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United States Annual Review

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

Theodore H. Davis Jr.
John L. Welch

INTERNATIONAL TRADEMARK ASSOCIATION

675 Third Avenue, New York, NY 10017-5704

Telephone: +1 (212) 642-1700

email: wknex@inta.org

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The Trademark Reporter®

UNITED STATES ANNUAL REVIEW

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

INTRODUCTION

*By Theodore H. Davis Jr.***

In the first two installments of its twenty-first-century trilogy of registration-related opinions, *Matal v. Tam*¹ and *Iancu v. Brunetti*,² the Supreme Court adopted an easily applied framework for evaluating the constitutionality under the Free-Speech Clause of the First Amendment³ of certain prohibitions on registration under the Lanham Act: Because a decision by the United States Patent and Trademark Office to register (or not to register) a particular mark does not constitute government speech,⁴ prohibitions with a

* 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, 2023, and June 30, 2024, as well as certain ones falling outside that twelve-month period.

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

In the interest of full disclosure, the author notes his participation or that of his law firm in the following cases discussed by this review: *MyMeta Software, Inc. v. Meta Platforms, Inc.*, 2024 U.S.P.Q.2d 780 (T.T.A.B. 2024) (counsel for applicant); and *Instagram, LLC v. Instagoods Pty Ltd*, 2023 U.S.P.Q.2d 1185 (T.T.A.B. 2023) (counsel for opposer). He also gratefully acknowledges the cite-checking assistance of Cynthia W. Baldwin, M. Rebecca Hendrix, and Richard L. Sieg in preparing his contributions to this Review for publication.

¹ 582 U.S. 218 (2017).

² 588 U.S. 388 (2019).

³ U.S. Const. amend I.

⁴ *Tam*, 582 U.S. at 235–39.

viewpoint-discriminatory effect are invalid.⁵ For better or for worse, however, the Court's evaluation of the constitutionality of a *content*-discriminatory prohibition in the trilogy's third installment was a different thing altogether.⁶

That third installment was *Vidal v. Elster*,⁷ and the prohibition at issue was Section 2(c) of the Act,⁸ which mandates the refusal of any application to register a mark that “[c]onsists of or comprises a name . . . identifying a particular living individual” without the individual’s written consent.⁹ Having held Section 2(c) content discriminatory but viewpoint neutral,¹⁰ the Court might have adopted either of the primary frameworks it previously has used to evaluate the compatibility of content-discriminatory government actions with the First Amendment, namely, the intermediate scrutiny framework of *Central Hudson Gas & Electric Corp. v. Public Service Commission*¹¹ or that of strict scrutiny found in *Reed v. Town of Gilbert, Arizona*.¹² It instead undertook a rambling survey—complete with numerous cringeworthy uses of “trademark” as a verb¹³—of Anglo-American trademark law and its treatment of personal names to conclude that:

[Section 2(c)] has deep roots in our legal tradition. Our courts have long recognized that trademarks containing names may be restricted. And, these name restrictions served established principles. This history and tradition is sufficient to conclude that [Section 2(c)]—a content-based, but viewpoint-neutral, trademark restriction—is compatible

⁵ *Brunetti*, 588 U.S. at 393; *see also Tam*, 582 U.S. at 247 (opinion of Alito, J.); *id.* (opinion of Kennedy, J.).

⁶ “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). This means that content-based discrimination occurs when the government attempts to regulate all speech about a certain topic, no matter what that speech says. In contrast, “[v]iewpoint discrimination is . . . an egregious form of content discrimination,” *Rosenberger v. Rector & Visitors of Univ. of Va.*, 515 U.S. 819, 829 (1995), which occurs when the government attempts to regulate only certain opinions about a topic. *See id.* (“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.”).

⁷ 602 U.S. 286 (2024).

⁸ 15 U.S.C. § 1052(c) (2018).

⁹ *Id.*

¹⁰ *Elster*, 602 U.S. at 294.

¹¹ 447 U.S. 557 (1980).

¹² 576 U.S. 155 (2015).

¹³ *See, e.g., Elster*, 602 U.S. at 302 (“Recognizing a person’s ownership over his name, the common law restricted the trademarking of names. It prevented a person from trademarking any name—even his own—by itself.”).

with the First Amendment. We need look no further in this case.¹⁴

This outcome is consistent with recent holdings in other cases in which the Court has disposed of established doctrinal tests in favor of history-and-tradition analyses.¹⁵ Nevertheless, *Elster* marks the first time the Court has clearly adopted such an analysis to the exclusion of all others in a challenge to a government action under the Free-Speech Clause;¹⁶ indeed, in light of its novelty in that context,¹⁷ the parties did not even brief the framework ultimately adopted and applied by the Court.¹⁸ The resolution of the relatively obscure issue of Section 2(c)'s constitutionality therefore might well have opened the door for a complete overhaul of the Court's jurisprudence under the Free-Speech Clause. If so, *Elster's* consequences could travel with the United States far along its road.¹⁹

Whether or not *Elster* marks an early skirmish in a larger First Amendment war, its history-and-tradition analysis obviously could apply to each of the Act's remaining content-based prohibitions on prohibition. Nevertheless, the Court itself cast doubt on the propriety of broad applications of that methodology with its

¹⁴ *Id.* at 301.

¹⁵ See *United States v. Rahimi*, 602 U.S. 680 (2024) (Second Amendment); *N.Y. State Rifle & Pistol Ass'n v. Bruen*, 597 U.S. 1 (2022) (same); *Kennedy v. Bremerton Sch. Dist.*, 597 U.S. 507 (2022) (Establishment Clause of First Amendment); and *Dobbs v. Jackson Women's Health Org.*, 597 U.S. 215 (2021) (reproductive rights).

¹⁶ In one arguable antecedent to *Elster*, *Houston Community College System v. Wilson*, 595 U.S. 468 (2022), the Court invoked history and tradition to reject a free speech-based challenge to a disciplinary action against a member of a community college's board. Nevertheless, instead of relying solely on that analysis, it ultimately held that "[w]hat history suggests, we believe our contemporary doctrine confirms." *Id.* at 477; see also *id.* at 483 ("Neither the history placed before us nor this Court's precedents support finding a viable First Amendment claim on these facts.").

¹⁷ See Mary-Rose Papandrea, *The Future of the First Amendment Foretold*, 57 Wake Forest L. Rev. 897, 925 (2022) ("At best, text, history, and tradition have played a very limited and inconsistent role in the Court's free speech cases.").

¹⁸ See *Elster*, 602 U.S. at 327 (Sotomayor, J., concurring in judgment) ("In holding that [Section 2(c)] is constitutional, that majority asserts that one need look only to the 'history and tradition' of the clause and 'no further.' Why look to history and tradition alone? Because, the majority says, it 'is sufficient to conclude that the names clause . . . is compatible with the First Amendment.' Considering this Court has never applied this kind of history-and-tradition test to a free-speech challenge, and that '[n]o one briefed, argued, or even hinted at the rule that the Court announces today,' one would have expected a more satisfactory explanation. There is none grounded in our First Amendment doctrine and precedent." (first quoting *Elster*, 602 U.S. at 301; then quoting *id.*; and then quoting *Lozman v. Riviera Beach*, 585 U.S. 87, 102 (2018) (Thomas, J., dissenting))).

¹⁹ As one commentator has noted, "the Court's free speech jurisprudence provides protections against incidental burdens that are rooted in neither originalism nor a history and tradition predating the second half of the twentieth century." James M. Oleske, Jr., *Free Exercise Uncertainty: Original Meaning? History and Tradition? Pragmatic Nuance?*, 70 Wayne L. Rev. 137, 169 (2024).

concluding dictum that “[o]ur decision today is narrow. We do not set forth a comprehensive framework for judging whether all content-based but viewpoint-neutral trademark restrictions are constitutional. Nor do we suggest that an equivalent history and tradition is required to uphold every content-based trademark restriction.”²⁰ Outside the context of Section 2(c), the opinion therefore virtually guarantees future litigation over the propriety of applications of the history-and-tradition model to the remaining content-discriminatory prohibitions on registration,²¹ not to mention which framework might apply to those prohibitions standing outside the history and tradition of trademark law, with options including *Central Hudson*, *Reed*, and various other doctrinal tests that members of the Court have floated from time to time.²²

Of course, one ground for unregistrability with a far more limited historical pedigree than Section 2(c) is the failure-to-function doctrine.²³ Although unusually overturning one failure-to-function refusal,²⁴ the Trademark Trial and Appeal Board otherwise continued to embrace the doctrine with its usual enthusiasm.²⁵

²⁰ *Elster*, 602 U.S. at 301.

²¹ *See id.* at 324 (Barrett, J., concurring in part) (“[A]s the Court admits, its approach merely delays the inevitable: Eventually, the Court will encounter a restriction without a historical analogue and be forced to articulate a test for analyzing it.”); *see also First Amendment - Federal Trademark Law - History and Tradition - Vidal v. Elster*, 138 Harv. L. Rev. 315, 315 (2024) (“Although the Court unanimously rejected the challenge to [Section 2(c)], holding it consistent with the First Amendment, the majority neglected to provide meaningful guidance for how courts should address future challenges to viewpoint-neutral, but content-based trademark regulations. The Court’s reliance on historical analogy without providing a clear framework for future cases may lead to uncertainty and inconsistency in lower courts.”).

²² Those other possible tests include variations on rational-basis review advanced by Justices Sotomayor and Barrett. *See Elster*, 602 U.S. at 325 (Barrett, J., concurring in part) (“So long as content-based registration restrictions reasonably relate to the purposes of the trademark system, they are constitutional.”); *id.* at 329 (Sotomayor, J., concurring in judgment) (“The trademark registration bar must reasonably serve its purpose of identifying and distinguishing goods for the public. If the challenged provision is both viewpoint neutral and reasonable, then it does not violate the Free Speech Clause.”). They also include the characterization of the registration system as a limited public forum by (now-retired) Justice Breyer, *see Iancu v. Brunetti*, 588 U.S. 388, 404 (2019) (Breyer, J., concurring in part) (“[O]ne can find some vague resemblance between trademark registration and what this Court refers to as a ‘limited public forum’ created by the government for private speech.”), despite the apparent rejection of that characterization by four Justices in *Elster*. *See* 602 U.S. at 309 (opinion of Thomas, J.).

²³ *See Lucas Daniel Cuatrecasas, Failure to Function and Trademark Law’s Outermost Bound*, 96 N.Y.U. L. Rev. 1312, 1326 (2021) (documenting history of Trademark Trial and Appeal Board’s increasingly frequent invocation of doctrine).

²⁴ *See In re Black Card LLC*, 2023 U.S.P.Q.2d 1376 (T.T.A.B. 2023) (reversing refusal to register FOLLOW THE LEADER for credit card incentive program, credit card financial, travel information, ticket reservation, travel advisory, salon and spa reservation, and concierge services).

²⁵ *See In re Stallard*, 2023 U.S.P.Q.2d 1009 (T.T.A.B. 2023) (affirming refusal to register “a woman video game character named Maria, with a tilted head, dark messy hair, dark

Moreover, in a pre-*Elster* opinion, the Federal Circuit rejected a constitutional attack on it grounded in the theory that a refusal based on the applied-for mark's perceived informational nature had a content-based effect unjustified by either a compelling or substantial government interest.²⁶ According to the court, that attack rested on the premise that "application of the so-called 'Informational Matter Doctrine' results in the per se refusal of any mark that contains informational matter, regardless whether or not consumers perceive the mark as source-identifying."²⁷ Deeming the premise "not true,"²⁸ the court held that "one can immediately envision many marks . . . that contain informational matter (e.g., widely used slogans), but nevertheless function as source identifiers."²⁹

Not all noteworthy developments involved failed constitutional challenges to the registration system. Nevertheless, mark owners (and claimed mark owners) were often disadvantaged in other ways. For example, the USPTO's distinct skepticism toward claims of distinctiveness manifested itself in the Board's rejection of averments of inherent distinctiveness³⁰ and acquired distinctiveness;³¹ it also was reflected in the Office's successful defense of a distinctiveness-based refusal to register elements of a boot design in an appeal to the Fourth Circuit,³² and its unsuccessful argument in another appeal that only the results of *Teflon*-format (as opposed to *Thermos*-format) surveys are relevant to the inquiry into whether an applied-for mark is actually generic.³³ Likewise, on the functionality front, the Third Circuit doubled down on its rule

eyes, thin rimmed glasses and a large toothy smile, with her eyes looking to the side and strands of her hair in front of her eyes" as mark for video and computer game software); *see also In re Sheet Pile, LLC*, 2024 U.S.P.Q.2d 522, at *5 (T.T.A.B. 2024) ("[A]n applicant may overcome a mere descriptiveness refusal by submitting sufficient evidence of acquired distinctiveness under Section 2(f) or by amending to seek registration on the Supplemental Register, but a failure-to-function refusal based on a finding that a term is merely informational would be an absolute bar to registration, affording the applicant no such option to overcome the refusal.").

²⁶ *See In re GO & Assocs.*, 90 F.4th 1354 (Fed. Cir. 2024).

²⁷ *Id.* at 1358.

²⁸ *Id.*

²⁹ *Id.*

³⁰ *See Sheet Pile*, 2024 U.S.P.Q.2d 522, at *4–5 (affirming refusal to register claimed ZPILE mark for "metal sheet piles, metal sheet pile sections, and metal sheet pile connectors for joining metal sheet piles").

³¹ *See In re Post Foods, LLC*, 2024 U.S.P.Q.2d 25, at *6–8 (T.T.A.B. 2024) (affirming refusal to register "the colors of yellow, green, light blue, purple, orange, red and pink applied to the entire surface of crisp cereal pieces").

³² *See TBL Licensing, LLC v. Vidal*, 98 F.4th 500, 513–19 (4th Cir. 2024).

³³ *See Snap Inc. v. Vidal*, 721 F. Supp. 3d 1070, 1080 (C.D. Cal. 2024).

that mere usefulness “for anything beyond branding” will render a claimed trade dress functional.³⁴

Some mark owners’ troubles extended to the liability stages of cases. In a decision sure to chill the hearts of trademark licensors nationwide, a Pennsylvania federal district court suggested—if indeed it did not expressly hold—that mark owners whose rights arise from licenses are ineligible for the augmented remedies otherwise available in cases in which defendants have trafficked in goods or services using counterfeit copies of plaintiffs’ registered marks;³⁵ that court also revived the long discredited theory that parties’ marks must be substantially similar to support a finding of likely dilution under federal law.³⁶ The Seventh Circuit barreled past a prior *ex parte* of likely confusion between the marks before it to reach a conclusion contrary to that of the USPTO.³⁷ The Tenth Circuit likewise was untroubled by record evidence of actual confusion en route to its affirmance of the grant of a defense motion for summary judgment of noninfringement.³⁸ Finally, the right-of-publicity causes of action of three visual artists failed to survive a motion to dismiss in a case in which they claimed that a generative artificial intelligence platform had unlawfully trained itself using their works.³⁹

Mark owners were not without their victories, however. For example, two courts confirmed that the resale of once-genuine goods differing materially from their authorized counterparts can support liability not only for infringement but also for counterfeiting.⁴⁰ Another allowed a plaintiff to avail itself of the Inter American Convention for Trademark and Commercial Protection⁴¹ in a challenge to registrations owned by a competitor and in support of a request for injunctive relief.⁴² A different tribunal cast shade on the theory that lawful use in commerce is a prerequisite for

³⁴ See *PIM Brands Inc. v. Haribo of Am. Inc.*, 81 F.4th 317, 321 (3d Cir. 2023).

³⁵ See *Pa. State Univ. v. Vintage Brand, LLC*, 715 F. Supp. 3d 602, 651 (M.D. Pa. 2024), *clarified on denial of reconsideration*, No. 4:21-CV-01091, 2024 WL 1416505 (M.D. Pa. Apr. 2, 2024).

³⁶ *Id.* at 653.

³⁷ See *Grubhub Inc. v. Relish Labs LLC*, 80 F.4th 835, 850 (7th Cir. 2023), *cert. denied*, 144 S. Ct. 2630 (2024).

³⁸ See *Elevate Fed. Credit Union v. Elevations Credit Union*, 67 F.4th 1058, 1082–83 (10th Cir. 2023).

³⁹ See *Andersen v. Stability AI Ltd.*, 700 F. Supp. 3d 853, 873 (N.D. Cal. 2023).

⁴⁰ See *Rolex Watch USA, Inc. v. BeckerTime, L.L.C.*, 96 F.4th 715, 724 (5th Cir. 2024); *Gilead Scis., Inc. v. Safe Chain Sols., LLC*, 684 F. Supp. 3d 51, 66–68 (E.D.N.Y. 2023).

⁴¹ Gen. Inter-American Convention for Trade-mark and Commercial Protection, Feb. 20, 1929, 46 Stat. 2907.

⁴² See *Industria De Alimentos Zenu S.A.S. v. Latinfood U.S. Corp.*, 679 F. Supp. 3d 53, 69, 83 (D.N.J. 2023), *appeal docketed*, No. 23-2357 (3d Cir. Aug. 7, 2023).

protectable rights under federal law.⁴³ And, in a development anticipated by this Review over a decade and a half ago,⁴⁴ both the Federal Circuit and a Massachusetts federal district court (properly) rejected the theory that an allegedly fraudulent declaration of incontestability under Section 15 of the Act⁴⁵ can support the cancellation of a federal registration.⁴⁶

Finally, the twelve months covered by this Review produced both clarification and controversy on the subject of the equitable remedy of an accounting of profits. On the clarification front, the Tenth Circuit confirmed on remand from *Abitron Austria GmbH v. Hetronic International, Inc.*⁴⁷ that the disgorgement of profits attributable to sales occurring outside the United States may well be a practical impossibility following the Supreme Court's opinion earlier in the case.⁴⁸ On the flip side, however, the Fourth Circuit affirmed a generous accounting against a defendant based on profits enjoyed by that defendant's corporate affiliates, which were not themselves named as defendants;⁴⁹ together with *Abitron and Romag Fasteners, Inc v. Fossil, Inc.*,⁵⁰ the Supreme Court's pending review of that outcome's arguable disregard of corporate formalities in the interest of equity promises to generate a twenty-first-century trilogy on accountings to accompany that from the Court on the constitutionality of the registration system.

⁴³ See *Pac-W. Distrib. NV LLC v. AFAB Indus. Servs., Inc.*, 674 F. Supp. 3d 132, 138–42 (E.D. Pa. 2023), *motion to certify appeal denied*, No. CV 19-3584, 2023 WL 3998469 (E.D. Pa. June 13, 2023).

⁴⁴ See Theodore H. Davis Jr. & Jordan S. Weinstein, *The Sixty-First Year of Administration of the U.S. Trademark (Lanham) Act of 1946*, 99 *Trademark Rep.* 73, 311–12 (2009) (“[Section 14] . . . allows cancellation only if the registration itself, and not the incontestable evidentiary presumptions secured by a Section 15 declaration, is obtained fraudulently. A Section 15 declaration is not an act in the ‘obtaining’ of a registration because it is not a prerequisite for either the maintenance of a registration or Section 14’s statute of limitations on cancellation actions.”).

⁴⁵ 15 U.S.C. § 1065 (2018).

⁴⁶ See *Great Concepts, LLC v. Chutter, Inc.*, 90 F.4th 1333, 1340 (Fed. Cir. 2024) (reversing cancellation of registration); *Dubliner, Inc. v. E. Coast Tavern Grp.*, 706 F. Supp. 3d 181, 190 (D. Mass. 2023) (granting motion to dismiss fraud-based challenge to registration).

The Federal Circuit’s decision in particular sets up a conflict with the Ninth Circuit on an issue, which, if not necessarily likely to attract the Supreme Court’s attention, may warrant legislative clarification. See *Robi v. Five Platters, Inc.*, 918 F.2d 1439, 144 (9th Cir. 1990) (holding that “[a]ny false statements made in an incontestability affidavit may jeopardize not only the incontestability claim, but also the underlying registration” by supplying “a basis for canceling the registration itself”).

⁴⁷ 600 U.S. 412 (2023).

⁴⁸ See *Hetronic Int’l, Inc. v. Hetronic Ger. GmbH*, 99 F.4th 1150 (10th Cir. 2024).

⁴⁹ See *Dewberry Engrs v. Dewberry Grp.*, 77 F.4th 265, 292–93 (4th Cir. 2023), *cert. granted*, 144 S. Ct. 2681 (2024).

⁵⁰ 590 U.S. 212 (2020).

PART I. EX PARTE CASES

*By John L. Welch**

A. *United States Supreme Court*

1. Section 2(c) Consent to Register

In upholding a refusal to register the mark TRUMP TOO SMALL for “shirts,” the Supreme Court rejected a challenge to the constitutionality of Section 2(c) of the Lanham Act,¹ which (in pertinent part) prohibits registration of a mark that “[c]onsists of or comprises a name, portrait, or signature identifying a particular living individual except by his [sic] written consent.”²

Steve Elster’s application to register was refused by the United States Patent and Trademark Office (“USPTO”) under Section 2(c) because Elster did not obtain the consent of President Donald Trump. The Trademark Trial and Appeal Board (“TTAB” or “Board”) affirmed the refusal,³ but the U.S. Court of Appeals for the Federal Circuit (“CAFC”) reversed, ruling that, as applied to a public figure like Mr. Trump, Section 2(c) violated the freedom of speech clause of the First Amendment.⁴

Over the past eight years, the Supreme Court has held two provisions of the Lanham Act to be unconstitutional abridgements of the freedom of speech. In *Matal v. Tam*,⁵ involving the mark THE SLANTS for a musical group, the Court struck down the “disparagement” provision of Section 2(a), and in *Iancu v. Brunetti*,⁶ which concerned the mark FUCT for various clothing items, it axed that Section’s “immoral or scandalous” provision. But in those two cases the Court was dealing with the issue of “viewpoint discrimination” because those provisions blocked registration of marks that expressed unacceptable viewpoints while allowing registration of acceptable ones.

* Author of Parts I and II of this volume. Senior Counsel to Wolf, Greenfield & Sacks, P.C., Boston, Massachusetts.

¹ Section 2(c) of the Lanham Act, 15 U.S.C. § 1052(c).

² *Vidal v. Elster*, 602 U.S. 286, 2024 U.S.P.Q.2d 1083 (2024).

³ *In re Elster*, 2024 U.S. App. LEXIS 18318 (T.T.A.B. 2020). The phrase is intended to refer to an exchange between then-candidate Donald Trump and then-Senator Marco Rubio during the 2015 presidential primary debate, in which Rubio asserted that certain parts of Trump’s anatomy were too small.

⁴ *In re Elster*, 26 F.4th 1328, 2022 U.S.P.Q.2d 195, at *10 (Fed. Cir. 2022). The First Amendment to the U.S. Constitution states, in pertinent part, “Congress shall make no law . . . abridging the freedom of speech . . .”

⁵ *Matal v. Tam*, 137 S. Ct. 1744, 122 U.S.P.Q.2d 1757 (2017).

⁶ *Iancu v. Brunetti*, 139 S. Ct. 2294, 2019 U.S.P.Q.2d 232043 (2019).

Here, however, the Court faced a statutory provision, referred to in the Court’s opinion as the “names clause,”⁷ that did not discriminate based on viewpoint but rather focused on the content of the mark: “The names clause turns on the content of the proposed trademark—whether it contains a person’s name.”⁸ “No matter the message a registrant wants to convey, the names clause prohibits marks that use another person’s name without consent. It does not matter ‘whether the use of [the] name is flattering, critical or neutral.’”⁹

A content-based regulation of speech is presumptively unconstitutional as a general matter “and may be justified only if the government proves that [it is] narrowly tailored to serve compelling state interests.”¹⁰

The Court began by considering the nature and history of trademark law, observing that “trademark rights have always coexisted with the First Amendment, despite the fact that trademark protection necessarily requires content-based distinctions.”¹¹ It concluded that the names clause, by barring a person from using another’s name, “reflects the traditional rationale of ensuring that consumers make no mistake about who is responsible for a product.”¹²

Moreover, the Court observed that the “names clause” has “deep roots in our legal tradition.”¹³ The consistent rationale for the “names clause” is the concept that one has a right to his or her own name. This clause “reflects this common law tradition by prohibiting a person from obtaining a trademark of another living person’s name without consent, thereby protecting the other’s reputation and goodwill.”¹⁴

In light of this history and tradition, the Court concluded that the names clause of Section 2(c) is compatible with the First Amendment. The Court described its ruling as “narrow,” declining to set out a “comprehensive framework” for assessing the constitutionality of viewpoint-neutral trademark restrictions.¹⁵

⁷ *Vidal v. Elster*, 2024 U.S.P.Q.2d 1083, at *67.

⁸ *Id.* at *69.

⁹ *Id.*, quoting J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 13:37.50 (5th ed.).

¹⁰ *Id.* at *70, quoting *Nat’l Inst. of Fam. & Live Advocs. v. Becerra*, 138 S. Ct. 2361, 2371 (2018).

¹¹ *Id.* See generally, *Matal v. Tam*, 582 U. S., at 223-24; *Trade-Mark Cases*, 100 U. S. 82, 92 (Dec. Comm’r Pat. 1879).

¹² *Id.* at *76. See also *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412-13 (1916) (“The essence of the wrong [for trademark infringement] consists in the sale of the goods of one manufacturer or vendor for those of another”).

¹³ *Id.* at *73.

¹⁴ *Id.* at *78.

¹⁵ *Id.*

Nor do we suggest that an equivalent history and tradition is required to uphold every content-based trademark restriction. We hold only that history and tradition establish that the particular restriction before us, the names clause in §1052(c), does not violate the First Amendment. Although an occasion may arise when history and tradition cannot alone answer whether a trademark restriction violates the First Amendment, that occasion is not today.¹⁶

B. United States Court of Appeals for the Federal Circuit

1. Failure-to-Function as a Source Indicator

In re GO & Assocs., LLC

The CAFC agreed with the decision of the TTAB affirming a refusal to register the proposed mark EVERYBODY VS RACISM for tote bags and various clothing items, and for the services of “promoting public interest and awareness of the need for racial reconciliation and encouraging people to know their neighbor and then affect change in their own sphere of influence.” The Board found that the phrase fails to function as a source indicator under Sections 1, 2, 3, and 45 of the Lanham Act.¹⁷

The CAFC observed that “it is a threshold requirement of registrability that the mark ‘identify and distinguish’ the goods and services of the applicant from those of others, as well as ‘indicate the source’ of those goods and services.”¹⁸ “If the nature of a proposed mark would not be perceived by consumers as identifying the source of a good or service, it is not registrable.”¹⁹ The USPTO “enforces the source-identifying statutory requirement, in part, by prohibiting the registrability of what it calls ‘informational matter.’”²⁰

¹⁶ *Id.* at *78-79. For further discussion, see Note: First Amendment-Federal Trademark Law-History and Tradition-Vidal v. Elster, 138 Harv. Law. Rev. 315 (November 2024).

¹⁷ *In re GO & Assocs., LLC*, 2024 U.S.P.Q.2d 616 (Fed. Cir. 2024). At the request of the USPTO under Fed. Cir. R. 32.1(e), the CAFC re-designated this opinion as precedential.

¹⁸ *Id.* at *2, quoting 15 U.S.C. § 1127. See also *Jack Daniel’s Props., Inc. v. VIP Prods. LLC*, 599 U.S. 140, 146 (2023) (“[A] trademark is not a trademark unless it identifies a product’s source (this is a Nike) and distinguishes that source from others (not any other sneaker brand).”); *Abitron Austria GmbH v. Hetronic Int’l, Inc.*, 600 U.S. 412, 429 (2023) (Jackson, J., concurring) (“It is clear beyond cavil that what makes a trademark a trademark under the Lanham Act is its source-identifying function.”).

¹⁹ *Id.* at *3; see *Jack Daniel’s*, 599 U.S. 140, at 145.

²⁰ *Id.*, quoting Trademark Manual of Examining Procedure (“TMEP”) § 1202.04(b) (“informational matter,” such as slogans, terms, and phrases used by the public to convey familiar sentiments are precluded from trademark registration because consumers are unlikely to “perceive the matter as a trademark or service mark for any goods and services.”). Note: The TMEP is not the law: see *Forward* (November 2024 edition): “The guidelines set forth in this Manual do not have the force and effect of law. They have been developed as a matter of internal office management and are not intended to create

GO's challenge to the Board's decision "amount[ed] to nothing more than a disagreement with the weight the Board assigned to the conflicting evidence."²¹ The Board found that third-party uses of the mark "show[] that 'everybody vs racism' is commonly used in an informational and ornamental manner on clothing items, tote bags, and other retail items sold by third-parties to convey an anti-racist sentiment."²² The phrase frequently appeared "in opinion pieces, in music, podcasts, and YouTube videos, and by organizations (websites) that support efforts to eradicate racism."²³ Considering the diversity and breadth of third-party usage, the Board found that GO's own specimens and uses were insufficient to render the mark source-identifying.

The CAFC ruled that the Board "properly considered both GO's uses and third-party uses when assessing how the public would likely perceive the mark."²⁴ Because substantial evidence supported the Board's conclusion that EVERBODY VS RACISM fails to function as a source indicator, the CAFC affirmed the Board's decision.

GO also contested the Board's conclusion by citing *Vidal v. Elster* in asserting that "[p]er se refusals based on the Informational Matter Doctrine are unconstitutional" because they "involve[] content-based discrimination that is not justified by either a compelling or substantial government interest."²⁵ The court found this argument meritless, pointing out that in *Elster* there was no issue as to whether the proposed mark TRUMP TOO SMALL functioned as a source identifier.

What is more, however, is that GO's constitutional argument is based on a faulty premise: that the Patent and Trademark Office's ("PTO") application of the so-called "Informational Matter Doctrine" results in the *per se* refusal of any mark that contains informational matter, regardless whether or not consumers perceive the mark as source identifying. That is not true. Indeed, one can immediately envision many marks, such as GO's own example, MAKE AMERICA GREAT AGAIN, that contain informational matter (*e.g.*, widely used slogans), but nevertheless function as source-identifiers.²⁶

any right or benefit, substantive or procedural, enforceable by any party against the office."

²¹ *Id.* at *4.

²² *Id.*

²³ *Id.*

²⁴ *Id.*

²⁵ *Id.* at *4, quoting *In re Elster*, 26 F.4th 1328, 1331 (Fed. Cir. 2022), *rev'd sub nom.* Vidal v. Elster, 602 U.S. 286, 2024 U.S.P.Q.2d 1083 (2024).

²⁶ *Id.*

The CAFC agreed with the Board and the examining attorney that “[i]f the PTO were to allow the registration of marks that are used by the public in such a way that they cannot be attributed to a single source, the purpose of trademark law would be undermined to the detriment of the public who would be no longer free to express common sentiments without the threat of ‘paying a licensing fee to someone who sees an opportunity to co-opt a political message.’”²⁷

In sum, “nothing in the Lanham Act or the PTO’s so-called ‘Informational Matter Doctrine’ prohibits registration of a mark containing informational matter, so long as the mark also functions to identify a single commercial source.”²⁸ The CAFC therefore rejected GO’s constitutional challenge.

2. Requirement to Provide Applicant’s Domicile Address

In re Chestek PLLC

The CAFC sided with the TTAB in the Board’s affirmance of a refusal to register the mark CHESTEK LEGAL for “legal services” based on Applicant Chestek PLLC’s failure to provide its “domicile address.” Chestek listed a post office address, but under Trademark Rules 2.32(a)(2)²⁹ and 2.189³⁰ a post office box is not a domicile address. Conceding that it failed to comply with the domicile address requirement, Chestek argued on appeal that the Rules were unlawfully promulgated under the Administrative Procedure Act (“APA”),³¹ but the Board disagreed and so did the CAFC.³²

Chestek contended that the domicile address requirement was improperly promulgated for two independent reasons: (1) that the USPTO failed to comply with the requirements of notice-and-comment rulemaking under Section 553 of the APA because the proposed rule did not provide notice of the domicile address requirement adopted in the final rule; and (2) that the domicile address requirement is arbitrary and capricious because the final rule failed to offer a satisfactory explanation therefor.

²⁷ *Id.*, quoting *In re GO & Assocs., LLC*, 2022 TTAB LEXIS 156, at *3 (T.T.A.B. 2022).

²⁸ *Id.* at *4-5.

²⁹ Rule 2.32(a)(2) of the Trademark Rules of Practice, 37 C.F.R. 2.32(a), requires that, “for a complete trademark or service mark application,” the application must include “(2) The name, domicile address, and email address of each applicant.”

³⁰ Rule 2.189 of the Trademark Rules of Practice, 37 C.F.R. 2.189, provides that “An applicant or registrant must provide and keep current the address of its domicile, as defined in § 2.2(o).” Rule 2.2(o) states “The term domicile as used in this part means the permanent legal place of residence of a natural person or the principal place of business of a juristic entity.”

³¹ 5 U.S.C. §§ 551–559.

³² *In re Chestek PLLC*, 2024 U.S.P.Q.2d 297 (Fed. Cir. 2024), *cert. denied*, 220 L. Ed. 2d 19; 2024 U.S. LEXIS 3347 (Oct. 7, 2024).

As to the first argument, the court observed that Section 553(b)(A) expressly exempts from the formalities of notice-and-comment, “interpretative rules, general statement of policy, or rules of agency organization, procedure, or practice.” Chestek argued that the domicile address requirement is not an “interpretative” rule but rather a “substantive” rule requiring notice-and-comment. Alternatively, Chestek asserted that notice-and-comment is required even for interpretative rules. The CAFC was not persuaded.

The court concluded that the USPTO’s requirement is not a substantive rule because it “does not alter the substantive standards by which the USPTO evaluates trademark applications, e.g., a mark’s use in commerce or distinctiveness.”³³ As to the second argument, Chestek offered no support for displacing the procedural exceptions to notice-and-comment rulemaking contained within Section 553(b).

Turning to Chestek’s assertion that the promulgation of the domicile address requirement was arbitrary and capricious, the court concluded that the Office offered sufficient justification. The Office adopted the requirement as part of a larger scheme to require foreign applicants, registrants, or parties to a trademark proceeding to be represented by U.S. counsel. The U.S. counsel requirement was needed “because of the influx of unauthorized practice of law by foreign parties.”³⁴ “[I]n adopting the U.S. counsel requirement, it was following the practice of other countries with similar domestic attorney requirements and conditioning it on domicile.”³⁵

Finally, Chestek contended that the domicile address requirement was arbitrary and capricious because the Office did not take into account privacy concerns, such as the impact on victims of domestic violence or homeless individuals. The court was unmoved. It noted that an agency’s reasonableness must be judged based on the record before it at the time of decision.³⁶ The policy concerns here raised by Chestek were not raised before the Office, nor did the Office receive comments from parties expressing the privacy and other concerns raised by Chestek.³⁷

³³ *Id.* at *4.

³⁴ *Id.* at *6.

³⁵ *Id.* at *2, quoting Requirement of U.S. Licensed Attorney for Foreign Trademark Applicants and Registrants, 84 Fed. Reg. 4393, 4396 (Feb. 15, 2019); Requirement of U.S. Licensed Attorney for Foreign Trademark Applicants and Registrants, 84 Fed. Reg. 31498, 31500 (July 2, 2019).

³⁶ *Id.* at *7, citing *Rural Cellular Ass’n v. F.C.C.*, 588 F.3d 1095, 1107, 388 U.S. App. D.C. 421 (D.C. Cir. 2009).

³⁷ Perhaps no one raised a concern regarding privacy when the proposed rule was published for comment because the rule didn’t contain the domicile requirement at that time.

Concluding that the USPTO properly promulgated the domicile address requirement and that Chestek failed to comply with that requirement, the CAFC affirmed the Board’s decision.

C. Trademark Trial and Appeal Board

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

In re Leathernecks Motorcycle Club International, Inc.

The Leathernecks Motorcycle Club (the “Club”) was shut down in its attempt to register the collective membership mark LEATHERNECKS in the design form shown immediately below. The Board found that the mark, which indicates membership in a motorcycle club, falsely suggests a connection with the United States Marine Corps (“USMC”) in violation of Section 2(a) of the Trademark Act.³⁸



Section 2(a), in pertinent part, prohibits registration of “matter which may . . . falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols.”³⁹ The U.S. government, as well as government agencies and instrumentalities, are considered juristic persons or institutions within the meaning of Section 2(a).⁴⁰ The USMC, a service within the U.S. Department of the Navy, “is one such juristic person or institution.”⁴¹

In determining whether the subject mark runs afoul of Section 2(a), the Board applied the *Notre Dame*⁴² test, requiring the USPTO to prove that:

- the term “Leathernecks” in the applicant’s mark is the same as, or a close approximation of, the USMC’s name or identity, as previously used by or identified with the USMC;

³⁸ *In re Leathernecks Motorcycle Club Int’l, Inc.*, 2024 U.S.P.Q.2d 1023 (T.T.A.B. 2024).

³⁹ Section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a).

⁴⁰ *Leathernecks*, at *1. See *In re Peter S. Herrick P.A.*, 2009 TTAB LEXIS 428, at *3 (T.T.A.B. 2009) (“Institutions, as used in Section 2(a), include government agencies.”). See Section 45 of the Lanham Act, 15 U.S.C. § 1127, stating that the term “person” includes “the United States and any agency or instrumentality thereof.”

⁴¹ *Id.* See *In re Cotter & Co.*, 1985 TTAB LEXIS 50, at *8 (T.T.A.B. 1985) (finding that the United States Military Academy is an institution and West Point “has come to be solely associated with and points uniquely to the United States Military Academy”).

⁴² *Univ. of Notre Dame du Lac v. J.C. Gourmet Food Imps. Co.*, 703 F.2d 1372, 1376-77 (Fed. Cir. 1983).

- the term “Leathernecks” in the applicant’s mark would be recognized as such because it points uniquely and unmistakably to the USMC;
- the USMC is not connected to or otherwise affiliated with the applicant; and
- the USMC is of sufficient fame or reputation that, when the term “Leathernecks” is used to indicate membership in a motorcycle club, a connection with the USMC would be presumed.⁴³

The Club argued that Section 2(a) does not apply to collective membership marks, but the Board disagreed. Section 4 of the Lanham Act,⁴⁴ which provides for registration of collective marks, states that “[a]pplications and procedures under this section shall conform as nearly as practicable to those prescribed for the registration of trademarks.” “Nothing in the plain language of Section 4 of the Trademark Act exempts applications for collective membership marks from a Section 2(a) refusal.” The Board also pointed to Section 1304.03 of the TMPEP, which states that an application for registration of a collective service mark “must meet all the criteria for registration of other marks on the Principal Register.”⁴⁵

Turning to the elements of the *Notre Dame* test, the Club did not contest the first element, conceding that “Leatherneck” is a nickname for a member of the USMC. As to the second, the examining attorney submitted a dictionary definition and a Wikipedia entry for the term “Leatherneck,” along with various other items of evidence, to show that the word “leathernecks” points uniquely and unmistakably to the USMC. The Club argued that “Leatherneck” is also a slang term referring to the British Royal Marines, submitted several third-party registrations for Leatherneck marks, and asserted that many companies unrelated to the USMC are using the “Leatherneck” name.

The Board pointed out, however, that “[t]he requirement that ‘Leathernecks’ point uniquely and unmistakably to the USMC does not mean ‘Leathernecks’ must be exclusively used to identify the USMC.”⁴⁶

Rather, the question is whether, as used to identify membership in Applicant’s motorcycle club, the relevant

⁴³ *Leathernecks*, at *1-2.

⁴⁴ Section 4 of the Lanham Act, 15 U.S.C. § 1054.

⁴⁵ TMPEP § 1304.03 (May 2024).

⁴⁶ *Leathernecks*, at *4. *See, e.g.*, *Hornby v. TJX Cos.*, 2008 TTAB LEXIS 19, at *55 (T.T.A.B. 2008) (finding that the term “TWIGGY” pointed uniquely and unmistakably to Petitioner Lesley Hornby, who was recognized by that name as a famous British model, and that the dictionary meaning of “twiggy” as resembling or abounding in twigs would not be the consumers’ perception of the name for the respondent’s children’s clothing).

public would view the term “Leathernecks” as pointing only to the USMC, or whether they would perceive it to have a different meaning.⁴⁷

For a collective membership mark, the relevant public comprises the persons for whose benefit the mark is displayed: here, “at a minimum, current and prospective members of Applicant, including individuals and entities associated with the U.S. military.”⁴⁸ The Board found that “the relevant public would understand the term ‘Leathernecks’ to point uniquely and unmistakably to the USMC, especially when all of Applicant’s present members are active duty or honorably discharged U.S. Marines, or U.S. Navy Corpsman who have served with the Fleet Marine Force.”⁴⁹ The Club’s evidence of third-party use and registration was not probative because it involved goods and services unrelated to a motorcycle club.⁵⁰

As to the third *Notre Dame* element, the Club did not claim any connection or affiliation with the USMC. As to the fourth, the Board found that “the USMC is of sufficient fame or reputation that, when the term ‘Leathernecks’ in Applicant’s mark is used to indicate membership in a motorcycle club, a connection with the USMC would be presumed.”⁵¹

First, Applicant’s name, “Leathernecks,” is a nickname adopted by the USMC and recognized by the relevant public to refer to the USMC. Second, Applicant’s members affix the mark to their vests, above other USMC indicia (the EGA, which Applicant refers to as the “Semper Fi” banner, and the letters “USMC”). Third, Applicant’s display of the collective membership mark in the colors gold and scarlet closely resembles the marks in ten registrations with the USMC listed as the owner where the marks are for gold and red rocker patches with other U.S. Marine indicia, all of which are meant to be affixed to clothing (including vests and jackets worn by motorcycle clubs). And fourth, Applicant’s entire membership presently consists of active duty and honorably discharged U.S. Marines and U.S. Navy Corpsman. Indeed, creating a connection with the USMC appears to be Applicant’s intent in adopting “Leathernecks” as the name of its club.⁵²

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ *Id.* at *5 (internal quotation marks omitted).

⁵⁰ *Id.* at *6. *See, e.g., Hornby*, 2008 TTAB LEXIS 19, at *55-56 (finding that evidence of third-party registrations of the term “TWIGGY” for goods unrelated to children’s clothing had “no probative value”).

⁵¹ *Id.* at *8.

⁵² *Id.* at *7-8.

The four elements of the *Notre Dame* test having been met, the Board affirmed the Section 2(a) refusal.

2. Section 2(d) Likelihood of Confusion

In re OSF Healthcare System

In a soporific but precedential decision, the Board affirmed-in-part and reversed-in-part a refusal to register the mark IMPACT for various healthcare-related services in Classes 35, 44, and 45. The USPTO had refused registration under Section 2(d) on the ground of likelihood of confusion with the mark IMPACT in stylized form (shown below), registered for “Consulting services in the field of patient relationship management for healthcare workers” in Class 35 and “Training in patient-centered, evidence-based community health worker-centered healthcare” in Class 41.⁵³

IMPACT

The Board first set forth a few standard ground rules for its decision. It observed that “[b]ecause each class in Applicant’s multi-class application is, in effect, a separate application, we consider each class separately, and determine whether [the examining attorney] has shown a likelihood of confusion with respect to each.”⁵⁴ It also noted that “it is sufficient for finding a likelihood of confusion if relatedness is established for any [service] encompassed by the identification of [services] within a particular class in the application.”⁵⁵

Applicant OSF’s Class 35 services include business consulting services that are encompassed by registrant’s “consulting services in the field of patient relationship management.” Finding those services to be legally identical, and therefore presuming that they travel in the same trade channels to the same classes of

⁵³ *In re OSF Healthcare System*, 2023 U.S.P.Q.2d 1089 (T.T.A.B. 2023).

⁵⁴ *Id.* at *3, quoting *N. Face Apparel Corp. v. Sanyang Indus. Co.*, 116 U.S.P.Q.2d 1217, 1228 (T.T.A.B. 2015).

⁵⁵ *Id.*, quoting *In re St. Julian Wine Co.*, 2020 U.S.P.Q.2d 10595, at *4 (T.T.A.B. 2020); see also *Tuxedo Monopoly, Inc. v. Gen. Mills Fun Grp.*, 648 F.2d 1335, 209 U.S.P.Q. 986, 988 (C.C.P.A. 1981).

purchasers,⁵⁶ the Board found confusion likely and it affirmed this portion of the refusal to register.⁵⁷

OSF's Class 44 services include "Healthcare and medical coordination with individuals and organizations related to improving community healthcare services." There was no direct match in the cited registration but the examining attorney contended that, based on third-party registrations and websites, those services are related to the services of "training in patient-centered, evidence-based community health worker-centered healthcare" in the cited registration. She reached that conclusion by generalizing OSF's services as "healthcare/medical training," and then looked to evidence "addressed to the broader identification, not the actual one."⁵⁸

The Board found that only one of the websites appeared to offer both the actual services of OSF and those of the cited registration, and none of the third-party registrations were on point. The evidence was therefore insufficient to support the Section 2(d) refusal, and the Board reversed as to OSF's Class 44 services.

As to OSF's Class 45 services, the examining attorney relied on third-party websites and registrations in maintaining that the cited registrant's training services are related to the applicant's "Charitable services, namely, providing case management services in the nature of coordinating preventative healthcare and wellness program services for vulnerable populations to improve access to healthcare, quality of care, and health outcomes related thereto." For completeness, the Board also considered the registrant's Class 35 consulting services.

The Board found that at most two of the websites and none of the third-party registrations supported the Section 2(d) refusal. Although the Board recognized that, in cases involving identical marks, "the services need not be shown to be closely related for there to be a likelihood of confusion,"⁵⁹ it again found the evidence insufficient to establish relatedness. And so, the Board reversed the Class 45 refusal.

⁵⁶ See *Monster Energy Co. v. Lo*, 2023 U.S.P.Q.2d 87, at *17 (T.T.A.B. 2023) (citing *In re Viterra Inc.*, 671 F.3d 1358, 101 U.S.P.Q.2d 1905, 1908 (Fed. Cir. 2012) ("[I]t is well established that, absent restrictions in the application and registration, [identical] goods and services are presumed to travel in the same channels of trade to the same class of purchasers.") (internal quotation marks and citation omitted)).

⁵⁷ *OSF Healthcare*, at *7.

⁵⁸ *Id.* at *10.

⁵⁹ *Id.* at *14.

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

In re Sheet Pile, LLC

In a dubiously precedential ruling, the Board upheld a Section 2(e)(1)⁶⁰ refusal to register the proposed mark ZPILE, finding it to be merely descriptive of “Metal sheet piles, metal sheet pile sections, and metal sheet pile connectors for joining metal sheet piles.” The Board declined to rule on the USPTO’s failure-to-function refusal, but in obvious *dictum* it discussed the issue anyway.⁶¹

The term “sheet piling” refers to a type of retaining wall that is installed in the ground by driving or pushing, rather than pouring or injection. “Sheet piles” are interlocking sections of steel used to create retaining walls and cofferdams, typically to create a rigid barrier between earth and water.⁶²

In the context of the involved goods, the word “pile” in the applicant’s proposed mark ZPILE means “[a] heavy post of lumber, concrete, or steel, driven into the earth as a foundation or support for a structure.”⁶³ The record showed that the letter “Z” that precedes and modifies “PILE” in the proposed mark ZPILE refers to sheet piling that is roughly in the shape of the letter “Z.”

Numerous website references led the Board to conclude that, in the context of the involved goods, “the letter ‘Z’ describes and refers to a particular shape and type of sheet pile known by construction project designers and construction companies.”⁶⁴ The combination of “Z” and “PILE” “immediately describes . . . a feature or characteristic of the goods, namely, that they are or pertain to the well-known ‘Z’ shape of sheet pile.”⁶⁵

The USPTO thus established a *prima facie* case of mere descriptiveness, which Applicant Sheet Pile LLC failed to overcome. And so, the Board affirmed the Section 2(e)(1) refusal.

Although the Board declined to reach the failure-to-function refusal, it did provide comments thereon. This refusal was “effectively” based on the same evidence as the mere descriptiveness refusal.⁶⁶ The examining attorney maintained that “consumers would perceive the applied for mark Z PILE [sic] to convey information about the applicant’s piling goods, namely, that they are Z shaped piles” and it therefore failed to function as a source

⁶⁰ Section 2(e)(1) of the Lanham Act, 15 U.S.C. § 1052(e)(1), in pertinent part, bars registration of a mark “which . . . when used on or in connection with the goods of the applicant is merely descriptive . . . of them”

⁶¹ *In re Sheet Pile, LLC*, 2024 U.S.P.Q.2d 522 (T.T.A.B. 2024).

⁶² *Id.* at *3.

⁶³ *Id.* at *4.

⁶⁴ *Id.*

⁶⁵ *Id.* at *5.

⁶⁶ *Id.*

indicator.⁶⁷ According to the Board, however, the “impact” of the two refusals is different:⁶⁸

[A]n applicant may overcome a mere descriptiveness refusal by submitting sufficient evidence of acquired distinctiveness under Section 2(f) or by amending to seek registration on the Supplemental Register, but a failure-to-function refusal based on a finding that a term is merely informational would be an absolute bar to registration, affording the applicant no such option to overcome the refusal.⁶⁹

According to the Board, rather than a failure-to-function analysis, the USPTO should apply the “distinctiveness continuum,” which includes “a threshold absolute bar to registration for generic terms—terms that by definition fail to function as source identifiers.”⁷⁰ This continuum “provides the appropriate framework for the assessment of registrability based on the rationale articulated by the Examining Attorney in this case—i.e., that the goods at issue ‘are Z-shaped piles.’”⁷¹

In re Korn Ferry

The Board upheld the USPTO’s refusal to register the mark KORN FERRY ARCHITECT absent a disclaimer of the word “ARCHITECT,” for, inter alia, “executive search, recruitment and placement services; business consultation services in the field of human resources management and development” and for “providing temporary use of online non-downloadable software in the field of human resources.”⁷² The evidence failed to show that the term “architect” “identifies a defined position in the human resources field,” or that it “immediately describes any quality, characteristic, feature, function, purpose, or use of any of the services identified in the application.”⁷³

Under Section 6(a) of the Lanham Act, the USPTO “may require the applicant to disclaim an unregistrable component of a mark otherwise registrable.”⁷⁴ The examining attorney required a disclaimer of the word “ARCHITECT” on the ground of mere

⁶⁷ *Id.*

⁶⁸ *Id.*

⁶⁹ *Id.*

⁷⁰ *Id.* Note that six months prior to this decision, the CAFC ruled in *In re GO & Assocs., LLC* (discussed in Part I.B.1, above) that there is no per se bar to registration of a mark that contains informational matter. Registrability depends on whether consumers perceive the mark as a source indicator. The Board seems to be saying that the examining attorney should have found the proposed mark to be generic.

⁷¹ *Id.*

⁷² *In re Korn Ferry*, 2024 U.S.P.Q.2d 1166 (T.T.A.B. 2024).

⁷³ *Id.* at *10.

⁷⁴ Section 6(a) of the Lanham Act, 15 U.S.C. § 1056(a).

descriptiveness under Section 2(e)(1), primarily arguing that the applicant “may provide its services for architects.”⁷⁵ He also maintained that “architect” is a human resources industry term for “someone who sets the conceptual and political stage for accomplishing any work related to organizational issues or talent.”⁷⁶

The applicant pointed to its eight registrations for marks containing the word “ARCHITECT,” none of which includes a disclaimer of that term. The Board, however, once again pointed out that each application must be assessed on its own facts and record, and that “prior decisions and actions of other trademark examining attorneys in registering other marks are not binding upon the USPTO or the Board.”⁷⁷

The applicant next argued that KORN FERRY ARCHITECT is a unitary mark and therefore a disclaimer should not be required.⁷⁸ The Board disagreed: “Applicant’s corporate name KORN FERRY is separable from the final word ARCHITECT, and the mark [KORN FERRY ARCHITECT] does not have ‘a distinct meaning of its own independent of the meaning of its constituent elements.’”⁷⁹

With respect to the examining attorney’s argument that the term “architect” is descriptive because it identifies consumers of the recited services, the Board reviewed the few precedents of relevance and concluded:⁸⁰

Taken together, these cases hold that a mark or term comprising part of a mark is merely descriptive of goods or services if it immediately identifies the consumers to which the identified goods or services, or an appreciable number of the goods or services, are at least primarily directed. The possible mere descriptiveness of a term under this theory is determined on the basis of the term itself, the identification

⁷⁵ *Korn Ferry*, at *4.

⁷⁶ *Id.* at *9.

⁷⁷ *Id.* at *5, quoting *In re Dolce Vita Footwear, Inc.*, 2021 WL 2285577, at *2 n.6 (T.T.A.B. 2021) (citing *In re USA Warriors Ice Hockey Program, Inc.*, 2017 WL 2572815, at *4 n.10 (T.T.A.B. 2017)); see also *In re Nett Designs Inc.*, 236 F.3d 1339, 1342 (Fed. Cir. 2001).

⁷⁸ A “unitary mark simply has no ‘unregistrable component,’ but is instead an inseparable whole.” *In re Lego Juris A/S*, 2022 WL 1744613, at *3 (T.T.A.B. 2022) (quoting *Dena Corp. v. Belvedere Int’l, Inc.*, 950 F.2d 1555, 1560 (Fed. Cir. 1991)). A unitary mark’s “elements are inseparable. In a unitary mark, these observable characteristics must combine to show that the mark has a distinct meaning of its own independent of the meaning of its constituent elements. In other words, a unitary mark must create a single and distinct commercial impression.” *Dena*, 950 F.2d at 1561.

⁷⁹ *Korn Ferry*, at *5, quoting *Dena*, 950 F.2d at 1561.

⁸⁰ See, e.g., *In re Camel Mfg. Co.*, 1984 WL 63080, at *1 (T.T.A.B. 1984) (affirming a mere descriptiveness refusal of MOUNTAIN CAMPER for “retail and mail order services in the field of outdoor equipment and apparel” because the mark “merely describes the type of customer to whom applicant’s services are directed.”).

of goods or services, and any evidence of the applicant's use of the term.⁸¹

Beginning with the “mark itself,” the Board found that “in the context of Applicant's mark as a whole and the services identified in the application . . . the word ARCHITECT does not immediately identify a person ‘who designs and supervises the construction of buildings or other large structures’ as the type of individual to whom all or an appreciable number of Applicant's services are primarily directed.”⁸²

The Board found nothing in the recitation of services that indicates or identifies the consumers of the services. Although the services are identified broadly enough to encompass professional architects as possible consumers, the Board “decline[d] to infer from the identifications alone that the services are primarily directed to, or primarily consumed by, professional architects.”⁸³ Furthermore, the applicant's specimen of use “does not make it clear that an appreciable part, or even any part, of Applicant's services are primarily directed to architects.”⁸⁴

Turning to the examining attorney's alternative argument that “architect” is a term of art in the human resources industry, the Board found no evidence that the word “architect” identifies a defined position in the human resources field, and no evidence that it “immediately describes any quality, characteristic, feature, function, purpose, or use of any of the services identified in the application.”⁸⁵

The Board noted that it has “frequently acknowledged the ‘fine line between suggestive marks and descriptive terms,’ and given that fine line, in this case ‘we must resolve any doubt in favor of finding the term [ARCHITECT] suggestive rather than descriptive.’”⁸⁶ Concluding that the examining attorney failed to prove that the word “architect” is merely descriptive of any of the services identified in the application, the Board rejected the disclaimer requirement and reversed the refusal to register.

4. Section 2(f) Acquired Distinctiveness

In re Post Foods, LLC

Color me unsurprised. The Board upheld a refusal to register the proposed color mark shown below, consisting of the colors “yellow, green, light blue, purple, orange, red and pink” for “breakfast

⁸¹ *Id.* at 7.

⁸² *Id.*

⁸³ *Id.* at *8.

⁸⁴ *Id.*

⁸⁵ *Id.* at 10.

⁸⁶ *Id.*, quoting *In re Datapipe, Inc.*, 2014 WL 3543477, at *7 (T.T.A.B. 2014).

cereals,” on the ground that the mark is not inherently distinctive, lacks acquired distinctiveness, and therefore fails to function as a source indicator. Evidence of third-party multi-colored cereals and Internet references to “rainbow-colored” cereals undermined Applicant Post’s claim of acquired distinctiveness.⁸⁷



Defining the Mark at Issue: In its application, Post stated that “[t]he mark consists of the colors of yellow, green, light blue, purple, orange, red and pink applied to the entire surface of crisp cereal pieces. The broken lines depicting the shape of the crisp cereal pieces indicate placement of the mark on the crisp cereal pieces and are not part of the mark.” Post also disclaimed rights in the cereal shape: “No claim is made to the exclusive right to use the depiction of the shape of the cereal flakes apart from the mark as shown.”

Post nonetheless asserted that its mark comprises the color combination applied to “crisp rice cereal pieces.” The Board was unmoved, pointing to the identification of goods, which states “breakfast cereals” not “crisp rice breakfast cereals.”⁸⁸

The description of the mark makes no mention of “crisp rice cereal pieces,” but even if it did, we look to the identification of the goods, not the mark description, to define the scope of the goods for which registration is sought. When we consider the identification of goods, i.e., “breakfast cereals” generally, and the mark, which does not include the shape of the cereal pieces because they are shown in broken lines, we find that the proposed mark is a color-only mark applied to any breakfast cereal—not, as Applicant claims, a combination of the listed colors as applied solely to crisp rice cereal pieces.⁸⁹

⁸⁷ *In re Post Foods, LLC*, 2024 U.S.P.Q.2d 25 (T.T.A.B 2024).

⁸⁸ *Id.* at *4.

⁸⁹ *Id.* at *3.

The Board noted that “[i]f Applicant wanted to limit its mark to use on ‘crisp rice breakfast cereals,’ it should have amended its identification of goods.”⁹⁰

Distinctiveness: Color marks are never inherently distinctive when applied to product configurations.⁹¹ Since there was no evidence that the subject color mark is functional, the mark is eligible for registration if acquired distinctiveness is established. However, the burden of proof in that regard is “substantial” for a color mark.⁹²

The examining attorney introduced examples of fifteen third-party multi-colored cereals in the form of puffed rice, balls, ring shapes, etc., along with seven articles discussing rainbow-colored cereals. Post submitted two declarations regarding product history (FRUITY PEBBLES), long use of the mark (since 1973), pictures of the product and its packaging, advertising samples, sales volume and revenues figures, advertising expenditures, unsolicited third-party references, and the results of two consumer surveys.

The Board found that the USPTO’s evidence “establishes that consumers encounter numerous examples of multicolored breakfast cereals in a variety of shapes, including crisp rice cereal pieces such as Applicant’s.”⁹³ This evidence, contradicting Post’s assertion that its use of the claimed colors was substantially exclusive, “increases Applicant’s burden to establish that the claimed colors have acquired distinctiveness and identify a single source of breakfast cereals.”⁹⁴

With regard to Post’s evidence, the Board found a “mismatch” with Post’s claim of acquired distinctiveness because the evidence related only to FRUITY PEBBLES crisp rice cereal, whereas the application at issue identified the goods broadly as “breakfast cereals.”⁹⁵

⁹⁰ *Id.* at *4.

⁹¹ *Id.* at *5. *See Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 54 U.S.P.Q.2d 1065, 1068 (2000) (“[W]ith respect to at least one category of mark—colors—we have held that no mark can ever be inherently distinctive.”) (citing *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 34 U.S.P.Q.2d 1161, 1162-63 (1995)).

⁹² *Id.* *See In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 227 U.S.P.Q. 417, 424 (Fed. Cir. 1985) (“By their nature color marks carry a difficult burden in demonstrating distinctiveness and trademark character.”).

⁹³ *Id.* at *6.

⁹⁴ *Id.* *See In re Howard S. Leight & Assocs. Inc.*, 39 U.S.P.Q.2d 1058, 1060 (T.T.A.B. 1996) (“Where the use of colors is common in a field, an applicant has a difficult burden in demonstrating distinctiveness of its claimed color.”).

⁹⁵ *Id.* at *7. *See, e.g., 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 the question of registrability of an applicant’s mark must be decided on the basis of the 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.”).

Simply put, Applicant’s extensive evidentiary showing relating to consumer recognition of its cereal’s color, shape, and texture misses the mark. We agree with the Examining Attorney that “[m]uch of applicant’s arguments rely upon evidence that hinges on both configuration and color but this application is only for a color mark. Applicant cannot rely upon evidence that conflates color and configuration to support its Section 2(f) claim.”⁹⁶

Post’s two surveys measured “a much narrower mark—the colors in Applicant’s mark as applied to only one type of breakfast cereal—than the actual mark, which is a color mark applied to all types of breakfast cereals.”⁹⁷ The survey evidence was flawed because it “does not focus on the color alone.”⁹⁸

The first survey “was limited to consumer perception of the color mark applied to the configuration of crisp rice cereal pieces.”⁹⁹ That survey did not provide proof that “the claimed colors have acquired distinctiveness for the identified goods, that is, all breakfast cereals, including other non-crisp rice cereals in other shapes.”¹⁰⁰ The second survey included an improper control, namely, multicolored toroidal or ring-like cereal pieces that were encompassed within Post’s identified “breakfast cereals.” Moreover, nearly 90 percent of the respondents correctly identified the multicolored, ring-like cereal as being one of the third-party cereals relied upon by the USPTO.

