. Pa. 2023), *appeal docketed*, No. 23-1609 (3d Cir. Apr. 4, 2023).

Having found infringement as a matter of law on the counterclaim plaintiffs' motion for summary judgment, and with the benefit of a jury finding that the counterclaim defendants' conduct was willful, the court held the counterclaim plaintiffs' request for punitive fees governed by three factors, namely: (1) the character of the act; (2) the nature and extent of the harm; and (3) the counterclaim defendants' wealth.[1571] It found the first factor favored the counterclaim defendants because their unfair competition had caused "modest" economic, and not physical, harm.[1572] The trial record with respect to the second factor also weighed against an award of punitive damages because of the counterclaim plaintiffs' failure to prove a direct causal relationship between sales by the counterclaim defendants and those allegedly lost by the counterclaim plaintiffs; "the nature and extent of the harm," the court found, "is fairly small, if it exists at all."[1573] Finally, although the lead counterclaim defendant was a large company owned by an even larger one, the "single factor" of that defendant's wealth did not outweigh the court's findings under the other two factors.[1574] At least as far as their request for punitive damages was concerned, the counterclaim plaintiffs therefore went home empty-handed.

ii. Accountings of Profits

(A) Eligibility of Prevailing Plaintiffs for Accountings of Profits

Although the Tenth Circuit has in the past suggested a showing of actual damages is not a prerequisite for an accounting,[1575] it clarified its earlier case law in an appeal from a district court's order of that remedy.[1576] Rather than the existence or absence of actual damages serving a gatekeeping function, the court held that "actual damages remain 'an important factor in determining whether an award of profits is appropriate.'"[1577] Nevertheless, "courts must also consider equitable factors when determining whether an award of profits is appropriate, like a defendant's willfulness or bad faith."[1578] This meant the district court could consider the prevailing plaintiff's actual injury when determining the propriety of an accounting in the first instance, as well as the amount of the defendant's profits properly disgorged. In the final analysis, therefore, "although the

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1571 *Id.* at 508.

1572 *Id.* at 509.

1573 *Id.*

1574 *Id.*

1575 *See* Bishop v. Equinox Int'l Corp., 154 F.3d 1220, 1223 (10th Cir. 1998).

1576 *See* Vitamins Online, Inc. v. Heartwise, Inc., 71 F.4th 1222 (10th Cir. 2023).

1577 *Id.* at 1226 (quoting *Bishop*, 154 F.3d at 1223).

1578 *Id.*

district court retained discretion to award profits even if [the plaintiff] could not show actual damages for the relevant time period, it also retained discretion to deny profits for this period if the equitable balancing did not support an award of profits."[1579]

Consistent with the accounting in that case, an application of the Second Circuit's factors produced an accounting following a trial before a New York bankruptcy court on claims of infringement and unfair competition brought by the trustee.[1580] "When considering whether to apply an accounting and profits disgorgement," that tribunal held,

> courts should balance the equities, including the following factors, although others might be relevant and not necessarily all factors must be established: "(1) the degree of certainty that the defendant benefitted from the unlawful conduct; (2) the availability and adequacy of other remedies; (3) the role of a particular defendant in effectuating the infringement; (4) the delay by plaintiff; and (5) plaintiff's clean (or unclean) hands."[1581]

These factors fell into place for the trustee, beginning with the court's finding that the defendants had received a "running start" in opening a restaurant with a mark closely similar to that of a restaurant within the estate being administered by the trustee, with which they previously had been affiliated;[1582] that finding preceded the court's determination that the defendants' testimony of being unaware of the value of the original restaurant's name lacked credibility and was contrived.[1583] With the trustee having acted quickly, "other Lanham Act remedies . . . difficult to quantify or inferior," and the only unclean hands belonging to the defendants, an accounting was appropriate.[1584]

Although referencing the Second Circuit's factors only in passing, a New York federal district court concluded that a second accounting of profits was appropriate in a case in which the defendant continued his infringing conduct after the beginning of a jury trial—only with a new disclaimer of affiliation between him the plaintiffs.[1585] Following a verdict in the plaintiffs' favor, the court held disgorgement of the defendant's profits on a post-trial (as well as a pretrial) basis appropriate despite the defendant's argument that his latter-day disclaimer precluded a finding that his continued

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[1579] *Id.* at 1244.

[1580] *See In re* Gordos Rest. Corp., 643 B.R. 1 (Bankr. S.D.N.Y. 2022).

[1581] *Id.* at 40 (quoting Pillar Dynasty LLC v. N.Y. & Co., 933 F.3d 202, 214 (2d Cir. 2019)).

[1582] *Id.*

[1583] *Id.*

[1584] *Id.*

[1585] *See* Hermès Int'l v. Rothschild, No. 22-CV-384 (JSR), 2023 WL 4145518 (S.D.N.Y. June 23, 2023), *appeal docketed*, No. 23-1081 (2d Cir. July 24, 2023).

misconduct was willful. As it noted, the jury had found the defendant's misappropriation of the plaintiffs' marks, and not just his promotional strategies, explicitly misleading; moreover, it had rejected his disclaimer defense on the merits. With the factors of unavailability of other remedies and the degree of certainty that the defendant had benefitted from misconduct also favoring disgorgement of the defendant's post-trial profits, the court held the plaintiffs entitled to that remedy.[1586]

So too did a Pennsylvania federal district court order a partial accounting after considering the Third Circuit's usual factors, namely: (1) whether the counterclaim defendants intended to confuse or deceive; (2) whether sales were diverted from the counterclaim plaintiff; (3) the adequacy of other remedies; (4) any unreasonable delay by the counterclaim plaintiff in asserting its rights; (5) the public interest in making the counterclaim defendants' conduct unprofitable; and (6) whether the case was one of palming off.[1587] The court applied those factors in a case in which the lead counterclaim defendant had engaged a second counterclaim defendant to produce goods bearing the counterclaim plaintiff's mark and directly competitive with those sold by the counterclaim plaintiff; the second counterclaim defendant sold some of those goods to the lead counterclaim defendant while others were sold to third parties.

The record with respect to some of the relevant factors suggested an accounting was appropriate. It included a jury finding that the counterclaim defendants' infringement was willful, the absence of any delay by the counterclaim plaintiff in challenging that infringement, and the counterclaim defendants' use of a mark identical to that of the counterclaim plaintiff on directly competitive goods, which the court accepted as evidence of passing off. The counterclaim plaintiff's showings under those factors outweighed those of the counterclaim defendants, which included that the second counterclaim defendant's sales to the lead counterclaim defendant were not the result of confusion and the counterclaim defendants' apparently permanent discontinuance of their infringement. The court therefore ordered an accounting but limited it to the profits attributable to the second counterclaim defendant's sales to third parties instead of to the lead counterclaim defendant.[1588]

A Massachusetts federal district court was equally receptive to a request for an accounting, at least for purposes of the defendant's

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[1586] *Id.* at *13.

[1587] *See* Avco Corp. v. Turn & Bank Holdings, LLC, 659 F. Supp. 3d 483, 506 (M.D. Pa. 2023), *appeal docketed*, No. 23-1609 (3d Cir. Apr. 4, 2023).

[1588] *Id.* at 507.

motion for summary judgment on the issue.[1589] With the plaintiff apparently having failed to call the court's attention to the Supreme Court's opinion in *Romag Fasteners, Inc v. Fossil, Inc.*,[1590] the court initially held that direct competition and willfulness were prerequisites for an accounting,[1591] after which it identified the following additional factors for consideration:

> (a) the degree of certainty that the actor benefitted from the unlawful conduct; (b) the relative adequacy to the plaintiff of other remedies, including an award of damages; (c) the interests of the public in depriving the actor of unjust gains and discouraging unlawful conduct; (d) the role of the actor in bringing about the infringement or deceptive marketing; (e) any unreasonable delay by the plaintiff in bringing suit or otherwise asserting its rights; and (f) any related misconduct on the part of the plaintiff.[1592]

The court did not consider each of those factors in that order, however. Instead, it focused on what was apparently the defendant's only challenge to the plaintiff's entitlement to a disgorgement, namely, the plaintiff's alleged failure to apportion the defendant's profits between those driven by the defendant's false advertising and those attributable to other sources; as the court noted, that burden rested on the defendant. Having produced expert testimony of the defendant's overall revenues, the plaintiff was therefore entitled to pursue an accounting of the defendant's profits at trial.[1593]

In contrast, a New York federal district court declined to order an accounting of profits in a case in which it otherwise was generous in calculating, and then trebling, an award of the plaintiffs' actual damages.[1594] That court noted as an initial matter that "the Second Circuit has recognized three purposes for which it may be proper to order disgorgement of defendant's profits: 'unjust enrichment, compensation, and deterrence.'"[1595] Rather than evaluating each of the Second Circuit factors, however, the court denied an accounting of the defendants' profits based on a more practical consideration—

1589 *See* Pegasystems Inc. v. Appian Corp., 633 F. Supp. 3d 456 (D. Mass. 2022).

1590 140 S. Ct. 1492 (2020).

1591 *Pegasystems*, 633 F. Supp. 2d at 471 ("If a plaintiff without specific evidence of injury proves direct competition and willfulness, an accounting may be available to the plaintiff 'subject to the principles of equity.'" (quoting HipSaver Co. v. J.T. Posey Co., 497 F. Supp. 2d 96, 107 (D. Mass. 2007)).

1592 *Id.* at 471 (quoting *HipSaver*, 497 F. Supp. 2d at 107).

1593 *Id.* at 472.

1594 *See* Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co., 647 F. Supp. 3d 145 (S.D.N.Y. 2022), *appeal docketed*, No. 23-1446 (Fed. Cir. Feb. 1, 2023).

1595 *Id.* at 251 (quoting River Light V, L.P. v. Lin & J Int'l, Inc., No. 13 Civ. 3669 (DLC), 2015 WL 3916271, at *5 (S.D.N.Y. June 25, 2015)).

namely, the court's earlier award of damages to the plaintiffs, which the court explained "will in practice achieve the objectives served by disgorgement."[1596] The court also noted as a secondary basis for its decision on this point that "[a] disgorgement award . . . would be impossible to tabulate with anything close to precision, given defendants' lapses in producing evidence of their expenses,"[1597] a factor that more properly should have come into play in the accounting process.

(B) The Accounting Process

Section 35(a) of the Act provides that "[i]n assessing profits the plaintiff shall be required to prove [the] defendant's sales only; [the] defendant must prove all elements of cost or deduction claimed."[1598] For the most part, that language generally benefitted prevailing plaintiffs.[1599] Still, however, some courts pushed back on what they considered overambitious calculations of defendants' unjust gains. A New York bankruptcy court doing just that held that "Congress intended 'all the inconvenience and loss from the confusion [be] thrown upon the party who produces it; and this rule applies, even though the innocent victim's share in the property wrongfully and inextricably commingled may apparently be a small part of the total.'"[1600] The lead defendant before that tribunal did not dispute its receipt of $2,057,151 from the operation of a restaurant under a mark deemed confusingly similar to that of the bankruptcy trustee, and the court apparently added to that figure a $192,800 forgivable Paycheck Protection Program loan.[1601] That defendant proffered various documents putatively evidencing their deductible expenses (including "two pages of handwritten notes listing various expenses"), but, with the exception of a $45 check to an employment agency, there was no record documentation that the payments actually had occurred.[1602] Similarly, although the lead defendant apparently did pay a construction company for buildout, equipment, and miscellaneous expenses, that company was not identified as a creditor in the lead defendant's bankruptcy filings. Finally,

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1596 *Id.* at 268.

1597 *Id.*

1598 15 U.S.C. § 1117(a) (2018).

1599 *See, e.g.*, Pegasystems Inc. v. Appian Corp., 633 F. Supp. 3d 456, 471 (D. Mass. 2022) ("[T]he 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." quoting Wing Enters. v. Tricam Indus., 511 F. Supp. 3d 957, 974 (D. Minn. 2021)).

1600 *In re* Gordos Rest. Corp., 643 B.R. 1, 41–42 (Bankr. S.D.N.Y. 2022) (quoting 4 Jerome Gilson & Anne Gilson LaLonde, Gilson on Trademarks § 14.03[6][d]).

1601 *Id.* at 44. Without explanation, however, the court apparently did not include in the lead defendant's gross sales a Restaurant Revitalization Fund grant of $465,373. *Id.*

1602 *Id.* at 42.

although the lead defendant proffered its federal and state tax returns, the court noted that:

> The case law often discounts such evidence, at least to the extent that tax returns do not sufficiently differentiate between the types of expenses that should be deducted from the gross sales attributable to infringement from the defendant's other expenses, and, in addition, where "the assertions in the tax returns are so vague and unspecified that the Court cannot properly rely upon them as a fair representation of [defendant's] costs."[1603]

The court found many of those flaws present in certain of the lead defendant's returns, including that the lead defendant's claimed expenses failed to contribute to the value of the infringing mark, "either because they did not directly contribute to it, such as the professional fees, overhead, and [the] compensation [of one of the lead defendant's principals who did not actually work at the restaurant], or because they are not substantiated in sufficient detail or are contradicted by other evidence."[1604] Nevertheless, in the aggregate, the returns established a number of deductible expenses—namely, those relating to officer and employee compensation, advertising, event expenses, credit card commissions, payroll processing, a "point-of-sale system," rent, and licensing fees.[1605]

Ultimately, however, the court did not engage in a strict addition-and-subtraction exercise. On the contrary:

> [T]he equitable nature of section 35(a)'s disgorgement remedy should . . . be . . . considered. While the principal factor in applying that remedy is the defendant's intent, and the Court has found [the lead defendant] to have willfully infringed, other factors . . . should also be considered, not only as to whether the disgorgement remedy should be applied at all (as the Court has found) but also as to the amount of the disgorgement. These include whether the plaintiff and the infringer are in competition (not here) and whether the amount of profits to be disgorged is, in the words of the statute, "either inadequate or excessive," in which case the Court can enter judgment for an amount it deems "just."[1606]

1603 *Id.* at 43 (alteration in original) (quoting Int'l Consulting Servs. v. Cheap Tickets, Inc., No. 01-CV-4678, 2007 U.S. Dist. LEXIS 71689, at *10–11 (E.D.N.Y. Sept. 12, 2007)).

1604 *Id.* at 44 (footnote omitted).

1605 *Id.* at 45.

1606 *Id.* (quoting 4 Jerome Gilson & Anne Gilson Lalonde, Gilson on Trademarks § 14.03[6][c], [d]).

That just amount, the court determined, was $250,000.[1607]

Judicial skepticism toward expansive calculations of defendants' profits also appeared in a case brought by a purveyor of office furniture against three defaulting defendants.[1608] The plaintiff apparently secured information on the defendants' gross sales under their infringing mark through third-party discovery directed toward online retailers carrying the defendant's furniture. As the court summarized what happened next, the plaintiff then "adjusted the restitution amounts for certain third-party vendors based on the comprehensiveness of the information provided and conversations with those vendors regarding their business and pricing practices";[1609] the sales documented in the third-party vendors' discovery responses therefore differed from those proffered to the court by the plaintiff. That strategy did not impress the court, which faulted the plaintiff for failing to provide a sufficient explanation for its upward adjustments of the some of the figures provided by the third parties. It also rejected one third party's inventory lists as establishing the volume of the defendants' sales through that third party's platform. Nevertheless, the court also adjusted the proffered sales by one third party *upward* to match those on the documentation it had produced. The ultimate result was a healthy $1,247,072.75 accounting.[1610]

A final reported opinion rejecting what the court considered an inappropriately aggressive request for an accounting did so in dictum because of the plaintiffs' failure to secure an accounting in the first instance.[1611] The court faulted the defendants for "lapses in producing evidence of their expenses,"[1612] but it nevertheless observed that:

> Although a court may resolve doubts against a defendant whose inadequate recordkeeping prevents precise tabulations, "some reasonable basis for computation has to be used," Here, plaintiffs pursue disgorgement of all of defendants' revenue. That request is plainly unreasonable, as plaintiffs' own damages expert has estimated that [one defendant's] yearly profit margin likely averaged around 13.6%, and there is no basis to assume that [another defendant's] costs were negligible so as to justify an assumed 100% profit margin. Plaintiffs' alternative proposal, which assumes profit margins for [the two primary defendants] of

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1607 *Id.* at 46.

1608 *See* Blumenthal Distrib., Inc. v. Comoch Inc., 652 F. Supp. 3d 1117 (C.D. Cal. 2023).

1609 *Id.* at 1132.

1610 *Id.* at 1132–33.

1611 *See* Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co., 647 F. Supp. 3d 145 (S.D.N.Y. 2022), *appeal docketed*, No. 23-1446 (Fed. Cir. Feb. 1, 2023).

1612 *Id.* at 268.

> 75% and 44%, respectively, is based on isolated, anecdotal data taken from a stray facet of [a defense witness's] testimony, which the Court is unprepared to credit as accurately capturing the company's revenues and costs.[1613]

Finally, a Tenth Circuit opinion addressed the question of whether Section 35(a) imposes temporal limitations on the accounting inquiry, in the process reaching a much more pro-defendant outcome.[1614] It did so in an appeal from a district court's decision to restrict an accounting to a two-year period. In affirming, the court rejected the plaintiff's apparent argument that the defendant necessarily had the burden to prove its false advertising was limited to that period. It explained that "[Section 35(a)] . . . requires a plaintiff to 'show some connection between the identified "sales" and the alleged infringement.'"[1615] In particular, "[the statute] does not presumptively entitle [the plaintiff] to *all* [the defendant's] sales proceeds no matter how temporally disconnected from the false advertising injury."[1616]

iii. Adjustments of Awards of Actual Damages and Accountings of Profits

Section 35(a) of the Act provides that "[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";[1617] likewise, it also provides that "[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."[1618] As always, successful entreaties by prevailing plaintiffs for augmentation of monetary relief under Section 35(a) were the exception, rather than the rule.[1619]

One example of that rule manifested itself following a trial before a federal bankruptcy court in an infringement action brought

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1613 *Id.* (quoting Chloe v. Zarafshan, No. 06 Civ. 3140 (RJH) (MHD), 2009 WL 2956827, at *5 (S.D.N.Y. Sept. 15, 2009)).

1614 *See* Vitamins Online, Inc. v. Heartwise, Inc., 71 F.4th 1222 (10th Cir. 2023).

1615 *Id.* at 1244 (quoting Max Rack, Inc. v. Core Health & Fitness, LLC, 40 F.4th 454, 472 (6th Cir. 2022), *reh'g denied*, No. 20-3598, 2022 WL 3237492 (6th Cir. Aug. 10, 2022)).

1616 *Id.*

1617 15 U.S.C. § 1117(a) (2018).

1618 *Id.*

1619 For a case in which defendants found liable for design patent, trade dress infringement, and trademark infringement were subjected to a trebling of the plaintiffs' actual damages under the Patent Act, but not the Lanham Act, see *Focus Products Group International, LLC v. Kartri Sales Co.*, 647 F. Supp. 3d 145, 259–67 (S.D.N.Y. 2022), *appeal docketed*, No. 23-1446 (Fed. Cir. Feb. 1, 2023).

by the trustee against defendants alleged to have infringed a mark for restaurant services owned by the debtor.[1620] Prior to addressing the trustee's request for augmented monetary relief, the court entered an unusual judgment giving the trustee the choice of either: (1) a transfer of the defendants' infringing mark to the trustee; or (2) an accounting of the lead defendant's profits. Those options, the court held, warranted the denial of an increased accounting because, "although [the lead defendant] acted willfully, further enhancing the award would be punitive . . . ."[1621]

Willful infringement by a pair of counterclaim defendants also failed to produce an equitable augmentation of an accounting by a Pennsylvania federal district court.[1622] One consideration underlying that outcome was that the counterclaim defendants had not gained anything more than the profits already covered by the court's disgorgement order; in particular, they had not gained any market acceptance because of their infringement, and there was no evidence or testimony in the trial record that their prestige or reputation had been increased. Another was that the focus of counterclaim plaintiff's briefing on deterring future misconduct by the counterclaim defendant was inconsistent with guidance from the Third Circuit "'that deterrence is not a compensatory reason' and 'cannot serve as a basis for an enhanced award.'"[1623] Without a non-punitive reason to order the augmentation, the court declined to do so.

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,"[1624] while Section 35(b) makes such an award virtually mandatory in cases in which a defendant has trafficked in goods or services associated with counterfeit marks.[1625] The Federal Rules of Appellate Procedure authorize awards of fees to reimburse

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[1620] *See In re* Gordos Rest. Corp., 643 B.R. 1 (Bankr. S.D.N.Y. 2022).

[1621] *Id.* at 46.

[1622] *See* Avco Corp. v. Turn & Bank Holdings, LLC, 659 F. Supp. 3d 483, 506 (M.D. Pa. 2023), *appeal docketed*, No. 23-1609 (3d Cir. Apr. 4, 2023).

[1623] *Id.* at 508 (quoting Kars 4 Kids Inc. v. Am. Can!, 8 F.4th 209, 225 n.2 (3d Cir. 2021)).

[1624] 15 U.S.C. § 1117(a) (2018).

[1625] *Id.* § 1117(b).

the expenses of frivolous appeals,[1626] and federal district courts also may award fees if a litigant has “unreasonably and vexatiously” multiplied the proceedings in a case.[1627] 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,[1628] or, in the case of discovery violations, under Rule 37.[1629]

(A) Eligibility of Prevailing Parties for Awards of Attorneys’ Fees

(1) Fee Requests by Prevailing Plaintiffs

Having been hit with a successful fee petition arising from their intentional copying of an entire line of a competitor’s furniture, three defendants made things worse for themselves by appealing that award to the Ninth Circuit.[1630] Applying the now-familiar *Octane Fitness* test for identifying exceptional cases within the meaning of Section 35(a),[1631] the court led off its analysis with the observation that:

> A court determines if a case is exceptional by considering the “totality of the circumstances” and evaluating whether the case is “one that stands out from others with respect to the substantive strength of the party’s litigating position (considering both the governing law and facts of the case) or the unreasonable manner in which the case was litigated” based on a preponderance of the evidence.[1632]

The court then surveyed the misconduct by the defendants that had led the district court to find the dispute an exceptional case, which included: (1) the defendants’ intentional copying of the plaintiff’s designs; (2) their failure to comply with the plaintiff’s cease-and-desist letters; (3) their resistance to a preliminary injunction entered by the district court; and (4) their reports to the plaintiff’s retailers that they had copied the plaintiff’s designs and intended to continue doing so.[1633] Not only did those actions warrant an

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1626 Fed. R. App. P. 38.

1627 28 U.S.C. § 1927 (2018).

1628 Fed. R. Civ. P. 11 & 41(d).

1629 Fed. R. Civ. P. 37.

1630 *See* Jason Scott Collection, Inc. v. Trendily Furniture, LLC, 68 F.4th 1203 (9th Cir. 2023), *cert. denied*, No. 23-194, 2024 WL 71923 (U.S. Jan. 8, 2024).

1631 *See* Octane Fitness, LLC v. ICON Health & Fitness, Inc., 572 U.S. 545, 554 (2014).

1632 *Jason Scott Collection*, 68 F.4th at 1223 (quoting SunEarth, Inc. v. Sun Earth Solar Power Co., Ltd, 839 F.3d 1179, 1180 (9th Cir. 2016) (en banc) (per curiam)).

1633 *Id.*

affirmance of the district court's fee award, but "[g]enerally, a party that is entitled to an award of attorneys' fees in the district court is also entitled to an award of attorneys' fees on appeal."[1634]

In a false advertising action, the Tenth Circuit also affirmed a fee award to a prevailing plaintiff based on a combination of the defendant's misconduct producing the litigation and its obstructionism during the proceedings before the district court.[1635] With respect to the former circumstance, the trial record contained evidence and testimony of the defendant's knowledge that numerous representations on the labels of its weight-loss supplements were false.[1636] And, with respect to the latter, the defendant had both failed to preserve relevant evidence (which led the district court to apply an adverse inference against the defendant)[1637] and otherwise abused the discovery process.[1638] The district court therefore had not abused its discretion by ordering reimbursement of the plaintiff's fees.

In contrast, the Ninth Circuit vacated an award of fees to a prevailing plaintiff in a declaratory judgment action in which that litigant had successfully secured a finding as a matter of law that an unregistered mark claimed by the defendant was both invalid and not infringed.[1639] According to the Ninth Circuit, the district court's finding of noninfringement eliminated the case and controversy underlying the plaintiff's declaratory judgment action, required a vacatur of the finding of invalidity, and called into question at least the portion of the fee award attributable to that finding. Nevertheless, that holding did not necessarily mean the plaintiff would go home with empty pockets; rather, the district could consider on remand the defendant's litigation-related conduct "leading up to and during the trial."[1640]

Another prevailing plaintiff fared far worse before a New York federal bankruptcy court, which, applying *Octane Fitness*, declined to award fees to a trustee who had demonstrated willful

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1634 *Id.* at 1224 (quoting Voice v. Stormans Inc., 757 F.3d 1015, 1016 (9th Cir. 2014)).

1635 *See* Vitamins Online, Inc. v. Heartwise, Inc., 71 F.4th 1222 (10th Cir. 2023).

1636 *Id.* at 1246.

1637 The plaintiff's case in part challenged the accuracy of the defendant's representations of the ingredients of its supplements. In attempting to prove the accuracy of the representations, the defendant employed tests that destroyed the remaining inventory of its supplements. *Id.* at 1245.

1638 *Id.* at 1245 ("[T]he district court cited numerous examples of discovery abuse, including [the defendant's] failure to preserve evidence, [the defendant's] failure to produce key emails and documents, third-party productions of detrimental emails and documents that [the defendant] failed to produce, and representations to the court by [the defendant] that an electronic source would not contain relevant information when in fact it did.").

1639 *See* San Diego Cnty. Credit Union v. Citizens Equity First Credit Union, 65 F.4th 1012 (9th Cir.), *cert. denied*, 144 S. Ct. 190 (2023).

1640 *Id.* at 1034.

infringement, but not likely dilution, by a lead defendant in an infringement action.[1641] "Here," the court explained, "there were no exceptional circumstances, such as discovery failures or undue delay, or other unreasonable behavior in how [the lead defendant] litigated this case."[1642] Moreover, although the lead defendant had "forced the Trustee to litigate when the facts establishing its liability were fairly apparent," the trustee's cause of action under Section 43(c) had failed and many of its other causes of action were not brought under the Lanham Act.[1643] Finally, with the exception of the defendants' proffer of a patently frivolous explanation for adopting their infringing mark, "[their] defenses were not frivolous, in that they were premised neither on clearly baseless factual contentions."[1644] Especially because the court's judgment otherwise was sufficient to compensate the estate and deter similar misconduct by the defendants, the case was not an exceptional one.[1645]

A jury finding of willful infringement also failed to yield an award of attorneys' fees in a declaratory judgment action before a Pennsylvania federal district court.[1646] The facts seemed tailor-made for such an award: Having for years purchased a piece of airplane equipment known as a "servo" from the counterclaim plaintiffs, the lead counterclaim defendant commissioned a second defendant to manufacture a directly competitive product branded with the counterclaim plaintiffs' mark; the lead counterclaim defendant then began making its purchases exclusively from the second counterclaim defendant, while the second counterclaim defendant also sold servos bearing the counterclaim plaintiffs' mark to third parties. Despite its own finding of infringement and the jury's finding of willfulness, the court improbably found the counterclaim defendants' "relatively weak" litigation position counterbalanced by the counterclaim plaintiffs' failure to establish a likelihood of success on the merits in two separate preliminary injunction motions.[1647] And, although the "vitriolic and adversarial" relationship between the parties' counsel had produced a physical altercation at a deposition, the court found both sides equally at fault, thereby precluding an award under *Octane Fitness*'s second prong: "In short," the court concluded of the manner in which the counterclaim defendants had conducted themselves, "although this

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1641 *See In re* Gordos Rest. Corp., 643 B.R. 1 (Bankr. S.D.N.Y. 2022).