The Board therefore affirmed the refusal to register on the ground that the proposed color mark is not inherently distinctive and has not acquired distinctiveness under Section 2(f) and therefore does not function as a trademark.

5. Failure to Function

In re Stallard

The Board wiped the smile from Applicant Joseph A. Stallard’s face when it upheld a refusal to register the proposed mark shown below, for video and computer game software, finding that the mark fails to function as a source indicator for the identified goods.¹⁰¹ Reviewing Stallard’s webpage specimen of use, the Board concluded that “prospective consumers viewing the proposed mark on the

⁹⁶ *Id.*

⁹⁷ *Id.*

⁹⁸ *Id.*

⁹⁹ *Id.* at *7-8.

¹⁰⁰ *Id.* at *8.

¹⁰¹ *In re Stallard*, 2023 U.S.P.Q.2d 1009 (T.T.A.B. 2023).

webpage would have no reason to think that the cropped image of Maria's head identifies the source of the goods."¹⁰²



According to Stallard's application, "[t]he mark consists of a woman video game character named Maria, with a tilted head, dark messy hair, dark eyes, thin rimmed glasses and a large toothy smile, with her eyes looking to the side and strands of her hair in front of her eyes." Color was not claimed as a feature of the mark.

The Board observed that "designations that merely identify a character in a creative work are not registrable, whether the character appears in a series or in a single work."¹⁰³ The issue here was whether the proposed mark merely depicts a character in the game, or whether consumers would perceive the proposed mark, as it appears on the specimen of use, as a source indicator.

"The Board looks to 'the [Applicant's] specimens and other evidence of record showing how the designation is actually used in the marketplace' to determine 'how the designation would be perceived by the relevant public.'"¹⁰⁴

Stallard's specimen of use comprised an excerpt from a third-party webpage for an electronic retail store offering video games. The proposed mark is an image of the cropped head of a character named "Maria" in the game "Target of Desire: Episode 1." On the webpage, she is briefly described as follows: "Maria is a cryptic character. The only thing that she reveals about herself is that she 'works at the University.' She blogs (and is on social media) under

¹⁰² *Id.* at *5.

¹⁰³ *Id.* at *6. *See, e.g., In re Caserta*, 46 U.S.P.Q.2d 1088, 1090-91 (T.T.A.B. 1998) (holding that FURR-BALL FURCANIA, used as the principal character in a single children's book, did not function as a mark even though the character's name appeared on the cover and every page of the story); *In re Frederick Warne & Co.*, 218 U.S.P.Q. 345, 347-48 (T.T.A.B. 1983) (an illustration of a frog used on the cover of a single book served only to depict the main character in the book and did not function as a trademark).

¹⁰⁴ *Id.* at *2, quoting *In re Vox Populi Registry, Ltd.*, 25 F.4th 1348, 2022 U.S.P.Q.2d 115, at *2-3.

the username of ‘IamNamedMaria’, where she speculates about the nature of reality.”¹⁰⁵

The Board observed that there is no “bright line rule against registration of characters.”¹⁰⁶ The subject refusal was based on a finding that “[t]he proposed character mark, **as used on the specimen of record**, identifies only a particular character in a creative work.”¹⁰⁷

We agree with the Examining Attorney that the record does not show that the public would perceive the mark as an indication of the source of the game such that it functions as a trademark. The evidence shows that the proposed mark is merely associated with one character in the game, and it is not used in a way to identify and distinguish the source of the game itself—for example, on the game’s launch screen or more prominently on the webpage, such as in the header of the page.¹⁰⁸

In Stallard’s specimen of use, the proposed mark appears “mid-way down the page, below four images of the game’s other character, Maia, and below a three-sentence description of Maria.”¹⁰⁹ The position of the mark, “buried below text in the middle of the webpage, suggests that the image merely serves an informational function to familiarize prospective consumers with one of the two main characters of the game.”¹¹⁰ Thus, consumers “would have no reason to think that the cropped image of Maria’s head identifies the source of the goods.”¹¹¹

In re Black Card LLC

In a somewhat rare reversal of a failure-to-function refusal, the Board found the USPTO’s evidence insufficient to establish that the phrase FOLLOW THE LEADER is incapable of serving as a source indicator for credit card incentive program, credit card financial, travel information, ticket reservation, travel advisory, salon and spa reservation, and concierge services. Although FOLLOW THE LEADER is in common use in various contexts, the phrase may convey different meanings in those contexts, and it does not have a commonly understood meaning applicable to Applicant Black Card’s services.¹¹²

¹⁰⁵ *Id.* at *3.

¹⁰⁶ *Id.* at *4.

¹⁰⁷ *Id.* at *5 (emphasis in original).

¹⁰⁸ *Id.*

¹⁰⁹ *Id.*

¹¹⁰ *Id.*

¹¹¹ *Id.*

¹¹² *In re Black Card LLC*, 2023 U.S.P.Q.2d 1376 (T.T.A.B. 2023).

Sections 1, 2, 3, and 45 of the Lanham Act provide the statutory basis for a refusal to register subject matter that does not function as a trademark or service mark. A threshold question in evaluating the registrability of a proposed mark is whether the mark meets the source identification requirement. As the Supreme Court has recognized, “the lead criterion for registration is that the mark in fact serve as a ‘trademark’ to identify and distinguish goods [or services].”¹¹³

Of course, “[t]he critical inquiry in determining whether a proposed mark functions as a . . . [service mark] is how the relevant public perceives the term sought to be registered.”¹¹⁴ The evidence may show that the proposed mark “is a common term or phrase that consumers of the . . . services identified in the application are accustomed to seeing used by various sources to convey ordinary, familiar, or generally understood concepts or sentiments.”¹¹⁵ “The more commonly a phrase is used, the less likely that the public will use it to identify only one source and the less likely that it will be recognized by purchasers as a . . . [service mark].”¹¹⁶

On the other hand, not every common term or phrase warrants refusal on failure to function grounds. The refusal is strictly dependent on the evidence presented to show how consumers would perceive the proposed mark. The totality of the evidence must be sufficient to show that the phrase sought to be registered is used in such a way that it cannot be attributed to a single source of the goods or services at issue.¹¹⁷

To determine whether a phrase sought to be registered functions as a source indicator, the Board looks to evidence showing how the phrase is used in the marketplace by the applicant and by others.¹¹⁸

The examining attorney argued that FOLLOW THE LEADER is “commonly used to encourage customers to follow the leader in a particular field and conveys that the applicant is the leader in the

¹¹³ Jack Daniel’s Props., Inc. v. VIP Prods. LLC, 143 S. Ct. 1578, 2023 U.S.P.Q.2d 677, at *5 (2023) (cleaned up).

¹¹⁴ *Black Card*, 2023 U.S.P.Q.2d 1376, at *3, quoting *Univ. of Ky. v. 40-0, LLC*, 2021 U.S.P.Q.2d 253, at *25 (T.T.A.B. 2021).

¹¹⁵ *Id.*, quoting *In re Brunetti*, 2022 U.S.P.Q.2d 764, at *12 (T.T.A.B. 2022).

¹¹⁶ *Id.*, quoting *Brunetti*, 2022 U.S.P.Q.2d 764, at *12 (citing *In re Eagle Crest Inc.*, 96 U.S.P.Q.2d 1227 (T.T.A.B. 2010)).

¹¹⁷ *Id.* at *4. *Cf. In re Lizzo LLC*, 2023 U.S.P.Q.2d 139, at *39 (T.T.A.B. 2023) (“[T]he totality of the evidence of record . . . undercuts a finding that 100% THAT BITCH is a commonplace expression, so widely used by third parties that consumers would not perceive it as indicating the source of the goods identified thereby.”).

¹¹⁸ *Id.* See *In re Texas with Love*, 2020 U.S.P.Q.2d 11290, at *2 and *7 (quoting *In re Eagle Crest Inc.*, 96 U.S.P.Q.2d 1227, 1229 (T.T.A.B. 2010), and noting that “widespread use of a term or phrase may be enough to render it incapable of functioning as a trademark, regardless of the type of message.”).

services listed in the application and should be followed because of this alleged fact”¹¹⁹ The USPTO’s evidence comprised a dictionary entry, articles, blog posts, third-party websites, consumers goods, and other materials showing use of the phrase in connection with children’s games, business decision-making, guided travel tours, governmental and political leadership, personal decision-making, and artwork on consumer items.

Applicant Black Card maintained that the proposed mark provides no generalized informational message, and further that there is no blanket rule that commonly used phrases are not registrable.

The Board observed that “[t]he record need not necessarily include evidence of third-party use in connection with the specific services at issue for the evidence to support the failure to function refusal.”¹²⁰ However, the evidence must demonstrate that the proposed mark “would convey a generally understood sentiment or meaning to the consumers of [Black Card’s] services such that they would not perceive it as signifying the source of the services.”¹²¹

The Board found that the phrase FOLLOW THE LEADER may convey different meanings depending on context.

For example, FOLLOW THE LEADER can refer to business decisions made to align with the industry leader, a manager’s impact on employees or the business, politicians’ or government workers’ often negatively portrayed allegiance or compliance with a political figure or political leadership, tour groups being led by a tour guide, or personal decision-making, whether based on following a role model or following the crowd.¹²²

Thus, the phrase at issue here is unlike the phrase INVESTING IN AMERICAN JOBS in *In re Wal-Mart Stores*,¹²³ where the evidence of Wal-Mart’s own use and of common use across different industries and manufacturing contexts “informed consumer perception of the phrase for the applicant’s retail store services and promotional services for goods made or assembled by American workers.”¹²⁴

Concluding that the Office’s evidence fell short, the Board reversed the refusal to register:

The evidence as a whole does not demonstrate use for services or in contexts from which we may reasonably infer

¹¹⁹ *Id.* at *5.

¹²⁰ *Id.* at *8.

¹²¹ *Id.* at *9.

¹²² *Id.*

¹²³ 129 U.S.P.Q.2d at 1148 (T.T.A.B. 2019).

¹²⁴ *Black Card*, 2023 U.S.P.Q.2d 1376, at *9.

that FOLLOW THE LEADER has a commonly understood meaning applicable to Applicant's services that would render it incapable of being perceived as a source indicator for those services.¹²⁵

6. Specimens of Use

In re Duracell U.S. Operations, Inc.

Ruling that transmission of the sound mark in retail locations where the goods are sold is “the aural equivalent of a display associated with the goods,” the Board overturned a refusal to register Duracell’s sound mark consisting of three musical notes, for batteries, rejecting the USPTO’s position that the specimens of use (mp3 audio files) constituted mere advertising material.¹²⁶



Section 45 of the Lanham Act provides that, for goods, a mark is in “use in commerce” if “it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto” and “the goods are sold or transported in commerce.”¹²⁷

Duracell’s specimens of use were accompanied by a declaration stating that the mp3s were “audio messaging” played in stores where Duracell’s batteries are sold. The three-note sound, referred to as the “slamtone,” typically appears near the end of each advertisement, and is broadcast “as an inducement to purchasers to buy DURACELL batteries while shopping in the store.”¹²⁸ Thus, Duracell argued, the audio messaging is analogous to a traditional shelf talker.

The examining attorney was unimpressed, pointing out that “[t]he commercials are playing overhead in a store, and are not coming from a display at the point of purchase,” and also noting the lack of evidence that the commercials played in the stores increased sales of the batteries or induced a consumer to purchase the goods.¹²⁹

¹²⁵ *Id.*

¹²⁶ *In re Duracell U.S. Operations, Inc.*, 2023 U.S.P.Q.2d 861, at *5 (T.T.A.B. 2023).

¹²⁷ 15 U.S.C. § 1127.

¹²⁸ *Duracell*, 2023 U.S.P.Q.2d 861, at *2.

¹²⁹ *Id.*

The question, then, was whether Duracell's audio messaging constitutes a "display associated" with its batteries. The Board acknowledged that "mere advertising" does not qualify, but it found that Duracell's in-store messaging was "more than 'mere' advertising."¹³⁰

Specifically, unlike most television, radio, newspaper, Internet, billboard or other types of advertising that consumers might encounter at home, in their cars or in other non-retail locations, Applicant's advertising/"audio messaging" is transmitted repeatedly (often multiple times per hour) in retail locations where the identified goods are displayed and available for purchase. It can be heard in the section of the store where the goods are located. In fact, according to [Duracell's VP], the messaging/advertising is "clearly heard by shoppers at the shelves where DURACELL batteries are stocked."¹³¹

The Board reviewed several court and TTAB precedents regarding "displays associated with the goods" in a visual, rather than aural, context. It found particularly pertinent the standard laid out in *In re Bright of America, Inc.*,¹³² which held that to qualify as a trademark specimen, the display must be:

essentially point of sale material such as **banners, shelf talkers**, window displays, menus, or similar devices which **are designed to catch the attention of purchasers and prospective purchasers as an inducement to consummate a sale** and which **prominently display the mark in question and associate it or relate it to the goods** in such a way that an association of the two is inevitable even though the goods may not be placed in close proximity to the display or, in fact, even though the goods may not physically exist at the time a purchaser views the display.¹³³

The Board found that Duracell's sound mark "is played in the same messages that explain the benefits of Applicant's goods, including that DURACELL batteries are 'trusted,' and that DURACELL OPTIMUM batteries deliver 'extra life' in some devices

¹³⁰ *Id.* at *2-3. See *In re Siny Corp.*, 920 F.3d 1331, 2019 U.S.P.Q.2d 127099, at *2 (Fed. Cir. 2019) (quoting 15 U.S.C. § 1127); *In re Anpath Grp., Inc.*, 95 U.S.P.Q.2d 1377, 1380 (T.T.A.B. 2010) ("a clear 'line of demarcation' has been drawn between mere advertising materials, which have been found unacceptable as specimens showing use of a mark for goods, and point-of-purchase promotional materials which have been found acceptable as a display associated with the goods.").

¹³¹ *Id.* at *3.

¹³² 205 U.S.P.Q. 63, 71 (T.T.A.B. 1979) (deeming applicant's catalog page unacceptable as a specimen of trademark use).

¹³³ *Id.* at *71 (emphasis added by the Board).

and ‘extra power’ in others.”¹³⁴ These messages have been played “in tens of thousands of stores where Applicant’s batteries are sold, often multiple times per hour, and in total the ads in question, and the slamtone, aired more than 100 million times.”¹³⁵ “Thus, Applicant’s audio messaging is analogous to a display associated with the goods.”¹³⁶

7. Single Work Refusal

In re Wood

The law is clear that the title of a single creative work is not registrable as a trademark. But what if the work is offered in both English and a foreign language? The Board considered that question in affirming a refusal to register CHURCH BOY TO MILLIONAIRE for “Books in the field of faith-based coaching, personal development, motivational and inspirational topics; books in the nature of memoirs; books about personal development; printed matter in the field of personal development, namely, books, booklets, curricula, newsletters, magazines, printed periodicals.” The Board concluded that the proposed mark is the title of a single creative work and thus fails to function as a trademark for any of the identified goods. Applicant Douglas Wood contended that the book and its Spanish translation are different works, but he failed to show that the two books have different content.¹³⁷

“The title of a single creative work, such as a book, is not considered to be a trademark, and is therefore unregistrable.”¹³⁸ “Unlike a copyright that has a limited term, a trademark can endure for as long as the trademark is used. Therefore, once copyright protection ends, and the work falls in the public domain, others must have the right to call the work by its name.”¹³⁹

Wood argued that his specimen of use shows two books of different titles, CHURCH BOY TO MILLIONAIRE and DE CHICO DE IGLESIA A MILLONARIO, “marketed under the same mark.”¹⁴⁰ Wood contended that translation of a book “is not the type of inconsequential change such as a font change or file type where

¹³⁴ *Duracell*, 2023 U.S.P.Q.2d 861, at *5.

¹³⁵ *Id.* (internal quotation marks omitted).

¹³⁶ *Id.* Cf. *In re Sones*, 590 F.3d 1282, 93 U.S.P.Q.2d 1118, 1123 (Fed. Cir. 2009) (“The PTO recognizes that ‘[i]n effect, the website is an electronic retail store, and the web page is a shelf-talker or banner which encourages the consumer to buy the product.’”).

¹³⁷ *In re Wood*, 2023 U.S.P.Q.2d 975 (T.T.A.B. 2023).

¹³⁸ *In re MCDM Prods., LLC*, 2022 U.S.P.Q.2d 227, at *2 (T.T.A.B. 2022); *Herbko Int’l Inc. v. Kappa Books, Inc.*, 308 F.3d 1156, 64 U.S.P.Q.2d 1375, 1378 (Fed. Cir. 2002) (“This court’s precedent . . . clearly holds that the title of a single book cannot serve as a source identifier.”) (internal citation omitted).

¹³⁹ *MDCM*, at *3 n.2.

¹⁴⁰ *Wood*, 2023 U.S.P.Q.2d 975, at *2-3.

the content is unchanged.”¹⁴¹ “[T]he choice of translator ... will have a large impact on the version [of a work] that is created.”¹⁴²

The Board stated the issue as whether the Spanish-language version of Wood’s book is a “‘second or subsequent edition’ of the English version ‘in which the content [has] change[d] significantly.’”¹⁴³ The examining attorney pointed out that Wood did not argue or provide any evidence that the Spanish version of the English book has content that significantly differs from that of the English version. The Board agreed.

The Board acknowledged that a good translation requires that the translator have both linguistic and cultural skills, but even assuming the translator of Wood’s book applied such skills, that does not establish that the Spanish translation of Wood’s book contains significantly different content from the English version.

Moreover, Wood’s specimen of use displayed the two versions with links that allow a visitor to “GET THE BOOK TODAY” and “GET THE BOOK IN SPANISH,” “effectively confirming that the English- and Spanish-language versions of ‘THE BOOK’ are one and the same in content.”¹⁴⁴

We hasten to add that in rejecting Applicant’s categorical position, we are not holding that a translation could never result in a work that is significantly different in content from the translated work. We do not rule out the possibility that creating a translation could yield a “second or subsequent edition” of a book “in which the content [has] change[d] significantly.” TMEP § 1202.08(b). There is simply no evidence in the record here that the Spanish-language version of CHURCH BOY TO MILLIONAIRE is such a work.¹⁴⁵

¹⁴¹ *Id.* at *3.

¹⁴² *Id.*

¹⁴³ *Id.* at *4, quoting TMEP § 1202.8(b).

¹⁴⁴ *Id.* at *5.

¹⁴⁵ *Id.* at *6.

PART II. INTER PARTES CASES

A. *United States Court of Appeals for the Federal Circuit*

1. Section 2(d) Likelihood of Confusion

Naterra International, Inc. v. Bensalem

The Board fumbled the first three *DuPont* factors in denying a petition for cancellation of a registration for the mark BABIES' MAGIC TEA for "medicated tea for babies that treats colic and gas and helps babies sleep better." The Board found no likelihood of confusion with the registered mark BABY MAGIC for various toiletry goods (including baby lotion). The CAFC vacated the Board's decision because the basis for the Board's finding as to the second *DuPont* factor¹⁴⁶ was unclear, the Board had ignored certain evidence bearing on the third factor, and, perhaps most significantly, it erred in failing to weigh the first factor "heavily" in favor of Petitioner Naterra.¹⁴⁷

Although the Board found that the marks were "more similar than dissimilar," it gave "particular weight" to the lack of "probative evidence showing the relatedness of the parties' respective goods . . . coupled with the somewhat weak inherent nature of [Naterra's] BABY MAGIC mark, [and] the lack of demonstrated commercial strength (let alone fame) and similar trade channels."¹⁴⁸

With regard to the second *DuPont* factor (the similarity and nature of the goods), the Board rejected Naterra's expert witness testimony regarding other "umbrella" baby brand companies that purportedly sell both baby skin care products and baby ingestible product, as "unsupported by underlying evidence."¹⁴⁹ The CAFC, however, deemed this expert testimony to be "pertinent to the relatedness of the goods."¹⁵⁰ Moreover, Respondent Bensalem's counsel admitted at oral argument that third-party evidence is "absolutely very relevant."¹⁵¹ Because the court could not discern "whether the relevant evidence was properly evaluated," it remanded to the Board "for further consideration and explanation of its analysis under this factor."¹⁵²

¹⁴⁶ *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.

¹⁴⁷ *Naterra Int'l, Inc. v. Bensalem*, 2024 U.S.P.Q.2d 293 (Fed. Cir. 2024).

¹⁴⁸ *Id.* at *2.

¹⁴⁹ *Id.* at *3.

¹⁵⁰ *Id.*

¹⁵¹ *Id.*

¹⁵² *Id.*

As to the third *DuPont* factor (the similarity of established trade channels), the Board failed to address Bensalem’s admission response that stated that both parties “utilize similar channels of trade in connection with the trademarks.”¹⁵³ Noting that the Board did not identify any evidence showing a lack of similarity in trade channels, the CAFC directed the Board on remand to consider “all relevant evidence related to the second and third *DuPont* factors.”¹⁵⁴

The Board erred again in failing to weigh the first *DuPont* factor (the similarity of the marks) “heavily in favor of a likelihood of confusion finding.”¹⁵⁵ The CAFC found “instructive” its opinion in *Detroit Athletic*, in which it observed that, “in view of the marks’ structural similarity,” the lead words of DETROIT ATHLETIC CLUB and DETROIT ATHLETIC CO. “are their dominant portion and are likely to make the greatest impression on consumers.”¹⁵⁶ Here, as in *Detroit Athletic*, “the first *DuPont* factor should ‘weigh[] heavily in the confusion analysis.’”¹⁵⁷

2. Priority

Araujo v. Framboise Holdings Inc.

In a lackluster ruling, the CAFC affirmed the Board’s decision sustaining a Section 2(d) opposition to registration of the mark #TODECACHO for hair combs, on the ground of likelihood of confusion with Opposer Framboise Holdings Inc.’s common law mark shown below, for shampoo and other hair products. Applicant Jalmar Araujo argued that the Board abused its discretion when it extended Framboise’s testimony period on the last day, and further that the Board’s finding of priority in favor of Framboise was unsupported by substantial evidence. The CAFC disagreed.¹⁵⁸



Four days after requesting an extension of the trial period by seven days, Framboise filed the testimony declaration of its director,

¹⁵³ *Id.* at *4.

¹⁵⁴ *Id.*

¹⁵⁵ *Id.* at *5.

¹⁵⁶ *Id.*, quoting *In re Detroit Athletic Co.*, 903 F.3d at 1303-04, 128 U.S.P.Q.2d 1047 (Fed. Cir. 2018).

¹⁵⁷ *Id.*

¹⁵⁸ *Araujo v. Framboise Holdings Inc.*, 2024 U.S.P.Q.2d 791 (Fed. Cir. 2024).

Adrian Extrakt. The Board granted the request for extension, finding that the few days of delay was minimal and that Framboise had met the applicable good faith standard. The Board then concluded that the Extrakt declaration was sufficient to prove prior use because it was clear, convincing, and uncontradicted.

Abuse of Discretion: The CAFC reviews the Board’s application of its own rules for abuse of discretion.¹⁵⁹ Looking to Rule 6(b) of the Federal Rules of Civil Procedure¹⁶⁰ and to Section 509.1 of the Trademark Board Manual of Procedure (“TBMP”),¹⁶¹ the CAFC observed that, when a party seeks an extension of time before the closing of a time period, the Board may grant the motion for good cause shown. “[T]he Board is liberal in granting extensions of time before the period to act has elapsed, so long as the moving party has not been guilty of negligence or bad faith and the privilege of extensions is not abused.”¹⁶² The TBMP further provides that “[a] motion to extend must set forth with particularity the facts said to constitute good cause for the requested extension.”¹⁶³

Araujo argued that Framboise failed to allege facts that constituted good faith, and therefore that the Board abused its discretion in granting the extension. Not so, said the CAFC. The Board had examined the record, found no evidence of bad faith or negligence, and noted that this was Framboise’s first request for extension, that Framboise had submitted the bulk of its evidence during the original testimony period, and that the four-day delay in filing was “minimal.”¹⁶⁴ The CAFC deemed those findings “not clearly erroneous.”¹⁶⁵

The appellate court also found that, although Framboise’s motion did not provide “the particular facts surrounding the need

¹⁵⁹ *Id.* at *2, citing *Ultratec, Inc. v. CaptionCall, LLC*, 872 F.3d 1267, 1271 (Fed. Cir. 2017).

¹⁶⁰ Rule 6(b)(1) provides as follows:

(b) Extending Time.

- (1) In General. When an act may or must be done within a specified time, the court may, for good cause, extend the time:
 - (A) with or without motion or notice if the court acts, or if a request is made, before the original time or its extension expires; or
 - (B) on motion made after the time has expired if the party failed to act because of excusable neglect.

¹⁶¹ TBMP § 509.01(a), citing Rule 6(b), states that “[i]f the motion is filed prior to the expiration of the period . . . the moving party need only show good cause for the requested extension.” Note: the TBMP is not the law: *see* Introduction to TBMP (June 2024 edition), which states: “The manual does not modify, amend, or serve as a substitute for any existing statutes, rules, or decisional law and is not binding upon the Board, its reviewing tribunals, the Director, or the USPTO.”

¹⁶² *Araujo*, at *2, quoting *Am. Vitamin Prods. Inc. v. Dowbrands Inc.*, 22 U.S.P.Q.2d 1313, 1314 (T.T.A.B. 1992).

¹⁶³ TBMP § 509.01(a).

¹⁶⁴ *Araujo*, at *2.

¹⁶⁵ *Id.*

for an extension,” email correspondence attached to Araujo’s response to the motion indicated that Framboise “was experiencing an unexpected delay.”¹⁶⁶

The CAFC concluded that the Board applied the correct good cause standard and reasonably found good cause to grant the extension; and so, it did not abuse its discretion.¹⁶⁷

Proof of Priority: The Board’s determination of priority is a question of fact reviewed for substantial evidence.¹⁶⁸ Araujo maintained that Framboise’s priority date was not supported by substantial evidence “because the Board relied on the testimony of a single interested witness, Extrakt, and . . . his declaration was merely naked general assertions of prior use.”¹⁶⁹

The Board had found the Extrakt Declaration to be “clear, convincing, and uncontradicted.”¹⁷⁰ The declaration included a list of products and specific dates of first use, along with representative examples of the mark as displayed on products in stores. Araujo did not offer any evidence, nor did he depose Extrakt.

When presented with the evidence provided in the Extrakt declaration and nothing to contradict it, a reasonable mind could conclude that Framboise had established its priority date by a preponderance of the evidence. The Board’s decision finding that Framboise was entitled to a priority date of March 24, 2017, was therefore supported by substantial evidence. See *Powermatics, Inc. v. Globe Roofing Prods. Co., Inc.*, 341 F.2d 127, 130 (CCPA 1965) (“[O]ral testimony, if sufficiently probative, is normally satisfactory to establish priority of use in a trademark proceeding . . .”).¹⁷¹

3. Fraud

Great Concepts, LLC v. Chutter, Inc.

In a significant fraud ruling, the Board had ordered cancellation of Great Concepts, LLC’s registration for the mark DANTANNA’S for restaurant services, finding that Great Concepts’ counsel had signed a Section 15 Declaration of Incontestability with reckless disregard for the truth, and ruling for the first time that “reckless

¹⁶⁶ *Id.*

¹⁶⁷ *Id.* at *2-3.

¹⁶⁸ *Id.* at *3, citing *Lyons v. Am. Coll. of Veterinary Sports Med. & Rehab.*, 859 F.3d 1023, 1028 (Fed. Cir. 2017).

¹⁶⁹ *Id.*

¹⁷⁰ *Id.*

¹⁷¹ *Id.* at *3-4.

disregard is equivalent to intent to deceive and satisfies the intent to deceive requirement” for a fraud claim.¹⁷²

A divided panel of the CAFC reversed, concluding that “a Section 14 cancellation proceeding is not available as a remedy for a fraudulent Section 15 incontestability declaration.”¹⁷³ The CAFC remanded the case to the Board for consideration of “whether to declare that Great Concepts’ mark does not enjoy incontestable status and to evaluate whether to impose other sanctions on Great Concepts or its attorney.”¹⁷⁴

The CAFC panel majority focused on the language of Section 14 of the Lanham Act, which “permits a third party to file ‘[a] petition to cancel a registration of a mark’ ‘[a]t any time if’ the registered mark’s ‘registration was *obtained fraudulently*.’”¹⁷⁵

“Obtaining” has a plain and ordinary meaning, “[t]o get hold of by effort; to gain possession of; to procure; to acquire, in any ways.” *W. Union Tel. Co. v. Hansen & Rowland Corp.*, 166 F.2d 258, 260-61 (9th Cir. 1948) (quoting *Webster’s New International Dictionary*, 2d ed. at 1682); see also *Obtain*, *Black’s Law Dictionary* (11th ed. 2019) (“To bring into one’s own possession; to procure, esp. through effort”).¹⁷⁶

The question, then, was what did Great Concepts obtain? The panel majority found this question “not difficult to answer.”¹⁷⁷

What Great Concepts acquired through Mr. Taylor’s fraudulent Section 15 declaration was incontestable status for its already-registered trademark. Under the Lanham Act, registration and incontestability are different rights. *** Hence, fraud committed in connection with obtaining incontestable status is distinctly not fraud committed in connection with obtaining the registration itself.¹⁷⁸

The panel majority noted that Section 14 lists a number of bases for cancellation of a registration,¹⁷⁹ but fraud committed in connection with an incontestability declaration is not one of them. “When, as here, Congress sets out a lengthy list of statutory

¹⁷² *Chutter, Inc. v. Great Management Group, LLC*, 2021 U.S.P.Q.2d 1001, at *24 (T.T.A.B. 2021). In *Look Cycle International v. Kunshan Qiyue Outdoor Sports Goods Co.*, 2024 U.S.P.Q.2d 1424 (T.T.A.B. 2024), the Board confirmed its ruling in *Chutter* that intent to deceive can be inferred from a reckless disregard for the truth.

¹⁷³ *Great Concepts, LLC v. Chutter, Inc.*, 2023 U.S.P.Q.2d 1215, at *9 (Fed. Cir. 2023).

¹⁷⁴ *Id.*

¹⁷⁵ *Great Concepts*, 2023 U.S.P.Q.2d 1215, at *5, quoting Section 14 of the Lanham Act, 15 U.S.C. § 1064 (emphasis by the Board).

¹⁷⁶ *Id.*

¹⁷⁷ *Id.*

¹⁷⁸ *Id.*

¹⁷⁹ *Id.* at *6 (“including likelihood of confusion, abandonment, dilution, deceptiveness, and if the mark is merely descriptive or has become generic or functional”).

provisions, we will not lightly add to that list, lest we contradict what may well have been an intentional omission.”¹⁸⁰

Chutter and dissenting Judge Reyna contended that “if the only consequence for filing a fraudulent affidavit in pursuit of incontestability is the loss of incontestability, there is no consequence, since the mark owner was not entitled to incontestable status in the first place.”¹⁸¹ The panel majority, however, dismissed the argument that its ruling will encourage fraud.

[N]othing in this opinion should be read to mean that the Board is powerless to address fraud, including fraud committed solely in conjunction with the filing of a Section 15 declaration. *** [W]e are in full agreement with the parties that, at minimum, the Board may sanction any attorney who commits fraud before it.¹⁸²

The panel majority pointed out that its ruling makes only this one remedy unavailable, “leaving the Board, we expect, with sufficient mechanisms to adequately deter fraud.”¹⁸³

Even if it were true that our decision would result in an unwelcome increase in fraud perpetrated against the Board—which, again, we do not believe it will—we would nonetheless adhere to the unambiguous language of the statute. *** Whether we would prefer a different result be reflected in the statute is irrelevant to our responsibility to decide the case before us based on the law as it exists.¹⁸⁴

4. Entitlement to a Statutory Cause of Action

Luca McDermott Catena Trust v. Fructuoso-Hobbs SL

The CAFC ratified the Board’s dismissal of two petitions for cancellation on the ground of lack of entitlement to a statutory cause of action under Section 14 of the Lanham Act.¹⁸⁵ The appellant trust,

¹⁸⁰ *Id. See, e.g.,* Schlafly v. Saint Louis Brewery, LLC, 909 F.3d 420, 425 (Fed. Cir. 2018) (“The statutory interpretative canon of *expressio unius est exclusio alterius* provides that ‘expressing one item of [an] associated group or series excludes another left unmentioned.’”).

¹⁸¹ *Id.* at *8.

¹⁸² *Id.* at *9.

¹⁸³ *Id.*

¹⁸⁴ *Id. See, e.g.,* W. Union Tel. Co. v. Lenroot, 323 U.S. 490, 501 (1945) (“[W]e take the Act as Congress gave it to us, without attempting to confirm it to any notions of what Congress would have done if the circumstances of this case had been put before it.”).

¹⁸⁵ Section 14 of the Lanham Act, 15 U.S.C. § 1064, provides in pertinent part that “A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed . . . by any person who believes that he is or will be damaged, including as a result of a likelihood of dilution by blurring or dilution by tarnishment under section 1125(c) of this title, by the registration of a mark on the principal register established by this chapter”

a limited partner of the Paul Hobbs Winery, challenged registrations for the marks ALVAREDOS-HOBBS and HILLICK AND HOBBS on two grounds (likelihood of confusion and fraud), but it failed to satisfy the *Lexmark* test¹⁸⁶ because appellant lacked a direct commercial interest in the PAUL HOBBS mark being asserted, and because any injury appellant might suffer was too remote.¹⁸⁷

The CAFC first looked to whether the appellant had Article III standing (“constitutional standing”), and then turned to the question of appellant’s entitlement to a statutory cause of action.

Article III Standing: The CAFC observed that, “although Article III standing is not necessarily a requirement to appear before an administrative agency, once a party seeks review in a federal court, ‘the constitutional requirement that it have standing kicks in.’”¹⁸⁸

“To establish constitutional standing, Appellant ‘must show (i) that [it] suffered an injury in fact that is concrete, particularized, and actual or imminent; (ii) that the injury was likely caused by [Appellees]; and (iii) that the injury would likely be redressed by judicial relief.’”¹⁸⁹

The CAFC had “little trouble” concluding that the appellant’s alleged injury—the diminishment in value of its investment in Hobbs Winery—satisfied the “injury-in-fact” requirement.¹⁹⁰ “Such a monetary injury is undoubtedly ‘concrete.’ Indeed, the Supreme Court has long recognized that ‘traditional tangible harms,’ such as monetary harms, ‘readily qualify as concrete injuries under Article III.’”¹⁹¹ Furthermore, the appellant’s injury is “particularized” because it affects the appellant personally and individually, and the injury is “actual or imminent,” not just “conjectural or hypothetical.”¹⁹²

The causation requirement was satisfied because “[t]he allegedly unlawful registrations of Appellees’ marks cause a diminishment of value in Appellant’s Hobbs Winery ownership interest.”¹⁹³ And “there can be no doubt that Appellant’s injury would be redressed by a favorable decision.”¹⁹⁴

¹⁸⁶ *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118, 109 U.S.P.Q.2d 2061 (2014).

¹⁸⁷ *Luca McDermott Catena Trust v. Fructuoso-Hobbs SL*, 2024 U.S.P.Q.2d 941 (Fed. Cir. 2024).

¹⁸⁸ *Id.* at *4.

¹⁸⁹ *Id.*, quoting *TransUnion LLC v. Ramirez*, 594 U.S. 413, 423 (2021) (citing *Lujan v. Defs. of Wildlife*, 504 U.S. 555, 560-61 (1992)).

¹⁹⁰ *Id.*

¹⁹¹ *Id.*, quoting *TransUnion*, 594 U.S. at 425; see *Spokeo, Inc. v. Robins*, 578 U.S. 330, 340 (2016).

¹⁹² *Id.* at *5.

¹⁹³ *Id.*

¹⁹⁴ *Id.* at *6.

The CAFC was therefore satisfied that the appellant met its burden as to Article III standing.

Entitlement to a Statutory Cause of Action: The question, then, was “whether Appellant falls within the class of plaintiffs who Congress has authorized to seek cancellation of Appellees’ trademark registrations under 15 U.S.C. § 1064.”¹⁹⁵ The Board concluded that it did not and the CAFC agreed.

[W]e apply the analytical framework set forth by the Supreme Court in *Lexmark*, which provides two requirements to establish an entitlement to a statutory cause of action. 572 U.S. at 129; see *Corcamore, LLC v. SFM, LLC*, 978 F.3d 1298, 1305 (Fed. Cir. 2020) (holding that *Lexmark* controls the statutory cause of action analysis under § 1064). First, Appellant must show that its interests fall within the “zone of interests” that Congress intended to protect in enacting the relevant statute. *Lexmark*, 572 U.S. at 129. Second, Appellant must show that its injuries are proximately caused by Appellees’ alleged violation of that statute. *Id.* at 132. In other words, Appellant must establish that its harm is not “too remote” from Appellees’ alleged unlawful conduct. *Id.* at 133.¹⁹⁶

The *Lexmark* analysis has “no meaningful, substantial difference” from the test traditionally applied by the CAFC: “whether a trademark challenger has demonstrated a real interest in cancelling the [registered trademarks at issue] and a reasonable belief that the [registered trademarks] are causing it damage.”¹⁹⁷ Each of the tests is meant to exclude only the claims of “mere intermeddlers or . . . meddlesome parties acting as self-appointed guardians of the Register.”¹⁹⁸

A petitioner can satisfy the “zone of interests” requirement by showing that it has a “legitimate commercial interest” vis-a-vis the challenged mark.¹⁹⁹ The court concluded that, because the only basis for the appellant’s challenge is its minority interest in the owner of the mark, and not its own commercial activity, “it is not within the zone of interests entitled to seek cancellation of those marks under Section 1064.”²⁰⁰

That conclusion is supported by the Supreme Court’s guidance that Congress’s intent in enacting the Lanham Act

¹⁹⁵ *Id.*

¹⁹⁶ *Id.*

¹⁹⁷ *Id.*, citing *Corcamore*, 978 F. 3d at 1304 (quoting *Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 753 F.3d 1270, 1274 (Fed. Cir. 2014)).

¹⁹⁸ *Id.*, citing *Corcamore*, 978 F. 3d at 1304 (quoting *Selva & Sons, Inc. v. Nina Footwear, Inc.*, 705 F.2d 1316, 1235-26 (Fed. Cir. 1983)).

¹⁹⁹ *Id.* at *7, quoting *Empresa Cubana*, 753 F.3d 1270, at 275.

²⁰⁰ *Id.*

was to provide a cause of action to persons *engaged in commerce*, not consumers, as well as our case law proscribing “mere intermeddlers” from seeking cancellation of challenged marks. * * *. While Appellant, who, after all, owns up to 21.6% of Hobbs Winery, is not properly called an “intermeddler,” it indeed lacks the direct commercial interest in the registration at issue that the trademark laws contemplate as providing a basis for a cause of action.²⁰¹

Finally, the CAFC observed that, even if the appellant’s claims fell within the zone of interests of Section 1064, it could not satisfy the proximate causation requirement. The applicant’s injury is derivative: absent injury to Hobbs Winery’s mark, there can be no injury to appellant. In sum, the appellant’s injury, like that of the landlord or the electric company mentioned in *Lexmark*, is too remote to provide the appellant with a cause of action under Section 1064.

B. Trademark Trial and Appeal Board

1. Section 2(d) Likelihood of Confusion

KME Germany GmbH v. Zhejiang Hailiang Co.

In an exhaustive and exhausting opinion, the Board sustained an opposition to registration of the mark HME in the stylized form shown below, for various types of pipes and other building products, finding confusion likely with opposer’s standard character mark KME for overlapping goods.²⁰² Cruising through the *DuPont* factors, the Board noted that there was no dispute regarding the similarity of the goods, channels of trade, and classes of consumers. The Board found Opposer KME’s mark to be “inherently distinctive and conceptually strong, of average commercial strength.”²⁰³ “Opposer’s history of renaming and restructuring itself, combined with Opposer’s prior ownership of Applicant’s brass division, industry norms concerning legal entity changes, and the similarities between the marks and the goods sold thereunder, outweigh any sophisticated purchasing decision.”²⁰⁴ And the parties’ market interface weighed slightly in favor of the opposer “to the extent the

²⁰¹ *Id.*

²⁰² *KME Germany GmbH v. Zhejiang Hailiang Co.*, 2023 U.S.P.Q.2d 1136 (T.T.A.B. 2023). [Author’s note: On January 10, 2025, the United States District Court for the Eastern District of Virginia reversed the Board’s decision and ordered the USPTO to issue a registration for the opposed mark. As of this writing, it remains to be seen whether the District Court’s decision will be appealed, and if so, whether it will be upheld.]

²⁰³ *Id.* at *20.

²⁰⁴ *Id.* at *19-20.

parties acknowledged a need for Applicant to choose a non-confusingly similar mark.”²⁰⁵



In 2019, Applicant Zhejiang effectively acquired the assets of Opposer KME’s brass division and tube manufacturing business. Zhejiang manufactures, advertises and sells, under the stylized HME mark, goods that KME previously sold, to customers who previously were KME’s customers in the United States.

KME and Zhejiang agreed in their Asset Purchase Agreement (“APA”) that KME would “maintain sole rights in the designation ‘KME’ for use as a trademark” and that applicant would “eliminate references to ‘KME’” and “cease making use of the trade names and product or service marks of [Opposer] or confusingly similar designations or trademarks.”²⁰⁶

The Marks: The Board found the involved marks to be similar in appearance, sound, connotation, and commercial impression. “Although the marks begin with different letters, K versus H, the last two letters, ME, are identical, so they sound somewhat similar. Moreover, the letters K and H are visually similar—both have an overall rectangular shape consisting only of straight lines, both have a vertical straight line on their left sides, and another line extending to the right from roughly the middle section of that vertical line.”²⁰⁷

The stylization of Applicant Zhejiang’s mark is “minimal.”²⁰⁸ Moreover, Zhejiang displays its mark in a similar “blocky” font as that shown in Opposer KME’s uses of its mark (below):²⁰⁹



There was no evidence that either mark has any meaning or significance regarding the involved goods.

²⁰⁵ *Id.* at *20.

²⁰⁶ *Id.* at *4.

²⁰⁷ *Id.* at *9.

²⁰⁸ *Id.*

²⁰⁹ *Id.*

The Board observed that “it is inherently difficult for consumers to distinguish between marks involving similar letters,”²¹⁰ finding it “more likely than not” that “consumers will remember the overall commercial impressions of the marks, which we find similar, largely due to the structural and visual similarities between the marks”²¹¹ Although there are some specific differences between the marks, “these differences are outweighed by the marks’ overall similarities.”²¹²

Strength of Opposer KME’s Mark: KME claimed that “KME” is a “well-known mark” because the KME “is an internationally acclaimed producer in its product market, and because it is known by the mark KME.”²¹³ The Board pointed out, however, that “nowhere in the Lanham Act itself is the well known mark doctrine specified.”²¹⁴ The opposer claimed use of the KME mark for 25 years, but it provided only worldwide revenue and advertising figures. It offered no evidence of market share in the United States, and its evidence of media attention was not probative regarding reputation of the mark in this country.²¹⁵

Applicant Zhejiang contended that KME was entitled to only a narrow scope of protection because the letters “ME” are in frequent use in the metals industry to refer to “metal,” pointing to eight existing registrations and uses. However, only two of those marks involved similar goods and they were distinguishable: “the ACME mark comprises an English word defined as ‘the highest point; summit; peak.’ And the stylized DME mark is a clear reference to the company’s name, as shown on the webpage for DME STEEL.”²¹⁶

In any case, even if one assumed that the letters “ME” are highly suggestive of “metal” and are widely used in the metals industry, “it

²¹⁰ *Id.* at *10, quoting *Crystal Corp. v. Manhattan Chem. Mfg. Co.*, 75 F.2d 506, 25 U.S.P.Q. 5, 6 (C.C.P.A. 1935) (“We think that it is well known that it is more difficult to remember a series of arbitrarily arranged letters than it is to remember figures, syllables, words, or phrases. The difficulty of remembering such lettered marks makes confusion between such marks, when similar, more likely.”).

²¹¹ *Id.*

²¹² *Id.* at *11.

²¹³ *Id.*

²¹⁴ *Id.*, quoting *Fiat Grp. Autos. S.p.A. v. ISM, Inc.*, 94 U.S.P.Q.2d 1111, 1115 (T.T.A.B. 2010) (“Under the ‘well known mark’ doctrine, also known as the ‘foreign famous mark’ doctrine, a party asserts that its mark, while as yet unused in the United States, has become so well known here that it may not be registered by another.”).

²¹⁵ *Id.* at *12. *See Hard Rock Cafe Licensing Corp. v. Elsea*, 48 U.S.P.Q.2d 1400, 1405 (T.T.A.B. 1998) (“While the alleged fame of opposer’s mark is a factor to consider in relation to opposer’s claim of likelihood of confusion, only the fame of opposer’s mark among consumers in the United States is of relevance to us. The renown of opposer’s marks outside the United States or exposure of the foreign public to opposer’s marks is irrelevant.”)

²¹⁶ *Id.* at *15.

does not follow that Opposer's mark KME, which comprises a three-letter combination, also is conceptually or commercially weak."²¹⁷

In sum, the applicant's evidence of third-party uses and registrations "does not show that Opposer's mark KME is conceptually or commercially weak."²¹⁸

Customer Sophistication: Opposer KME's witness testified that suppliers in the metal industry, such as KME, "often undergo name changes, mergers, spinoffs, and other changes to their legal form," and consequently "even sophisticated customers are likely to be confused as to the origin of the goods associated with the HME mark because of [Opposer's] history of changing its name, [Opposer's] prior ownership of [Applicant's] brass division, and industry norms in this regard."²¹⁹

Market Interface: The tenth *DuPont* factor requires the Board to consider the "market interface" between the parties, including evidence of any past dealings between the parties that might indicate a lack of confusion.

This case presents an opportunity for the Board to expand the types of "market interfaces" relevant under the tenth *DuPont* factor to include the sale of a portion of an ongoing business to a direct competitor, and to consider the impact of certain "agreement provisions" in the APA "designed to preclude confusion."²²⁰

The Board noted that, according to *DuPont*, when the parties enter into an agreement stating that confusion won't occur, "the scales of evidence are clearly tilted" against a finding of likely confusion.²²¹ The Board concluded that this same rationale applies in the context of the APA, where the parties, who are "most familiar with use in the marketplace and most interested in precluding confusion[,] enter[ed] into an agreement designed to avoid it."²²²

Opposer and Applicant, who are competitors in the metals industry, included a specific contractual provision in the APA requiring Applicant not to use a confusingly similar mark after ceasing use of Opposer's mark and name. We apply this reverse presumption to the facts of this case, and find the market interface factor weighs slightly in favor of a finding of likelihood of confusion, to the extent the parties

²¹⁷ *Id.*

²¹⁸ *Id.*

²¹⁹ *Id.* at *8-9.

²²⁰ *Id.* at *16, quoting *DuPont*, 177 U.S.P.Q.2d at 567.

²²¹ *Id.*, quoting *DuPont* at 568.

²²² *Id.*, quoting *DuPont* at 568.

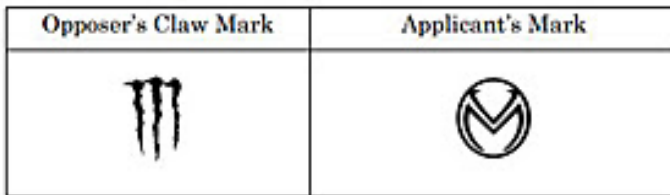
acknowledged a need for Applicant to choose a non-confusingly similar mark per APA § 19.5.2.²²³

Actual Confusion: Opposer KME pointed to four emails purportedly evidencing actual confusion, but they concerned European customers and had no relevance here. However, the absence of evidence of actual confusion was not a factor favorable to the applicant because the parties have used their marks contemporaneously for only three years, which does not amount to “a reasonable period of time and opportunity for confusion to have occurred.”²²⁴

Conclusion: The Board concluded that Opposer KME proved its claim of likelihood of confusion by a preponderance of the evidence.

Monster Energy Co. v. Critical Role, LLC

In another questionably precedential ruling, the Board granted Applicant Critical Role, LLC’s motion for summary judgment and dismissed Monster Energy’s Section 2(d) claim, deeming the first *DuPont* factor to be dispositive. Monster boldly alleged a likelihood of confusion between its registered “Claw” design mark for various goods and services, and Critical Role’s “Circled MV” design mark for goods and services in eight classes. No way, said the Board.²²⁵



The Board characterized Monster’s mark as “three downward jagged and crooked lines of approximately equal size that resemble claw scratches and are connected at right angles.”²²⁶ Critical Role’s mark (which it described as the “stylized letters ‘V’ and ‘M’ oriented vertically within a circle”) “consists of smooth lines, with two lines curving down to follow the shape of a background circle, two shorter lines which are diagonal and meet in the middle of the design, and two additional, diagonal lines which appear above the other lines

²²³ *Id.* at *16-17. The fact that the parties “acknowledged a need for Applicant to choose a non-confusingly similar mark” seems to this writer to be irrelevant to the question of whether consumers would perceive the marks as confusingly similar.

²²⁴ *Id.* at *18. *See, e.g.*, *Top Tobacco, L.P. v. N. Atl. Operating Co., Inc.*, 101 U.S.P.Q.2d 1163, 1174-75 (T.T.A.B. 2011) (absence of actual confusion may be probative where there has been a reasonable period of time and opportunity for confusion to have occurred).

²²⁵ *Monster Energy Co. v. Critical Role, LLC*, 2023 U.S.P.Q.2d 1382 (T.T.A.B. 2023).

²²⁶ *Id.* at *4.

and extend from the background circle to meet in the middle of the design.”²²⁷

Unlike Applicant’s mark, there is nothing circular in Opposer’s Claw Mark, and Applicant’s mark does not resemble claw scratches. When the marks are perceived in their entirety, these clear visual distinctions between the marks create very different commercial impressions. * * * The letter M as presented in the marks is stylized with such different shapes and types of lines that the marks as a whole do not resemble one another. With marks this different, confusion is unlikely.²²⁸

Critical Role did not move for summary judgment as to Monster’s Section 43(c) dilution-by-blurring claim, but it maintained that the ruling on the Section 2(d) claim rendered the dilution claim moot. Not so, said the Board, pointing to Section 43(c)(1), which states that a claim for dilution is available “regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.”²²⁹

The Board therefore resumed the proceeding with respect to the dilution claim.²³⁰

2. Priority

Laverne J. Andrusiek v. Cosmic Crusaders LLC

Comic book artist Laverne J. Andrusiek made “actual use” of his mark CAPTAIN CANNABIS for comic books in 2017, but he first began using that term as the name of a character beginning in 2006. The Board accepted that earlier usage as use analogous to trademark use, awarded Andrusiek priority, and granted his Section 2(d) petition for cancellation of Respondent Cosmic Crusaders’ registration for the identical mark for identical goods.²³¹

“The analogous use doctrine allows a party to claim priority as of when it is established that the mark is associated in the mind of the consumer with a source for the goods.”²³² However, “actual

²²⁷ *Id.*

²²⁸ *Id.*

²²⁹ *Id.* at *5.

²³⁰ Monster Co. subsequently withdrew its opposition, apparently recognizing, in light of the Board’s decision on the non-similarity of the marks, that its chances of proving dilution by blurring were slim to none.

²³¹ *Laverne J. Andrusiek v. Cosmic Crusaders LLC*, 2024 U.S.P.Q.2d 21 (T.T.A.B. 2024).

²³² *Id.* at *4, quoting *Cent. Garden & Pet Co. v. Doskocil Mfg. Co.*, 108 U.S.P.Q.2d 1134, 1145 (T.T.A.B. 2013).

trademark use must follow the analogous use within a commercially reasonable period of time.”²³³

Respondent Cosmic Crusaders was entitled to rely on the April 2, 2014, filing date of its underlying application as its constructive date of first use.

Beginning in 1999, Andrusiek promoted “Captain Cannabis” as the name of a character in an adult animated series that was “in development.”²³⁴ In that year he also registered the domain name “captaincannabis.com.” In 2006, he sold copies of comic books featuring the character and displayed the comic books at a comic convention in 2013. He also received some media attention prior to 2014. The evidence suggested that by 2013–2014, Andrusiek’s CAPTAIN CANNABIS mark was “reasonably well-known” in the comic book market and among marijuana consumers, “even if the numbers are not large in absolute terms, and was reasonably well-known prior to Respondent’s priority date.”²³⁵

Petitioner’s mark had received regional and national attention in niche publications and media, and Petitioner had promoted [his] mark on a national level, including through trade shows, social media, and the Internet. We find that the evidence considered in its entirety establishes that Petitioner garnered sufficient notoriety from his pre-sales activities to support a finding that his analogous use “is of such a nature and extent as to create public identification of the target term with the [petitioner’s] product.”²³⁶

The question, then, was whether Andrusiek made technical trademark use (or “actual use,” as the Board put it) of the CAPTAIN CANNABIS mark within a reasonable time after his analogous use.²³⁷ Andrusiek submitted evidence of such technical trademark use from 2016 and 2017, including displays of comic book covers on Amazon, on YouTube, and in other media.

Petitioner’s testimony and documentary evidence demonstrate that he has been selling the “420” comic book that included the CAPTAIN CANNABIS character continuously since 2006 to the present, including during 2013–14, and that by 2017, Petitioner sold comic books under the mark CAPTAIN CANNABIS. We find Petitioner’s actual

²³³ *Id.* at *6. See *Dyneer Corp. v. Auto. Prods., plc*, 37 U.S.P.Q.2d 1251, 1255 (T.T.A.B. 1995) (“With use analogous to trademark use, the proper inquiry generally is whether any delay between such use and actual, technical trademark use is commercially reasonable.”).

²³⁴ *Id.* at *7.

²³⁵ *Id.* at *9.

²³⁶ *Id.*, quoting *T.A.B. Sys. v. PacTel Teletrac*, 77 F.3d 1272, 37 U.S.P.Q.2d 1879, 1882 (Fed. Cir. 1996).

²³⁷ *Id.* at *7.

trademark use in 2017 to be within a commercially reasonable period of time following his analogous use in 2013–14 so as to create a “continuing association of the mark” with Petitioner’s goods.²³⁸

Viewing the evidence as a whole, “as if each piece of evidence were part of a puzzle,” the Board found that “when fitted together,”²³⁹ the puzzle pieces established prior use by Andrusiek.

And so, the Board granted the petition for cancellation.

3. Abandonment

Adamson Systems Engineering, Inc. v. Peavey Electronics Corp.

Peavey Electronics was unable to ward off Adamson System’s petition for cancellation of a registration for the mark CS for “amplifiers” on the ground of abandonment. Peavey’s domestic sales under the mark were de minimis during the period 2026 to 2021 and were “insufficient to constitute bona fide use of that mark in the ordinary course of trade.”²⁴⁰ Neither residual goodwill nor re-sale of branded goods solved the problem. And there was no evidence “showing any intention to resume use of the mark, much less evidence excusing Respondent’s extended period of nonuse.”²⁴¹

Under the Lanham Act, there are two elements to a claim of abandonment for nonuse: (1) use of the mark has been discontinued, (2) with intent not to resume use.²⁴² A mark registered on the Principal Register is presumed to be valid (Section 7(b)),²⁴³ and therefore “the burden of persuasion in a cancellation proceeding rests on the party seeking to cancel the registration A party seeking to cancel a registration must overcome the registration’s

²³⁸ *Id.* at *10.

²³⁹ *Id.*, quoting *W. Fla. Seafood Inc. v. Jet Rests. Inc.*, 31 F.3d 1122, 31 U.S.P.Q.2d 1660, 1663 (Fed. Cir. 1994).

²⁴⁰ *Adamson Systems Engineering, Inc. v. Peavey Electronics Corp.*, 2023 U.S.P.Q.2d 1293. At *12 (T.T.A.B. 2023). See *Executive Coach Builders v. SPV Coach*, 123 U.S.P.Q.2d 1175, 1197 (T.T.A.B. 2017) (isolated, de minimis uses insufficient to constitute use of a mark in ordinary course of trade); *Lens.com, Inc. v. 1-800 Contacts, Inc.*, 686 F.3d 1376, 103 U.S.P.Q.2d 1672, 1677 (Fed. Cir. 2012) (sporadic, casual, and nominal use did not amount to use in the ordinary course of trade).

²⁴¹ *Id.* at *17.

²⁴² *Id.* at *7.

²⁴³ 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.

presumption of validity by a preponderance of the evidence.”²⁴⁴ Under Section 45 of the Act, if a petitioner can show three consecutive years of nonuse, that establishes a prima facie case of abandonment, creating a rebuttable presumption that use of the mark was discontinued with intent not to resume use.²⁴⁵

“The term ‘use in commerce’ means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark.”²⁴⁶ Prior to passage of the Trademark Law Revision Act (“TLRA”) in 1988, “token sales and sporadic, casual, and nominal shipments of goods bearing a mark were insufficient to avoid a prima facie finding of abandonment.”²⁴⁷ “The pre-TLRA cases remain instructive because if a use does not meet the old pre-1989 ‘token use’ standard, then it certainly will not rise to the higher level of ‘use’ set forth in the TLRA.”²⁴⁸

Once again, “looking at the evidence as a whole, as if each piece were part of a puzzle to be fitted together,”²⁴⁹ the Board found that Peavey’s use of the CS mark was “sporadic, casual, and nominal” from 2016 through 2021, and “would not even meet the lower, pre-TLRA standard of use in commerce, much less the current higher standard of bona fide use made in the ordinary course of trade.”²⁵⁰

[The] evidence indicates that there was bona fide domestic use of the CS mark on amplifiers in the ordinary course of trade from 2012 through 2015. In the 2012-2015 period, Respondent’s domestic sales, measured in dollar amounts, were in the five-to-six figure range annually. But after 2013, when Respondent last advertised the CS amps in its domestic catalogs, domestic sales plummeted, rapidly dwindling to single digits and then zero at some points in the critical 2016-2021 time frame.²⁵¹

²⁴⁴ *Adamson Systems*, 2023 U.S.P.Q.2d 1293, at *7, quoting *Cold War Museum, Inc. v. Cold War Air Museum, Inc.*, 586 F.3d 1352, 92 U.S.P.Q.2d 1626, 1628 (Fed. Cir. 2009).

²⁴⁵ *Id.* Section 45 of the Lanham Act, 15 U.S.C. § 1127, in pertinent part, states that:

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.

²⁴⁶ Section 45 of the Lanham Act, 15 U.S.C. § 1127.

²⁴⁷ *Adamson Systems*, 2023 U.S.P.Q.2d 1293, at *8.

²⁴⁸ *Id.* at *9, quoting J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 19:111 (5th ed.).

²⁴⁹ *Id.* at *12, citing *W. Fla. Seafood Inc. v. Jet Rests. Inc.*, 31 F.3d 1122, 31 U.S.P.Q.2d 1660, 1663 (Fed. Cir. 1994).

²⁵⁰ *Id.* at *10.

²⁵¹ *Id.* at *11.

Peavey argued that “[a] mark is only abandoned when all trademark significance, including residual good will, is lost.”²⁵² The Board was unmoved. Referring to the statutory definition of abandonment in Section 45, the Board observed that “[t]he second part of the statute provides that a mark shall be deemed to be abandoned” when the mark “lose[s] its significance as a mark.”²⁵³ However, the first part of the definition “speaks not to remembrance of things past, but to **use**. Under its terms, a mark may be deemed abandoned ‘(1) [w]hen its use has been discontinued with intent not to resume such use.’”²⁵⁴

Furthermore, the re-sale of branded amplifiers by third parties does not qualify as use of the CS mark because such use does not inure to Peavey’s benefit.²⁵⁵ “Similarly, the repair and refurbishment of Respondent’s CS amplifiers does not maintain its rights in the mark, as neither the repair shops nor the parts bear the brand.”²⁵⁶

With regard to intent to resume use, Peavey’s CEO testified that “[W]e fully intended and intend to come out with, you know, new technology using—you know, for the CS product as well and evolve it,”²⁵⁷ but Peavey was unable to provide contemporaneous documentation of those purported plans. The Board observed that “[t]he probative value of the witness’s testimony is significantly undermined by his utter lack of detail.”²⁵⁸

In sum, the Board found the record “devoid of evidence showing any intention to resume use of the mark, much less evidence excusing Respondent’s extended period of nonuse.”²⁵⁹

4. Sovereign Immunity

Mountain Gateway Order, Inc. v. Virginia Community College System

By claiming state sovereign immunity, Applicant Virginia Community College Systems tried to duck out of this opposition to

²⁵² *Id.* at *13.

²⁵³ *Id.*

²⁵⁴ *Id.* at *13-14 (emphasis in original).

²⁵⁵ *Id.* at *14. *See Gen. Motors Corp. v. Aristide & Co.*, 87 U.S.P.Q.2d 1179, 1183 (T.T.A.B. 2008) (attempting to claim rights in the mark LASALLE for motor vehicles). *See also* J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 19:139 (5th ed.) (“Products originally sold at retail and offered unused for resale to collectors in small quantities on Internet web sites (such as eBay) should, in the author’s opinion, not qualify as being in ‘the ordinary course of trade.’”).

²⁵⁶ *Id.* at *15.

²⁵⁷ *Id.* at *16.

²⁵⁸ *Id.* at *17. *See, e.g., Mars Generation, Inc. v. Carson*, 2021 U.S.P.Q.2d 1057, at *20 (T.T.A.B. 2021).

²⁵⁹ *Id.*

registration of the mark MOUNTAIN GATEWAY COMMUNITY COLLEGE for educational services and various clothing items, asserting that the Board lacked subject matter jurisdiction. The Board denied the summary judgment motion, ruling that sovereign immunity does not apply to opposition proceedings.²⁶⁰

State sovereign immunity sometimes applies “when ‘a private party [] haul[s] a State in front of an administrative tribunal’ within a federal agency in an adversarial proceeding bearing strong similarities to civil litigation.”²⁶¹ Opposer Mountain Gateway did not dispute that the applicant is a state agency. The Board observed that states:

may not assert sovereign immunity where a federal agency exercises its superior sovereignty in agency enforcement actions instituted upon information supplied by a private party to ensure State compliance with federal law, even if some aspects of civil litigation procedure are applied.²⁶²

States that apply for trademark registration “are subject to the same registration provisions of the Trademark Act as any other applicant, including that a State’s application is subject to opposition proceedings.”²⁶³ The Board noted that state sovereign immunity does not apply to Inter Partes Review (“IPR”) proceedings before the Patent Trial and Appeal Board (“PTAB”).²⁶⁴

While opposition proceedings may have some procedural attributes different from IPR proceedings, their salutary purpose is comparable. Oppositions protect the public interest in the integrity of the federal trademark register by providing a means to consider and decide the right to registration, a matter of public interest. Traditional civil action-type remedies are unavailable in opposition proceedings.²⁶⁵

The Board reasoned that, if state entities were not subject to opposition proceedings, the USPTO would be precluded from exercising “ample means of ensuring that [States] comply with the

²⁶⁰ Mountain Gateway Order, Inc. v. Virginia Community College System, 2024 U.S.P.Q.2d 1025 (T.T.A.B. 2024).

²⁶¹ *Id.* at *3, quoting Fed. Maritime Comm’n v. S.C. State Ports Auth., 535 U.S. 743, 760 n.11, 63 U.S.P.Q.2d 1321 (2002).

²⁶² *Id.*

²⁶³ *Id.* at *4.

²⁶⁴ *Id.*, citing Regents of Univ. of Minn. v. LSI Corp., 926 F.3d 1327, 2019 U.S.P.Q.2d 219331 (Fed. Cir. 2019). An Inter Partes Review (“IPR”) is a trial proceeding conducted at the Patent Trial and Appeal Board (“PTAB”) of the USPTO to review the patentability of one or more claims in a patent on certain limited grounds. 35 U.S.C. §§ 311-19.

²⁶⁵ *Id.*, citing Gen. Mills Inc. v. Fage Dairy Processing Indus. SA, 100 U.S.P.Q.2d 1584, 1591 (T.T.A.B. 2011).

[Trademark] Act and other valid federal rules governing [trademark registrability].”²⁶⁶

Applicant chose to apply for federal trademark registrations that would evidence its presumed nationwide exclusive rights to use marks in commerce, 15 U.S.C. § 1057(b), a choice with consequences for the public. Applicant’s status as a juristic person under the Trademark Act, and the public interest in the integrity of the trademark registration system, dictate that Applicant is subject to opposition proceedings and that sovereign immunity does not apply to opposition proceedings.²⁶⁷

5. Claim/Issue Preclusion

Hollywood Casinos, LLC v. Zarco Hotels Inc.

Hoping to bring the matter to a quick end, Applicant Zarco Hotels moved under Rule 12(b)(6)²⁶⁸ of the Federal Rules of Civil Procedure to dismiss this opposition to registration of the mark HOLLYWOOD HOTEL for hotel and restaurant services, on the ground of claim preclusion based on an earlier opposition. The Board first construed the motion as one for summary judgment and then denied it, concluding that the opposers’ claims of likelihood of confusion and geographical descriptiveness were not decided in the “Prior Opposition” (which was sustained on the ground of nonownership), and therefore those two claims could be brought in this proceeding.²⁶⁹

The parties relied on matters outside the pleadings and “clearly treated the motion as one for summary judgment,” and so the Board so treated it as well.²⁷⁰

The Prior Opposition was based on a claim of likelihood of confusion with two registered marks. The opposer had moved to amend the notice of opposition to add a geographical descriptiveness claim but the Board denied the motion as untimely. The Board ultimately sustained the opposition on the ground that the applicant was not the owner of the mark at the time the opposed application

²⁶⁶ *Id.* *5, quoting *Fed. Maritime*, 535 U.S. at 768.

²⁶⁷ *Id.*

²⁶⁸ Rule 12(b)(6) provides for dismissal for “failure to state a claim upon which relief can be granted.”

²⁶⁹ *Hollywood Casinos, LLC v. Zarco Hotels Inc.*, 2024 U.S.P.Q.2d 985 (T.T.A.B. 2024).

²⁷⁰ *Id.* at *1. See *Selva & Sons, Inc. v. Nina Footwear, Inc.*, 705 F.2d 1316, 217 U.S.P.Q. 641, 646 (Fed. Cir. 1983); *Haider Cap. Holding Corp. v. Skin Deep Laser MD, LLC*, 2021 U.S.P.Q.2d 991, at *2 (T.T.A.B. 2021) (motion to dismiss converted to summary judgment on issue of claim preclusion where non-movant did not object to matters outside the pleadings and engaged motion to dismiss on the merits).

was filed; it did not reach the likelihood of confusion claim. The CAFC affirmed.²⁷¹

Under the doctrine of claim preclusion, a second action is barred if (1) the parties (or their privies) are identical; (2) there has been an earlier final judgment on the merits of a claim; and (3) the second claim is based on the same set of transactional facts as the first.²⁷² However, if a party cannot appeal the outcome of an earlier action, then the second action is not barred by claim preclusion.²⁷³

Opposer Hollywood Casinos was successful in asserting the nonownership claim in the Prior Opposition and obtained the relief it requested (denial of the application). Because the Board did not decide Hollywood's likelihood of confusion claim, Hollywood could not cross-appeal on that issue, nor on the issue of the attempted geographical descriptiveness claim; in other words, it "lacked statutory entitlement to appeal the prior decision of the Board."²⁷⁴

Applicant Zarko conceded that the likelihood of confusion claim was not barred in its entirety, but argued that this claim should be limited to the two registered marks in the Prior Opposition. The Board disagreed.

Because Opposers' original likelihood of confusion claim is not extinguished, Opposers' amended likelihood of confusion claim based upon their additional registrations and common law rights that could have been raised in the Prior Opposition also is not extinguished. There is no reason why claim preclusion would apply to only the latter claim and not the former.²⁷⁵

As to the geographical descriptiveness claim, the Board had refused to add it in the Prior Proceeding, and so there was no decision on the merits regarding that claim. As indicated, the refusal to add that claim was not appealable since Hollywood Casinos obtained all the relief it sought, and so claim preclusion cannot apply.²⁷⁶

²⁷¹ Hollywood Casinos LLC v. Chateau Celeste, Inc., Opposition No. 91203686 (July 2, 2019), *aff'd per curiam*, 2021 U.S. App. LEXIS 33228; 2021 WL 5192387 (Fed. Cir. 2021). During the pendency of the appeal, Chateau Celeste, Inc. assigned the ownership of the challenged application to Zarko Hotels, and the CAFC granted a motion to substitute Zarko Hotels in place of Chateau Celeste.

²⁷² Jet, Inc. v. Sewage Aeration Sys., 223 F.3d 1360, 55 U.S.P.Q.2d 1854, 1856 (Fed. Cir. 2000).

²⁷³ See AVX Corp. v. Presidio Components, Inc., 923 F.3d 1357, 2019 U.S.P.Q.2d 171683, at *4-5.

²⁷⁴ *Hollywood Casinos*, 2024 U.S.P.Q.2d 985, at *6.

²⁷⁵ *Id.* at *7.

²⁷⁶ *Id.*

Common Sense Press Inc. v. Van Sciver

Emphasizing the important differences in preclusive effect between ex parte and inter partes proceedings, the Board ruled 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.”²⁷⁷

In October 2020, Common Sense 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 1066b of the Lanham Act, requesting reexamination of the challenged registration, and at the same time it moved to suspend the cancellation proceeding.

The USPTO instituted the reexamination proceeding, 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.”²⁷⁸

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 [use of the mark, not use of the goods? - ed.] 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. § 2.94.²⁷⁹

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 denied the motion for judgment and resumed the cancellation proceeding.

²⁷⁷ Common Sense Press Inc. v. Van Sciver, 2023 U.S.P.Q.2d 601, at *3 (T.T.A.B. 2023).

²⁷⁸ *Id.* at *1.

²⁷⁹ *Id.*

A person who requests institution of a reexamination (no use as of a certain date) or an expungement (no use ever) proceeding²⁸⁰ must submit “all documentary evidence supporting a prima facie case of nonuse of the mark in commerce and an itemized index of such evidence.”²⁸¹ If the proceeding is instituted, the requestor has no further involvement, the matter proceeds on an ex parte basis,²⁸² and the registrant may rebut the prima facie case of nonuse.²⁸³ If the registrant successfully rebuts the evidence and complies with all outstanding requirements, the proceeding is terminated with no change to the registration.²⁸⁴

The Board began with a review of the Lanham Act and the Trademark Rules of Practice. It pointed out that, although the Lanham Act contains explicit estoppel provisions that bar the filing of future expungement or reexamination proceedings as to the identical goods or services once a proceeding of the same kind has been instituted,²⁸⁵ 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 is or has been the subject of a reexamination or expungement proceeding.²⁸⁶ 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.”²⁸⁷

Moreover, the statute 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 1066a(j) and 1066b(j).²⁸⁸

Apart from the statutory language, the Board observed that, since reexamination and expungement proceedings are ex parte proceedings, “they have no preclusive effect against a petitioner

²⁸⁰ Reexamination and expungement proceedings are ex parte proceedings created by the Trademark Modernization Act of 2020 (“TMA”). See 15 U.S.C. §§ 1066a (expungement), 1066b (reexamination); Trademark Rules 2.91–2.94, 37 C.F.R. §§ 2.91–2.94. Both types of proceedings are instituted by the Director of the USPTO, either on the initiative of the Director or pursuant to the receipt of a petition, upon determining that there exists information and evidence that supports a prima facie case of nonuse of the mark for some or all of the goods or services identified in the registration as of the relevant time period. 15 U.S.C §§ 1066a(c)(1), 1066b(d)(1); accord 37 C.F.R. § 2.92.

²⁸¹ *Common Sense Press*, 2023 U.S.P.Q.2d 601, at *2, quoting Trademark Rule 2.91(c)(9), 37 C.F.R. § 2.91(c)(9).

²⁸² 15 U.S.C. § 1066a(d); § 1066b(e).

²⁸³ 15 U.S.C. §§ 1066a(e), (f); § 1066b(f).

²⁸⁴ 15 U.S.C. §§ 1066a(g), 1066b(g).

²⁸⁵ 5 U.S.C. §§ 1066a(j), 1066b(j); accord 37 C.F.R. §§ 2.92(d)(1) and (2).

²⁸⁶ See generally 15 U.S.C. §§ 1066a, 1066b; 37 C.F.R. §§ 2.91-2.94.

²⁸⁷ *Id.* at *2.

²⁸⁸ *Id.* at *2, quoting 15 U.S.C. §§ 1066a(c)(3), 1066b(d)(3).

[who was not a party to or participant in the ex parte proceeding] who 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.”²⁸⁹

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.”²⁹⁰

6. Section 18 Petition for Restriction

Iron Balls International Ltd. v. Bull Creek Brewing, LLC

In an attempt to side-step a Section 2(d) refusal of the mark shown below, for “gin,” Iron Balls petitioned to restrict Respondent Bull Creek’s registration for the word mark IRON BALLS for “beer” to “micro-brewed craft beer.” The Board concluded that the proposed restriction would not avoid a likelihood of confusion, and so it denied the petition.²⁹¹



Section 18 of the Lanham Act,²⁹² in pertinent part, gives the Director of the USPTO the authority to “modify the application or registration by limiting the goods or services specified therein, [and] otherwise restrict or rectify with respect to the register the registration of a registered mark.” “The primary purpose of a Section 18 amendment is to avoid a likelihood of confusion by

²⁸⁹ *Id.* at *2-3. See *Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313, 329, 169 U.S.P.Q. 513, 519 (1971) (“litigants ... who never appeared in a prior action [] may not be collaterally estopped without litigating the issue....”); *Jet, Inc. v. Sewage Aeration Sys.*, 223 F.3d 1360, 55 U.S.P.Q.2d 1854, 1856 (Fed. Cir. 2000) (claim preclusion applies only when both proceedings involve the same parties or their privies).

²⁹⁰ *Id.* at *3, quoting *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) (citing *AVX Corp. v. Presidio Components, Inc.*, 923 F.3d 1357, 2019 U.S.P.Q.2d 171683, at *4-5 (Fed. Cir. 2019) (it is “a traditional preclusion principle that neither claim nor issue preclusion applies when appellate review of the decision with a potentially preclusive effect is unavailable”).

²⁹¹ *Iron Balls Int’l Ltd. v. Bull Creek Brewing, LLC*, 2024 U.S.P.Q.2d 1004 (T.T.A.B. 2024).

²⁹² 15 U.S.C. § 1068.

restricting a broad identification to the specific type of goods or services for which the mark is actually used, or by restricting the channels of trade to those in which the goods or services actually travel.”²⁹³ One who seeks to restrict a registrant’s broadly worded identification of goods under Section 18 must prove “(1) that the registrant is not using its mark on goods or services that would be excluded by the limitation, and (2) that the limitation would result in the avoidance of a finding of a likelihood of confusion.”²⁹⁴

Issue Preclusion?: An earlier application filed by petitioner for the same mark, also for gin, was refused registration in view of the same registration at issue here, and the TTAB affirmed that refusal. The Board here observed that the doctrine of issue preclusion has been applied in an inter partes proceeding following an ex parte affirmance of a refusal of the applicant’s prior application for the same mark and goods or services.²⁹⁵ It concluded that issue preclusion applied to the issue of the similarity of the marks, but the petitioner’s proposed restriction of goods “raises new issues as to other *DuPont* factors.”²⁹⁶

In assessing Petitioner’s Section 18 claim, we must consider precisely the issue we did not decide in the ex parte proceeding, namely, whether “gin” is related to “micro-brewed craft beer.” As Petitioner argues, its proposed restriction from “beer” to “micro-brewed craft beer” could also affect other *DuPont* factors, such as the channels of trade, the relevant consumers’ sophistication and care, the commercial strength of Respondent’s mark, and the extent of potential confusion. The doctrine of issue preclusion does not bar litigation of these issues.²⁹⁷

Micro-brewed Craft Beer?: The Board next turned to the question of whether Respondent Brew Creek’s identified goods (beer) comprise micro-brewed craft beer. Sifting through the evidence, the Board found significant the fact that Bull Creek represented itself as a “craft brewery” and displayed the “Independent Craft Brewer Seal” on its labels. The Board concluded that relevant purchasers would “tend to see Respondent as it is: a ‘brewer with an admittedly limited, small batch output’ and would

²⁹³ *Iron Balls* at *3. See generally *Eurostar, Inc. v. “Euro-Star” Reitmoden GmbH & Co.*, 34 U.S.P.Q.2d 1266 (T.T.A.B. 1994).

²⁹⁴ *Id.*, quoting *Wellcome Found. Ltd. v. Merck & Co.*, 46 U.S.P.Q.2d 1478 (T.T.A.B. 1998); see generally TBMP § 309.03(d).

²⁹⁵ *Id.* at *4, citing *Lukens Inc. v. Vesper Corp.*, 1986 WL 83308, at *2 (T.T.A.B 1986) (“The underlying rationale is that a party who has litigated an issue and lost should be bound by that decision and cannot demand that the issue be decided over again.”).

²⁹⁶ *Id.* at *5.

²⁹⁷ *Id.*

consider it to be a ‘craft microbrewery’ and its goods ‘micro-brewed craft beer.’”²⁹⁸

Avoid Likely Confusion?: The final and key question was whether the requested restriction of the goods identified in Bull Creek’s registration would avoid a finding of likelihood of confusion. As stated above, issue preclusion barred re-litigation of the first *DuPont* factor: the similarity of the marks.

Considering first the strength of Bull Creek’s registered mark, the Board found the term IRON BALLS to be arbitrary and conceptually strong. As to commercial strength, the petitioner failed to provide evidence of any weakness in the mark but, the Board noted, “even if [the mark is] not commercially strong that does not appreciably affect the likelihood-of-confusion analysis.”²⁹⁹ The Board concluded that Bull Creek’s mark merited “the normal scope of protection to which inherently distinctive marks are entitled.”³⁰⁰

As to the goods, the Board observed that the proposed restriction to micro-brewed craft beer “does not affect the nature of the beer Respondent produces; it simply means that it is provided by a small producer.”³⁰¹ “Even with the restriction, an average consumer encountering Petitioner’s and Respondent’s similarly-branded alcoholic beverages in overlapping channels of trade could still mistakenly assume that the goods had a common origin.”³⁰²

Furthermore, the proposed restriction would not “change the class of customers for the parties’ goods: adult members of the general public who purchase and consume alcoholic beverages,” nor would it alter the presumed trade channels for the goods: “all normal and usual channels of trade for those goods.”³⁰³ The respective identifications of goods do not set any price points, so there was no basis on which to conclude that consumers of the goods “will be particularly sophisticated, discriminating, or careful in making their purchases.”³⁰⁴

Conclusion: The Board ruled that “even if Respondent’s goods could be characterized as ‘micro-brewed craft beer,’ and even if its identification of goods were so restricted, the restriction would not avoid a likelihood of confusion.”³⁰⁵

²⁹⁸ *Id.* at *8-9.

²⁹⁹ *Id.* at *12.

³⁰⁰ *Id.*, citing *Sabhnani v. Mirage Brands, LLC*, 2021 WL 6072822, at *13 (T.T.A.B. 2021).

³⁰¹ *Id.* at *17.

³⁰² *Id.*

³⁰³ *Id.* at *18.

³⁰⁴ *Id.* at *20.

³⁰⁵ *Id.* at *21.

*Sage Therapeutics, Inc. v.
SageForth Psychological Services, LLC*

The Board sustained this straightforward Section 2(d) opposition to registration of the mark SAGEFORTH for “providing information in the field of psychological counseling, assessments, diagnosis, and treatment,” in view of the registered mark SAGE CENTRAL for “providing health and medical information about postpartum depression and treatment.” The only somewhat interesting part of the decision concerned the Board’s dismissal (without prejudice) of Applicant SageForth’s counterclaim to restrict four additional pleaded registrations that the Board did not include in its Section 2(d) analysis.³⁰⁶

Likelihood of Confusion: The Board focused on the opposer’s mark SAGE CENTRAL, finding SAGEFORTH to be similar in appearance, sound, meaning, and commercial impression. “The common ‘sage’ element of the marks anchors them in a way to the same theme and creates a risk that consumers will mistakenly assume connections between the services provided under the marks.”³⁰⁷

As to the services, applicant’s broad identification, with no limitations on the type of mental health issues covered, “include[s] providing information relating to any type of mental health condition that falls within the scope of psychological care.”³⁰⁸ The involved services are therefore overlapping and legally identical, and so are presumed to be offered through the same trade channels to the same classes of consumers.³⁰⁹

Evidence of third-party registration and use of the word “sage” in connection with the provision of information regarding mental health led the Board to find that “‘sage’ is somewhat conceptually weak as a source-identifier within the mental health field.”³¹⁰ The Board then found that SAGE CENTRAL “is less conceptually strong than an arbitrary mark. but suggestive marks are inherently distinctive and entitled to protection.”³¹¹

³⁰⁶ Sage Therapeutics, Inc. v. SageForth Psychological Services, LLC, 2024 U.S.P.Q.2d 689 (T.T.A.B. 2024).

³⁰⁷ *Id.* at *5.

³⁰⁸ *Id.* at *6.

³⁰⁹ See, e.g., *In re Viterra Inc.*, 671 F.3d 1358 101 U.S.P.Q.2d 1905, 1908 (Fed. Cir. 2012) (“[I]t is well established that, absent restrictions in the application and registration, [identical] goods and services are presumed to travel in the same channels of trade to the same class of purchasers.”) (internal quotation marks and citation omitted).

³¹⁰ *Sage Therapeutics*, at *10.

³¹¹ *Id.*, citing *Maytag Co. v. Luskin’s, Inc.*, 228 U.S.P.Q. 747, 750 (T.T.A.B. 1986) (“there is nothing in our trademark law which prescribes any different protection for suggestive, nondescriptive marks than that which is accorded arbitrary and fanciful marks”); *In re Great Lakes Canning, Inc.*, 227 U.S.P.Q. 483, 485 (T.T.A.B. 1985) (“the fact that a mark

The Board concluded that “[w]hen we consider all the relevant *DuPont* factors, and assign appropriate weights to the factors, Opposer has proven its Section 2(d) claim by a preponderance of the evidence.”³¹²

Counterclaim for Restriction: SageForth’s counterclaim targeted four registrations for the mark SAGE THEREAPEUTICS in various forms, all for a “House mark for pharmaceutical preparations.” SageForth sought to restrict those registrations to “a house mark for pharmaceutical preparations that treat post-partum depression.”

In order to prevail on its Section 18 counterclaim for restriction, SageForth would have to prove two elements: (1) the proposed amendment avoids a likelihood of confusion finding; and (2) the proposed amendment is supported by the evidence.³¹³

In *Eurostar*, the Board held that “in a case involving likelihood of confusion, we should not exercise our authority under Section 18 to permit an action to restrict an application or registration where such a restriction is divorced from the question of likelihood of confusion.”³¹⁴ Here, the Board concluded that the counterclaim “cannot avoid the likelihood of confusion finding we made to sustain the opposition, and we therefore see no purpose in addressing [the counterclaim] now.”³¹⁵

The Board deemed the counterclaim to be moot, since the four targeted registrations were not included in the Section 2(d) analysis, and so it dismissed the counterclaim, but without prejudice. The Board reasoned:

[I]t remains possible that Opposer here might assert the same four registrations in an infringement proceeding challenging Applicant’s use of its mark. In that scenario, we see no reason why Applicant should not retain the right to bring a counterclaim against any of the registrations asserted against it, which could include the four house mark registrations it challenged through its counterclaim in this proceeding.³¹⁶

The Board acknowledged the concerns expressed in the *Eurostar* decision that if it entertained petitions for restriction that have no bearing on the likelihood of confusion, it might “unwittingly

may be somewhat suggestive does not mean that it is a ‘weak’ mark entitled to a limited scope of protection”).

³¹² *Id.* at *11.

³¹³ *Wellcome Found. Ltd. v. Merck & Co.*, 46 U.S.P.Q.2d 1478, 1479 (T.T.A.B. 1998) (citing *Eurostar v. “Euro-Star” Reitmoden GmbH & Co. KG*, 34 U.S.P.Q.2d 1266, 1271 (T.T.A.B. 1994)); TBMP § 309.03(d).

³¹⁴ *Eurostar*, 34 U.S.P.Q.2d at 1270.

³¹⁵ *Id.* at *12.

³¹⁶ *Id.* at *13.

encourage the use of TTAB inter partes proceedings to harass the owners of existing (and, perhaps, long-held) registrations.”³¹⁷

We thus hold that a Section 18 counterclaim should be denied without prejudice if the Board sustains a Section 2(d) opposition based on registrations that are not challenged by the counterclaim. This modest extension of the *Eurostar* holdings is consistent with the policies and concerns behind that decision. Section 18 should not be used to force the Board into conducting likelihood of confusion analyses that cannot have a real impact on the registrability of a mark.³¹⁸

7. Timeliness of Cancellation Claims

Thrive Natural Care Inc. v. Nature’s Sunshine Prods., Inc.

In this proceeding for cancellation of a registration for the mark SUBSCRIBE & THRIVE for “online ordering” featuring skin care products, supplements, and assorted other goods, Respondent Nature’s Sunshine counterclaimed for cancellation of one of Petitioner Thrive’s pleaded registrations for the mark THRIVE on two grounds: fraud and violation of the “anti-assignment” provision of Section 10(a)(1) of the Lanham Act. The Board dismissed the fraud claims due to the insufficiency of the pleading and it dismissed the Section 10 claim as barred by the time limitation of Section 14(3).³¹⁹

Nature’s Sunshine alleged that Petitioner Thrive committed fraud by twice falsely stating that it was using its mark THRIVE on all of the goods in its registration when it had used the mark only on some of the goods. The Board found those allegations to be insufficiently specific to support the fraud claims.

For example, the counterclaims present no facts from which the Board could infer that Petitioner’s statements regarding use were false, i.e., that the products Petitioner was offering at the salient times would not also qualify as goods identified in the registration (such as a shave oil that is both a “pre-shaving preparation” and an “oil[s] for cosmetic use”). *** Additionally, Respondent fails to allege facts sufficient to support the conclusion that Petitioner’s officer, when signing the two declarations of use, acted with the requisite state of mind; that is, that he knew that the mark was not in use for certain goods and made the assertions to deceive the USPTO

³¹⁷ *Id.*

³¹⁸ *Id.*

³¹⁹ *Thrive Natural Care Inc. v. Nature’s Sunshine Prods., Inc.*, 2023 U.S.P.Q.2d 953 (T.T.A.B. 2023).

into issuing or maintaining a registration of the mark for those goods.³²⁰

With regard to the anti-assignment counterclaim, Section 10(a)(1) of the Lanham Act prohibits the assignment of an intent-to-use application prior to the filing of a statement of use, “except for an assignment to a successor to the business of the applicant, or portion thereof, to which the mark pertains, if that business is ongoing and existing.”³²¹ Nature’s Sunshine alleged that Thrive had violated this provision with regard to one of its two THRIVE registrations because (1) at the time of assignment of the underlying intent-to-use application, the THRIVE mark had not been put into use, and (2) the assignor “continued to act as the owner” of the mark “for many months afterwards.”³²² Thrive countered by arguing that this counterclaim was time-barred by Section 14(3) because the challenged registration issued in 2014 and was more than five years old when the petition for cancellation was filed, and in such a case violation of Section 10(a)(1) is not an available ground for cancellation.³²³

The Board found “highly persuasive”³²⁴ the reasoning in its own nonprecedential decision in *Bison Prods., LLC v. Red Bull GmbH*.³²⁵ There, the Board observed that Section 14(3) “reflects Congress’s intent to protect registrations that are more than five years old from challenges in perpetuity, except on certain enumerated grounds.”³²⁶ Violation of the anti-assignment provision of Section 10(a)(1) is not included in the list of permitted claims. “[H]ad Congress intended to include such claims in Section 14(3), it certainly could have done so.”³²⁷

³²⁰ *Id.* at *3.

³²¹ 15 U.S.C. § 1060(a)(1).

³²² *Thrive Natural Care*, 2023 U.S.P.Q.2d 953, at *3.

³²³ Section 14(3) of the Lanham Act, 15 U.S.C. § 1064(3), limits the grounds on which a petition for cancellation may be filed against a registration that has reached its fifth anniversary, to the following:

the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or is functional, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of section 1054 of this title or of subsection (a), (b), or (c) of section 1052 of this title for a registration under this chapter, or contrary to similar prohibitory provisions of such said prior Acts for a registration under such Acts, or 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. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed.

³²⁴ *Thrive Natural Care*, 2023 U.S.P.Q.2d 953, at *3.

³²⁵ Cancellation No. 92076984 (T.T.A.B. Feb. 2, 2022).

³²⁶ *Thrive Natural Care*, 2023 U.S.P.Q.2d 953, at *3.

³²⁷ *Id.*

This result also is consistent with the Board's treatment of other types of "void ab initio" claims that have been found time-barred because they are not enumerated in Section 14(3). *See, e.g., Maids to Order of Ohio Inc. v. Maid-to-Order Inc.*, 78 U.S.P.Q.2d 1899, 1906 n.6 (T.T.A.B. 2006) (registration more than five years old may not be challenged on the basis of nonuse); *Treadwell's Drifters Inc. v. Marshak*, 18 U.S.P.Q.2d 1318, 1320 (T.T.A.B. 1990) (nonownership claim is not an available ground for cancellation of a registration over five years old); *Pennwalt Corp.*, 219 U.S.P.Q. at 550 ("[T]here is nothing in Section 14(c) which admits [nonuse] as a ground for cancellation of a registration after five years have elapsed, unless the misstatement was with fraudulent intent.")³²⁸

Taylor v. Motor Trend Group, LLC

The Board dismissed this petition for cancellation of a registration (for the mark ROD & CUSTOM for "magazines about automobiles") that was filed during the six-month grace period for the (second) renewal of the challenged registration. When the registrant did not file its renewal application, the registration automatically expired as of its twentieth anniversary date, and so the later-filed petition for cancellation was deemed moot.³²⁹

Registrant Motor Trend's Section 8 Declaration of Use and Section 9 Application for Renewal for its 20-year-old registration were due on October 22, 2022. However, Section 8(a)(3) and Section 9(a) of the Lanham Act provide a six-month grace period within which to file those documents. The subject petition for cancellation was filed on March 1, 2023, within the grace period for Motor Trend's renewal. The Board promptly instituted the cancellation proceeding, since the USPTO records indicated that the registration was then still viable.

Motor Trend failed to file its renewal papers by the grace period deadline of April 22, 2023. The USPTO records were updated on May 5, 2023, to indicate that the registration had expired and was cancelled. The Board, however, pointed out that:

[T]he date of expiration of a registration is not based on the expiration of the grace period or the date on which the USPTO takes the ministerial action of entering the expiration and cancellation of the registration into the USPTO trademark database.³³⁰

³²⁸ *Id.* at *3-4.

³²⁹ *Taylor v. Motor Trend Group, LLC*, 2023 U.S.P.Q.2d 1051 (T.T.A.B. 2023).

³³⁰ *Id.* at *2, citing *Land O'Lakes, Inc. v. Hugunin*, 88 U.S.P.Q.2d 1957, 1959 (T.T.A.B. 2008).

On May 11, 2023, the Board issued an order under Rule 2.134(b), requiring Motor Trend to show cause why its failure to renew should not be deemed the equivalent of a cancellation by request without the consent of the petitioner, resulting in judgment for the petitioner.³³¹ Motor Trend responded by moving to dismiss the proceeding as moot.

The Board agreed with Motor Trend, ruling that “if a combined Sections 8 and 9 affidavit is not filed by the end of the grace period, a registration expires by operation of law as of the last day of its ten-year term, and no rights in the registration exist after that date.”³³² Therefore, the subject registration expired on October 22, 2022.

Respondent’s registration expired prior to the filing of the petition to cancel because there was no renewal filing made within the statutory period (including the grace period), even though Office records were not updated until later to show the expiration. As a result, Petitioner’s petition to cancel for abandonment was filed after the expiration date of the registration and is therefore moot.³³³

The Board ruled that Rule 2.134(b) was inapplicable because it applies “when a subject registration comes due for a Section 8 affidavit or Section 9 renewal during the course of the proceeding.”³³⁴

The purpose of Rule 2.134(b), and the policy underlying the issuance of a show cause order, is to prevent a cancellation proceeding respondent whose subject registration comes due, during the course of the proceeding, for a Section 8 affidavit or Section 9 renewal (or in the case of a Section 66(a) registration, a Section 71 affidavit or Section 70 renewal), from being able to moot the proceeding, and avoid judgment,

³³¹ Trademark Rule 2.134(b), 37 C.F.R. § 2.134(b), states, in pertinent part:

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 . . . 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.

³³² *Taylor v. Motor Trend*, 2023 U.S.P.Q.2d 1051, at *2. Note that the document filed under Section 9 is not a “declaration” but an “application” for renewal.

³³³ *Id.* at *3.

³³⁴ *Id.* at *2-3.

by deliberately failing to file the required affidavits or renewal applications.³³⁵

Here the subject registration was in the grace period when the petition for cancellation was filed. Motor Trend’s registration expired by operation of law as of October 22, 2022, a date before Petitioner Taylor filed his petition to cancel.

And so, the Board dismissed the petition for cancellation without prejudice, as moot.

Men’s Wearhouse, LLC v. WKND NYC LLC

In a slight variation of the decision in *Taylor v. Motor Trend*,³³⁶ the Board ruled that a cancellation proceeding commenced during the initial Section 8 grace period for the target registration is mooted if the registrant does not timely file its Section 8 Declaration of Use.³³⁷

Taylor v. Motor Trend concerned the failure to file the *renewal* documents (Section 8 Declaration and Section 9 Application for Renewal) before the expiration of the six-month grace period. Here, the Board dealt with the non-filing of a Section 8 Declaration of Use before the end of the six-month grace period *following the sixth anniversary* of a registration.

Respondent WKND’s registration issued on March 14, 2017, and so its Section 8 declaration was due by March 14, 2023.³³⁸ Warehouse’s petition for cancellation was filed on March 15, 2023, one day after the Section 8 deadline but before September 14, 2023, the expiration of the six-month grace period for the declaration.³³⁹ The USPTO’s records did not yet reflect any change in the status of the registration when the petition was filed, and so the Board promptly instituted this proceeding.

Because WKND did not file a Section 8 declaration during the grace period, the USPTO’s records were updated, in accordance with USPTO policy, on September 29, 2023, to reflect the cancellation of the registration for failure to file the Section 8 declaration.³⁴⁰

On October 25, 2023, more than seven months after this proceeding was instituted and more than three weeks after the USPTO’s records were updated to reflect the cancellation of the registration, the Board issued an order allowing WKND “to show

³³⁵ *Id.* at *2, citing *Orange Bang, Inc. v. Olé Mexican Foods, Inc.*, 116 U.S.P.Q.2d 1102, 1109 (T.T.A.B. 2015).

³³⁶ *Taylor v. Motor Trend Group, LLC*, 2023 U.S.P.Q.2d 1051 (T.T.A.B. 2023).

³³⁷ *Men’s Wearhouse, LLC v. WKND NYC LLC*, 2024 U.S.P.Q.2d 86 (T.T.A.B. 2024).

³³⁸ See Section 1058(a)(1) of the Lanham Act, 15 U.S.C. § 1058(a)(1); see also Trademark Rule 2.160(a)(1)(i), 37 C.F.R. § 2.160(a)(1)(i).

³³⁹ See Section 1058(a)(3) of the Lanham Act, 15 U.S.C. § 1058(a)(3); see also Trademark Rule 2.160(a)(3), 37 C.F.R. § 2.160(a)(3).

³⁴⁰ See TMEP § 1611.

cause why . . . cancellation [of its registration under Section 8] 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 Trademark Rule 2.134.”

WKND responded by indicating that its failure to file the Section 8 Declaration was the result of “inadvertence or mistake” due to a calendaring error. It then requested that the registration “be revived and [Respondent] be permitted to file a Section 8 declaration.”³⁴¹ Fuhgeddaboutit, said the Board: “[I]t is well settled that the deadline for filing a Section 8 declaration is statutory and cannot be waived.”³⁴²

The Board then considered the effect of WKND’s failure to timely file the Section 8 declaration. It found applicable the principles set forth in *Taylor v. Motor Trend* and *Land O’Lakes v. Hugenin*.³⁴³

In *Taylor*, the Board held that:

“the date of expiration of a registration is not based on the expiration of the grace period or the date on which the USPTO takes the ministerial action of entering the expiration and cancellation of the registration into the USPTO trademark database. * * * Rather, if [a Section 8 declaration and Section 9 renewal application] are not filed by the end of the grace period, a registration expires by operation of law as of the last day of its ten-year term, and no rights in the registration exist after that date.”³⁴⁴

In *Land O’Lakes*, in the context of an affirmative defense, the Board held that a “registration expired by operation of law on [the day after the six-year anniversary] as a result of [a] failure to file” and further that “the date of expiration of [a] registration is not dependent on the date the Office undertook the ministerial function of entering the cancellation into the USPTO database.”³⁴⁵

The Board concluded that WKND’s registration expired by operation of law as of March 14, 2023, and so the subject petition for cancellation filed on the following day was moot. The petition was therefore dismissed without prejudice.

³⁴¹ *Men’s Wearhouse*, 2024 U.S.P.Q.2d 86, at *2.

³⁴² *Id. See, e.g., Checkers Drive-In Rests., Inc. v. Comm’r of Pats. & Trademarks*, 51 F.3d 1078, 34 U.S.P.Q.2d 1574, 1581 (D.C. Cir. 1995).

³⁴³ *Land O’Lakes, Inc. v. Hugenin*, 88 U.S.P.Q.2d 1957 (T.T.A.B. 2008).

³⁴⁴ *Men’s Wearhouse*, 2024 U.S.P.Q.2d 86, at *2, quoting *Taylor v. Motor Trend*, 2023 U.S.P.Q.2d 1051, at *2.

³⁴⁵ *Id.*, quoting *Land O’Lakes*, 88 U.S.P.Q.2d at 1959.

Retrobrands America LLC v. Molson Coors Beverage Co.

In a slight variation of its decision in *Men’s Wearhouse, LLC v. WKND NYC LLC*, discussed immediately above, the Board confirmed that because a registration expires by law as of its sixth anniversary, if a Section 8 declaration is not filed before the expiration of the six-month grace period, a petition for cancellation filed during that period is deemed moot and judgment cannot be entered against the respondent. However, in this decision it ironed out a few procedural wrinkles introduced by Respondent Molson.³⁴⁶

Retrobrands petitioned to cancel a registration for the mark ZIMA for “Alcoholic flavored brewed malt beverages, except beer,” on the ground of abandonment. The challenged registration issued on August 22, 2017; a Section 8 Declaration of Use was due six years later but could be filed during the subsequent six-month grace period ending February 22, 2024. The subject petition for cancellation was filed on September 21, 2023, during the grace period.

On September 23, 2023, Respondent Molson moved to dismiss the petition as moot, strangely arguing that, because it did not plan to file a Section 8 Declaration, the registration had lapsed as a matter of law at the six-year deadline. Alternatively, it moved to suspend proceedings until the expiration of the grace period, and for dismissal for mootness at the expiration date. Retrobrands asserted that this was effectively an attempt by Molson to cancel the registration without consent under Section 7(e) of the Lanham Act in order to avoid judgment against it.

The Board again acknowledged that, when the six-month grace period expires for the filing of a Section 8 Declaration, the subject registration is cancelled by operation of law as of the last day of the sixth year following registration.³⁴⁷ However, when Retrobrands filed its petition for cancellation, it was not yet known if the registration would be cancelled retroactively. Molson’s motion to dismiss on the ground of mootness was therefore premature, and so it was denied.

The Board declined to consider Molson’s request as a voluntary surrender of the registration, but rather saw it merely as a premature request for dismissal based on its representation that it would not file the Declaration. The Board therefore denied Retrobrands’ request for entry of judgment.

The Board granted Molson’s request for suspension “to the extent we consider this case suspended retroactive to the filing date of Respondent’s motion.”³⁴⁸

³⁴⁶ *Retrobrands America LLC v. Molson Coors Beverage Co.*, 2024 U.S.P.Q.2d 769 (T.T.A.B. 2024).

³⁴⁷ *Men’s Wearhouse, LLC v. WKND NYC LLC*, 2024 U.S.P.Q.2d 86, at *1 (T.T.A.B. 2024).

³⁴⁸ *Retrobrands*, at *2.

The Board then dismissed the petition for cancellation “**without prejudice as moot.**”³⁴⁹

8. Motion Practice

a. Motion to Dismiss for Lack of Subject Matter Jurisdiction

MyMeta Software, Inc. v. Meta Platforms, Inc.

The Board denied Applicant Meta Platform, Inc.’s motion to dismiss this Section 2(d) opposition, rejecting its claims that the Board lacked subject matter jurisdiction (Rule 12(b)(1) of the Federal Rules of Civil Procedure) and that Opposer MyMeta Software, Inc. failed to state a claim upon which relief can be granted (Rule 12(b)(6)). The first claim was based on the alleged untimeliness of Opposer MyMeta’s Software Inc.’s amended notice of opposition, while the second hinged on the relationship of MyMeta Software, Inc., a Delaware corporation, and myMeta Software SRL, its Italian counterpart (“myMeta SRL”).³⁵⁰

Rule 12(b)(1) Motion: MyMeta Software, Inc. obtained an extension of time to oppose Applicant Meta Platforms’ application to register the mark META for a host of computer-related services in Class 42. When the notice of opposition was filed, the ESTTA³⁵¹ cover sheet named MyMeta Software, Inc. as the opposer, but the notice of opposition itself named myMeta SRL as the opposer. Based on the cover sheet, however, the Board considered MyMeta Software, Inc. as the opposer.

The Board uses the information provided on an ESTTA filing form accompanying a pleading when instituting the proceeding. This includes the name of the opposer, which is identified on the ESTTA filing form directly following the statement: “Notice is hereby given that the following party opposes registration of the indicated application.”³⁵²

An amended notice of opposition was filed by MyMeta Software, Inc., as a matter of course under Trademark Rule 2.107(a)³⁵³ and

³⁴⁹ *Id.* at *2-3 (emphasis by the Board).

³⁵⁰ MyMeta Software, Inc. v. Meta Platforms, Inc., 2024 U.S.P.Q.2d 780 (T.T.A.B. 2024).

³⁵¹ “ESTTA” is an acronym for the USPTO’s Electronic System for Trademark Trials and Appeals.

³⁵² *MyMeta Software*, 2024 U.S.P.Q.2d 780, at *1-2. Note the poor wording of the ESTTA form. One opposes registration of a mark, not registration of an application.

³⁵³ Rule 2.107(a) of the Trademark Rules of Practice, 37 C.F.R. 2.107(a), provides:

(a) Pleadings in an opposition proceeding against an application filed under section 1 or 44 of the Act may be amended in the same manner and to the same extent as in a civil action in a United States district court, except that, after the close of the time period for filing an opposition including any extension of time

Rule 15(a)(1)(B) of the Federal Rules of Civil Procedure,³⁵⁴ naming MyMeta Software, Inc. as the opposer. Applicant Meta Platforms argued that because the amended notice naming a different opposer was filed outside the extended opposition period, the amendment was untimely and the Board therefore lacked jurisdiction. The Board disagreed. “Because the Board already considered MyMeta Software as the opposer in the timely filed July 14, 2023, notice of opposition, MyMeta Software’s amended pleading is not an untimely effort to bring an opposition.”³⁵⁵

And so, the Board dismissed the Rule 12(b)(1) motion.

Rule 12(b)(6) Motion: Meta Platforms argued that Opposer MyMeta Software, Inc. “does not and cannot allege sufficient facts to assert it is entitled to a statutory cause of action because it solely relies on the registration rights of a third-party, myMeta SRL.”³⁵⁶ MyMeta Software, Inc. responded that it is a corporate domestication of the Italian company and is therefore the same legal entity as myMeta SRL.

The Board first observed that MyMeta Software, Inc. pleaded ownership of prior common law rights in the mark myMeta, and therefore sufficiently pleaded entitlement to a statutory cause of action.³⁵⁷

As an additional basis for entitlement to a statutory cause of action, the amended notice of opposition also included allegations regarding an application owned by myMeta SRL, as to which the USPTO had cited Meta Platform’s application as a potential bar to registration. The issue, then, was “the impact of myMeta SRL’s corporate domestication in Delaware and whether the resulting entity, MyMeta Software is or is not the same legal entity as myMeta SRL.”³⁵⁸

The Board looked to Delaware’s applicable law, concluding that “under the plain language of the statute, myMeta SRL (the non-United States entity) and MyMeta Software (the domesticated

for filing an opposition, an opposition may not be amended to add to the goods or services opposed, or to add a joint opposer.

³⁵⁴ Rule 15(a)(1)(B) states:

(1) Amending as a Matter of Course. A party may amend its pleading once as a matter of course no later than:

* * *

(B) if the pleading is one to which a responsive pleading is required, 21 days after service of a responsive pleading or 21 days after service of a motion under Rule 12(b), (e), or (f), whichever is earlier.

³⁵⁵ *MyMeta Software*, 2024 U.S.P.Q.2d 780, at *2.

³⁵⁶ *Id.* at *3.

³⁵⁷ *Id.* at *4-5.

³⁵⁸ *Id.* at *3.

corporation) are deemed to be the same continuing entity under Delaware law.”³⁵⁹

Under the Delaware statute, myMeta SRL is not a third party but rather the foreign corporation whose domestication resulted in MyMeta Software and the rights and property of myMeta SRL are vested in MyMeta Software.³⁶⁰

The Board concluded that MyMeta Software, Inc. may rely on the refusal of the application owned by myMeta SRL “as further proof of its entitlement to bring the likelihood of confusion claim under Section 2(d).”³⁶¹

***b. Motion to Strike Allegations Added to
Madrid Notice of Opposition***

*Sterling Computers Corp. v.
International Business Machines Corp.*

Sterling Computers Corp. (“SCC”) opposed IBM’s Section 66(a) applications (or requests for extension of protection) for the marks STERLING and IBM STERLING for various Class 42 services. In its notice of opposition, SCC claimed a likelihood of confusion with its marks STERLING, in standard character and design form, and STERLING COMPUTERS. On the ESTTA cover sheet it listed pending applications for all three marks, as well as common law rights in the mark STERLING COMPUTERS. When it later filed an amended notice of opposition, SCC added common law rights in its STERLING marks. IBM objected because those added common law rights were not included on the ESTTA cover sheet. The Board, however, sided with SCC, holding that identification of the *applications* for the STERLING marks was enough to notify the International Bureau (“IB”) of the World Intellectual Property Organization (“WIPO”) of the *common law rights* that are coterminous with those of its identified applications.³⁶²

Under the Madrid Protocol Treaty, the USPTO is obligated to notify the IB, within 18 months of the filing of a request for extension of protection under Section 66(a), of (1) a notification of refusal based on the filing of an opposition, or (2) the possibility that an opposition may be filed. The USPTO provides the IB with the required information regarding an opposition by forwarding a copy

³⁵⁹ *Id.* at *4.

³⁶⁰ *Id.*, citing Del. Code. Ann. tit. 8 Section 388(i).

³⁶¹ *Id.* at *5.

³⁶² *Sterling Computers Corp. v. Int’l Business Machines Corp.*, 2023 U.S.P.Q.2d 1050 (T.T.A.B. 2023).

of the ESTTA cover sheet completed by the opposer when an opposition is filed.³⁶³

Under the Lanham Act and applicable rules, the grounds for an opposition to a Madrid-based application are limited to those stated on the ESTTA cover sheet, regardless of the claims made in the notice of opposition itself. Moreover, additional grounds may not be added under any circumstances.³⁶⁴ “Thus, an opposer is not permitted to amend its pleading to include ‘common law rights not previously identified on the ESTTA cover sheet.’”³⁶⁵

SCC argued that the listing of its pending use-based applications for its STERLING marks on the ESTTA cover sheet satisfied the requirement of Trademark Rules 2.104(c) and 2.107(b) that the IB be notified of SCC’s common law rights in these marks. The Board agreed, noting that here the added common law rights are “coterminous with the services and dates of use recited in the use-based applications identified on the ESTTA cover sheet.”³⁶⁶

The Board observed that, on the ESTTA form, if a pleaded mark is the subject of a registration, the registration number may be entered in one text box, and if a mark is the subject of a pending application the serial number may be entered in another box. In each case, the relevant information is automatically retrieved from the USPTO database. The form states: “If the asserted mark is not the subject of a U.S. Registration or pending application,” then the mark should be entered in a third box.

The Board holds that identification of a use-based application or registration under Trademark Act Section 1(a) on the ESTTA cover sheet as grounds for an opposition against a Section 66(a) application based on likelihood of confusion claim is sufficient to satisfy the requirement to notify the IB of plaintiff’s reliance on common law rights that are coterminous with that pleaded use-based application or registration under Trademark Rules 2.104(c) and 2.107(b).³⁶⁷

Therefore, the Board denied IBM’s motion to strike the added allegations regarding SCC’s common law rights in the STERLING marks.

³⁶³ See *CSC Holdings LLC v. SAS Optimhome*, 99 U.S.P.Q.2d 1959 (1960) (T.T.A.B. 2011).

³⁶⁴ Trademark Rule 2.107(b), 37 C.F.R. § 2.107(b) (“[O]nce filed, the opposition may not be amended to add grounds for opposition or goods or services beyond those identified in the notice of opposition . . .”).

³⁶⁵ *Sterling Computers*, 2023 U.S.P.Q.2d 1050 at *3, quoting *Destileria Serralles, Inc. v. K.K. Donq Co.*, 125 U.S.P.Q.2d 1463, 1466-67, n.11 (T.T.A.B. 2017) (granting motion to strike evidence and denying construed cross-motion to amend likelihood of confusion claim to assert common law rights in a mark for “rum cakes, chocolates and bar services” as beyond the scope of IB notification where pleaded registration included only “rum”); see also TBMP §§ 309.02(a) and 309.03(a)(1).

³⁶⁶ *Id.* at *4.

³⁶⁷ *Id.*

c. Motion to Sever Permissible Counterclaim

Paul Reed Smith Guitars v. Gibson Brands, Inc.

By this interlocutory order, the Board unsurprisingly severed Respondent Gibson’s permissive counterclaim that had a minimal relationship to the petitioners’ cancellation claim. The Board concluded that judicial economy would be served by severance, and further found that Petitioner Estate of Theodore M. McCarty would be prejudiced by the delay caused by discovery on the counterclaim, since the Estate was not a party to the counterclaim.³⁶⁸

The petitioners sought cancellation of Gibson’s registration for the mark THEODORE for “stringed musical instruments,” claiming likelihood of confusion with the mark MCCARTY for guitars under Section 2(d), and false suggestion of a connection under Section 2(a).³⁶⁹ Gibson admitted that its THEODORE guitar was named after Ted McCarty, former president of Gibson, who designed the guitar.

Gibson’s permissive counterclaim sought cancellation of Paul Reed Smith’s registration for the unpleaded mark SILVER SKY NEBULA for guitars, on the ground of likely confusion with Gibson’s common law mark SILVERBURST for musical instruments.³⁷⁰

The petitioners moved to sever the counterclaim from this proceeding, the Board construing the motion as falling under Fed. R. Civ. P. 21, which provides that a court “may . . . sever any claim against a party.”³⁷¹ In applying that Rule, courts consider “whether the claims share questions of law or fact common to all defendants and arise out of the same transaction or occurrence.”³⁷² Courts also take into account “whether the settlement of the claims or judicial economy would be facilitated, whether prejudice would be avoided if severance were granted, and whether different witnesses and documentary proof are required for the separate claims.”³⁷³

The Board observed that the following circumstances may be relevant in Board proceedings to determine whether a permissive counterclaim should be severed under Fed. R. Civ. P. 21:

³⁶⁸ Paul Reed Smith Guitars and The Estate of Theodore M. McCarty v. Gibson Brands, Inc., 2024 U.S.P.Q.2d 11 (T.T.A.B. 2023).

³⁶⁹ Section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a), in pertinent part, bars registration of a mark that “[c]onsists of or comprises . . . matter which may . . . falsely suggest a connection with persons, living or dead”

³⁷⁰ The Board noted that a counterclaim to cancel a registration owned, but not pleaded, by an adverse party is a permissive counterclaim. See TBMP § 313.05; Fed. R. Civ. P. 13(b), applicable to this proceeding under Trademark Rule 2.116(a), 37 C.F.R. § 2.116(a).

³⁷¹ *Paul Reed Smith*, 2024 U.S.P.Q.2d 11, at *2.

³⁷² *Id.*

³⁷³ *Id.* at *3.

- whether the claims and/or permissive counterclaims at issue arise out of the same transaction, occurrence, or series of transactions or occurrences;
- whether the claims present some common questions of law or fact;
- whether judicial economy and efficiency would be facilitated or harmed by severance; or
- whether prejudice would occur if severance were granted or denied.³⁷⁴

Here, the marks involved in the counterclaim were “completely dissimilar” from those involved in the petitioners’ claims.³⁷⁵ Gibson argued that the parties are the same, that both claims involve musical instruments, and that discovery, evidence, and witnesses in the two proceedings will overlap.

The Board, however, agreed with the petitioners that “their claims and the permissive counterclaim do not arise out of the same transaction, occurrence, or series of transactions or occurrences or share questions of law or fact.”³⁷⁶

Simply put, the fact that the claims in the cancellation and the permissive counterclaim share superficial similarity . . . does not obviate other realities: the claim of false suggestion of a connection under Trademark Act Section 2(a) in the cancellation involves another party, i.e., Petitioner Estate; different factual issues are raised by Petitioner Estate’s Section 2(a) claim, such as whether Respondent’s registered mark creates a false suggestion of a connection with Theodore McCarty . . . ; factual issues exist pertaining to Petitioner PRS’ Section 2(d) claim regarding the alleged licensing agreement between Petitioners; and the marks involved are entirely different.³⁷⁷

Moreover, different discovery and evidence will be required for the claims. For example, priority is an issue in the counterclaim, since Gibson is relying on alleged common law rights. The petition for cancellation will involve Petitioner Estate’s rights and its licensing agreement with Paul Reed Smith Guitars.

The Board concluded that granting the motion to sever would “enhance judicial economy and efficiency.”³⁷⁸ The parties will be able to “focus their discovery requests, minimize discovery disputes, and

³⁷⁴ *Id.*

³⁷⁵ *Id.*

³⁷⁶ *Id.*

³⁷⁷ *Id.* at *3-4.

³⁷⁸ *Id.* at *5.

avoid an unnecessarily complex single proceeding.”³⁷⁹ In addition, “if the cancellation claims and the permissive counterclaim are not severed, issuance of a final decision may be delayed because the Board will be required to expend additional time distinguishing between unrelated claims, facts, and evidence.”³⁸⁰

Finally, the Board found that Petitioner Estate would be prejudiced by inclusion of the permissive counterclaim because Estate is not involved in the counterclaim, and resolution of Estate’s cancellation claim would be delayed by discovery regarding Gibson’s alleged common law use of the SILVERBURST mark.

And so, the Board granted the motion to sever and ordered that a new cancellation proceeding be instituted for Gibson’s counterclaim.

d. Motion to Strike “Bullying” Affirmative Defense

DoorDash, Inc. v. Greenside Holdings, LLC

Trademark bullies breathed a sigh of relief when, in this opposition to registration of the mark shown below for delivery of medical cannabis via car service, the Board rejected Applicant Greenside’s affirmative defense of unclean hands. Opposer DoorDash alleged likelihood of confusion with eight registered DOORDASH marks for various goods and services, including food delivery. Greenside asserted that DoorDash has misused its trademarks in a “longstanding and habitual practice of trademark bullying” by opposing a “significant number of applications” on “dubious, weak or exaggerated” grounds.³⁸¹ The Board granted DoorDash’s motion to strike that defense.



³⁷⁹ *Id.*

³⁸⁰ *Id. Cf. UMG Recordings Inc. v. Mattel Inc.*, 100 U.S.P.Q.2d 1868, 1873 (T.T.A.B. 2011) (overly large records tax the resources of the Board).

³⁸¹ *DoorDash, Inc. v. Greenside Holdings, LLC*, 2024 U.S.P.Q.2d 935 (T.T.A.B. 2024).

Rule 12(f)(2) of the Federal Rules of Civil Procedure, in pertinent part, allows the Board to strike from a pleading “any insufficient or impermissible defense.” The Board pointed out that “[a]n unclean hands defense must be supported by specific allegations of misconduct by a plaintiff that, if proved, would prevent the plaintiff from prevailing on its claim.”³⁸² Of course, the misconduct must be related to plaintiff’s claim.³⁸³

The Board began by noting that:

The Trademark Act does not refer to “trademark bullying” explicitly or even implicitly. Rather, it provides for a trademark owner to protect its mark from confusing uses that may infringe upon an owner’s rights through court litigation, and for parties who believe they would be damaged by the registration of a mark on the Principal Register to oppose or petition to cancel such registration before the Board.³⁸⁴

Courts have awarded sanctions in trademark cases as a result of “over-aggressive trademark enforcement” accompanied by no reasonable basis for recovery.³⁸⁵ Greenside argued essentially that DoorDash’s Section 2(d) claims “overreach” and therefore constituted unclean hands.³⁸⁶

The Board has previously considered assertions of “unclean hands” based on “overzealous enforcement” but found that this defense does not apply to a registrant “seek[ing] to protect its rights in its registered marks, and preclud[ing] the registration of what it believes to be a confusingly similar mark.”³⁸⁷

Here, the Board found that DoorDash is “merely exercising its right to protect its marks.”³⁸⁸

A defense, as with any pleading, must contain sufficient factual matter to give rise to a particular defense. *** There must be more than threadbare recitals supported by conclusory statements. *** Applicant’s mere characterization of Opposer’s prior opposition activity as “bullying,” or assertion of “dubious, weak or exaggerated”

³⁸² *Id.* at *1-2, citing *Midwest Plastic Fabricators, Inc. v. Underwriters Labs., Inc.*, 1987 TTAB LEXIS 22, at *5 (T.T.A.B. 1987).

³⁸³ *Id.* at 2, citing *Tony Lama Co. v. Di Stefano*, 1980 TTAB LEXIS 6, at *7 (T.T.A.B. 1980).

³⁸⁴ *Id.*

³⁸⁵ *Id.*, quoting *J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition* § 11.93 (5th ed.).

³⁸⁶ *Id.*

³⁸⁷ *Id.* See *Time Warner Entm’t Co. v. Jones*, 2002 TTAB LEXIS 462, at *2 n.4 (T.T.A.B. 2002) (rejecting “equitable ‘unclean hands’ defense based on opposer’s allegedly overzealous enforcement of its trademark rights” because every trademark owner has right to protect its trademark).

³⁸⁸ *Id.*

claims, does not constitute a sufficient allegation of facts to support an unclean hands defense.³⁸⁹

And so, the Board granted the motion to strike and, “as the allegations do not support the pleaded affirmative defense,” denied GreenerSide the opportunity to re-plead.³⁹⁰

e. Motion for Leave to take Foreign Depositions Orally

Instagram, LLC v. Instagoods Pty. Ltd.

In a noteworthy ruling, the Board granted Opposer Intragram’s motion for leave to take the discovery depositions of two Australia-based officers of Applicant Instagoods by oral examination via videoconference.³⁹¹ Applicant Instagoods refused to consent to the motion, but the Board found that Instagram established “good cause” under Rule 2.120(c)(1).

Pursuant to that Rule, the discovery deposition of a natural person (an officer, director, managing agent, or designee of a party) residing in a foreign country, if taken in a foreign country, must be taken upon written questions “unless the Trademark Trial and Appeal Board, upon motion for good cause, orders that the deposition be taken by oral examination, or the parties so stipulate.”³⁹²

In deciding such a motion, the Board weighs the equities, including the advantages of an oral deposition and any financial hardship that the party to be deposed might suffer if the deposition were taken orally in the foreign country.³⁹³

The Board found good cause for taking the deposition orally. The two witnesses are the sole remaining party witnesses with knowledge regarding issues pertinent to the claims in this proceeding: likelihood of confusion with, and likely dilution of, the mark INSTAGRAM by the applicant’s mark INSTAGOIDS. Moreover, oral depositions “are likely to aid in the furtherance of discovery in this proceeding, particularly where Instagram has had difficulty obtaining information regarding (former Instagoods employee) Ms. Willis’ role with Instagoods and her prior-filed applications through written discovery.”³⁹⁴ “The fact that the oral discovery depositions may be conducted without the need for

³⁸⁹ *Id.* (citations omitted).

³⁹⁰ *Id.*

³⁹¹ *Instagram, LLC v. Instagoods Pty. Ltd.*, 2023 U.S.P.Q.2d 1185 (T.T.A.B. 2023).

³⁹² Trademark Rule 2.120(c)(1), 37 C.F.R. § 2.120(c)(1).

³⁹³ *Instagram*, 2023 U.S.P.Q.2d 1185, at *2, citing *Orion Grp. Inc. v. Orion Ins. Co.*, 12 U.S.P.Q.2d 1923, 1925 (T.T.A.B. 1989); *see also* *Salutare S.A. de C.V. v. Remedy Drinks Pty. Ltd.*, 2022 U.S.P.Q.2d 16, at *8-9 (T.T.A.B. 2021).