1642 *Id.* at 47.

1643 *Id.*

1644 *Id.*

1645 *Id.*

1646 *See* Avco Corp. v. Turn & Bank Holdings, LLC, 659 F. Supp. 3d 483 (M.D. Pa. 2023), *appeal docketed*, No. 23-1609 (3d Cir. Apr. 4, 2023).

1647 *Id.* at 510.

matter was certainly contentious, it was not 'exceptional' as required under the Lanham Act."[1648]

(2) Fees Requests by Prevailing Defendants

There were no readily apparent reported opinions addressing fee requests by prevailing defendants.

(B) Calculation of Attorneys' Fees

The past year produced a dearth of reported opinions bearing on the actual calculation of the recoverable attorneys' fees requested by prevailing parties. One issued by a California federal district court arose in the context of a motion for a default judgment that put forth alternative proposals for the court's consideration: The first was a request for $244,508.85 based on an application of the venerable lodestar methodology, while the second, alternative request was for a more modest $32,055.31 based on a fee schedule set forth in the court's local rules.[1649] The court framed the first request with the following standard explanation:

> The court determines whether the fee is reasonable pursuant to the two-step lodestar method, first "by multiplying the number of hours reasonably expended on the litigation by a reasonable hourly rate." "The party seeking fees bears the burden of documenting the hours expended in litigation and must submit evidence supporting those hours and the rates claimed." "In calculating the lodestar, district courts 'have a duty to ensure that claims for attorneys' fees are reasonable,' and a district court does not discharge that duty simply by taking at face value the word of the prevailing party's lawyer for the number of hours expended on the case." Thus, the court may exclude from the fee request any "excessive, redundant, or otherwise unnecessary" hours. At step two, and only "in rare and exceptional cases," "the district court may adjust the lodestar upward or downward using a multiplier based on facts not subsumed in the initial lodestar calculation."[1650]

It then found the prevailing plaintiff's submission fatally deficient under that standard based on the absence of explanations of why the hours expended and rates claimed were reasonable. "In other words," the court found, "though Plaintiff's counsel provides billing

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1648 *Id.* at 511.

1649 *See* Blumenthal Distrib., Inc. v. Comoch Inc., 652 F. Supp. 3d 1117, 1133 (C.D. Cal. 2023).

1650 *Id.* (quoting Vogel v. Harbor Plaza Ctr., LLC, 893 F.3d 1152, 1160 (9th Cir. 2018); then quoting Welch v. Metro. Life Ins. Co., 480 F.3d 942, 946–47 (9th Cir. 2007); then quoting *Vogel*, 893 F.3d at 1160; then quoting Hensley v. Eckerhart, 461 U.S. 424, 434 (1983); and then quoting *Welch*, 480 F.3d at 946).

records from this case in support of the fee request, these records list work performed by numerous timekeepers without sufficient explanation of each timekeeper's role, the work performed, or the rates sought."[1651] That left the mechanism of the local rule, which provided that when a monetary judgment over $100,000 was entered, any accompanying fee award should be calculated as "$5600 plus 2% of the amount over $100,000."[1652] The judgment at issue was $1,247,072.75, which, following the court's subtraction of the $100,000 trigger, its addition of the $5,600 baseline award, and its application of the two percent rule, yielded a fee award of $28,541.46.[1653]

v. Prejudgment Interest

Section 35(b) of the Lanham Act expressly authorizes prejudgment interest in cases in which a defendant has willfully engaged in counterfeiting,[1654] but a Ninth Circuit opinion held that remedy unavailable in counterfeiting cases in which prevailing plaintiffs have elected an award of statutory damages in lieu of recovery of their actual damages or the defendants' profits.[1655] According to the court, "[s]tatutory damages differ meaningfully from actual damages: while actual damages only compensate the victim, statutory damages may compensate the victim, penalize the wrongdoer, deter future wrongdoing, or serve all those purposes."[1656] Moreover, it continued, "[a]llowing prejudgment interest on statutory damages may inflate them to amounts disproportionate to what Congress thought fit to remedy those harms."[1657] Thus, because Section 35(c), which otherwise authorizes awards of statutory damages, does not mention prejudgment interest, allowing that interest risked disturbing Congress's perceived choices when passing Section 35.[1658]

Outside of the context of counterfeiting cases, Section 35(a) is silent on the issue of prejudgment interest. Despite that silence, the Second Circuit has long held that, at least in exceptional cases,

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1651 *Id.* at 1134.

1652 *Id.* (quoting C.D. Cal. R. 55-3).

1653 *Id.*

1654 *See* 15 U.S.C. § 1117(b) (2018) ("In such a case, the court may award prejudgment interest on such amount at an annual interest rate established under [26 U.S.C. § 6621(a)(2)], beginning on the date of the service of the claimant's pleadings setting forth the claim for such entry of judgment and ending on the date such entry is made, or for such shorter time as the court considers appropriate.").

1655 *See* Y.Y.G.M. SA v. Redbubble, Inc., 75 F.4th 995 (9th Cir. 2023), *petition for writ of certiorari filed*, No. 23-752 (U.S. Jan. 11, 2024).

1656 *Id.* at 1008.

1657 *Id.*

1658 *Id.*

prejudgment interest is available to prevailing plaintiffs under that statute at the discretion of district courts.[1659] Consistent with that rule, a New York federal district court faced with what it considered bad-faith trademark, trade dress, utility patent, and design patent infringement by a pair of defendants noted it had the discretion to choose between the prime interest rate or the United States treasury rate; it therefore ordered the parties to brief the issue of which was appropriate.[1660] In contrast, having concluded the prevailing trustee in an infringement action was not entitled to an award of its attorneys' fees, a New York federal bankruptcy court applying the same standard concluded that the trustee also could not recover prejudgment interest.[1661]

vi. Post-Judgment Interest

Awards of post-judgment interest in federal court litigation generally are governed by 28 U.S.C. § 1961(a), which provides that "[i]nterest shall be allowed on any money judgment in a civil case recovered in a district court";[1662] the same provision also provides for the calculation that interest to "from the date of the entry of the judgment, at a rate equal to the weekly average 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the calendar week preceding the date of the judgment."[1663] Having found fifty-six defaulting defendants liable for trafficking in toys bearing counterfeit imitations of the plaintiff's registered mark, one court ordered post-judgment interest on the resulting $2,800,000 in statutory damages.[1664] Another was less definitive on the issue because of the parties' failure to address the remedy, which led it to order post-trial briefs from them.[1665]

vii. Taxation of Costs

Both Section 35(a) of the Act and the Federal Rules of Civil Procedure[1666] allow the taxation of costs incurred by the prevailing party, and those are the primary (but not the only) mechanisms under which courts allow recovery of costs in federal trademark

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[1659] *See, e.g.*, Am. Honda Motor Co. v. Two Wheel Corp., 918 F.2d 1060, 1064 (2d Cir. 1990).

[1660] *See* Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co., 647 F. Supp. 3d 145, 269 (S.D.N.Y. 2022).

[1661] *See In re* Gordos Rest. Corp., 643 B.R. 1, 47 (Bankr. S.D.N.Y. 2022).

[1662] 28 U.S.C. § 1961(a) (2018).

[1663] *Id.*

[1664] *See* Kelly Toys Holdings, LLC v. alialialiLL Store, 606 F. Supp. 3d 32, 56 (S.D.N.Y. 2022).

[1665] *See* Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co., 647 F. Supp. 3d 145, 269 (S.D.N.Y. 2022).

[1666] *See* Fed. R. Civ. P. 54(d).

litigation. Taxable costs are defined by federal statutory law and include such expenses as: (1) fees of the clerk and marshal; (2) fees for transcripts necessarily obtained for use in the case; (3) fees and disbursements for printing and witnesses; (4) fees for necessarily obtained exemplification and copying costs; (5) docket fees; and (6) compensation of court appointed experts and interpreters.[1667] Although these items do not expressly contemplate legal research costs, one prevailing plaintiff successfully secured reimbursement of the expenses associated with its research, albeit in a case in which the defendants defaulted and therefore did not object to the plaintiff's request.[1668] Together with fees related to filing, proof of service, and scanning and printing, that brought the plaintiff's taxable costs to $5,836.11.[1669]

4. Judicial Authority Over Federal Registrations and Applications

Section 37 of the Act provides that "[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 canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action."[1670] As usual, numerous plaintiffs and counterclaim plaintiffs invoked Section 37 and invited courts to find that defendants had procured their registrations through fraudulent representations to the USPTO. But, also as usual, those invitations were declined.

The most expansive attempted use of Section 37 in that context came in a case in which the counterclaim defendant owned several registrations covering various smoking-related products such as tobacco rolling papers, tubes, and other accessories.[1671] Based on the assertion that the counterclaim defendant's goods were illegal drug paraphernalia under federal law, the counterclaim plaintiffs sought the cancellation of the counterclaim defendant's registrations both because the underlying marks allegedly had not been lawfully used in commerce and because the counterclaim defendant had fraudulently represented in the application process that they had been. Applying a standard test for fraudulent procurement,[1672] the

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1667 *See* 28 U.S.C. § 1920 (2012).

1668 *See* Blumenthal Distrib., Inc. v. Comoch Inc., 652 F. Supp. 3d 1117, 1134 (C.D. Cal. 2023).

1669 *Id.*

1670 15 U.S.C. § 1119 (2018).

1671 *See* BBK Tobacco & Foods LLP v. Cent. Coast Agric. Inc., 615 F. Supp. 3d 982 (D. Ariz. 2022).

1672 The court held that:

> To prevail on a claim for cancellation based on fraud, . . . a claimant must have evidence of "(1) a false representation regarding a material fact; (2) the registrant's knowledge or belief that the representation is false; (3) the

court rejected both those theories as a matter of law because the counterclaim defendant's goods could be used for entirely lawful purposes, namely, to smoke tobacco:

> The undisputed evidence demonstrates that [the counterclaim defendant's] products have legal uses, and that [the counterclaim defendant's] representations indicating the marks were used with products "in [lawful] commerce" was (and remains) true. The fact that [the counterclaim defendant's] products are also used for unlawful purposes does not render its use-in-commerce statement false. Trademark registrants, moreover, are not statutorily required to identify all existing or potential unlawful uses of products that also have legitimate and lawful uses. And courts have generally declined to read affirmative disclosure requirements into the Lanham Act. Thus, while misleading omissions can of course form the basis of a fraud claim, [the counterclaim defendant's] omissions in this instance do not.[1673]

This was true even though the counterclaim defendant advertised its goods toward cannabis smokers.[1674]

An even less successful claim of fraudulent procurement—one unable to survive a motion to dismiss for failure to state a claim—arose from the defendants' alleged unauthorized use of a font developed by the plaintiff.[1675] Having learned that the lead defendant had received federal registrations of two composite marks incorporating that font, the plaintiff sought the registrations' cancellation on the theory that the lead defendant had fraudulently represented in its intent-to-use applications under Section 1(b)(3)(A)[1676] that it believed itself entitled to use the applied-for marks in commerce and then fraudulently represented itself as their owner when filing a statement of use for each application under Section 1(d);[1677] the plaintiff argued those representations were necessarily false because the lead defendant had failed to secure a license for the font's use.

> registrant's intent to induce reliance upon the misrepresentation; (4) actual, reasonable reliance on the misrepresentation; and (5) damages proximately caused by that reliance." The party alleging fraud bears the heavy burden of proving fraud "to the hilt' with clear and convincing evidence, and 'any doubt must be resolved against the charging party.'"

Id. at 1028 (first quoting Hokto Kinoko Co. v. Concord Farms, Inc., 738 F.3d 1085, 1097 (9th Cir. 2013); and then quoting Anhing Corp. v. Thuan Phong Co., 215 F. Supp. 3d 919, 934 (C.D. Cal. 2015)).

1673 *Id.* at 1028–29 (third alteration in original) (citations omitted).

1674 *Id.* at 1031.

1675 *See* Brand Design Co. v. Rite Aid Corp., 623 F. Supp. 3d 526 (E.D. Pa. 2022).

1676 15 U.S.C. § 1051(b)(3)(A) (2018).

1677 *Id.* § 1051(d).

The court concluded the plaintiff had failed to state a claim for fraud on the USPTO. It held as an initial matter that, to be actionable, the representation in question "must relate to the *trademark right* that is registered, not to some other allegedly illegal aspect of the registrant's conduct."[1678] Consequently, "[a] challenging party must adduce evidence that the registrant actually knew or believed that someone else had a right *to the mark*."[1679] Because the plaintiff conceded that its font did not function as a mark, the court held that "Section [37] provides no avenue of relief for such allegations because the failure to inform the USPTO that the font depicted in the marks had been created by [the plaintiff], not [the lead defendant], is not a cognizable falsity under Section [37]."[1680] The court therefore dismissed with prejudice the plaintiff's claim of fraudulent procurement.

Yet another failed claim of fraudulent procurement came in a case in which the plaintiff had secured a registration of the appearance of a whiskey bottle by representing that the bottle was both inherently distinctive and nonfunctional.[1681] In declining to order a new trial on the issue following a jury verdict in the plaintiff's favor, the court acknowledged that the defendants' claims those representations were false had "force."[1682] Nevertheless, the flaw in the defendants' argument was that the trial record failed to demonstrate as a matter of law the plaintiff's representatives' *knowledge* of the representations' alleged falsity.[1683] "Thus," the court found, "the evidence on that question was divided and posed a classic case for resolution by a jury, and its verdict will not be disturbed."[1684] The court then rejected the defendants' challenge to the court's jury instruction on the issue, which they argued should have authorized a finding of fraud if the plaintiff merely *should* have known of the falsity of its representations.[1685]

Of course, assuming those grounds are properly identified, Section 37 can be used to challenge registrations on grounds other

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1678 *Brand Design Co.*, 623 F. Supp. 3d at 543 (quoting J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 31:85 (5th ed.)).

1679 *Id.* (quoting Marshak v. Treadwell, 240 F.3d 184, 196 (3d Cir. 2001)).

1680 *Id.* at 544.

1681 *See* Diageo N. Am., Inc. v. W.J. Deutsch & Sons Ltd., 626 F. Supp. 3d 635 (S.D.N.Y. 2022), *appeal withdrawn*, No. 22-2106, 2022 WL 21295717 (2d Cir. Nov. 14, 2022).

1682 *Id.* at 649.

1683 *Id.* ("[The defendants'] argument that as the largest alcohol company in the world, [the plaintiff] must have been aware of third-party bottles with similar shapes and should have known that the bottle's rounded shoulders serve a functional purpose does not establish that they actually knew it, especially when extensive evidence was adduced at trial that showed [the plaintiff] thought that its bottle shape was distinctive.").

1684 *Id.*

1685 *Id.* at 651–52.

than fraudulent procurement or maintenance.[1686] For example, when one unfortunate plaintiff asserted priority of rights to a mark it had registered but turned out to use under license, the court responded by ordering the registration's cancellation.[1687] As the court explained, "[a] trademark registration may be cancelled where a registrant does not own the mark through prior use,"[1688] a circumstance established by both the plaintiff's status as a mere licensee and the defendants' prior use of their allegedly infringing mark. Following a summary judgment opinion to that effect, the plaintiff belatedly attempted to salvage its claim of priority and ownership by referencing an assignment from its licensor, but, because the plaintiff failed actually to introduce the assignment into evidence, the court declined to consider it, especially because the licensor's own use of the mark postdated the date of first use of the defendants' mark.[1689]

A different plaintiff also successfully invoked Section 37 to secure the invalidation of four pending intent-to-use applications because their owner, the lead defendant in the case, had lacked the requisite intent as of the applications' filing dates.[1690] The plaintiff supported its motion for summary judgment on the issue by pointing out the lead defendant's failure to produce or disclose during discovery any documentary evidence of its bona fide intent to use the marks or of any immediate plans to take concrete steps to bring to market any of goods covered by the applications. In response, the lead defendant referred the court to deposition testimony from two of its officers and three e-mails sent by one of them. The court, however, faulted that showing for two reasons, the first of which was that the testimony was "neither objective nor contemporaneous."[1691] The second was that the e-mails referenced only a general interest in entering the relevant industry without mentioning the particular goods in the applications.[1692] The applications therefore were void as a matter of law.

Another invocation of Section 37 outside the context of allegations of fraudulent procurement came in a suit brought by Pennsylvania State University against a former licensee that had opted out of paying royalties: Penn State sued; the defendant

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[1686] For an example of an opinion denying a plaintiff's request for the cancellation of a defaulting defendant's registration because of the plaintiff's failure to explain its entitlement to that remedy, see *Blumenthal Distributing, Inc. v. Comoch Inc.*, 652 F. Supp. 3d 1117, 1135–36 (C.D. Cal. 2023).

[1687] *See* Sec. USA Servs., LLC v. Invariant Corp., 606 F. Supp. 3d 1100, 1105 (D.N.M. 2022).

[1688] *Id.*

[1689] *Id.* at 1106–07.

[1690] *See* BBK Tobacco & Foods LLP v. Cent. Coast Agric. Inc., 615 F. Supp. 3d 982 (D. Ariz. 2022).

[1691] *Id.* at 1026.

[1692] *Id.* at 1026–27.

counterclaimed for the cancellation of the University's registrations based on the alleged ornamentality of the underlying marks, which were used in connection with various promotional goods; and the University sought the dismissal of the counterclaim for failure to state a claim.[1693] Without addressing what should have been the obvious point—that one of the University's registrations had passed its fifth anniversary as of the complaint's filing and therefore was immune to cancellation except on the grounds recognized by Section 4 of the Act[1694]—which do not include ornamentality, the court denied the University's motion. The court did not do so by invoking prior case law—the usual source of guidance in the common-law system—but instead on the basis of "sharp criticism of the creation of a broad merchandising right" by law professors.[1695] "As these scholars emphasize," the court observed, "trademarks are not protected to dole out economic awards to the party in the case caption that is most deserving; nor are they protected to encourage entities to seek more of them. They are instead protected 'to enable the public to identify easily a particular product from a particular source.'"[1696] It then continued:

> [The requirement of source confusion for liability] may disincentivize investment in the school's merchandising; but it does not discourage investment in the underlying product—the school's academic and athletic programs. And while it likewise will not encourage entities to seek out more trademarks, more trademarks have never been the goal of the law. In fact, more (particularly when they identify just one entity) may be worse. Additionally, . . . absent this market-correcting justification, awarding a right works an economic harm. If through trademark-created exclusivity an entity is free from competition, consumers suffer—on price and on preference. Indeed, T-shirts are more expensive (that licensing royalty has to come out of someone's pocketbook).[1697]

As a final justification for denying the University's motion, the court apparently dismissed the theory that liability for infringement could be proven through survey evidence that respondents believe a defendant needs permission to use a plaintiff's mark:

> The circularity is apparent: the law only offers protection if there's belief, yet the belief comes from consumers'

[1693] *See* Penn. State Univ. v. Vintage Brand, LLC, 614 F. Supp. 3d 101 (M.D. Pa. 2022).

[1694] 15 U.S.C. § 1064 (2018).

[1695] *Vintage Brand*, 614 F. Supp. 3d at 112.

[1696] *Id.* (quoting Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 Yale L.J. 1687, 1708 (1999)).

[1697] *Id.* at 112–13 (footnotes omitted).

> (mis)conception about the law. It would seem perverse to award market exclusivity based on a fake-it-until-you-make-it approach. If consumers' confusion stems from their incorrect belief that goods bearing Penn State's emblem must be licensed, shouldn't that belief be corrected, not perpetuated?[1698]

5. Damages for Fraudulent Registration

Section 38 of the Act provides that "[a]ny person who shall procure registration . . . of a mark by a false or fraudulent declaration or representation, oral or in writing, or by any false means, shall be liable in a civil action by any person injured thereby for any damages sustained in consequence thereof."[1699] That cause of action came into play in a dispute between two rifle manufacturers after one registered the appearance of its barrels, only to have the other successfully pursue the registration's cancellation before the Trademark Trial and Appeal Board through a functionality-based attack; although the petition also asserted the registration had been procured fraudulently through a false representation the registered mark was *not* functional, the Board apparently did not reach the merits of those allegations.[1700] The prevailing party then filed suit in the District of Montana, asserting various causes of action, including one under Section 38.

The defendant responded with a motion to dismiss the Section 38 cause of action for failure to state a claim, which faulted the plaintiff for waiting too long to act. In granting the motion, the court held the cause of action subject to a two-year statute of limitations under Montana law.[1701] Moreover, it held that the clock for purposes of that statute had started ticking upon the receipt of a demand letter from the defendant to a predecessor of the plaintiff, instead of the issuance of the defendant's registration.[1702] The plaintiff's luck did not improve from that point forward, because the court also held the statute of limitations defense not subject to equitable tolling. Finally, and for good measure, it held the plaintiff's claim barred by laches.[1703]

1698 *Id.* at 114.

1699 15 U.S.C. § 1120 (2018).

1700 *See* McGowen Precision Barrels, LLC v. Proof Rsch., Inc., 637 F. Supp. 3d 1116 (D. Mont. 2022).

1701 *See* Mont. Code Ann. § 27-2-203.

1702 That was in part because the response to the demand letter asserted that the defendant's allegedly false representations to the USPTO may "give rise to a counterclaim for unfair trade practices, damages and attorney fees." *McGowen Precision Barrels*, 637 F. Supp. 3d at 1126.

1703 *Id.* at 1128–29.

B. Constitutional Matters

1. Article III Cases 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;[1704] moreover, state law causes of action are inevitably subject to the same requirements. According to the Supreme Court in *MedImmune, Inc. v. Genentech, Inc.*[1705] the question of whether a particular dispute rises to this level 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."[1706]

The leading opinion to address claims of the existence or nonexistence of an actionable case and controversy came from the Ninth Circuit.[1707] The lead paragraph of that court's opinion succinctly phrased both the question presented by the case before it and the answer to that question: "After a party obtains declaratory relief which decrees that it is not infringing a trademark, does it retain Article III standing to invalidate that mark? That is the central question presented in [the parties' cross-]appeals, and, under the circumstances presented here, we answer it: No."[1708]

The appeal by the defendant producing that answer originated in a cancellation action brought by the defendant against a registration owned by the plaintiff. The defendant was a credit union based in Peoria, Illinois, and with operations historically limited to the Midwest; it had, however, purchased another credit union in the Bay Area of Northern California in 2008, and it had customers in all fifty states. The plaintiff was also a credit union, one based in San Diego and focusing its marketing efforts in Central and Southern California. The defendant's petition for cancellation contained standard recitations of likely confusion, and, in the course of discovery, its Rule 30(b)(6) witness testified that: (1) she "had concerns" about a billboard featuring the plaintiff's mark; (2) the defendant intended to increase its visibility around its California branches; (3) the defendant had customers throughout California; (4) she considered the plaintiff's mark to be "trademark infringement"; and (5) that she considered the emergence of actual confusion "just a matter of time."[1709]

[1704] U.S. Const. art. III, § 2, cl. 1; 28 U.S.C. § 2201 (2018).

[1705] 549 U.S. 118 (2007).

[1706] *Id.* at 127 (quoting Md. Cas. Co. v. Pac. Coal & Oil Co., 312 U.S. 270, 273 (1941)).

[1707] *See* San Diego Cnty. Credit Union v. Citizens Equity First Credit Union, 65 F.4th 1012 (9th Cir.), *cert. denied*, 144 S. Ct. 190 (2023).

[1708] *Id.* at 1018.

[1709] *Id.* at 1020.

Citing both the allegations of likely confusion arising from the plaintiff's use of its mark in the petition for cancellation and the witness's testimony, the Ninth Circuit affirmed the district court's determination that an actionable case and controversy existed as of the filing of the declaratory judgment action complaint. It rejected the plaintiff's argument that the defendant's mere allegation of likely confusion in an inter partes proceeding by a senior user created a justiciable controversy, especially because of the geographic distance between the parties; instead, "'a simple opposition proceeding in the Patent and Trademark Office generally will not raise a real and reasonable apprehension of suit,' because alleging a likelihood of confusion is '[b]y far the most common ground of [a] petition to cancel.'"[1710] Nevertheless, coupled with the testimony by the defendant's witness, those allegations created a reasonable apprehension of litigation by the plaintiff.[1711] Moreover, because that was true at the pleadings stage, the plaintiff did not need to prove it again at the summary judgment stage.[1712]

Nevertheless, things changed once the district court found while granting the plaintiff's motion for summary judgment that confusion was unlikely between the parties' marks. That finding, the Ninth Circuit held, rendered the district court's finding of invalidity for an unregistered mark owned by the defendant reversible error. According to the court of appeals, the finding of nonliability represented a change of circumstances mooting the earlier actionable case and controversy between the parties:

> [O]nce [the plaintiff] obtained an adjudication stating that the use of its mark does not infringe [the defendant's] common-law mark, [the plaintiff] lost any personal stake it once had in invalidating [the defendant's] common-law mark. We recognize the significant resources that the parties and the district court have already invested in holding a bench trial on this issue. But "sunk costs to the judiciary does not license courts to retain jurisdiction over cases in which one or both of the parties plainly lacks a continuing interest." Although we must "eschew undue formalism" in analyzing mootness, we "must nevertheless operate within the well-defined contours of Article III." Those constitutional contours require us to vacate the

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1710 *Id.* at 1026 (alterations in original) (first quoting Chesebrough-Pond's, Inc. v. Faberge, Inc. 666 F.2d 393, 396 (9th Cir. 1982); and then quoting J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 20:7 (5th ed.)).

1711 *Id.* at 1028.

1712 *Id.* at 1028–30.

> district court's judgment as to the invalidity of [the defendant's] common-law trademark . . . .[1713]

A less complex dispute produced a less complex finding of an actionable case and controversy by a New York federal district court.[1714] After its receipt of a demand letter from the defendant in that action, the plaintiff filed suit seeking a declaratory judgment of noninfringement, as well as an order to the USPTO to cancel two registrations owned by the defendant based on the alleged genericness of the underlying marks. During the pendency of the litigation, the defendant failed to file declarations of continuing use for its registrations under Section 8 of the Act,[1715] and the registrations were cancelled for that reason. Although the defendant claimed that development mooted the parties' dispute, the court held otherwise on the parties' cross-motions for summary judgment. Not only could the defendant still invoke causes of action to protect its newly unregistered marks, it had done exactly that in response to the plaintiff's complaint; moreover, it had neither dismissed its counterclaims nor delivered a covenant not to sue to the plaintiff. With the plaintiff establishing to the court's satisfaction its past use of, and future intent to use, in the United States the designations challenged by the defendant, the court had subject-matter jurisdiction over the plaintiff's request for declaratory relief.[1716]

2. The First Amendment

a. The Right to Free Speech

As has been increasingly the case in recent years, the test for liability first set forth in *Rogers v. Grimaldi*[1717] played a significant role in trademark-based challenges to the titles and content of creative works. Although applications of that test vary from court to court, the test generally requires plaintiffs to demonstrate that challenged imitations of the plaintiff's mark in that context either have no artistic relevance to the underlying creative work or, if they do have any artistic relevance, they are explicitly misleading.[1718] A plaintiff before a court applying *Rogers* must also demonstrate that confusion is likely, whether as a standalone showing (as in the

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[1713] *Id.* at 1032 (first quoting Gator.com Corp. v. L.L. Bean, Inc., 398 F.3d 1125, 1132 (9th Cir. 2005) (en banc); and then quoting *id.*).