³⁹⁴ *Id.* at *4.

translations and Instagram’s willingness to coordinate the depositions according to the schedules of the witnesses further supports a finding of good cause.”³⁹⁵

Turning to Instagram’s request that the discovery depositions be taken via videoconference, the Board found that method to be appropriate.

Rule 30(b)(4) of the Federal Rules of Civil Procedure provides that depositions may be taken “by telephone or other remote means.”³⁹⁶ “Nothing in the language of Rule 30 requires a showing of necessity, financial inability or other hardship to obtain an order to proceed via [remote means], and leave to take depositions [via remote means] should be liberally granted in appropriate cases.”³⁹⁷

The Board concluded that taking the depositions by videoconference “will promote flexibility and reduce costs to the parties, particularly where the parties may elect to break up the depositions into segments to accommodate the witnesses’ schedules.”³⁹⁸

The Board pointed out, however, that Instagram is responsible for following appropriate procedures to ensure that the taking of the discovery depositions “complies with (1) any applicable procedural treaty requirements and (2) any limitations the Board may impose upon consideration of international comity in light of any local laws given consideration by the Board.”³⁹⁹

The Board noted that Instagram may resort to any of the devices available under Rule 28(b)(1) of the Federal Rule of Civil Procedure,⁴⁰⁰ including noticing the deposition, seeking issuance by the Board of a letter of request for use under the Hague Convention, seeking issuance by the Board or, if applicable, a U.S. District Court of a letter rogatory for application to the U.S. Department of State for diplomatic processing, or seeking the appointment of an

³⁹⁵ *Id.* See *Orion Grp. Inc.*, 12 U.S.P.Q.2d at 1926 (considering the lack of need for translations a factor in finding good cause to take foreign depositions orally).

³⁹⁶ Fed. R. Civ. P. 30(b)(4) states, in pertinent part: “The parties may stipulate—or the court may on motion order—that a deposition be taken by telephone or other remote means.”

³⁹⁷ *Instagram*, 2023 U.S.P.Q.2d 1185, at *4, quoting *Salutare S.A. de C.V.*, 2022 U.S.P.Q.2d 16, at *15-16.

³⁹⁸ *Id.*

³⁹⁹ *Id.* at *5.

⁴⁰⁰ Rule 28(b)(1) states:

In General. A deposition may be taken in a foreign country:

(A) under an applicable treaty or convention;

(B) under a letter of request, whether or not captioned a “letter rogatory”;

(C) on notice, before a person authorized to administer oaths either by federal law or by the law in the place of examination; or

(D) before a person commissioned by the court to administer any necessary oath and take testimony.

individual or officer within the foreign territory who is commissioned to take the oath of the deponent.⁴⁰¹

f. Motion to Strike Sur-Sur-Rebuttal Expert Report

Monster Energy Co. v. Coulter Ventures, LLC

Four back-and-fourth expert reports in succession are one too many. In this consolidated opposition proceeding involving Applicant Coulter Ventures' mark MONSTER LITE for weightlifting equipment, the parties served four expert reports: an initial report by Monster Energy, a rebuttal report by Coulter, a sur-rebuttal report by Monster, and then a sur-sur-rebuttal report by Coulter. The Board granted Monster leave to serve its sur-rebuttal report but limited it to a critique of Coulter's report. The Board then nixed Coulter's sur-sur-rebuttal report, ruling that sur-sur-rebuttal reports are never permitted.⁴⁰²

Monster's initial expert report included the results of a survey purportedly showing an overlap of consumers for the respective goods of the parties. Coulter countered with an expert report critiquing the survey and offered its own survey results.

Monster then sought leave to serve a sur-rebuttal report, which the Board granted, relying on *NewEgg Inc. v. Schoolhouse Outfitters, LLC*.⁴⁰³

In *NewEgg*, the Board held that "under appropriate circumstances, a sur-rebuttal expert report would be proper as long as a party that wishes to provide a sur-rebuttal expert report promptly seeks leave to do so" and if consideration of the sur-rebuttal report would "serve the interest of fairness [and] benefit the Board in its ability to make a just determination of the merits of this case."⁴⁰⁴

As in *NewEgg*, the Coulter report included "new evidence in the form of a different survey performed according to a different methodology on the issue of likelihood of confusion."⁴⁰⁵ The Board found that Monster's sur-rebuttal report "would serve the interest of fairness, and allow the Board to make a just determination of the merits of the case, to allow [Monster] to submit expert testimony opining on the survey in the [Coulter] Rebuttal."⁴⁰⁶

Specifically, the only portion of [Monster's] Sur-Rebuttal that the Board allows is a critique of [Coulter's] Rebuttal,

⁴⁰¹ *Instagram*, 2023 U.S.P.Q.2d 1185, at *5.

⁴⁰² *Monster v. Coulter Ventures, LLC*, 2023 U.S.P.Q.2d 916 (T.T.A.B. 2023).

⁴⁰³ 118 U.S.P.Q.2d 1242, 1244 (T.T.A.B. 2016).

⁴⁰⁴ *Monster v. Coulter*, 2023 U.S.P.Q.2d 916, at *2, quoting *NewEgg*, 118 U.S.P.Q.2d at 1244.

⁴⁰⁵ *Id.*, quoting *NewEgg*, 118 U.S.P.Q.2d at 1244.

⁴⁰⁶ *Id.*

with no presentation of new evidence. Any portion that constitutes bolstering of the [original Monster] Report will not be considered.⁴⁰⁷

As to Coulter’s sur-sur-rebuttal expert report, neither the Federal Rules of Civil Procedure nor the Trademark Rules of Practice expressly prohibits such a report.⁴⁰⁸ Whether to allow any expert reports other than those expressly provided for in Rules 26(a) and (e) of the Federal Rules of Civil Procedure is left to the discretion of the tribunal.⁴⁰⁹ And, of course, the Board has the inherent authority to manage its docket.⁴¹⁰

The Board drew a line in the sand, holding that “sur-sur-rebuttal expert reports will not be permitted under any circumstances.”⁴¹¹

Continuously allowing expert rebuttal would create a situation “where there would be no finality to expert reports Such a system would eviscerate the expert report requirements of Rule 26, would wreak havoc in docket control, and would amount to unlimited expert opinion presentation.” * * * A bright-line rule that sur-sur-rebuttal expert reports will not be permitted under any circumstances provides clarity for parties preparing expert testimony that there will be finality to the exchange of expert opinions. Any further challenges to the opposing party’s expert testimony may be addressed through deposition and cross-examination of that expert.⁴¹²

g. Motion to Strike Notice of Reliance

RLP Ventures, LLC v. Panini America, Inc.

The Board was exceedingly kind to pro se opposer RLP Ventures in this Section 2(d) opposition to registration of the mark MOSAIC for “Collectible trading cards; Sports trading cards.” RLP seriously botched its attempt to submit evidence and testimony. The Board struck its notice of reliance but nonetheless allowed RLP to file an amended notice, and the Board re-opened RLP’s testimony period so

⁴⁰⁷ *Id.* See Gemological Inst. of Am., Inc. v. Gemology Headquarters Int’l, LLC, 111 U.S.P.Q.2d 1559, 1561-62 (T.T.A.B. 2014) (a report that seeks to clarify an expert’s earlier opinions and rebut contradictory testimony is bolstering).

⁴⁰⁸ *Id.* at *3.

⁴⁰⁹ *Id.* Rule 26(a) provides for the service of expert reports. Rule 26(e) provides for the supplementation of an expert report if the report is incomplete or incorrect.

⁴¹⁰ *Id.* See Coffee Studio LLC v. Reign LLC, 129 U.S.P.Q.2d 1480, 1482 n.7 (T.T.A.B. 2019); Carrini, Inc. v. Carla Carini, S.R.L., 57 U.S.P.Q.2d 1067, 1071 (T.T.A.B. 2000).

⁴¹¹ *Id.*

⁴¹² *Id.* at *3-4, quoting *NewEgg*, 118 U.S.P.Q.2d, at 1244.

it could file a supplemental testimony declaration authenticating certain exhibits.⁴¹³

By means of its notice of reliance, RLP “dumped into the record”⁴¹⁴ numerous documents not admissible by notice: Panini’s discovery requests, RLP’s own disclosures and discovery responses, and RLP’s documents responsive to Panini’s production requests.⁴¹⁵

Opposer has made it difficult for the Board to locate the evidence which will be considered, leaving the Board to separate the wheat from the chaff and ferret out possibilities in Opposer’s effective document dump, an unnecessary burden and waste of the Board’s limited resources.⁴¹⁶

The Board therefore struck RLP’s notice of reliance in its entirety but allowed it to file a “proper amended notice of reliance”⁴¹⁷ confined to those documents already properly submitted: Panini’s initial disclosures and its responses to RLP’s discovery requests, and certain Internet materials and official records. Although RLP did not “indicate generally the relevance of the evidence and associate it with one or more issues in the proceeding,” as required by Trademark Rule 2.122(g),⁴¹⁸ that omission is “a procedural defect that can be cured by the offering party within the time set by Board order,” without requiring that the testimony period be re-opened.⁴¹⁹ RLP was directed to “associate each document with a specific element or fact in the case.”⁴²⁰

Applicant Panini also objected to several exhibits attached to RLP’s testimony declaration as lacking proper foundation. The Board noted that ordinarily, a party seeking to amend its testimony must show “excusable neglect” in order to re-open its testimony period.⁴²¹ However, it also noted that, in an oral testimony deposition, a party may amend its testimony immediately upon

⁴¹³ RLP Ventures, LLC v. Panini Am., Inc., 2023 U.S.P.Q.2d 1135 (T.T.A.B. 2023).

⁴¹⁴ *Id.* at *4.

⁴¹⁵ The types of evidence admissible by notice of reliance are identified in paragraphs (d)(2) and (e)(1) and (2) of Trademark Rule 2.122 and in Trademark Rule 2.120(k).

⁴¹⁶ *RLP Ventures*, 2023 U.S.P.Q.2d 1135 at *4-5. *Cf.* *Clintec Nutrition Co. v. Baxa Corp.*, 988 F. Supp. 110, 44 U.S.P.Q.2d 1719, 1723 n.16 (N.D. Ill. 1997) (A “court will not pour over the documents to extract the relevant information.”).

⁴¹⁷ *Id.* at *5.

⁴¹⁸ Trademark Rule 2.122(g), 37 C.F.R. § 2.122(g), provides that:

For all evidence offered by notice of reliance, the notice must indicate generally the relevance of the evidence and associate it with one or more issues in the proceeding. Failure to identify the relevance of the evidence, or associate it with issues in the proceeding, with sufficient specificity is a procedural defect that can be cured by the offering party within the time set by Board order.

⁴¹⁹ *RLP Ventures*, 2023 U.S.P.Q.2d 1135, at *6.

⁴²⁰ *Id.* at *6.

⁴²¹ *Id.* at *7. *See Pioneer Inv. Sers. Co. v. Brunswick Assocs. Ltd. P’ship*, 507 U.S. 380, 395 (1993).

objection to foundation, without having to show “excusable neglect.” The Board took this into account in deciding to allow RLP to correct its testimony declaration.

In the unique circumstances of this case, in which nearly all of Opposer’s case has been improperly submitted, the Board will not further delay this proceeding by requiring Opposer to file a motion to reopen to cure the testimony laying the foundation for exhibits in the Prioleau Declaration. Proceedings already are delayed to allow Opposer to file an amended notice of reliance . . . * * * [T]he Board sua sponte reopens Opposer’s testimony period for the sole purpose of allowing Opposer, if it finds it necessary, to file a supplemental declaration by Ramona Prioleau curing alleged procedural defects raised by Applicant in her foundation testimony for the exhibits referenced in her original declaration, by laying a proper foundation for any such document previously submitted during Opposer’s main trial period.⁴²²

⁴²² *Id.* at *8-9.

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

Under Section 45 of the Act, a trademark can consist of “any word, name, symbol, or device, or any combination thereof”; the same statute contains a substantively identical definition of “service mark.”⁴²³ Despite the breadth of those definitions, plaintiffs asserting rights to nontraditional marks sometimes face motions to dismiss or for summary judgment because they allegedly have failed to define their putative marks with enough detail to inform their adversaries of the nature of claims against them. In one case in which that strategy paid off on a motion to dismiss, the plaintiff asserted rights in the appearance of the packaging of its fruit and vegetable supplements.⁴²⁴ Teeing up its evaluation of whether the plaintiff had adequately defined its claimed trade dress, the court observed that:

[A] party must set forth an exhaustive list of protected elements to successfully plead a clam [sic] for trade dress infringement. This list of elements is designed to give a defendant notice of the specific trade dress elements it has allegedly infringed.

However, use of language like “including” or “for example” to introduce the list of elements fails to provide a defendant with notice because it does not clearly delineate the boundaries of the protection plaintiff claims. In other words, when a party pleads a list of elements with a non-limiting qualifier, it does not give adequate notice of its intended claims and leaves the door open to an attempt to redefine the purportedly protected elements at a later stage of litigation.⁴²⁵

It then faulted the plaintiff’s definition of its claimed trade dress for two reasons, the first of which was the definition’s reliance on the non-limiting qualifier “includes.”⁴²⁶ The second was the plaintiff’s attempted redefinition of its claimed trade dress though a recitation

⁴²³ 15 U.S.C. § 1127 (2018).

⁴²⁴ See *EVIG, LLC v. Natures Nutra Co.*, 685 F. Supp. 3d 991 (D. Nev. 2023).

⁴²⁵ *Id.* at 998 (citations omitted).

⁴²⁶ *Id.* at 998.

of “supplemental facts” within the complaint, of which the court noted that “[d]efendant cannot possibly have notice of the claims against it when even the complaint itself present [sic] a moving target.”⁴²⁷ It therefore dismissed that pleading for failure to state a claim.

In a separate case resolved through a successful defense motion for summary judgment, the plaintiffs ambitiously claimed trade dress rights in a software program.⁴²⁸ The court initially noted that “[a]lthough some courts have found that the ‘look and feel’ of a website may constitute trade dress, no court has extended the definition of trade dress to include software programs.”⁴²⁹ It therefore gave the plaintiffs the benefit of the doubt by treating their claim as one to protect the appearances of websites produced by the plaintiffs’ software rather than the software itself. Nevertheless, that did not save the plaintiffs’ trade dress cause of action, for the court found itself unable to discern precisely what comprised the claimed trade dress. Moreover, although the inclusion of photographs or other graphics in a complaint or other papers often can salvage otherwise deficient definitions of marks and trade dresses, that strategy failed to bear fruit for the plaintiffs. Instead, as the court concluded, “[a]lthough Plaintiffs have pointed the Court to an image of their website, they have failed to define the elements of their website design that constitute trade dress and merit protection.”⁴³⁰ It therefore granted the defendants’ motion for summary judgment.

ii. Establishing Protectable Rights

(A) *The Effect of Federal Registrations on the Mark-Validity Inquiry*

As always, courts required plaintiffs lacking registrations on the Principal Register to prove the validity of their claimed marks; that rule applied with equal force to unregistered marks⁴³¹ and to those

⁴²⁷ *Id.*

⁴²⁸ *See* Talavera v. Glob. Payments, Inc., 670 F. Supp. 3d 1074 (S.D. Cal. 2023).

⁴²⁹ *Id.* at 1107–08.

⁴³⁰ *Id.* at 1110.

⁴³¹ *See, e.g.*, Bliss Collection, LLC v. Latham Cos., 82 F.4th 499, 506 (6th Cir. 2023) (“For an unregistered trademark, the mark is not afforded the same presumption of validity that registered marks receive.”); Moke Am. LLC v. Am. Custom Golf Cars, Inc., 671 F. Supp. 3d 670, 687 (E.D. Va. 2023) (“Because neither party possesses a federal registration of the [disputed] mark, each bears the burden of establishing its ownership of the mark, including the mark’s validity (i.e., distinctiveness), by a preponderance of the evidence.”), *rev’d on other grounds*, 126 F.4th 263 (4th Cir. 2025).

registered only on the Supplemental Register.⁴³² For owners of marks registered on the Principal Register, however, Sections 7(b) and 33(a) of the Act provide that, immediately upon its issuance, the registration constitutes “prima facie evidence” of the validity of the underlying mark,⁴³³ and most courts applied the majority rule that “[i]f a plaintiff shows 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.”⁴³⁴

Significantly, however, that burden-shifting effect applied only if the registration on the Principal Register in question issued before the defendant’s date of first use.⁴³⁵ Moreover, at least one court applied the minority rule that such a registration merely shifts the burden of *production* to a party alleging that a registered mark is invalid.⁴³⁶ Under that rule, “[i]f sufficient evidence of [invalidity] genericness is produced to rebut the presumption, the presumption is ‘neutralize[d]’ and essentially drops from the case, although the evidence giving rise to the presumption remains.”⁴³⁷ Having adopted that lukewarm statement, however, the court then departed from the usual rule that a registration issued after a defendant’s allegedly infringing use began is not evidence of the distinctiveness of the underlying mark by holding that “[t]he court may nevertheless view [such a] registration[] as persuasive evidence . . . in determining validity through common law.”⁴³⁸

(B) The Common-Law Requirements for Mark Validity

(1) Use in Commerce

As a general rule, “[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.”⁴³⁹ One court elaborated on this proposition by holding that “[t]o acquire

⁴³² See, e.g., *La Potencia, LLC v. Chandler*, 733 F. Supp. 3d 1238, 1261–62 (S.D. Fla. 2024) (requiring owner of claimed mark registered only on the Supplemental Register to prove claimed mark’s validity); *Intercollegiate Women’s Lacrosse Coaches Ass’n v. Corrigan Sports Enters.*, 694 F. Supp. 3d 625, 662 (M.D.N.C. 2023) (same).

⁴³³ 15 U.S.C. §§ 1057(b), 1115(a) (2018).

⁴³⁴ *JUUL Labs, Inc. v. Chou*, 676 F. Supp. 3d 827, 843 (C.D. Cal. 2023); see also *Moke Am.*, 671 F. Supp. 3d at 697 (referencing majority rule in dictum).

⁴³⁵ See *Opulent Treasures, Inc. v. Ya Ya Creations, Inc.*, 682 F. Supp. 3d 815, 822–23 (C.D. Cal. 2023).

⁴³⁶ See *Intercollegiate Women’s Lacrosse Coaches Ass’n*, 694 F. Supp. 3d 625, 661 (M.D.N.C. 2023) (“This presumption shifts the burden of production on the issue of validity.”).

⁴³⁷ *Id.* (third alteration in original) (quoting *Retail Servs., Inc. v. Freebies Publ’g*, 364 F.3d 535, 543 (4th Cir. 2004)).

⁴³⁸ *Id.* at 662.

⁴³⁹ *Rex Real Est. I, L.P. v. Rex Real Est. Exch., Inc.*, 80 F.4th 607, 617 (5th Cir. 2023) (quoting *Hana Fin., Inc. v. Hana Bank*, 574 U.S. 418, 419 (2015)).

ownership of a trademark it is not enough to have invented the mark first or even to have registered it first; the party claiming ownership must have been the first to actually use the mark in the sale of goods or services. Therefore, a party pursuing a trademark claim must meet a threshold ‘use in commerce’ requirement.”⁴⁴⁰ Nevertheless, and however easy it may be to state these basic points, litigation over them led to several notable reported opinions.

***(a) The Nature and Quality of Use in Commerce
Necessary to Establish Protectable Rights***

Perhaps the most interesting opinion to examine the nature and quality of use in commerce necessary to create protectable rights reached differing results.⁴⁴¹ The plaintiff before the court issuing it was a Colombian company with no apparent use in the United States of the marks and trade dress to which it claimed protection. The defendants’ deliberate imitation of the marks and trade dress was beyond material dispute, and the plaintiff challenged that use under both the American Convention for Trademark and Commercial Protection (IAC)⁴⁴² and the Lanham Act. Weighing the parties’ cross-motions for summary judgment, the court held that the lack of use of the plaintiff’s mark was no obstacle to the pursuit of injunctive relief under Article 18 of the IAC because that article did not require a showing of prior use and because “[t]he IAC is a self-executing treaty, having the force of law by virtue of its enactment.”⁴⁴³ Things were different where the plaintiff’s claims under U.S. domestic law were concerned: With respect to them, the court undertook a full-blown evaluation of the likely confusion caused by the defendants’ alleged trade dress infringement,⁴⁴⁴ but, characterizing the plaintiff’s claims of infringement of its verbal marks as sounding in “false-association trademark infringement,” it held that the plaintiff’s inability to prove prior use of those marks in commerce entitled the defendants to summary judgment.⁴⁴⁵

A different case, one before a California federal district court, produced similarly mixed results, albeit ones uniformly in the

⁴⁴⁰ *OpenAI, Inc. v. Open A.I., Inc.*, 719 F. Supp. 3d 1033, 1046 (N.D. Cal. 2024) (quoting *Rearden LLC v. Rearden Com., Inc.*, 683 F.3d 1190, 1203 (9th Cir. 2012)), *aff’d*, No. 24-1963, 2024 WL 4763687 (9th Cir. Nov. 13, 2024).

⁴⁴¹ *See Industria De Alimentos Zenu S.A.S. v. Latinfood U.S. Corp.*, 679 F. Supp. 3d 53 (D.N.J. 2023), *appeal docketed*, No. 23-2357 (3d Cir. Aug. 7, 2023).

⁴⁴² General Inter-American Convention for Trade-mark and Commercial Protection, Feb. 20, 1929, 46 Stat. 2907.

⁴⁴³ *Industria De Alimentos Zenu*, 679 F. Supp. 3d at 73.

⁴⁴⁴ *Id.* at 91–102.

⁴⁴⁵ *Id.* at 102–04.

plaintiff's favor.⁴⁴⁶ The plaintiff sought to protect the OPEN AI mark for artificial intelligence tools and services, which the court found on the plaintiff's motion for a preliminary injunction the plaintiff had conspicuously used since a December 11, 2015, announcement of its formation, followed by the plaintiff's launch of a software platform on December 5, 2016.⁴⁴⁷ Of the plaintiff's subsequent use, the court remarked that “[s]ince its foundation, plaintiff has used the OpenAI mark in association with its goods and services. It uses the mark on its website, social media, and marketing. Every time consumers open ChatGPT, for example, they see the OpenAI mark.”⁴⁴⁸ The results were that the plaintiff's mark was “one of the most recognized in the artificial intelligence industry, if not the world”⁴⁴⁹ and that its website was “one of the most visited on the planet.”⁴⁵⁰ That conspicuous use and notoriety satisfied the Ninth Circuit's test for priority of use, which the court summarized in the following manner:

[T]he Ninth Circuit does not require proof of actual sales. Instead, it “turns on evidence showing, first, adoption, and second, use in a way sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind” “as belonging to the owner.”

...

... The factors that courts must considered [sic] are: “(1) whether actual purchasers of the product bearing the claimed trademark associate the trademark with the producer, (2) the degree and manner of advertising under the claimed trademark, (3) the length and manner of use of the claimed trademark, and (4) whether use of the claimed trademark has been exclusive.”⁴⁵¹

Attempting to beat the plaintiff's December 15, 2015, priority date, the defendants—one a company and the other its principal—proffered a “composite sketch” of an alleged circa-2012 website, which the individual defendant claimed to have recreated from memory; no other records of it existed.⁴⁵² That exhibit fared poorly at the hands of an expert retained by the plaintiff, who

⁴⁴⁶ See *OpenAI, Inc. v. Open A.I., Inc.*, 719 F. Supp. 3d 1033 (N.D. Cal. 2024), *aff'd*, No. 24-1963, 2024 WL 4763687 (9th Cir. Nov. 13, 2024).

⁴⁴⁷ *Id.* at 1047.

⁴⁴⁸ *Id.* at 1037.

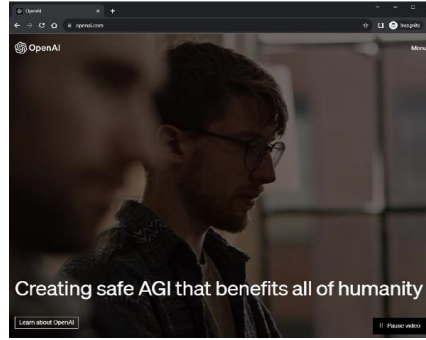
⁴⁴⁹ *Id.* at 1048.

⁴⁵⁰ *Id.*

⁴⁵¹ *Id.* at 1047, 1047–48 (first quoting *Rearden LLC v. Rearden Com., Inc.*, 683 F.3d 1190, 1205–06 (9th Cir. 2012); and then quoting *Yellow Cab Co. of Sacramento v. Yellow Cab of Elk Grove, Inc.*, 419 F.3d 925, 930 (9th Cir. 2005)).

⁴⁵² *Id.* at 1038.

demonstrated that the reconstructed website contained content copied from a 2017 college textbook. Although the individual defendant claimed to have made various tools available on a later version of the 2012 website, the documentary evidence of that claim contained “nonsensical references like ‘this is a test,’ ‘lll,’ and ‘testing.’”⁴⁵³ The plaintiff’s expert also testified that the defendants’ first branded website had gone live only on November 16, 2016, and, even then, had not displayed the defendants’ claimed OPENAI mark. Beyond that, the individual defendant had secured the open.ai domain name on March 26, 2015, but the website accessible at it was a mere landing page until November 2022, when the defendants began hosting a third party’s program.⁴⁵⁴ And, when the defendants finally launched the functional website shown below on the left, the court found it “remarkably like” the plaintiff’s website, shown below on the right:⁴⁵⁵



The final nail in the coffin of the defendants’ credibility was evidence that, while submitting substitute specimens to the USPTO in support of an application to register their claimed mark, the individual defendant had falsely represented that the new specimens had been in use as of the application’s filing date.⁴⁵⁶ The court unsurprisingly found that the plaintiff enjoyed priority of rights, concluding that the plaintiff had “presented credible evidence that defendants did not use their mark in commerce, if at all, until recently.”⁴⁵⁷

⁴⁵³ *Id.* at 1041.

⁴⁵⁴ Indeed, the domain name redirected to the *plaintiff's* website for years. *Id.*

⁴⁵⁵ *Id.* at 1042.

⁴⁵⁶ *Id.* at 1043.

⁴⁵⁷ *Id.* at 1048.

Other claims of prior use also fell short.⁴⁵⁸ For example, the plaintiff in an appeal to the Fifth Circuit similarly failed to defend its demonstration to the district court’s satisfaction that it had used its claimed unregistered APPLIANCE LIQUIDATION mark in commerce.⁴⁵⁹ The plaintiff’s operation for over two decades of a business featuring the following exterior signage was undisputed:⁴⁶⁰



The plaintiff adduced trial testimony from an employee that she sometimes answered the phone using “Appliance Liquidation” and identified her employer using the same words; moreover, the court added, “one of [the plaintiff’s] owners testified that advertisements would ‘either say Appliance Liquidation [sic] or Appliance Liquidation Outlet.’”⁴⁶¹ Nevertheless, the court concluded, “both witnesses made clear that ‘Appliance Liquidation’ was shorthand for [the plaintiff’s] actual name—‘Appliance Liquidation Outlet.’ The record does not contain any specific instance of [the plaintiff’s] using ‘Appliance Liquidation’ intentionally to identify its store.”⁴⁶² Although reluctant to overturn the district court’s finding of use in commerce, the court of appeals therefore was left with “a definite and firm conviction that the district court committed a mistake.”⁴⁶³

Another opinion addressing the establishment of rights to service marks did so in the context of a challenge to two federal use-based registrations covering the production of live-action role

⁴⁵⁸ See, e.g., *EVIG, LLC v. Natures Nutra Co.*, 685 F. Supp. 3d 991, 999 (D. Nev. 2023) (granting motion to dismiss based in part on plaintiff’s failure to aver priority of use).

⁴⁵⁹ See *Appliance Liquidation Outlet, L.L.C. v. Axis Supply Corp.*, 105 F.4th 362 (5th Cir. 2024).

⁴⁶⁰ *Id.* at 371.

⁴⁶¹ *Id.* at 374.

⁴⁶² *Id.*

⁴⁶³ *Id.*

playing games.⁴⁶⁴ The summary judgment record demonstrated that the registrant had intended to offer services to customers but had never actually consummated a transaction under his claimed marks. That failure led to the invalidation of his registrations as void ab initio under the black-letter proposition that “[the] actual provision of services is required to constitute use in commerce.”⁴⁶⁵ As the court noted while granting summary judgment on the issue, “[a]lthough it is undisputed that [the registrant] offered to run . . . games [for] intended customers, the sole act of offering is insufficient to satisfy the ‘rendered in commerce’ requirement.”⁴⁶⁶

The use of a trademark (as opposed to a service mark) in advertising materials typically will not create protectable rights, and, consistent with that principle, an Indiana federal district court declined to allow a defendant before it to establish priority of rights through the proffer of a single circa-2017 poster announcing a trailer of which the prototype would not be available until 2020.⁴⁶⁷ According to the court, “a single showing of the [disputed] mark in 2017 that apparently went into hibernation until 2020 without its affiliated product vendible in commerce isn’t a use that establishes ownership rights in the mark.”⁴⁶⁸ Because the defendant’s poster compared unfavorably with the plaintiff’s undisputed showing of actual sales under its mark as early as March 2018, the court found that no reasonable jury could find the defendant enjoyed priority of rights, and it therefore entered summary judgment in the plaintiff’s favor.⁴⁶⁹

A separate claim of no use in commerce failed in litigation before a Georgia federal district court.⁴⁷⁰ The HYPERDRIVE mark underlying that claim was registered for “components for personal computers, tablet computers, MP3 players, cell phones and smart phones, namely, electrical power cords, power adapters, and batteries; styluses and covers for tablet computers,”⁴⁷¹ but, despite that expansive list of goods, the plaintiff’s claimed date of first use apparently rested on its sale of the following product:

⁴⁶⁴ See *Nero Int’l Holding Co. v. NEROTix Unlimited Inc.*, 695 F. Supp. 3d 110 (D. Mass. 2023).

⁴⁶⁵ *Id.* at 131.

⁴⁶⁶ *Id.*

⁴⁶⁷ See *Forest River, Inc. v. inTech Trailers, Inc.*, 699 F. Supp. 3d 712 (N.D. Ind. 2023).

⁴⁶⁸ *Id.* at 727.

⁴⁶⁹ *Id.*

⁴⁷⁰ See *Sanho Corp. v. Kaijet Tech. Int’l Ltd., Inc.*, 736 F. Supp. 3d 1241 (N.D. Ga. 2024).

⁴⁷¹ *Id.* at 1261 (alteration omitted) (emphasis omitted) (quoting U.S. Reg. No. 5442707 (issued April 10, 2018)).



The defendants argued that, because that product did not fall within the registration's identification of goods, both the plaintiff's claim of priority and its use-based registration were void ab initio. Framing the issue as whether the plaintiff's product qualified as a "power adapter," the court disagreed, at least for purposes of the defendants' summary judgment motion. It noted the plaintiff's evidence that similar devices were marketed as power adapters, as well as expert witness testimony "that devices facilitating the transmission of power from laptops to 'connected downstream ports' can properly be classified as power adapters."⁴⁷² The plaintiff's responsive showing therefore created a factual dispute precluding the issue's resolution as a matter of law.

(b) Lawful vs. Unlawful Use in Commerce

The Third Circuit has not opined on the question of whether lawful use in commerce is a prerequisite for common-law rights, and that forced a Pennsylvania federal district court to answer that question without the benefit of controlling authority.⁴⁷³ It did so in the context of a motion for summary judgment grounded in the argument that the goods sold under the counterclaim defendant's registered marks were unlawful because they were "banned hazardous product[s]" under federal law.⁴⁷⁴ Framing the issue as "whether this Court may cancel a trademark already registered by the USPTO based on the Court's own determination that the mark has been used in a way that violates federal law,"⁴⁷⁵ the court concluded it lacked the authority to take that step. It first noted that

⁴⁷² *Id.* at 1262.

⁴⁷³ See *Pac-W. Distrib. NV LLC v. AFAB Indus. Servs., Inc.*, 674 F. Supp. 3d 132 (E.D. Pa. 2023), *motion to certify appeal denied*, No. CV 19-3584, 2023 WL 3998469 (E.D. Pa. June 13, 2023).

⁴⁷⁴ *Id.* at 138 (alteration in original) (quoting 15 U.S.C. §§ 2057a(a), 2057b(b) (2018)).

⁴⁷⁵ *Id.* at 139.

the definition of “use in commerce” set forth in Section 45 of the Act⁴⁷⁶ does not expressly contemplate a lawfulness requirement;⁴⁷⁷ moreover, the same was true of Section 1,⁴⁷⁸ which governs the issuance of use-based registrations of marks.⁴⁷⁹ Those provisions contrasted with Section 23 of the Act,⁴⁸⁰ which authorizes the registration of marks on the Supplemental Register and which *does* contain an express “use in commerce” prerequisite.⁴⁸¹ Equally to the point, the court held that “it is not clear that Section 23’s reference to ‘lawful use in commerce’ imposes a requirement that any commerce comply with all federal laws. To the contrary, outside of the TTAB’s invocations of the unlawful use doctrine, ‘the term “lawful” in Section 23 has been interpreted to mean “exclusive.””⁴⁸² The court then found additional support for its conclusion in two more sections of the Act, namely, Section 2,⁴⁸³ which bars particular categories of marks from registration without excluding those used unlawfully,⁴⁸⁴ and Section 32,⁴⁸⁵ which recognizes a cause of action against defendants “us[ing] in commerce” an infringing mark,⁴⁸⁶ again without requiring lawful use as a trigger for potential liability.⁴⁸⁷ The counterclaim plaintiffs’ bid for cancellation for want of lawful use therefore fell short as a matter of law.

(c) Use in Commerce Through Licensees

If a mark’s use is undertaken pursuant to a valid license, the rights arising from that use will inure to the licensor’s benefit.⁴⁸⁸ One court applied that proposition in a case in which the defendants accused the two plaintiffs—one a corporation and other an

⁴⁷⁶ 15 U.S.C. § 1127 (2018).

⁴⁷⁷ *Pac-W. Distrib.*, 674 F. Supp. 3d at 140.

⁴⁷⁸ 15 U.S.C. § 1051.

⁴⁷⁹ *Pac-W. Distrib.*, 674 F. Supp. 3d at 140.

⁴⁸⁰ 15 U.S.C. § 1091.

⁴⁸¹ *Id.* § 1091(a).

⁴⁸² *Pac-W. Distrib.*, 674 F. Supp. 3d at 140 (quoting *Moore Bus. Forms Inc. v. Continu-Forms Inc.*, 9 U.S.P.Q.2d 1907, 1908 (T.T.A.B. 1988)).

⁴⁸³ 15 U.S.C. § 1052.

⁴⁸⁴ *Pac-W. Distrib.*, 674 F. Supp. 3d at 141.

⁴⁸⁵ 15 U.S.C. § 1114.

⁴⁸⁶ *Id.*

⁴⁸⁷ *Pac-W. Distrib.*, 674 F. Supp. 3d at 142.

⁴⁸⁸ *See, e.g.*, 15 U.S.C. § 1055 (2018) (“Where a registered mark or a mark sought to be registered is or may be used legitimately by related companies, such use shall inure to the benefit of the registrant or applicant for registration, and such use shall not affect the validity of such mark or of its registration, provided such mark is not used in such manner as to deceive the public. If first use of a mark by a person is controlled by the registrant or applicant for registration of the mark with respect to the nature and quality of the goods or services, such first use shall inure to the benefit of the registrant or applicant, as the case may be.”).

individual—as having abandoned their rights to certain marks.⁴⁸⁹ The summary judgment record established that the corporate plaintiff had been dissolved for at least six years before its reinstatement by the state of New York. During that hiatus, the corporate plaintiff did not issue any licenses to use the disputed marks, but the individual plaintiff did so on behalf of related companies he had formed. That conduct, the court held, created a factual dispute on the issue of whether the individual plaintiff had abandoned his rights; moreover, to the extent that the licenses did not demonstrate the individual plaintiff's actual use of the marks (through the licensees), the licenses were evidence of his intent to resume that use.⁴⁹⁰

Of course, and as another portion of the same opinion made clear, a plaintiff seeking to establish priority of rights through licensed uses must establish that the relevant licenses actually exist. The plaintiffs learned that lesson the hard way with respect to a separate mark after the court determined that the summary judgment record was devoid of any licenses bearing on that mark; instead, they uniformly addressed other marks. Because no reasonable jury could find that any licensee's use of the separate mark inured to the plaintiffs' benefit, the court found as a matter of law that the plaintiffs had failed to demonstrate their priority of rights to that mark.⁴⁹¹

(2) Distinctiveness

(a) *Determining the Inherent Distinctiveness of Verbal and Two-Dimensional Design Marks*

(i) Generic Designations

Most reported opinions to address claims of genericness did not reach final dispositions of those claims. For example, one Fifth Circuit opinion merely offered guidance on the evidence relevant to the genericness inquiry.⁴⁹² Having been tagged with jury findings of infringement and counterfeiting of a competitor's product configurations after a ten-day trial, an electric guitar manufacturer and its holding company enjoyed better luck in an appeal to that court. The defendants intended to establish the genericness of the plaintiff's claimed trade dresses at trial by relying on third-party uses of similar designs. Invoking the Federal Circuit's opinion in

⁴⁸⁹ See *Nero Int'l Holding Co. v. NEROTix Unlimited Inc.*, 695 F. Supp. 3d 110 (D. Mass. 2023).

⁴⁹⁰ *Id.* at 126.

⁴⁹¹ *Id.* at 127–28.

⁴⁹² See *Gibson, Inc. v. Armadillo Distrib. Enters.*, 107 F.4th 441 (5th Cir. 2024), *as revised* (Aug. 8, 2024).

Converse, Inc. v. International Trade Commission,⁴⁹³ however, the district court excluded the defendants' evidence of third-party uses predating the defendants' allegedly unlawful copies by more than five years. In reversing that decision, the Fifth Circuit noted that the Federal Circuit had held that "[third-party] uses older than five years should only be considered relevant if there is evidence that such uses were likely to have impacted consumers' perceptions of the mark as of the relevant date."⁴⁹⁴ Because the district court had failed to consider the defendants' argument that their proffered evidence might have had such an effect on consumer perception, that tribunal had abused its discretion in holding the evidence inadmissible. Moreover, that error was hardly a harmless one, for, "at several periods in this litigation, the district court agreed that third-party-use evidence is highly relevant to the genericness analysis and the likelihood of confusion factors."⁴⁹⁵ The court of appeals therefore held the defendants entitled to a new trial.⁴⁹⁶

Claims of genericness also fell short on motions for summary judgment by their proponents. One such failed motion was filed by the USPTO in a district court appeal under Section 21(b) of the Act⁴⁹⁷ from a refusal to register the applied-for SPECTACLES mark for smart glasses.⁴⁹⁸ In addition to classifying the mark as descriptive and lacking acquired distinctiveness, the Office claimed it was, in fact, generic as a matter of law. The disposition of the USPTO's motion began in inauspicious fashion for the agency, with the court noting both that "[b]ecause of the intensely factual nature of trademark disputes, summary judgment is generally disfavored in the trademark arena"⁴⁹⁹ and that "[i]n 'registration proceedings, the USPTO always bears the burden of establishing that a proposed mark is generic.'"⁵⁰⁰ The court then got down to business:

The primary significance test for genericness involves, essentially, a two-step inquiry. First, the court must identify the "genus of goods or services at issue." Second, the court must determine whether "the term sought to be registered . . . [is] understood by the relevant public primarily to refer to that genus of goods or services." "The critical issue in genericness cases" is therefore how "members of the relevant

⁴⁹³ 909 F.3d 1110 (Fed. Cir. 2018).

⁴⁹⁴ *Gibson*, 107 F.4th at 448 (alteration in original) (quoting *Converse*, 909 F.3d at 1121).

⁴⁹⁵ *Id.* at 451.

⁴⁹⁶ *Id.*

⁴⁹⁷ 15 U.S.C. § 1051(b) (2018).

⁴⁹⁸ See *Snap Inc. v. Vidal*, 721 F. Supp. 3d 1070 (C.D. Cal. 2024).

⁴⁹⁹ *Id.* at 1074 (quoting *Interstellar Starship Servs., Ltd. v. Epix Inc.*, 184 F.3d 1107, 1109 (9th Cir. 1999)).

⁵⁰⁰ *Id.* (quoting *Booking.com B.V. v. U.S. Pat. & Trademark Off.*, 915 F.3d 171, 179 (4th Cir. 2019), *vacated on other grounds*, 591 U.S. 549 (2020)).

public primarily use or understand the term sought to be protected.”⁵⁰¹

With respect to the first of the relevant inquiries, the court rejected the USPTO’s argument that “‘spectacles’ must be generic for the claimed genus ‘smart glasses’ because glasses is a ‘portion’ or ‘part’ of smart glasses.”⁵⁰² “While not formally expressed as such,” the court explained, “the USPTO’s working conception of the relevant genus rests on the following syllogism[:] Premise 1: ‘spectacle’ is generic for ‘eyeglasses’[:] Premise 2: ‘eyeglasses’ is a ‘portion’ or ‘part’ of ‘smart glasses’[:] and] Conclusion: ‘spectacles’ is therefore generic for ‘smart glasses.’”⁵⁰³ According to the court, one problem with that framework was that:

The second premise . . . is argument by ipse dixit: it presupposes that “glasses” is a necessary subset of—and thus completely subsumed by—the genus of “smart glasses.” That is semantic sleight of hand, waving the shared word “glasses” to convey a fixed subgenus-genus relationship between that word and “smart glasses” as if it were axiomatic.⁵⁰⁴

Things got no better for the agency from that point forward, for the court then found a factual dispute on the issue of consumers’ perception of the applied-for mark. Specifically, record evidence precluding summary judgment of genericness included: (1) inconclusive dictionary definitions;⁵⁰⁵ (2) “social media evidence from marketing and linguistic experts” putatively demonstrating that the majority of posts, product reviews, and Google Trends search data;⁵⁰⁶ and (3) the results of a *Thermos*-format survey⁵⁰⁷ commissioned by the applicant showing that “only 1.5% of respondents used the term ‘spectacles’ generically to identify ‘smart glasses.’”⁵⁰⁸ The USPTO’s motion was not itself without support in the record, namely: (1) dictionary definitions;⁵⁰⁹ (2) allegedly generic use of the applied-for mark by the applicant and one of its employees;⁵¹⁰ (3) limited third-party generic uses of the applied-for

⁵⁰¹ *Id.* at 1075 (first quoting *H. Marvin Ginn Corp. v. Int’l Ass’n of Fire Chiefs, Inc.*, 782 F.2d 987, 990 (Fed. Cir. 1986); then quoting *id.*; and then quoting *id.* at 989–90).

⁵⁰² *Id.*

⁵⁰³ *Id.* at 1075–76.

⁵⁰⁴ *Id.* at 1075.

⁵⁰⁵ *Id.* at 1077–78.

⁵⁰⁶ *Id.* at 1078.

⁵⁰⁷ See *King-Seeley Thermos Co. v. Aladdin Indus.*, 321 F.2d 577 (2d Cir. 1963).

⁵⁰⁸ *Snap*, 721 F. Supp. 3d at 1079.

⁵⁰⁹ *Id.* at 1077–78.

⁵¹⁰ *Id.* at 1078.

mark;⁵¹¹ and (4) the results of a *Teflon*-format survey⁵¹² allegedly demonstrating that 79.9% of respondents viewed the applied-for mark as generic.⁵¹³ The result of those conflicting showings was that the applicant's challenge to the rejection of its application went forward to a bench trial in which the applicant prevailed, at least with respect to the issue of genericness; that victory, however, extended only to a finding that the applied-for mark was eligible for registration on the Supplemental Register.⁵¹⁴

Finally, although otherwise not placing a claimed mark at issue on the spectrum of distinctiveness, a different court rejected the proposition that it was generic.⁵¹⁵ That mark was ELECTROLIT, which the lead plaintiff had registered with the USPTO for a rehydration product. In response to the plaintiffs' motion for summary judgment, the defendant gamely argued the mark was generic because it was a "spelling variation" of "electrolyte." Because of the mark's registration, the court placed the burden of proof on the defendant to prove the mark's invalidity.⁵¹⁶ Because the defendant had failed to introduce any evidence or testimony to satisfy that burden beyond a showing that one of the plaintiff's witnesses pronounced the mark as "electrolyte," the court found no dispute that the public did not perceive the mark "as communicating information about the 'nature or class' of rehydration beverages."⁵¹⁷

(ii) Descriptive Marks

"Descriptive marks convey an immediate idea of the qualities, characteristics, effect, purpose, or ingredients of a product or service."⁵¹⁸ Rather predictably, an application of that standard led the Fifth Circuit to affirm a finding that the APPLIANCE LIQUIDATION OUTLET mark merely described the retail sale of appliances by a plaintiff. Perhaps less predictably, it did so over the objections of the defendant, which argued the mark was actually generic. Key to the Fifth Circuit's rejection of that argument was

⁵¹¹ *Id.* at 1079.

⁵¹² *See* E.I. du Pont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502 (E.D.N.Y. 1975).

⁵¹³ *Snap*, 721 F. Supp. 3d at 1079.

⁵¹⁴ *See* *Snap Inc. v. Vidal*, No. 2:22-cv-00085-SK (C.D. Cal. Oct. 15, 2024) (entering judgment).

⁵¹⁵ *See* *Sueros Y Bebidas Rehidratantes, S.A. de D.V. v. Indus Enters.*, 690 F. Supp. 3d 745 (S.D. Tex. 2023).

⁵¹⁶ *Id.* at 756.

⁵¹⁷ *Id.* at 756–57 (quoting *Sun Banks of Fla., Inc. v. Sun Fed. Sav. & Loan Ass'n*, 651 F.2d 311, 315 (5th Cir. 1981)).

⁵¹⁸ *Appliance Liquidation Outlet, L.L.C. v. Axis Supply Corp.*, 105 F.4th 362, 375 (5th Cir. 2024) (quoting *Future Proof Brands, L.L.C. v. Molson Coors Bev. Co.*, 982 F.3d 280, 291 (5th Cir. 2020)).

trial testimony from one of the defendant's witnesses that the mark was not a term used to describe the plaintiff's line of business, as well as testimony from another "that he would not use 'Appliance Liquidation Outlet' . . . to refer to other businesses in his industry."⁵¹⁹ The district court therefore had not erred by classifying the mark as descriptive.⁵²⁰

In a separate dispute, the Second Circuit affirmed, and reached in the first instance, findings of descriptiveness for the MEDICAL SPECIAL OPERATIONS CONFERENCE and MSOC marks, respectively, both used for charitable fundraising through conferences for first responders.⁵²¹ The counterclaim plaintiff had successfully registered both marks and convinced the district court to issue a preliminary injunction against the counterclaim defendants. Reviewing the district court's determinations that the disputed marks were suggestive, the court of appeals pointed out that the registration of the MEDICAL SPECIAL OPERATIONS CONFERENCE mark only after a showing of acquired distinctiveness under Section 2(f) of the Act⁵²² and, indeed, had conceded the mark's descriptiveness before the district court. Although declining to hold that prosecution estoppel barred the counterclaim plaintiff from arguing the mark's inherent distinctiveness in court,⁵²³ it nevertheless concluded that "[t]he district court should have considered the P.T.O.'s judgment in reaching its own"⁵²⁴ because that judgment deserved "great weight."⁵²⁵ The court therefore found the MEDICAL SPECIAL OPERATIONS CONFERENCE mark descriptive as a matter of law; "[f]or the same reasons," it concluded the acronym MSOC also was descriptive,⁵²⁶ adding that "'[r]ecognizable abbreviations' for inherently descriptive (or generic) marks are usually themselves inherently descriptive (or generic)."⁵²⁷

The descriptiveness of another plaintiff's marks was similarly not seriously disputed between the parties to one case before a Florida federal district court.⁵²⁸ The plaintiff operated in the online education space and used the federally registered FLORIDA

⁵¹⁹ *Id.* at 376.

⁵²⁰ *Id.*

⁵²¹ *See City of New York ex rel. FDNY v. Henriquez*, 98 F.4th 402 (2d Cir. 2024).

⁵²² 15 U.S.C. § 1052(f) (2018).

⁵²³ *Henriquez*, 98 F.4th at 413.

⁵²⁴ *Id.*

⁵²⁵ *Id.* (quoting *Cross Com. Media, Inc. v. Collective, Inc.*, 841 F.3d 155, 165 (2d Cir. 2016)).

⁵²⁶ *Id.* at 412.

⁵²⁷ *Id.* at 415 (quoting 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 7:11 (5th ed.)).

⁵²⁸ *See Fla. Virtual Sch. v. K12, Inc.*, 710 F. Supp. 3d 1143 (M.D. Fla. 2024), *appeal dismissed*, No. 24-10776-J, 2024 WL 2932901 (11th Cir. Mar. 15, 2024).

VIRTUAL SCHOOL, FLORIDA VIRTUALSCHOOL, and FLVS marks, both in standard-character format and composite form. The court had no doubt the marks were not inherently distinctive, concluding after a trial that:

Plaintiff's marks plainly *describe* a place where students can learn via the internet in Florida—"FLORIDA VIRTUAL SCHOOL"—and require no "effort of the imagination [whatsoever] by the consumer in order to be understood as descriptive." Likely due to their generic and descriptive nature, all of Plaintiff's non-acronym marks expressly disclaim any exclusive right to use "VIRTUAL SCHOOL"—which comprises two-thirds of the marks.⁵²⁹

In a separate dispute before a different Florida federal district court, one threshold issue was the proper placement of the CHANDLER BATS mark for baseball bats.⁵³⁰ Accepting the defendants' argument that the mark was not inherently distinctive, the court observed that "[m]arks that are surnames are those that acquire distinctiveness by obtaining secondary meaning," thereby implicitly, even if not expressly, classifying the mark as descriptive.⁵³¹ That finding ultimately did not disadvantage the plaintiff, however, for the court accepted its showing that that mark had acquired distinctiveness.⁵³²

A Fifth Circuit opinion bearing on the descriptiveness of the three marks addressed in it did not reach a definitive conclusion on the issue but instead ordered a vacatur and remand.⁵³³ The marks at issue were REX and REX REAL ESTATE, the latter of which was sometimes presented as a composite mark with a stylized crown. Following the plaintiff's presentation of its case, the district court held on a defense motion for judgment as a matter of law that each of the plaintiffs' marks lacked inherent distinctiveness. It did so largely on the basis of affidavit testimony between the parties by the plaintiff's principal, Rex Glendenning, in an earlier inter partes proceeding to the effect that "the name 'REX' has become synonymous with REX and Rex Glendenning as the exclusive source of . . . REX Real Estate Services, with Rex Glendenning as an individual being uniquely identified and recognized by consumers . . . as the founder of REX and REX Real Estate Services."⁵³⁴

⁵²⁹ *Id.* at 1153 (footnote omitted) (alteration in original) (citation omitted) (quoting FCOA LLC v. Foremost Title & Escrow Servs. LLC, 57 F.4th 939, 949 (11th Cir.), *cert. denied*, 144 S. Ct. 103 (2023)).

⁵³⁰ *See* La Potencia, LLC v. Chandler, 733 F. Supp. 3d 1238 (S.D. Fla. 2024).

⁵³¹ *Id.* at 1261.

⁵³² *Id.* at 1261–63.

⁵³³ *See* Rex Real Est. I, L.P. v. Rex Real Est. Exch., Inc., 80 F.4th 607 (5th Cir. 2023).

⁵³⁴ *Id.* at 619.

In weighing the plaintiff's appeal, the Fifth Circuit's analysis began in promising fashion for the defendant, with the court holding that "[f]or the purpose of trademark analysis, personal names—both surnames and first names—are generally regarded as descriptive terms which require proof of secondary meaning."⁵³⁵ Moreover, it also agreed with the defendant that "the mere fact that a word has a dictionary definition does not exclude the possibility that it is primarily merely a surname."⁵³⁶ Nevertheless, the court also concluded from the trial record that "Defendant's mark is most often accompanied by a crown, reinforcing the translation of Rex as a king in Latin."⁵³⁷ Although the plaintiff had neglected to proffer proof that consumers attributed that meaning to the word, the trial record suggested that the defendant itself did so where its own REX, REX REAL ESTATE, and REX EXCHANGE marks were concerned. "While Defendant is not necessarily a member of the 'purchasing public,'" the court observed, "the fact that some party outside of Plaintiff recognizes the Latin translation support[s] its claims that the marks could be inherently distinctive."⁵³⁸ This meant that "[w]hile there was strong evidence that the marks are perceived by the public as primarily a personal name, the record does not compel that conclusion. The district court erred by deciding as a matter of law that Plaintiff's marks are not inherently distinctive."⁵³⁹

Two final findings of descriptiveness came in an opinion from an Oklahoma federal district court.⁵⁴⁰ The marks at issue included TECHNOLOGY SOLUTIONS CONSULTING and (more dubiously) IMMINENT DATA for the provision of information technology consulting and hardware services. Based on the failure of the claimed marks' owners to contest the issue, the court not only found them descriptive but did so as a matter of law.⁵⁴¹

(iii) Suggestive Marks

The Tenth Circuit noted that "[m]arks are suggestive when they 'require the buyer to use thought, imagination, or perception to connect the mark with the goods.'"⁵⁴² It did so in a case in which the

⁵³⁵ *Id.* (alteration in original) (quoting 815 Tonawanda St. Corp. v. Fay's Drug Co., 842 F.2d 643, 648 (2d Cir. 1988)).

⁵³⁶ *Id.* (quoting Lane Cap. Mgmt., Inc. v. Lane Cap. Mgmt., Inc., 192 F.3d 337, 346 (2d Cir. 1999)).

⁵³⁷ *Id.* at 620.

⁵³⁸ *Id.*

⁵³⁹ *Id.*

⁵⁴⁰ *See* Shoemaker Corp. III, Inc. v. Garrett, 704 F. Supp. 3d 1222, 1258 (N.D. Okla. 2023).

⁵⁴¹ *Id.* at 1258.

⁵⁴² *Elevate Fed. Credit Union v. Elevations Credit Union*, 67 F.4th 1058, 1074 (10th Cir. 2023) (quoting *Water Pik, Inc. v. Med-Sys., Inc.*, 726 F.3d 1136, 1152–53 (10th Cir. 2013)).

counterclaim plaintiff sought to protect the ELEVATIONS CREDIT UNION mark for credit union services. In finding that mark inherently distinctive, the court concluded that “the term *elevation* doesn’t describe a credit union. To the contrary, the term suggests ‘characteristics of rising up, increasing, excelling, profiting, and so on.’”⁵⁴³

Two other marks deemed suggestive were GET KRANK3D and KRANK3d for dietary and nutritional supplements.⁵⁴⁴ As the court explained:

The term “KRANK’D” does not identify the basic nature of [the counterclaim plaintiff’s] products, nor does it identify a characteristic of the product, thus eliminating the generic and descriptive categories. Rather, the term “KRANK’D” loosely suggests a boost of energy and requires mental imagination to connect it to [the counterclaim plaintiff’s] supplements. It is a classic example of a suggestive mark⁵⁴⁵

Additional marks also found themselves classified as suggestive or at least potentially so.⁵⁴⁶ For example, exclusively on the basis of the USPTO’s having registered them on its Principal Register without requiring showings of acquired distinctiveness, one court found the PRESIDENTS CUP and CAPITAL CUP marks suggestive of women’s lacrosse tournaments.⁵⁴⁷ Because the parties agreed on the issue, a different court determined that the substantively identical OPEN AI and OPENAI marks were suggestive of artificial intelligence platforms, despite the USPTO’s having rejected applications to register both marks on the Principal Register.⁵⁴⁸ So too did the agreement of the parties produce a finding that the XTREME mark for audio speakers was suggestive.⁵⁴⁹ And, based on the defendant’s failure to contest the issue of inherent

⁵⁴³ *Id.*

⁵⁴⁴ See *Hi-Tech Pharms., Inc. v. Nutrition Res. Servs., Inc.*, 717 F. Supp. 3d 1318 (N.D. Ga. 2024), *appeal docketed*, No. 24-10564 (11th Cir. Feb. 26, 2024).

⁵⁴⁵ *Id.* at 1327.

⁵⁴⁶ See, e.g., *Alfa Corp. v. Alpha Warranty Servs., Inc.*, 696 F. Supp. 3d 1086, 1098 (M.D. Ala. 2023) (concluding, in course of denial of defense motion for summary judgment that ALFA INSURANCE and ALFA FINANCIAL SERVICES marks for insurance and related services, that “a reasonable finder of fact could find that [the] marks are suggestive or perhaps even arbitrary” and that “a reasonable factfinder could find plaintiff’s marks suggestive and inherently distinctive rather than merely descriptive”).

⁵⁴⁷ See *Intercollegiate Women’s Lacrosse Coaches Ass’n v. Corrigan Sports Enters.*, 694 F. Supp. 3d 625, 668 (M.D.N.C. 2023).

⁵⁴⁸ See *OpenAI, Inc. v. Open A.I., Inc.*, 719 F. Supp. 3d 1033, 1048 (N.D. Cal. 2024), *aff’d*, No. 24-1963, 2024 WL 4763687 (9th Cir. Nov. 13, 2024).

⁵⁴⁹ See *Harman Int’l Indus. v. Jem Accessories, Inc.*, 668 F. Supp. 3d 1025, 1039 (C.D. Cal. 2023), *aff’d*, No. 23-55774, 2024 WL 4750497 (9th Cir. Nov. 12, 2024).

distinctiveness, another court found the following mark suggestive of travel trailers:⁵⁵⁰



(iv) Arbitrary Marks

According to the Fifth Circuit, “[a]n arbitrary mark has a significance recognized in everyday life, but the thing it normally signifies is unrelated to the product or service to which the mark is attached (*e.g.*, Camel cigarettes or Apple computers).”⁵⁵¹ In an action brought by a manufacturer of children’s swimwear and clothing manufacturer, the court applied that standard to determine that each of the following marks was an arbitrary indicator of the origin of the plaintiff’s goods:⁵⁵²



The court found that “the lowercase ‘b’ is inherently distinctive, and the words ‘bella bliss’ likewise have no inherent connection to children’s clothes.”⁵⁵³ The court’s treatment of the color blue in two of the plaintiff’s three marks was less developed, but the court apparently regarded the color as reinforcing the arbitrary nature of those marks.⁵⁵⁴

⁵⁵⁰ See *Forest River, Inc. v. inTech Trailers, Inc.*, 699 F. Supp. 3d 712, 733 (N.D. Ind. 2023).

⁵⁵¹ *Bliss Collection, LLC v. Latham Cos.*, 82 F.4th 499, 510 (6th Cir. 2023) (quoting *Little Caesar Enters. v. Pizza Caesar, Inc.*, 834 F.2d 568, 571 (6th Cir. 1987)).

⁵⁵² *Id.* at 507.

⁵⁵³ *Id.* at 510.

⁵⁵⁴ *Id.* at 510–11.

Two other findings of arbitrariness came in a case brought by the owner of the marks used by the performing group Earth Wind & Fire.⁵⁵⁵ One such mark was the band’s eponymous flagship mark, while another was a design mark described by the court as “the iconic ‘Phoenix’ logo mark.”⁵⁵⁶ Both were found inherently distinctive:

The “EARTH WIND & FIRE” or “Phoenix” marks bear no obvious relationship to the music industry as a whole. There may be a slight suggestive dimension between Plaintiff’s music and the marks, but it seems to be beyond an “imaginative effort.” Accordingly, the Court finds Plaintiff’s marks are best classified as arbitrary marks.⁵⁵⁷

(v) Coined or Fanciful Marks

“Fanciful marks are created out of whole cloth for the express purpose of serving to identify a product or service, e.g., KODAK or EXXON.”⁵⁵⁸ Tasked with placing the GLUTADOSE mark for a nutritional supplement on the spectrum of distinctiveness, one court found that:

The GlutaDose Mark is fanciful because the word “GlutaDose” is not a pre-existing English word. Rather, it is a portmanteau that combines the prefix “gluta” and the base word “dose.” The component “gluta” does not have independent meaning and is ostensibly a truncation of the word “glutathione,” and there is no trial evidence that the prefix “gluta” is used, perceived, or understood by the relevant consumer as a term that means *glutathione* [the supplement’s active ingredient].⁵⁵⁹

(b) Determining the Inherent Distinctiveness of Trade Dress and Nontraditional Marks

A New Jersey federal district court easily concluded that the appearance of the packaging of various foods sold by the plaintiff before it qualified as inherently distinctive trade dress.⁵⁶⁰

⁵⁵⁵ See *Earth, Wind & Fire IP, LLC v. Substantial Music Grp.*, 720 F. Supp. 3d 1261 (S.D. Fla. 2024).