[1714] *See* Now-Casting Econ., Ltd. v. Econ. Alchemy LLC, 628 F. Supp. 3d 501 (S.D.N.Y. 2022).

[1715] 15 U.S.C. § 1058 (2018).

[1716] *Now-Casting Economics*, 628 F. Supp. 3d at 501.

[1717] 875 F.2d 994 (2d Cir. 1989).

[1718] *Id.* at 999.

Ninth Circuit) or as part of the inquiry into whether the defendant's use is explicitly misleading (as in the Second Circuit).[1719]

Whatever the precise formulation of *Rogers*, however, the Supreme Court sharply limited its application in *Jack Daniel's Properties, Inc. v. VIP Products LLC*.[1720] The victim of that holding was the Ninth Circuit's rule, which reached its ill-fated apogee eight months before *Jack Daniel's*, that *Rogers* protects not only the titles and contents of creative works but also the trademarks and service marks under which they are sold.[1721] In the litigation leading the Court to abrogate that rule, the Ninth Circuit vacated a finding of infringement in a declaratory judgment action in which the producer of JACK DANIEL'S-branded whiskey asserted counterclaims challenging the imitation of its mark and trade dress by the manufacturer of novelty pet products, including dog chews. For comparison, the parties' products are shown here:[1722]

[1719] *Compare* 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.") *with* 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.").

[1720] 599 U.S. 140 (2023).

[1721] *See, e.g.*, Punchbowl, Inc. v. AJ Press, LLC, 52 F.4th 1091, 1099 (9th Cir. 2022) ("[A]ttempting to distinguish between a brand and the body and titles of individual articles fails to appreciate the expressive connection between the publication's title and brand and the reporting that appears under that heading. . . . Just because a mark is used as a brand . . . does not mean the use of the name is beyond *Rogers*'s coverage."), *opinion withdrawn*, 78 F.4th 1158 (9th Cir. 2023), *later opinion*, 90 F.4th 1022 (9th Cir. 2024).

[1722] *Jack Daniel's*, 599 U.S. at 148–49.

Critical to the outcome of the case, the district court found on summary judgment that "the First Amendment affords no protection to [the counterclaim defendant] because it is trademark law that regulates misleading commercial speech where another's trademark is used for source identification in a way likely to cause consumer confusion."[1723] In other words, the district court found it undisputed that the counterclaim defendant used its imitations of the plaintiff's marks and trade dress as the counterclaim defendant's own marks and trade dress. Having reached that conclusion, the district court eschewed the *Rogers* framework in favor of a straightforward multifactored likelihood-of-confusion analysis that produced a finding of infringement following a bench trial.[1724]

According to the Ninth Circuit, however, the district court erred by finding the counterclaim defendant's product was not a creative or expressive good eligible for *Rogers*'s protection.[1725] As a threshold matter, the appellate court blurred the distinction between parodies and expressive works by appropriating the most commonly used definition of the former—"a simple form of entertainment conveyed by juxtaposing the irreverent representation of the trademark with the idealized image created by the mark's owner"[1726]—as the definition of the latter—"'a simple' message conveyed by 'juxtaposing the irreverent representation of the trademark with the idealized image created by the mark's owner.'"[1727] Having done so, the court found the counterclaim defendant's use an expressive work as a matter of law. Because the district court had reached a finding of likely confusion under the Ninth Circuit's standard multifactored test without first deciding whether the plaintiff could meet either prong of *Rogers*, it therefore remanded the matter for a determination of that issue.[1728] On remand, the district court applied the *Rogers* test to enter summary judgment of noninfringement,[1729] which the Ninth Circuit summarily affirmed,[1730] and the Supreme Court granted a petition for a writ of

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[1723] VIP Prods., LLC v. Jack Daniel's Props., Inc., No. CV-14-2057-PHX-SMM, 2016 WL 5408313, at *5 (D. Ariz. Sept. 27, 2016) ("*VIP I*"), *later proceedings*, 291 F. Supp. 3d 891 (D. Ariz. 2018) ("*VIP II*"), *reversed in part and vacated in part*, 953 F.3d 1170 (9th Cir. 2020) (*VIP Prods. III*"), *cert. denied*, 141 S. Ct. 1054 (2021), *on remand*, No. CV-14-02057-PHX-SMM, 2021 WL 5710730 (D. Ariz. Oct. 8, 2021) ("*VIP Prods. IV*"), *aff'd*, No. 21-16969, 2022 WL 1654040 (9th Cir. Mar. 18, 2022) ("*VIP Prods. V*"), *vacated and remanded*, 599 U.S. 140 (2023).

[1724] *See VIP Prods. II*, 291 F. Supp. 3d at 911.

[1725] *See VIP Prods. III*, 953 F.3d at 1176–77.

[1726] L.L. Bean, Inc. v. Drake Publishers, Inc., 811 F.2d 26, 34 (1st Cir. 1987).

[1727] *VIP Prods. III*, 953 F.3d at 1175 (quoting *L.L. Bean*, 811 F.2d at 34).

[1728] *Id.* at 1177.

[1729] VIP Prods. IV, 2021 WL 5710730, at *3-6.

[1730] VIP Prods., V, 2022 WL 1654040, at *1.

certiorari presenting two questions, the first of which was "[w]hether humorous use of another's trademark as one's own on a commercial product is subject to the Lanham Act's traditional likelihood-of-confusion analysis, or instead receives heightened First Amendment protection from trademark-infringement claims."[1731]

In answering that question, the Court vacated the Ninth Circuit opinion by holding that the trademark nature of the counterclaim defendant's uses disqualified those uses from the protection of *Rogers*:

> Without deciding whether *Rogers* has merit in other contexts, we hold that it does not when an alleged infringer uses a trademark in the way the Lanham Act most cares about: as a designation of source for the infringer's own goods. [The counterclaim defendant] used the marks derived from [the counterclaim plaintiff] in that way, so the infringement claim here rises or falls on likelihood of confusion. But that inquiry is not blind to the expressive aspect of the [the counterclaim defendant's] toy that the Ninth Circuit highlighted. Beyond source designation, [the counterclaim defendant] uses the marks at issue in an effort to "parody" or "make fun" of [the counterclaim plaintiff]. And that kind of message matters in assessing confusion because consumers are not so likely to think that the maker of a mocked product is itself doing the mocking.[1732]

The court further explained that:

> [T]he *Rogers* test has applied only to cases involving "non-trademark uses"—or otherwise said, cases in which "the defendant has used the mark" at issue in a "non-source-identifying way." The test has not insulated from ordinary trademark scrutiny the use of trademarks as trademarks, "to identify or brand [a defendant's] goods or services."[1733]

Thus, "the First Amendment does not demand a threshold inquiry like the *Rogers* test. When a mark is used as a mark (except, potentially, in rare situations), the likelihood-of-confusion inquiry does enough work to account for the interest in free expression."[1734]

Nevertheless, the Court emphasized that *Rogers*'s unavailability in cases arising from defendants' uses of challenged marks *as* marks does not mean findings of liability should be automatic; rather, "a

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[1731] Petition for Writ of Certiorari at (I), Jack Daniel's Props., Inc. v. VIP Prods. LLC, 599 U.S. 140 (2023) (No. 22-148), 2020 WL 5632652, at *(I).

[1732] *Jack Daniel's*, 599 U.S. at 153.

[1733] *Id.* at 155–56 (second alteration in original) (first quoting Stacy Dogan & Mark Lemley, *Grounding Trademark Law Through Trademark Use*, 92 Iowa L. Rev. 1669, 1684 (2007); and then quoting *id.* at 1683).

[1734] *Id.* at 159.

trademark's expressive message—particularly a parodic one, as [the counterclaim defendant] asserts—may properly figure in assessing the likelihood of confusion."[1735] "Yet," it continued, "to succeed, the parody must also create contrasts, so that its message of ridicule or pointed humor comes clear. And once that is done (*if* that is done), a parody is not often likely to create confusion. Self-deprecation is one thing; self-mockery far less ordinary."[1736] It therefore concluded that "although [the counterclaim defendant's] effort to ridicule [the counterclaim plaintiff] does not justify use of the *Rogers* test, it may make a difference in the standard trademark analysis. Consistent with our ordinary practice, we remand that issue to the courts below."[1737]

Seven months after its issuance, *Jack Daniel's* led the Second Circuit to affirm the entry of preliminary injunctive relief in a case in which the plaintiffs filed suit to protect the marks and trade dress of their OLD SKOOL–branded shoes against self-styled "exceedingly wavy" parodies marketed by the defendant.[1738] The defendant's claim of parody did not impress the district court, which held the *Rogers* test inapplicable and found confusion likely under an application of the multifactored test for infringement. On appeal, the Second Circuit held the district court had not abused its discretion in granting the plaintiff's preliminary injunction motion. To begin with, although the defendant included its own branding on the label and heel of its sneakers, it did so in a way and in a location evoking that of the plaintiffs. Moreover, unlike the counterclaim defendant in *Jack Daniel's*, the defendant before the Second Circuit did not include a disclaimer of affiliation on its products. So too did that defendant admit to "start[ing]" with the plaintiffs' marks when designing its putative commentary on contemporary consumer culture, which the court viewed as evidence that the defendant sought to benefit from the plaintiff's goodwill.[1739] All in all, the record demonstrated that "[the defendant] used [the plaintiffs'] trademarks—particularly [their] red and white logo—to brand its own products, which constitutes 'quintessential "trademark use"' subject to the Lanham Act."[1740] Consequently, "[n]otwithstanding [its shoes' and packaging's] expressive content, [the defendant] used [the plaintiffs]' trademarks in a source-identifying manner."[1741] Having thus disposed of the defendant's invocation of *Rogers*, the court then affirmed the district court's finding of likely confusion

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1735 *Id.* at 161.

1736 *Id.*

1737 *Id.*

1738 *See* Vans, Inc. v. MSCHF Prod. Studio, Inc., 88 F.4th 125, 128 (per curiam).

1739 *Id.* at 130.

1740 *Id.* at 138–39 (quoting *Jack Daniel's*, 599 U.S. at 155).

1741 *Id.* at 139.

without reference to the First Amendment. As it explained, "if a parodic use of protected marks and trade dress leaves confusion as to the source of a product, the parody has not 'succeeded' for purposes of the Lanham Act, and the infringement is unlawful."[1742]

Moreover, even before these significant pro-plaintiff opinions, a rare victory for a plaintiff under a *Rogers*-based analysis following a jury trial came in a case arising in the context of non-fungible tokens.[1743] The plaintiff was a luxury fashion business, which sold high-end handbags such as the following under the BIRKIN mark:

In late 2021, the defendant, a self-styled "marketing strategist" in the fashion industry, created digital images of faux-fur-covered versions of the plaintiff's bags, representative examples of which appear below, which he sold as NFTs:

The defendant marketed his collection under the METABIRKINS mark, but he did not actually affix that term to his NFTs, whether digitally or otherwise; instead, he assigned each NFT a number. Following the denial of *Rogers*-based defense motions to dismiss and for summary judgment and before the Supreme Court's decision in *Jack Daniel's*, a jury found infringement.

The defendant attacked the jury's verdict in a post-trial motion seeking either judgment as a matter of law in his favor or a new

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[1742] *Id.* at 142.

[1743] *See* Hermès Int'l v. Rothschild, No. 22-CV-384 (JSR), 2023 WL 4145518 (S.D.N.Y. June 23, 2023), *appeal docketed*, No. 23-1081 (2d Cir. July 24, 2023).

trial. One basis of that motion was that the jury instructions allegedly suggested the defendant bore the burden under *Rogers* to demonstrate its entitlement to the First Amendment's protection; that claim fell short because of an instruction to the contrary included at the insistence of defense counsel.[1744] Moreover, the court held, because it had instructed the jury that the explicitly misleading prong of *Rogers* required a demonstration of an intent to confuse by the defendant, the disputed instruction arguably favored the defendant.[1745] "It remains only to add," the court concluded, "that if the jury found—as they did here—that [the defendant] did use [the plaintiff's] marks with an intent to deceive, any claim he might have to First Amendment protection was waived. For nothing could be better established than that the First Amendment does not eliminate liability for intentional fraud."[1746]

Finally, the court also rejected the defendant's attack on the sufficiency of the plaintiff's evidence that the defendant's conduct was explicitly misleading. It did so in part by citing the similarities between the parties' respective goods, the "distinctive place in American cultural life" occupied by the plaintiff's goods, the likelihood of the plaintiff entering the NFT space, and evidence of actual confusion proffered by the plaintiff.[1747] That evidence comprised the results of a survey conducted by an expert retained by the plaintiff and a showing that "several fashion magazines" had mistaken the defendant's NFTs as originating with the plaintiff.[1748] Although the court did not address the plaintiff's survey evidence at length, an earlier opinion denying the parties' cross-motions for summary judgment credited the survey results for establishing a 18.7% net confusion rate among respondents.[1749]

Despite these conspicuously pro-plaintiff outcomes, invocations of *Rogers* by at least some defendants did get the job done. In an opinion predating that in *Jack Daniel's* and possibly lying outside the scope of the Supreme Court's decision, an application of *Rogers* in a conventional dispute came in an appeal to the Eleventh Circuit in a case brought by the owners and operators of a lounge on the Florida-Alabama border using the FLORA-BAMA LOUNGE, PACKAGE AND OYSTER BAR service mark.[1750] The plaintiff's suit targeted the creators and distributors of a reality television program styled as *MTV Floribama Shore*, which was filmed over 100 miles

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1744 *Id.* at *3.

1745 *Id.* at *4.

1746 *Id.* at *5.

1747 *Id.*

1748 *Id.*

1749 *See* Hermès Int'l v. Rothschild, 654 F. Supp. 3d 268, 282 (S.D.N.Y. 2023).

1750 *See* MGFB Props., Inc. v. Viacom Inc., 54 F.4th 670 (11th Cir. 2022).

east of the plaintiffs' lounge. The following illustrations show the parties' respective marks as they appeared in the marketplace:[1751]

Affirming the grant of a defense motion for summary judgment, the court held the defendants' title was artistically relevant to their program, even if it was not a necessary component of the program:

> It is, of course, true that a title will be artistically relevant when it is necessary to use the title. But that does not mean a title must be strictly necessary to be artistically relevant. Nor does it mean that the use of a mark has artistic relevance only if its use carries the same meaning as the one the trademark holder gives it. As in this case, where the use of "Floribama" has artistic relevance to Defendants' show independent of referring to Plaintiffs' establishment, artistic relevance does not turn on whether the work is about the trademark or its holder.[1752]

The court then held with respect to the second prong of the *Rogers* analysis that "[t]he relevant question is whether (1) the secondary user overtly 'marketed' the protected work 'as "endorsed" or "sponsored" by the primary user or (2) 'otherwise explicitly stated' that the protected work was 'affiliated' with the primary user."[1753] The summary judgment record did not contain any evidence that the defendants' conduct fell within either category. Although the plaintiffs pointed to the results of a pre-production survey conducted by one of the defendants reflecting an awareness of the term "Flora-Bama" among 34% of respondents, "with half of the 34% identifying it as the bar and the other half identifying it as the region,"[1754] the court declined to credit that evidence because "any misunderstanding represented by the survey data was 'not engendered by any overt claim.'"[1755] It similarly rejected two promotional tweets by the president of one of the defendants that had used the "Florabama" spelling of the disputed term because "she

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1751 *Id.* at 675.

1752 *Id.* at 681.

1753 *Id.* at 682 (quoting Univ. of Ala. Bd. of Trs. v. New Life Art, Inc., 683 F.3d 1266, 1279 (11th Cir. 2012)).

1754 *Id.* at 675.

1755 *Id.* at 682 (quoting *Rogers*, 875 F.2d at 1001).

did so in conjunction with references to [the defendant] and MTV."[1756] Finally, it disposed of the plaintiffs' allegation that the defendants had intentionally copied the plaintiffs' mark by holding that, at least standing alone, intentional copying was insufficient to establish explicitly misleading conduct.[1757]

A similar factual scenario producing another pre–*Jack Daniel's* application of *Rogers* produced the same result in a different case brought by the creators of two documentaries on urban dirt-bike riders called *12 O'Clock Boyz* and *12 O'Clock Boyz: The Paparazzi Edition*; the titles referenced the riders' practice of elevating the front wheels so that their bikes had a near-vertical orientation.[1758] The plaintiffs leveled accusations of infringement against the producers and distributors of a later documentary named *12 O'Clock Boys* and an identically titled motion picture based on it. In addition to objecting to the title of the defendants' documentary, the plaintiffs targeted the appearance in that documentary of the title card from the plaintiffs' first documentary. The defendants responded with a motion to dismiss, which the New York federal district court hearing the case converted in part to one for summary judgment.

Addressing the converted motion, the court held the defendants' uses eligible for protection under the *Rogers* test. With respect to that test's first prong, it concluded that the defendants' titles were artistically relevant to their documentary and film because those works addressed how their lead subject had been inspired by the plaintiffs' documentaries. It then found the defendants' titles not explicitly misleading by referring to the Second Circuit's *Polaroid* likelihood-of-confusion factors and concluding the plaintiffs had failed to allege the "particularly compelling" case of likely confusion required by Second Circuit law.[1759] That was due in part to the descriptiveness and weakness of the plaintiffs' titles as marks, the higher quality of the defendants' works, the absence of actual confusion, and the defendants' identification of themselves in the end credits of those works. The competitive proximity of the parties' respective works might not have been disputed, and viewers of them might have been unsophisticated, but those considerations did not place into dispute the plaintiffs' inability to prove the defendants' title were explicitly misleading.[1760]

The plaintiffs in another notable pre–*Jack Daniel's* application of *Rogers* were parents of children in the Los Lunas School District

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[1756] *Id.*

[1757] *Id.*

[1758] *See* Monbo v. Nathan, 623 F. Supp. 3d 56 (E.D.N.Y. 2022), *reconsideration denied*, No. 18-CV-5930 (MKB), 2022 WL 4134455 (E.D.N.Y. Sept. 11, 2022).

[1759] *Id.* at 120.

[1760] *Id.* at 120–21.

in New Mexico, who established a Facebook page styled (not surprisingly) as the "Los Lunas School District Parent Discussion Page," which became "one of the first pages appearing in a Google search for 'Los Lunas Schools.'"[1761] The district became concerned about the accuracy of information on the page, including that relating to snow days and the academic calendar; so too did the district object to postings identifying minor children, as well as some postings it believed had compromised its investigation of an incident involving a middle school principal. It responded by registering the LOS LUNAS SCHOOLS mark for educational services and by sending cease-and-desist letters to the plaintiffs, who responded with a suit against the district's board of education and superintendent under 28 U.S.C. § 1983, which provides a cause of action against "the deprivation of any rights, privileges, or immunities secured by the Constitution and laws."[1762] The plaintiffs' suit alleged the defendants' enforcement efforts violated their First Amendment rights under the statute.

Following discovery, the district superintendent (but not the other defendants) moved the court for summary judgment, asserting that her actions fell within an exception to Section 1983 liability applicable to conduct not clearly violating established or constitutional rights of which a reasonable person would have known.[1763] Weighing the motion, the court initially observed that:

> A claim for First Amendment retaliation requires proof of the following elements: (1) the plaintiff was engaged in constitutionally protected activity; (2) the defendant's actions caused the plaintiff to suffer an injury that would chill a person of ordinary firmness from continuing to engage in that activity; and (3) the defendant's adverse action was substantially motivated as a response to the plaintiff's exercise of constitutionally protected conduct.[1764]

Addressing the first prong of the analysis first, the court held that a jury might reasonably find that the hosting, content, and title of the plaintiffs' page qualified as constitutionally protected activity; that holding became more definitive as the court's analysis proceeded, though, with it also asserting that "[b]ased on First Amendment jurisprudence, the hosting, content, and title of Plaintiffs' Facebook page are protected activities under the First Amendment."[1765] Then, citing the district's threats to pursue a

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1761 Tachias v. Los Lunas Sch. Bd. of Educ., 636 F. Supp. 3d 1328, 1333 (D.N.M. 2022), *appeal docketed*, No. 22-2139 (10th Cir. Nov. 28, 2022).

1762 15 U.S.C. § 1983 (2018).

1763 *See* Mullenix v. Luna, 577 U.S. 7, 11 (2015) (holding that qualified immunity protects "all but the plainly incompetent or those who knowingly violate the law").

1764 *Tachias*, 636 F. Supp. 3d at 1340.

1765 *Id.* at 1342.

lawsuit, monetary relief, and attorneys' fees, it reached the same conclusion with respect to the second prong.[1766] Finally, it determined that a reasonable jury also could find in the plaintiffs' favor on the issue of the district's possibly retaliatory motive based on record evidence and testimony that "[the superintendent] sought to have the content and title of Plaintiffs' page removed due to the speech taking place on the page."[1767]

That left the question of the superintendent's entitlement to summary judgment, as to which the court held that:

> When a defendant asserts qualified immunity at the summary judgment stage, "the burden shifts to the plaintiff to show that: (1) the defendant violated a constitutional right, and (2) the constitutional right was clearly established." The court may address these two inquiries in any order. However, if the plaintiff fails to satisfy either prong, the court must grant qualified immunity. If the plaintiff succeeds, then—and only then—does the defendant bear the traditional burden of the movant for summary judgment.[1768]

For much the same reasons as it had found a factual dispute regarding the existence of a Section 1983 violation in the first instance, the court held summary judgment inappropriate under those factors. Specifically, "the law was clearly established in 2018–2019 that threatening to file a frivolous civil lawsuit in retaliation for an individual's exercise of their First Amendment right to free speech—including criticisms and concerns regarding government employees—is unconstitutional under the First Amendment";[1769] thus, the violation of the plaintiffs' First Amendment rights was "obvious."[1770]

In thus failing to demonstrate her nonliability as a matter of law on the plaintiff's Section 1983 claim, the superintendent may have missed an opportunity to advance her case by anticipating the outcome in *Jack Daniel's*. Citing *Rogers* and its progeny as part of its constitutional analysis, the court held that "[a] title of a social media page—like that of a book or a movie—is speech subject to First Amendment protections."[1771] It then observed:

> Defendant argues the title of Plaintiffs' page—the "Los Lunas School District Parent Discussion Page"—is not

[1766] *Id.* at 1342–43.

[1767] *Id.* at 1344.

[1768] *Tachias*, 636 F. Supp. 3d at 1339 (citations omitted) (quoting Kapinski v. City of Albuquerque, 964 F.3d 900, 905 (10th Cir. 2020)).

[1769] *Id.* at 1346 (footnote omitted).

[1770] *Id.* at 1348.

[1771] *Id.* at 1343.

> protected speech because it constitutes trademark infringement of the District's trademark of "Los Lunas Schools." However, Defendant has neither outlined any argument nor provided evidence to the Court that the title of Plaintiffs' page constituted trademark infringement.[1772]

In contrast to that missed opportunity, another plaintiff *did* anticipate the holding of *Jack Daniel's*, only to have the court hearing his case preemptively distinguish the as-of-then-future Supreme Court opinion.[1773] That plaintiff claimed ownership of the BMF mark—an initialism of "building money first"—in connection with various entertainment services, including a YouTube series styled as *BMF The Series* and based on the plaintiff's experience building a drug empire during the 1980s and 1990s. Objecting to the defendants' production of a television series titled *BMF: Black Mafia Family*, the plaintiff responded to the defendants' *Rogers*-based motion to dismiss in part by arguing the court should stay its consideration of the motion until the Supreme Court's disposition of *Rogers*. The court declined to do so, pointing out that:

> [T]he questions presented in [*Jack Daniel's*] address whether the humorous use of another's mark receives heightened First Amendment protection under *Rogers*, an issue beyond the scope of the matters presented in this case. Because that appeal [sic] would not impact the instant litigation, there is no sufficient basis to stay this action pending its disposition."[1774]

Having taken that step, the court applied *Rogers* to dismiss the plaintiff's complaint with prejudice. The plaintiff did not dispute that the defendant's series was an expressive work and its title artistically relevant to the series, but he did claim the title was explicitly misleading. The court rejected that argument because there were no more than "superficial similarities" between the parties' shows and because the defendants' title played only "a minor role in the overall scope" of their series.[1775] It therefore dismissed the plaintiff's complaint with prejudice.

b. The Right to Petition

Under *Eastern Rail Road Presidents Conference v. Noerr Motor Freight, Inc.*,[1776] and *United Mine Workers v. Pennington*,[1777] the First Amendment protects the petitioning of government bodies,

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[1772] *Id.* (citation omitted).

[1773] *See* Belin v. Starz Ent., LLC, 662 F. Supp. 3d 1092 (C.D. Cal. 2023).

[1774] *Id.* at 1099–1100 (citation omitted) (internal quotation marks omitted).

[1775] *Id.* at 1098.

[1776] 365 U.S. 875 (1961).

[1777] 381 U.S. 657 (1965).

including courts, for redress of the petitioner's grievances. According to the Supreme Court's most extensive explanation of the *Noerr-Pennington* 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.[1778] Although the *Noerr-Pennington* doctrine arose in the context of antitrust litigation, the doctrine rests upon solid First Amendment grounds rather than upon a limited construction of the Sherman Act. The doctrine therefore "is a principle of constitutional law that bars litigation arising from injuries received as a consequence of First Amendment petitioning activity, regardless of the underlying cause of action asserted by plaintiffs."[1779]

The *Noerr-Pennington* doctrine was successfully raised in a case in which the plaintiff manufactured a septic system based on an unusual design.[1780] The lead defendant was an industry standard-setting and certifying organization, with whose standards the plaintiff's design did not comply. The plaintiff accused the lead defendant of having drafted its standards based on misrepresentations by the other defendants, and its complaint also averred that all the defendants had improperly lobbied state regulators to decline to approve the plaintiff's design based on its noncompliance with the lead defendant's standards. The result was a complaint asserting false advertising in violation of Section 43(a), as well as several causes of action under Michigan law, including one for fraud. The district court granted the defendants' motion to dismiss the last of those for failure to state a claim under *Noerr-Pennington*, and the Sixth Circuit affirmed, albeit without extended analysis other than to note that Michigan courts had held the doctrine applicable in analogous contexts.[1781]

The *Noerr-Pennington* doctrine also made an appearance in a separate case in which the counterclaim defendant had unsuccessfully accused the counterclaim plaintiff of cybersquatting in an arbitration proceeding under the UDRP before the parties'

1778 *See generally* Prof'l Real Est. Inv'rs, Inc. v. Columbia Pictures Indus., 508 U.S. 49, 60–61 (1993).