⁵⁵⁶ *Id.* at 1271.

⁵⁵⁷ *Id.* at 1281.

⁵⁵⁸ *Moke Am. LLC v. Am. Custom Golf Cars, Inc.*, 671 F. Supp. 3d 670, 679 (E.D. Va. 2023), *rev’d on other grounds*, 126 F.4th 263 (4th Cir. 2025).

⁵⁵⁹ *Nutrados Labs, LLC v. Bio Dose Pharma, LLC*, 710 F. Supp. 3d 1200, 1224 (S.D. Fla. 2024), *aff’d sub nom.* *Nutrados Labs, LLC v. Santamarta*, No. 24-10381, 2025 WL 337971 (11th Cir. Jan. 30, 2025) (per curiam).

⁵⁶⁰ See *Industria De Alimentos Zenu S.A.S. v. Latinfood U.S. Corp.*, 679 F. Supp. 3d 53 (D.N.J. 2023), *appeal docketed*, No. 23-2357 (3d Cir. Aug. 7, 2023).

Representative examples of that packaging included the following:⁵⁶¹



The defendants accused of infringing that trade dress moved for summary judgment on the theory that the plaintiff could not prove its packaging had acquired distinctiveness, a showing the defendants argued was necessary under *Wal-Mart Stores, Inc. v. Samara Bros.*⁵⁶² As the court pointed out, the defendants' arguments on that issue ignored the possibility that the trade dress was inherently distinctive under *Two Pesos, Inc. v. Taco Cabana, Inc.*⁵⁶³ Moreover, because of the defendants' failure to address that possibility, the court found the packaging inherently distinctive as a matter of law.⁵⁶⁴

In contrast, another court reached the opposite conclusion when weighing the possible inherent distinctiveness under Nevada common law of the following packaging:⁵⁶⁵



Without guidance from Nevada appellate courts, the court applied the familiar test for the inherent distinctiveness originally

⁵⁶¹ *Id.* at 114, 116, 117.

⁵⁶² 529 U.S. 205 (2000).

⁵⁶³ 505 U.S. 763 (1992).

⁵⁶⁴ *Industria De Alimentos Zenu*, 679 F. Supp. 3d at 95.

⁵⁶⁵ *See Evig, LLC v. Mister Brightside, LLC*, 732 F. Supp. 3d 1305, 1312 (D. Nev. 2024).

articulated by the Court of Customs and Patent Appeals in *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*,⁵⁶⁶ which considers whether the claimed indicia is: (1) a “common” basic shape or design; (2) unique or unusual in a particular field; (3) 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; and (4) capable of creating a commercial impression distinct from the accompanying words.⁵⁶⁷ According to the Nevada court, “[t]he *Seabrook* factors are meant to ascertain ‘whether the design, shape[,] or combination of elements is so unique, unusual[,] or unexpected in this market that one can assume without proof that it will automatically be perceived by customers as an indicator of origin.’”⁵⁶⁸ Unfortunately for the plaintiff, its failure to address the *Seabrook* factors except to assert in conclusory fashion that its packaging qualified as inherently distinctive under them led to the court’s resolution of that issue in the defendants’ favor.⁵⁶⁹

(c) Acquired Distinctiveness (Secondary Meaning)

(i) Opinions Finding Acquired Distinctiveness

Having unsurprisingly affirmed a finding that APPLIANCE LIQUIDATION OUTLET was a descriptive mark when used in connection with the retail sale of appliances, the Fifth Circuit also affirmed the district court’s determination that the mark had acquired the requisite distinctiveness necessary for it to qualify for protection.⁵⁷⁰ In doing so, the appellate court held that:

To determine whether a mark has acquired secondary meaning, courts consider the following seven factors: (1) length and manner of use of the mark or trade dress, (2) volume of sales, (3) amount and manner of advertising, (4) nature of use of the mark or trade dress in newspapers and magazines, (5) consumer-survey evidence, (6) direct consumer testimony, and (7) the defendant’s intent in copying the mark.⁵⁷¹

⁵⁶⁶ 568 F.2d 1342 (C.C.P.A. 1977).

⁵⁶⁷ *Id.* at 1344.

⁵⁶⁸ *Evig*, 732 F. Supp. 3d at 1317 (second and third alterations in original) (quoting 1 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 8:13 (5th ed.)).

⁵⁶⁹ *Id.* at 1317–18.

⁵⁷⁰ See *Appliance Liquidation Outlet, L.L.C. v. Axis Supply Corp.*, 105 F.4th 362 (5th Cir. 2024).

⁵⁷¹ *Id.* at 377 (quoting *Viacom Int’l v. IJR Cap. Invs., L.L.C.*, 891 F.3d 178, 190 (5th Cir. 2018)).

The plaintiff did not adduce survey evidence under the fifth factor,⁵⁷² and its proffered third-party articles under the fourth factor were unconvincing,⁵⁷³ but those failures were outweighed by its showings under the remaining factors. Those included two decades' worth of the mark's "sustained and striking use" on the exterior signage of the plaintiff's building,⁵⁷⁴ sales of "about \$3.5 million" under the mark in a single year,⁵⁷⁵ "evidence of advertising in amounts reasonable for a business of [the plaintiff's] size,"⁵⁷⁶ direct testimony from a single consumer,⁵⁷⁷ and the defendant's apparent intentional copying of the plaintiff's mark.⁵⁷⁸ The court therefore affirmed the finding below that the plaintiff's mark had acquired distinctiveness.

A North Carolina federal district court not only found the CAPITAL CUP, PRESIDENT'S CUP, MIDWEST CUP, NEW ENGLAND CUP, and DEBUT marks had acquired distinctiveness for women's lacrosse tournaments, but it did so as a matter of law.⁵⁷⁹ En route to that conclusion, the court looked to the following six factors extant under Fourth Circuit case law: "(1) length and exclusivity of use; (2) advertising expenditures; (3) consumer studies linking the product to the product source; (4) sales success; (5) unsolicited media coverage of the product; and (6) attempts to plagiarize."⁵⁸⁰ Of those, the last occupied most of the court's attention, as the defendants' imitations of the plaintiff's marks was beyond material dispute. Noting the Fourth Circuit's recognition of a presumption of acquired distinctiveness in cases of intentional copying, the court treated that presumption as one under Federal Rule of Evidence 301, which provides that "unless a federal statute or these rules provide otherwise, the party against whom a

⁵⁷² *Id.* at 379.

⁵⁷³ On that issue, the plaintiff submitted four articles, but one mentioned the plaintiff only to the extent of highlighting the plaintiff's support for the arts, while another—a notice of an award won by the plaintiff—was forwarded only to the plaintiff. *Id.* at 378–79.

⁵⁷⁴ *Id.* at 377.

⁵⁷⁵ *Id.* at 377–78.

⁵⁷⁶ *Id.* at 378. The court did not identify precisely what the plaintiff's advertising spend might have been, but it did note that "[the plaintiff's] sole location is adorned with a massive billboard displaying 'Appliance Liquidation Outlet' prominently. It also partners with local sports teams to display its name at games." *Id.*

⁵⁷⁷ *Id.* at 379 ("[The plaintiff] put one consumer on the stand who testified that that person associated the words 'Appliance Liquidation Outlet' with [the plaintiff's] business.").

⁵⁷⁸ *Id.* at 380 ("[The defendant's] strikingly similar banner, coupled with its complete lack of a service infrastructure and its recent entry into the market, allows the district court to infer that [the defendant] intended to copy [the plaintiff's] mark. At a minimum, it goes beyond mere awareness of [the plaintiff's] mark or merely using the mark after the initiation of litigation.").

⁵⁷⁹ See *Intercollegiate Women's Lacrosse Coaches Ass'n v. Corrigan Sports Enters.*, 694 F. Supp. 3d 625 (M.D.N.C. 2023).

⁵⁸⁰ *Id.* at 663.

presumption is directed has the burden of producing evidence to rebut the presumption. But this rule does not shift the burden of persuasion, which remains on the party who had it originally.”⁵⁸¹ The court then summarized its understanding of the presumption in the following manner:

[T]he presumption shifts the burden to the alleged infringer to produce evidence to rebut it. If the alleged infringer fails to do so, the mark holder is entitled to judgment on the issue of secondary meaning. If the alleged infringer proffers probative evidence, the evidence must then weigh in favor of the mark holder, who always bears the burden of proof.⁵⁸²

Ultimately, however, the nature of the presumption (as well as the evidentiary significance of the plaintiff’s registrations on the Principal Register) was a moot point in light of the defendant’s failure to produce any evidence under the six Fourth Circuit factors, a failure that led to the court finding the plagiarized marks distinctive as a matter of law.⁵⁸³

A finding of acquired distinctiveness, albeit one on a preliminary injunction motion, also transpired for the CHANDLER BATS mark, registered on the Supplemental Register for baseball bats.⁵⁸⁴ The court looked first to circumstantial evidence, which, it held, could consist of: (1) the length and manner of the mark’s use; (2) the nature and extent of advertising and promotion under the mark; (3) efforts by the plaintiff to promote a conscious connection between the mark and the plaintiff; and (4) the extent to which the public actually associated the mark with the plaintiff.⁵⁸⁵ The first of those factors favored the plaintiff, as the mark had been used since 2010.⁵⁸⁶ The second did as well, as the preliminary injunction record disclosed that the plaintiff and its predecessor had advertised the mark through numerous promotional interviews “with Fox Business Network, NBC Sports, and MSNBC” and personal interactions with professional baseball players through clubhouse visits and during spring training;⁵⁸⁷ moreover, the plaintiff also had promoted the mark by partnering with Dick’s Sporting Goods and at various sporting events.⁵⁸⁸ Weighing the plaintiff’s showings under the third factor, the court credited the plaintiff’s claim that its bats were among the top five

⁵⁸¹ Fed. R. Evid. 301.

⁵⁸² *Intercollegiate Women’s Lacrosse Coaches Ass’n*, 694 F. Supp. 3d at 665.

⁵⁸³ *Id.* at 669.

⁵⁸⁴ *See La Potencia, LLC v. Chandler*, 733 F. Supp. 3d 1238 (S.D. Fla. 2024).

⁵⁸⁵ *Id.* at 1261–62.

⁵⁸⁶ *Id.* at 1262.

⁵⁸⁷ *Id.*

⁵⁸⁸ *Id.*

used by major league players, a ranking translating into an 11-percent share of that market.⁵⁸⁹ Finally, the plaintiff successfully demonstrated through testimony from major leaguers and coaches an actual connection between the mark and the plaintiff in the minds of those witnesses.⁵⁹⁰ With the plaintiff additionally able to rely upon direct evidence of acquired distinctiveness in the form of “several instances of actual customer confusion”⁵⁹¹ and with the court disregarding the results of survey commissioned by the defendants,⁵⁹² the plaintiff was likely to prevail on its claim of a protectable mark at trial.

Finally, one court found that the color orange had acquired distinctiveness for membranes used in the tile-installation business.⁵⁹³ The defendants’ default in the matter helped the plaintiff to make the required showing, which proved fortunate in light of the court’s apparent treatment of a federal registration covering the mark as establishing only the plaintiff’s ownership of the mark, and not necessarily the mark’s validity.⁵⁹⁴ Although the court did not address the operative complaint’s averments of secondary meaning at length, they included at least a recitation that the plaintiff had sold orange membranes since 1990.⁵⁹⁵

(ii) Opinions Declining to Find Acquired Distinctiveness

The Fourth Circuit affirmed a finding of no secondary meaning as a matter of law in an *ex parte* appeal from the refusal to register the following elements of the configuration of a boot:⁵⁹⁶

⁵⁸⁹ *Id.*

⁵⁹⁰ *Id.* at 1263.

⁵⁹¹ *Id.*

⁵⁹² The defendants’ survey expert opined that a modest 11 percent of respondents associated the plaintiff’s CHANDLER BATS mark with the plaintiff, but the survey’s universe of respondents did not include professional baseball players, the primary customers for which the parties competed. *Id.* at 1257.

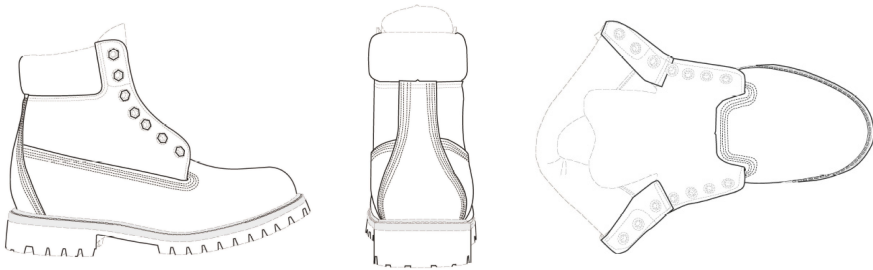
⁵⁹³ *See Schluter Sys., L.P. v. Telos Acquisition Co. 10, LLC*, 730 F. Supp. 3d 993 (N.D. Cal. 2024).

⁵⁹⁴ *Id.* at 1008–09.

⁵⁹⁵ *Id.* at 1008.

⁵⁹⁶ *See TBL Licensing, LLC v. Vidal*, 98 F.4th 500 (4th Cir. 2024).

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 an apparent (but unsuccessful) attempt to head off a finding of functionality, the plaintiff did not seek to register the boot's entire configuration. Thus, the court explained, "the question is whether the design features claimed in [the plaintiff's] application have acquired secondary meaning. And those features have not if consumers associate them with sources other than just [the plaintiff]." ⁵⁹⁷ The court ultimately determined that the second circumstance existed through an examination of the following factors: "(1) advertising expenditures; (2) consumer studies linking the mark to a source; (3) record of sales success; (4) unsolicited media coverage of the product; (5) attempts to plagiarize the [plaintiff's] mark; and (6) the length and exclusivity of the mark's use." ⁵⁹⁸

The court addressed the second of these factors first. Although the plaintiff adduced survey evidence of acquired distinctiveness, the court agreed with the district court that the survey's methodology was flawed because it presented the test stimuli in grayscale, instead of the line drawings comprising the actual applied-for mark. ⁵⁹⁹ That was not the only problem, however, for the court also faulted the "problematic progression" of the survey's questions, which "began by asking, 'Do you associate this boot design with any company or companies?' Then, it asked, 'What company?'" ⁶⁰⁰ The court concluded that that sequence "may have nudged respondents to name only a single company, even if the respondents associated the boot with several. Such a nudge would matter because if the public associated the claimed design features with more than just [the plaintiff], the design did not acquire a distinctive secondary meaning." ⁶⁰¹

Having thus been deprived of direct evidence of its claim of secondary meaning, the plaintiff fell back on its circumstantial evidence under the remaining factors, but that evidence fell short

⁵⁹⁷ *TBL Licensing*, 98 F.4th at 513.

⁵⁹⁸ *Id.*

⁵⁹⁹ *Id.* at 513–14.

⁶⁰⁰ *Id.* at 514 (citation omitted).

⁶⁰¹ *Id.*

under them as well. The record included evidence that the plaintiff had spent “over \$81 million marketing the boot in the U.S. across various media over the past six years,” but there was little to suggest any of that had been invested in “look-for” advertising calling consumers’ attention to the claimed mark as a source indicator.⁶⁰² The court similarly dismissed the sales of the plaintiff’s boots, which averaged “well over \$100 million per year,”⁶⁰³ because:

[The plaintiff] had not produced evidence that customers bought its boots because they attributed to [the plaintiff] the features [the plaintiff] sought to register—the outer ankle collar, the two-tone color and etching on the side of the boot’s sole, the hourglass rear heel panel, the quad stitching on the boot’s side and tongue area, the hexagonal eyelets for the boot’s laces and the bulbous toe box. As the district court observed, customers could just as well have bought the boots because they liked how those features look or work. Liking those features is, of course, good for sales, but it does not establish that the design features in the application acquired secondary meaning, which focuses on source identification.⁶⁰⁴

So too was the court unimpressed by the plaintiff’s showing of unsolicited media coverage, which it dismissed because the images shown in that coverage did not focus on the elements of the plaintiff’s boot covered by its application.⁶⁰⁵ Likewise, the plaintiff failed to benefit from its claim that competitors had plagiarized its design because, “under the law of secondary meaning, it matters why one imitates. Imitation of design features only to profit from the design’s functionality does not establish secondary meaning. Imitation suggests secondary meaning only if it is intended to deceive consumers about the product’s source.”⁶⁰⁶ Finally, the allegedly plagiarized designs’ presence in the market weighed against the plaintiff’s claim of exclusive use.⁶⁰⁷ The district court’s finding of no acquired distinctiveness therefore was well-founded.

An additional failed claim of secondary meaning came in litigation in which the plaintiff asserted protectable rights to the packaging for its fruit and vegetable supplements.⁶⁰⁸ Having struck

⁶⁰² *Id.* at 514–15.

⁶⁰³ *Id.* at 516.

⁶⁰⁴ *Id.*

⁶⁰⁵ *Id.* at 517–18.

⁶⁰⁶ *Id.* at 518.

⁶⁰⁷ *Id.* at 519–20.

⁶⁰⁸ *See Evig, LLC v. Mister Brightside, LLC*, 732 F. Supp. 3d 1305 (D. Nev. 2024).

out in its attempt to prove inherent distinctiveness, the plaintiff leaned heavily on the following advertising by the defendants:⁶⁰⁹

The advertisement features a comparison table with the following data:

	Simply Fruits	Simply Veggies	MAIN COMPETITOR
SERVINGS PER CONTAINER	30	30	30
TOTAL FRUITS & VEGETABLES	42	38	38
COST PER CONTAINER	\$ 39.95		\$ 69.95
COST PER CAPSULE	\$0.44		\$0.99
VEGAN	✓	✓	✓
SOY FREE	✓	✓	✗
EXTRA ANTIOXIDANTS	✓	✓	✗

The plaintiff claimed that the advertisement’s “MAIN COMPETITOR” reference was evidence that the defendants themselves recognized the plaintiff’s packaging as distinctive trade dress, but the court found that argument meritless:

[The plaintiff] doesn’t contend that its red and green bottles are distinctive enough to qualify as its trade dress without the other elements it lists in its complaint, so it’s unclear how this evidence supports its position that its trade dress—with accompanying images, words, fonts, and secondary colors—has achieved secondary meaning.⁶¹⁰

With the plaintiff having failed to demonstrate either inherent or acquired distinctiveness, its bid for a preliminary injunction also failed.⁶¹¹

(iii) Opinions Deferring Resolution of the Acquired-Distinctiveness Inquiry

As always, demonstrating as a matter of law that acquired distinctiveness did not attach to marks lacking inherent distinctiveness proved difficult in some cases based on the highly factual nature of the inquiry. For example, in seeking to invalidate the claimed WEDDING VIDEO AWARDS mark asserted against it, one defendant argued in a motion to dismiss that, if not generic, the mark was merely descriptive and lacked acquired distinctiveness.⁶¹²

⁶⁰⁹ *Id.* at 1319.

⁶¹⁰ *Id.*

⁶¹¹ *Id.*

⁶¹² See *Bratt v. Love Stories TV, Inc.*, 713 F. Supp. 3d 847 (S.D. Cal. 2024).

The court found the defendant’s argument “premature,”⁶¹³ further holding that “[w]hile some courts have decided fact-specific issues regarding trademark protection at the pleading stage, they generally have done so only where the complaint suffers from a complete failure to state a plausible basis for trademark protection.”⁶¹⁴ It did, however, invite the defendant to revisit the issue in a motion for summary judgment.⁶¹⁵

Attempts by defendants to prove an absence of acquired distinctiveness at the summary judgment stage of the cases against them also failed. One doomed motion seeking that result was filed in litigation in which the plaintiff asserted protectable rights to the trade dress of decorative dessert trays.⁶¹⁶ With respect to one of the trays at issue, the plaintiff responded to the defendant’s motion with direct evidence of distinctiveness comprising declaration testimony from fifty-three of the plaintiff’s customers and survey evidence of actual confusion, as well as circumstantial evidence consisting of examples of its advertising and proof of its sales volume. The defendant unsuccessfully attacked the declarations by pointing out that they had been executed in 2019, two years after the introduction of the defendant’s goods, but the court held that “[the defendant’s] arguments concerning when the declarations were signed or submitted disregards the *content* of the declarations, which attest to customer loyalty – and, implicitly, some degree of brand recognition – as early as the late 1990’s.”⁶¹⁷ Moreover, and despite critiques by an expert retained by the defendant of the plaintiff’s survey evidence of actual confusion created a factual dispute precluding a grant of the defendant’s motion.⁶¹⁸ The plaintiff’s responsive showing with respect to another tray was “less robust”—only eight customer declarations, evidence of sales volume, and no survey evidence or advertising emphasizing the tray—but that was still enough for the court to defer a final resolution of the second tray’s acquired distinctiveness until trial.⁶¹⁹

Likewise, cross-motions for summary judgment regarding the possible acquired distinctiveness of the unregistered CHAMPIONS CUP mark for a women’s lacrosse tournament flopped in light of conflicting record evidence and testimony on the issue.⁶²⁰ Because

⁶¹³ *Id.* at 862.

⁶¹⁴ *Id.* (quoting *Pinterest Inc. v. Pintrips Inc.*, 15 F. Supp. 3d 992, 998–99 (N.D. Cal. 2014)).

⁶¹⁵ *Id.*

⁶¹⁶ *See* *Opulent Treasures, Inc. v. Ya Ya Creations, Inc.*, 682 F. Supp. 3d 815 (C.D. Cal. 2023).

⁶¹⁷ *Id.* at 824.

⁶¹⁸ *Id.* at 824.

⁶¹⁹ *Id.* at 824–25.

⁶²⁰ *See* *Intercollegiate Women’s Lacrosse Coaches Ass’n v. Corrigan Sports Enters.*, 694 F. Supp. 3d 625 (M.D.N.C. 2023).

the defendants had copied the mark in connection with a competing tournament, the court recognized a presumption of acquired distinctiveness, albeit one that merely shifted the burden of production (and not the burden of proof) from the plaintiff to the defendants. The defendants successfully rebutted the presumption by adducing evidence of “numerous unrelated third-party registrations for marks that include ‘champions cup’ but disclaim exclusive use of those words ‘apart from the mark as shown.’”⁶²¹ Together with the USPTO’s refusal to register the mark on the Principal Register, that consideration was sufficient for the court to require proof of the claimed mark’s validity. This the plaintiff failed to do in light of extensive third-party use of similar marks,⁶²² modest promotional expenses of \$4,000 per year since 2007,⁶²³ the absence of any benchmarks to which the plaintiff’s revenues of \$763,675 in 2017 and \$532,693 in 2019 could be compared,⁶²⁴ the lack of unsolicited media coverage of the plaintiff’s tournament,⁶²⁵ and the dearth of any individuals or entities other than the defendants copying the marks.⁶²⁶ The issue of the acquired distinctiveness of the plaintiff’s mark therefore remained to be determined at trial.

(3) Nonfunctionality

(a) *Utilitarian Nonfunctionality*

The Fifth Circuit affirmed a finding that the following registered configuration of a kitchen mixer was nonfunctional.⁶²⁷



⁶²¹ *Id.* at 670.

⁶²² *Id.*

⁶²³ *Id.*

⁶²⁴ *Id.* at 671.

⁶²⁵ *Id.*

⁶²⁶ *Id.*

⁶²⁷ See *Whirlpool Corp. v. Shenzhen Sanlida Elec. Tech. Co.*, 80 F.4th 536, 541 (5th Cir. 2023), *cert. denied*, 144 S. Ct. 807 (2024).

In affirming entry of a preliminary injunction, the court rejected the defendant’s argument that the certain elements of the mixer were necessary for it to work. Instead, the court noted, the plaintiff sought to protect the exterior styling of the mixer, instead of its internal components.⁶²⁸ The availability of alternative designs—including some produced by the defendant itself—as well as the absence from the preliminary injunction record of evidence “that the specific shape of the mixer head or slope of the stand otherwise affects the cost, quality, or function of these competitors as would be required to demonstrate functionality,”⁶²⁹ also drove the outcome.

In contrast, the Third Circuit doubled down on its general hostility toward claims of protectable trade dress by holding (again) that a product configuration is functional, and therefore unprotectable, “if it is useful for anything beyond branding.”⁶³⁰ It did so in an action to protect the following federally registered mark, described in the registration as “the shape of a wedge for candy, with an upper green section with white speckles, followed by a narrow middle white section and followed by a lower red section with white speckles,” for candy:⁶³¹



Noting that “here, we have two features (shape and color) whose designs serve a single function—identifying the flavor,”⁶³² the court affirmed the entry of summary judgment in the defendant’s favor. The plaintiff acknowledged its candy’s color scheme was functional because it helped to identify the candy’s watermelon flavor, but it argued the combination of the colors and shape of the product into

⁶²⁸ Based on that same determination, the court discounted the potential significance of “a (now expired) 1939 utility patent detailing the internal mechanics of the mixer and a 2018 utility patent for a damper mechanism on the stand.” *Id.* at 544 n.3. As the court explained,

“[a]lthough a ‘utility patent is strong evidence that the features therein claimed are functional,’ the mark and trade dress at issue concern the external decorative features, not the claim elements contained within the patent.” *Id.* (quoting *TraFFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 28 (2001)).

⁶²⁹ *Id.* at 544.

⁶³⁰ See *PIM Brands Inc. v. Haribo of Am. Inc.*, 81 F.4th 317, 321 (3d Cir. 2023).

⁶³¹ *Id.* at 319.

⁶³² *Id.* at 321.

which they were incorporated rendered that combination nonfunctional. The court disagreed, observing that “[t]rade dress is limited to design choices that serve only to brand a product.”⁶³³ It then proffered the following comparison between the plaintiff’s candy and real watermelon slices:



Based on that comparison, it held that:

The whole trade dress, not just the colors, makes this candy resemble a watermelon slice. The candy and the fruit share similar shapes and colors. Even the orientations match: each has a long, wide, green base; a thin, white layer running the length and width of the green base; and a triangular, reddish-pink top covering that white layer and angling up to a point.⁶³⁴

The district court therefore had not erred in finding the plaintiff’s mark functional as a matter of law; on the contrary, “the trade dress presented as a whole, colors and shape together, makes the watermelon candy more identifiable as a slice of watermelon. That is function enough.”⁶³⁵

(b) Aesthetic Nonfunctionality

As usual, judicial applications of the test for aesthetic functionality were less frequent than that for utilitarian functionality. Nevertheless, the Fifth Circuit rejected a challenge to the validity of a registered trade dress comprising the configuration of a kitchen mixer.⁶³⁶ In declining to disturb the entry of a preliminary injunction against the defendants’ sale of two competing models, the court held that:

The . . . test for [aesthetic] functionality looks less to use, and more to competition, stating that “a functional feature is

⁶³³ *Id.*

⁶³⁴ *Id.* at 322.

⁶³⁵ *Id.* at 323.

⁶³⁶ See *Whirlpool Corp. v. Shenzhen Sanlida Elec. Tech. Co.*, 80 F.4th 536 (5th Cir. 2023), *cert. denied*, 144 S. Ct. 807 (2024).

one the exclusive use of which would put competitors at a significant non-reputation-related disadvantage.” But . . . the presence of competing products with other design motifs cuts against this argument. And, critically, these other designs are “equally usable” even if potentially less desirable or aesthetically pleasing. [The plaintiff’s] design mark and trade dress cover “ornamental, incidental, or arbitrary aspect[s] of the device,” and are accordingly not functional.⁶³⁷

That opinion was not the only one to reach or affirm a finding of aesthetic nonfunctionality. Weighing a motion for a default judgment by plaintiffs that manufactured orange waterproofing membranes and had previously secured a federal registration of that color, one court concluded the operative complaint adequately alleged the color’s aesthetic nonfunctionality.⁶³⁸ In doing so, the court cited the plaintiffs’ allegation that the defendants had promised during settlement negotiations to change the color of their membranes to brown, “which,” the court concluded, “suggests that there is nothing particularly important about a waterproofing membrane being orange or that it be a bright color.”⁶³⁹ “Even if one could argue that bright-colored waterproofing membranes improve functionality (though there is no indication of this),” it continued, “the court may consider the availability of alternative colors in deciding functionality, and there are ‘numerous color shades . . . equally or more visible than’ [the plaintiffs’] orange color.”⁶⁴⁰

In contrast, the Sixth Circuit affirmed the dismissal of a complaint asserting protectable rights to the appearances of the pieces making up a collection of swimwear and clothing, as well as the color blue featured in the following logo:⁶⁴¹

⁶³⁷ *Id.* at 544 (fifth alteration in original) (first quoting *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 486 (5th Cir. 2008); then quoting *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 166 (1995); and then quoting *TraFFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 30 (2001)).

⁶³⁸ *See Schluter Sys., L.P. v. Telos Acquisition Co. 10, LLC*, 730 F. Supp. 3d 993 (N.D. Cal. 2024).

⁶³⁹ *Id.* at 1009.

⁶⁴⁰ *Id.* (first alteration in original) (quoting *Moldex-Metric, Inc. v. McKeon Prods., Inc.*, 891 F.3d 878, 887 (9th Cir. 2018)).

⁶⁴¹ *See Bliss Collection, LLC v. Latham Cos.*, 82 F.4th 499, 506 (6th Cir. 2023).



Framing the question of aesthetic functionality as whether the exclusive use of the plaintiff's claimed trade dresses "would put competitors at a significant non-reputation-related disadvantage,"⁶⁴² the court agreed with the district court that the operative complaint failed to allege otherwise. In doing so, it rejected the plaintiff's argument that the articles of clothing were necessarily nonfunctional because they resulted from artistic choices, a contention the court held "insufficient to satisfy the applicable standards for assessing functionality."⁶⁴³ It likewise found fatally defective the plaintiff's claim with respect to the color blue that "the only reasonable inference" that could be drawn from the complaint was that the color was nonfunctional: "Ultimately, [the plaintiff] bears the burden of pleading and proving nonfunctionality. [The plaintiff] needed to allege sufficient factual material to 'draw the reasonable inference' that [its use of blue] was nonfunctional. The amended complaint alleges no facts regarding [its] nonfunctionality"⁶⁴⁴

Finally, a Pennsylvania federal district court declined to resolve a dispute over aesthetic functionality in a case before it, at least as a matter of law.⁶⁴⁵ The marks subject to that claim were owned by Pennsylvania State University and included the verbal marks THE PENNSYLVANIA STATE UNIVERSITY, TPSU, and PENN STATE, as well as the following design and composite marks:⁶⁴⁶

⁶⁴² *Id.* at 515 (quoting *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995)).

⁶⁴³ *Id.*

⁶⁴⁴ *Id.* at 510 (quoting *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009)) (other citation omitted).

⁶⁴⁵ *See Pa. State Univ. v. Vintage Brand, LLC*, 715 F. Supp. 3d 602 (M.D. Pa. 2024), *clarified on denial of reconsideration*, No. 4:21-CV-01091, 2024 WL 1416505 (M.D. Pa. Apr. 2, 2024).

⁶⁴⁶ *Id.* at 614.



Penn State licensees applied the marks to various clothing items and other collateral goods, and Penn State's rights to many of the marks were incontestable.

Accused of infringing Penn State's marks through their affixation of similar verbiage and designs to their competitive goods, the defendants responded by asserting that the marks were invalid as aesthetically functional. The parties filed cross-motions for summary judgment on the issue, leading the court to observe that "aesthetic functionality mean[s] a design that communicates the use, purpose, cost, or quality of the product in a way that competitors cannot avoid replicating without incurring costs."⁶⁴⁷ It then continued:

In making a determination regarding aesthetic functionality, "courts must carefully weigh the competitive benefits of protecting the source-identifying aspects of a mark against the competitive costs of precluding competitors from using the feature." Furthermore, courts must "take care to ensure that the mark's very success in denoting (and promoting) its source does not itself defeat the markholder's right to protect that mark." "Because aesthetic function and branding success can sometimes be difficult to distinguish, the aesthetic functionality analysis is highly fact-specific."⁶⁴⁸

Reviewing the summary judgment record on the issue, the court found that factual disputes prevented a grant of either party's motion, but its analysis focused mostly on the flaws of the

⁶⁴⁷ *Id.* at 646 (alteration in original) (quoting *DayCab Co. v. Prairie Tech., LLC*, 67 F.4th 837, 847 (6th Cir. 2023)).

⁶⁴⁸ *Id.* at 646–47 (footnotes omitted) (first quoting *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc.*, 696 F.3d 206, 222 (2d Cir. 2012); then quoting *id.*; and then quoting *id.*).

defendants' bid for judgment as a matter of law. "It is not necessary," the court observed, "for [the defendants] to use the specific Penn State Marks to compete in the athletics apparel marketplace or even the Penn State apparel marketplace."⁶⁴⁹ "For example," it continued, "[the defendants] could use non-trademarked Penn State historical images that omit the Penn State Marks. Or [the defendants] could use [their] own creative language to attempt to entice Penn State supporters to purchase [their] goods."⁶⁵⁰ Thus, "[a]lthough prohibiting [the defendants] from using the Penn State Marks would undoubtedly place [them] at a disadvantage in trying to win over Penn State supporters, the evidence is simply insufficient at this stage to describe that disadvantage as significant."⁶⁵¹ Moreover, and in the final analysis:

[T]he Court cannot ignore the practical impact of any ruling that finds a university's marks are aesthetically functional because consumers wear goods bearing those marks only to express support for the institution itself. This would essentially render those marks wholly unprotectable, even if use of the marks would lead to confusion regarding the source or sponsorship of the product. Such a conclusion . . . would mean that no trademark for universities would ever be valid for tangible goods. That is a conclusion that the Court cannot adopt.⁶⁵²

(4) Nonornamentality

Despite the Trademark Trial and Appeal Board's penchant for finding applied-for marks invalid as merely ornamental, the issue of ornamentality rarely rears its head in litigation in the regional circuits or in state courts. Nevertheless, a Pennsylvania federal district court addressed it in a case in which in which that state's flagship public university sought to protect a number of its marks against infringement in the form of imitations of the marks to clothing and various other promotional goods.⁶⁵³ Because Penn State's rights to many of those marks were incontestable, the court granted the university's motion for summary judgment, holding the defendants' claims that those marks were merely ornamental barred by the Act's express text.⁶⁵⁴

Penn State was not so lucky where its remaining marks were concerned, however. After weighing the competing tests for

⁶⁴⁹ *Id.* at 647.

⁶⁵⁰ *Id.*

⁶⁵¹ *Id.* at 648.

⁶⁵² *Id.*

⁶⁵³ *See id.* at 640–45.

⁶⁵⁴ *Id.* at 640.

ornamentality proposed by the parties,⁶⁵⁵ the court ultimately (and rather unhelpfully) defaulted to one sounding in the standard likelihood-of-confusion test for infringement:

[A] plaintiff must demonstrate that the use of a “mark[] is likely to create consumer confusion as to origin, source, approval, affiliation, association, or sponsorship,” not merely as to the source of the tangible good itself. This test is consistent with the plain language of the statute, and adequately addresses the interests of the mark holder in protecting its reputation while permitting the free market to operate in ways that do not deceive consumers or diminish the rights or interests of the mark holder.⁶⁵⁶

In applying this test, the court then denied the defendants’ motion for summary judgment, based largely on the results of a confusion survey commissioned by Penn State, which documented that, after the university’s expert had “created a composite metric, which aggregated responses,” yielded a net level of sponsorship and/or approval confusion of between 27% and 39%.⁶⁵⁷ “While that survey was primarily concerned with determining whether the defendant’s use of Penn State’s marks created a likelihood of confusion,” the court observed, “it also reveals something about whether the marks are perceived as identifying a secondary source of those goods.”⁶⁵⁸ The survey evidence was not dispositive evidence on the issue of secondary source—the defendants had introduced their own conflicting survey evidence, and the court improbably viewed Penn State’s practice of requiring licensees to place notices of their status on goods they produced under the license as evidence that the university’s marks did not function as source indicators—but it was enough to prevent a finding as a matter of law that the marks were merely ornamental in nature.⁶⁵⁹ Nevertheless, the summary judgment record also precluded a finding prior to trial that the marks were *not* ornamental in nature, and Penn State’s own motion for summary judgment therefore also fell short of the mark.⁶⁶⁰

⁶⁵⁵ *Id.* at 641 (“[T]his Court . . . is not willing to adopt the per se approach utilized by the Trademark Trial and Appeal Board (‘TTAB’), wherein the use of a university’s marks will always identify that university as a sponsor of the physical goods. However, neither is the Court willing to adopt the opposite position advocated for by [the defendants]—that the use of a mark is ornamental unless it is perceived as indicative only of the source of the tangible product itself.” (footnotes omitted)).

⁶⁵⁶ *Id.* at 641–42 (second alteration in original) (footnote omitted) (quoting *Savannah Coll. of Art & Design, Inc. v. Sportswear, Inc.*, 872 F.3d 1256, 1264 (11th Cir. 2017)).

⁶⁵⁷ *Id.* at 645.

⁶⁵⁸ *Id.*

⁶⁵⁹ *Id.*

⁶⁶⁰ *Id.* at 665–67.

(C) Ownership

The perennial issue of whether a foreign manufacturer of branded goods or the goods' distributors in the United States owned a mark appearing on the goods occupied much of an opinion from a Florida federal district court.⁶⁶¹ That document arose from a Byzantine tale of multiple parties cooperating with, and betraying, each other before winding up in litigation. In denying the parties' cross-motions for summary judgment on the issue of which one owned the disputed mark, the court applied the widely adopted test first articulated by Professor McCarthy by looking first to whether the parties have entered into an agreement defining their relationship.⁶⁶² Having determined that no such agreement existed in the case before it, the court next applied a presumption that the goods' manufacturer owned the mark. The court did, however, allow the distributors the opportunity to rebut that presumption through an application of six factors, which included:

(1) which party “invented or created the mark,” (2) which party “first affixed the mark to goods sold,” (3) which “party’s name appeared on packaging and promotional materials in conjunction with the mark,” (4) which party “exercised control over the nature and quality of goods on which the mark appeared,” (5) “which party did customers look as standing behind the goods, e.g., which party received complaints for defects and made appropriate replacement or refund,” and (6) which “party paid for advertising and promotion of the trademarked product.”⁶⁶³

Ultimately, multiple factual disputes precluded a determination of which of the myriad parties to the case owned the mark under the factors prior to a full trial on the issue.⁶⁶⁴

iii. Violations of Trademark and Service Mark Rights

(A) Actionable Uses in Commerce by Defendants

As a prerequisite for liability, each of the Lanham Act’s primary statutory causes of action, namely, those set forth in Sections 32,⁶⁶⁵

⁶⁶¹ See *Open Sea Distrib. Corp. v. Artemis Distrib., LLC*, 692 F. Supp. 3d 1151 (M.D. Fla. 2023).

⁶⁶² *Id.* at 1189 (citing 4 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 29:8 (5th ed.)).

⁶⁶³ *Id.* at 1190 (quoting 4 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 16:48 (5th ed.)).

⁶⁶⁴ *Id.* at 1192–93.

⁶⁶⁵ 15 U.S.C. § 1114 (2018).

43(a),⁶⁶⁶ and 43(c),⁶⁶⁷ requires the challenged use be one in connection with goods or services in commerce. Likewise, corresponding state-law causes of actions often contemplate similar showings by plaintiffs, albeit without requiring that use to occur across state lines.⁶⁶⁸ These requirements often lead defendants to challenge the adequacy of plaintiffs’ averments or showings of the necessary use, sometimes through arguments that liability cannot attach to conduct not falling within the definition of “use in commerce” found in Section 45 of the Act.⁶⁶⁹

(1) Opinions Finding Actionable Uses in Commerce

The most notable opinion to address the issue of actionable uses in commerce came from the Tenth Circuit⁶⁷⁰ on remand from the Supreme Court’s decision in *Abitron Austria GmbH v. Hetronic International, Inc.*⁶⁷¹ That decision’s restrictive approach to extraterritorial applications of the Lanham Act required the Tenth Circuit to determine which otherwise infringing activities of defendants based in Europe qualified for potential liability under the United States law. On remand, and armed with the guidance that the relevant conduct for purposes of causes of action under Sections 32 and 43(a) was “the use of a trademark ‘in commerce’ ‘in connection with any goods or services,’ specifically ‘the sale, offering

⁶⁶⁶ *Id.* § 1125(a).

⁶⁶⁷ *Id.* § 1125(c).

⁶⁶⁸ *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”).

⁶⁶⁹ Under that definition:

The term “use in commerce” means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce—

(1) on goods when—

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

15 U.S.C. § 1127 (2018).

⁶⁷⁰ *See* *Hetricon Int’l, Inc. v. Hetricon Ger. GmbH*, 99 F.4th 1150 (10th Cir. 2024).

⁶⁷¹ 600 U.S. 412 (2023).

for sale, distribution, or advertising,’ in a manner ‘likely to cause confusion,’”⁶⁷² the court easily determined that the defendants’ direct sales into the United States of goods bearing infringing marks and trade dresses were actionable.⁶⁷³ “[G]oing further,” it continued, “[the defendants] domestic advertising, marketing, and distributing—activities that used [the plaintiff’s] trademarks without authorization and caused a likelihood of confusion among U.S. consumers—all count as infringing ‘uses in commerce’ under the Lanham Act.”⁶⁷⁴

Findings of actionable uses in commerce also came from trial courts, including one in an opinion from a New York federal district court.⁶⁷⁵ The uses of the plaintiff’s mark at issue before that tribunal appeared in the “pedigrees” required by federal law to accompany pharmaceutical preparations such as those sold by the plaintiff. Seeking to escape a preliminary injunction against their continued sales of fake preparations bundled with fabricated pedigrees, the defendants argued they had not used the marks reflected in the pedigrees in commerce within Section 45’s definition of the phrase. The court rejected that the theory in entering the requested relief, holding that “[m]ultiple courts have held that this definition applies only trademark registration, and does not bear on trademark infringement; and indeed, that an infringing use may be use of any type.”⁶⁷⁶

(2) Opinions Declining to Find Actionable Uses in Commerce

As has increasingly been the case in recent years, at least some defendants escaped liability on motions to dismiss. For example, tasked with determining whether sales of goods bearing infringing marks and trade dresses by defendants based in Europe to European third-party purchasers constituted actionable uses in commerce, the Tenth Circuit concluded they were not, even if those goods ultimately wound up in the United States.⁶⁷⁷ The plaintiff claimed that the downstream sales fell within the Lanham Act’s scope because, had the defendants not secured certain government licenses for the goods and retained a distributor in the United States, there would have been no domestic market for the goods. The court deemed those actions irrelevant because they did not entail

⁶⁷² *Hetronic*, 99 F.4th at 1162 (quoting 15 U.S.C. §§ 1114(1)(a), 1125(a) (2018)).

⁶⁷³ *Id.* at 1165–66.

⁶⁷⁴ *Id.* at 1167.

⁶⁷⁵ See *Gilead Scis., Inc. v. Safe Chain Sols., LLC*, 684 F. Supp. 3d 51 (E.D.N.Y. 2023).

⁶⁷⁶ *Id.* at 67 (quoting *VersaTop Support Sys., LLC v. Ga. Expo, Inc.*, 921 F.3d 1364, 1370 (Fed. Cir. 2019)).

⁶⁷⁷ See *Hetronic Int’l, Inc. v. Hetronic Ger. GmbH*, 99 F.4th 1150 (10th Cir. 2024).

use of the infringing marks in commerce. It explained that “these behaviors strike us as merely intermediary or incidental to [the defendants’] foreign infringement because none involve affixing [the infringing] trademark to goods and introducing those goods into U.S. commerce by selling, advertising, marketing, or distributing them to American consumers.”⁶⁷⁸

The successors to the baseball great Roberto Clemente struck out in an attempt to protect a registered mark comprising his name for various goods and services against the Commonwealth of Puerto Rico and various officials of that governmental entity.⁶⁷⁹ The parties’ dispute arose when a territorial statute required domiciliaries of the island seeking automobile license plates and vehicle certificate tags during 2022 to purchase plates and tags featuring Clemente’s image and uniform number.⁶⁸⁰ The plaintiffs claimed the plates and tags infringed their registered mark, but the court disagreed, and it therefore granted the defendants’ motion to dismiss. As it explained:

Here, the alleged “goods or services” in controversy are license plates and vehicle certificate tags issued by the Department of Transportation. Like many states, the Commonwealth uses the vehicle license plate program not only to identify vehicles but as a revenue source. “Automobile license plates are governmental property intended primarily to serve a governmental purpose, and inevitably they will be associated with the state that issues them.” Consequently, not only are these not the classes of products or services that trademark law protects, but issuing motor vehicle license plates and tags cannot be considered commercial use, as it is a clear government activity.⁶⁸¹

“In the end,” the court continued, “the issue is whether the Commonwealth . . . provides a ‘good or service’ in commerce that infringes on the Plaintiffs[’] trademark.”⁶⁸² Because the plaintiffs had not pleaded it had done so, they had failed to state a claim for infringement against the Commonwealth itself,⁶⁸³ the government officials named as individual defendants,⁶⁸⁴ and the Puerto Rico

⁶⁷⁸ *Id.* at 1171.

⁶⁷⁹ *See* Clemente Props., Inc. v. Urrutia, 693 F. Supp. 3d 215 (D.P.R. 2023), *appeal docketed*, No. 23-1922 (1st Cir. Nov. 9, 2023).

⁶⁸⁰ The Commonwealth’s one-year initiative was to honor the fiftieth anniversary of Clemente’s three thousandth hit. *Id.* at 244.

⁶⁸¹ *Id.* at 243 (quoting *Perry v. McDonald*, 280 F.3d 159, 169 (2d Cir. 2001)).

⁶⁸² *Id.* at 244.

⁶⁸³ *Id.*

⁶⁸⁴ *Id.* at 250.

Convention Center District Authority, yet another named defendant.⁶⁸⁵

Amazon also advanced an at least partially successful motion to dismiss for want of an actionable use in commerce.⁶⁸⁶ The plaintiffs suing that platform alleged ownership of nineteen marks, which they averred were infringed by the marks appearing on goods sold on Amazon. Nevertheless, the plaintiffs' complaint identified sales involving only four allegedly infringing marks. The plaintiffs sought to excuse the lack of detail regarding the alleged remaining fifteen infringements by accusing Amazon of "willfully conceal[ing]" the offending sales,⁶⁸⁷ but the court found that argument meritless. Holding that the alleged concealment did not "relax the governing pleading standards,"⁶⁸⁸ it therefore concluded that the plaintiffs had failed to aver Amazon's use of the fifteen allegedly infringing marks.⁶⁸⁹

A different court similarly reached a finding of no actionable use in commerce, albeit on the plaintiff's motion for a preliminary injunction, instead of a defense motion to dismiss.⁶⁹⁰ The defendant securing that finding was an online print-on-demand provider facilitating the design, purchase, and fulfillment of custom merchandise. The defendant's business model allowed merchants to select particular goods before using the defendant's software to add content to those goods. Upon the completion of that design process, the merchants then "published" the resulting goods on the defendant's database of available products. With limited exceptions, the goods were then purchased through external sales channels such as Etsy, Shopify, or eBay; alternatively, some merchants sold the goods through their own websites. Once purchasers ordered the goods, the defendant routed the orders to third-party printers, which manufactured the goods and shipped them directly to consumers. The process was automated, and the defendant neither reviewed the goods nor took possession of them.⁶⁹¹

Although the plaintiff successfully secured a temporary restraining order against the defendant, the court declined to convert the TRO into a preliminary injunction because of the absence of an actionable use in commerce. Distinguishing prior

⁶⁸⁵ *Id.* at 253.

⁶⁸⁶ *See Gabet v. Amazon.com Inc.*, 693 F. Supp. 3d 966 (S.D. Ind. 2023).

⁶⁸⁷ *Id.* at 972.

⁶⁸⁸ *Id.*

⁶⁸⁹ *Id.* at 973.

⁶⁹⁰ *See Atari Interactive, Inc. v. Printify, Inc.*, 714 F. Supp. 3d 225 (S.D.N.Y. 2024), *appeal withdrawn sub nom. ABC v. Does 1–10*, No. 24-501, 2024 WL 3963729 (2d Cir. June 12, 2024).

⁶⁹¹ *Id.* at 229–30.

cases in which similar businesses had been found liable for direct infringement, the court found that:

[T]here is no evidence in this record that [the defendant] engages in any advertising or trains or encourages anyone to use infringing designs. In addition, the evidence *does* reflect that [the defendant] does not own or operate any printers, does not handle the products after printing, and does not ship or affix its logo to any products.⁶⁹²

The defendant might be more than an entirely passive showroom broker, but it was far more of an intermediary than an active participant in the process, and that precluded a finding of direct infringement.⁶⁹³

A final unsuccessful claim of an actionable use in commerce also failed on the plaintiff's attempt to convince the court to convert a temporary restraining order into a preliminary injunction.⁶⁹⁴ The plaintiff accused multiple defendants of trafficking in cloth flags bearing counterfeit imitations of the plaintiff's registered FLAGWIX mark. One defendant successfully contested its liability so effectively that it both defeated the motion and convinced the court to sanction the plaintiff. That success had many components, but one was the plaintiff's inability to demonstrate that the defendant had actually used the plaintiff's mark. Indeed, that demonstration was limited to a side-by-side comparison of the parties' flags. Whatever similarity there might have been between the flags themselves, the plaintiff's showing failed to show the mark in which the plaintiff claimed rights anywhere in conjunction with the defendant's flag. Confronted with that fatal deficiency in its case, the plaintiff's counsel gamely attempted to pivot toward an allegation of copyright infringement, but, as the court pointed out, the plaintiff's TRO papers had claimed use of an infringing mark. The plaintiff's bid for the conversion of the TRO therefore failed, and, attempting (unsuccessfully) to avoid the imposition of sanctions against it and its counsel, it subsequently sought leave to amend its complaint to delete its trademark causes of action from the case.⁶⁹⁵

(3) Opinions Deferring Resolution of the Actionable Use-in-Commerce Inquiry

A defense motion for summary judgment grounded in an alleged lack of actionable uses in commerce by the defendants failed at the

⁶⁹² *Id.* at 234.

⁶⁹³ *Id.*

⁶⁹⁴ *See* Xped LLC v. Entities Listed on Exhibit 1, 690 F. Supp. 3d 831 (N.D. Ill. 2023).

⁶⁹⁵ *Id.* at 843–44.

hands of a New York federal district court.⁶⁹⁶ The defendants were once licensed users of the marks in question, but the licenses were terminated after the marks' owner defaulted on a security agreement with a lender, which first acquired the marks through a peaceful possession agreement with their now-former original owner and then sold them to the plaintiff in the action. The licenses at issue provided for a sell-off period, but the defendants continued to sell goods bearing the licensed marks for at least eight months following that period's expiration and, beyond that, displayed goods bearing the licensed marks on their websites, one of which recited that the lead defendant developed and licensed various brands, including those of the marks' original owner.

The defendants ambitiously argued that, as a matter of law, their post-selloff-period actions did not qualify as actionable uses in commerce of the once-licensed marks, but the Court disagreed. The actual sales of goods to which the marks were affixed might have disposed of the defendants' motion in and of themselves, but the court's analysis focused largely on the defendants' unauthorized advertising. Because “[a] plaintiff is not required to demonstrate that a defendant made use of the mark in any particular way to satisfy the ‘use in commerce’ requirement,”⁶⁹⁷ the court held that “[u]se of marks in advertising may constitute ‘use in commerce.’”⁶⁹⁸ It therefore denied the defendant's motion, explaining in the process that “[c]onsidering the totality of the circumstances around [the defendants'] use of the [once-licensed marks], and viewing the evidence in the light most favorable to [the plaintiff], a reasonable factfinder could conclude that the [post-termination uses] are ‘uses in commerce’ under the Lanham Act.”⁶⁹⁹

Another ill-fated motion for summary judgment by defendants claiming not to have made actionable uses of their allegedly infringing mark merited an abbreviated analysis by the court denying it.⁷⁰⁰ That tribunal credited the plaintiffs showing that goods bearing the allegedly infringing mark were sold through BestBuy stores in the United States; although the court did not directly address the issue, those sales apparently occurred under the defendants' authority. Coupled with the lead defendant's prior representation to the USPTO that it used the mark in United States commerce, that consideration produced a factual dispute requiring a trial to resolve.⁷⁰¹

⁶⁹⁶ See *N. Star IP Holdings, LLC v. Icon Trade Servs., LLC*, 710 F. Supp. 3d 183 (S.D.N.Y. 2024).

⁶⁹⁷ *Id.* at 207 (quoting *Kelly-Brown v. Winfrey*, 717 F.3d 295, 306 (2d Cir. 2013)).

⁶⁹⁸ *Id.*

⁶⁹⁹ *Id.*

⁷⁰⁰ See *Sanho Corp. v. Kaijet Tech. Int'l Ltd., Inc.*, 736 F. Supp. 3d 1241 (N.D. Ga. 2024).

⁷⁰¹ *Id.* at 1271–72, 1273–74.

(B) Infringement

(1) The Standard Multifactor Test for Likely Confusion

(a) Factors Considered

(i) The First Circuit

Litigation in the First Circuit did not produce any reported opinions expressly listing that jurisdiction's likelihood-of-confusion factors. Nevertheless, one court acknowledged the following factors by reference to an earlier opinion reciting them: (1) the similarity of the parties' marks; (2) the similarity of the parties' goods or services; (3) the relationship between the parties' channels of trade; (4) the relationship between the parties' advertising; (5) the classes of the parties' prospective purchasers; (6) evidence of actual confusion; (7) the defendant's intent in adopting its mark; and (8) the strength of the plaintiff's mark.⁷⁰²

(ii) The Second Circuit

Courts within the Second Circuit continued to apply that court's *Polaroid* factors⁷⁰³ 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 mark; (7) the quality of the defendant's goods or services; and (8) the sophistication of the parties' customers.⁷⁰⁴

(iii) The Third Circuit

The Third Circuit's standard *Lapp* factors⁷⁰⁵ continued to hold sway in that jurisdiction. Those included: (1) the degree of similarity between the parties' marks; (2) the strength of the plaintiff's mark;

⁷⁰² *Clemente Props., Inc. v. Urrutia*, 693 F. Supp. 3d 215, 243 (D.P.R. 2023) (citing *Astra Pharm. Prods., Inc. v. Beckman Instruments, Inc.*, 718 F.2d 1201, 1205 (1st Cir. 1983)), *appeal docketed*, No. 23-1922 (1st Cir. Nov. 9, 2023).

⁷⁰³ *See Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

⁷⁰⁴ *See City of New York ex rel. FDNY v. Henriquez*, 98 F.4th 402, 411 n.4 (2d Cir. 2024); *Fashion Exch. LLC v. Hybrid Promotions, LLC*, 697 F. Supp. 3d 86, 101 (S.D.N.Y. 2023), *appeal dismissed*, No. 23-7653, 2024 WL 4751743 (2d Cir. July 11, 2024); *JTH Tax LLC v. AMC Networks Inc.*, 694 F. Supp. 3d 315, 335 (S.D.N.Y. 2023); *Pet Life, LLC v. KAS Pet, LLC*, 690 F. Supp. 3d 41, 48 (E.D.N.Y. 2023); *State St. Glob. Advisors Tr. Co. v. Visbal*, 677 F. Supp. 3d 209, 267 (S.D.N.Y. 2023), *adhered to on reconsideration*, No. 1:19-cv-1719-GHW, 2023 WL 4764021 (S.D.N.Y. July 25, 2023).

⁷⁰⁵ *See Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460, 463 (3d Cir. 1983).

(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 the defendant's use of its mark without actual confusion arising; (5) the defendant's intent in adopting the mark; (6) evidence of actual confusion; (7) whether the parties' goods and services, if not competitive, 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; (10) other facts suggesting that the consuming public might expect the prior mark owner to offer goods or services in the defendant's market.⁷⁰⁶

(iv) The Fourth Circuit

Although the Fourth Circuit was once partial to a seven-part test for likely confusion,⁷⁰⁷ it has in recent years increasingly endorsed the use of nine factors. Those consist of: (1) the strength of the plaintiff's mark "as actually used in the marketplace"; (2) the similarity of the parties' marks; (3) the similarity of the parties' goods or services; (4) the similarity of the facilities used by the parties; (5) the similarity of the parties' advertising; (6) the defendant's intent; (7) actual confusion; (8) the quality of the defendant's product; and (9) the sophistication of the parties' customers.⁷⁰⁸

(v) The Fifth Circuit

Courts in the Fifth Circuit continued to apply that tribunal's eight "digits of confusion," namely: (1) the type of mark allegedly infringed; (2) the similarity between the parties' marks; (3) the similarity between the parties' goods or services; (4) the similarity between the parties' retail outlets and purchasers; (5) the identity of the parties' advertising media; (6) the defendant's intent; (7) evidence of actual confusion; and (8) the degree of care exercised by potential purchasers.⁷⁰⁹

⁷⁰⁶ See *Pa. State Univ. v. Vintage Brand, LLC*, 715 F. Supp. 3d 602, 639–40 (M.D. Pa. 2024), *clarified on denial of reconsideration*, No. 4:21-CV-01091, 2024 WL 1416505 (M.D. Pa. Apr. 2, 2024); *Medieval Times U.S.A., Inc. v. Medieval Times Performers United*, 695 F. Supp. 3d 593, 600 (D.N.J. 2023), *appeal dismissed*, No. 23-2886, 2024 WL 1734077 (3d Cir. Apr. 5, 2024); *Industria De Alimentos Zenu S.A.S. v. Latinfood U.S. Corp.*, 679 F. Supp. 3d 53, 92 (D.N.J. 2023), *appeal docketed*, No. 23-2357 (3d Cir. Aug. 7, 2023).

⁷⁰⁷ See *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984).

⁷⁰⁸ See *Dewberry Eng'rs v. Dewberry Grp.*, 77 F.4th 265, 281 (4th Cir. 2023), *cert. granted*, 144 S. Ct. 2681 (2024); see also *Intercollegiate Women's Lacrosse Coaches Ass'n v. Corrigan Sports Enters.*, 694 F. Supp. 3d 625, 672 (M.D.N.C. 2023).

⁷⁰⁹ See *Appliance Liquidation Outlet, L.L.C. v. Axis Supply Corp.*, 105 F.4th 362, 381 (5th Cir. 2024); *Rolex Watch USA, Inc. v. BeckerTime, L.L.C.*, 96 F.4th 715, 720 n.1 (5th Cir. 2024); *Rex Real Est. I, L.P. v. Rex Real Est. Exch., Inc.*, 80 F.4th 607, 621 (5th Cir. 2023);

(vi) The Sixth Circuit

The Sixth Circuit’s likelihood-of-confusion factors went unchanged. They included: (1) the strength of the senior mark; (2) the relatedness of the parties’ goods or services, (3) the similarity of the marks; (4) evidence of actual confusion; (5) the parties’ marketing channels; (6) the likely degree of purchaser care; (7) the defendant’s intent when selecting its mark, and (8) the likelihood of expansion of the parties’ product lines or services.⁷¹⁰

(vii) The Seventh Circuit

Seventh Circuit courts continued to determine the likelihood of confusion between marks by considering the following factors: (1) the similarity of the marks in appearance and meaning; (2) the competitive proximity of the parties’ goods; (3) the area and manner of concurrent use; (4) the degree of care likely to be exercised by consumers; (5) the strength of the plaintiff’s mark; (6) the existence of actual confusion; and (7) the defendant’s intent to “palm off” its goods as those of the plaintiff.⁷¹¹

(viii) The Eighth Circuit

Reported opinions from courts resident in the Eighth Circuit did not address that jurisdiction’s multifactor test for likely confusion in the context of infringement actions. Nevertheless, one addressing a claim of false endorsement considered:

- (1) the strength of the owner’s mark; (2) the similarity between 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.⁷¹²

Whirlpool Corp. v. Shenzhen Sanlida Elec. Tech. Co., 80 F.4th 536, 545 (5th Cir. 2023), *cert. denied*, 144 S. Ct. 807 (2024); Sueros Y Bebidas Rehidratantes, S.A. de D.V. v. Indus Enters., 690 F. Supp. 3d 745, 755 (S.D. Tex. 2023).

⁷¹⁰ See *Bliss Collection, LLC v. Latham Cos.*, 82 F.4th 499, 509 (6th Cir. 2023); *Presidio, Inc. v. People Driven Tech., Inc.*, 686 F. Supp. 3d 652, 696 (S.D. Ohio 2023).

⁷¹¹ *Grubhub Inc. v. Relish Labs LLC*, 80 F.4th 835, 847 (7th Cir. 2023), *cert. denied*, 144 S. Ct. 2630 (2024); *GS Holistic LLC v. Vilet Z LLC*, 711 F. Supp. 3d 1059, 1065 (E.D. Wis. 2024); *Forest River, Inc. v. inTech Trailers, Inc.*, 699 F. Supp. 3d 712, 728 (N.D. Ind. 2023); *Gabet v. Amazon.com Inc.*, 693 F. Supp. 3d 966, 971 (S.D. Ind. 2023).