1779 Azzar v. Primebank, FSB, 499 N.W.2d 793, 796 (Mich. Ct. App. 1993) (citations omitted).

1780 *See* Geomatrix, LLC v. NSF Int'l, 82 F.4th 466 (6th Cir. 2023).

1781 *Id.* at 487.

In addition to disposing of the plaintiff's fraud claim under *Noerr-Pennington*, the district court took the same step with respect to the plaintiff's cause of action under the Michigan Consumer Protection Act, Mich. Comp. Laws § 445.901, *et seq. See* Geomatrix, LLC v. NSF Int'l, 629 F. Supp. 3d 691, 713 (E.D. Mich. 2022) ("There is no apparent reason why Michigan courts would not extend Noerr immunity to claims under the MCPA."), *aff'd*, 82 F.4th 466 (6th Cir. 2023). Having affirmed the dismissal on other grounds, the Sixth Circuit expressly declined to opine on the merits of the district court's rationale. *See* 82 F.4th at 488 n.3.

dispute was escalated to a Virginia federal district court.[1782] Based on its initial victory before the arbitrators, who concluded the counterclaim defendant had attempted to engage in reverse domain name hijacking, the defendant claimed the UDRP action constituted malicious prosecution under Virginia law. Having found confusion likely as a matter of law, however, the court held the counterclaim defendant's prosecution of that action to be protected under both prongs of the *Noerr-Pennington* analysis. To begin with, the court found from the summary judgment record that "[the counterclaim defendant's] UDRP action to force the transfer of domain rights was not objectively baseless because [the counterclaim defendant] possessed a registered trademark that was identical to the disputed domain name and was simply seeking to assert its trademark rights."[1783] Beyond that, the court found it undisputed with respect to the counterclaim defendant's subjective intent that "[the counterclaim defendant] did not bring the UDRP action solely to interfere with [the counterclaim plaintiff's] business practices."[1784] Finally, the court took issue with the panelists' characterization of the UDRP action as having been brought in bad faith, noting that the counterclaim plaintiff's initial victory was attributable to evidence of which the counterclaim defendant was unaware at the time of its UDRP complaint.[1785] The counterclaim plaintiff's allegation of malicious prosecution therefore failed to survive summary judgment.

C. Procedural Matters

1. Federal Subject-Matter Jurisdiction

Two federal courts—one the Ninth Circuit and the other an Ohio district court—addressed the same question but delivered inconsistent answers. The appeal before the former court originated in a cancellation action before the Trademark Trial and Appeal Board that was eventually escalated into a declaratory judgment action for noninfringement by the owner of the targeted registration.[1786] That plaintiff succeeded in procuring from the district court a finding of no likely confusion as a matter of law, after which the district court held it lacked subject-matter jurisdiction over the defendant's counterclaim for cancellation of the plaintiff's registration. Although it technically had prevailed on its challenge to the counterclaim, the plaintiff argued the district court had erred

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1782 *See* GoSecure Inc. v. Bhandari, 637 F. Supp. 3d 368 (E.D. Va. 2022).

1783 *Id.* at 380.

1784 *Id.*

1785 *Id.*

1786 *See* San Diego Cnty. Credit Union v. Citizens Equity First Credit Union, 65 F.4th 1012 (9th Cir.), *cert. denied*, 144 S. Ct. 190 (2023).

in not deciding the counterclaim on the merits. Over the defendant's objections, the Ninth Circuit entertained the plaintiff's appeal of the issue. Nevertheless, it otherwise agreed with the defendant that subject-matter jurisdiction no longer existed over the counterclaim pursuant to Section 37, which provides that "[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 canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action."[1787] It therefore affirmed the counterclaim's dismissal with the explanation that "[the defendant's] cancellation counterclaim under § [37] must have an independent jurisdictional basis. And [the plaintiff] has understandably not appealed from the district court's judgment on the only claims that could arguably provide such a basis—i.e., [the plaintiff's] non-infringement claims."[1788]

In the Ohio case, the plaintiff asserted three theories of liability against the defendants, as well as an abandonment-based claim for the cancellation of a registration owned by the lead defendant.[1789] After the defendants successfully secured summary judgment of nonliability on the plaintiff's first three causes of action for want of the necessary priority of rights,[1790] they moved the court to dismiss the plaintiff's remaining cause of action, the one challenging the validity of the lead defendant's registration. Unlike the Ninth Circuit, the court concluded it retained subject-matter jurisdiction over that challenge based on its existence as of the complaint's filing:

> Whether [Section 37 is] asserted as a counterclaim or an affirmative claim as Plaintiff brought it here, nothing in the text of Section [37] or the rule that it does not provide an independent basis for federal jurisdiction disturbs the principle that jurisdiction is determined at the outset of the case or otherwise divest a federal court of jurisdiction following a grant of summary judgment on other claims that provided the basis for jurisdiction.[1791]

Addressing a more conventional—and perennial—question of subject-matter jurisdiction, a New York federal district court dismissed a cause of action under Section 32 to the extent the

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1787 15 U.S.C. § 1119 (2018).

1788 *San Diego Cnty. Credit Union*, 65 F.4th at 1037.

1789 *See* Gerlach, Inc. v. Gerlach Maschinenbau GmbH, 619 F. Supp. 3d 811 (N.D. Ohio 2022) ("*Gerlach II*").

The background to the case is not entirely apparent from the opinion, but it is laid out in one from earlier in the litigation. *See* Gerlach, Inc. v. Gerlach Maschinenbau GmbH, 592 F. Supp. 3d 634 (N.D. Ohio 2022) ("*Gerlach I*").

1790 *Id.* at 640–43.

1791 *Gerlach II*, 619 F. Supp. 3d at 814.

plaintiffs sought relief for conduct preexisting the issuance of their registration.[1792] The court's reading of the complaint established the plaintiffs had only sought to register their mark after learning of the defendants' alleged infringement. According to the court, that was too late because "Plaintiffs cannot retroactively recover for acts that occurred before they registered their mark."[1793] In so holding, the court did not evince an understanding that the plaintiffs' rights under Section 32 actually backdated to the filing date of their application under Section 7(c);[1794] under its rationale, however, that would not have saved the plaintiffs' cause of action.

Finally, a Minnesota federal district court rejected a defense argument that all disputes over marks and names necessarily implicate federal law.[1795] It did so after the Minnesota-based plaintiff before it had filed an infringement suit in Minnesota state court, the Minnesota-based defendants had removed the action, and the plaintiff had asked for a remand. The court granted the requested remand after concluding that the plaintiff's entirely state-law-based challenge to the defendants' trade name did not trigger federal subject-matter jurisdiction. Not only was the plaintiff's complaint devoid of any causes of action under the Lanham Act, but a temporary restraining order entered by the state court requiring the defendants to remove the offending trade name from their website did not implicate the Act either.[1796] A remand therefore followed.

2. Appellate Jurisdiction

Under ordinary circumstances, the timely filing of a notice of appeal is both mandatory and jurisdictional: Without it, no appellate jurisdiction exists.[1797] Nevertheless, the Tenth Circuit held that the filing of a cross-appeal outside of the deadline for doing so can be timely if the appellant files for bankruptcy after its initial notice of appeal.[1798] Finding Eighth Circuit authority to similar

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1792 *See* Monbo v. Nathan, 623 F. Supp. 3d 56 (E.D.N.Y. 2022), *reconsideration denied*, No. 18-CV-5930 (MKB), 2022 WL 4134455 (E.D.N.Y. Sept. 11, 2022).

1793 *Id.* at 116.

1794 15 U.S.C. § 1057(b) (2018).

1795 *See* Horizon Roofing, Inc. v. Best & Fast Inc., 605 F. Supp. 3d 1148 (D. Minn. 2022).

1796 *Id.* at 1152–53 ("Defendants' argument that the scope of the [state court's] TRO made this case removable is not persuasive. They have not cited authority for the proposition that a defendant's option to remove a complaint depends upon the scope of pre-removal injunctive relief granted by a state court. Because the well-pleaded complaint rule focuses on a review of the pleadings to determine whether a federal claim is presented and allows a plaintiff to avoid federal jurisdiction by pleading only state claims, the scope of the pre-removal TRO does not affect the analysis.").

1797 *See generally* Budinich v. Becton Dickinson & Co., 486 U.S. 196, 203 (1988).

1798 *See* Vitamins Online, Inc. v. Heartwise, Inc., 71 F.4th 1222 (10th Cir. 2023).

effect persuasive,[1799] the court held that an appeal in a case in which the debtor was a defendant constitutes the "commencement or continuation" of the original proceeding under Section 108(c) of the Bankruptcy Code,[1800] meaning that the deadline for undertaking the appeal was tolled by the automatic stay imposed by a bankruptcy filing. Because the plaintiff-cross-appellant in the case before the court had noticed its cross-appeal well within the thirty-day deadline for such a commencement or continuation set by Section 108(c) after the stay was lifted, the cross-appeal was timely.[1801]

In contrast, the Ninth Circuit took a far more restrictive approach to its jurisdiction over an appeal brought by two plaintiffs, whose domain name registration with the defendant had lapsed, after which a third party had registered the domain name and used it for a website providing gambling-related information—a far cry from the plaintiffs' inspirational content for wounded veterans and other individuals with disabilities.[1802] The plaintiffs initially filed suit in the United States District Court for the Northern District of Georgia, only to have that court transfer the action to the District of Arizona pursuant to a forum-selection clause in the plaintiffs' contract with the defendant. Following the Arizona court's dismissal of the complaint for failure to state a claim, the plaintiffs appealed the transfer decision (along with the dismissal) to the Ninth Circuit. They did so unsuccessfully, however, for, in the words of the court of appeals, "[w]e do not have jurisdiction to review the Northern District of Georgia's transfer order, as transfer orders 'are reviewable only in the circuit of the transferor district court.' [The plaintiffs'] remedy, if any, lies in the Eleventh Circuit."[1803]

3. Standing

Under federal law, the standing inquiry contemplates two separate concepts.[1804] The first is standing under Article III of the Constitution, which requires a plaintiff to have "(1) suffered an injury in fact, (2) that is fairly traceable to the challenged conduct of the defendant, and (3) that is likely to be redressed by a favorable judicial decision."[1805] The second is whether the plaintiff has standing to invoke the cause of action under which it purports to

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1799 *See In re* Hoffinger Indus., 329 F.3d 948, 952 (8th Cir. 2003).

1800 11 U.S.C. § 362(a)(1) (2018).

1801 *Vitamins Online*, 71 F.4th at 1235.

1802 *See* Rigsby v. GoDaddy Inc., 59 F.4th 998 (9th Cir. 2023).

1803 *Id.* at 1004 (quoting Posnanski v. Gibney, 421 F.3d 977, 980 (9th Cir. 2005)).

1804 Reported opinions addressing standing requirements under various state law causes of action are addressed in Section III.1.c.ii, *supra*.

1805 Spokeo, Inc. v. Robins, 578 U.S. 330, 338 (2016).

proceed, which is increasingly governed by the Supreme Court's 2014 opinion in *Lexmark International, Inc. v. Static Control Components, Inc.*;[1806] that opinion requires the plaintiff to demonstrate its injury is within the "zone of interests" protected by its cause of action and was proximately caused by the defendant's conduct.[1807]

a. Opinions Finding Standing

Lexmark unambiguously holds that the Lanham Act does not recognize consumer standing, even if that consumer is a business.[1808] Nevertheless, a Texas federal district court went to great lengths to distinguish that holding in declining to dismiss a false advertising cause of action brought by a plaintiff that, during the COVID-19 pandemic, negotiated with two defendants for a license to market and sell a surface sanitizer in Argentina.[1809] The plaintiff accused the lead defendant of incorporating the second defendant—the putative manufacturer of the sanitizer—as a shell company. The lead defendant then allegedly issued a press release touting the sanitizer's effectiveness and misleadingly suggesting the defendants were independent of each other; according to the complaint, "the Press Release was deliberately designed to hide [the lead defendant's] self-interest in increasing sales of the [sanitizer] and dupe unsuspecting customers into purchasing the [sanitizer] to increase [the lead defendant's] revenue."[1810] Finally, and somewhat inconsistently, the plaintiff also asserted that the second defendant, via communications from employees of the lead defendant, made numerous misrepresentations concerning the sanitizer, including those citing falsified test results and bearing directly on the sanitizer's eligibility for sale in Argentina, the only market over which the parties were negotiating.

Not surprisingly, and citing *Lexmark*, the second defendant moved to dismiss the allegations of false advertising against it. The court denied the motion, in the process rejecting that defendant's proffered "categorical rule that a business entity can never assert a

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1806 572 U.S. 118 (2014).

1807 *Id.* at 127–30.

1808 *See* 572 U.S. at 132 ("A consumer who is hoodwinked into purchasing a disappointing product may well have an injury-in-fact cognizable under Article III, but he cannot invoke the protection of the Lanham Act—a conclusion reached by every Circuit to consider the question . . . . Even a business misled by a supplier into purchasing an inferior product is, like consumers generally, not under the Act's aegis." (citations omitted)).

1809 *See* AHBP LLC v. Lynd Co., 649 F. Supp. 3d 371 (W.D. Tex. 2023).

1810 *Id.* at 381.

claim for false advertising under the Lanham Act against one of its suppliers."[1811] As it explained:

> Such a rule disregards the economic realities of modern supply chains in favor of a shallow and artificially narrow understanding of the distinction between consumers and competitors. In this Court's view, whether an entity's claims fall within the ambit of the Lanham Act does not depend on its place in the supply chain but on the manner in which its interests have allegedly been harmed.[1812]

Turning to the facts alleged in the complaint before it, the court then held that "a co-distributor of the sanitizer that suffered losses as a result of the supplier's overstatements of the product's quality[, *i.e.*, the plaintiff,] would suffer lost profits and reputational harm as a *distributor* rather than as a *consumer*."[1813] With the plaintiff having additionally alleged "both economic and reputational injury flowing directly from the [the defendants'] deceptive advertising as to the quality of the [sanitizer]," its complaint adequately established its standing.[1814]

The disposition of a claim of standing was less definitive in another false advertising action brought by timeshare resort operators against several companies and law firms that advised purchasers of timeshares on how to escape their contracts with the plaintiffs.[1815] On a defense motion for summary judgment, the court found the plaintiffs had established their standing to challenge the defendants' advertising under an application of the *Lexmark* framework. With respect to the plaintiffs' claims of damage, the court cited record evidence and testimony that at least some timeshare owners exposed to the defendants' advertising and receiving their advice had stopped making payments on loans they had received from the plaintiffs,[1816] even if others might have stopped payment because of the defendants' "not stellar" reputation.[1817] The defendants argued it was impermissible to extrapolate the testimony of those witnesses to the conduct of hundreds of additional timeshare owners, but the court concluded from the summary judgment record that the plaintiffs had adduced enough evidence of proximate cause to necessitate a trial on the issue.[1818]

1811 *Id.* at 393.

1812 *Id.*

1813 *Id.* at 394.

1814 *Id.* at 395.

1815 *See* Diamond Resorts U.S. Collection Dev., LLC v. Pandora Mktg., LLC, 656 F. Supp. 3d 1073 (C.D. Cal. 2023).

1816 *Id.* at 1084.

1817 *Id.* at 1086.

1818 *Id.* at 1085.

On the trademark front, one court properly recognized that standing to assert claims of infringement under Section 32 is limited to federal registrants.[1819] It did so in the unusual context of a motion to dismiss the Section 32 cause of action of a counterclaim plaintiff that merely owned a pending application to register its mark but that argued its counterclaim was a compulsory one because of the possibility of its application maturing into a registration later in the proceedings. That argument failed to convince the court, which held instead that "[w]hile trademark infringement counterclaims may at times be compulsory in a declaratory judgment action, such can only be true when the [counterclaim plaintiff] already holds a federal trademark and accordingly holds a ripe claim. Here, [the counterclaim plaintiff] admits that it does not yet hold a federal trademark."[1820] Thus, although acknowledging the possible need for the counterclaim defendant to assert a Section 32 cause of action as a mandatory counterclaim when and if it received a federal registration, the court granted the counterclaim defendant's motion to dismiss.[1821]

Despite that outcome, some opinions confirmed that nonregistrants, especially licensees, have standing to assert claims of unfair competition under Section 43(a).[1822] The Eleventh Circuit did so in a case in which a district court had precluded a nonexclusive licensee from proceeding with a Section 43(a) cause of action because, in that court's view, the license at issue did not expressly authorize the licensee to protect the licensed mark.[1823] In reversing, the court of appeals faulted the district court for relying on out-of-circuit opinions interpreting the requirements for standing under Section 32: "Indeed," it noted, "when discussing a nonexclusive licensee's ability to bring a claim under § 43(a), the very same cases conclude that nonexclusive licensees are free to bring suit under § 43(a)."[1824]

The court similarly rejected an alternative basis for the district court's holding—namely, the text of an earlier settlement agreement between the defendant, on the one hand, and the

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[1819] *See* ALK 2, LLC v. K2 Marine, Inc., 647 F. Supp. 3d 1253 (M.D. Ala. 2022).

[1820] *Id.* at 1259 (citation omitted).

[1821] *Id.*

[1822] *See, e.g.*, Roblox Corp. v. WowWee Grp. Ltd., 660 F. Supp. 3d 880, 897–98 (N.D. Cal. 2023) ("[A licensee] does have standing to sue for false advertising, false association, and false designation of origin under [Section 43(a)], which provides for a right of action by 'any person who believes that he or she is likely to be damaged by such act.' There is no requirement that the harm be tied to a copyright or trademark owned by the plaintiff." (quoting 15 U.S.C. § 1125(a) (2018)).

[1823] *See* D.H. Pace Co. v. OGD Equip. Co., 78 F.4th 1286 (11th Cir. 2023).

[1824] *Id.* at 1297 (first citing Quabaug Rubber Co. v. Fabiano Shoe Co., 567 F.2d 154, 159–60 (1st Cir. 1977); and then citing Shell Co. v. Los Frailes Serv. Station, Inc., 596 F. Supp. 2d 193, 201–02 (D.P.R. 2008), *aff'd sub nom.* Shell Co. (P.R.) v. Los Frailes Serv. Station, Inc., 605 F.3d 10 (1st Cir. 2010)).

plaintiff's licensor and another licensee, on the other. That agreement contained a general release of liability for any claim potentially brought by the licensor and that licensee, but it also recited that its terms were not "binding on . . . [other] current or future licensees";[1825] of equal significance, another clause provided that "[f]or clarity, this limitation shall not apply to any claims of any distributor or licensee [of the licensor] that are based on conduct of [the defendant] that is not the subject of this Agreement."[1826] "[A]pplying the plain language of the settlement agreement to this case and finding no other authority that would bar [the plaintiff] from bringing its claims," the court held, "we conclude that the settlement agreement does not prohibit [the plaintiff] from bringing suit."[1827]

In another case presenting trademark-related claims, a California federal district court addressed, and resolved, the question of whether counterclaim plaintiffs selling goods banned by federal law could claim standing to pursue the cancellation of federal registrations owned by their opponent.[1828] The counterclaim plaintiffs in question were in the business of cannabis concentrates and had been accused of infringement by the counterclaim defendant, which owned eleven registrations. The counterclaim defendant responded to the counterclaim plaintiffs' counterclaim by arguing they had no l*egitimate* interest in cancelling its registrations because their business was illegal and all their commercial interests therefore illegitimate. The court, however, rejected that theory on the parties' cross-motions for summary judgment, holding instead that "[t]he purpose in requiring standing is to prevent litigation where there is no real controversy between the parties, where a plaintiff is no more than an intermeddler."[1829] "[T]hat is plainly not the case here," it continued, because "the fact that [the counterclaim defendant is] seeking to use the trademarks against [the counterclaim plaintiffs] as a sword shows that [the counterclaim plaintiffs] [have] a real interest in testing the validity of those trademarks."[1830] Rather than being a mere intermeddler, therefore, the counterclaim plaintiffs faced "a real risk of liability" if the registrations were not cancelled.[1831]

1825 *Id.* at 1298.

1826 *Id.* (emphasis omitted).

1827 *Id.* at 1299.

1828 *See* BBK Tobacco & Foods LLP v. Cent. Coast Agric. Inc., 615 F. Supp. 3d 982 (D. Ariz. 2022).

1829 *Id.* at 1027 (quoting Kleven v. Hereford, No. 13-cv-02783, 2015 WL 4977185, at *20 (C.D. Cal. Aug. 21, 2015)).

1830 *Id.* (quoting WM Int'l, Inc. v. Golden Lyon Inv. Co., No. 20-cv-00995, 2020 WL 6826485, at *2 (C.D. Cal. Nov. 5, 2020)).

1831 *Id.* (quoting *WM Int'l*, 2020 WL 6826485, at *2).

b. Opinions Declining to Find Standing

Consumers frequently—and unsuccessfully—try to establish their standing under the Act,[1832] and so it was that such an attempt wound up on appeal to the Sixth Circuit.[1833] The plaintiff making it brought a putative class action for false advertising under Section 43(a) against the operators of an online real estate referral network connecting potential purchasers and sellers of homes with local real-estate agents in their areas. The plaintiff's employer required him to pay the lead defendant's fees out of his commissions from home sales, and, when he refused to do so, the lead defendant successfully sued him for breach of contract. The plaintiff responded to his loss by accusing the lead defendant and its principal of false advertising because they had allegedly misled home buyers and sellers into thinking that the defendants used sophisticated means to find the agent best suited for them. He therefore claimed an injury under the theory that, if the defendants had not engaged in their allegedly deceptive representations, sellers would have found his services through other means.

The district court dismissed the plaintiff's federal cause of action, and the Sixth Circuit affirmed. According to the latter tribunal, the plaintiff's claimed injury rested on the theory that "[the lead defendant's] false advertising . . . allegedly harmed [the plaintiff] because he had to pay the 35% referral fee that he would not have been forced to pay if he had closed on a home without the referral."[1834] That was insufficient because, as the court explained, "[t]he referral fee that [the plaintiff] now asks [the lead defendant] to return to him is the 'price' that he paid for [the lead defendant's] services. And a person who makes a payment to a party in exchange for a service from the party is generally described as the party's 'customer.'"[1835] The court also rejected any suggestion the plaintiff had suffered any damage to his sales, observing that "whenever [his claimed] injury arose (that is, whenever [the lead defendant] requested its fee), [the plaintiff] will have gained, not lost, a sale."[1836] With the plaintiff having failed to establish either reputational damage or any other commercial injury, the district court properly had dismissed his complaint.[1837]

1832 *See, e.g.*, PetConnect Rescue, Inc. v. Salinas, 656 F. Supp. 3d 1131, 1166 (S.D. Cal. 2023) (granting, without extended discussion, false advertising cause of action under Section 43(a) asserted by purchaser of puppy).

1833 *See* Lewis v. Acuity Real Est. Servs., LLC, 63 F.4th 1114 (6th Cir. 2023).

1834 *Id.* at 1119.

1835 *Id.*

1836 *Id.* at 1119–20.

1837 *Id.* at 1120.

The same court also affirmed the dismissal of another federal false advertising complaint, which was not filed by a consumer.[1838] Instead, the plaintiff filing that pleading sold a septic system described by the court as "substantially differ[ing] from those sold by its competitors."[1839] The gravamen of the plaintiff's claim of false advertising was that its competitors had used various misrepresentations to convince an industry standard-setting organization not to approve the plaintiff's system; the plaintiff also objected to the standard-setting organization's representations to the effect that the organization provided a fair, open, and impartial process for setting standards. According to the district court and the Sixth Circuit, however, the plaintiff's allegations failed to account for an intervening cause of its inability to sell its system in particular states, which was the need to secure approval of the system from state regulators, a need expressly acknowledged by the plaintiff's complaint:

> [T]he complaint relies on the fact that [the plaintiff] could not market its products in certain states because state regulators did not approve their product. This lack of regulatory approval was the actual cause of [the plaintiff's] injuries. While [the plaintiff] contends that its injuries resulted from [a] conspiracy [between the standard-setting organization and the plaintiff's competitors] by itself, the regulators' decisions were still an intervening cause and the proximate one. Any deception on defendants' part was not the cause of consumers' decisions, for consumers were not the ones who decided to do anything. These allegations thus do not satisfy *Lexmark*'s proximate-cause analysis, and [the plaintiff] thus fails to show a "plausible" claim to relief.[1840]

The court then affirmed the dismissal of the plaintiff's claim of unfair competition under Michigan law for the same reason.[1841]

The Sixth Circuit was not the only federal appellate court to find a claim of standing fatally deficient as a matter of law. In an appeal to the Eleventh Circuit producing the same outcome, the challenged statements at issue related to the efficacy of a cybersecurity software product sold by the defendant, Microsoft Corp.[1842] The plaintiff's claim of having "lost out on millions of customers (and billions of dollars)" because of Microsoft's allegedly false advertising was hindered by the exceedingly modest presence in the marketplace of its related product: As the court noted when

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1838 *See* Geomatrix, LLC v. NSF Int'l, 82 F.4th 466 (6th Cir. 2023).

1839 *Id.* at 473.

1840 *Id.* at 484.

1841 *Id.* at 484–85.

1842 *See* TocMail, Inc. v. Microsoft Corp., 67 F.4th 1255 (11th Cir. 2023).

affirming the district court's grant of Microsoft's summary judgment motion, "[the plaintiff] had done minimal advertising, and there's no evidence that [the plaintiff] had achieved any reputation in the marketplace. And [the plaintiff] hasn't made a single sale and has zero revenue."[1843] The plaintiff apparently did have over 33,000 visitors to its website, which allowed its president to assert in a declaration that at least some of those visitors would have purchased his company's products but for Microsoft's advertising; to suppose otherwise, he asserted, would be "ridiculous."[1844] The Eleventh Circuit reached the opposite conclusion, holding the claim of consumers withholding trade from the plaintiff to be conclusory speculation and further noting that "[t]here's no evidence that any of those visitors had even seen Microsoft's advertising or bought Microsoft's product."[1845] Although the plaintiff also attempted to establish the existence of a factual dispute by relying on testimony from a monetary relief expert, the court noted her opinion assumed that every sale made by Microsoft corresponded to a lost sale by the defendant.[1846] Finally, the court rejected the plaintiff's attempted reliance on evidence that one of Microsoft's customers had asked that company whether it needed to add another cybersquatting solution, reasoning that there was no evidence the customer would have turned to the plaintiff had Microsoft told the truth about the alleged deficiencies of its product.[1847] Because the plaintiff had failed to establish its Article III standing, the district court had properly disposed of its claim on summary judgment.

Another failed claim of standing to prosecute a false advertising cause of action because of lack of causation and injury arose from a genuine tragedy.[1848] When a physician was accused (and later convicted) of administering fatal doses of painkillers to patients in the intensive care unit of the hospital in which he worked, the hospital issued a series of public statements concerning the physician's misconduct, its cooperation with investigating authorities, and the settlement of suits brought by the victims' survivors; those statements also referred to disciplinary actions, including terminations, it had taken against certain other of its employees. At the same time, the incidents in question were the subject of additional press releases by law enforcement officials, as well as extensive commentary by a "substantial number of third parties."[1849] Claiming to have encountered significant obstacles to

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[1843] *Id.* at 1263.

[1844] *Id.* at 1264.

[1845] *Id.*

[1846] *Id.* at 1264–65.

[1847] *Id.* at 1265.

[1848] *See* McNeil v. Mount Carmel Health Sys., 643 F. Supp. 3d 810 (S.D. Ohio 2022).

[1849] *Id.* at 816.

obtaining similar work because of the hospital's statements, the plaintiffs, all former employees, sued the hospital, its parent company, and its CEO under various causes of action under federal and Ohio law.

Without addressing the plaintiffs' other theories of liability, the court granted a defense motion for summary judgment on the plaintiffs' allegations of false advertising under Section 43(a). Although not expressly identifying the fatal flaw in the plaintiffs' case as a lack of standing, the court disposed of that case by applying *Lexmark*'s two-step test. The court found with respect to the first *Lexmark* inquiry that the plaintiffs fell within the zone of interests protected by Section 43(a) because the defendants' allegedly false statements regarding the plaintiffs' actions smeared their reputations. Nevertheless, their claim failed under *Lexmark*'s second prong because the sheer number of public comments on the physician's conduct by third parties made it "'impossible to trace a straight line' from Defendants' statements to the media to the employment decisions of Plaintiff's [sic] prospective employers."[1850] The court therefore concluded that "Plaintiffs have failed to show that their reputational injuries flow *directly* from Defendants' alleged false advertising campaign; as such, summary judgment in favor of Defendants is appropriate on this claim."[1851]

Finally, although some courts may have held that trademark and service mark licensees can enjoy standing to pursue claims of unfair competition under Section 43(a) of the Act,[1852] another confirmed the limits of that proposition.[1853] The original owner of the marks at issue in the case before that tribunal licensed them to the plaintiff before encountering economic headwinds and selling its salient assets, including the marks, to the lead defendant. When, thorough a licensee, that defendant began using the marks to compete in online markets occupied by the plaintiff, the plaintiff sued, alleging unfair competition, only to have the court grant the defendants' motion to dismiss for want of standing. Although recognizing the plaintiff's possible standing to assert a cause of action for breach of contract,[1854] the court held that the plaintiff had no rights to the licensed marks that were enforceable against the lead defendant. Because the law was clear that, as the marks' owner, the lead defendant was the sole source of goods and services provided under the marks, the plaintiff had no trademark-based

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1850 *Id.* at 822 (quoting Geomatrix, LLC v. NSF Int'l, 629 F. Supp. 3d 691, 709 (E.D. Mich. 2022), *aff'd*, 82 F.4th 466 (6th Cir. 2023)).

1851 *Id.*

1852 *See* D.H. Pace Co. v. OGD Equip. Co., 78 F.4th 1286, 1297 (11th Cir. 2023).

1853 *See* Camelot SI, LLC v. ThreeSixty Brands Grp., 632 F. Supp. 3d 471 (S.D.N.Y. 2022).

1854 *Id.* at 480.

standing to challenge the encroaching uses by the lead defendant's new licensee.[1855]

4. Personal Jurisdiction

Because the Lanham Act is silent on the issue, most disputes over the propriety of an exercise of personal jurisdiction over nonresident defendant require a two-part analysis. The first step is to apply the long-arm statute of the forum state to see whether it permits such an exercise. If the laws of the forum state permit jurisdiction, courts then consider whether the exercise of such jurisdiction comports with constitutional due process.[1856] If the reach of the relevant long-arm statute is coextensive with the reach of due process, the two inquiries fold into each other and only the constitutional analysis is necessary;[1857] if not, satisfaction of the long-arm statute's requirements necessarily will satisfy those under the Constitution.[1858]

The due process inquiry is itself subject to multiple steps. To begin with, a defendant may be haled into court if it is subject to

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1855 *Id.* at 481–82.

1856 Enigma Software Grp. USA, LLC v. Malwarebytes, Inc., 69 F.4th 665, 675 (2023) ("An exercise of personal jurisdiction in federal court must comport with both the applicable state's long-arm statute and the federal Due Process Clause." (quoting Burri L. PA v. Skurla, 35 F.4th 1207, 1212 (9th Cir. 2022)), *cert. denied*, 141 S. Ct. 13 (2023); dmarcian, Inc. v. dmarcian Eur. BV, 60 F.4th 119, 131 (4th Cir. 2023) ("A court 'may exercise personal jurisdiction over a foreign corporation only if: (1) such jurisdiction is authorized by the long-arm statute of the state in which the district court sits; and (2) application of the relevant long-arm statute is consistent with the Due Process Clause of the Fourteenth Amendment.'" (quoting Universal Leather, LLC v. Koro AR, S.A., 773 F.3d 553, 558 (4th Cir. 2014)); Bros. & Sisters in Christ, LLC v. Zazzle, Inc., 42 F.4th 948, 951 (8th Cir. 2022) ("Where the applicable federal statute, here the Lanham Act, does not authorize nationwide personal jurisdiction, the existence of personal jurisdiction depends on the long-arm statute of the forum state and the federal Due Process Clause." (citation omitted)); PeopleShare, LLC v. Vogler, 601 F. Supp. 3d 1276, 1280 (S.D. Fla. 2022) ("A court must conduct a two-part inquiry when deciding the issue of personal jurisdiction. First, the court must determine whether the applicable state statute governing personal jurisdiction is satisfied. If the applicable state statute is satisfied, the court must then determine 'whether sufficient minimum contacts exist between the defendants and the forum state so as to satisfy "traditional notions of fair play and substantial justice" under the Due Process Clause of the Fourteenth Amendment.'" (quoting Sculptchair, Inc. v. Century Arts, Ltd., 94 F.3d 623, 626 (11th Cir. 1996)).

1857 *See, e.g.*, Impossible Foods Inc. v. Impossible X LLC, 80 F.4th 1079, 1086 (9th Cir. 2023) ("Because California courts may exercise jurisdiction on any basis not inconsistent with due process, the jurisdictional analysis in this case is the same under state and federal law." (citing Cal. Civ. Proc. Code § 410.10)), *petition for cert. filed*, No. 21-16977 (U.S. Feb. 12, 2024); NBCUniversal Media, LLC v. Jay Kennette Media Grp., 653 F. Supp. 3d 732, 740 (C.D. Cal. 2023) ("Because California's long-arm jurisdictional statute is coextensive with federal due process requirements, the jurisdictional analyses under state law and federal due process are the same." (quoting Schwarzenegger v. Fred Martin Motor Co., 374 F.3d 797, 800 (9th Cir. 2004)).

1858 *See, e.g.*, *Enigma Software Grp.*, 69 F.4th at 675–76 (holding requirements of Due Process Clause necessarily satisfied by satisfaction of more restrictive New York long-arm statute, N.Y. C.P.L.R. § 302).

general jurisdiction in the forum; under the Supreme Court's opinion in *Daimler AG v. Bauman*,[1859] however, the test for general jurisdiction is a restrictive one and normally will be satisfied only if a forum is either the jurisdiction in which a defendant is organized or has its primary place of business.[1860] Alternatively, a defendant may be subject to an exercise of specific personal jurisdiction, if, as one court explained, three essential elements are met:

> (1) the defendant must either purposefully direct his activities toward the forum or purposefully avail himself of the privileges of conducting activities in the forum; (2) the claim must be one which arises out of or relates to the defendant's forum-related activities; and (3) the exercise of jurisdiction must comport with fair play and substantial justice, i.e.[,] it must be reasonable.[1861]

The burden with respect to the first two of these requirements rests on the plaintiff; if they are met, the defendant must then demonstrate that an exercise of personal jurisdiction would be constitutionally unreasonable.[1862]

Finally, plaintiffs unable to meet the requirements of a state long-arm statute can try their luck under Rule of Civil Procedure 4(k)(2).[1863] That rule 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.[1864]

a. Opinions Exercising Personal Jurisdiction

The Ninth Circuit was particularly active in concluding that nonresident defendants were subject to being haled into court in various states. In one case, that court reversed a California federal

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[1859] 571 U.S. 117 (2014).

[1860] *Id.* at 138–39.

[1861] *Impossible Foods*, 80 F.4th at 1086 (quoting Axiom Foods, Inc. v. Acerchem Int'l, Inc., 874 F.3d 1064, 1068 (9th Cir. 2017)), *petition for cert. filed*, No. 21-16977 (U.S. Feb. 12, 2024); *accord* San Diego Cnty. Credit Union v. Citizens Equity First Credit Union, 65 F.4th 1012, 1034–35 (9th Cir.), *cert. denied*, 144 S. Ct. 190 (2023); dmarcian, Inc. v. dmarcian Eur. BV, 60 F.4th 119 (4th Cir. 2023); NBCUniversal Media, LLC v. Jay Kennette Media Grp., 653 F. Supp. 3d 732, 740 (C.D. Cal. 2023); *see also* Wilson v. Ancestry.com LLC, 653 F. Supp. 3d 441, 448 (S.D. Ohio 2023) (applying substantively identical Sixth Circuit factors).

[1862] *Wilson*, 653 F. Supp. 3d at 451; *accord San Diego Cnty. Credit Union*, 65 F.4th at 1035.

[1863] Fed. R. Civ. P. 4(k)(2).

[1864] *Id.*

district court's dismissal of a declaratory judgment action against a Texas-based defendant for want of specific personal jurisdiction.[1865] Originally domiciled in San Diego, the defendant moved to Dallas after the plaintiff's founding in California but before the onset of hostilities between the parties. In granting the defendant's motion to dismiss, the district court found that the defendant's relocation meant the plaintiff's claims for declaratory relief could not have arisen or relate to the defendant's activities in California for purposes of the second prong of the constitutional due process analysis.

The Ninth Circuit disagreed. It considered the defendant's various "trademark building activities" in California and the defendant's assertion of rights in an opposition proceeding against one of the plaintiff's applications sufficient to favor the plaintiff under all three prongs of the analysis:

> [The defendant's] brand-building activities in California since 2014 are sufficiently related to the instant trademark dispute to confer personal jurisdiction. [The Defendant] purposefully directed its activities toward California and availed itself of the privileges of conducting activities there by building its brand and working to establish trademark rights there. [The plaintiff's] declaratory judgment action "arises out of or relates to" [the defendant's] conduct in California because its trademark building activities form the basis of the contested trademark rights—rights which [the defendant] broadly asserted in the TTAB opposition that triggered this action. Finally, there is nothing unreasonable about requiring [the defendant] to defend a lawsuit based on its trademark building activities in the state that was its "headquarters" and [its principal's] "home base," and that continued to be a business destination for [the principal] and [the defendant].[1866]

In doing so, the court focused on the disjunctive nature of the requirement that a cause of action must "arise[] out of *or* relate[] to the defendant's forum-related activities"[1867] to reject the defendant's argument that due process required a causal relationship because those activities and damage suffered by the plaintiff.[1868]

The same court affirmed an exercise by a California federal district court of specific personal jurisdiction over an Illinois-based credit union in a declaratory judgment action originating in a cancellation action filed by the defendant against a registration

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[1865] *See Impossible Foods*, 80 F.4th at 1082–83.

[1866] *Id.* at 1087.

[1867] *Id.* at 1086.

[1868] *Id.* at 1093–94.

owned by the plaintiff.[1869] Addressing the defendant's purposeful direction of its activities into the state, the appellate court noted the defendant had purchased a California credit union and had begun using its marks there as a result; moreover, the court noted, "[the defendant] further directed its activity toward California when it filed its cancellation petition with the TTAB and alleged the registration for [the plaintiff's] trademark (used solely in California) must be cancelled because of [the defendant's] prior use of its marks (used in Illinois *and California*)."[1870] The court also concluded the plaintiff had demonstrated the required nexus between that purposeful direction and the plaintiff's claims because: (1) the defendant used its marks in California in connection with its branches there; (2) the same marks underlay the defendant's petition to cancel the plaintiff's registration and the plaintiff's apprehension of an infringement action; (3) testimony by a Rule 30(b)(6) witness for the defendant that the defendant had filed its cancellation action after seeing a billboard featuring the plaintiff's mark in California; and (4) the defendant's petition for cancellation.[1871] That left the third inquiry, namely, whether the defendant could prove an exercise of jurisdiction would be unconstitutionally unreasonable, which the defendant could not do because of its own operations in the state.[1872] And so the Ninth Circuit affirmed the district court's haling of the defendant into court in California.[1873]

The third pro-plaintiff opinion from the Ninth Circuit addressed the issue in the context of a case lodged in the Northern District of California after the defendant successfully requested its transfer from the Southern District of New York.[1874] After the transfer, the plaintiff continued to press a cause of action for false advertising under New York law,[1875] but the California district court dismissed it on the theory that specific personal jurisdiction over the defendant did not exist under the New York long-arm statute.[1876] On appeal, the Ninth Circuit agreed with the district court that "[t]o apply the state law of the transferor jurisdiction in a . . . transfer case, the transferor court must have had personal jurisdiction over the

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1869 *See* San Diego Cnty. Credit Union v. Citizens Equity First Credit Union, 65 F.4th 1012, 1034–36 (9th Cir.), *cert. denied*, 144 S. Ct. 190 (2023).

1870 *Id.* at 1035.

1871 *Id.* at 1035–36.

1872 *Id.* at 1336.

1873 *Id.*

1874 *See* Enigma Software Grp. USA, LLC v. Malwarebytes, Inc., 69 F.4th 665 (9th Cir.), *cert. denied*, 141 S. Ct. 13 (2023).

1875 *See* N.Y. Gen. Bus. Law § 349.

1876 N.Y. C.P.L.R. § 302.

defendant."[1877] Nevertheless, it disagreed with the district court's ultimate conclusion on the issue, citing as a basis for its reversal of the dismissal of the plaintiff's cause of action the defendant's operation of a website allowing New York residents to purchase its goods; not only did that conduct constitute doing business in the state within the meaning of the long-arm statute, but, because the statute was narrower than due process permitted, an exercise of personal jurisdiction was necessarily consistent with constitutional requirements.[1878]

The Fourth Circuit also got into the act in affirming the exercise of specific personal jurisdiction over a nonresident defendant in a case in which that defendant—domiciled in the Netherlands—was successfully haled into court in North Carolina.[1879] The plaintiff accomplishing that feat was a Delaware corporation headquartered in North Carolina and had entered into a handshake agreement with the defendant, pursuant to which the defendant would sell the plaintiff's software in Europe and Africa. During the pendency of that agreement, the defendant's principal registered a pair of domain names based on the plaintiff's flagship mark, which initially redirected potential purchasers to the plaintiff's website. As the parties' relationship deteriorated, the defendant allegedly misappropriated the plaintiff's trade secrets and copyrighted material, as well as set up multiple websites accessible at the domain names and others; those websites allegedly mimicked the plaintiff's logo (albeit with the word "Europe" added) and also featured the likenesses of the plaintiff's employees and the identities of its customers; according to the plaintiff, a link on one of those sites titled "the Americas" routed visitors clicking on it to the defendant's primary site.

In affirming the district court's exercise of jurisdiction over the defendant, the Fourth Circuit determined that the defendant's conduct satisfied the requirements of two separate provisions of the North Carolina long-arm statute,[1880] one applicable to defendants doing business in North Carolina who harmed state residents and the other reaching defendants accused of torts arising from their performance of services for those residents.[1881] Turning next to the required constitutional analysis, it held the first prong—purposeful availment—was satisfied because: (1) the defendant had substantially collaborated with a forum resident; (2) the defendant had initiated the relationship between the parties; (3) the defendant's managing director had visited the plaintiff in North

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1877 *Enigma Software Grp.*, 69 F.4th at 674.

1878 *Id.* at 675–76.

1879 *See* dmarcian, Inc. v. dmarcian Eur. BV, 60 F.4th 119 (4th Cir. 2023).

1880 N.C. Gen. Stat. § 1-75.4.

1881 *dmarcian*, 60 F.4th at 131–32 (citing N.C. Gen. Stat. §§ 1-75.4(4)(a), 1-75.4(5)(b)).

Carolina; (4) the parties' agreement required the defendant to perform duties in the state; and (5) the defendant's contacts with the state "were coordinated, systemic, and purposefully maintained."[1882] The second prong also proved no difficulty for the plaintiff because its claims arose directly from the defendant's North Carolina-related activities.[1883] Finally, the court agreed with the district court that the defendant had failed to prove that requiring it to litigate in North Carolina was constitutionally unreasonable, citing the defendant's entry into a commercial relationship with a domiciliary of that state, as well as the state's interest in "offering remedies to its wronged businesses" and the plaintiff's interest in "relying on [its] home forum for vindication of [its] legitimate rights."[1884] "The district court's assertion of personal jurisdiction over [the defendant]," the appellate court held, "thus abided by North Carolina's long-arm statute and comported with due process."[1885]

Exercises of specific personal jurisdiction also transpired in disputes not producing appellate opinions on the issue. When the online service Ancestry.com began harvesting photographs and data from high-school yearbooks and using them to promote subscriptions to its website, individuals whose names, images, and personal information appeared in the promotions filed a series of persona-based class actions throughout the country, including one before an Ohio federal district court.[1886] Ancestry moved to dismiss that action for want of specific personal jurisdiction under the Ohio long-arm statute,[1887] but the court found as an initial matter that the complaint adequately averred a cause of action sounding in the violation of the Ohio-based plaintiffs' statutory[1888] and common-law right of publicity. It then turned to the issue of whether an exercise of specific personal jurisdiction would be consistent with constitutional due process. Although Ancestry argued the plaintiffs' claims of purposeful availment were limited to its operation of a website accessible by Ohio domiciliaries, the court credited allegations in the complaint that the website displayed Ohio yearbook photographs in advertisements directed to those domiciliaries; moreover, the complaint also accused Ancestry of maintaining a database of records on millions of Ohio residents, some of which Ancestry used to solicit potential customers to build

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1882 *Id.* at 134.

1883 *Id.* at 134–35.

1884 *Id.* at 135.

1885 *Id.* at 136.

1886 *See* Wilson v. Ancestry.com LLC, 653 F. Supp. 3d 441 (S.D. Ohio 2023).

1887 Ohio Rev. Code § 2307.382.

1888 *Id.* § 2741.02(A)–(B).

family trees "that reasonably might include Ohio residents."[1889] Those actions established both the required purposeful availment and that the plaintiffs' claims arose from Ancestry's activities in Ohio, leading the court to turn to the question of whether an exercise of personal jurisdiction would comply with due process. The court answered that question affirmatively as well, holding that Ancestry had failed to carry its burden of demonstrating constitutional unreasonableness.[1890]

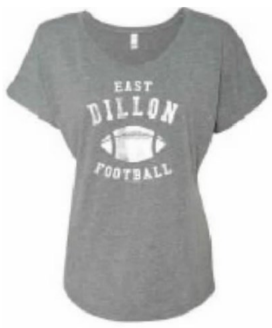
Another failed motion to dismiss led to a group of nonresident defendants being haled into court in California.[1891] The plaintiffs successfully pursuing that result produced the popular television series *The Office* and *Friday Night Lights*, which featured the initially fictional DUNDER MIFFLIN and DILLON PANTHERS, PANTHERS FOOTBALL, DILLON PANTHERS FOOTBALL, and EAST DILLON FOOTBALL marks, respectively. In 2006, the plaintiffs began selling coffee mugs, hats, and other apparel featuring the DUNDER MIFFLIN mark, and those sales expanded to the same and similar goods bearing the remaining marks by 2011. The plaintiffs learned of the defendants' use of the same marks when they applied to register their own, but their applications were blocked by the defendants' prior filings. They also learned the defendants' presentations of the marks at issue (below right) were closely similar to their own (below left):[1892]

1889 *Wilson*, 653 F. Supp. 3d at 451.

1890 *Id.* at 452–53.

1891 *See* NBCUniversal Media, LLC v. Jay Kennette Media Grp., 653 F. Supp. 3d 732 (C.D. Cal. 2023).

1892 *Id.* at 738.



Having precipitated an infringement and unfair competition action in California by improbably threatening the plaintiffs with their own lawsuit and with takedown notices and by demanding monetary compensation, the defendants failed to extricate themselves from litigation in that state. In denying the defendants' motion to dismiss, the court held that "[t]he first prong of the specific personal jurisdiction test contains two distinct concepts: purposeful availment and purposeful direction. In cases alleging trademark infringement and other tortious conduct, such as this one, the Court applies the purposeful direction test."[1893] Citing the Supreme Court's decision in *Calder v. Jones*,[1894] it went on to hold that "[t]hat test, often referred to as the *Calder* effects test, requires the plaintiff to show that the defendant '(1) committed an intentional act, (2) expressly aimed at the forum state, (3) causing harm that the defendant knows is likely to be suffered in the forum state.'"[1895]

Because the plaintiffs' complaint accused the defendants of shipping goods bearing the allegedly infringing marks to California addresses, its allegations satisfied the *Calder* test. Transactions with California purchasers may have accounted for only 2.4% of the defendants' total sales, but that was of no consequence because "'there is no small percentage of sales exception' to the principle that substantial sales of an infringing product into the forum constitute purposeful direction because a defendant's 'sales to the forum are no less substantial simply because the company sold more products elsewhere.'"[1896] The court therefore saw no need to address whether other alleged misconduct by the defendants—"including operating an interactive website to allow California customers to buy infringing products, issuing takedown notices to eBay (a California business), some of which targeted California companies selling products licensed by Plaintiffs, making demands to Plaintiffs in

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1893 *Id.* at 741 (citation omitted).

1894 465 U.S. 783 (1984).

1895 *NBCUniversal*, 653 F. Supp. at 741 (quoting Ayla, LLC v. Alya Skin Pty. Ltd., 11 F.4th 972, 979 (9th Cir. 2021)).

1896 *Id.* at 743 (quoting Ayla, LLC v. Alya Skin Pty. Ltd., 11 F.4th 972, 981 (9th Cir. 2021)).

California, and sourcing its apparel in part from a California supplier"—were independently sufficient to support an exercise of personal jurisdiction over the defendants, although it did acknowledge those considerations provided additional support for its holding.[1897] With the defendants failing to argue the plaintiffs' claims did not relate to the defendants' activities in California, the court turned to the third prong of the due-process analysis and found fatally defective the defendants' cursory argument that forcing them to litigate in the state would not comport with fair play and substantial justice. "On this record," it concluded, "it appears to be fair to subject Defendants to jurisdiction in California based on their direct shipment of allegedly infringing merchandise to the state."[1898]

Three final exercises of specific personal jurisdiction came without extended analyses in a reported opinion entering default judgments against the China-based defendants in question.[1899] Two of those defendants previously had responded to the plaintiff's complaint, which constituted their affirmative consent to being haled into court. In addition, the court found that the third defendant fell within the scope of Rule 4(k)(2) because it had sold goods bearing alleged infringements of the plaintiff's marks to another defendant with full knowledge that that defendant would import them into the United States. Due process therefore did not prohibit the entry of a default judgment against each defendant.[1900]

b. Opinions Declining to Exercise Personal Jurisdiction

When the Missouri-based owner of the LOVE HAPPENS mark for apparel became aware of a California company selling shirts bearing the words comprising that mark, it filed suit in the United States district court for the Eastern District of Missouri, citing the defendant's shipment of one shirt into that state, as well as the accessibility of its website there.[1901] Although determining the defendant's conduct satisfied the requirements of the Missouri long-arm statute, the district court held that an exercise of personal jurisdiction would not satisfy the requirements of due process, and the Eighth Circuit agreed. The latter court held with respect to the due-process analysis that:

> In determining whether specific jurisdiction exists, we consider the totality of the circumstances, using five factors

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1897 *Id.* at 744.

1898 *Id.*

1899 *See* Blumenthal Distrib., Inc. v. Comoch Inc., 652 F. Supp. 3d 1117 (C.D. Cal. 2023)

1900 *Id.* at 1126–27.

1901 *See* Bros. & Sisters in Christ, LLC v. Zazzle, Inc., 42 F.4th 948 (8th Cir. 2022).

> to guide our analysis: "(1) the nature and quality of [defendant's] contacts with the forum state; (2) the quantity of such contacts; (3) the relation of the cause of action to the contacts; (4) the interest of the forum state in providing a forum for its residents; and (5) convenience of the parties." The first three factors are of "primary importance" and the "fourth and fifth factors carry less weight."[1902]

In applying that analysis, the appellate court rejected the plaintiff's invitation to consider the entirety of the defendant's ties to Missouri, even those unrelated to the plaintiff's claims against the defendant.[1903] Not surprisingly, the court held those ties more properly suited to the separate and independent issue of whether the defendant was subject to an exercise of general jurisdiction in the state. Concluding next that the plaintiff's bare-bones allegations under the first three relevant factors meant they favored the defendant, the court then held the plaintiff ineligible to rely upon the *Calder* "effects test," which it characterized as "allow[ing] the assertion of personal jurisdiction over non-resident defendants whose acts are performed for the very purpose of having their consequences felt in the forum state."[1904] Because the plaintiff had failed to aver any facts suggesting the defendant had uniquely or expressly targeted the plaintiff in Missouri, *Calder* did not apply, and the district court properly had dismissed the action.[1905]

A different opinion—one coming from a Florida federal district court and declining to exercise specific personal jurisdiction over two nonresident defendants—rejected the plaintiff's heavy reliance on the accessibility in Florida of a website featuring the defendants' allegedly infringing mark.[1906] In opposing the defendants' motion to dismiss, the plaintiff argued that:

> Defendants represent on their website that they are rolling out their infringing goods and services throughout the United States. Additionally, Defendants promote their infringing goods and services in connection with and by

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1902 *Id.* at 952 (alterations in original) (citations omitted) (quoting Whaley v. Esebag, 946 F.3d 447, 451 (8th Cir. 2020)).

1903 Those contacts included the defendant's sale and shipment of "lots of goods" into Missouri. *Id.*

1904 *Id.* at 954 (quoting Johnson v. Arden, 614 F.3d 785, 796 (8th Cir. 2010)). The court explained of that test that:

> [A] defendant's tortious acts can serve as a source of personal jurisdiction only where the plaintiff makes a prima facie showing that the defendant's acts (1) were intentional, (2) were uniquely or expressly aimed at the forum state, and (3) caused harm, the brunt of which was suffered—and which the defendant knew was likely to be suffered—[in the forum state].

Id. (second alteration in original) (quoting *Johnson*, 614 F.3d at 796).

1905 *Id.*

1906 *See* PeopleShare, LLC v. Vogler, 601 F. Supp. 3d 1276, 1279 (S.D. Fla. 2022).