⁷¹² *Johnson v. J.P. Parking, Inc.*, 717 F. Supp. 3d 798, 818 (S.D. Iowa 2024) (quoting *Sensient Techs. Corp. v. SensoryEffects Flavor Co.*, 613 F.3d 754, 763 (8th Cir. 2010)).

(ix) The Ninth Circuit

The *Sleekcraft* factors⁷¹³ remained the benchmarks for likelihood-of-confusion determinations in the Ninth Circuit. They included: (1) the similarity of the parties' marks; (2) the relatedness of the parties' goods and services; (3) the marketing channels used by the parties; (4) the strength of the plaintiff's mark; (5) the defendant's intent in selecting its mark; (6) evidence of actual confusion; (7) the likelihood of the parties' expansion into other markets; and (8) the degree of care likely exercised by consumers.⁷¹⁴ Those factors also were applied by a Nevada federal district court in an action presenting a claim of trade dress infringement under the common law of that state.⁷¹⁵

(x) The Tenth Circuit

The Tenth Circuit's six-factor test for likely confusion remained extant in that jurisdiction. It continued to consider: (1) the level of care likely to be exercised by purchasers; (2) the strength or weakness of the senior mark; (3) the degree of similarity between the parties' marks; (4) the intent of the alleged infringer in adopting its mark; (5) the similarity of the parties' products and manner of marketing; (6) the evidence of actual confusion.⁷¹⁶ The court itself explained of these factors that "[s]imilarity of the marks is ordinarily considered the most important factor. But no single factor is dispositive, and the 'importance of any particular factor in a specific case can depend on a variety of circumstances, including the force of another factor.'"⁷¹⁷

⁷¹³ See *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–49 (9th Cir. 1979), *abrogated on other grounds*, *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792 (9th Cir. 2003).

⁷¹⁴ See *Schluter Sys., L.P. v. Telos Acquisition Co. 10, LLC*, 730 F. Supp. 3d 993, 1009–10 (N.D. Cal. 2024); *BBK Tobacco & Foods, LLP v. Aims Grp. USA Corp.*, 723 F. Supp. 3d 973, 982 (D. Nev. 2024); *Levi Strauss & Co. v. Connolly*, 721 F. Supp. 3d 987, 994 (N.D. Cal. 2024); *Good Meat Project v. GOOD Meat, Inc.*, 716 F. Supp. 3d 783, 797 (N.D. Cal. 2024); *Motul S.A. v. USA Wholesale Lubricant, Inc.*, 686 F. Supp. 3d 900 (N.D. Cal. 2023); *JUUL Labs, Inc. v. Chou*, 676 F. Supp. 3d 827, 843 (C.D. Cal. 2023); *Automated Pet Care Prods., LLC v. PurLife Brands, Inc.*, 670 F. Supp. 3d 946, 950 (N.D. Cal. 2023); see also *Harman Int'l Indus. v. Jem Accessories, Inc.*, 668 F. Supp. 3d 1025, 1042 (C.D. Cal. 2023) (referring to *Sleekcraft* factors in context of laches inquiry without expressly identifying all of them), *aff'd*, No. 23-55774, 2024 WL 4750497 (9th Cir. Nov. 12, 2024).

⁷¹⁵ See *Evig, LLC v. Mister Brightside, LLC*, 732 F. Supp. 3d 1305, 1313 (D. Nev. 2024).

⁷¹⁶ See *Hetronic Int'l, Inc. v. Hetronic Germany GmbH*, 99 F.4th 1150, 1163 (10th Cir. 2024); *Elevate Fed. Credit Union v. Elevations Credit Union*, 67 F.4th 1058, 1072 (10th Cir. 2023); see also *SME Steel Contractors, Inc. v. Seismic Bracing Co.*, 681 F. Supp. 3d 1181, 1112–16 (D. Utah 2023) (applying factors in context of claim of deceptive trade practices under Utah law), *appeal docketed*, No. 23-2426 (Fed. Cir. Sept. 26, 2023).

⁷¹⁷ *Elevate Fed. Credit Union*, 67 F.4th at 1072 (quoting *Water Pik, Inc. v. Med-Sys., Inc.*, 726 F.3d 1136, 1143 (10th Cir. 2013)).

(xi) The Eleventh Circuit

A Florida federal district court held that:

The Eleventh Circuit considers seven factors in assessing whether or not a “likelihood of confusion” exists: (1) the type of mark (in short, whether the “relationship between the name and the service or good it describes” is such that the chosen name qualifies as generic, descriptive, suggestive, or arbitrary); (2) the similarity of the marks (based on “the overall impressions that the marks create, including the sound, appearance, and manner in which they are used”); (3) the similarity of the goods (“whether the products are the kind that the public attributes to a single source”); (4) the similarity of the parties’ retail outlets, trade channels, and customers (“consider[ing] where, how, and to whom the parties’ products are sold”); (5) the similarity of advertising media (examining “each party’s method of advertising” to determine “whether there is likely to be significant enough overlap” in the respective target audiences such “that a possibility of confusion could result”); (6) the defendant’s intent (determining whether the defendant had a “conscious intent to capitalize on [the plaintiff’s] business reputation,” was “intentionally blind,” or otherwise manifested “improper intent”); and (7) actual confusion (that is, whether there is evidence that consumers were actually confused).⁷¹⁸

“Of the seven factors,” it continued, “the Eleventh Circuit [has] stated that the most important are mark strength and actual consumer confusion.”⁷¹⁹ Other opinions were to similar effect.⁷²⁰

(xii) The District of Columbia Circuit

As is often the case, litigation in the District of Columbia Circuit did not produce any reported opinions bearing on the multifactor test for likely confusion.

⁷¹⁸ *Earth, Wind & Fire IP, LLC v. Substantial Music Grp.*, 720 F. Supp. 3d 1261, 1279–80 (S.D. Fla. 2024) (alterations in original) (quoting *Frehling Enters. v. Int’l Select Grp.*, 192 F.3d 1330, 1335–41 (11th Cir. 1999)).

⁷¹⁹ *Id.*

⁷²⁰ *See Sanho Corp. v. Kaijet Tech. Int’l Ltd., Inc.*, 736 F. Supp. 3d 1241, 1262 (N.D. Ga. 2024); *La Potencia, LLC v. Chandler*, 733 F. Supp. 3d 1238, 1263 (S.D. Fla. 2024); *Hi-Tech Pharms., Inc. v. Nutrition Res. Servs., Inc.*, 717 F. Supp. 3d 1318, 1326 (N.D. Ga. 2024), *appeal docketed*, No. 24-10564 (11th Cir. Feb. 26, 2024).

(b) Findings and Holdings

(i) Opinions Finding Confusion Likely on Motions for Preliminary Injunctive Relief

Having affirmed a finding of nonfunctionality for the registered configuration of a food mixer sold by a plaintiff, shown below on the far left, the Fifth Circuit declined to disturb a concomitant finding on a preliminary injunction motion of confusing similarity between that configuration and the designs shown below in the center and far right:⁷²¹



As the court read the preliminary injunction record, “the allegedly infringing mixers have similar slopes and geometries, are sold to similar purchasers (namely, they are sold for personal, rather than commercial, use), and are marketed in the same or similar channels (specifically, online retailers).”⁷²² It continued with the following observation:

It is true, as [the defendant] notes, that other factors may support that there is no confusion—for instance, [the defendant’s] mixers have other distinguishable features, like additional knobs or visible branding. Nevertheless, that there is a debate as to how to weigh the elements is not enough for us to find clear error in the district court’s determination that this factor ultimately went in [the plaintiff’s] favor.⁷²³

At the trial court level, a Georgia federal district court granted a preliminary injunction motion of a counterclaim plaintiff, which owned the GET KRANK’D and KRANK’D marks for energy drinks and the ingredients for them, against a junior user of the KRANK’D mark for dietary supplements.⁷²⁴ Proceeding through the Eleventh Circuit’s multifactor test for likely confusion, the court found the counterclaim plaintiff’s marks conceptually strong because of their suggestiveness and commercially strong in light of

⁷²¹ See *Whirlpool Corp. v. Shenzhen Sanlida Elec. Tech. Co.*, 80 F.4th 536, 541 (5th Cir. 2023), *cert. denied*, 144 S. Ct. 807 (2024).

⁷²² *Id.* at 545.

⁷²³ *Id.*

⁷²⁴ See *Hi-Tech Pharms., Inc. v. Nutrition Res. Servs., Inc.*, 717 F. Supp. 3d 1318 (N.D. Ga. 2024), *appeal docketed*, No. 24-10564 (11th Cir. Feb. 26, 2024).

the counterclaim plaintiff's long-standing use and promotion of at least the GET KRANK'D mark, to which its rights were incontestable.⁷²⁵ The mark-strength therefore favored a finding of liability, as did the similarity of the parties' uses, with respect to which the counterclaim plaintiff was "the clear winner."⁷²⁶ The court next found that the competitive proximity of the parties' goods weighed in the counterclaim plaintiff's favor because both parties sold "powders that are mixed with water that are meant to enhance workouts and boost energy."⁷²⁷ So too did it conclude the counterclaim defendant had acted in bad faith based on the counterclaim plaintiff's showings that the counterclaim defendant had continued its infringing conduct after receiving the counterclaim plaintiff's objections and had used the ® symbol in conjunction with its unregistered mark.⁷²⁸ Together with the parties' "use [of] similar advertising methods, [such] as . . . social media and the internet to target people interested in fitness,"⁷²⁹ these considerations established that confusion was likely, despite the counterclaim plaintiff's failure to proffer evidence that the parties marketed and distributed their goods to the same customers⁷³⁰ or that the counterclaim defendant's conduct had caused actual confusion.⁷³¹

Another application of the Eleventh Circuit's multifaceted test for likely confusion led to preliminary injunctive relief in the early innings of a battle between manufacturers of baseball bats, the lead individual defendant in which had been the principal of the plaintiff's predecessor.⁷³² The plaintiff owned a registration of its CHANDLER BATS mark in standard-character format on the Principal Register and successfully convinced the court that it owned protectable rights to the CHANDLER composite mark shown below on the left, while the defendants sold their directly competitive bats under the MMXXII AUTHENTIC BY DAVID CHANDLER BE AUTHENTIC composite mark shown below on the right:⁷³³

⁷²⁵ *Id.* at 1327.

The Eleventh Circuit applies the idiosyncratic rule that, once a registrant files a declaration of incontestability, the underlying mark is presumed strong for the likelihood-of-confusion inquiry. *See* *Frehling Enters. v. Int'l Select Grp.*, 192 F.3d 1330, 1336 (11th Cir. 1999).

⁷²⁶ *Hi-Tech Pharms.*, 717 F. Supp. 3d at 1327, 1329.

⁷²⁷ *Id.* at 1328.

⁷²⁸ *Id.* at 1329.

⁷²⁹ *Id.*

⁷³⁰ *Id.* at 1328.

⁷³¹ *Id.* at 1329.

⁷³² *See* *La Potencia, LLC v. Chandler*, 733 F. Supp. 3d 1238 (S.D. Fla. 2024).

⁷³³ *Id.* at 1251, 1268.



Having accepted the plaintiff's showing of acquired distinctiveness,⁷³⁴ the court determined that the commercial strength of the plaintiffs' marks favored a finding of likely confusion.⁷³⁵ It then examined the degree of similarity between the parties' marks, concluding that "Defendants' addition of the term 'Authentic' is insufficient to distinguish the overall mark from the impression generated by the 'Chandler' portion of the mark. . . . In fact, the very opposite is true—adding the 'authentic' term exacerbates confusion between the marks by suggesting that 'Authentic by David Chandler' bats are the 'authentic' versions of Plaintiffs' bats."⁷³⁶ The plaintiff continued to clear the base paths with showings that the parties' goods were directly competitive and marketed to the same potential customers through the same promotional channels.⁷³⁷ With the plaintiff further introducing anecdotal evidence of actual confusion among actual and potential customers⁷³⁸ and the court finding survey evidence proffered by the defendant unconvincing because the survey failed to include professional baseball players in its universe of respondents,⁷³⁹ the plaintiff had demonstrated a likelihood of success on the merits of its claims of infringement and unfair competition.⁷⁴⁰

(ii) Opinions Finding Confusion Likely as a Matter of Law

Outside the scope of cases in which defendants' failures to contest the allegations against them led to default judgments

⁷³⁴ *Id.* at 1261–63.

⁷³⁵ *Id.* at 1264.

⁷³⁶ *Id.* at 1265.

⁷³⁷ *Id.*

⁷³⁸ *Id.* at 1265–66.

⁷³⁹ *Id.* at 1266–67.

⁷⁴⁰ *Id.* at 1267.

without trials,⁷⁴¹ the inherently factual nature of the likelihood-of-confusion inquiry did not preclude a finding of liability as a matter of law in a long running dispute between two parties using marks based on the word “Dewberry.”⁷⁴² The plaintiff’s flagship mark was DEWBERRY ENGINEERS, which it used in connection with civil engineering, surveying, and architectural design services, while the defendant’s corresponding mark was originally DEWBERRY CAPITAL for real estate development services. In the mid-2000s, the parties settled an earlier lawsuit with an agreement requiring the defendant to use the distinguishable DCC mark in Virginia, the District of Columbia, and Maryland; the agreement also required the defendant to use a column logo “where feasible” and prohibited it from adopting a stylized berry design, including any depicting a dewberry. That resolution led to a cessation of hostilities until the defendant rebranded as DEWBERRY GROUP, adopted a logo lacking the column design contemplated by the settlement agreement, and launched the DEWBERRY LIVING, DEWBERRY OFFICE, and STUDIO DEWBERRY sub-brands, which it used in conjunction with the following logo:



Although the defendant’s principal instructed the company’s general counsel to “do a search” for similar marks, the principal did not disclose the earlier litigation or settlement agreement, of which the general counsel was unaware until receiving a demand letter from the plaintiff. The general counsel responded to that correspondence by recommitting itself to the use of the DCC mark in the three jurisdictions referenced by the settlement agreement and to the abandonment of an application to DEWBERRY GROUP, which the USPTO had found confusingly similar to various prior-registered DEWBERRY marks owned by the plaintiff. Nevertheless, the defendant continued to prosecute applications to register its DEWBERRY LIVING, DEWBERRY OFFICE, and STUDIO DEWBERRY marks in conjunction with the stylized logo reproduced above, all of which the plaintiff successfully opposed before the Trademark Trial and Appeal Board. When additional

⁷⁴¹ See, e.g., *BBK Tobacco & Foods, LLP v. Aims Grp. USA Corp.*, 723 F. Supp. 3d 973, 983–85 (D. Nev. 2024) (entering default judgment of infringement based on allegations in complaint of defendants’ use of mark and trade dress identical to that of plaintiff in connection with directly competitive goods).

⁷⁴² See *Dewberry Eng’rs v. Dewberry Grp.*, 77 F.4th 265 (4th Cir. 2023), *cert. granted*, 144 S. Ct. 2681 (2024).

rounds of correspondence between the parties failed to pretermit renewed hostilities, the plaintiff filed suit and prevailed on its infringement claims on a motion for summary judgment.

The Fourth Circuit affirmed, despite acknowledging that the parties' customers were sophisticated.⁷⁴³ With respect to the conceptual strength of the plaintiff's marks, the court identified three reasons for departing from the usual doctrinal rule that surnames are treated in the same manner as descriptive marks: (1) "Dewberry" did not suggest or describe the plaintiff's services;⁷⁴⁴ (2) "given that 'Dewberry' plainly may refer to fruit, it is an arbitrary mark, much like 'Apple computers' refers both to a fruit and a consumer computer products company without describing the company's services or products";⁷⁴⁵ (3) "the USPTO did not require proof of secondary meaning when it registered [the plaintiff's] 'Dewberry' mark, as would be required for a descriptive mark."⁷⁴⁶ The marks' conceptual strength therefore favored a finding of liability, as did their commercial strength, which the court concluded was evidenced by branding studies showing that the customers of the plaintiff's services referred to the plaintiff simply as "Dewberry."⁷⁴⁷ The mark-similarity factor weighed in the same direction, because "[t]he parties' marks feature the word 'Dewberry' in conjunction with other, more generic prefixes and suffixes (e.g., Dewberry 'Engineers' versus Dewberry 'Group' and 'Studio Dewberry)," and because the USPTO had required the defendant to disclaim "group" and "studio" from its applications.⁷⁴⁸ So too did the court reject the defendant's argument that differences between the parties' services created a factual dispute as to liability, citing to "plenty of evidence demonstrating both parties' use of their 'Dewberry' marks in related ways to generate real estate development business."⁷⁴⁹ The plaintiff also benefitted from the parties' advertising of their services in overlapping geographic markets, as well as the defendant's bad faith, which the court concluded was beyond material dispute in light of the defendant's knowledge of the plaintiff's marks and its violation of the prior settlement agreement between the parties.⁷⁵⁰

⁷⁴³ *Id.* at 287.

⁷⁴⁴ *Id.* at 283.

⁷⁴⁵ *Id.*

⁷⁴⁶ *Id.*

⁷⁴⁷ *Id.*

⁷⁴⁸ *Id.* at 284.

⁷⁴⁹ *Id.*

⁷⁵⁰ *Id.* at 285. The defendant gamely asserted that its trademark availability search prior to its rebranding created a factual dispute with respect to its intent, but the court noted that "[t]hat evidence might lead to a reasonable inference of good faith had the parties not previously litigated these same issues and signed a [settlement] outlining [the plaintiff's] right to its 'Dewberry' trademark." *Id.* at 286.

That left the issue of actual confusion. As had the district court, the Fourth Circuit found probative survey results proffered by the plaintiff suggesting that “at least twenty percent of respondents confused ‘Dewberry Group’ for ‘Dewberry Engineers,’”⁷⁵¹ which the court held “alone serves as ‘clear evidence of actual confusion for purposes of summary judgment’”;⁷⁵² the appellate court did not, however, describe the survey’s methodology in any detail. The record also contained anecdotal evidence of confusion in the form of “specific instances where representatives from [the plaintiff’s] client, the University of Virginia, confused [the defendant] for [the plaintiff].”⁷⁵³ The defendant challenged the probative value of those instances on the ground that they had all occurred prior to the defendant’s rebranding and also called the court’s attention to the plaintiff’s failure to call them to the defendant’s attention, as required by the earlier settlement agreement. Addressing the first of those challenges, the court held that “whether the actual confusion occurred before or after the rebrand does not meaningfully impact its relevance to this inquiry. If anything, the fact that [the plaintiff’s] clients confused the two *before* [the defendant] rebranded would suggest that introducing more names using the ‘Dewberry’ mark would lead to more confusion.”⁷⁵⁴ It then observed that “while in theory the fact that [the plaintiff] never raised the issue of actual confusion with [the defendant] might suggest an inference that none existed, it does not erase the actual instances of confusion in the record.”⁷⁵⁵ The district court therefore had not erred in finding confusion likely as a matter of law.⁷⁵⁶

Summary judgment of infringement also was the outcome in a case brought by the owner of the marks used by the performing group Earth Fire & Wind.⁷⁵⁷ The defendants included a band featuring a some-time guitarist for the plaintiff and which initially operated under the EARTH WIND & FIRE LEGACY REUNION; the defendants also appropriated a design mark described by the court as the plaintiff’s “iconic ‘Phoenix’ logo mark.”⁷⁵⁸ In response to the plaintiff’s objections, the defendants modified their logo and adopted the LEGACY REUNION OF EARTH WIND & FIRE

⁷⁵¹ *Id.*

⁷⁵² *Id.* at 287 (quoting *RXD Media, LLC v. IP Application Dev. LLC*, 986 F.3d 361, 373 (4th Cir. 2021)).

⁷⁵³ *Id.*

⁷⁵⁴ *Id.*

⁷⁵⁵ *Id.*

⁷⁵⁶ *Id.* at 287–88.

⁷⁵⁷ See *Earth, Wind & Fire IP, LLC v. Substantial Music Grp.*, 720 F. Supp. 3d 1261 (S.D. Fla. 2024).

⁷⁵⁸ *Id.* at 1271.

ALUMNI mark. Those changes, however, headed off neither the plaintiff's lawsuit nor its successful motion for summary judgment.

Significant factors favoring the grant of that motion were the conceptual and commercial strength of the plaintiff's marks: Not only were the marks arbitrary, but they were incontestable, had been the subject of millions of dollars' worth of advertising, had been used for decades, and were not diluted by third-party use.⁷⁵⁹ The court also found that the parties' marks themselves were confusingly similar, noting with respect to the verbal marks at issue that "[t]he addition of a relatively generic term of lesser importance [like 'legacy reunion' and 'alumni'] does not significantly reduce the chance of consumer confusion."⁷⁶⁰ Understandably, the defendants did not advance "much of an argument" regarding the competitive proximity of the parties' services,⁷⁶¹ and the court credited the plaintiff's showing that those services were promoted through the same platforms to the same customers.⁷⁶² Anecdotal evidence of actual confusion in the form of "both emails and publicly posted online reviews" from consumers of the defendants' services expecting to see the plaintiff's band,⁷⁶³ which the court deemed entitled to "substantial weight,"⁷⁶⁴ sealed the deal in the plaintiff's favor, even if the plaintiff's showing failed to establish the defendants' bad-faith intent beyond material dispute.⁷⁶⁵

A successful motion for summary judgment of liability also transpired in a case brought by the owner and the exclusive licensee of a mark used in connection with a rehydration product.⁷⁶⁶ The plaintiffs' moving papers established that the defendant had purchased the plaintiffs' product in Mexico before relabeling it and selling it to consumers in the United States without authorization. In light of numerous differences between the goods sold by the defendant and the goods' authorized counterparts, the Texas federal district court hearing the case might well have (and probably should

⁷⁵⁹ *Id.* at 1281–82.

On the issue of third-party use, the defendants proffered such uses as THE ULTIMATE EARTH, WIND & FIRE TRIBUTE BAND, ELEMENTS: THE ULTIMATE EARTH WIND AND FIRE TRIBUTE, KALIMBA – EARTH WIND & FIRE TRIBUTE, and THE EARTH WIND, & FIRE EXPERIENCE FEATURING THE RAY HOWARD BAND, but the court found those distinguishable because they communicated to consumers that the bands using them were *not* Earth Wind & Fire. *Id.* at 1282.

⁷⁶⁰ *Id.*

⁷⁶¹ *Id.* at 1283.

⁷⁶² *Id.* at 1284–85.

⁷⁶³ *Id.* at 1286.

⁷⁶⁴ *Id.* (quoting *Caliber Auto. Liquidators, Inc. v. Premier Chrysler, Jeep, Dodge, LLC*, 605 F.3d 931, 936 (11th Cir. 2010)).

⁷⁶⁵ *Id.* at 1285.

⁷⁶⁶ *See Sueros Y Bebidas Rehidratantes, S.A. de D.V. v. Indus Enters.*, 690 F. Supp. 3d 745 (S.D. Tex. 2023).

have) evaluated the defendant's liability for infringement in the first instance by examining whether those differences were adequately disclosed to consumers, especially in light of survey evidence adduced by the plaintiffs that the differences were material to consumers.⁷⁶⁷ The court nevertheless proceeded through the Fifth Circuit's standard multifactor test for likely confusion, concluding that: (1) the lead plaintiff's ELECTROLIT mark was strong in light of the defendant's failure to substantiate its claim of genericness or any third-party use of similar marks;⁷⁶⁸ (2) the defendant's relabeled goods featured the identical mark;⁷⁶⁹ (3) the parties' goods were identical;⁷⁷⁰ (4) the parties employed similar advertising strategies to the extent that their labels featured their respective marks;⁷⁷¹ and (5) consumers of the goods at issue did not exercise a high degree of care.⁷⁷² Summary judgment of liability therefore was appropriate, even if there was no evidence or testimony of record on the factors of overlapping customers,⁷⁷³ the defendant's intent,⁷⁷⁴ and actual confusion.⁷⁷⁵ Having reached that conclusion, the court then allowed the defendant to assert its goods were materially identical to those of the plaintiffs as an affirmative defense, but that assertion failed under the rule that "[e]ven small differences in packaging and ingredients may be material."⁷⁷⁶

A final notable finding of infringement on a motion for summary judgment demonstrated the perils of ignoring an opponent's case-dispositive requests for admission.⁷⁷⁷ The plaintiff benefiting from this proposition claimed ownership of a family of registered marks comprising colored tabs (including green ones and white ones with green letters) affixed to clothing, while the defendant sold denim jackets and other clothing under the verbal GREEN TAB mark. Unfortunately for the defendant, his failure to respond or object to

⁷⁶⁷ See, e.g., *Rolex Watch USA, Inc. v. BeckerTime, L.L.C.*, 96 F.4th 715, 724 (5th Cir. 2024) (affirming finding of liability for counterfeiting based on defendants' sales of materially altered watches under marks of original manufacturers); *Gilead Scis., Inc. v. Safe Chain Sols., LLC*, 684 F. Supp. 3d 51, 66 (E.D.N.Y. 2023) ("[G]oods manufactured by the trademark holder and then sold on the gray market may be 'counterfeit' if 'a difference in products bearing the same name confuses consumers and impinges on the trademark holder's goodwill.'" (quoting *Coty Inc. v. Cosmopolitan Cosms. Inc.*, 432 F. Supp. 3d 345, 350 (S.D.N.Y. 2020))).

⁷⁶⁸ *Id.* at 756–57.

⁷⁶⁹ *Id.* at 757.

⁷⁷⁰ *Id.*

⁷⁷¹ *Id.*

⁷⁷² *Id.* at 758.

⁷⁷³ *Id.* at 757.

⁷⁷⁴ *Id.* at 757–58.

⁷⁷⁵ *Id.* at 758.

⁷⁷⁶ *Id.* at 759.

⁷⁷⁷ See *Levi Strauss & Co. v. Connolly*, 721 F. Supp. 3d 987 (N.D. Cal. 2024).

the requests served on him established the following, inter alia, as a matter of law: (1) he was not authorized to use his mark by the plaintiff; (2) the plaintiff's marks were strong, famous, distinctive, and widely recognized by the general consuming public as indicators of the plaintiff's goods prior to the defendant's adoption of his mark; (3) the parties' goods were similar and purchased by the same consumers, who exercised a low degree of care; (4) the defendant knew of, and considered, the plaintiff's marks before adopting his own with an intent to capitalize on the plaintiff's goodwill; (5) the parties' marks were similar in visual appearance, sound, and connotation and created a similar commercial impression; (6) the defendant's mark was deceptively similar to those of the plaintiff and likely to cause confusion; and (7) the defendant knew of actual confusion between the parties' marks.⁷⁷⁸ The headwinds created from those admitted facts unsurprisingly left the defendant unable to place his liability into dispute, and the court therefore granted the plaintiff's motion for summary judgment.⁷⁷⁹

(iii) Opinions Finding Confusion Likely After Trial

The Fifth Circuit affirmed a finding of infringement in a case brought by the owner of the APPLIANCE LIQUIDATION OUTLET for mark for the retail sale of appliances against a competitor using the APPLIANCE LIQUIDATION mark.⁷⁸⁰ Those uses included the following presentations, which the court characterized as “strikingly similar” when discussing the acquired distinctiveness of the plaintiff's mark:⁷⁸¹



⁷⁷⁸ *Id.* at 994–96.

⁷⁷⁹ *Id.* at 997.

⁷⁸⁰ See *Appliance Liquidation Outlet, L.L.C. v. Axis Supply Corp.*, 105 F.4th 362 (5th Cir. 2024).

⁷⁸¹ *Id.* at 372, 380.



Despite acknowledging the perceived similarity in the parties’ uses, the district court found confusion likely based “entirely” on the plaintiff’s showing of actual confusion,⁷⁸² and that finding survived scrutiny on appeal. The plaintiff’s showing on that point included

a log of interactions its employees had with consumers who believed [the plaintiff’s] store was affiliated with [the defendant’s]. That log detailed instances of consumers who called or came in person to ask for items [the defendant] posted about on social media. It also detailed multiple instances of customers[] asking [the plaintiff] to service products they had purchased from [the defendant].⁷⁸³

The defendant gamely argued that the confusion was unrelated to its name, but the court concluded instead that “[t]he repeated and persistent flood of mistaken inquires by individuals . . . who believed [the plaintiff] was [the defendant] and vice versa occurred shortly after [the defendant] opened for business and shows that [the defendant’s] banner caused more than a fleeting mix-up of names.”⁷⁸⁴ In the final analysis, “given the repeated instances of actual confusion presented at trial, the court permissibly found infringement on this digit alone.”⁷⁸⁵

A separate finding of liability following a bench trial was supported by such voluminous evidence and testimony that how the defendants made it past summary judgment is open to question.⁷⁸⁶ The plaintiff owned the registered GLUTADOSE mark for dietary supplements with antioxidant and cell-protection properties, while, following their termination as distributors of those supplements, the defendants sourced additional batches of them—some with expired shelf lives—from third parties and then resold them. The

⁷⁸² *Id.* at 381.

⁷⁸³ *Id.*

⁷⁸⁴ *Id.* at 382.

⁷⁸⁵ *Id.*

⁷⁸⁶ See *Nutrados Labs, LLC v. Bio Dose Pharma, LLC*, 710 F. Supp. 3d 1200 (S.D. Fla. 2024), *aff’d sub nom.* *Nutrados Labs, LLC v. Santamarta*, No. 24-10381, 2025 WL 337971 (11th Cir. Jan. 30, 2025) (per curiam).

case might have been resolved under an application of the principles governing the exhaustion of trademark rights,⁷⁸⁷ but the court instead proceeded through the multifactored test for liability. The court first determined that GLUTADOSE was an arbitrary (and therefore strong) mark,⁷⁸⁸ after which the plaintiff was off to the races. The court easily determined from the trial record that: (1) the marks at issue were identical;⁷⁸⁹ (2) the parties' goods also were the same;⁷⁹⁰ (3) the parties targeted the same customers through overlapping channels of distribution;⁷⁹¹ (4) the defendants' bad faith was demonstrated in their shipment of goods with inserts promoting the impending introduction of their own competitive goods;⁷⁹² (5) there was actual confusion in the form of complaints from consumers mistakenly holding the plaintiff responsible for the out-of-date goods they had purchased from the plaintiff.⁷⁹³

In a separate case, a group of defendants that had partially escaped summary judgment of liability for counterfeiting did not have similar luck in a bench trial on the plaintiff's infringement causes of action.⁷⁹⁴ The plaintiff's JUUL mark was registered for various accessories, including carrying cases, holders, adaptors and battery charging devices adapted for use with electronic cigarettes, while the defendants had used the same mark for mobile phone cases. The differences between the identification of goods in the plaintiff's registration and the defendants' offerings precluded a finding of counterfeiting, but that consideration weighed only slightly in the defendants' favor in the multifactored likelihood-of-confusion infringement analysis.⁷⁹⁵ Of equal importance, those differences were not enough to overcome the defendant's use of the identical mark, even if the plaintiff had neglected to address the issues of the strength of its mark, actual confusion, the marketing channels used by the parties, the degree of care exercised by the parties' customers, the defendants' intent, and the likelihood of the parties bridging the gap between their respective lines of business.⁷⁹⁶

⁷⁸⁷ Those principles came into play in another portion of the court's opinion, which dealt with the plaintiff's challenge to the defendants' sale of otherwise genuine goods in their inventory following their termination as licensees. *See id.* at 1230–31.

⁷⁸⁸ *Id.* at 1224.

⁷⁸⁹ *Id.* at 1224–25.

⁷⁹⁰ *Id.* at 1225.

⁷⁹¹ *Id.*

⁷⁹² *Id.* at 1225–26.

⁷⁹³ *Id.* at 1226.

⁷⁹⁴ *See JUUL Labs, Inc. v. Chou*, 676 F. Supp. 3d 827 (C.D. Cal. 2023).

⁷⁹⁵ *Id.* at 843.

⁷⁹⁶ *Id.* at 844.

(iv) Opinions Finding Confusion Unlikely on Motions for Preliminary Injunctive Relief

A Seventh Circuit opinion declined to defer to, and indeed, rejected, a USPTO examining attorney’s determination of likely confusion while affirming the denial of a preliminary injunction motion.⁷⁹⁷ It did so in a case in which the plaintiff asserted rights to a portfolio of marks for the creation and delivery of meal kits, including the following marks:⁷⁹⁸



For its part, the defendant used the following mark in connection with an online food-ordering and delivery marketplace:⁷⁹⁹



Although the USPTO had rejected an application by a predecessor of the defendant to register the stylized house-and-cutlery design component of the defendant’s mark based on a perceived likelihood of confusion between it and the plaintiff’s prior-registered marks, the Seventh Circuit declined to give that determination dispositive weight in the mark-similarity inquiry. Not only had the applied-for mark in question not included the verbal component of the defendant’s mark, but “USPTO determinations are often of limited value in the infringement analysis when they lack the benefit of the fuller record developed before the district court, such as evidence about the way marks are actually used in the marketplace”;⁸⁰⁰ that

⁷⁹⁷ See *Grubhub Inc. v. Relish Labs LLC*, 80 F.4th 835 (7th Cir. 2023), *cert. denied*, 144 S. Ct. 2630 (2024).

⁷⁹⁸ *Id.* at 842.

⁷⁹⁹ *Id.* at 843.

⁸⁰⁰ *Id.* at 850.

was perhaps especially true if an applicant abandoned its application rather than respond to an initial refusal.⁸⁰¹

In contrast, the Second Circuit vacated a preliminary injunction based in substantial part on a prior determination by the USPTO that the counterclaim plaintiff's MEDICAL SPECIAL OPERATIONS CONFERENCE mark was merely descriptive for conferences intended to bring military-level special operations medical skills and training to the wider first responder communities.⁸⁰² The district court found both that mark and its MSOC acronym inherently distinctive, but the Second Circuit took issue with conclusion for three reasons. One was the USPTO's refusal to register the mark's full-length version without a showing of acquired distinctiveness, which the court held entitled to "great weight" in light of the agency's "expertise in trademarks."⁸⁰³ Another was the counterclaim plaintiff's concession that that version of the mark was descriptive, a circumstance that "'cast doubt' upon [the district court's] holding that the marks are suggestive."⁸⁰⁴ And a final one was evidence and testimony that the intended audience for the counterclaim plaintiff's conferences viewed it as descriptive.⁸⁰⁵ Having thus found the full version of the mark not inherently distinctive, the court reached the same conclusion with respect to its MSOC acronym without extended analysis.⁸⁰⁶ Because the district court had erred in finding the counterclaim plaintiff's marks strong, it had abused its discretion in finding confusion likely between those marks and the counterclaim defendants' uses of the exact same marks in connection with directly competitive services. Although noting that no single likelihood-of-confusion factor was dispositive, it nevertheless observed that "[w]e are . . . reluctant to affirm any preliminary injunction founded upon an erroneous strength analysis."⁸⁰⁷

In a case also presenting a potentially relevant prior determination by the USPTO, the plaintiff owner of the federally registered GOOD MEAT and GOOD MEAT BREAKDOWN service marks for arranging professional workshops in the fields of holistic meat production and consumption practice struck out its bid for a preliminary injunction against defendants using GOOD MEAT in connection with the manufacture and sale of cultivated, lab-grown

⁸⁰¹ *Id.*

⁸⁰² *See* City of New York *ex rel.* FDNY v. Henriquez, 98 F.4th 402 (2d Cir. 2024).

⁸⁰³ *Id.* at 414 (quoting Cross Com. Media, Inc. v. Collective, Inc., 841 F.3d 155, 165 (2d Cir. 2016)).

⁸⁰⁴ *Id.* at 413 (quoting 6 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 32:111 (5th ed.)).

⁸⁰⁵ *Id.* at 413–14.

⁸⁰⁶ *Id.* at 415.

⁸⁰⁷ *Id.*

food products derived from animal cells.⁸⁰⁸ The plaintiff's registrations shifted the burden of proof to the defendants regarding the underlying marks' validity, but that did not prevent the defendant from demonstrating that at least the GOOD MEAT mark was descriptive and therefore conceptually weak;⁸⁰⁹ moreover, the plaintiff's evidence of commercial strength for that mark was lacking, and the court declined to overlook that problem simply because the plaintiff's claim of liability sounded in reverse confusion.⁸¹⁰ The lack of competitive proximity between the parties' goods and services also favored the defendants,⁸¹¹ as did differences in how the parties' marks appeared in the marketplace,⁸¹² the absence of actual confusion,⁸¹³ the lack of overlapping channels of distribution,⁸¹⁴ the defendants' good faith in adopting their mark,⁸¹⁵ and the unlikelihood of the parties' bridging the gap between their lines of business.⁸¹⁶ The plaintiff's request for preliminary injunctive relief therefore went unanswered.

Although not expressly identified as one, the USPTO's issuance of registrations to allegedly confusingly similar marks owned by the parties appeared to be one reason for the denial of another preliminary injunction motion.⁸¹⁷ Both parties used the PET LIFE mark (and variations on it) in connection with pet supplies, considerations that ordinarily might tip the scales in the plaintiff's favor. Nevertheless, the court found that the plaintiff's versions of the mark were "at best[] suggestive,"⁸¹⁸ and the perceived conceptual weakness resulting from that determination, coupled with third-party use demonstrating the marks' commercial

⁸⁰⁸ See *Good Meat Project v. GOOD Meat, Inc.*, 716 F. Supp. 3d 783 (N.D. Cal. 2024).

⁸⁰⁹ *Id.* at 798–99.

⁸¹⁰ *Id.* at 800.

⁸¹¹ On this issue, the court found that:

At a high level of abstraction, there are similarities between the two parties' offerings. Both concern the production of meat for human consumption and companies emphasize sustainability. But the similarities end there. [The plaintiff] offers services, while [the defendant] sells goods. [The plaintiff] focuses on butchering, slaughter, and the development of [m]eat [c]ollectives. It provides educational services to butchers, ranchers, farmers, and consumers interested in sustainable meat production. [The defendant], by contrast, sells a food product that explicitly avoids butchering, ranching, and farming.

Id.

⁸¹² *Id.* at 800–01, 803–04.

⁸¹³ *Id.* 801.

⁸¹⁴ *Id.* at 801–02.

⁸¹⁵ *Id.* at 802–03.

⁸¹⁶ *Id.* at 803.

⁸¹⁷ See *Pet Life, LLC v. KAS Pet, LLC*, 690 F. Supp. 3d 41 (E.D.N.Y. 2023).

⁸¹⁸ *Id.* at 50.

weakness, precluded the plaintiff from demonstrating the requisite likelihood of success on the merits of its claim of likely confusion.⁸¹⁹

A preliminary injunction also proved out of reach for a manufacturer of fruit and vegetable supplements sold in the packaging below on the left, the trade dress of which allegedly was infringed by the packaging of competitive goods shown below on the right.⁸²⁰



A critical problem for the plaintiff was the court’s finding that the parties’ packages were not themselves confusingly similar. On that issue, it concluded that:

[A]t first glance, the products are similar in that they are both supplements that use the words “fruits” and “veggies,” have pictures of said fruits and vegetables on the labels in different configurations, and use green labels on the veggie supplement. But as a whole, [the defendant’s] packaging is largely dissimilar and doesn’t share most of the elements that [the plaintiff] identifies as comprising its trade dress.⁸²¹

The court also dismissed the plaintiff’s anecdotal evidence of actual confusion in the form of “approximately 10 out of at least 9,000” misdirected Amazon reviews of the defendants’ products, which the court considered not “statistically significant,”⁸²² as well as the sale of the parties’ products on that platform.⁸²³ With the plaintiff further unable to convince the court that the parties’ customers lacked sophistication,⁸²⁴ that its claimed trade dress was strong and

⁸¹⁹ *Id.*

⁸²⁰ *See* *Evig, LLC v. Mister Brightside, LLC*, 732 F. Supp. 3d 1305, 1311, 1312 (D. Nev. 2024).

⁸²¹ *Id.* at 1314.

⁸²² *Id.* at 1315.

⁸²³ The court noted of that overlapping marketing channel that “[w]hile both companies advertise primarily on Amazon and through their own websites, those avenues can certainly be considered ubiquitous in the 21st century. So I don’t give much weight to this factor.” *Id.* at 1316.

⁸²⁴ *Id.* at 1315–16.

therefore entitled to a wide scope of protection,⁸²⁵ or (through expert witness testimony) that the defendants had acted in bad faith,⁸²⁶ preliminary injunctive relief was inappropriate.

(v) Opinions Finding Confusion Unlikely as a Matter of Law

Because of the highly fact-intensive nature of the likelihood-of-confusion inquiry, successful motions to dismiss allegations of infringement for failure to state claims are relatively uncommon unless movants can assert convincing free-speech considerations. Nevertheless, and although groups of disgruntled employees and labor organizations generally do not enjoy the right to incorporate the names of their targets into their own names,⁸²⁷ groups of performers at medieval-themed dinner theaters successfully prosecuted just such a motion.⁸²⁸ The plaintiff suing those defendants owned a federal registration of the MEDIEVAL TIMES mark for entertainment and restaurant services with a medieval theme, and it presented that mark in the following manner:⁸²⁹

Medieval Times

As reflected in the following representative examples, the defendants' uses clearly referenced the plaintiff and its mark:⁸³⁰

Medieval Times Performers United



Medieval Times actors, stunt performers, and stable hands are joining together in union.
Represented by the American Guild of Variety Artists (AGVA).



Characterizing the similarity between the parties' uses as the "single most important factor in determining likelihood of

⁸²⁵ *Id.* at 1316.

⁸²⁶ *Id.* at 1316–17.

⁸²⁷ *See, e.g.,* *Delta Air Lines, Inc. v. Hudson*, 868 F. Supp. 1383 (N.D. Ga. 1994) (entering preliminary injunction against use of DELTA RETIREES ASSOCIATION by a group of retirees challenging the restructuring of their pensions).

⁸²⁸ *See* *Medieval Times U.S.A., Inc. v. Medieval Times Performers United*, 695 F. Supp. 3d 593 (D.N.J. 2023), *appeal dismissed*, No. 23-2886, 2024 WL 1734077 (3d Cir. Apr. 5, 2024).

⁸²⁹ *Id.* at 597.

⁸³⁰ *Id.* at 597, 598.

confusion,”⁸³¹ the court determined that the plaintiff’s averments of similarity were “not compelling.”⁸³² In the court’s estimation, the plaintiff also had failed to substantiate its accusation of bad faith because “[Defendant’s] use of Plaintiff’s brand name as part of its own name as well as the colors, castle, and swords in its logo serve to identify [Defendants’] Union as employees of [Plaintiff]”⁸³³ and because the defendants’ references to the plaintiff’s “castles” in their contact information “accurately reflect that there are two unions - one for those who work at the castle in CA and another for those who work at the castle in NJ.”⁸³⁴ Finally, although acknowledging that actual confusion was unnecessary to a showing of likely confusion, the court faulted the plaintiff for failing to plead its existence.⁸³⁵ It therefore dismissed the plaintiff’s allegations of infringement for failure to state a claim.

Outside the context of motions to dismiss, the existence of actual confusion often results in the denial of defense motions for summary judgment. That result did not hold, however, in an appeal to the Tenth Circuit from the grant of such a motion in a suit between two credit unions.⁸³⁶ The counterclaim plaintiff in that action was a state-chartered entity and owner of the ELEVATIONS and ELEVATIONS CREDIT UNION, which it claimed were infringed by the use of the ELEVATE FEDERAL CREDIT UNION by the counterclaim defendant, a federal credit union. Those marks appeared in the marketplace in the following manner:⁸³⁷



⁸³¹ *Id.* at 601 (quoting *Kos Pharm., Inc. v. Andrx Corp.*, 369 F.3d 700, 712–713 (3d Cir. 2004)).

⁸³² *Id.*

⁸³³ *Id.*

⁸³⁴ *Id.* at 603.

⁸³⁵ *Id.*

⁸³⁶ *See Elevate Fed. Credit Union v. Elevations Credit Union*, 67 F.4th 1058 (10th Cir. 2023).

⁸³⁷ *Id.* at 1077.



A key consideration in the disposal of the counterclaim plaintiff's case was the sophistication of the parties' customers. On that issue, the court observed that "[c]onsumers ordinarily use great care when selecting their banking services,"⁸³⁸ adding that "[s]uch care is particularly great when consumers choose between a federal credit union and a Colorado credit union because those credit unions bear statutory duties to restrict membership."⁸³⁹ The counterclaim defendant also benefitted from the weakness of the counterclaim plaintiff's marks, which, although suggestive, were similar to numerous third-party marks, including those in the financial services industry;⁸⁴⁰ the summary judgment record also lacked evidence that the counterclaim plaintiff had advertised its marks in the limited geographic area in Utah served by the counterclaim defendant.⁸⁴¹ Comparing the marks themselves, the court acknowledged some "visual similarities,"⁸⁴² but the dissimilarities of the marks as they actually appeared to consumers were "equally apparent."⁸⁴³ Moving on to the counterclaim defendant's intent, the court held that the lengthy process by which the counterclaim defendant had chosen its mark⁸⁴⁴ and its pursuit of advice from the National Credit Union Administration after learning of the counterclaim plaintiff's objections⁸⁴⁵ established that the counterclaim defendant had not intended to benefit from the counterclaim plaintiff's reputation.⁸⁴⁶ The parties' services might

⁸³⁸ *Id.* at 1073.

⁸³⁹ *Id.*

⁸⁴⁰ *Id.* at 1075.

⁸⁴¹ *Id.* at 1075–76.

⁸⁴² *Id.* at 1077.

⁸⁴³ *Id.* at 1078.

⁸⁴⁴ That process included multiple trademark availability searches, approval of ten possible names by the National Credit Union Association, and consultation with an attorney. *Id.* at 1079.

⁸⁴⁵ According to the court, "[t]he National Credit Union Administration responded by confirming its approval of [the counterclaim defendant's] name change: 'My advice is to let them know your name change was approved by [the National Credit Union Administration] and you have not infringed on that trademark name [sic].'" *Id.* at 1080 (third alteration in original).

⁸⁴⁶ In reaching that conclusion, the court dismissed the counterclaim plaintiff's showings that the counterclaim defendant had received a link to an article describing the

otherwise have been directly competitive, but the counterclaim defendant limited its services to residents of three Utah counties, while the counterclaim plaintiff promoted its services primarily to Coloradans or individuals who had donated to a foundation it operated.⁸⁴⁷ Finally, although the counterclaim plaintiff proffered five instances of actual confusion, those were de minimis in light of the parties' eighteen months of coexistence and the volume of the counterclaim plaintiff's business.⁸⁴⁸

Just as the existence of actual confusion did not preclude the grant of that particular defense motion for summary judgment, so too did its absence drive the success of another.⁸⁴⁹ The plaintiff victimized by that disposition of its case claimed rights to the HYBRID and HYBRID & CO. marks for apparel; the plaintiff had federally registered the latter mark but only after the defendants' allegedly infringing use of the HYBRID, HYBRID PROMOTIONS, HYBRID TEES, HYBRID APPAREL, and HYBRID JEM marks for clothing. On the parties' cross-motions for summary judgment, the court leaned heavily on the plaintiff's registration to find "hybrid" inherently distinctive as either suggestive or arbitrary.⁸⁵⁰ Nevertheless, it then concluded after conducting a secondary meaning analysis that the plaintiff's marks were commercially weak based on the plaintiff's failure to introduce any documentary evidence of its advertising other than screenshots of three sponsored posts captured on the night of its summary judgment filings,⁸⁵¹ its "limited evidence of length of use and sales success,"⁸⁵² the absence of any favorable survey results,⁸⁵³ as well as the fact that the summary judgment record reflected "no evidence of unsolicited media coverage of the product, and no attempts to plagiarize either mark."⁸⁵⁴ The plaintiff's problems extended beyond the weakness of its marks, however, for the defendants also benefitted from the court's findings that there had been limited actual confusion despite two decades' worth of concurrent use⁸⁵⁵ and that the defendants had

counterclaim plaintiff's marks as among the "most distinctive" (because nothing in the record suggested that anyone at the counterclaim defendant had read the article) and that a pest-control company also had objected to the counterclaim plaintiff's name (because of the unrelated nature of that company's services). *Id.*

⁸⁴⁷ *Id.* at 1081–82.

⁸⁴⁸ *Id.* at 1082–83.

⁸⁴⁹ *See Fashion Exch. LLC v. Hybrid Promotions, LLC*, 697 F. Supp. 3d 86 (S.D.N.Y. 2023), *appeal dismissed*, No. 23-7653, 2024 WL 4751743 (2d Cir. July 11, 2024).

⁸⁵⁰ *Id.* at 102–03.

⁸⁵¹ *Id.* at 103–04.

⁸⁵² *Id.* at 104.

⁸⁵³ *Id.* at 105.

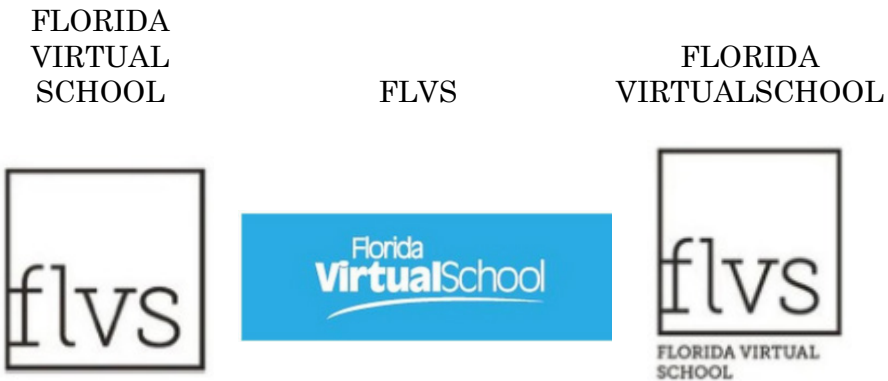
⁸⁵⁴ *Id.*

⁸⁵⁵ *Id.* at 108–09.

not acted in bad faith.⁸⁵⁶ Under the circumstances, no factual dispute existed as to the defendants' nonliability, even though at least some factors favored the client's position, namely, the similarity between the parties' marks⁸⁵⁷ and the competitive proximity between the parties' respective goods.⁸⁵⁸ Past determinations by USPTO examining attorneys of confusing similarity did not mandate a contrary result.⁸⁵⁹

(vi) Opinions Finding Confusion Unlikely After Trial

Mark weakness proved a key consideration in an action in which a plaintiff in the online education business sought to protect the following six marks, all of which were incontestable:⁸⁶⁰



According to the plaintiff, the defendants' use of FLORIDA ONLINE SCHOOL—often displayed with a Florida panther graphic—for competitive services created an actionable likelihood of confusion. Although the plaintiff invoked the aberrational Eleventh Circuit rule that incontestable marks are presumed strong,⁸⁶¹ the court found the defendants had rebutted the presumption by proving the

⁸⁵⁶ *Id.* at 109.

⁸⁵⁷ *Id.* at 106–07.

⁸⁵⁸ *Id.* at 107–08.

⁸⁵⁹ *Id.* at 111–12.

⁸⁶⁰ See *Fla. Virtual Sch. v. K12, Inc.*, 710 F. Supp. 3d 1143, 1150 (M.D. Fla. 2024), *appeal dismissed*, No. 24-10776-J, 2024 WL 2932901 (11th Cir. Mar. 15, 2024).

⁸⁶¹ See *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) (“An incontestable mark is ‘presumed to be at least descriptive with secondary meaning, and therefore a relatively strong mark.’” (quoting *Dieter v. B & H Indus. of Sw. Fla., Inc.*, 880 F.2d 322, 329 (11th Cir. 1989))).

marks were *conceptually* weak because of their descriptiveness;⁸⁶² the marks were similarly *commercially* weak because of third-party uses of “virtual” and “school,”⁸⁶³ the plaintiff’s repeated changing of its logo,⁸⁶⁴ and the unimpressive results of an internal brand awareness study undertaken by the plaintiff.⁸⁶⁵ Although acknowledging testimony by two parents that they had mistakenly enrolled their children in the defendants’ school,⁸⁶⁶ as well as twenty-one apparently misdirected e-mails,⁸⁶⁷ the court still faulted the plaintiff for failing to adduce “any credible evidence of actual confusion in this case.”⁸⁶⁸ The court also rejected the plaintiff’s claim that the defendants’ ongoing use of their mark was evidence of bad faith, citing a prior settlement agreement between the parties that did not prohibit that use; “[r]ather than an indication of Defendants’ nefarious intent,” the court found, “Plaintiff’s argument exposes its attempt to use its weak trademarks to bully its competitors.”⁸⁶⁹ The plaintiff’s case took another hit based on the court’s finding that the

⁸⁶² *Fla. Virtual School*, 710 F. Supp. 3d at 1153 (“Plaintiff’s marks plainly *describe* a place where students can learn via the internet in Florida—‘FLORIDA VIRTUAL SCHOOL’—and require no ‘effort of the imagination [whatsoever] by the consumer in order to be understood as descriptive.’ Likely due to their generic and descriptive nature, all of Plaintiff’s non-acronym marks expressly disclaim any exclusive right to use ‘VIRTUAL SCHOOL’—which comprises two-thirds of the marks.” (alteration in original) (citation omitted) (footnote omitted) (quoting *FCOA LLC v. Foremost Title & Escrow Servs. LLC*, 57 F.4th 939, 949 (11th Cir. 2023))).

⁸⁶³ *Id.* at 1153, 1155–56.

⁸⁶⁴ *Id.* at 1154 (“Plaintiff’s Director of Marketing . . . testified that changing a logo and using it in different ways ‘can dilute a brand’ in the same breath as she acknowledged that, in only twenty-five years of existence, Plaintiff has changed its logo six times.”).

⁸⁶⁵ The court described the results of that study in the following manner:

In a 2018 survey of parents with school-aged children that Plaintiff commissioned while researching its brand effectiveness, its mark had only 15% more awareness than Defendants’ mark and, moreover, only 30% of respondents recognized Plaintiff’s brand, even when prompted. Similarly, in a 2020 commissioned survey, without prompting, only 1% of respondents could name Plaintiff as an online education provider. While Plaintiff’s full-name marks garnered around 36% awareness among prospective families, the acronym marks had less than 15% awareness among prospective and *current* families.

Id. at 1155 (citations omitted).

⁸⁶⁶ The court discounted one parent’s testimony because “her confusion stemmed from her misconception that there was only one online education provider available to her” and because she had successfully unenrolled her daughter from the defendant’s school. *Id.* at 1157. It similarly accorded little weight to the other parent’s testimony because of her admission that her poor vision might have led to her error and because she also had successfully unenrolled her son from the defendant’s school before the beginning of the school year. *Id.* at 1157–58.

⁸⁶⁷ The court found with respect to the e-mails that “even if admitted, these out of court statements would not constitute reliable evidence of confusion. Instead, if anything, they support the fact that online educational service providers exist in a muddled marketplace replete with generically and descriptively named participants.” *Id.* at 1158.

⁸⁶⁸ *Id.* at 1156, 1159.

⁸⁶⁹ *Id.* at 1160.

parties' uses were distinguishable as they appeared in the marketplace because of the uses' textual dissimilarities, the defendants' use of their panther design, and differing shades of blue accompanying those uses.⁸⁷⁰ Finally, although finding that "[t]he parties are both online schools in Florida and plainly share similarities in their trade channels—primarily in that both use digital media to reach their customers and facilitate services to their end-users,"⁸⁷¹ the court declined to give those considerations dispositive weight because the defendants marketed their services to school districts while the plaintiff targeted parents and students.⁸⁷²

Although otherwise coming out losers with respect to most of the causes of action asserted against them, several defendants in another dispute escaped liability for infringement where certain of the goods they sold were concerned.⁸⁷³ The plaintiff's JUUL mark was registered for various accessories, including carrying cases, holders, adapters and battery charging devices adapted for use with electronic cigarettes, while the defendants allegedly had used the same mark in connection with magnetic charging cables and portable chargers. With respect to the charging cables, the court concluded—in an analysis better suited to an application of the nominative fair use doctrine—that confusion was unlikely because "[t]he single screenshot of the listing [of the accused good] describes the product as 'Universal Magnetic JUUL Charging Cable' and contains a single image of the product in which no JUUL mark is visible on the actual product."⁸⁷⁴ The court likewise rejected the plaintiff's claim of liability for the portable chargers because the single piece of documentary evidence bearing on one of them showed it with the distinguishable OVNS mark; "Here," the court found, "the label and branding . . . eliminates any likelihood of confusion."⁸⁷⁵

(vii) Opinions Deferring Resolution of the Likelihood-of-Confusion Inquiry

As is usually the case, motions to dismiss allegations of likely confusion generally met with misfortune. One example of that phenomenon appeared in a Sixth Circuit opinion reversing the grant of such a motion in a trademark infringement action brought by a

⁸⁷⁰ *Id.* at 1161.

⁸⁷¹ *Id.* at 1163.

⁸⁷² *Id.* at 1163–64.

⁸⁷³ *See* JUUL Labs, Inc. v. Chou, 676 F. Supp. 3d 827 (C.D. Cal. 2023).

⁸⁷⁴ *Id.* at 844.

⁸⁷⁵ *Id.*

purveyor of swimwear and other items of clothing sold under the following marks:⁸⁷⁶



That plaintiff claimed violations of its rights based on the defendant's use of the following marks in connection with directly competitive goods:⁸⁷⁷



The plaintiff's objections to the defendant's conduct rested less on alleged similarities between the parties' primary verbal marks—BELLA BLISS vs. LITTLE ENGLISH—than on the defendant's use of lower-case text and the color blue, as well as the defendant's alleged evolution away from an earlier presentation of its mark to which the plaintiff did not object.

⁸⁷⁶ See *Bliss Collection, LLC v. Latham Cos.*, 82 F.4th 499, 507 (6th Cir. 2023).

⁸⁷⁷ *Id.* at 508.

Distinctly unimpressed with the plaintiff's likelihood-of-confusion-based causes of action, the district court dismissed them for failure to state claims. On appeal, however, the Sixth Circuit found that the plaintiff's averments established the arbitrary nature, and therefore inherent distinctiveness, of the marks sought to be protected;⁸⁷⁸ likewise, the court also accepted the plaintiff's claims of commercial strength.⁸⁷⁹ The mark-strength factor therefore weighed against dismissal, as did the plaintiff's averments of direct competition between the parties,⁸⁸⁰ overlapping marketing channels,⁸⁸¹ and the defendant's bad-faith intent.⁸⁸² The defendant unsurprisingly argued that dissimilarities between the parties' marks rendered confusion unlikely as a matter of law, but the court concluded that "the letter 'e' in [the defendant's] 'Le' logo is tucked into the uppercase 'L' in a manner that tracks the shape of [the plaintiff's] logo. Similarly, the words 'little english' are underneath [the defendant's] 'Le' logo just as the words 'bella bliss' are underneath [the plaintiff's] lowercase 'b' logo. Lastly, the colors appear nearly identical."⁸⁸³ The plaintiff may have failed to aver that the parties' customers exercised a low degree of care,⁸⁸⁴ but that did not entitle the defendant to prevail at the pleadings stage of the case.

At the trial court level, one of the more interesting opinions to deny a defendant's motion to dismiss allegations of infringement did so despite finding confusion unlikely on the plaintiff's preliminary injunction motion.⁸⁸⁵ The plaintiff, which asserted rights to the federally registered GOOD MEAT and GOOD MEAT BREAKDOWN service marks for arranging professional workshops in the fields of holistic meat production and consumption practice, failed to secure a preliminary injunction against defendants using GOOD MEAT in connection with the manufacture and sale of cultivated, lab-grown food products derived from animal cells. The key considerations rendering preliminary injunctive relief inappropriate included the weakness of at least the plaintiff's GOOD MEAT mark,⁸⁸⁶ the lack of competitive proximity of the parties' businesses,⁸⁸⁷ the lack of any overlapping marketing

⁸⁷⁸ *Id.* at 510–11.

⁸⁷⁹ *Id.* at 511.

⁸⁸⁰ *Id.*

⁸⁸¹ *Id.* at 512–13.

⁸⁸² *Id.* at 513–14.

⁸⁸³ *Id.* at 512.

⁸⁸⁴ *Id.* at 513.

⁸⁸⁵ *See Good Meat Project v. GOOD Meat, Inc.*, 716 F. Supp. 3d 783 (N.D. Cal. 2024).

⁸⁸⁶ *Id.* at 797–800.