> displaying their infringing Mark on their website . . . , which website and promotions are directed to customers throughout the United States including in Florida. Their website also provides a link to access their downloadable app. Thus, this Court's exercise of personal jurisdiction over Defendants is consistent with the Constitution of the United States and [the Florida long-arm statute].[1907]

Those allegations were not enough for the court, which credited the defendants' factual showings that they had never done business with a Florida resident, sold a product or service to any resident of Florida, or engaged in any targeted advertising or promotion of products or services to Florida. Moreover, and whatever the defendants may have said on their website about a national rollout, there was no evidence either that any Florida residents had downloaded the defendants' app or that the defendants' advertising had targeted those residents.[1908] The court therefore concluded that "Plaintiff . . . has failed to demonstrate a nexus between Defendants' activities and an injury suffered in Florida, such that an exercise of specific jurisdiction under Florida's long-arm statute would be proper in this case."[1909]

5. Venue

The Fourth Circuit addressed a relatively rare defense claim that the doctrine of *forum non conveniens* required the dismissal of a trademark dispute.[1910] That dispute was between a North Carolina-based plaintiff and a defendant domiciled in the Netherlands, the latter of which was prosecuting a prior-filed suit against the plaintiff in that country. In affirming the denial of the defendant's motion to dismiss, the court recognized "a three-part framework for forum non conveniens in which the moving party must show that an 'alternative forum is: 1) available; 2) adequate; and 3) more convenient in light of the public and private interests involved.'"[1911] Its review of the appellate record focused on what it deemed the defendant's failure to prove the Dutch court hearing the defendant's suit was an adequate forum, which the court defined in the following manner: "A foreign forum is 'adequate' when 'all parties can come within that forum's jurisdiction' and 'the parties will not be deprived of all remedies or treated unfairly, even though they may not enjoy the same benefits as they might receive in an

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1907 *Id.* at 1281.

1908 *Id.* at 1284–85.

1909 *Id.* at 1285.

1910 *See* dmarcian, Inc. v. dmarcian Eur. BV, 60 F.4th 119 (4th Cir. 2023).

1911 *Id.* at 136 (quoting Jiali Tang v. Synutra Int'l, Inc., 656 F.3d 242, 248 (4th Cir. 2011)).

American court.'"[1912] Under that standard, the court concluded that "[t]he district court was correct to conclude that the Dutch court's inability to effectively adjudicate American trademark law claims disqualified it as an adequate forum. Dutch courts have at most a limited ability to adjudicate and enforce violations of American trademark law resulting in injuries to American trademark holders within the United States."[1913] The district court therefore had not abused its discretion in declining to dismiss the matter.

6. Extraterritorial Applications of the Lanham Act

In *Abitron Austria GmbH v. Hetronic Int'l, Inc.*,[1914] the Supreme Court adopted a restrictive rule governing extraterritorial applications of the federal Lanham Act. *Abitron* arose from litigation in which a prevailing plaintiff successfully secured an accounting of profits arising from the defendants' sales in Europe of goods bearing infringing marks and trade dress.[1915] In that decision, the Supreme Court addressed and resolved some business left unfinished after its opinion seventy-one years ago in *Steele v. Bulova Watch Co.*[1916] In *Steele*, the Court recognized a general presumption against extraterritorial applications of United States law.[1917] At the same time, however, it affirmed a holding that a United States citizen and domiciliary who operated a business in Mexico selling watches bearing spurious copies of the plaintiff's BULOVA mark that made their way into the United States and were presented to the plaintiff's agents for repairs 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.[1918]

1912 *Id.* (quoting *Jiali Tang*, 656 F.3d at 249).

1913 *Id.*

1914 600 U.S. 412 (2023).

1915 *See* Hetronic Int'l, Inc. v. Hetronic Germany GmbH, 10 F.4th 1016 (10th Cir. 2021), *vacated and remanded*, 600 U.S. 412 (2023).

1916 344 U.S. 280 (1952).

1917 *See id.* at 285 ("This Court has often stated that the legislation of Congress will not extend beyond the boundaries of the United States unless a contrary legislative intent appears.").

1918 *Id.* at 286.

The Court's failure to articulate a doctrinal test for evaluating the extraterritorial reach of the Act led the Second, Eleventh, and Federal Circuits to adopt the so-called *Vanity Fair* standard, which considered (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.[1919] The Fourth and Fifth Circuits gravitated toward *Vanity Fair* as well, although the former modified the first factor to require a "significant" (as opposed to a "substantial") effect,[1920] and the latter required only a demonstration that a defendant's conduct have "some" effect on United States commerce.[1921] The Ninth Circuit adopted its own tripartite test, which allowed liability for extraterritorial activities if: (1) those activities had "some" effect on "American foreign commerce"; (2) that effect was sufficiently cognizable to injure the plaintiff; and (3) "the interests of and links to American foreign commerce [were] sufficiently strong in relation to those of other nations to justify an assertion of extraterritorial authority."[1922] Finally, the First Circuit applied the antitrust-based *McBee* test, pursuant to which: (1) the Lanham Act would usually extend extraterritorially when the defendant was an American citizen because "a separate constitutional basis for jurisdiction exists for control of activities, even foreign activities, of an American citizen,"[1923] but (2) when the defendant was not a United States citizen, the Lanham Act applied "only if the complained-of activities have a substantial effect on [U.S.] commerce, viewed in light of the purposes of the Lanham Act."[1924]

In a decision ultimately producing the Supreme Court's review of the issue, the Tenth Circuit adopted the First Circuit's approach, but with what it described as "one caveat."[1925] That caveat was in reality the court's engrafting of a third prerequisite for extraterritoriality, namely, 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

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1919 *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).

1920 *See* dmarcian, Inc. v. dmarcian Eur. BV, 60 F.4th 119, 140 (4th Cir. 2023).

1921 *See* Am. Rice, Inc. v. Ark. Rice Growers Coop. Ass'n, 701 F.2d 408, 414 n.8 (5th Cir. 1983).

1922 Trader Joe's Co. v. Hallatt, 835 F.3d 960, 969 (9th Cir. 2016) (alteration in original).

1923 McBee v. Delica Co., 417 F.3d 107, 111 (1st Cir. 2005).

1924 *Id.*

1925 Hetronic Int'l v. Hetronic Germany GmbH, 10 F.4th 1016, 1036 (10th Cir. 2021), *vacated and remanded*, 600 U.S. 412 (2023).

trademark rights established under the relevant foreign law."[1926] "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."[1927] 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.[1928]

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 for nearly a decade distributed radio remote controls for heavy-duty construction equipment bearing the plaintiff's marks and trade dress, examples of which appear below:[1929]

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.[1930] They then manufactured and sold goods bearing the marks outside the United States, the similarity of which to the plaintiff's goods was apparent:[1931]

1926 *Id.* at 1037.

1927 *Id.* at 1030.

1928 *Id.* at 1038.

1929 *Id.* at 1026.

1930 *Id.* at 1023.

1931 *Id.* at 1026.

The defendants continued their sales of the offending goods even after being 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 others 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 in light of 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 plaintiff's] 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.[1932]

The court therefore affirmed an accounting of profits decided upon by a jury, which included those made on the entirety of the defendants' sales. It did so despite evidence and testimony in the trial record that ninety-seven percent of those sales were to

[1932] *Id.* at 1045–46.

European customers, with only three percent of sales going directly to the United States.

The Supreme Court then granted the defendants' petition for a writ of certiorari, which presented a single question, namely, "[w]hether the court of appeals erred in applying the Lanham Act extraterritorially to petitioners' foreign sales, including purely foreign sales that never reached the United States or confused U.S. consumers."[1933] In answering that question, the Court first took on the general consensus among the federal courts of appeals that Congress had rebutted the presumption against territoriality when passing the Lanham Act by referring to its post-*Steele* decisions in other areas of the law, namely, *Morrison v. National Australia Bank Ltd.*, [1934] *RJR Nabisco, Inc. v. European Community*,[1935] *WesternGeco LLC v. ION Geophysical Corp.*,[1936] and *Nestlé USA, Inc. v. Doe*,[1937] Those decisions, it held, established a two-step test for the liability of foreign actors under federal law, the first of which was to determine "whether 'Congress has affirmatively and unmistakably instructed that' the provision at issue should 'apply to foreign conduct.'"[1938] The second step was more complex:

> If a provision is not extraterritorial, we move to step two, which resolves whether the suit seeks a (permissible) domestic or (impermissible) foreign application of the provision. To make that determination, courts must start by identifying the "focus of congressional concern" underlying the provision at issue. . . .
>
> Step Two does not end with identifying statutory focus . . . . [T]o prove that a claim involves a domestic application of a statute, "plaintiffs must establish that the *conduct relevant to the statute's focus* occurred in the United States."[1939]

"Step two," it continued, "is designed to apply the presumption against extraterritoriality to claims that involve both domestic and foreign activity, separating the activity that matters from the activity that does not."[1940] "After all," the Court concluded, "we have

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[1933] Petition for Writ of Certiorari at (I), Abitron Austria GmbH v. Hetronic Int'l, Inc., 600 U.S. 412 (2023) (No. 21-1043), 2022 WL 253018, at *(I).

[1934] 561 U.S. 247 (2010) (securities fraud).

[1935] 579 U.S. 325 (2016) (RICO).

[1936] 138 S. Ct. 2129 (2018) (patent infringement).

[1937] 141 S. Ct. 1931 (2021) (Alien Tort Statute).

[1938] *Abitron*, 600 U.S. at 417–18 (quoting *RJR Nabisco*, 579 U.S. at 335, 337).

[1939] *Id.* at 418 (first quoting *RJR Nabisco*, 579 U.S. at 336; then quoting *Nestlé*, 141 S. Ct. at 1936).

[1940] *Id.* at 419.

long recognized that the presumption would be meaningless if any domestic conduct could defeat it."[1941]

In applying step one of the two-part test to the Lanham Act, the Court noted that "[i]t is a 'rare statute that clearly evidences extraterritorial effect despite lacking an express statement of extraterritoriality.'"[1942] It then held with respect to the plaintiff's causes of action under Sections 32(1) and 43(a) of the Lanham Act[1943] that:

> [N]either provision at issue provides an express statement of extraterritorial application or any other clear indication that it is one of the "rare" provisions that nonetheless applies abroad. Both simply prohibit the use "in commerce," under congressionally prescribed conditions, of protected trademarks when that use "is likely to cause confusion."[1944]

In so concluding, the Court rejected the argument that the unique definition of "commerce" found in Section 45 of the Act—"'commerce' means all commerce which may be lawfully regulated by Congress"[1945]—necessarily entailed the defendants' conduct was actionable because of that conduct's effect on the plaintiff in the United States. Instead, the Court held, not only had it in the past restricted the extraterritorial effect of statutes expressly referring to "*foreign* commerce" when defining "commerce,"[1946] but "the mere fact that the Lanham Act contains a . . . definition that departs from the so-called 'boilerplate' definitions used in other statutes cannot justify a different conclusion . . . ."[1947]

That left the second part of the inquiry, which was whether the defendants' conduct relevant to the Lanham Act's focus had occurred in the United States. Although the Court remanded the action for a resolution of that question in the first instance, it offered the lower courts some guidance while doing so. As a threshold matter, it held, "the *conduct* relevant to any focus the parties have proffered is infringing use in commerce, as the Act defines it."[1948] Then, referencing the definition of use in commerce set forth in

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[1941] *Id.*

[1942] *Id.* at 420 (quoting *RJR Nabisco*, 579 U.S. at 337).

[1943] 15 U.S.C. §§ 1114, 1125(a) (2018).

[1944] *Abitron*, 600 U.S. at 420 (quoting 15 U.S.C. §§ 1115(1)(a), 1125(a)).

[1945] 15 U.S.C. § 1127.

[1946] *Abitron*, 600 U.S. at 421 (first citing *Morrison*, 561 U. S. at 262–63; and then citing *RJR Nabisco*, 579 U.S. at 344). The Court elaborated on this point with the observation that "[i]f an express statutory reference to 'foreign commerce' is not enough to rebut the presumption, the same must be true of a definition of 'commerce' that refers to Congress's authority to regulate foreign commerce. That result does not change simply because the provision refers to 'all' commerce Congress can regulate." *Id.*

[1947] *Id.*

[1948] *Id.* at 422.

Section 45 of the Act, it further observed that "the 'term "use in commerce" means the bona fide use of a mark in the ordinary course of trade,' where the mark serves to 'identify and distinguish [the mark user's] goods . . . and to indicate the source of the goods.'"[1949] It therefore is apparent that plaintiffs challenging alleged violations of the Lanham Act by defendants outside the United States should plan to establish that the locus of those violations lies within the United States, instead of merely relying on their alleged domestic effects.

What is less apparent, however, is the significance of the opinion to the split in the lower courts on the question of whether Section 45 applies to evaluations of whether *defendants* have engaged in actionable uses in commerce or whether its terms are limited to the inquiry into whether *plaintiffs* have engaged in sufficient use in commerce to qualify their marks for protection in the first instance. For example, the Sixth Circuit holds that only trademark uses by defendants are actionable under Sections 32 and 43(a),[1950] and that rule enjoys at least some support in academic circles.[1951] In contrast, most courts to address the issue have rejected that approach,[1952] and it has been the subject of criticism by Professor McCarthy[1953] and others.[1954] It also is inconsistent with the legislative history of the

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1949 *Id.* at 428 (quoting 15 U.S.C. § 1127).

1950 *See, e.g.*, Sazerac Brands, LLC v. Peristyle, LLC, 892 F.3d 853, 859 (6th Cir. 2018) ("In our circuit, plaintiffs carry a threshold burden to show that the defendant is using a mark 'in a "[ ]trademark" way' that 'identifies the source of their goods.'" (alteration in original) (quoting Interactive Prods. Corp. v. a2z Mobile Office Sols., Inc., 326 F.3d 687, 695 (6th Cir. 2003)).

1951 *See* Stacey L. Dogan & Mark A. Lemley, *Trademark and Consumer Search Costs on the Internet,* 41 Hous. L. Rev. 777, 798 (2004) ("Limiting trademark rights to a right to prevent confusing uses of the mark as a brand helps to ensure that trademark rights remain tied to their search costs rationale—only those individuals or companies who are using the mark to advertise their own products or services have the motive and opportunity to interfere with the clarity of the mark's meaning in conveying product information to consumers, and so only those uses ought to be of concern to trademark law."); Uli Widmaier, *Use, Liability, and the Structure of Trademark Law,* 33 Hofstra L. Rev. 603, 707 (2004) (referencing the "indispensability of trademark use for imposing Lanham Act liability").

1952 *See, e.g.*, Rescuecom Corp. v. Google Inc., 562 F.3d 123, 133 (2d Cir. 2009) ("When one considers the entire definition of 'use in commerce' set forth in [Section 45], it becomes plainly apparent that this definition was intended to apply to the Act's use of that term in defining favored conduct, which qualifies to receive the protection of the Act."); Playboy Enters. v. Netscape Commc'ns Corp., 354 F.3d 1020, 1024 n.11 (9th Cir. 2004) (holding that Section 45's definition "applies to the required use a plaintiff must make in order to have rights in a mark"); BTG Pat. Holdings, LLC v. Bag2Go, GmbH, 193 F. Supp. 3d 1310, 1322 (S.D. Fla. 2016) ("[Section 45's] definition of 'use in commerce' applies only in the trademark qualification context and not in the trademark infringement context.").

1953 *See* J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 23:11.50 (5th ed.).

1954 Two commentators have rejected the theory that only trademark uses by defendants are actionable with the explanation that:

current definition of use in commerce found in Section 45, which clearly indicates a congressional intent to limit the significance of that definition to the context of determinations of plaintiffs' rights:

> [T]he revised definition is intended to apply to all aspects *of the trademark registration process*, from applications to register, whether they are based on use or on intent-to-use, and statements of use filed under Section 13 of the Act, to affidavits of use filed under Section 8, renewals and issues of abandonment. Clearly, however, *use of any type will continue to be considered in an infringement action.*[1955]

Whether the Court's reference to Section 45 when discussing when a defendant's use is actionable under Sections 32 and 43(a) is intended to trump that legislative intent and the majority rule found in the case law remains to be seen.

In any case, *Abitron* may have brought a quick end to the viability of a Fourth Circuit opinion affirming an extraterritorial exercise of the Act only a few months before the Supreme Court's decision.[1956] The case producing it was brought by a North Carolina software company against a Dutch company that had once served as a licensed distributor of the plaintiff's goods in Europe and Africa. As the parties' relationship deteriorated, the defendant began making unauthorized sales of software branded with the plaintiff's mark on websites featuring the mark and that were accessible at domain names incorporating the mark. Relying on then-extant circuit authority, the North Carolina federal district court assigned to the case looked to whether: (1) the defendant's extraterritorial conduct had a significant effect on United States commerce; (2) the defendant was a United State domiciliary; and (3) a judgment against the defendant would create a conflict with the law of another jurisdiction.[1957] Focusing on the defendant's unauthorized use of the plaintiff's mark when promoting software to United States consumers (apparently successfully in at least one case), the court

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> This proposition runs counter to a number of instances where [defendants'] uses other than as a mark have been found to be potentially actionable because they cause confusion and disrupt consumer understanding. Most notably, it is inconsistent with the decision of the U.S. Supreme Court in *KP Permanent* . . . , in which the Court held that the classic fair use defense—which is available when a defendant makes a good faith, descriptive use of a mark otherwise than as a mark—could be made out even where the defendant's use caused likely confusion. The logic of that holding is that some uses otherwise than as a mark can cause confusion and, thus, increase search costs (even if trademark law might ultimately permit the use under the fair use doctrine).

Graeme B. Dinwoodie & Mark D. Janis, *Confusion over Use: Contextualism in Trademark Law*, 92 Iowa L. Rev. 1597, 1625 (2007) (citing KP Permanent Make-Up, Inc. v. Lasting Impressions I, Inc., 543 U.S. 111, 123 (2004) (footnotes omitted).

1955 S. Rep. 100-515, 45, *reprinted in* 1988 U.S.C.C.A.N. 5577, 5607–08 (emphasis added).

1956 *See* dmarcian, Inc. v. dmarcian Eur. BV, 60 F.4th 119 (4th Cir. 2023).

1957 *Id.* at 140.

held that the plaintiff had demonstrated a significant effect on United States commerce caused by the defendant's conduct; "[f]urthermore," the court continued, "the evidence that [the defendant's] mark caused confusion among customers abroad indicates that United States customers were likely confused too."[1958] The court's reliance on former circumstance might well survive *Abitron*; its reliance on the latter almost certainly does not.

Finally, even before *Abitron*, a Virginia federal district court applying the Fourth Circuit's test for extraterritoriality declined to find one defendant liable for alleged infringement occurring outside of the United States.[1959] Its analysis of the issue was brief and to the point:

> With respect to Defendant's foreign ventures that make use of the mark, Plaintiff has not provided any evidence that such foreign ventures have had a "significant effect" on US commerce to be covered by the Lanham Act. Nor has Defendant demonstrated that its requested relief would present no conflict with the trademark laws of the United Arab Emirates, where Defendant's companies operate.[1960]

This result held despite the court otherwise granting the plaintiff's motion for summary judgment of liability with respect to much of the defendant's conduct within the United States.[1961]

7. Sanctions

Accused of service mark infringement, one counterclaim defendant responded by filing a declaratory judgment action and pursuing a two-tiered defense strategy: (1) it unsuccessfully asserted priority of rights vis-à-vis the counterclaim plaintiff; but (2) it successfully established that the counterclaim plaintiff's claimed marks were generic as matter of law.[1962] The counterclaim defendant then moved the court under Rule 11 of the Federal Rules of Civil Procedure[1963] for sanctions against the counterclaim plaintiff for having asserted prior use of its claimed marks in the pursuit of a counterclaim that not only targeted the counterclaim defendant but also ambitiously named twelve Federal Reserve banks and the board of governors of the Federal Reserve as third-

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1958 *Id.* at 141.

1959 *See* GoSecure Inc. v. Bhandari, 637 F. Supp. 3d 368 (E.D. Va. 2022).

1960 *Id.* at 377 (quoting Nintendo of America, Inc. v. Aeropower Co., 34 F.3d 246, 250 (4th Cir. 1994)).

1961 *See id.* at 375–77.

1962 *See* Now-Casting Econ., Ltd. v. Econ. Alchemy LLC, 628 F. Supp. 3d 501 (S.D.N.Y. 2022), *reconsideration denied*, No. 18 CIV. 2442 (JPC), 2023 WL 3724155 (S.D.N.Y. May 30, 2023).

1963 Fed. R. Civ. P. 11.

party defendants. The court denied the motion because the counterclaim plaintiff's claim of priority presented neither the extreme case nor the extraordinary circumstances necessary for an award of sanctions; in particular, it found, because "not all use of a potential trademark constitutes the type of use that makes one a prior user,"[1964] it was not "patently clear" that the priority claim would have failed.[1965] At the same time, however, the court also denied the counterclaim plaintiff's request for sanctions against the counterclaim defendant for having filed the sanctions motion in the first place, finding the motion not "frivolous or wholly without merit."[1966]

8. Interlocutory Appeals

Having failed to secure the dismissal of the infringement claims against him, a self-styled entrepreneur selling METABIRKIN-branded nonfungible tokens imitating handbags sold by the plaintiffs under the BIRKIN mark moved a New York federal district court under 28 U.S.C. § 1292(b)[1967] to pursue an interlocutory appeal of that decision.[1968] One basis of the defendant's motion was his belief that the Second Circuit's opinion in *Rogers v. Grimaldi*[1969] protected his conduct because his imitations of the plaintiff's bags were artistically relevant to his NFTs under the first prong of the *Rogers* test and because they were not explicitly misleading under *Rogers*'s second prong. The defendant argued the first issue presented a pure question of law and therefore was properly the subject of an interlocutory appeal, but the court disagreed, holding that "[d]efendant's motion on this issue thus fails to meet the unambiguous requirements of the statute, which allows this Court to grant interlocutory appeal only on pure questions of law."[1970] Moreover, the defendant's motion was doubly inappropriate because it failed to account for the possibility that the defendant could still be found liable under *Rogers*'s second prong if the defendants NFTs were explicitly misleading as to their source or content.[1971]

The defendant also struck out in its attempt to appeal the court's holding that the plaintiffs' complaint sufficiently alleged that the defendant's conduct was explicitly misleading under *Rogers*'s second

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1964 *Now-Casting*, 628 F. Supp. 3d at 522.

1965 *Id.* (quoting Weinraub v. Glen Rauch Sec. Inc., 399 F. Supp. 2d 454, 460 (S.D.N.Y. 2005)).

1966 *Id.* at 523.

1967 28 U.S.C. § 1292(b) (2018).

1968 *See* Hermès Int'l v. Rothschild, 590 F. Supp. 3d 647 (S.D.N.Y. 2022).

1969 875 F.2d 994 (2d Cir. 1989).

1970 *Hermès Int'l,* 590 F. Supp. 3d at 652.

1971 *Id.*

prong. The gravamen of the defendant's argument on that point was that the court had erred in applying the Second Circuit's standard *Polaroid* likelihood-of-confusion factors because, according to the defendant, those factors only applied in cases presenting trademark-based challenges to titles of artistic works. The court identified two reasons why that theory failed to justify an interlocutory appeal. The first was that "[e]ven if the Second Circuit were to require application of a different, non-*Polaroid* consumer-confusion test, [the plaintiffs'] claims might very well survive a defendant's motion to dismiss," especially because of the plaintiffs' averments that the defendant had made explicitly misleading misstatements about his NFTs;[1972] the second was that the defendant's motion failed to identify a cognizable difference in opinion among courts on the applicability of the *Polaroid* factors.[1973]

The court then turned to the second basis of the defendant's motion, which was that an interlocutory appeal was appropriate because the court had erroneously held that the Supreme Court's decision in *Dastar Corp. v. Twentieth Century Fox Film Corp.*[1974] did not bar application of the Lanham Act to alleged misuses of plaintiffs' marks in connection with intangible goods such as the defendant's NFTs. For the second time, the court held *Dastar* inapplicable, because, it explained, "[u]nlike plaintiffs in *Dastar* and related cases, [the plaintiffs] can reasonably contend that consumers would be confused about the source of [the defendant's] goods—not just their creative content—and more likely to buy those goods if they believed [the plaintiffs were] associated with the project."[1975] Moreover, and of equal significance, the defendant had once again failed to satisfy the requirement for an interlocutory appeal that there be a substantial difference of opinion among Second Circuit district courts on the issue.[1976] The court therefore denied the defendant's motion in its entirety.

9. Improper Joinder

Reported opinions arising from trademark and unfair competition litigation rarely address allegations of improper joinder, but a decision from a California federal district court denying a motion to dismiss by two defendants proved the exception

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1972 *Id.* at 653.

1973 *Id.* at 654.

1974 539 U.S. 23 (2003).

1975 *Hermès Int'l*, 590 F. Supp. 3d at 655; *see also id.* ("Here, . . . it is plausible that the use of trademarks by [the defendant] did generate consumer confusion with respect to the defendant's intangible goods for sale—the MetaBirkins—and so *Dastar* does not bar [the plaintiffs] from pursuing [their] Lanham Act claims.").

1976 *Id.* at 656.

to that general rule.[1977] One of the moving defendants had applied to register one of the challenged marks in the USPTO; that application was executed by the other moving defendant before it was assigned to the lead corporate defendant in the case. Although the moving defendants claimed to have been improperly joined, they failed to explain how or why their dismissal might be necessary to preserve the existence of federal jurisdiction under Rule 21 of the Federal Rules of Civil Procedure.[1978] Moreover, although one moving defendant claimed to have been indemnified by the lead corporate defendant, the court pointed out that "[a]n indemnity agreement between [those parties] may affect how those entities divide payment of any judgment entered against them, but it does not immunize [the moving defendant] from [the] Plaintiffs' claims."[1979] Finally, the court noted, the complaint averred the moving defendants' direct participation in conduct underlying the plaintiffs' causes of action. It therefore allowed the case against the moving defendants to proceed.[1980]

10. Enforcement of Judgments

The Lanham Act does not address the mechanics of collecting on judgments issued under it. Nevertheless, Federal Rule of Civil Procedure 62(a) provides that "execution on a judgment and proceedings to enforce it are stayed for 30 days after its entry, unless the court orders otherwise,"[1981] and Federal Rule of Civil Procedure 69(a) provides that "[t]he procedure on execution—and in proceedings supplementary to and in aid of judgment or execution—must accord with the procedure of the state where the court is located . . . ."[1982] In litigation requiring a New York federal district court to reconcile the two rules, the plaintiff secured a default judgment against a group of defendants, as well as an award of $2,800,000 in statutory damages.[1983] The court noted that, "[u]nder New York's statute governing enforcement of judgments, once a money judgment is rendered against a defendant, a federal district court in New York has the power to, among other things, restrain the defendant's assets until the judgment is satisfied."[1984] That, the court concluded, authorized it to dissolve Rule 62(a)'s 30-day

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1977 *See* NBCUniversal Media, LLC v. Jay Kennette Media Grp., 653 F. Supp. 3d 732 (C.D. Cal. 2023).

1978 Fed. R. Civ. P. 21.

1979 *NBCUniversal Media*, 653 F. Supp. 3d at 748.

1980 *Id.* at 748–49.

1981 Fed. R. Civ. P. 62(a).

1982 Fed. R. Civ. P. 69(a).

1983 *See* Kelly Toys Holdings, LLC v. alialialiLL Store, 606 F. Supp. 3d 32 (S.D.N.Y. 2022).

1984 *Id.* at 57 (citing N.Y. C.P.L.R. § 5222).

automatic stay and to allow the plaintiff immediately to serve restraining notices on the defendants and financial providers holding their assets.[1985]

D. Evidentiary Matters

1. Admissibility and Weight of Expert Witness Testimony

At least in litigation in federal courts, Rule 702 of the Federal Rules of Evidence[1986] governs the admissibility of expert witness testimony. It authorizes that testimony 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;
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> (b) the testimony is based on sufficient facts or data;
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> (c) the testimony is the product of reliable principles and methods; and
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> (d) the expert has reliably applied the principles and methods to the facts of the case.[1987]

Under the Supreme Court's decision in *Daubert v. Merrell Dow Pharmaceuticals., Inc.*,[1988] courts entertaining proffered expert witness testimony must act as gatekeepers to determine whether the witness in question is qualified as an expert and whether the testimony would be both relevant and reliable.[1989] Rule 702 and its requirements came into play in various contexts.

a. Survey Experts

i. Distinctiveness and Mark-Strength Surveys

A survey commissioned by two plaintiffs to demonstrate the distinctiveness and fame of their marks received a mixed reception at the hands of the court to which they submitted it in support of their claims of likely dilution under Section 43(c) and Delaware law.[1990] The survey yielded a net 67% recognition rate among respondents, but there were two reasons why the court declined to accord those results probative weight with respect to the plaintiffs' federal cause of action: The first of which was that the survey had been conducted seventeen years after the defendants' first use of their mark, while the second was that the net recognition rate was

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1985 *Id.*

1986 Fed. R. Evid. 702.

1987 *Id.*

1988 509 U.S. 579 (1993).

1989 *Id.* at 589.

1990 *See* S&P Glob. Inc. v. S&P Data LLC, 619 F. Supp. 3d 445 (D. Del. 2022).

lower than the 75% rate the court deemed necessary to establish mark fame.[1991] In contrast, however, the court accepted the same results as probative of the distinctiveness of the plaintiffs' marks under Delaware law, which did not require a showing of fame prior to the defendants' date of first use.[1992]

Not all litigants proffering survey evidence of distinctiveness enjoyed similar luck. Having struck out attempting to register line drawings of the configuration of a boot, one applicant pursued an ex parte appeal from an adverse opinion from the Trademark Trial and Appeal Board to the United States District Court for the Eastern District of Virginia, in the process proffering survey evidence of acquired distinctiveness.[1993] In granting the USPTO's motion for summary judgment, the court was unimpressed with the net forty percent recognition rate of the applicant's boot among respondents. Although the court considered that rate only "[a] marginal figure, at best,"[1994] it also further discounted the survey's results for several additional reasons, one of which was that, instead of using line-drawing stimuli similar to the applied-for mark, the survey used photographs: "Photographs might be just fine in a survey in an infringement case, where what's going on in the marketplace controls," the court explained, "but not in a case where the goal is to obtain registration of a mark that, by regulation, is required to be in a drawing."[1995] Another of the survey's perceived flaws was its failure to "use the tried-and-true accepted questions and progression deemed key to determining acquired distinctiveness," which, according to the court, would have addressed the key issue of whether respondents viewed the test stimulus as indicating a single, unique source.[1996] Finally, the survey used a control looking "nothing like the photograph of the [applicant's] boot."[1997]

Likewise, although its results were apparently admitted into evidence at trial without objection from defense counsel, a survey

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[1991] *Id.* at 467.

[1992] *Id.* at 469.

[1993] *See* TBL Licensing, LLC. v. Vidal, 644 F. Supp. 3d 190 (E.D. Va. 2022), *appeal docketed*, No. 23-1150 (4th Cir. Feb. 9, 2023).

[1994] *Id.* at 203.

[1995] *Id.* at 202.

[1996] *Id.* The court elaborated on this point in the following manner:

> The flaws start with not asking the basic, standard first question that acquired distinctiveness surveys lead with: "Do you associate [the stimuli] with one or more than one company?" That question gets at the core issue: do consumers see the stimuli as indicating a single, *unique* source or not? Because without exclusivity, there can [be] no acquired distinctiveness. Because the Survey failed to ask this simple and accepted question, it falls short of proving that the alleged trade dress here is uniquely associated with a specific source.

Id.

[1997] *Id.*

commissioned by one plaintiff to demonstrate the commercial strength of its JACKPOCKET and JACKPOCKET.COM marks for lottery courier services otherwise came to grief, with the court declining to accord it little weight.[1998] There were multiple reasons for that result, beginning with the flawed universe of respondents: The plaintiff operated in twelve states, but the survey targeted respondents in only New York and New Jersey, in both of which the plaintiff had only one competitor. According to counterexperts retained by the defendants, the plaintiff's survey also failed to account the phenomenon of false recognition, which the court explained, "occurs when the name of a brand fits a particular category and creates an 'illusion of familiarity,' causing a respondent to select the brand when prompted," and was a problem because of the similarity between the plaintiff's marks and the generic word "jackpot."[1999] Likewise, the survey's controls were flawed because those marks were not used in the state lottery business. Finally, a defense survey correcting for those flaws yielded far less favorable results for unaided and aided recognition than the results of the plaintiff's survey, namely, 9.7% and 14.9% versus 24.7% and 58.3%, respectively.[2000]

ii. Confusion Surveys

As usual, the admissibility of survey evidence proved a fertile source of reported opinions, none so much as one from an Arizona federal district court in a suit brought by a manufacturer and distributor of smoking-related products against producers of cannabis concentrates.[2001] The defendants challenged the results of a *Squirt* format survey commissioned by the plaintiff, which allowed the court to deliver up the following explanation of the distinction between that format and its *Eveready* format counterpart:

> Under the Squirt format, respondents are shown both the senior and junior marks and then asked whether the products associated with the mark come from the same or a different source. A Squirt survey does not assume that respondents are familiar with the senior mark. Thus, the Squirt format is appropriate principally where a case involves "marks that are weak, but are simultaneously or sequentially accessible in the marketplace for comparison."
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> Under the Eveready format, on the other hand, the survey does not inform respondents what the senior mark is, but

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[1998] *See* Jackpocket, Inc. v. Lottomatrix NY LLC, 645 F. Supp. 3d 185 (S.D.N.Y. 2022).

[1999] *Id.* at 212.

[2000] *Id.*

[2001] *See* BBK Tobacco & Foods LLP v. Cent. Coast Agric. Inc., 615 F. Supp. 3d 982 (D. Ariz. 2022).

> instead assumes they know of the mark from their prior experience. Respondents are shown only the junior, allegedly infringing mark, and are then asked open-ended questions about whether they associate it with another mark. The Eveready format, therefore, is especially useful when the senior mark is "top of mind"—readily recognized by consumers in the relevant universe.[2002]

The defendants' *Daubert* motion sought the exclusion of the survey results in part based on the well-established rule that the *Squirt* format is appropriate only if consumers encounter the parties' marks in physical or temporal proximity to each other. The court, however, rejected the factual predicate of that attack, finding it undisputed that the parties' goods were sold in "hundreds of the same dispensaries in California."[2003] It likewise declined to hold the *Squirt* format inappropriate simply because *Squirt* surveys tended to yield higher net positive results than *Eveready* surveys; rather, that tendency was more properly the subject of cross-examination of the plaintiff's expert at trial.[2004]

Having thus disposed of the defendants' challenges to the format of the plaintiff's survey, the court turned to the question of whether the survey had targeted the appropriate universe of respondents. The universe chosen by the plaintiff's expert consisted of users of cannabis concentrate products such as those sold by the defendants, instead of *all* users of cannabis products, as argued by the defendants. Of that choice, the court held that "[the plaintiff's expert] reasonably determined that all cannabis consumers were potential consumers of [the defendants'] concentrate and vape products. And he adequately explained the reasons for that determination in his report."[2005] Further noting that the defendants themselves had commissioned a survey using the same universe, the court once again held the issue an appropriate subject for cross-examination instead of as a basis for exclusion.[2006]

Finally, the court dismissed the defendants' theory that the results of the plaintiff's survey merited exclusion because the net positive rate among respondents—rather unhelpfully not disclosed by the opinion—was low. "The focus [of the Rule 702 inquiry]," it held, "must be solely on principles and methodology, not on the conclusions that they generate."[2007] The allegedly low net positive

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2002 *Id.* at 1001 (footnotes omitted) (citations omitted) (quoting Jerre B. Swann, *Likelihood of Confusion Studies and the Straightened Scope of Squirt*, 98 TMR 739, 755–56 (2008)).

2003 *Id.* at 1002 n.9.

2004 *Id.* at 1001.

2005 *Id.*

2006 *Id.*

2007 *Id.* (alteration in original) (quoting *Daubert*, 509 U.S. at 595).

results therefore went to the results' weight, not its admissibility.[2008]

Unfortunately for the plaintiff, the court's reluctance to exclude the testimony of its expert extended to the plaintiff's challenge to the testimony of a survey expert retained by the defendants. The first basis for that challenge was that the expert had neither designed nor conducted the survey on which she opined; instead, the plaintiff had worked with an outside vendor to develop the survey's questionnaire. With respect to that challenge, the court held that "[c]ounsel's assistance in designing and creating a survey does not generally warrant exclusion."[2009] "This is only logical," it further held, because "survey experts are not legal experts."[2010] Thus:

> In a case such as this, involving complex questions of federal trademark law, counsel's guidance is needed to frame survey parameters and ensure relevance. In general, then, counsel's involvement draws a survey's admissibility into question only when the survey is designed exclusively by counsel without the assistance of a survey professional.[2011]

The second basis of the plaintiff's bid to exclude testimony from the defendants' expert was an alleged discrepancy between the universe targeted by the survey, namely, consumers who had purchased cannabis concentrate products at least once in the previous twelve months, exclusive of purchasers of vape products, on the one hand, and the consumers addressed by the expert's testimony, who were "people who prefer vapes and concentrates," on the other.[2012] The court acknowledged the merit of the plaintiff's argument that the survey's universe was underinclusive because the defendants sold vaping products, which meant the universe should have included consumers of those products. Nevertheless, exclusion was inappropriate: "Although the universe surveyed was plainly not the optimal one, it was also not so 'significantly skewed away from the proper group of people whose perception is at issue' as to render it inadmissible."[2013]

Two final criticisms by the plaintiff of the defendants' survey likewise fell short. The first was that the survey asked impermissibly suggestive leading introductory questions, which the plaintiff argued created distorting demand effects and which the court dismissed as bearing on the results' weight instead of their admissibility. The second was the survey's inclusion of "confidence-

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2008 *Id.*

2009 *Id.* at 1003.

2010 *Id.*

2011 *Id.*

2012 *Id.* at 1004.

2013 *Id.* (quoting J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 32:159 (5th ed.)).

challenging follow-up questions," of which the court concluded that "[w]hile such questions may not ordinarily be included in an Eveready survey, their inclusion does not so distort the survey's results as to render them wholly inadmissible. Indeed, there is literature suggesting that such questions *enhance* survey reliability."[2014] It therefore held that "[t]o the extent [the plaintiff] believes that these confidence-gauging questions introduced bias, it may produce its own evidence and ask probing questions on cross-examination to that effect at trial."[2015]

Of course, not all surveys met the grade. One that did not was commissioned by a group of professional models seeking to demonstrate actual confusion arising from the unauthorized use of their images to promote a strip club.[2016] In affirming the district court's exclusion of the survey's results, the Second Circuit identified multiple problems with the methodology employed by the plaintiffs' expert. One was that the test stimulus featured "*all* of the images of *all* of the Plaintiffs, and therefore did not permit respondents to differentiate between specific images and/or specific Plaintiffs."[2017] Another was that "the survey neither provided respondents with a 'don't know' option nor instructed them 'not to guess,' and therefore did not allow respondents any recourse or guidance if they were unsure about the correct answer."[2018] The district court therefore had not erred in declining to consider the survey's results.

A different confusion survey received almost as rough a reception in a bench trial in a case in which the owner of the JACKPOCKET and JACKPOCKET.COM for lottery courier services accused a group of emerging competitors of infringement through their use of JACKPOT.COM.[2019] The court did not exclude the results of the plaintiff's *Squirt* survey from evidence,[2020] but it

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[2014] *Id.* at 1004–05.

[2015] *Id.* at 1005.

[2016] *See* Souza v. Exotic Island Enters., 68 F.4th 99 (2d Cir. 2023).

[2017] *Id.* at 114.

[2018] *Id.*

[2019] *See* Jackpocket, Inc. v. Lottomatrix NY LLC, 645 F. Supp. 3d 185 (S.D.N.Y. 2022).

[2020] The court summarized the methodology of the plaintiff's survey in the following manner:

> In a *Squirt* survey, respondents are first exposed to the senior mark and then to the allegedly infringing mark. [The plaintiff's expert's] survey divided its 516 respondents—all New York state residents who are recent or future purchasers of lottery tickets online—into two groups: a test group and a control group. Respondents were first shown a static image of [the plaintiff's] website and then shown static images of four additional websites in random order. Respondents in the test group were shown images of [the defendant's] U.S. landing page at the time the survey was conducted . . . and the websites of three [of the plaintiff's] competitors.
>
> . . . .

did fault various aspects of the survey's methodology, beginning with the flawed assumption that consumers encountered the parties' marks in proximity, a problem that called into question the propriety of that format altogether.[2021] That was not all, however, because the survey also used the defendants' initial landing page (which used colors similar to those of the plaintiff) as a test stimuli, even though the defendants had launched an actual website (which didn't) by the time the survey was run. "Thus," the court held, "[the plaintiff's expert] tested the wrong thing, and there is no evidence that the confusion respondents experienced when presented with two websites with similar color schemes would be replicated when they are presented with two websites with very different schemes."[2022] So too did the survey use impermissibly leading questions[2023] and used a control—WINDFALL—with "no visual or acoustic similarity" to the salient "jackpot" element of the defendant's mark.[2024] The court therefore found more convincing the 0.4% net confusion rate yielded by an *Eveready* survey conducted by an expert retained by the defendants—"which corrected many of the deficiencies in [the plaintiff's survey], including its demand effects

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> Respondents in the control group were shown images of the three . . . competitors [of the plaintiff] and of a control website, which substituted the JACKPOT and JACKPOT.COM marks (collectively, the "JACKPOT.COM Marks") on the [the defendant's] landing page with WINDFALL and WINDFALL.COM marks. After viewing each website, the respondents were asked whether they thought the website was "owned, operated, or put out" by [the defendant]. Respondents were then asked whether they thought the website was "affiliated with, or sponsored or approved by" [the defendant].

Id. at 224–25 (citations omitted).

2021 The plaintiff argued that consumers would encounter the parties' services in the same context because the parties' websites were disclosed in the results of Google searches for the same words. The court was unconvinced:

> That argument proves too much. . . . The fact that two products may be responsive to a Google or Apple search does not establish that consumers in the marketplace all do Google searches and make their purchasing decisions based on the result of those searches. If it did, the *Squirt* methodology would always be the preferred method for products that can be purchased online regardless of the extent to which they were purchased online.

Id. at 263.

2022 *Id.* at 265.

2023 *Id.* ("[The plaintiff's] survey asked participants two leading questions after displaying each of the three competitor websites and the . . . test/control websites: (1) 'Do you think that this website is owned, operated, or put out by COMPANY A . . .?' and (2) "Do you think that this website is affiliated with, or sponsored or approved by, COMPANY A?' Both questions lead a survey participant to search for similarities with [the plaintiff's] website, even if many of these similarities might be overlooked by consumers in the marketplace." (citation omitted)).

2024 *Id.* at 266.

and absence of an adequate control"[2025]—than the net 26.2% rate claimed by the plaintiff's expert.[2026]

iii. Deception Surveys

The Tenth Circuit gave short shrift to a survey proffered by the plaintiff in a false advertising action.[2027] That litigant, a national association of home inspectors, commissioned its survey to demonstrate the damage necessary for it to establish a prima facie case of liability against its only competitor, which the plaintiff accused of increasing its market share by misrepresenting the credentials of its members. The plaintiff's survey purported to measure deception among consumers of home inspection services,[2028] but that, the court held, was not the relevant inquiry. Instead, because the parties competed in the market for home inspectors themselves, the survey results were inapposite and failed to create a factual dispute regarding the plaintiff's lack of damage.[2029]

b. Monetary Relief Experts

A Nebraska federal district court declined to exclude the testimony of a monetary relief expert retained to opine on the profits lost by the plaintiff because of the defendants' alleged infringement and unfair competition.[2030] The parties directly competed in the market for custom-printed folders, including multimedia folders and pocket folders, and the expert's testimony rested on three

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2025 *Id.* at 269.

2026 *Id.* at 263, 269–70.

The primary criticism leveled by the plaintiff at the defendants' survey was that it failed to account for the allegedly low-involvement nature of purchases of lottery tickets. After considering "substantial expert testimony on whether the act of purchasing a lottery ticket was high or low involvement" proffered by the parties, the court held that it need not resolve that issue because neither side to the dispute sold physical lottery tickets but instead sold virtual copies online through websites or apps. *Id.* at 268. Thus, "the process of registering for an account, which requires entering both personal and financial information, is not an 'impulsive,' low-involvement decision; it is high involvement." *Id.* at 269.

2027 *See* Am. Soc'y of Home Inspectors, Inc. v. Int'l Ass'n of Certified Home Inspectors, 36 F.4th 1238 (10th Cir. 2022).

2028 "Based on the survey results," the court observed, "the [plaintiff's] expert determined that 72.4% of the participants thought all home inspectors advertised on [the defendant's] website possessed the qualities described in the [accused misrepresentation]. But after 'accounting for guessing and other forms of survey noise,' the expert concluded the 'net level of deception is 15.2%.'" *Id.* at 1242.

2029 *Id.* at 1242–43 ("While the survey results might be helpful in determining whether *consumers* have been deceived by [the defendant's advertising], the results do not shed any light on whether home inspectors are more likely to join [the defendant] instead of [the plaintiff] due to [the defendant's advertising].").

2030 *See* Crabar/GBF, Inc. v. Wright, 644 F. Supp. 3d 513 (D. Neb. 2022).

assumptions challenged by the defendants, which were that: (1) "any of the plaintiff's former customers purchasing any . . . products from [the defendants] would instead be purchasing those products from the plaintiff, because of the plaintiff's dominance of the market for those products before [the defendants] entered it";[2031] (2) "any of the plaintiff's former customers now purchasing from [the defendants] would still be one of the plaintiff's customers";[2032] and (3) "any customer purchasing a . . . duplicate of one of the plaintiff's products would, instead, be purchasing that product from the plaintiff."[2033] The defendants argued the assumptions were flawed because they failed to account for such potential explanations for the plaintiff's alleged losses as the plaintiff's poor service and industry trends and because they did not distinguish between lawful and unlawful behavior by the defendants. Holding that the defendants could pursue those topics at trial on cross-examination, the court held that they went to the weight of the expert's testimony, instead of its admissibility.[2034]

Of course, as one opinion demonstrated, the admission of testimony from a monetary relief expert at trial does not necessarily mean it will receive significant weight.[2035] The gravamen of the counterclaim plaintiffs' claim of infringement in the litigation producing that opinion was that the lead counterclaim defendant had for years purchased airplane engine fuel injection systems, or "servos," bearing the counterclaim plaintiffs' mark from the counterclaim plaintiffs. As that relationship foundered, however, the lead counterclaim defendant commissioned a second counterclaim defendant to manufacture servos bearing the same mark, and it eventually began purchasing those servos exclusively from the second counterclaim defendant. In support of their claim for actual damages at trial, the counterclaim plaintiffs proffered expert witness testimony that, because the lead counterclaim defendant would purchase only servos bearing the counterclaim plaintiffs' mark and because there were only two manufacturers of servos meeting that requirement, each sale made by the second counterclaim defendant corresponded to a lost sale by the counterclaim plaintiffs. Unfortunately for the counterclaim plaintiffs, the court found more convincing the testimony of the counterclaim defendants' expert, who pointed out that the second counterclaim defendant's sales had actually *increased* when it discontinued using the counterclaim plaintiffs' mark, thus disposing

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2031 *Id.* at 525.

2032 *Id.*

2033 *Id.*

2034 *Id.* at 526.

2035 *See* Avco Corp. v. Turn & Bank Holdings, LLC, 659 F. Supp. 3d 483 (M.D. Pa. 2023), *appeal docketed*, No. 23-1609 (3d Cir. Apr. 4, 2023).

of the causality assumed by the counterclaim plaintiffs' expert. Moreover, the court also credited the identification by the counterclaim defendants' expert of factors other than infringement that might have driven sales of the servos in question, "including their price, performance, reliability, relationships, and reputation"; "indeed," the court concluded, "it is generally the case that once an engine is selected for an airplane, that airplane manufacturer has no choice but to purchase that specific engine."[2036] In the battle of the experts, the one retained by the counterclaim defendants therefore emerged the victor.

c. Other Experts

Although the attempted proffer in trademark and unfair competition disputes of expert testimony on subjects other than survey evidence and monetary relief often meets with misfortune, the past year produced several exceptions to the rule. For example, when one plaintiff asserted a cause of action for trade dress infringement grounded in the defendants' alleged imitation of fiberglass extensions of truck cabs modified through conversion kits sold by the plaintiff, the defendants responded with a functionality-based motion for summary judgment supported by a report from a licensed professional engineer.[2037] Challenging the district court's consideration of the engineer's expert report, the plaintiff argued the engineer lacked relevant experience in fiberglass manufacturing, conversion kits, or truck body work and also had supported his conclusions exclusively on information received from the defendants. "However," the appellate court held, "[the engineer] is a licensed professional mechanical engineer with extensive experience in the fields of design, product development, manufacture and servicing of machines, and in providing professional engineering services";[2038] moreover, the court continued, the witness had clarified his written opinion to confirm it rested in part on his education, experience, and a review of the parties' respective kits. Under the circumstances, the district court had not erred in admitting the report.[2039]

Some additional exceptions to the general rule appeared in a dispute between a manufacturer and distributor of smoking-related products, on the one hand, and producers of cannabis concentrates, on the other, in which both parties sought to rely upon expert testimony on the degree of care exercised by relevant consumers.[2040]

2036 *Id.* at 501.

2037 *See* DayCab Co. v. Prairie Tech., LLC, 67 F.4th 837 (6th Cir. 2023).

2038 *Id.* at 853.

2039 *Id.*

2040 *See* BBK Tobacco & Foods LLP v. Cent. Coast Agric. Inc., 615 F. Supp. 3d 982 (D. Ariz. 2022).

The plaintiff's expert on the subject survived a *Daubert* challenge because he had "extensive education and experience in the field of marketing and consumer behavior," even if that education and experience was not cannabis-related;[2041] moreover, his testimony was based in part on consumer surveys conducted by the defendants themselves.[2042] By the same token, however, the plaintiff's challenge to the defendants' counter expert on the same subject also failed because her opinions rested in part on the results of a confusion survey previously held admissible by the court.[2043]

The court also proved receptive to the testimony of a witness proffered by the plaintiff to establish its goods were traditionally intended for use in connection with tobacco, which, if the case, would cause those goods to fall outside the scope of the federal prohibition on the sale of cannabis-related paraphernalia. That witness apparently did not have academic or scientific credentials but instead rested his opinion on "extensive experience" in the industry and online and publicly accessible documents. Nevertheless, because his opinion did not address the ultimate legal issue of the legality of the plaintiff's goods, it was admissible.[2044]

Unusually, the court also admitted the testimony of a putative expert on the likelihood of confusion between the parties' marks—even more unusually because of the witness's status as an employee of the plaintiff, the party putting him forward. The proposed testimony covered in part the use of the color green in the cannabis industry. The court identified two reasons why that testimony was admissible: (1) "[the witness] is qualified to opine regarding cannabis packaging design based on his 28 years of professional experience in graphic and packaging design and his considerable experience working alongside cannabis companies on design-related issues";[2045] and (2) "[the witness's] methodology, though based primarily on experience, rather than formulaic processes, is sufficiently reliable to permit his testimony."[2046]

The court did, however, draw the line at the admission of the same witness's testimony that companies frequently use different colors on product packaging even within the same product and brand lines, which the court determined "embraces an issue within the average juror's understanding."[2047] Likewise, it also excluded the testimony of another witness proffered by the plaintiff on various aspects of California's regulation of the cannabis market

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2041 *Id.* at 1005.

2042 *Id.* at 1006–07.

2043 *Id.* at 1007.

2044 *Id.* at 1011–12.

2045 *Id.* at 1010.

2046 *Id.*

2047 *Id.* at 1009.

because, despite having no legal training or experience, the witness was opining on legal questions exclusively within the province of the court. The same fate befell an attorney engaged by the defendants to rebut the proffered testimony of the plaintiff's excluded witness.[2048] Finally, the court held inadmissible testimony by the Chief of Police of Plymouth, Massachusetts, on federal statutes other than those at issue as both irrelevant and coming from an unqualified witness.[2049]

A certain amount of judicial baby-splitting also occurred in a trade dress dispute brought against direct competitors by two providers of self-storage units for such luxury items as SUVs and other vehicles.[2050] To demonstrate the nonfunctionality of the building configurations comprising its claimed trade dress, the plaintiffs relied in part on a report from a practicing attorney. That strategy failed after the defendants successfully argued that the attorney's proposed testimony would usurp the role of both the judge and the jury. According to the court, "[the plaintiffs have] not differentiated [the attorney's] opinions from what attorneys can argue at trial[,] and her opinions involve improper legal conclusions."[2051]

The plaintiffs' luck improved—at least in part—where the proposed testimony of a second witness, "a licensed architect with extensive experience . . . and . . . trained in architectural design," was concerned. One portion of the witness's report covered the standards for classifying the functional and nonfunctional features of buildings, which the court found properly admissible because it relied on "the traditional test for assessing functionality: whether the trade dress features are essential to the use or purpose of the item or affect costs."[2052] The court similarly allowed the witness to testify that his survey of third-party designs had not disclosed any similar to those of the plaintiffs, that the plaintiffs' trade dress entailed greater construction costs, and that the parties' respective designs had certain similarities.[2053]

The court did not give the architect free rein at trial, however. For example, it did not allow him to testify that the plaintiffs' claimed trade dress met the prerequisites for protection because the trade dress's validity was in dispute and because the witness would be merely telling the jury "what result to reach."[2054] It also excluded

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2048 *Id.* at 1008.

2049 *Id.* at 1010–11.

2050 *See* Hyde Park Storage Suites Daytona, LLC v. Crown Park Storage Suites, LLC, 631 F. Supp. 3d 1203 (M.D. Fla. 2022).

2051 *Id.* at 1221.

2052 *Id.* at 1222.

2053 *Id.*

2054 *Id.* (quoting Montgomery v. Aetna Cas. & Sur. Co., 898 F.2d 1537, 1541 (11th Cir. 1990)).

the witness's testimony to the extent he purported to opine on whether the trade dresses at issue were substantially or confusingly similar.[2055] Finally, the court declined to allow the witness to testify that the plaintiffs' design concept was the intellectual property of its creator (one of the plaintiffs), that it was specifically designed to address the needs of car enthusiasts, and that consumers associated the trade dress with the plaintiffs. Not only did the witness lack any readily apparent credentials to opine on those subjects, but his report failed to identify the methodology he had used to reach his conclusions.[2056]

The court's mood did not improve by the time it moved on to address a motion to exclude the testimony of a witness proffered by the defendants. The defendants had retained that witness to design their facility and, apparently in that capacity, he had created a "matrix" putatively showing the differences between the parties' designs. At the defendants' request, he updated the matrix and entered into a contract with them to participate in conferences concerning the litigation; having done those things, he submitted bills to, and was paid by, the defendants for his services. Although the defendants characterized the witness as a hybrid witness not requiring disclosure under Rule 26(b)(2)(B),[2057] the court found that "[t]hough [the witness] is undeniably a fact witness given his involvement in [the defendants'] facility's design, he was also clearly retained to assist [the defendants] in this lawsuit."[2058] Especially because a declaration submitted by the witness in support of the defendants' motion for summary judgment "teem[ed] with expert opinions," because the defendants had failed to defend their failure to comply with Rule 26(b)(2)(B), and because discovery had closed before the scope of the witness's proposed testimony became apparent, the court barred the witness from testifying other than as a fact witness on his involvement in the design of the defendants' facilities.[2059]

2. Admissibility and Weight of Other Evidence

Some reported opinions documented courts' taking of judicial notice of various materials,[2060] with the most expansive example of

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2055 *Id.*

2056 *Id.* at 1223.