⁸⁸⁷ *Id.* at 800.

channels used by the parties,⁸⁸⁸ the defendant's good faith adoption of its mark,⁸⁸⁹ the unlikelihood of the parties bridging the gap between their respective businesses,⁸⁹⁰ and differing presentations of the plaintiff's GOOD MEAT BREAKDOWN mark and the defendants' GOOD MEAT mark in the marketplace.⁸⁹¹ Nevertheless, those factual findings based on the preliminary injunction record could not place into dispute the averments of likely confusion in the plaintiff's well-pleaded complaint.⁸⁹²

This pattern of unsuccessful motions to dismiss extended to a battle between competitors in the market for automated, self-cleaning cat litter boxes.⁸⁹³ The plaintiff in that case owned federal registrations of the LITTER-ROBOT, LITTER-ROBOT 3, LITTER-ROBOT 3 CONNECT, and LITTER-ROBOT PINCH CONNECT marks, while the defendants sold their competitive boxes under the LEO'S LOO marks. Those marks obviously were distinguishable, but the defendants triggered a suit against them by promoting their boxes through hashtags clearly referencing the plaintiff's marks, namely #litter-robot, #LitterRobot, and #litterrobot3. Leaning heavily on the theory that the plaintiff did not claim rights to either a mark consisting of only LITTER ROBOT (without a space between the words) or the #litterrobot hashtag, the defendants argued the plaintiff had failed to state a claim for likely confusion; indeed, they pointed out, the plaintiff had routinely disclaimed "litter robot" when registering its marks.

The California federal district court hearing the case declined that invitation to dispose of the plaintiff's claims on the pleadings. Rather than apply the Ninth Circuit's standard likelihood-of-confusion factors seriatim, the court instead held that "[i]n the internet context, 'the three most important . . . factors are (1) the similarity of the marks, (2) the relatedness of the goods or services, and (3) the simultaneous use of the Web as a marketing channel.'"⁸⁹⁴ It then found that all three of those factors favored a finding of liability,⁸⁹⁵ identifying additional support for its ultimate finding of likely confusion in the defendants' "transparent" bad-faith intent,⁸⁹⁶

⁸⁸⁸ *Id.* at 801–02.

⁸⁸⁹ *Id.* at 802–03.

⁸⁹⁰ *Id.* at 803.

⁸⁹¹ *Id.* at 804.

⁸⁹² *Id.* at 807–08.

⁸⁹³ *See* Automated Pet Care Prods., LLC v. Purlife Brands, Inc., 670 F. Supp. 3d 946 (N.D. Cal. 2023).

⁸⁹⁴ *Id.* at 950 (quoting *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1205 (9th Cir. 2000)).

⁸⁹⁵ *Id.* at 950–52.

⁸⁹⁶ *Id.* at 952.

the likelihood of the parties' expansion into the same markets,⁸⁹⁷ and the plaintiff's allegations of actual confusion.⁸⁹⁸ Because the plaintiff therefore had stated a claim of infringement, the defendants' motion to dismiss was meritless.

Another notable failed finding of no likely confusion as a matter of law came not on a motion to dismiss but instead midway through a trial in a dispute between parties in the real estate business.⁸⁹⁹ The plaintiff used the REX and REX REAL ESTATE marks (the latter often with a crown design) primarily in connection with commercial and investment real estate, while the defendant used the same marks (also with a logo) for the online brokerage of single-family homes. Following the plaintiff's presentation of its case, the district court granted a defense motion for judgment as a matter of law, but that disposition failed to survive review by the Fifth Circuit on the plaintiff's appeal.

In vacating the grant of the defendant's JMOL motion, the court faulted the defendant for claiming that third-party uses of similar marks had weakened the plaintiff's marks without identifying where in the trial record those uses appeared; more significantly, the plaintiff had shown "that only Plaintiff and Defendant appear in the first page of results in a Google search for 'Rex Real Estate Texas'" and that it had experienced actual confusion, both of which the court viewed as creating a factual dispute on the strength of the plaintiff's marks.⁹⁰⁰ Unsurprisingly, the court also held that a reasonable jury could find the parties' marks themselves confusingly similar, despite the parties' use of "different fonts, colors, and design elements," especially in light of the defendant's apparent practice of advertising only the verbal components of its marks.⁹⁰¹ Although crediting the defendant's argument that the parties' services were not directly competitive,⁹⁰² the court concluded that "[t]he question is whether the consuming public would believe that the natural tendency of brokers involved in commercial and investment real estate is to expand into the brokerage of single-family homes,"⁹⁰³ an issue also presenting a

⁸⁹⁷ *Id.* at 952–53.

⁸⁹⁸ *Id.* at 953.

⁸⁹⁹ *See* *Rex Real Est. I, L.P. v. Rex Real Est. Exch., Inc.*, 80 F.4th 607 (5th Cir. 2023).

⁹⁰⁰ *Id.* at 621.

⁹⁰¹ *Id.* at 622.

⁹⁰² *Id.* ("Plaintiff and Defendant operate in different corners of the real estate market and cater to different sets of prospective customers. While Plaintiff and Defendant may both regard Sotheby's, Coldwell Banker, and Redfin as competitors, Plaintiff's expert testified that these companies sell both residential and commercial real estate. Thus, Plaintiff primarily competes with their commercial listings while Defendant primarily competes with their residential listings, and this does not support Plaintiff's argument that both companies provide the same services.")

⁹⁰³ *Id.* at 623.

dispute of fact.⁹⁰⁴ Turning to the plaintiff's showing that consumers had contacted one party while attempting to reach the other, the court held those contacts probative of actual confusion, even if they did not involve mistaken purchasing decisions.⁹⁰⁵ The district court's finding that confusion was unlikely as a matter of law therefore had been inappropriate, even though the plaintiff had failed to adduce evidence or testimony that the defendant had acted in bad faith⁹⁰⁶ and despite the differing promotional strategies used by the parties⁹⁰⁷ and the sophistication of the plaintiff's customers.⁹⁰⁸

Of course, the disposition of motions for summary judgment also led to stalemates (at least temporary ones) on the issue of likely confusion, including on cross-motions for summary judgment. A notable example of such an outcome—albeit one ultimately not precluding a finding of infringement following a jury trial—came in an action brought by Pennsylvania State University.⁹⁰⁹ Penn State owned the incontestable rights to marks incorporating variations on the school's name and its Nittany lion mascot for clothing and other promotional items, and it sued a group of defendants who sold competitive goods bearing similar verbiage and designs. The following comparison is between representative examples of Penn State's marks (on the top row) and an example of a shirt sold by the defendants (below):⁹¹⁰



⁹⁰⁴ *Id.*

⁹⁰⁵ *Id.* at 623–27.

⁹⁰⁶ *Id.* at 623.

⁹⁰⁷ On this issue, the trial record demonstrated that “Plaintiff spends 86% of its annual advertising budget on leasing its corporate suite at AT&T Stadium for entertaining clients. It also hosts an annual dove hunt for both existing and prospective clients.” *Id.* at 623. In contrast to the plaintiff's focus on face-to-face contacts, the defendant made its sales through its electronic platform. *Id.*

⁹⁰⁸ *Id.* at 627.

⁹⁰⁹ See *Pa. State Univ. v. Vintage Brand, LLC*, 715 F. Supp. 3d 602 (M.D. Pa. 2024), *clarified on denial of reconsideration*, No. 4:21-CV-01091, 2024 WL 1416505 (M.D. Pa. Apr. 2, 2024).

⁹¹⁰ *Id.* at 614, 617, 631.



In denying the defendants’ motion for summary judgment, the court unsurprisingly concluded that was “some” similarity between the parties’ respective uses and that “certain changes and additions to [Penn State’s] marks [by the defendants] do not necessarily mean that the marks are not confusingly similar”;⁹¹¹ rather inexplicably, however, it treated the mark-similarity factor as neutral.⁹¹² Based on Penn State’s exclusive use of its marks and the success of its licensing program, the marks were “somewhat strong,” a consideration that favored the university,⁹¹³ as did Penn State’s proffer of survey evidence of actual confusion.⁹¹⁴ The defendants were not without factors weighing in their favor—rather generously, the court found a reasonable jury could conclude that consumers of the parties’ goods exercised a high degree of care⁹¹⁵ and that the defendants’ disclaimers of affiliation both were evidence of an intent not to confuse⁹¹⁶ and served to distinguish the parties’ goods.⁹¹⁷ Those considerations failed to mandate a finding of nonliability as a matter of law, however; likewise, the conflicting factual evidence and testimony in the record precluded Penn State from prevailing on its own motion for summary judgment.⁹¹⁸

⁹¹¹ *Id.* at 648.

⁹¹² *Id.* at 649.

⁹¹³ *Id.* at 664.

⁹¹⁴ *Id.*

⁹¹⁵ *Id.* at 649 (“On the one hand, one could easily imagine that many alumni of Penn State are sophisticated and discerning when it comes to purchasing products that demonstrate their support of their alma mater. On the other hand, one could just as easily imagine consumers being unsophisticated in their purchases—perhaps a fair-weather fan looking for a sweatshirt to wear to the single Penn State football game that he will attend. But one imagines that the first scenario is more likely, and devotees of Penn State will be discerning in their purchase of Penn State-related merchandise, similar to how ‘consumers will be discriminating in their selection of swimwear.’” (footnote omitted) (quoting *A & H Sportswear, Inc. v. Victoria’s Secret Stores, Inc.*, 237 F.3d 198, 225 (3d Cir. 2000))).

⁹¹⁶ *Id.* at 649–50.

⁹¹⁷ *Id.* at 650.

⁹¹⁸ *Id.* at 660–65.

Cross-motions for summary judgment on the issue of likely confusion also proved unsuccessful in another case.⁹¹⁹ The Colombia-based plaintiff sold various food products in packaging the court found both nonfunctional and inherently distinctive as a matter of law. The following comparisons between the plaintiff's packaging (in the left-hand column) and that of the United States-based defendants (in the right-hand column) demonstrate why the plaintiff filed suit against the defendants in the first place and why the defendants' motion was perhaps doomed to fail from the moment it was filed:⁹²⁰



⁹¹⁹ See *Industria De Alimentos Zenu S.A.S. v. Latinfood U.S. Corp.*, 679 F. Supp. 3d 53 (D.N.J. 2023), *appeal docketed*, No. 23-2357 (3d Cir. Aug. 7, 2023).

⁹²⁰ The comparisons in the text accompanying this footnote do not appear in the court's opinion but are instead reproduced from the plaintiff's amended complaint. See Complaint at 17, 18, *Industria De Alimentos Zenu S.A.S. v. Latinfood U.S. Corp.*, 679 F. Supp. 3d 53 (D.N.J. 2023) (No. 16-6576 (KM) (MAH)), *appeal docketed*, No. 23-2357 (3d Cir. Aug. 7, 2023).



The court unsurprisingly found no material dispute that the parties' designs were "virtually identical"⁹²¹ and that the mark-similarity factor therefore weighed in the plaintiff's favor, but that proved the high-water mark of the plaintiff's case. Moving on to the remaining likelihood-of-confusion factors, the court found factual disputes concerning the commercial strength of the plaintiff's trade dress (because it was unclear how many consumers had viewed the plaintiff's online advertising),⁹²² whether the plaintiff's evidence of "three somewhat equivocal instances of actual confusion" was meaningful in light of the eight years of the parties' coexistence,⁹²³ whether the defendants' obvious copying of the plaintiff's packaging and certain other conduct was evidence of an intent to confuse customers,⁹²⁴ and whether the plaintiff targeted United States consumers.⁹²⁵ With the summary judgment record devoid of showings on the issue of consumer sophistication,⁹²⁶ neither party was entitled to prevail as a matter of law.

Cross-motions for summary judgment also failed in a dispute before a North Carolina federal district court.⁹²⁷ At least as described by that tribunal, the summary judgment record seemed

⁹²¹ *Industria De Alimentos Zenu*, 679 F. Supp. 3d at 95.

⁹²² *Id.* at 97.

⁹²³ *Id.* at 99.

⁹²⁴ In addition to the defendants' copying of the plaintiff's packaging, the plaintiff cited to advertising by the lead defendants allegedly suggesting that its goods came from a United States affiliate of the plaintiff and that the goods "were exported (presumably, from Colombia), despite their actually having been manufactured in the U.S.," the short-lived appearance on the lead defendant's website on the plaintiff's logo, the lead defendant's use of the phrase "deliciosa tradición," which the plaintiff claimed suggested a connection between the parties' goods, and an alleged representation by the lead defendant's president that a mark appearing on its packaging was well-known in Colombia. *Id.* at 100–01.

⁹²⁵ *Id.* at 101–02.

⁹²⁶ *Id.* at 98.

⁹²⁷ See *Intercollegiate Women's Lacrosse Coaches Ass'n v. Corrigan Sports Enters.*, 694 F. Supp. 3d 625 (M.D.N.C. 2023).

slanted in favor of the plaintiff, which enjoyed the prior use of the CAPITAL CUP, PRESIDENT'S CUP, MIDWEST CUP, CHAMPION'S CUP, NEW ENGLAND CUP, and DEBUT marks for women's lacrosse tournaments. Although the plaintiff had once worked with the defendants to put on the tournaments, the tournaments' COVID-related cancellation in 2020 led the defendants to launch their own tournaments under the same marks.

Starting its analysis with an examination of the strength of the marks, the court found no material dispute that the plaintiff's PRESIDENT'S CUP and CAPITAL CUP marks were suggestive and that the NEW ENGLAND CUP, MIDWEST CUP, and DEBUT marks were at least descriptive with acquired distinctiveness.⁹²⁸ Other factors lining up in the plaintiff's favor were the identity of the dominant portions of the parties' marks,⁹²⁹ the directly competitive nature of their tournaments,⁹³⁰ the comparable nature of their facilities,⁹³¹ and the overlapping promotional media they used.⁹³² Nevertheless, the court ultimately found a factual dispute regarding the defendants' liability based on the defendants' claim to have done everything within their power to disassociate themselves from the plaintiff,⁹³³ the absence of convincing evidence of actual confusion,⁹³⁴ and inconsistent showings by the parties on the sophistication of participants in their tournaments.⁹³⁵

Motions for summary judgment also failed when prosecuted only by plaintiffs. One example came in a case in which the plaintiff, which owned the mark shown below on the left for travel trailers, sought a finding of infringement as a matter of law against a competitor using the mark below on the right for competitive goods:⁹³⁶

⁹²⁸ *Id.* at 673. The court did, however, find a factual dispute as to the strength of the CHAMPIONS CUP mark. *Id.*

⁹²⁹ *Id.* at 674.

⁹³⁰ *Id.*

⁹³¹ *Id.*

⁹³² *Id.* at 674–75.

⁹³³ *Id.* at 675–76.

⁹³⁴ *Id.* at 676–77.

⁹³⁵ *Id.* at 677–78.

⁹³⁶ *See Forest River, Inc. v. inTech Trailers, Inc.*, 699 F. Supp. 3d 712, 729 (N.D. Ind. 2023).



Testimony from “knowledgeable and experienced dealers in the industry” that they did not regard the marks as confusingly similar created a factual dispute under the mark-similarity factor.⁹³⁷ Moreover, the plaintiff similarly did not benefit from the high price points at which the parties’ goods were sold (which caused consumers to exercise a high degree of care),⁹³⁸ the ubiquity of stylized mountain designs on recreational vehicles (which reduced the commercial strength of the plaintiff’s otherwise conceptually strong mark),⁹³⁹ and evidence the defendant had adopted its mark in good faith.⁹⁴⁰ The court also based its denial of the plaintiff’s motion on the differing views a reasonable jury might have of the plaintiff’s proffered evidence of actual confusion, which comprised testimony that an attendee at a trade show had asked whether a representative of the plaintiff worked for the defendant, a spreadsheet report documenting 851 Google searches for the plaintiff’s mark that triggered advertisements for the defendant’s product, and the results of a survey of undisclosed methodology yielding a net confusion rate of at least 11 percent and possibly as high as 14 or 15 percent.⁹⁴¹ There was no material dispute that the parties’ goods were directly competitive on a nationwide basis,⁹⁴² but those considerations did not mandate summary judgment in the plaintiff’s favor.

The factual nature of the likelihood-of-confusion inquiry in the Eleventh Circuit similarly led an Alabama federal district court to deny a defense motion for summary judgment in a case between two providers of insurance products.⁹⁴³ The plaintiff bringing that case used the ALFA INSURANCE, ALFA FINANCIAL, and ALFA CARES marks for various insurance products, including automobile insurance in the states of Alabama, Mississippi, and Georgia, while

⁹³⁷ *Id.* at 730.

⁹³⁸ *Id.* at 731–32.

⁹³⁹ *Id.* at 732–33.

⁹⁴⁰ *Id.* at 736–37.

⁹⁴¹ *Id.* at 733–36.

⁹⁴² *Id.* at 730–31.

⁹⁴³ *See* Alfa Corp. v. Alpha Warranty Servs., Inc., 696 F. Supp. 3d 1086 (M.D. Ala. 2023).

the defendant sold vehicle service contracts to pay for the cost of repairs stemming from covered mechanical breakdowns in automobiles under the ALPHA WARRANTY SERVICES mark. Both parties owned federal registrations of their marks, with the defendant having removed “insurance services” from an application to register its mark after receiving a demand letter from the plaintiff. In denying the defendant’s motion for nonliability as a matter of law, the court credited the plaintiff’s argument that “[t]he written word ‘Alfa’ is a fanciful or arbitrary mark, which is the strongest type of mark. It is a ‘made up’ word that has no logical relationship to insurance or financial services”;⁹⁴⁴ the court also agreed that the incontestability of the plaintiff’s marks enhanced their strength.⁹⁴⁵ That the lead elements of the parties’ marks were homophones resulted in the mark-similarity factor favoring the plaintiff as well,⁹⁴⁶ as did evidence in the summary judgment record of similarities in the products offered by the parties,⁹⁴⁷ their targeted customers,⁹⁴⁸ and the defendant’s possible willful blindness in allegedly failing to conduct an availability search before adopting its mark.⁹⁴⁹ Even if the plaintiff had failed to proffer evidence of actual confusion,⁹⁵⁰ and even if there was no overlap between the parties’ marketing strategies,⁹⁵¹ enough factual disputes existed to render a grant of the defendant’s motion inappropriate.⁹⁵²

That was not the only application of the Eleventh Circuit’s multifactor test for likely confusion to produce the denial of a defense motion for summary judgment, for that disposition also occurred in a dispute between parties selling directly competitive accessories for computers and other electronic devices.⁹⁵³ The plaintiff did so under the mark shown below on the left, while the defendants used the mark on the right:⁹⁵⁴

HYPER + DRIVE

UltraDrive

⁹⁴⁴ *Id.* at 1097.

⁹⁴⁵ *Id.* (“[E]ven if a mark is merely descriptive, it is presumed ‘relatively strong’ if it has incontestable status.”).

⁹⁴⁶ *Id.* at 1097, 1100.

⁹⁴⁷ *Id.* at 1100–01.

⁹⁴⁸ *Id.*

⁹⁴⁹ *Id.* at 1101.

⁹⁵⁰ *Id.*

⁹⁵¹ *Id.* at 1103.

⁹⁵² *Id.* at 1105.

⁹⁵³ *See Sanho Corp. v. Kaijet Tech. Int’l Ltd., Inc.*, 736 F. Supp. 3d 1241 (N.D. Ga. 2024).

⁹⁵⁴ *Id.* at 1263.

Addressing the conceptual strength of the plaintiff's mark, the court found it either suggestive or arbitrary and therefore conceptually strong; moreover, its commercial strength was not weakened by third-party uses either of the mark's components or of the entire mark in connection with unrelated products.⁹⁵⁵ Comparing the marks themselves, the court found them "dissimilar in appearance,"⁹⁵⁶ but also that "[h]ow the dissimilarity in appearance weighs against the similarity in sound, meaning, and usage is an appropriate question for the jury."⁹⁵⁷ Other factors lining up in the plaintiff's favor were the competitive proximity of the parties' goods,⁹⁵⁸ the sale of those goods to the same customers through the same channels of distribution,⁹⁵⁹ the parties' use of overlapping promotional media,⁹⁶⁰ and circumstantial evidence of the defendants' bad-faith intent to copy the plaintiff's mark.⁹⁶¹ Finally, although the defendants disputed the plaintiff's anecdotal evidence of actual confusion, which consisted of misdirected e-mails and product returns,⁹⁶² the overall record created a jury question as to likely confusion.⁹⁶³

An additional unsuccessful defense motion for summary judgment presented itself in an action brought by the financial institution that commissioned the famous Fearless Girl sculpture against the sculpture's artist:⁹⁶⁴

⁹⁵⁵ *Id.* at 1262–63.

⁹⁵⁶ *Id.*

⁹⁵⁷ *Id.* at 1264.

⁹⁵⁸ *Id.*

⁹⁵⁹ *Id.*

⁹⁶⁰ *Id.*

⁹⁶¹ That evidence comprised e-mails between the lead defendant's employees referencing features of the plaintiff's product and expressing a desire to incorporate them into the defendants' product, as well as the defendants' transition from the (presumably noninfringing) ULTRASTATION mark to the accused ULTRADRIVE mark following the plaintiff's introduction of its HYPERDRIVE mark. *Id.* at 1264–65.

⁹⁶² *Id.* at 1265.

⁹⁶³ *Id.* at 1265–66.

⁹⁶⁴ See *State St. Glob. Advisors Tr. Co. v. Visbal*, 677 F. Supp. 3d 209, 227 (S.D.N.Y. 2023), *adhered to on reconsideration*, No. 1:19-cv-1719-GHW, 2023 WL 4764021 (S.D.N.Y. July 25, 2023).



Having secured a federal registration of FEARLESS GIRL as a service mark for, among other things, “[p]romoting public interest in and awareness of gender and diversity issues, and issues pertaining to the governance of corporations and other institutions,”⁹⁶⁵ the plaintiff objected to the defendant’s use of domain names incorporating its mark in connection with the sale of replicas of the sculpture and at which the defendant provided information on gender diversity-related issues.⁹⁶⁶

The court’s denial of the defendant’s motion got off to a rocky start with its conclusion that “[a]s the term ‘Fearless Girl’ bears no intrinsic relation to [the plaintiff] or its products, [the plaintiff’s] trademark is not strong, and this factor cuts against its Lanham Act claim”;⁹⁶⁷ under the proper analysis, of course, any disconnect between the mark and the plaintiff’s services properly should have produced a finding that the mark was at least conceptually strong. That initial error did not mean the defendant was entitled to prevail as a matter of law, however, because the court went on to determine from the summary judgment record that the visual similarity between the parties’ marks created a cognizable factual dispute as to likely confusion,⁹⁶⁸ as did the competitive proximity of the parties’ uses,⁹⁶⁹ and evidence that the defendant had acted in bad faith.⁹⁷⁰ For its part, the defendant demonstrated to the court’s satisfaction that the parties were unlikely to bridge the gap between them,⁹⁷¹

⁹⁶⁵ *Id.* at 266 (alteration in original).

⁹⁶⁶ The parties’ agreement allowed the defendant to use certain domain names based on the plaintiff’s mark, but that document did not authorize the ones underlying the defendant’s motion. *Id.* at 265–66.

⁹⁶⁷ *Id.* at 267.

⁹⁶⁸ *Id.*

⁹⁶⁹ *Id.* at 267–68.

⁹⁷⁰ *Id.* at 269.

⁹⁷¹ *Id.* at 268.

that there was an absence of actual confusion between the parties' uses,⁹⁷² that the defendant's replicas of the sculptures (and presumably of her information on gender-related issues as well) were not of demonstrably lower quality than the plaintiff's services,⁹⁷³ and that the parties' consumers were sophisticated.⁹⁷⁴ "[A]t this stage, and making inferences in its favor," the court concluded, "[the plaintiff] has provided enough evidence for a reasonable jury to conclude that [the defendant's] infringing uses caused a likelihood of confusion concerning [the plaintiff's] trademark. That is sufficient to deny [the defendant's] motion for summary judgment on [the plaintiff's] Lanham Act claim."⁹⁷⁵

Still another opinion denying a defense motion for summary judgment came from an Ohio federal district court.⁹⁷⁶ Having purchased a family business, the plaintiffs in the action before that court objected to the family's promotion of a new competitive business through references to the original business's flagship mark. The disputed mark was NETECH; representative uses of it challenged by the plaintiffs were the defendants' references to their new business as "the reboot of Netech" and as "Netech 2.0."⁹⁷⁷

Having declined the defendants' invitation to find as a matter of law that they had not made actionable uses of the NETECH mark, the court might well have—and, indeed, *should* have—evaluated the plaintiffs' claim of infringement through a nominative fair use rubric. It nevertheless invoked the Sixth Circuit's multifactor test for infringement and found factual disputes with respect to several factors. The first was the strength of the plaintiff's mark: The court found the mark "highly" conceptually strong (albeit without expressly placing it on the spectrum of distinctiveness), and the summary judgment record contained conflicting evidence and testimony on the mark's commercial strength.⁹⁷⁸ Likewise, the parties' competing explanations of a "handful of emails in the record" reflecting confusion between the parties, which the defendants argued had resulted from their hiring former employees of the plaintiffs instead of their uses of the plaintiffs' mark, also weighed against a grant of either side's motion.⁹⁷⁹ Because, even if

⁹⁷² *Id.* at 268–69.

⁹⁷³ *Id.* at 269.

⁹⁷⁴ *Id.*

⁹⁷⁵ *Id.* at 270.

⁹⁷⁶ *See* *Presidio, Inc. v. People Driven Tech., Inc.*, 686 F. Supp. 3d 652 (S.D. Ohio 2023).

⁹⁷⁷ *Id.* at 696.

⁹⁷⁸ On the one hand, the plaintiffs apparently used the mark only "occasionally" and even then not on a standalone basis; on the other hand, however, the defendants' own use of the mark in advertising their competitive business was evidence of the mark's strength. *Id.* at 697.

⁹⁷⁹ *Id.*

the parties' promotional communications targeted the same customers, those communications were addressed to direct contacts, which created a factual dispute regarding that factor.⁹⁸⁰ So too did disagreements between the parties concerning the degree of care exercised by their shared customers⁹⁸¹ and the defendants' intent⁹⁸² preclude the court's disposal of the plaintiffs' claim of likely confusion as a matter of law.

Finally, although getting tagged with findings of liability under some causes of action asserted against him, one defendant managed to escape the same fate under others.⁹⁸³ The plaintiff opposite that defendant claimed ownership of a family of registered trademarks comprising colored tabs affixed to clothing (including green ones and white ones with green lettering), as well as a red tab service mark for customer loyalty programs, while the defendant used the verbal GREEN TAG mark for denim recycling services. Giving perhaps unwarranted weight to the lack of direct competition between the parties and the identifications of goods in the plaintiff's registrations (which did not include recycling services),⁹⁸⁴ the court found that factual disputes precluded a grant of the plaintiff's motion for summary judgment.

The court then reached the same conclusion with respect to another claim advanced by the plaintiff, namely, that the stitching on the defendant's clothing, shown below on the left, infringed registered stitching marks for clothing owned by the plaintiff, a representative example of which appears below on the right:⁹⁸⁵

⁹⁸⁰ *Id.*

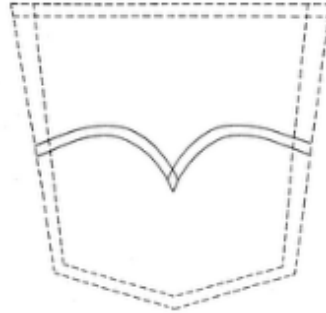
⁹⁸¹ *Id.* at 697–98.

⁹⁸² *Id.* at 698.

⁹⁸³ *See Levi Strauss & Co. v. Connolly*, 721 F. Supp. 3d 987 (N.D. Cal. 2024).

⁹⁸⁴ *Id.* at 997 (“Although [the plaintiff] says that it has ‘environmental initiatives and product lines that reflect its commitment to sustainability’ nothing in the record presented demonstrates that [the plaintiff] offers denim recycling services or that it has any plans to do so. [The plaintiff] acknowledges . . . in its briefing that such services are not covered by its registrations.” (citation omitted)).

⁹⁸⁵ The illustrations in the text accompanying this footnote do not appear in the opinion but are instead reproduced the brief in support of the plaintiff's motion for summary judgment. *See Plaintiff Levi Strauss & Co.'s Notice of Motion and Motion for Summary Judgment* at 9, 13, *Levi Strauss & Co. v. Connolly*, 721 F. Supp. 3d 987 (N.D. Cal. 2024) (No. 22-cv-04106-VKD).



The defendant's failure to object or respond to a comprehensive set of requests for admission established many of the prerequisites for liability, including the competitive proximity of the parties' goods, the low degree of care exercised by their customers, and the defendant's bad faith,⁹⁸⁶ but the court found a factual dispute on the issue of whether the marks themselves were confusingly similar, and it denied the plaintiff's motion as a result.⁹⁸⁷

(2) The First-Sale Doctrine and Likely Confusion Arising from the Diversion or Alteration of Genuine Goods

Trademark-based remedies against the resale of genuine goods are generally limited by the exhaustion, or first-sale doctrine, which holds that "a producer's right to control distribution of its trademarked product does not extend beyond the first sale of the product, and, therefore, resale by the first purchaser of the original article under the producer's trademark does not constitute trademark infringement."⁹⁸⁸ "It is the essence of the 'first sale' doctrine that a purchaser who does no more than stock, display, and resell a producer's product under the producer's trademark violates no right conferred upon the producer by the Lanham Act."⁹⁸⁹ Under it, "[t]he trademark owner cannot ordinarily prevent or control the sale of goods bearing the mark once the owner has permitted those goods to enter commerce."⁹⁹⁰ Thus, for example, one reported opinion granted a defense motion for summary judgment after the court determined that the counterclaim defendants had done

⁹⁸⁶ *Levi Strauss & Co.*, 721 F. Supp. 3d at 994–96.

⁹⁸⁷ *Id.* at 998.

⁹⁸⁸ *Beltronics USA, Inc. v. Midwest Inventory Distrib. LLC*, 522 F. Supp. 2d 1318, 1326 (D. Kan. 2007), *later proceedings*, 545 F. Supp. 2d 1188 (D. Kan. 2008).

⁹⁸⁹ *Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228, 1239 (10th Cir. 2006).

⁹⁹⁰ Restatement (Third) of Unfair Competition § 24 cmt. b at 254 (1995).

nothing more than resell genuine goods they had legitimately purchased from the lead counterclaim plaintiff.⁹⁹¹

Although the sale or resale of genuine goods produced under the authority of the owner of the trademarks appearing on them therefore ordinarily will not support a finding of likely confusion, there are exceptions to that general rule. For example, one Florida federal district court confirmed that that rule does not apply to goods in the inventory of a licensee at the time its license is terminated.⁹⁹² In doing so, the court cited “the practical problem that a licensee could create a large surplus prior to the expiration or termination of a license and give itself a de facto extension of that license.”⁹⁹³ It also rejected the defendants’ claim of exhaustion because of inserts in their packaging suggesting the plaintiff was associated with a new mark under which the defendants intended to introduce products competitive with the those of the plaintiff.⁹⁹⁴

Moreover, liability for infringement also is possible if there are material differences between a good as originally sold and as it is resold by a defendant.⁹⁹⁵ For example, one pair of plaintiffs prevailed in their challenge to the purchase in Mexico and resale to United States consumers of a rehydration product the plaintiffs had customized for the Mexican market.⁹⁹⁶ The court initially found confusion likely under an application of the standard multifactor test before giving the defendant the opportunity to prove the exhaustion of the plaintiffs’ rights as an affirmative defense. That proof was lacking in light of fourteen differences in composition and packaging between the imported goods and their authorized counterparts, including at least some differences that rendered the defendant’s labels noncompliant with United States law. The plaintiffs bolstered their case with survey evidence demonstrating

⁹⁹¹ See *SonicSolutions Algae Control, LLC v. Diversified Power Int’l, LLC*, 722 F. Supp. 3d 16, 54–55 (D. Mass. 2024).

⁹⁹² See *Nutrados Labs, LLC v. Bio Dose Pharma, LLC*, 710 F. Supp. 3d 1200 (S.D. Fla. 2024), *aff’d sub nom.* *Nutrados Labs, LLC v. Santamarta*, No. 24-10381, 2025 WL 337971 (11th Cir. Jan. 30, 2025) (per curiam).

⁹⁹³ *Id.* at 1230.

⁹⁹⁴ *Id.*

⁹⁹⁵ *Cf. Rolex Watch USA, Inc. v. BeckerTime, L.L.C.*, 96 F.4th 715, 724 (5th Cir. 2024) (affirming finding of liability for counterfeiting based on defendants’ sales of materially altered watches under marks of original manufacturers); *Gilead Scis., Inc. v. Safe Chain Sols., LLC*, 684 F. Supp. 3d 51, 66 (E.D.N.Y. 2023) (“[G]oods manufactured by the trademark holder and then sold on the gray market may be ‘counterfeit’ if ‘a difference in products bearing the same name confuses consumers and impinges on the trademark holder’s goodwill.” (quoting *Coty Inc. v. Cosmopolitan Cosms. Inc.*, 432 F. Supp. 3d 345, 350 (S.D.N.Y. 2020))).

⁹⁹⁶ See *Sueros Y Bebidas Rehidratantes, S.A. de D.V. v. Indus Enters.*, 690 F. Supp. 3d 745 (S.D. Tex. 2023).

the materiality of the differences to consumers,⁹⁹⁷ and they also benefitted from the court's recognition of the principle that "[e]ven small differences in packaging and ingredients may be material."⁹⁹⁸

That principle was equally apparent in an opinion declining to dismiss allegations of likely confusion asserted by a counterclaim plaintiff against a counterclaim defendant accused of reselling the plaintiff's goods on Amazon.⁹⁹⁹ The counterclaims at issue characterized those goods as non-genuine because they were not subject to the same quality controls as their authorized counterparts and because they lacked the same warranty protection. The counterclaim defendant argued the plaintiff's averments lacked specificity, but the New York federal district court hearing the case disagreed: "[C]ourts in this Circuit typically do not conduct a full analysis into the question of 'likelihood of confusion' at the motion to dismiss stage due to its fact-intensive nature."¹⁰⁰⁰ The counterclaim plaintiff's allegations of infringement therefore survived until the proof stage of the case.

(C) Counterfeiting

Unusually, two findings of liability for counterfeiting arose from defendants' sales of once-genuine goods. For example, and consistent with the same rule in the infringement context, the Fifth Circuit recognized that liability can attach to the resale of goods if those goods differ materially from their authorized counterparts.¹⁰⁰¹ It did so in a case challenging the resale of "decades-old preowned watches" bearing the ROLEX mark and advertised as "Genuine Rolex[es]."¹⁰⁰² Although the watches might otherwise have qualified for the protection of the first-sale doctrine, a bench trial resulted in a finding of likely confusion based on evidence and testimony that the watches' internal mechanisms contained both genuine and

⁹⁹⁷ The court summarized the survey's methodology and results in the following manner:

Each respondent was asked how important each of 14 product differences would be to their decision to purchase such a beverage. Each question could be answered either "very important," "important," "slightly important," "not at all important," and "don't know or don't have an opinion about that." The survey showed that in all but one category — whether the label identified the product as gluten free— over 50% of those responding found the difference "very important" or "important" to their purchasing decision. The greatest number of respondents stated that whether the label included a "use by date," whether it listed all ingredients, and whether the product was authorized for sale in the United States was "very important" or "important" to their purchasing decision.

Id. at 854 (citations omitted).

⁹⁹⁸ *Id.* at 859.

⁹⁹⁹ See *CDC Newburgh Inc. v. STM Bags, LLC*, 692 F. Supp. 3d 205 (S.D.N.Y. 2023).

¹⁰⁰⁰ *Id.* at 230.

¹⁰⁰¹ See *Rolex Watch USA, Inc. v. BeckerTime, L.L.C.*, 96 F.4th 715 (5th Cir. 2024).

¹⁰⁰² *Id.* at 719.

substitute components and that the defendants had “refurbish[ed]” the watches by, inter alia, adding diamonds to their dials, substituting non-Rolex aftermarket bezels featuring additional diamonds, adding aftermarket straps and bracelets, and stripping the dials “down to bare metal” before reapplying the plaintiff’s marks.¹⁰⁰³ In crediting the plaintiff’s claim of liability, the district court applied the standard Fifth Circuit multifactor test for likely confusion, in the process finding the defendants’ disclaimers of affiliation and disclosures of their refurbishment of the watches—the latter of which included comparisons of the prices of their watches to those of new ROLEX watches—inadequate.

The Fifth Circuit affirmed. At the defendants’ invitation, it did so by applying the Supreme Court’s 1947 opinion in *Champion Spark Plug Co. v. Sanders*,¹⁰⁰⁴ which it held stood for the twin propositions that “a reseller may utilize the trademark of another, so long as it involves nothing more than a restoration to the original condition, and not a new design”¹⁰⁰⁵ and that “where the reconditioning or repair would be so extensive or so basic that it would be a misnomer to call the article by its original name, even though the words ‘used’ or ‘repaired’ were added.”¹⁰⁰⁶ In the Fifth Circuit’s view, the trial record demonstrated that the defendants did more than merely recondition or repair ROLEX watches; indeed, their modifications to the watches were so material that “[the defendants’] watches are of another make and cannot properly be called genuine Rolex watches.”¹⁰⁰⁷ Like the district court, the court of appeals rejected the defendants’ reliance on their disclosures and disclaimers, both because downstream consumers might not encounter them and because the disclosures in particular misleadingly suggested there were genuine ROLEX watches comparable to the watches offered by the defendants.¹⁰⁰⁸ The defendants therefore were properly liable for counterfeiting, as well as infringement.¹⁰⁰⁹

Consistent with that outcome, a New York federal district court rejected the contention of a defendant accused of counterfeiting the marks of a pharmaceutical manufacturer that the defendant had merely resold genuine goods originally sold by the plaintiff itself.¹⁰¹⁰ Granting the plaintiff’s preliminary injunction motion, the court observed that “goods manufactured by the trademark holder and

¹⁰⁰³ *Id.*

¹⁰⁰⁴ 331 U.S. 125 (1947).

¹⁰⁰⁵ *Rolex Watch*, 96 F.4th at 722.

¹⁰⁰⁶ *Id.* at 721 (quoting *Champion*, 331 U.S. at 129).

¹⁰⁰⁷ *Id.* at 722.

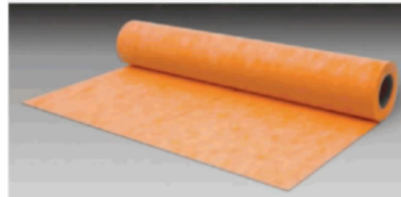
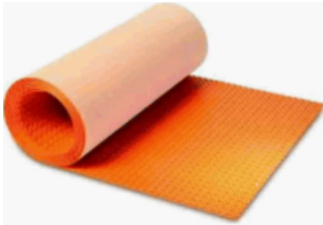
¹⁰⁰⁸ *Id.*

¹⁰⁰⁹ *Id.* at 724.

¹⁰¹⁰ See *Gilead Scis., Inc. v. Safe Chain Sols., LLC*, 684 F. Supp. 3d 51 (E.D.N.Y. 2023).

then sold on the gray market may be ‘counterfeit’ if ‘a difference in products bearing the same name confuses consumers and impinges on the trademark holder’s goodwill.’”¹⁰¹¹ The record demonstrated that myriad such differences existed: Not only had the defendants inserted different preparations into bottles bearing the plaintiff’s marks sourced from homeless or drug-addicted patients, but they also had fabricated the “pedigrees” required by federal law to accompany each bottle, imperfectly scrubbed patient information from the bottles in a manner leaving them with a sticky residue, and replaced missing or broken caps with ones not authorized by the plaintiff. Unsurprisingly, the plaintiff’s factual showings on those issues established its likelihood of prevailing on the merits of its counterfeiting cause of action.¹⁰¹²

Other cases led to findings of liability not grounded in the alteration or diversion of once-genuine goods.¹⁰¹³ For example, and albeit on a motion for a default judgment, one plaintiff prevailed as a matter of law in an action to protect a federally registered mark consisting of the color orange, which it used in connection with tile installation products such as the following:¹⁰¹⁴



The plaintiff directed its ire toward the defendants’ sale of competitive products also featuring the color orange, representative examples of which included the following:¹⁰¹⁵

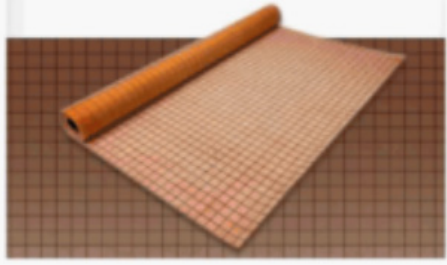
¹⁰¹¹ *Id.* at 66 (quoting *Coty Inc. v. Cosmopolitan Cosms. Inc.*, 432 F. Supp. 3d 345, 350 (S.D.N.Y. 2020)).

¹⁰¹² *Id.* at 66–68.

¹⁰¹³ *See, e.g.*, *Green v. ABC Cos.*, 702 F. Supp. 3d 418, 421 (W.D.N.C. 2023) (reaching finding of counterfeiting on unopposed motion for temporary restraining order and ex parte seizure order); *GS Holistic LLC v. Vilet Z LLC*, 711 F. Supp. 3d 1059, 1065–66 (E.D. Wis. 2024) (granting default judgment of liability of counterfeiting).

¹⁰¹⁴ *See Schluter Sys., L.P. v. Telos Acquisition Co. 10, LLC*, 730 F. Supp. 3d 993, 1001 (N.D. Cal. 2024).

¹⁰¹⁵ *Id.* at 1002.



As averred in the complaint, the similarity between the shades used by the parties, the competitive proximity of their goods, and overlapping marketing channels unsurprisingly favored the plaintiff's claim of likely confusion,¹⁰¹⁶ but there was more. Those additional considerations included the plaintiff's use of its orange since 1990 (which translated into a finding of mark strength),¹⁰¹⁷ the "striking similarity" between the parties' shades of that color (which demonstrated the defendants' bad faith), and anecdotal evidence of actual confusion (consisting of consumer reviews and testimony from an employee of the plaintiff).¹⁰¹⁸ The court was less inclined to accept at face value the plaintiff's assertion that customers of the parties' goods were sophisticated, but, in the end, its skepticism on that issue did not preclude the default judgment of liability sought by the plaintiff.¹⁰¹⁹

In another counterfeiting action arising from conventional facts, a finding of liability also was the outcome of an Oregon federal district court's disposition of a preliminary injunction motion against two individual defendants accused of marketing pirated copies of their adversaries' software.¹⁰²⁰ The court's analysis of whether the plaintiff likely would prevail on its counterfeiting cause of action was short to the point:

To succeed on a claim of trademark counterfeiting, Plaintiff must show that "the mark in question" is "(1) a non-genuine mark identical to the registered, genuine mark of another, where (2) the genuine mark was registered for use on the same goods to which the infringer applied the mark." Plaintiff amply satisfies this test. The [Plaintiff's] mark identifies computer software facilitating the management and configuration of internet web servers, and Defendants

¹⁰¹⁶ *Id.*

¹⁰¹⁷ *Id.* at 1011.

¹⁰¹⁸ *Id.* at 1010–11 (quoting *Reader's Digest Ass'n v. Conservative Digest, Inc.*, 821 F.2d 800, 804 (D.C. Cir. 1987)).

¹⁰¹⁹ *Id.* at 1011–12.

¹⁰²⁰ See *cPanel, LLC v. Asli*, 719 F. Supp. 3d 1133 (D. Or. 2024).

are using that exact mark to sell illicit licenses to Plaintiff's software.¹⁰²¹

Nevertheless, not all plaintiffs made it past the finish line.¹⁰²² In granting a defense motion for summary judgment, a Pennsylvania federal district court strongly suggested that a cause of action for counterfeiting will not lie if a plaintiff's rights rest on the use of its registered marks by licensees.¹⁰²³ That outcome held in an action brought by Pennsylvania State University against a group of defendants who affixed to items of clothing reproductions of marks similar to those of Penn State but allegedly originating with third parties. A representative comparison between one of Penn State's registered marks and the appearance of a shirt sold by the defendants appears below:¹⁰²⁴



According to the court, “counterfeiting occurs only where the substantially identical mark is used to pass off the infringer’s product as the original, rather than merely presented in a manner likely to confuse some consumers as to the origin or sponsorship of the infringer’s product”;¹⁰²⁵ it further invoked the statutory definition of “counterfeit” as “a spurious mark which is identical with, or substantially indistinguishable from, a registered mark” found in Section 45 of the Act.¹⁰²⁶ These definitions meant that a counterfeiting cause of action based on the theory that the

¹⁰²¹ *Id.* at 1150 (quoting *Louis Vuitton Malletier, S.A. v. Akanoc Sols., Inc.*, 658 F.3d 936, 946 (9th Cir. 2011)).

¹⁰²² *See, e.g., Xped LLC v. Entities Listed on Exhibit 1*, 690 F. Supp. 3d 831, 844–45 (N.D. Ill. 2023) (denying preliminary injunction motion based on plaintiff’s failure to demonstrate use of allegedly counterfeited mark).

¹⁰²³ *See Pa. State Univ. v. Vintage Brand, LLC*, 715 F. Supp. 3d 602 (M.D. Pa. 2024), *clarified on denial of reconsideration*, No. 4:21-CV-01091, 2024 WL 1416505 (M.D. Pa. Apr. 2, 2024).

¹⁰²⁴ *Id.* at 614.

¹⁰²⁵ *Id.* at 651 (quoting *Ill. Tool Works Inc. v. J-B Weld Co.*, 469 F. Supp. 3d 4, 10 (D. Conn. 2020)).

¹⁰²⁶ 15 U.S.C. § 1127 (2018).

defendants' imitations of Penn State's marks created likely confusion concerning Penn State's possible sponsorship of the defendants could not stand, especially in light of the lead defendant's point-of-sale identification of itself as the origin of its goods.¹⁰²⁷ Penn State therefore was required to prove that consumers encountering the defendants' goods would believe they originated with Penn State (as opposed to with the university's licensees). In a holding meriting reproduction at length in light of its highly restrictive conception of liability, the court found that required proof absent from the summary judgment record:

Here, the evidence simply does not demonstrate that [the defendants'] alleged use of the Penn State Marks is likely to cause confusion as to the origin of the goods sold by [the defendants]. First, it is nearly impossible to believe that any rational consumer would expect that an institution of higher education produces its own merchandise and, therefore, equally difficult to believe that any consumer would be confused as to the origin of [the defendants'] goods that carry the Penn State Marks. Second, it is undisputed that [the defendants'] mark appears at the top of its webpage, is placed prominently on all packaging containing [the defendants'] goods, and many of [the defendants'] products are labeled with that mark. Given that [the defendants] placed [their] own mark "prominently on the packaging," "it is implausible that a consumer would be deceived."¹⁰²⁸

Consequently, although Section 5 of the Act recognizes the possibility of mark owners acquiring rights through properly licensed uses of their marks,¹⁰²⁹ those owners' access to remedies against the counterfeiting of their marks may be limited because of their status as licensors.

Finally, in a case not producing a final disposition of the merits of the claim of counterfeiting against it, online retailer Amazon failed to prevail on a motion to dismiss.¹⁰³⁰ That motion rested primarily on the argument that, without photographs of the goods at issue, Amazon could not determine whether the marks associated with the goods were the "spurious" copies of the plaintiffs' marks required for a finding of liability. The court declined to credit that contention, holding instead that "Amazon is on notice of a plausible claim for counterfeiting damages; whether the evidence ultimately supports it is properly left for later proceedings."¹⁰³¹

¹⁰²⁷ *Vintage Brand*, 715 F. Supp. 3d at 651–52.

¹⁰²⁸ *Id.* at 651 (footnote omitted) (quoting *Arcona, Inc. v. Farmacy Beauty, LLC*, 976 F.3d 1074, 1081 (9th Cir. 2020)).

¹⁰²⁹ 15 U.S.C. § 1055 (2018).

¹⁰³⁰ *See Gabet v. Amazon.com Inc.*, 693 F. Supp. 3d 966 (S.D. Ind. 2023).

¹⁰³¹ *Id.* at 973.

*(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.¹⁰³² Under Section 43(c)(2)(A),¹⁰³³ 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,"¹⁰³⁴ 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.¹⁰³⁵

In contrast, the dilution statutes of some states, such as that of New York,¹⁰³⁶ require a threshold showing only of mark distinctiveness. As always, these prerequisites generated reported opinions applying them to different ends.

(a) Opinions Finding Marks Famous and Distinctive

Although the bar for demonstrations of mark fame is deliberately high, the issue can be resolved through a defendant's failure to contest it. That scenario transpired in a case in which the defendant failed to object or otherwise to respond to the plaintiff's requests for admission on the issue: On that basis, the court found that the plaintiff's marks—a series of colored tabs for various items of clothing—not only were famous, but had achieved that status prior to the date of first use of the defendant's allegedly unlawful mark.¹⁰³⁷

In a case in which the claim of mark fame also was uncontested by the John Doe defendants named in the plaintiff's complaint, another court found the ROD WAVE mark famous for shirts and other merchandise sold in connection with a nationwide tour by

¹⁰³² 15 U.S.C. § 1125(c)(1) (2018).

¹⁰³³ *Id.* § 1125(c)(2)(A).

¹⁰³⁴ *Id.*

¹⁰³⁵ *Id.* § 1125(c)(2)(A)(i)-(iv).

¹⁰³⁶ N.Y. Gen. Bus. Law § 360-1.

¹⁰³⁷ *See Levi Strauss & Co. v. Connolly*, 721 F. Supp. 3d 987, 999 (N.D. Cal. 2024).

performing artist Rodarious Green.¹⁰³⁸ The mark at issue was unregistered, but the court treated that consideration as “not dispositive,”¹⁰³⁹ choosing instead to credit evidence and testimony of the plaintiff’s success as a performer as establishing the fame of his mark; an additional consideration was that bootleggers were misappropriating the mark on unauthorized goods.¹⁰⁴⁰

***(b) Opinions Declining to Find Marks
Famous and Distinctive***

Most reported opinions to address the issue regarded claims of mark fame under federal law with skepticism. One such opinion granted a motion to dismiss allegations that the STM and DUX marks were famous for cases, bags, sleeves for electronic devices.¹⁰⁴¹ Reviewing the prerequisites for relief under Section 43(c), the court initially held

The element of fame is the key ingredient because, among the various prerequisites to a dilution claim, the one that most narrows the universe of potentially successful claims is the requirement that the senior mark be truly famous before a court will afford the owner of the mark the vast protections of the TDRA.¹⁰⁴²

The court then found that, even if accepted as true, the counterclaim plaintiff’s averments failed to carry the “heavy burden [imposed] on parties seeking to assert a trademark dilution claim.”¹⁰⁴³ In particular, the court faulted the counterclaim plaintiff for offering “only spare, conclusory allegations” that its marks were widely recognized by the consuming public and that it had “expended substantial time, effort, money, and resources” advertising and promoting goods under the marks.¹⁰⁴⁴ Without any allegations “concerning, inter alia, [the counterclaim plaintiff’s] advertising budget, similarity of fame to marks that courts have considered famous [under federal law], and the amount of sales of goods offered under the mark,” the counterclaim plaintiff’s claim of mark fame was “plainly insufficient.”¹⁰⁴⁵

Another successful motion to dismiss disposed of a claim that the MOTUL mark for motor oil was so famous that it merited

¹⁰³⁸ See *Green v. ABC Cos.*, 702 F. Supp. 3d 418 (W.D.N.C. 2023).

¹⁰³⁹ *Id.* at 422.

¹⁰⁴⁰ *Id.*

¹⁰⁴¹ See *CDC Newburgh Inc. v. STM Bags, LLC*, 692 F. Supp. 3d 205 (S.D.N.Y. 2023).

¹⁰⁴² *Id.* at 234 (quoting *GMA Accessories, Inc. v. Crossill, Inc.*, No. 06-CV-6236-GEL, 2008 WL 591803, at *10 (S.D.N.Y. Mar. 3, 2008)).

¹⁰⁴³ *Id.*

¹⁰⁴⁴ *Id.* at 235.

¹⁰⁴⁵ *Id.*

protection under Section 43(c).¹⁰⁴⁶ As summarized by the court, the plaintiff's attempt to plead mark fame was distinctly half-hearted:

By way of example only, with respect to the “duration, extent, and geographic reach of advertising and publicity of the mark” factor, [the plaintiff] alleges it has used its mark continuously for decades through the United States to promote its goods and products. [The plaintiff] does not allege any additional details regarding its advertising or promoting of the “MOTUL” trademark or the particular contexts in which the “MOTUL” mark appeared in the publications.¹⁰⁴⁷

“Additionally,” the court continued, “with respect to the ‘extent of actual recognition of the mark’ factor, [the plaintiff] does not offer any nonconclusory allegations about the extent to which consumers actually recognize the ‘MOTUL’ mark. [The plaintiff] simply alleges that its trademarks ‘are widely recognized by the general, consuming public of the United States.’”¹⁰⁴⁸ The plaintiff's conclusory allegations of mark fame therefore were fatally defective.

A final failed claim of mark fame came under an application of the Nevada dilution statute¹⁰⁴⁹ and led to the grant of a motion to dismiss for failure to state a claim.¹⁰⁵⁰ The court found from the operative complaint that the plaintiff's cause of action under the state statute was doubly deficient. First, the plaintiff simply posited that twenty years' of use had made the mark famous, even though, in the court's estimation, “a plaintiff must explicitly allege that the mark or trade dress is famous and support this contention to succeed on a dilution claim.”¹⁰⁵¹ And, second, the plaintiff failed to aver prior use in the first instance, much less that its mark was famous prior to the defendant's date of first use.¹⁰⁵²

(c) Opinions Deferring Resolution of the Mark-Fame and Mark-Distinctiveness Inquiries

One court's skepticism over the ability of a plaintiff before it to demonstrate at trial that the configurations of certain decorative dessert trays were sufficiently famous to qualify for protection against likely dilution under federal law did not prevent the court

¹⁰⁴⁶ See *Motul S.A. v. USA Wholesale Lubricant, Inc.*, 686 F. Supp. 3d 900 (N.D. Cal. 2023).

¹⁰⁴⁷ *Id.* at 916 (citation omitted).

¹⁰⁴⁸ *Id.* (quoting 15 U.S.C. 1125(e)(2)(A)(iii) (2018)).

¹⁰⁴⁹ Nev. Rev. Stat. 600.435.

¹⁰⁵⁰ See *EVIG, LLC v. Natures Nutra Co.*, 685 F. Supp. 3d 991 (D. Nev. 2023).

¹⁰⁵¹ *Id.* at 999.

¹⁰⁵² *Id.*

from denying a defense motion for summary judgment.¹⁰⁵³ A key driver of that outcome was the failure of the defendant's moving papers to address the issue other than to dispute the acquired distinctiveness of the plaintiff's trays in the first instance. In light of that failure, the plaintiff's submission of declaration testimony from its customers, evidence of its sales volume, and, with respect to one tray, survey evidence of actual confusion created a factual dispute as to fame, as well as to acquired distinctiveness.¹⁰⁵⁴

(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 by blurring 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.¹⁰⁵⁵

As a practical matter, however, courts did not always apply the factors seriatim if, indeed, they even mentioned them.

With respect to the first factor, the theory that the parties' marks must be substantially similar to support a finding of likely dilution under federal law has been soundly discredited since the passage of the Trademark Dilution Revision Act in 2006.¹⁰⁵⁶

¹⁰⁵³ See *Opulent Treasures, Inc. v. Ya Ya Creations, Inc.*, 682 F. Supp. 3d 815 (C.D. Cal. 2023).

¹⁰⁵⁴ *Id.* at 825–26.

¹⁰⁵⁵ 15 U.S.C. § 1125(c)(2)(B) (2018).

¹⁰⁵⁶ See, e.g., *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 633 F.3d 1158, 1171 (9th Cir. 2011) (“Congress did not require an association arising from the ‘substantial’ similarity, ‘identity’ or ‘near identity’ of the two marks. The word chosen by Congress, ‘similarity,’ sets forth a less demanding standard than that employed by many courts

Nevertheless, that did not prevent a Pennsylvania federal district court from resurrecting the theory and granting a defense motion for summary judgment based on it.¹⁰⁵⁷ The court took that action in a case in which Pennsylvania State University sought to protect its incontestable PENN STATE mark for clothing and other promotional goods against unauthorized uses such as the following by the defendants:¹⁰⁵⁸



“Even the use of ‘a different font renders the marks at issue different’ and weakens any claim of dilution,” the court held, ultimately concluding that additional graphic elements incorporated by the defendants into their imitations of the incontestable PENN STATE mark owned by the plaintiff—Pennsylvania State University—rendered those imitations sufficiently distinguishable, “even if only subtly.”¹⁰⁵⁹ Moreover, the defendants’ “inclusion of [their] own trademarks on the finished products and multiple disclaimers of any affiliation” also precluded the parties’ uses from being considered substantially similar.¹⁰⁶⁰

That was not the only basis for the court’s finding that dilution was unlikely as a matter of law, however. Because of the parties’ apparent agreement that consumers purchasing the defendants’ sportswear wished to demonstrate their allegiance to Penn State, “[t]his would not seem to lead to any dilution of the PENN STATE mark”;¹⁰⁶¹ “rather,” the court concluded, “it would appear that Penn State implicitly agrees that [the defendants’] use of the PENN STATE Mark *strengthens* the degree to which consumers associate

under [prior law].”); *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 588 F.3d 97, 108 (2d Cir. 2009) (“Although ‘similarity’ is an integral element in the definition of ‘blurring,’ we find it significant that the federal dilution statute does not use the words ‘very’ or ‘substantial’ in connection with the similarity factor to be considered in examining a federal dilution claim.”).

¹⁰⁵⁷ See Pa. State Univ. v. Vintage Brand, LLC, 715 F. Supp. 3d 602 (M.D. Pa. 2024), *clarified on denial of reconsideration*, No. 4:21-CV-01091, 2024 WL 1416505 (M.D. Pa. Apr. 8, 2024).

¹⁰⁵⁸ *Id.* at 654.

¹⁰⁵⁹ *Id.* at 653.

¹⁰⁶⁰ *Id.* at 654.

¹⁰⁶¹ *Id.* at 655.

that mark with Penn State by continuously linking the PENN STATE Mark with Penn State.”¹⁰⁶² Summary judgment of nonliability therefore was appropriate for that additional reason.

A different claim of likely dilution by blurring under federal law came to grief in an action brought by a mark owner against an on-demand printing platform whose customers could upload to the defendant’s platform designs that third parties then printed onto goods; the third parties then delivered the finished goods to end users without the defendant taking possession of them.¹⁰⁶³ Seeking a preliminary injunction against the defendant’s facilitation of goods bearing the plaintiff’s ATARI mark under both direct and contributory liability theories, the plaintiff “summarily” asserted that the first four statutory factors favored a finding of likely dilution and that the fifth did as well for reasons not identified by the court. In the court’s estimation, those “showing[s]” and the plaintiff’s failure to address the factors at length precluded the plaintiff from claiming a likelihood of success on the merits of its blurring claim.¹⁰⁶⁴

A final failed claim of likely dilution through blurring, at least on the plaintiff’s motion for summary judgment, came in a dispute between competing clothing manufacturers.¹⁰⁶⁵ The fame of the plaintiff’s marks was established by the defendant’s failure to object or respond to the plaintiff’s requests for admission on the issue, but the plaintiff’s luck did not extend to the court’s acceptance of its proposed test for likely blurring. Apparently eschewing an application of the statutory factors, the plaintiff argued (as summarized by the court) that “when the parties’ respective products are competitive, the dilution analysis is similar to the test for likelihood of confusion under a traditional infringement analysis.”¹⁰⁶⁶ The court, however, properly noted that “the statute itself indicates that confusion and competition are irrelevant to a dilution claim,”¹⁰⁶⁷ and it therefore denied the plaintiff’s bid for liability as a matter of law.¹⁰⁶⁸

(b) Actual or Likely Dilution by Tarnishment

Under Section 43(c)(2)(C) of the Act, “dilution by tarnishment” is [an] association arising from the similarity between a mark or

¹⁰⁶² *Id.*

¹⁰⁶³ *See* Atari Interactive, Inc. v. Printify, Inc., 714 F. Supp. 3d 225 (S.D.N.Y. 2024), *appeal withdrawn sub nom.* ABC v. Does 1–10, No. 24-501, 2024 WL 3963729 (2d Cir. June 12, 2024).

¹⁰⁶⁴ *Id.* at 236–37.

¹⁰⁶⁵ *See* Levi Strauss & Co. v. Connolly, 721 F. Supp. 3d 987 (N.D. Cal. 2024).

¹⁰⁶⁶ *Id.* at 999.