2057 Fed. R. Civ. P. 26(b)(2)(B).

2058 *Hyde Park*, 631 F. Supp. 3d at 1224.

2059 *Id.* at 1225.

2060 *See, e.g.*, Totalcare Healthcare Servs., LLC v. TotalMD, LLC, 643 F. Supp. 3d 636, 645 (N.D. Tex. 2022) (disposing of defendant's attempt to rely on a third-party use of a mark similar to that of the plaintiff by taking judicial notice that the third party's franchise tax status had been involuntarily ended and that "there is no longer an entity actively that practice coming from a California federal district court.[2061] In stark contrast to the Trademark Trial and Appeal Board's approach to materials accessible on the USPTO's own website, that court took judicial notice of the Trademark Status & Document Retrieval (TSDR) records concerning four pending intent-to-use applications, as well as an assignment recorded with the USPTO's Assignment Division; according to the court, "[t]he records of administrative bodies are appropriate subjects for judicial notice because they constitute matters of public record"[2062] and "a court can take judicial notice of a government's website."[2063] Based on the second of those propositions, the court also took judicial notice of two letters issued by the Food and Drug Administration to a predecessor of the plaintiff, although it cautioned it did not necessarily accept the contents of that correspondence as true.[2064] It reached the same general conclusion with respect to three printouts generated through use of Archive.org's Wayback Machine, of which the court observed:

> Courts have taken judicial notice of internet archives in the past, including Archive.org's "Wayback Machine," finding that Archive.org possesses sufficient indicia of accuracy that it can be used to readily determine the various historical versions of a website.
>
> However, the inquiry does not end there. Just because the document itself is susceptible to judicial notice does not mean that every assertion of fact within that document is judicially noticeable for its truth. . . . The accuracy of Archive.org as an internet archive service does not speak to the accuracy of the underlying archived websites. Archive.org may accurately archive a commercial website which itself *inaccurately* states [a particular fact].[2065]

Finally, the court took judicial notice of an article from the *Wall Street Journal* with the qualification that "[t]o the extent the court can take judicial notice of press releases and news articles, it can do so only to indicate what was in the public realm at the time, not whether the contents of those articles were in fact true."[2066]

Nevertheless, the court drew the line at two additional documents proffered by the defendants to document their alleged

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using the name"), *reconsideration denied sub nom.* Totalcare Healthcare Servs., LLC v. Total MD, LLC, No. 4:22-CV-00789-P, 2022 WL 19976459 (N.D. Tex. Dec. 9, 2022).

2061 *See* EVO Brands, LLC v. Al Khalifa Grp., 657 F. Supp. 3d 1312 (C.D. Cal. 2023).

2062 *Id.* at 1321.

2063 *Id.*

2064 *Id.* at 1321–22, 1323–24.

2065 *Id.* at 1323 (citations omitted).

2066 *Id.*

priority of rights. The first was a screenshot from YouTube purporting to demonstrate the use of the defendants' mark as of a particular date, while the second was a Wayback Machine capture of a third-party's website put forward for the same purpose. Especially because the case remained at the pleadings stage, the court declined to consider those materials in support of the defendants' argument that their use of their mark predated the dates of first use of the plaintiffs' marks recited in the complaint.[2067]

Outside the judicial notice context, the Tenth Circuit declined to allow an infringement plaintiff appealing an adverse summary judgment order to supplement the record on appeal with a declaration describing anecdotal evidence of two instances of actual confusion.[2068] The basis of the plaintiff's request was Federal Rule of Appellate Procedure 10(e),[2069] which the court held allowed supplementation of a record on appeal "only to the extent it is necessary to 'truly disclose[] what occurred in the district court.'"[2070] Because the declaration testimony had not been before the district court, the only basis for considering it on appeal was the court's inherent authority, which the court declined to exercise:

> The proposed declaration is not meant to correct a misrepresentation, nor does it demonstrate mootness, raise a new issue, or bear on our subject matter jurisdiction. Here, a minor incident apparently arose after trial, which pertained to a single prong of a multi-prong [likelihood-of-confusion] analysis that this court reviews for clear error. This is not a "rare" case that supports invocation of the court's inherent equitable authority to supplement the record.[2071]

Finally, a New York federal district court hearing a trade dress dispute between competing purveyors of whiskey took a similar hard line by barring the defendants from presenting to a jury "a demonstrative display showing 100 differences between the bottles," which the court held would not have swayed the jury's judgment, as the jurors "could see for themselves the differences between the [parties'] trade dresses."[2072] It also declined to reconsider on the defendants' motion for a new trial its earlier decision to exclude a third party's bottle because that bottle was merely cumulative of

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2067 *Id.* at 1324.

2068 *See* M Welles & Assocs. v. Edwell, Inc., 69 F.4th 723 (10th Cir. 2023).

2069 Fed. R. Civ. P. 10(e).

2070 *M Welles & Assocs.*, 69 F.4th at 729 (alteration in original) (quoting United States v. Kennedy, 225 F.3d 1187, 1191 (10th Cir. 2000)).

2071 *Id.* at 730.

2072 Diageo N. Am., Inc. v. W.J. Deutsch & Sons Ltd., 626 F. Supp. 3d 635, 652–53 (S.D.N.Y. 2022), *appeal withdrawn*, No. 22-2106, 2022 WL 21295717 (2d Cir. Nov. 14, 2022).

others the defendants had successfully proffered.[2073] The court also stood by its exclusion of another third-party bottle upon which the defendants sought to rely to demonstrate the fraudulent procurement of a registration owned by the plaintiff, citing the defendants' failure to establish the plaintiff knew of the bottle while prosecuting its application.[2074]

E. Trademark- and Service Mark–Related Transactions

1. Interpretation and Enforcement of Assignments

Under the merger doctrine, "[a] licensee's prior claims of any independent rights to a trademark are lost, or merged into the license, when he accepts his position as licensee, thereby acknowledging the licensor owns the marks and that his rights are derived from the licensor and enure to the benefit of the licensor."[2075] An example of an assignment through a license under the merger doctrine came after a bench trial in which the plaintiffs' claimed rights arose in part from a license agreement between the lead plaintiff's predecessor and a third party.[2076] The license's recitals did not identify the disputed mark as one of the "Licensed Marks," but a later provision authorized the licensee to use that mark. Moreover, the license also required the licensee to assign to the licensor all marks for which the licensor thereafter sought registration, which eventually included the disputed mark. The court found those considerations had worked an assignment of the mark to the licensor, despite the defendant's reliance on the licensee's understanding to the contrary.[2077]

Outside the context of license-based assignments of rights, a litigant that has executed a document acknowledging its adversary's ownership of a disputed mark might ordinarily be in a poor position to claim ownership of the mark itself, but such a scenario did not prove fatal, at least on summary judgment, in a dispute between purveyors of ballet shoes.[2078] That dispute originated in a distribution agreement, pursuant to which the plaintiff sold shoes bearing the GRISHKO mark—the surname of the lead defendant's principal, Nikolay Grishko (himself a named defendant)—manufactured by the defendants in Russia. In 1992,

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2073 *Id.* at 653.

2074 *Id.*

2075 Bunn-O-Matic Corp. v. Bunn Coffee Serv., Inc., 88 F. Supp. 2d 914, 923 (C.D. Ill. 2000).

2076 *See* Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co., 647 F. Supp. 3d 145 (S.D.N.Y. 2022), *appeal docketed*, No. 23-1446 (Fed. Cir. Feb. 1, 2023).

2077 *Id.* at 182.

2078 *See* I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko," 614 F. Supp. 3d 114 (E.D. Pa. 2022).

the plaintiff applied to register the mark, only to receive an initial refusal under Section 2(a)'s false-suggestion-of-a-connection prong[2079] from an examiner familiar with Grishko. The plaintiff responded by procuring and submitting a document signed by Grishko reciting that "I agree that [the plaintiff] is the owner of the Trademark, GRISHKO, and its goodwill in the Unites [sic] States of America. I further consent to the use of my name in that trademark."[2080] When the examiner balked at accepting that document, the plaintiff submitted another, also signed by Grishko, that expressly consented to the mark's registration. The second document carried the day, and the plaintiff successfully submitted it in support of other applications as well, apparently without Grishko's knowledge.

When the parties had a falling out three decades later, the plaintiff argued the two documents submitted to the USPTO had assigned to it the defendants' rights to the disputed mark. Weighing the parties' cross-motions for summary judgment, the court noted of the initial agreement signed by Grishko that it did not have the hallmarks of an unambiguous assignment.[2081] Moreover, the summary judgment record reflected numerous other factual disputes, including on the following issues: (1) whether Grishko's execution of the two documents submitted to the USPTO was accompanied by an oral assignment of the mark;[2082] (2) what Grishko may have meant when he occasionally referred to the plaintiff as the owner of the mark in the years following his execution of the two agreements;[2083] (3) the significance of Grishko's conduct when acting as if he owned the mark following his execution of the documents;[2084] (4) the parties' conflicting testimony regarding whether any assignment, if it occurred, was intended to last only for

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2079 *See* 15 U.S.C. § 1052(a) (2018).

2080 *I.M. Wilson, Inc.*, 614 F. Supp. 3d at 127.

2081 According to the court:

> At two sentences long, the letter is unusually short as a document to do what [the plaintiff] says it does. . . . Indeed, the letter reads like, well, a letter, and not a contract; the letter is on Grishko stationary and is signed "sincerely yours" by Mr. Grishko. Further, the letter is phrased in the present tense, asserting that [Mr. Grishko] *is* the owner. That indicates that some kind of ownership had previously been transferred, suggesting that this letter is not *itself* an assignment. The letter is also sparse on details or terms of any agreement, material or otherwise. For example, the letter does not identify the term of ownership, such as whether [the plaintiff] owns the mark forever, or just as long as the distribution agreement remains in force. Nor does the letter identify the consideration that [the plaintiff] provided in exchange for supposed ownership of the mark.

Id. at 133 (citations omitted).

2082 *Id.* at 133–34.

2083 *Id.* at 134–35.

2084 *Id.* at 135.

the length of the (eventually terminated) distribution agreement;[2085] and (5) the possible lack of consideration from the plaintiff to Grishko for the two documents.[2086] As a consequence, neither party was entitled to summary judgment with respect to the alleged assignment.

2. Interpretation and Enforcement of Licenses

The proper interpretation of an unwritten license is an enterprise fraught with uncertainty, but the Fourth Circuit concluded a district court had reached just such an interpretation in an appeal from the entry of a preliminary injunction.[2087] The plaintiff in the litigation leading to that appeal was a North Carolina-based software company, which the defendant, a company based in the Netherlands, had approached about distributing the plaintiff's software in Europe and Africa. The parties entered into handshake license to that effect, only to have their relationship fall apart several years later when the defendant began selling copies of the software under the plaintiff's mark without authorization through websites accessible at domain names incorporating that mark; some of those sales were made to customers in the United States instead of those in the defendant's two territories. Having filed its own suit against the plaintiff in the Netherlands, the defendant argued the district court's preliminary injunction against it was premature because of the Dutch court's possible clarification of the license's terms and whether it remained in effect. The Fourth Circuit rejected that argument after concluding that, whatever the license's other terms might have been, they surely did not contemplate the "full-rigged piracy" undertaken by the defendant.[2088] The defendant's position was further "substantially weakened" by its failure to introduce into the preliminary injunction record either "a memorialized agreement or even a plausible reading of a non-memorialized understanding" authorizing its conduct.[2089] Ultimately, however, the court's affirmance of the district court's interpretation of the parties' agreement rested on the proposition that "[c]ommon sense . . . is as much a part of contract interpretation as is the dictionary or the arsenal of canons";[2090] "[w]hatever the license's precise contours, it makes little sense that [the plaintiff] would have given away the store—source code, client lists, and trademark—to a first-time partner who would then utilize [the

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2085 *Id.* at 136.

2086 *Id.* at 136–37.

2087 *See* dmarcian, Inc. v. dmarcian Eur. BV, 60 F.4th 119 (4th Cir. 2023).

2088 *Id.* at 143.

2089 *Id.*

2090 *Id.* at 144 (quoting Fishman v. LaSalle Nat'l Bank, 247 F.3d 300, 302 (1st Cir. 2001)).

plaintiff's] entire shelf of intellectual properties to put [the plaintiff] out of business."[2091]

3. Interpretation and Enforcement of Settlement Agreements

A release set forth in an agreement settling litigation brought by a licensor and one of its licensees took center stage when another licensee of the licensor brought a subsequent suit against the same defendant.[2092] The release at issue was broadly worded and had prospective effect, but qualifying language limited its applicability to the two plaintiffs in the first case. In particular, one clause recited that the agreement did not bind any licensee other than the one that was a party to that case,[2093] while another read, "[f]or clarity, this limitation [on future litigation] shall not apply to any claims of any [of the licensor's] distributor[s] or licensee[s] that are based on conduct of [the defendant] that is not the subject of this Agreement."[2094] Although a Georgia federal district court found as a matter of law that the release barred another licensee of the licensor from bringing distinguishable claims against the defendant in a subsequent suit, the Eleventh Circuit vacated the resulting entry of summary judgment in the defendant's favor. "[A]lthough the terms of the settlement agreement may bar [the licensor] from bringing the claims in this case," the court of appeals explained, "the settlement agreement is clear that its terms do not bar licensees like [the licensee in the second lawsuit]. Indeed, the agreement expressly contemplates future lawsuits against [the defendant] by [the licensor's] licensees."[2095]

F. The Relationship Between the Lanham Act and Other Statutes

1. 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 continued to vex courts. In *POM Wonderful LLC v. Coca-Cola Co.*,[2096] 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

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[2091] *Id.*

[2092] *See* D.H. Pace Co. v. OGD Equip. Co., 78 F.4th 1286 (11th Cir. 2023).

[2093] *Id.* at 1298.

[2094] *Id.* (emphasis omitted).

[2095] *Id.*

[2096] 573 U.S. 102 (2014).

products other than foods and beverages. That lacuna in the opinion led to the First Circuit addressing a false advertising action by a manufacturer of the drug vancomycin directed toward a compounder of a formulation of the same preparation.[2097] According to the defendant compounder, because the enforcement priorities set forth in the Food and Drug Administration's Interim Bulk Drug Policy indicated the FDA's lack of intent to take action against outsourcing facilities compounding drugs by using vancomycin hydrochloride, the FDCA precluded various aspects of the plaintiff's false advertising causes of action grounded in the theory that representations on the defendant's website suggested the defendant was in compliance with FDA regulations. In rejecting that theory, the court initially noted that:

> [L]ike in *POM Wonderful*, which found no preclusion, the FDA did not preapprove the statements by [the defendant] that [the defendant] alleges were made in violation of the Lanham Act. Thus, this case is not one in which a finding that the statement is actionable under the Lanham Act calls into question the lawfulness of a statement that the FDA has deemed proper.[2098]

Moreover, it continued, "*POM Wonderful* found no preclusion even where an FDA regulation governed some aspects of the challenged label," while, in the appeal before it, "the parties have identified no FDA regulation that governs the statements that outsourcing facilities may make in advertising—let alone a regulation that would risk subjecting [the defendant] to inconsistent obligations if its [representations of compliance] could be the basis of Lanham Act claims."[2099] That was not all, however, for the court also rejected the defendant's argument that the plaintiff's causes of action sought to enforce the FDCA and its implementing regulations instead of the Lanham Act.[2100] Finally, it spurned the defendant's argument that the plaintiff's Section 43(a) claim depended on determining the meaning of a law administered by the FDA; instead, it held, the FDCA provision at issue was clear and its meaning reinforced by the agency's regulations.[2101] *POM Wonderful* therefore did not preclude the plaintiff's cause of action.

2097 *See* Azurity Pharms., Inc. v. Edge Pharma, LLC, 45 F.4th 479 (1st Cir. 2022).

2098 *Id.* at 500.

2099 *Id.*

2100 *Id.* ("[The relevant section of the FDCA] does regulate how compounded drugs may be labeled. But, neither party suggests that section . . . or any other provision of the FDCA regulates the statements that outsourcing facilities may make in advertising." (citation omitted)).

2101 *Id.* at 501.

2. The Communications Decency Act of 1996

Providers of online services accused of various torts continued to invoke Section 230 of the Communications Decency Act (CDA), which provides that "[n]o provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider."[2102] The same section defines an "interactive computer service" as "any information service, system, or access software provider that provides or enables computer access by multiple users to a computer server."[2103] These provisions have increasingly been the bases of motions to dismiss various unfair competition causes of action in recent years.

One defendant to benefit from immunity under the CDA was the domain name registrar GoDaddy in a case in which a registration GoDaddy had issued to the plaintiffs lapsed and a third party acquired it; the third party then used the domain name as the portal for a website at which it provided gambling-related information.[2104] The plaintiffs sued, asserting a variety of federal, Georgia, and Arizona causes of action, only to have the Arizona federal district court to which the case was assigned dismiss the complaint for failure to state a claim under the CDA. In affirming, the Ninth Circuit held seriatim that: (1) GoDaddy fell under the "relatively expansive definition" of an "interactive computer service";[2105] (2) in contrast to the third party, GoDaddy was not a publisher;[2106] and (3) GoDaddy also was not acting as an information content provider because "GoDaddy's 'act' was limited to providing the third party a domain name . . . ."[2107] GoDaddy therefore had been entitled to the dismissal of the claims against it.

CDA immunity also held in a case brought by a professional model after she discovered her likeness used outside the scope of a license agreement to promote the sale of cosmetic products.[2108] Three defendants on whose online marketplaces the plaintiff's image appeared moved for the dismissal of her causes of action against them, claiming immunity under Section 230. With respect to the threshold issue of whether the moving defendants were

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2102 47 U.S.C. § 230(c)(1) (2018).

2103 *Id.* § 230(f)(2).

2104 *See* Rigsby v. GoDaddy Inc., 59 F.4th 998 (9th Cir. 2023).

2105 *Id.* at 1007 (quoting Carafano v. Metrosplash.com., Inc., 339 F.3d 1119, 1123 (9th Cir. 2003)).

2106 *Id.* at 1008 ("[The plaintiffs are] mixing up GoDaddy's registration of the domain name with the creation and dissemination of a particular message. The third-party registrant—arguably an information content provider—is the one posting the content, not GoDaddy.").

2107 *Id.* at 1009.

2108 *See* Ratermann v. Pierre Fabre USA, Inc., 651 F. Supp. 3d 657 (S.D.N.Y. 2023).

"interactive computer services," the court concluded they fell under the general rule that "[a] website that is a 'passive host of third party content' qualifies as an interactive computer service 'entitled to immunity for the content of that third party.'"[2109] It then determined from the complaint that the moving defendants had not assisted in the development of what made the use of the plaintiff's image unlawful in the first instance; instead, they had received the challenged content from other defendants.[2110] Finally, it rejected the plaintiff's argument that she sought to hold the moving defendants liable not for publishing that content but instead for exploiting her likeness for advertising purposes, a distinction the court found "meaningless."[2111] That left the question of whether the plaintiff's persona-based statutory causes of action under New York law qualified for the intellectual property exception to immunity found in Section 230(e)(2).[2112] Reviewing interpretations of the statutes in question,[2113] the court held that claims under them sounded in privacy, not intellectual property. Dismissal of the plaintiff's claims against the moving defendants therefore was appropriate.

In contrast, Ancestry.com unsuccessfully invoked the CDA in a case in which a class action challenged its practice of using names, images, and personal information harvested from high-school yearbooks in its advertising.[2114] In denying Ancestry's motion to dismiss, the court held as an initial matter that:

> [T]o prevail on this defense, Ancestry must show that "(1) the defendant asserting immunity is an interactive computer service provider, (2) the particular information at issue was provided by another information content provider, and (3) the claim seeks to treat the defendant as a publisher or speaker of that information." "By contrast, a defendant is not entitled to protection from claims based on the publication of information if the defendant is 'responsible, in whole or in part, for the creation or development of [the] information."[2115]

The court then concluded that, rather than being an *interactive computer service* provider, Ancestry was an *information content* provider because it was responsible for the creation of the advertisements at issue. "Thus," the court explained, "because the

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2109 *Id.* at 666 (quoting Ricci v. Teamsters Union Loc. 456, No. 13-CV-7729 (NSR), 2014 WL 11353151, at *2 (S.D.N.Y. Apr. 28, 2014), *aff'd*, 781 F.3d 25 (2d Cir. 2015)).

2110 *Id.* at 667.

2111 *Id.*

2112 *See* 47 U.S.C. § 230(e)(2) (2018).

2113 N.Y. Civ. Rights Law §§ 50, 51.

2114 *See* Wilson v. Ancestry.com LLC, 653 F. Supp. 3d 441 (S.D. Ohio 2023).

2115 *Id.* at 459–60 (second alteration in original) (first quoting Jones v. Dirty World Ent. Recordings LLC, 755 F.3d 398, 406 (6th Cir. 2014); and then quoting *id.* at 409).

alleged unlawful content consists of Ancestry's advertisements using [the lead plaintiff's] persona to promote paid subscriptions, and Ancestry is responsible for the development of these advertisements, Ancestry materially contributed to the alleged unlawful content and therefore cannot use section 230 to shield itself from liability."[2116]

3. The Bankruptcy Code

In a bankruptcy proceeding, the debtor in possession or the trustee, as the case may be, can "avoid," or "undo," a transfer of money or property made during a certain period of time before the filing of the bankruptcy petition.[2117] Avoidance can force the return or "disgorgement" of that property, which can then be liquidated to satisfy creditors. Section 550 of the Bankruptcy Code[2118] provides the remedy for an avoided transfer, including one avoided under Section 549 of the Code,[2119] as follows: "[T]o the extent that a transfer is avoided under section . . . 549 . . . , the trustee may recover, for the benefit of the estate, the property transferred, or, if the court so orders, the value of such property from . . . the initial transferee of such transfer or the entity for whose benefit such transfer was made. . . ."[2120]

These provisions underlay an action by a bankruptcy trustee against a former principal of a debtor, the principal's wife, and one of her business associates.[2121] Prior to its bankruptcy filing, the debtor operated a restaurant under the GORDO'S service mark. Shortly after that filing, the former principal's wife and her associate opened a competitive restaurant under the GORDOS NORTH mark approximately one-and-a-half miles from the original restaurant. Following a trial in which the bankruptcy court predictably found confusion likely between the two marks at issue, the trustee sought to avoid what he successfully characterized as an unlawful transfer of the GORDO'S mark by the debtor's former principal to his wife and her associate. Having accepted that characterization, the court ordered the avoidance of the transfer but with an important qualification:

> This remedy is subject . . . to there being only one satisfaction from Gordos North for its appropriation of the trade name and goodwill: if the Trustee recovers in full on his claim under section 43(a) of the Lanham Act, therefore, Gordos

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2116 *Id.* at 460.

2117 11 U.S.C. § 547 (2018).

2118 *Id.* § 550.

2119 *Id.* § 549.

2120 *Id.* § 550.

2121 *See In re* Gordos Rest. Corp., 643 B.R. 1 (Bankr. S.D.N.Y. 2022).

North will not also have to turn over the "Gordo's" name to the Trustee under section 550(a) of the Bankruptcy Code.[2122]

G. Insurance-Related Issues

After three groups of models sued three strip clubs for the unauthorized use of the models' names and likenesses, the parties entered into settlement agreements that, among other things, assigned the defendants' rights under their (apparently identically worded) insurance policies to the plaintiffs.[2123] When the plaintiffs then sued the carriers to recover the fees and expenses incurred by the defendants, as well as payments made by the defendants as part of the settlements, the defendants' carriers predictably, but unsuccessfully, responded with a motion to dismiss. Applying Connecticut law, the court first held that the plaintiffs' pleading of intentional conduct or recklessly indifferent conduct in the underlying case plausibly created a duty by the carrier to cover the defense of the underlying action under a provision of the policy covering "[o]ral or written publication, in any manner" of content that "slanders or libels a person or organization or disparages a person's or organization's goods, products or services," that "violates a person's right of privacy," or that "infring[es] upon another's copyright" in an advertisement.[2124] It then rejected the carrier's argument that two exclusions from coverage of the defense of "knowing violation of the rights of others" and "material published with knowledge of falsity" merited the action's dismissal, citing the plaintiffs' allegations in the alternative that the defendants had negligently failed "to promulgate policies and procedures concerning the misappropriation" of the plaintiffs' images.[2125] So too did the court hold inapplicable another exclusion covering the defense of allegations of "personal or injury advertising injury" in the field of entertainment, which the court found sufficiently ambiguous to warrant resolution of the issue in the plaintiffs' favor.[2126] Under the circumstances, the carrier had had a duty to defend the underlying action, and its attempt to escape its duty to indemnify at the pleadings stage was premature.[2127]

In contrast, a different carrier escaped a claim for coverage arising from an underlying action featuring similar facts, namely, the authorized use of models' images to promote a restaurant and

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2122 *Id.* at 37.

2123 *See* Gibson v. First Mercury Ins. Co., 633 F. Supp. 3d 627 (D. Conn. 2022), *adhered to on reconsideration*, No. 3:21-CV-1522 (SRU), 2023 WL 5648538 (D. Conn. Aug. 31, 2023).

2124 *Id.* at 641 (alterations in original).

2125 *Id.* at 642; *see also id.* at 644, 645.

2126 *Id.* at 646–47.

2127 *Id.* at 647–48.

bar.[2128] Although covering the defense of actions for "personal and advertising injury,"[2129] the policy in question excluded coverage for the defense of actions to vindicate plaintiffs' intellectual property rights, and the carrier argued in a summary judgment motion that the models' rights of publicity under Virginia law fell within the exclusion's scope. Granting the motion, the court quoted favorably *Black's Law Dictionary*'s definition of "intellectual property" as "'[a] category of intangible rights' including 'trade-secret rights, *publicity rights*, moral rights, and rights against unfair competition.'"[2130] It then held that the models' allegations in the underlying suit "squarely allege violation of the . . . Plaintiffs' intellectual property rights and are thus excluded from coverage under the unambiguous terms of the Intellectual Property Exclusion."[2131] Moreover, the models' assertion of causes of action for false advertising and false association also did not trigger coverage because those alleged torts did not fall within the policy's definition of "personal and advertising injury."[2132]

2128 *See* Covington Specialty Ins. Co. v. Omega Rest. & Bar, LLC, 666 F. Supp. 3d 528 (E.D. Va. 2023).

2129 *Id.* at 536.

2130 *Id.* at 539 (quoting Intellectual Property, Black's Law Dictionary (11th ed. 2019)).

2131 *Id.*

2132 *Id.* at 542–43.

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