¹⁰⁶⁷ *Id.*

¹⁰⁶⁸ *Id.* at 999–1000.

trade name and a famous mark that harms the reputation of the famous mark.”¹⁰⁶⁹ Judicial discussions of claims of actual or likely dilution by tarnishment under that definition were few, far between, and sometimes cursory. In one example of that phenomenon, a plaintiff challenged an on-demand printing service on the theory that it facilitated the production by third parties of goods bearing unauthorized copies of the plaintiff’s marks.¹⁰⁷⁰ The plaintiff’s tarnishment cause of action rested on the theory that the end products might be of low quality, but the court found that allegation unsupported by the preliminary injunction record before it; instead, it concluded, “there is not a scintilla of evidence that the goods are, in fact, of lesser quality.”¹⁰⁷¹ The plaintiff’s bid for interlocutory relief therefore fell short of the mark.

(3) Liability for Cybersquatting

The Anticybersquatting Consumer Protection Act (ACPA) authorizes both in rem and in personam actions in challenges to domain names allegedly misappropriating trademarks and service marks.¹⁰⁷² 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.¹⁰⁷³

(4) In Rem Actions

As has been increasingly the case in recent years, there were no readily apparent reported opinions arising from in rem actions under the ACPA.

(5) In Personam Actions

Where in personam actions are concerned, the ACPA generally provides for civil liability if a plaintiff can prove (1) the defendant registered, trafficked in, or used a domain name; (2) the domain name is identical or confusingly similar to a protected mark owned by the plaintiff; and (3) the defendant acted with a bad-faith intent to profit from that mark. The last of these requirements is governed

¹⁰⁶⁹ 15 U.S.C. § 1125(c)(2)(C) (2018).

¹⁰⁷⁰ See *Atari Interactive, Inc. v. Printify, Inc.*, 714 F. Supp. 3d 225 (S.D.N.Y. 2024), *appeal withdrawn sub nom.* *ABC v. Does 1-10*, No. 24-501, 2024 WL 3963729 (2d Cir. June 12, 2024).

¹⁰⁷¹ *Id.* at 237.

¹⁰⁷² See 15 U.S.C. § 1125(d) (2018).

¹⁰⁷³ See *id.* § 1114(2)(D)(v).

by nine factors found in Section 43(d)(1)(B)(i) of the Lanham Act,¹⁰⁷⁴ and is subject to a carve-out found in Section 43(d)(1)(B)(ii), which provides that “[b]ad faith intent . . . shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.”¹⁰⁷⁵

One opinion reached an easy finding of liability in a case in which the defendants sold pirated copies of the plaintiff’s software under counterfeit imitations of the plaintiff’s registered CPANEL mark.¹⁰⁷⁶ The defendants marketed their unauthorized copies at several websites, including two accessible at the license-cpanel.net and hackpanel.com domain names, and the first of those sites promised customers it would allow them to “get free cPanel license, bypass cPanel license and get lifetime cPanel license easy.”¹⁰⁷⁷ In granting the plaintiff’s motion for a preliminary injunction, the court framed the relevant inquiry in the following manner: “Under [the] ACPA, Plaintiff must prove that ‘(1) the defendant registered, trafficked in, or used a domain name; (2) the domain name is identical or confusingly similar to a protected mark owned by the plaintiff; and (3) the defendant acted with bad faith intent to profit from that mark.’”¹⁰⁷⁸ Because “[t]he domains incorporate the CPANEL mark, and Defendants used the domain names to sell infringing items, which in itself proves bad faith,” the court found that test satisfied, and it therefore considered the plaintiff’s bid for preliminary injunctive relief well founded.¹⁰⁷⁹

Other plaintiffs advancing ACPA claims successfully avoided motions to dismiss. As a New York federal district court noted, a circuit split exists on the issue of whether a defendant’s re-registration of a domain name (as opposed to its initial registration) can support a finding of liability for cybersquatting.¹⁰⁸⁰ Specifically, the Third, Fourth, and Eleventh Circuits have held that it does,¹⁰⁸¹ while the Ninth Circuit has adopted the contrary rule.¹⁰⁸² Lacking guidance from the Second Circuit, the court adopted the majority rule, holding that “[h]ad Congress wished to restrict the word ‘registration’ as used in the ACPA to initial registrations, it surely

¹⁰⁷⁴ *Id.* § 1125(d)(1)(B)(i)(I)-(IX).

¹⁰⁷⁵ *Id.* § 1125(d)(1)(B)(ii).

¹⁰⁷⁶ *See* *cPanel, LLC v. Asli*, 719 F. Supp. 3d 1133 (D. Or. 2024).

¹⁰⁷⁷ *Id.* at 1142.

¹⁰⁷⁸ *Id.* at 1150 (quoting *DSPT Int’l, Inc. v. Nahum*, 624 F.3d 1213, 1218–19 (9th Cir. 2010)).

¹⁰⁷⁹ *Id.*

¹⁰⁸⁰ *See* *We the Protesters, Inc. v. Sinyangwe*, 724 F. Supp. 3d 281, 298–99 (S.D.N.Y. 2024).

¹⁰⁸¹ *See* *Prudential Ins. Co. of Am. v. Shenzhen Stone Network Info. Ltd.*, 58 F.4th 785, 796 (4th Cir. 2023); *Jysk Bed’N Linen v. Dutta-Roy*, 810 F.3d 767, 778 (11th Cir. 2015); *Schmidheiny v. Weber*, 319 F.3d 581, 583 (3d Cir. 2003).

¹⁰⁸² *See* *GoPets Ltd. v. Hise*, 657 F.3d 1024, 1031 (9th Cir. 2011).

knew how to do so.”¹⁰⁸³ It therefore declined to dismiss a counterclaim under the ACPA simply because that counterclaim rested on just such a re-registration.¹⁰⁸⁴

Having thus disposed of that threshold issue, the court turned to others. The dispute before it was between former collaborators in the field of police reform, who assembled information on reported incidents of police violence under the MAPPING POLICE VIOLENCE mark. The re-registration of the disputed domain name—mappingpoliceviolence.org—by the lead counterclaim defendant had taken place after the parties drifted apart and was followed by the counterclaim defendants’ alleged placement of proprietary maps and other data belong to the counterclaim plaintiffs on a website accessible at the domain name. In weighing the counterclaim defendants’ motion to dismiss the ACPA claim against them, the court noted the parties’ apparent agreement that the facts of the case did not lend themselves to a straightforward application of the nine statutory factors for identifying a bad-faith intent to profit.¹⁰⁸⁵ Nevertheless, it found that the counterclaim plaintiffs had sufficiently alleged a violation of the ACPA by accusing the counterclaim defendants of: (1) placing the counterclaim plaintiff’s proprietary materials online despite knowing of the counterclaim plaintiff’s rights to those materials; (2) attempting to “hack” one of the counterclaim plaintiff’s accounts after unsuccessfully pressuring him to assign his rights to the counterclaim defendants; and (3) using their own website to divert contributions from the counterclaim plaintiffs.¹⁰⁸⁶ Although the parties’ original relationship might favor the counterclaim defendants under the third statutory factor,¹⁰⁸⁷ the “unique circumstances” of the case sufficiently carried the counterclaim plaintiffs’ allegations past the pleadings stage.¹⁰⁸⁸

Nevertheless, not all claims under the ACPA bore fruit for their advocates. In a case in which the plaintiffs claimed rights to the NERO and NEW ENGLAND ROLE-PLAYING ORGANIZATION marks for live-action roleplaying, two defendants who had registered the ww.nerocentral.com and www.neromass.com domain names found themselves targeted by causes of action under the ACPA.¹⁰⁸⁹ Both defendants were former licensed users of the

¹⁰⁸³ *We the Protesters*, 724 F. Supp. 3d at 299.

¹⁰⁸⁴ *Id.* at 300.

¹⁰⁸⁵ *Id.* at 301.

¹⁰⁸⁶ *Id.* at 302–03.

¹⁰⁸⁷ *Id.* at 303.

¹⁰⁸⁸ *Id.* (quoting *Sporty’s Farms L.L.C. v. Sportsman’s Mkt., Inc.*, 202 F.3d 489, 499 (2d Cir. 2000)).

¹⁰⁸⁹ *See Nero Int’l Holding Co. v. NEROTix Unlimited Inc.*, 695 F. Supp. 3d 110 (D. Mass. 2023).

plaintiffs' marks, and each had acquired its domain name with the plaintiffs' permission. Although both defendants continued to use their domain names after the plaintiff's termination of their licenses, the court held on the parties' cross-motions for summary judgment that the defendants lacked the bad-faith intent to profit from their actions required for liability. Chief among the considerations underlying that conclusion was the lack of any showings by the plaintiff that the defendants had sought to sell the disputed domain names to third parties, that they had provided false contact information when registering the domain names, or that they had registered numerous other domain names "known to be confusingly similar to other marks."¹⁰⁹⁰

b. Liability for Passing Off and Reverse Passing Off

According to the Supreme Court, "[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."¹⁰⁹¹ Both torts are actionable under the common law, as well as Section 43(a) of the Lanham Act.

i. Passing Off

A claim of passing off under Indiana common law failed at the pleadings stage.¹⁰⁹² It rested on the theory that Amazon had allowed sales on its online platform of goods bearing marks confusingly similar to those of the plaintiffs. The court granted Amazon's motion to dismiss with the following explanation:

A "passing off" theory applies when "the defendant intentionally deceives a consumer by falsely representing his goods as those of a different producer." Plaintiffs, however, have not alleged that Amazon held out any product as an actual . . . product [of the plaintiffs]—much less that Amazon did so "intentionally." Instead, they merely invoke the term "passing off," which is not enough to state a plausible claim.¹⁰⁹³

¹⁰⁹⁰ *Id.* at 129–30.

¹⁰⁹¹ *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 27 n.1 (2003).

¹⁰⁹² *See Gabet v. Amazon.com Inc.*, 693 F. Supp. 3d 966 (S.D. Ind. 2023).

¹⁰⁹³ *Id.* at 974 (citations omitted) (quoting *Heckler & Koch, Inc. v. ger. Sports Guns GmbH*, No. 1:11-cv-01108-SEB-TAB, 2013 WL 12291720, at *11 (S.D. Ind. Sept. 27, 2013)).

ii. Reverse Passing Off

As it has for the past two decades, the Supreme Court’s decision in *Dastar Corp. v. Twentieth Century Fox Film Corp.*¹⁰⁹⁴ continued to cast a pall over plaintiffs seeking to couple liability for copyright infringement with that for falsely designating the origin of goods and services under Section 43(a). For example, in one case in which *Dastar* played a central role, the plaintiffs accused the defendants of copying the plaintiffs’ software, removing certain security functionality from it, and then selling it as their own.¹⁰⁹⁵ In granting the defendants’ motion for summary judgment, the court made short work of the plaintiffs’ Section 43(a) cause of action, holding that “[a]lthough these actions amount to copying, ‘copying is dealt with through copyright and patent laws, not through trademark law’ such as the Lanham Act. Because Plaintiffs have failed to present any evidence that Defendants passed off their tangible goods as their own, Plaintiffs’ reverse passing off claim must fail.”¹⁰⁹⁶

c. Liability for False Advertising

Most courts applied the standard five-part test for false advertising over the past year. That test required plaintiffs to show: (1) a false or misleading description of fact or representation of fact by the defendant in a commercial advertisement about its own or another’s good or service; (2) the materiality of the misrepresentation; (3) actual or likely deception of a substantial segment of its audience; (4) placement of the misrepresentation in interstate commerce; and (5) actual or likely injury of the plaintiff, either by direct diversion of sales or by a lessening of goodwill associated with its products.¹⁰⁹⁷ A New York federal district court,

¹⁰⁹⁴ 539 U.S. 23 (2003).

¹⁰⁹⁵ See *Talavera v. Glob. Payments, Inc.*, 670 F. Supp. 3d 1074 (S.D. Cal. 2023).

¹⁰⁹⁶ *Id.* at 1106–07 (quoting *OTR Wheel Eng’g, Inc. v. W. Worldwide Servs., Inc.*, 897 F.3d 1008, 1016 (9th Cir. 2018)).

¹⁰⁹⁷ See, e.g., *Campfield v. Safelite Grp.*, 91 F.4th 401, 411 (6th Cir. 2024), *reh’g en banc denied*, No. 22-3204, 2024 WL 1506971 (6th Cir. Mar. 29, 2024); *FedEx Ground Package Sys., Inc. v. Route Consultant, Inc.*, 97 F.4th 444, 452–53 (6th Cir. 2024); *ChampionX, LLC v. Resonance Sys., Inc.*, 726 F. Supp. 3d 786, 830 (E.D. Tenn. 2024); *SouthState Bank, N.A. v. Qoins Techs., Inc.*, 720 F. Supp. 3d 1324, 1339 (N.D. Ga. 2024); *Earth, Wind & Fire IP, LLC v. Substantial Music Grp.*, 720 F. Supp. 3d 1261, 1279 (S.D. Fla. 2024) (dictum); *Johnson v. J.P. Parking, Inc.*, 717 F. Supp. 3d 798, 822 (S.D. Iowa 2024); *Good Meat Project v. GOOD Meat, Inc.*, 716 F. Supp. 3d 783, 808 (N.D. Cal. 2024); *HomeLight, Inc. v. Shkipin*, 694 F. Supp. 3d 1242, 1254 (N.D. Cal. 2023); *Automated Pet Care Prods., LLC v. PurLife Brands, Inc.*, 703 F. Supp. 3d 1022, 1031 (N.D. Cal. 2023); *Clemente Props., Inc. v. Urrutia*, 693 F. Supp. 3d 215, 244–45 (D.P.R. 2023), *appeal docketed*, No. 23-1922 (1st Cir. Nov. 9, 2023); *CDC Newburgh Inc. v. STM Bags, LLC*, 692 F. Supp. 3d 205, 231 (S.D.N.Y. 2023); *Industria De Alimentos Zenu S.A.S. v. Latinfood U.S. Corp.*, 679 F. Supp. 3d 53, 89 (D.N.J. 2023), *appeal docketed*, No. 23-2357 (3d Cir. Aug. 7, 2023); *Unlimited Cellular, Inc. v. Red Points Sols. SL*, 677 F. Supp. 3d 186, 200 (S.D.N.Y. 2023).

however, invoked in dictum the Second Circuit’s four-factor test, which requires demonstrations “that the challenged message is (1) either literally or impliedly false, (2) material, (3) placed in interstate commerce, and (4) the cause of actual or likely injury to the plaintiff.”¹⁰⁹⁸ And a different court simplified things still further by holding that “[t]o establish a false advertising claim under Section 43(a) of the Lanham Act, a plaintiff must prove ‘that the defendant made a material false statement of fact in a commercial advertisement and that the false statement deceived or had a tendency to deceive a substantial segment of its audience.’”¹⁰⁹⁹

i. False Statements of Fact in Commercial Advertising or Promotion

(A) Actionable Statements of Fact

(1) The Existence of Statements of Fact in the First Instance

A challenge to an allegedly false statement of fact obviously depends on the existence of a statement in the first instance, and that proposition tripped up more than one plaintiff.¹¹⁰⁰ For example, a false advertising counterclaim grounded in part on allegedly unlawful representations that the counterclaim plaintiffs’ product was a cheap knock-off and that the counterclaim plaintiffs had stolen the counterclaim defendant’s trade secrets failed to survive the pleadings stage.¹¹⁰¹ The counterclaim was apparently replete with averments that the counterclaim defendant had disseminated the putatively false information to various online influencers, but the counterclaim plaintiffs failed to identify any representations attributable to the counterclaim defendant itself; worse still, even the statements by the influencers targeted by the counterclaim plaintiffs failed to mention the counterclaim plaintiffs’ product. Their counterclaim therefore failed as a matter of law for want of actionable statements of fact, much less false ones.¹¹⁰²

Another complaint featuring the same fatal defect was filed by Pennsylvania State University in a lawsuit against a group of

¹⁰⁹⁸ *Coniglio v. Cucuzza*, 345 F.R.D. 372, 378 (E.D.N.Y. 2024) (quoting *Church & Dwight Co. v. SPD Swiss Precision Diagnostics, GmbH*, 843 F.3d 48, 65 (2d Cir. 2016)).

¹⁰⁹⁹ *BBK Tobacco & Foods, LLP v. Aims Grp. USA Corp.*, 723 F. Supp. 3d 973, 985 (D. Nev. 2024) (quoting *Muzikowski v. Paramount Pictures Corp.*, 477 F.3d 899, 907 (7th Cir. 2007)).

¹¹⁰⁰ *See, e.g., EVIG, LLC v. Natures Nutra Co.*, 685 F. Supp. 3d 991, 996–97 (D. Nev. 2023) (granting motion to dismiss cause of action for false advertising based on allegations sounding in trade dress infringement).

¹¹⁰¹ *See Automated Pet Care Prods., LLC v. PurLife Brands, Inc.*, 703 F. Supp. 3d 1022 (N.D. Cal. 2023).

¹¹⁰² *Id.* at 1031–32.

defendants engaged in producing and selling clothing and other items emblazoned with imitations of the university's marks.¹¹⁰³ Although the court denied the parties' cross-motions for summary judgment on Penn State's allegations of trademark infringement, the same outcome did not hold with respect its cause of action for false advertising. Rather, as characterized by the court, that cause of action turned on the averment that the defendants had used marks confusingly similar to those of Penn State. In the court's estimation, "the statement at issue in a false advertising claim must 'misrepresent the nature, characteristics, qualities, or geographic origin' of a product."¹¹⁰⁴ Without such a statement in the summary judgment record, the defendants were entitled to prevail even without a trial: "As there is no allegation that [the defendants] [have] misrepresented the characteristics of the goods themselves, and this claim instead appears to be a repackaged trademark infringement claim, it fails as a matter of law, and summary judgment will be granted in [the defendants'] favor."¹¹⁰⁵

An additional cause of action to fail for this reason—albeit without the court framing it in that manner—was presented in a dispute between a Colombia-based plaintiff in the food business, on the one hand, and a United States-based company and its president, on the other.¹¹⁰⁶ One basis of the plaintiff's false advertising cause of action was a statement in an article by the U.S. Small Business Administration that the lead defendant had "convinced a major product manufacturer in Colombia to sign an exclusive distribution and importing rights agreement for the tri-state area."¹¹⁰⁷ According to the plaintiff, that statement was necessarily based on an e-mail sent by the individual defendant to a prospective IT consultant claiming the individual defendant was an exclusive distributor of the plaintiff's goods. The court rejected that theory as speculative, and it therefore granted the defendants' motion for summary judgment.¹¹⁰⁸

A final variation on this theme came in a case in which a counterclaim plaintiff accused a counterclaim defendant of falsely representing that "[the counterclaim defendant] is operated in compliance with all state and federal housing laws."¹¹⁰⁹ "On the

¹¹⁰³ See *Pa. State Univ. v. Vintage Brand, LLC*, 715 F. Supp. 3d 602 (M.D. Pa. 2024), *clarified on denial of reconsideration*, No. 4:21-CV-01091, 2024 WL 1416505 (M.D. Pa. Apr. 2, 2024).

¹¹⁰⁴ *Id.* at 656 (quoting *Parks LLC v. Tyson Foods, Inc.*, 863 F.3d 220, 229 (3d Cir. 2017)).

¹¹⁰⁵ *Id.*

¹¹⁰⁶ See *Industria De Alimentos Zenu S.A.S. v. Latinfood U.S. Corp.*, 679 F. Supp. 3d 53 (D.N.J. 2023), *appeal docketed*, No. 23-2357 (3d Cir. Aug. 7, 2023).

¹¹⁰⁷ *Id.* at 89.

¹¹⁰⁸ *Id.*

¹¹⁰⁹ *HomeLight, Inc. v. Shkipin*, 694 F. Supp. 3d 1242, 1255 (N.D. Cal. 2023).

facts pleaded in [the] countercomplaint,” the court held, “this statement is not actionable because it includes a legal conclusion rather than a statement of fact.”¹¹¹⁰ It continued with the explanation that “[a]bsent a clear and unambiguous ruling from a court or agency of competent jurisdiction, statements by laypersons that purport to interpret the meaning of a statute or regulation are opinion statements, and not statements of fact,” and therefore “not generally actionable under the Lanham Act.”¹¹¹¹

(2) Objectively Verifiable Statements of Fact

Even if a statement of fact has occurred in the first instance, it will not be actionable if its accuracy is not objectively verifiable. Although that prerequisite for liability most often comes into play where mere opinions are concerned, two federal appellate opinions affirmed the dismissals of claims of false advertising without expressly characterizing the challenged statements as opinions. In the first appeal, one to the Sixth Circuit, FedEx Ground Package System, a delivery company operating through various contractors, challenged certain statements by a consultancy business targeting those contractors as its potential clients.¹¹¹² Three of the statements in question were that: (1) “the current . . . financial model [governing FedEx’s relationship with the contractors] is collapsing due to substantial increases in the cost of fuel, labor, and vehicles over the past 12 months”;¹¹¹³ (2) “soaring levels of [contractor] default rates [were] evidence of the current financial stress within the network”;¹¹¹⁴ and (3) FedEx should “recognize that its independent contractors are in financial distress.”¹¹¹⁵ The court affirmed the dismissal for failure to state a claim FedEx’s objections to the first of those statements because:

[T]he parties can measure whether there have been “increases in the cost of fuel, labor, and vehicles over the past 12 months.” But the assertion that these costs are so “substantial” as to cause a “collapsing” . . . model can neither be measured nor reasonably interpreted as a statement of objective fact. As used in the statement, “collapsing” is a

¹¹¹⁰ *Id.* at 1255–56.

¹¹¹¹ *Id.* at 1256 (quoting *Coastal Abstract Serv., Inc. v. First Am. Title Ins. Co.*, 173 F.3d 725, 731 (9th Cir. 1999)).

¹¹¹² *See FedEx Ground Package Sys., Inc. v. Route Consultant, Inc.*, 97 F.4th 444 (6th Cir. 2024).

¹¹¹³ *Id.* at 456.

¹¹¹⁴ *Id.*

¹¹¹⁵ *Id.*

“loose, hyperbolic term” that conveys an “inherently subjective concept.”¹¹¹⁶

The court reached the same conclusion with respect to the second and third statements regarding allegedly “soaring” default rates among contractors under “financial distress,” the first of which it considered “both immeasurable and hyperbolic,” *id.*, and the second of which it held was “just as immeasurable.”¹¹¹⁷ Just as it had before the district court, FedEx went home empty-handed.

In the second appeal, the parties directly competed in the market for attachments to pieces of construction equipment known as skid steers.¹¹¹⁸ The summary judgment record before the district court established that some of the counterclaim defendant’s goods were assembled in China and that, of the ones assembled in the United States, some contained components originating outside the United States. In light of those circumstances, the counterclaim plaintiff objected to the counterclaim defendant’s use of images of the United States flag and other “patriotic symbols,” which the counterclaim plaintiff alleged constituted literally false statements that all the counterclaim defendant’s goods were manufactured in the United States from entirely domestically produced components. Although affirming the district court’s grant of a defense motion for summary judgment on the ground that the counterclaim defendant’s imagery was too ambiguous to constitute literally false representations, the court of appeals also held that “[g]ranted, patriotic symbols could imply that the products were American-made. But the symbols couldn’t objectively be verified as true or false.”¹¹¹⁹

(3) Puffery

Findings of puffery as a matter of law often occur on defense motions to dismiss for failure to state a claim, and so it was that a California federal district court granted such a motion filed by the operator of an online platform that matched home buyers and sellers with real estate agents.¹¹²⁰ One target of the counterclaim plaintiff’s allegations of false advertising was the counterclaim defendant’s representation that “[t]he agents we recommend . . . typically can

¹¹¹⁶ *Id.* at 456–57 (quoting *Seaton v. TripAdvisor LLC*, 728 F.3d 592, 598 (6th Cir. 2013)).

¹¹¹⁷ *Id.*

¹¹¹⁸ *See I Dig Tex., LLC v. Creager*, 98 F.4th 998 (10th Cir. 2024).

For readers unfamiliar with those goods, the court helpfully quoted the parties’ explanations that “[s]kid steers are construction equipment used for various purposes such as digging or hauling materials” and “the parties sell attachments to the skid steers, ‘such as auger attachments, brush cutter attachments, and post driver attachments.’” *Id.* at 1004 n.1 (alteration in original) (internal quotation marks omitted).

¹¹¹⁹ *Id.* at 1012.

¹¹²⁰ *See HomeLight, Inc. v. Shkipin*, 694 F. Supp. 3d 1242 (N.D. Cal. 2023).

save you thousands on your home purchase,”¹¹²¹ Finding that representation nonactionable, the court observed that:

Because it says that agents “typically can” rather than “will” save customers money, this statement is better characterized, on the facts pleaded here, as a general representation of the ability of agents listed on [the counterclaim defendant’s platform] rather than a promise of specific results. While “a statement that is quantifiable, that makes a claim as to the specific or absolute characteristics of a product” may support a false advertising claim, “a general, subjective claim about a product is non-actionable puffery.”¹¹²²

The court then reached the same conclusion in dismissing the counterclaim plaintiff’s challenge to the accuracy of the counterclaim defendant’s claim to have “designed a solution that allows you to sort through over 2 million agents . . . to find the perfect one for you,”¹¹²³ which the court characterized as “subjective non-actionable puffery.”¹¹²⁴ Finally, the court dismissed the counterclaim plaintiff’s challenges to the counterclaim defendant’s promises to match home buyers and sellers with the “top listing agents in . . . local neighborhood[s]” and that those agents were “unbiased” on the same rationale.¹¹²⁵

(B) Actionable Commercial Advertising or Promotion

Courts hearing false advertising actions typically apply variations on a four-part test when determining whether a defendant has engaged in actionable commercial advertising and promotion. The following restatement of that test was characteristic:

[T]o qualify as a “commercial advertisement,” for purposes of a Lanham Act false advertising claim, a representation must (1) constitute commercial speech; (2) made with the intent of influencing potential customers to purchase the speaker’s goods or services; (3) made by a speaker who is a competitor of the plaintiff in some line of trade or commerce; and (4) disseminated to the consuming public in such a way as to constitute “advertising” or “promotion.”¹¹²⁶

¹¹²¹ *Id.* at 1256.

¹¹²² *Id.* (quoting *Newcal Indus. v. Ikon Office Sol.*, 513 F.3d 1038, 1053 (9th Cir. 2008)).

¹¹²³ *Id.*

¹¹²⁴ *Id.*

¹¹²⁵ *Id.*

¹¹²⁶ *Clemente Props., Inc. v. Urrutia*, 693 F. Supp. 3d 215, 245 (D.P.R. 2023), *appeal docketed*, No. 23-1922 (1st Cir. Nov. 9, 2023); *see also* *ZombieBox Int’l Inc. v. Generac Power Sys.*

In applying a substantively identical version of the test, one court (quite properly) questioned whether the third requirement remained viable following the Supreme Court's holding in *Lexmark International, Inc. v. Static Control Components, Inc.*¹¹²⁷ that direct competition between the parties is not a prerequisite for standing to prosecute a cause of action for false advertising under Section 43(a).¹¹²⁸ And another court departed from the standard four-part test altogether in favor of a tripartite alternative available in the Second Circuit:

A statement constitutes commercial advertising or promotion if it is: “(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.”¹¹²⁹

(1) Opinions Finding Actionable Commercial Advertising or Promotion

Although various reported opinions reached findings of liability for false advertising, they did so without expressly examining whether the offending representations qualified as actionable commercial or promotion.

(2) Opinions Declining to Find Actionable Commercial Advertising or Promotion

One court disposed of a false advertising claim by the successors in interest to Hall of Fame baseball great Roberto Clemente in dramatic fashion.¹¹³⁰ The defendants in the case were the Commonwealth of Puerto Rico and various of its officials responsible for a one-year program requiring residents of that jurisdiction to purchase commemorative automobile license plates and vehicle certificate tags bearing Clemente’s image and celebrating the fiftieth anniversary of his three thousandth hit. According to the plaintiffs, the plates and tags constituted false advertising because they suggested the proceeds from the program would go to the plaintiffs instead of the defendants. The court found that theory

Inc., 721 F. Supp. 3d 798, 807 (D. Ariz. 2024); *SouthState Bank, N.A. v. Qoins Techs., Inc.*, 720 F. Supp. 3d 1324, 1340 (N.D. Ga. 2024).

¹¹²⁷ 572 U.S. 118 (2014).

¹¹²⁸ *SouthState*, 720 F. Supp. 3d at 1340 n.9.

¹¹²⁹ *Unlimited Cellular, Inc. v. Red Points Sols. SL*, 677 F. Supp. 3d 186, 202 (S.D.N.Y. 2023) (quoting *Gmurzynska v. Hutton*, 355 F.3d 206, 210 (2d Cir. 2004)).

¹¹³⁰ *See Clemente Props., Inc. v. Urrutia*, 693 F. Supp. 3d 215 (D.P.R. 2023), *appeal docketed*, No. 23-1922 (1st Cir. Nov. 9, 2023).

fatally flawed as a matter of law because it was unsupported by allegations in the operative complaint that the defendants had engaged in actionable commercial advertising or promotion. On that issue, the court held that the plates and tags “cannot be considered advertisements, and Plaintiffs have not even alleged as much,”¹¹³¹ especially because “Plaintiffs have not pled that Defendants made any false or misleading statement beyond the use of the mark.”¹¹³²

Dismissal for failure to state a claim also was the outcome of a case brought by the manufacturer of a noise-reducing enclosure for portable and standby generators against a manufacturer of those generators.¹¹³³ According to the presumptively true allegations in the plaintiff’s complaint, the defendant had, inter alia, described the plaintiff’s product at a conference of its dealers as a “generator murder box” that was dangerous, damaged generators, and voided warranties.¹¹³⁴ Although the plaintiff additionally alleged that some of the plaintiff’s dealers had discontinued carrying its products because of the defendant’s statements, the court found the plaintiffs’ allegations failed to state a claim. In particular, it determined that “Plaintiff’s Complaint falls short of alleging Defendant made the alleged statements for the purpose of influencing consumers to buy Defendant’s products. . . . While Plaintiff certainly alleges the *effect* of Defendant’s statements, it does not allege the *purpose* of these statements was to promote Defendant’s own products.”¹¹³⁵ Any bad-faith intent the defendant may have had in making the representations could not cure the fatal lack of actionable advertising and promotion.¹¹³⁶

(3) Opinions Deferring Resolution of the Actionable-Commercial-Advertising-or-Promotion Inquiry

In denying a motion to dismiss a false advertising action for an alleged want of actionable advertising and promotion, a Georgia federal district court applied the standard fourth-factor test after the relationship between a bank and one of its customers, a platform that itself had customers with accounts at the bank, deteriorated—when the customer publicly blamed the bank for the platform’s insolvency and the resulting inability of its customers to access their funds, the bank filed a suit accusing the customer of, inter alia, false advertising.¹¹³⁷ In declining to dismiss that cause of action, the court

¹¹³¹ *Id.*

¹¹³² *Id.* at 246.

¹¹³³ See *ZombieBox Int’l Inc. v. Generac Power Sys. Inc.*, 721 F. Supp. 3d 798 (D. Ariz. 2024).

¹¹³⁴ *Id.* at 802–03.

¹¹³⁵ *Id.* at 807.

¹¹³⁶ *Id.*

¹¹³⁷ See *SouthState Bank, N.A. v. Qoins Techs., Inc.*, 720 F. Supp. 3d 1324 (N.D. Ga. 2024).

noted that “[t]aking [the bank’s] allegations as true, and all reasonable inferences in its favor, the Court infers that [the platform’s] statements were made to pacify customer concerns and to influence customers to start or continue their relationship with [the platform].”¹¹³⁸ “A reasonable inference also can be made,” it continued, “that [the platform’s] statements were intended to influence customers to purchase its service, because such issues were not attributable to [the platform’s] new banking partner.”¹¹³⁹ Because the bank had plausibly alleged that the platform’s representations could influence end customers’ purchasing decisions, those representations potentially constituted false advertising and promotion.¹¹⁴⁰

Another motion to dismiss failed in a challenge to allegations that a counterclaim defendant had represented to consumers that the goods it resold on Amazon came with a warranty honored by the counterclaim plaintiff.¹¹⁴¹ The court found the counterclaim defendant’s argument that the representation at issue did not qualify as actionable advertising and promotion unconvincing, and it therefore denied the motion, explaining that:

[T]he alleged statement underlying Counterclaim Plaintiff’s false advertising claim—that the Products include the . . . [w]arranty—is clearly commercial speech that was made in interstate commerce and intended to induce consumers into buying the Products. This allegedly false statement, for instance, is part of a product listing on Amazon, a leading online marketplace used throughout the United States. Therefore, this . . . statement is specifically intended to reach as large a portion of consumers as possible who live across the United States and are looking to purchase the types of products [Counterclaim Plaintiff] sells.¹¹⁴²

A final unsuccessful motion to dismiss was filed by a brand protection company and its agent, both of which had been sued for false advertising after they reported to eBay that the goods resold by the plaintiff on that platform bore counterfeit marks.¹¹⁴³ Unusually, the plaintiff’s allegations of false advertising rested not on the alleged inaccuracy of that report but instead on promotional statements by the defendants that their software could distinguish between genuine and fake goods. The court held those statements were material to potential purchasers of the defendants’ software

¹¹³⁸ *Id.* at 1340.

¹¹³⁹ *Id.*

¹¹⁴⁰ *Id.*

¹¹⁴¹ *See* CDC Newburgh Inc. v. STM Bags, LLC, 692 F. Supp. 3d 205 (S.D.N.Y. 2023).

¹¹⁴² *Id.* at 233 (citation omitted).

¹¹⁴³ *See* Unlimited Cellular, Inc. v. Red Points Sols. SL, 677 F. Supp. 3d 186 (S.D.N.Y. 2023).

because “the fundamental quality of Defendants’ product is its purported ability to reliably distinguish between online listings of authentic and counterfeit products, and to then flag these listings to the relevant e-commerce platform (here, eBay).”¹¹⁴⁴ Because the statements therefore pertained to an inherent characteristic or quality of the defendants’ software, the defendants could not escape liability on the theory that the statements were immaterial, at least at the pleadings stage of the case.¹¹⁴⁵

(C) Falsity

As always, courts recognized two ways in which challenged statements could be false. “To demonstrate that a representation was false or misleading, a plaintiff must show that it was either literally false, either on its face or by necessary implication or that it was literally true but likely to mislead or confuse customers.”¹¹⁴⁶ Both types of falsity factored into reported opinions.

(1) Opinions Finding Falsity

Claims of literal falsity can be difficult to substantiate if defendants do not concede them (whether by default or otherwise),¹¹⁴⁷ but a Colombian producer of various goods successfully did so against a United States corporation and the latter’s president.¹¹⁴⁸ One basis of the plaintiff’s false advertising cause of action was that the lead defendant’s website “stated in substance” that it offered products produced by the plaintiff.¹¹⁴⁹ Based on the record developed by the parties in support of their cross-motions for summary judgment, the court found the plaintiff had carried its burden of proving literal falsity, observing that the statement in question “meet[s] the test of literal falsity, because [the lead defendant] did not at any time distribute [the plaintiff’s]

¹¹⁴⁴ *Id.* at 202.

¹¹⁴⁵ *Id.*

¹¹⁴⁶ *SME Steel Contractors, Inc. v. Seismic Bracing Co.*, 681 F. Supp. 3d 1181, 1209 (D. Utah 2023) (quoting *Vitamins Online, Inc. v. HeartWise, Inc.*, 71 F.4th 1222, 1235–36 (10th Cir. June 27, 2023)), *appeal docketed*, No. 23-2426 (Fed. Cir. Sept. 26, 2023); *accord Sanho Corp. v. Kaijet Tech. Int’l Ltd., Inc.*, 736 F. Supp. 3d 1241, 1266 (N.D. Ga. 2024); *SouthState Bank, N.A. v. Qoins Techs., Inc.*, 720 F. Supp. 3d 1324, 1341 (N.D. Ga. 2024); *Automated Pet Care Prods., LLC v. PurLife Brands, Inc.*, 703 F. Supp. 3d 1022, 1031 (N.D. Cal. 2023); *CDC Newburgh Inc. v. STM Bags, LLC*, 692 F. Supp. 3d 205, 232 (S.D.N.Y. 2023).

¹¹⁴⁷ For an opinion entering a default judgment of liability for false advertising without an express discussion of the allegedly false statements at issue, see *BBK Tobacco & Foods, LLP v. Aims Grp. USA Corp.*, 723 F. Supp. 3d 973, 985 (D. Nev. 2024).

¹¹⁴⁸ See *Industria De Alimentos Zenu S.A.S. v. Latinfood U.S. Corp.*, 679 F. Supp. 3d 53 (D.N.J. 2023), *appeal docketed*, No. 23-2357 (3d Cir. Aug. 7, 2023).

¹¹⁴⁹ *Id.* at 89.

products. . . . As to this statement, then, [the plaintiff] can satisfy the first element of a false advertising claim.”¹¹⁵⁰

(2) Opinions Declining to Find Falsity

Although the dismissal of claims of falsity does not often occur at the pleadings stage of cases, the Sixth Circuit affirmed just such a disposition in which FedEx Ground Package System challenged certain claims by a consulting business targeting FedEx’s contractors as clients.¹¹⁵¹ One pair of statements by the defendant accused FedEx as having failed to respond to changing economic conditions by making “financial adjustments” in its relationship with the contractors.¹¹⁵² The court held that those statements were potentially objectively verifiable, but it agreed with the district court that FedEx’s adjustments to its contracts with individual contractors did not render the statements literally false. The proper analysis was instead whether FedEx had changed its overall business model, and the complaint neglected to allege FedEx had done so. The district court therefore had not erred in determining that FedEx had failed to state a claim of falsity for those statements¹¹⁵³ or for others similarly criticizing FedEx for not renegotiating its overall relationship with the contractors.¹¹⁵⁴ FedEx’s challenges to other statements made by the defendant suffered similar fates. For example, although the complaint took issue with averments that the average FedEx contractor enjoyed a *profit* margin below zero percent, FedEx’s responsive assertion that the contractors generated an *operating* margin of sixteen percent addressed a different issue; likewise, FedEx’s claim that contractors could sell their *businesses* at a profit did not render literally false the defendant’s statement that the *individual routes* served by those businesses had lost fifteen percent of their value.¹¹⁵⁵ Like the district court before it, the court of appeals therefore found FedEx’s averments of literal falsity fatally defective.

A California federal district court similarly found allegations of falsity so deficient that they could not survive a motion to

¹¹⁵⁰ *Id.*

¹¹⁵¹ See *FedEx Ground Package Sys., Inc. v. Route Consultant, Inc.*, 97 F.4th 444 (6th Cir. 2024).

¹¹⁵² *Id.* at 454.

¹¹⁵³ *Id.* at 455–56.

¹¹⁵⁴ *Id.* at 457–58 (affirming dismissal to challenge to defendant’s statement that FedEx “has not addressed the financial needs of contractors as a result of fuel prices doubling, wage costs going up, and vehicle costs going up”); *id.* at 458–59 (affirming dismissal of challenge to defendant’s statement that “[a]lmost all of the other contractors that had renegotiation requests were also denied”).

¹¹⁵⁵ *Id.* at 456.

dismiss.¹¹⁵⁶ Those allegations were advanced by a counterclaim plaintiff in a dispute between the operators of competitive online platforms that matched real-estate agents with homebuyers and sellers. Among the complained-of representations by the counterclaim defendant were claims in its advertising that its platform allowed consumers “to sort through over 2 million agents in order to find the perfect one,” which the court found nonactionable because the counterclaim plaintiff had failed to aver any facts suggesting the number of agents in that representation was false.¹¹⁵⁷ The court then dismissed the counterclaim plaintiff’s challenge to the claim that the counterclaim defendant “analyz[ed] over 15 million home transactions since 2009 to produce updated agent rankings based on objective data” for the same reason.¹¹⁵⁸

A false advertising counterclaim grounded in allegedly false reviews of the counterclaim defendant’s products on the online platforms selling those products also failed to survive the pleadings stage.¹¹⁵⁹ As averred by the counterclaim plaintiffs, that counterclaim rested on an “unprecedented spike in 5-star reviews [defying] statistical possibility,”¹¹⁶⁰ as well as Amazon’s removal of one-third of the reviews in question posted during a one-week period. “While making these generalized claims,” the court noted, “[the counterclaim plaintiffs] fail[] to identify any specific purportedly false review posted by the [counterclaim defendant].”¹¹⁶¹ That failure doomed the counterclaim because, as the court explained, “[w]ithout any allegations concerning the specific content of any allegedly fake review, this Court cannot determine if any of the reviews at issue are false or otherwise misleading under the Lanham Act.”¹¹⁶²

The Tenth Circuit also reached a finding of no falsity as a matter of law, although one occurring on a defense motion for summary judgment instead of to dismiss for failure to state a claim.¹¹⁶³ It did so in a case in which the counterclaim defendant, attempting to gain a competitive advantage in the market for skid steer attachments, represented in its advertising that its goods were made either in “America” or the “United States,”¹¹⁶⁴ even though certain of those goods had been assembled in China, while others featured

¹¹⁵⁶ See *HomeLight, Inc. v. Shkipin*, 694 F. Supp. 3d 1242 (N.D. Cal. 2023).

¹¹⁵⁷ *Id.* at 1256.

¹¹⁵⁸ *Id.*

¹¹⁵⁹ See *Automated Pet Care Prods., LLC v. PurLife Brands, Inc.*, 703 F. Supp. 3d 1022 (N.D. Cal. 2023).

¹¹⁶⁰ *Id.* at 1031.

¹¹⁶¹ *Id.*

¹¹⁶² *Id.*

¹¹⁶³ See *I Dig Tex., LLC v. Creager*, 98 F.4th 998 (10th Cir. 2024).

¹¹⁶⁴ *Id.* at 1010.

components manufactured in countries other than the United States. Some of the counterclaim defendant's advertisements also claimed the goods were "100% American Made" and used "patriotic symbols (like an American flag)."¹¹⁶⁵

As he had before the district court, the counterclaim plaintiff characterized his opponent's advertising as literally false, but, as had the district court, the Tenth Circuit concluded that the advertising was too ambiguous to fall within that category. With respect to the verbal representations, it held that:

Even if some components had come from China or Canada, [the counterclaim defendant] assembled some of its products in the United States. [The counterclaim defendant's] advertisements are thus ambiguous when they say that the products are made in the United States or in America. With this ambiguity, the advertisements cannot be literally false.¹¹⁶⁶

The counterclaim defendant's "100% American Made" representation did not alter that outcome because that claim: (1) "could mean, as [the counterclaim plaintiff] urges, that 100% of [the counterclaim defendant's] skid steer attachments had been assembled in America with American components";¹¹⁶⁷ (2) "could also mean that only some of the products consist entirely of domestic components assembled in the United States";¹¹⁶⁸ or (3) "could refer only to assembly of the final product rather than the origin of the components."¹¹⁶⁹ "Given that ambiguity," the court held, "the ['100%'] statement . . . doesn't necessarily imply a literal falsehood about the origin of the products."¹¹⁷⁰ It then reached the same conclusion with respect to the counterclaim defendant's use of patriotic imagery.¹¹⁷¹

Additional failed claims of falsity on summary judgment came in a lawsuit brought by a Colombia-based plaintiff in the food business against a United States-based company and its president.¹¹⁷² One basis of the plaintiff's false advertising cause of action was a statement to a supermarket sales associate by the

¹¹⁶⁵ *Id.* at 1011–12.

¹¹⁶⁶ *Id.* at 1010–11 (footnote omitted).

¹¹⁶⁷ *Id.* at 1011.

¹¹⁶⁸ *Id.*

¹¹⁶⁹ *Id.*

¹¹⁷⁰ *Id.*

¹¹⁷¹ *Id.* ("Granted, patriotic symbols could imply that the products were American-made. But the symbols couldn't objectively be verified as true or false. As a result, the use of American symbols was ambiguous and couldn't render the advertisements literally false.")

¹¹⁷² *See* *Industria De Alimentos Zenu S.A.S. v. Latinfood U.S. Corp.*, 679 F. Supp. 3d 53 (D.N.J. 2023), *appeal docketed*, No. 23-2357 (3d Cir. Aug. 7, 2023).

individual defendant that he had “Colombian products.”¹¹⁷³ The court rejected as a matter of law the plaintiff’s assertion that the statement was false, explaining that:

[The plaintiff] offers no more than an assumption that [the individual defendant’s] reference to Colombian products meant [the plaintiff’s] products. For his own part, the sales associate testified that [the individual defendant] did not mention the names of the Colombian products and that he did not know where [the defendants’] products were made.¹¹⁷⁴

The court was no more sympathetic to another claim of literal falsity by the plaintiff, which the court oddly addressed in the context of whether consumers were actually or likely to be deceived by the defendants’ conduct. That claim focused on a statement on the defendants’ packaging reading “Linea De Exportation,” which the court found translated to “exportation line.”¹¹⁷⁵ In granting the defendants’ motion for summary judgment, the court concluded that:

One country’s exportation, however, is another’s importation, and the meaning is unclear. [The plaintiff] has not provided any evidence to support its interpretation of “exportation line” and the parties dispute the meaning of the phrase. The phrase also does not explicitly refer to Colombia (or any other country); the only country mentioned on the labels is the United States. “Exportation” does not indicate whether the exportation is to or from the United States.¹¹⁷⁶

The manufacturer and sellers of accessories for electronic devices such as computers, mobile phones, and the like also escaped liability for false advertising as a matter of law based on the inability of the plaintiff suing them to identify a factual dispute concerning the literal falsity of the defendants’ description of one of their products as “8-in-1.”¹¹⁷⁷ The gravamen of the plaintiff’s challenge to that description was that the defendants’ product had fewer than eight ports through which other devices could be connected to it.¹¹⁷⁸

¹¹⁷³ *Id.* at 89.

¹¹⁷⁴ *Id.*

¹¹⁷⁵ *Id.* at 90.

¹¹⁷⁶ *Id.*

¹¹⁷⁷ *See* Sanho Corp. v. Kaijet Tech. Int’l Ltd., Inc., 736 F. Supp. 3d 1241 (N.D. Ga. 2024).

¹¹⁷⁸ *Id.* at 1267.



The court noted that “[t]he numbers might be read as counting ports—in which case ‘8-in-1’ would be literally false.”¹¹⁷⁹ Nevertheless, it agreed with the defendants that the challenged representation also could mean that, between them, the seven ports of the defendants’ product performed a total of eight functions. That uncertainty rendered the representation ambiguous and, because the plaintiff’s case rested entirely on an accusation of literal falsity, the defendants were entitled to summary judgment.¹¹⁸⁰

A failure to demonstrate literal falsity in a dispute between manufacturers of buckling-restraint braces for buildings produced another successful defense motion for summary judgment, albeit one asserting that the plaintiffs lacked standing to assert their claims of false advertising.¹¹⁸¹ One allegedly false representation at issue was the defendants’ claimed “capacity” to “produce” over 5,000 braces per year,¹¹⁸² when, in fact, they had produced “less than nine”;¹¹⁸³ the court found that the ambiguous nature of the representation precluded a finding of literal falsity, even if it might have supported a finding that the defendant’s advertising was misleading in context (which the plaintiffs did not assert).¹¹⁸⁴ The plaintiffs’ challenge to the defendants’ claim their goods had been produced through “patented methods” similarly failed because it was “unclear” whether the claim referred to all or some of the goods.¹¹⁸⁵ Likewise, the defendants’ claim the goods at issue were “tested and qualified for use” also escaped a finding of literal falsity despite the plaintiffs’ showing that at least some goods had failed testing conducted by a third party based on the defendants’ responsive showing that they offered for sale only goods that had

¹¹⁷⁹ *Id.*

¹¹⁸⁰ *Id.*

¹¹⁸¹ See *SME Steel Contractors, Inc. v. Seismic Bracing Co.*, 681 F. Supp. 3d 1181 (D. Utah 2023), *appeal docketed*, No. 23-2426 (Fed. Cir. Sept. 26, 2023).

¹¹⁸² *Id.* at 1209.

¹¹⁸³ *Id.* at 1209–10.

¹¹⁸⁴ *Id.*

¹¹⁸⁵ *Id.*

survived the testing process.¹¹⁸⁶ Finally, although accusing the defendants of overstating their credentials, the plaintiffs neglected to identify how the statements at issue were false.¹¹⁸⁷

(3) Opinions Deferring Resolution of the Falsity Inquiry

As usual, courts declined to accept most invitations by defendants to reject allegations of falsity on motions to dismiss. One did so in a case in which the plaintiff objected both to the defendants' use of the GOOD MEAT mark for cultivated, lab-grown food products derived from animal cells and to the description of those goods as "real meat" made "without taking life."¹¹⁸⁸ According to the court, the plaintiff had adequately alleged that consumers could understand the mark and the phrase "real meat" to mean meat from a once-living animal;¹¹⁸⁹ moreover, it continued, "[the plaintiff] has also alleged that consumers could believe that [the defendants'] cultivated meat products are developed entirely from chemical or plant-based sources, not from the use of an embryonic, fertilized egg" as was actually the case.¹¹⁹⁰

The parties to another dispute producing the same outcome competed in the market for portable data analyzers, and many of the lead defendant's principals (themselves named as defendants) had once been employees or contractors of the plaintiff.¹¹⁹¹ The plaintiff's complaint accused the defendants of promoting their business through three literally allegedly false statements, namely, that: (1) the lead defendant was "made up of eight senior level people that used to be at [the plaintiff]"; (2) "[w]e were the ones who used to design all [the plaintiff's] software and hardware"; and (3) the lead defendant had a "new platform that is more advanced in capabilities" than the plaintiff's platform.¹¹⁹² Without extended analysis, the court held that those allegations sufficiently placed the defendants on notice of the plaintiff's claims as to state a claim.¹¹⁹³

A similarly abbreviated treatment of the issue of falsity appeared in an opinion in litigation in which the plaintiff objected to the removal of goods it was attempting to resell on eBay after the defendants reported those goods as bearing counterfeit imitations of

¹¹⁸⁶ *Id.*

¹¹⁸⁷ *Id.*

¹¹⁸⁸ *See* Good Meat Project v. GOOD Meat, Inc., 716 F. Supp. 3d 783, 808 (N.D. Cal. 2024).

¹¹⁸⁹ *Id.*

¹¹⁹⁰ *Id.*

¹¹⁹¹ *See* ChampionX, LLC v. Resonance Sys., Inc., 726 F. Supp. 3d 786 (E.D. Tenn. 2024).

¹¹⁹² *Id.* at 830 (second alteration in original).

¹¹⁹³ *Id.* at 831.

registered marks owned by the defendants' customers.¹¹⁹⁴ The plaintiff's cause of action for false advertising did not arise from the alleged falsity of the defendants' takedown notices to eBay but instead from the advertising that had caused the defendants' customers to retain the defendants in the first place. According to the court's summary of the plaintiff's challenge to that advertising, "Plaintiff alleges that, despite the claim in Defendants' advertisements that Defendants' software detects and automatically removes counterfeit products from e-commerce platforms, Defendants' software is unable to reliably distinguish between authentic and counterfeit product listings."¹¹⁹⁵ "Therefore," it continued, "Defendants' advertisements are misleading at best, as they encourage consumers to believe that their services reliably flag and remove only fraudulent product listings from e-commerce platforms."¹¹⁹⁶

Finally, a different court's disposal of another motion to dismiss was equally brief and to the point.¹¹⁹⁷ The alleged false advertising at issue was a representation by the counterclaim defendant that the goods it resold were protected by a warranty honored by the counterclaim plaintiff (which had produced the goods in the first place). The counterclaim plaintiff's averments that it did not so honor warranties on resold goods sufficiently pleaded literal falsity to render the counterclaim defendant's motion meritless.¹¹⁹⁸

ii. Actual or Likely Deception

As always, courts recognized several ways in which plaintiffs alleging false advertising could satisfy the prerequisite for liability of actual or likely deception. One was through a demonstration of literal falsity, in which case deception was presumed.¹¹⁹⁹ Another

¹¹⁹⁴ See *Unlimited Cellular, Inc. v. Red Points Sols.*, SL, 677 F. Supp. 3d 186 (S.D.N.Y. 2023).

¹¹⁹⁵ *Id.* at 202.

¹¹⁹⁶ *Id.*

¹¹⁹⁷ See *CDC Newburgh Inc. v. STM Bags, LLC*, 692 F. Supp. 3d 205 (S.D.N.Y. 2023).

¹¹⁹⁸ *Id.* at 232.

¹¹⁹⁹ See *FedEx Ground Package Sys., Inc. v. Route Consultant, Inc.*, 97 F.4th 444, 453 (6th Cir. 2024) ("We presume that a literally false statement deceived its intended audience, making this 'the preferred route for Lanham Act claimants.'" (quoting *Wysong Corp. v. APN, Inc.*, 889 F.3d 267, 270 (6th Cir. 2018))); see also *SouthState Bank, N.A. v. Qoins Techs., Inc.*, 720 F. Supp. 3d 1324, 1341 (N.D. Ga. 2024) ("If the court deems an advertisement to be literally false, then the movant is not required to present evidence of consumer deception." (quoting *Osmose, Inc. v. Viance, LLC*, 612 F.3d 1298, 1319 (11th Cir. 2010))); *CDC Newburgh Inc. v. STM Bags, LLC*, 692 F. Supp. 3d 205, 232 (S.D.N.Y. 2023) ("When a court finds that an advertisement is literally false, it is unnecessary to rely on extrinsic evidence of consumer deception or confusion."); *Industria De Alimentos Zenu S.A.S. v. Latinfood U.S. Corp.*, 679 F. Supp. 3d 53, 89–90 (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.*,

was proof of a defendant's intent to deceive consumers, which produced the same presumption.¹²⁰⁰ Finally, a plaintiff failing to make either of the first two showings could avail itself of survey or other evidence.¹²⁰¹

One assertion of actual or likely deception to fail at the pleadings stage was advanced against a counterclaim defendant operating an online platform matching consumers to real estate agents and representing to those consumers that “[o]ur service is 100% free, with no catch. Agents don’t pay us to be listed, so you get the best match.”¹²⁰² The counterclaim plaintiff acknowledged that agents did not buy their way onto the counterclaim defendant’s platform, but he nevertheless argued the agents’ obligation to pay the counterclaim defendant portions of commissions made with the assistance of the counterclaim defendant’s platform rendered the representation false. Regardless of the representation’s accuracy, however, the court determined that the counterclaim plaintiff had failed to aver how the representation could have deceived its intended audience, especially because an exhibit supporting the counterclaim on its face explained the financial relationship between agents and the counterclaim defendant.¹²⁰³

A different plaintiff learned the hard way that not all manifestations of confusion among consumers will establish actual or likely confusion for purposes of a false advertising cause of action.¹²⁰⁴ That plaintiff was a Colombian producer of various foods that had discovered a United States company using two marks owned by the plaintiff in its own country and additionally selling products in packaging clearly based on that of the plaintiff. In addition to asserting trademark and trade dress claims, the plaintiff’s complaint also challenged certain statements by the defendants allegedly suggesting the lead defendant was a United States distributor of the plaintiff’s goods. To establish that consumers were actually or likely to be misled by the defendants’ conduct, the plaintiff relied in part on evidence and testimony

Inc., 653 F.3d 241, 248 (3d Cir. 2011))), *appeal docketed*, No. 23-2357 (3d Cir. Aug. 7, 2023).

¹²⁰⁰ See *SME Steel Contractors, Inc. v. Seismic Bracing Co.*, 681 F. Supp. 3d 1181, 121 (D. Utah 2023) (acknowledging, but rejecting on the merits, presumption of actual or likely deception arising from allegedly intent to deceive by defendants), *appeal docketed*, No. 23-2426 (Fed. Cir. Sept. 26, 2023).

¹²⁰¹ See *FedEx Ground Package Sys.*, 97 F.4th at 454; see also *Sanho Corp. v. Kaijet Tech. Int’l Ltd., Inc.*, 736 F. Supp. 3d 1241, 1266 (N.D. Ga. 2024) (“[F]or literally true but misleading advertisements, the plaintiff must ‘present evidence of deception,’ often ‘in the form of consumer surveys, market research, [or] expert testimony.’” (quoting *Hickson Corp. v. N. Crossarm Co.*, 357 F.3d 1256, 1261 (11th Cir. 2004))).

¹²⁰² *HomeLight, Inc. v. Shkipin*, 694 F. Supp. 3d 1242, 1255 (N.D. Cal. 2023).

¹²⁰³ *Id.*

¹²⁰⁴ See *Industria De Alimentos Zenu S.A.S. v. Latinfood U.S. Corp.*, 679 F. Supp. 3d 53 (D.N.J. 2023), *appeal docketed*, No. 23-2357 (3d Cir. Aug. 7, 2023).

tending to suggest that consumers and the trade might be confused about either a possible relationship between the parties or whether the goods sold by the defendants came from Colombia. Adopting a strict reading of the plaintiff's various showings, the court held them probative of likely confusion in the trademark or false association contexts but not in that of the plaintiff's false advertising claim.¹²⁰⁵ Summary judgment in the defendants' favor followed.

A successful defense motion for summary judgment also transpired in a case in which two producers of braces for earthquake-prone buildings challenged allegedly false statements by a pair of their competitors.¹²⁰⁶ Having failed both to demonstrate the literal falsity of the defendants' advertising and to offer extrinsic evidence of actual or likely deception, the plaintiffs fell back on the argument that the defendants had intentionally sought to deceive consumers. The plaintiffs supported that argument in part by pointing to the defendants' receipt of projects after the dissemination of the allegedly false advertising, but, as the court explained, "this is not evidence of consumer confusion because there is no evidence indicating why [the defendants were] awarded those projects over [the plaintiffs]."¹²⁰⁷ The court was just as unreceptive to another argument by the plaintiffs that the defendants would have known what consumers wanted and that the parties were the only major competitors in the market for their goods, which the court also failed to create a factual dispute concerning the defendants' intent.¹²⁰⁸ Summary judgment of nonliability followed.¹²⁰⁹

iii. Materiality

"To establish materiality," one court held, "[the plaintiff] must demonstrate that [the defendant's] deception 'is likely to influence the purchasing decision[s] [of consumers].' 'The materiality requirement is based on the premise that not all deceptions affect consumer decisions.'"¹²¹⁰ Moreover, "[a] plaintiff may establish this materiality requirement by proving that the defendants misrepresented an inherent quality or characteristic of the

¹²⁰⁵ *Id.* at 90.

¹²⁰⁶ *See* *SME Steel Contractors, Inc. v. Seismic Bracing Co.*, 681 F. Supp. 3d 1181 (D. Utah 2023), *appeal docketed*, No. 23-2426 (Fed. Cir. Sept. 26, 2023).

¹²⁰⁷ *Id.* at 1211.

¹²⁰⁸ *Id.*

¹²⁰⁹ *Id.*

¹²¹⁰ *SouthState Bank, N.A. v. Qoins Techs., Inc.*, 720 F. Supp. 3d 1324, 1341 (N.D. Ga. 2024) (fourth alteration in original) (first quoting *Osmose, Inc. v. Viance, LLC*, 612 F.3d 1298, 1319 (11th Cir. 2010); and then quoting *Johnson & Johnson Vision Care, Inc. v. 1-800 Contacts, Inc.*, 299 F.3d 1242, 1250 (11th Cir. 2002)).

product.”¹²¹¹ Those holdings came on a motion to dismiss filed by an electronic payment platform accused of falsely blaming a banking partner for its insolvency and the resulting inability of the platform’s customers to access their funds. The plaintiff successfully argued in response to the defendant’s motion that the defendant had accused it of holding onto the funds in question, which concerned an essential characteristic of its business as a bank. Especially in light of the plaintiff’s averments that the defendant’s customers had filed complaints with federal regulators against the plaintiff, the plaintiff had sufficiently alleged materiality for its case to proceed to the proof stage.¹²¹²

Another failed motion to dismiss an allegation of materiality foundered on the counterclaim plaintiff’s failed allegation that the challenged advertising was literally false.¹²¹³ Courts routinely recognize a presumption of actual or likely deception in cases presenting literally false advertising,¹²¹⁴ but some also recognize a presumption of materiality under the same circumstances. The latter presumption came into play once the court entertaining the motion concluded that the counterclaim plaintiff had sufficiently averred the literal falsity of the counterclaim defendant’s representations to consumers that the counterclaim plaintiff would honor warranties on goods resold by the counterclaim defendant. It therefore denied the motion with the observation that “[o]nce it is determined that a statement is false, it is presumed to be material.”¹²¹⁵

In contrast, a counterclaim defendant in a separate dispute escaped liability as a matter of law based on the counterclaim plaintiffs’ failure to identify evidence and testimony in the summary judgment record creating a factual dispute as to materiality.¹²¹⁶ The counterclaim plaintiffs accused the counterclaim defendant of engineering a “fake review campaign” with manufactured positive reviews of the counterclaim defendant’s products on Amazon.¹²¹⁷ The counterclaim plaintiffs’ response to the counterclaim defendant’s motion cited to evidence that consumers read online reviews and to a statement by the counterclaim defendant’s CEO

¹²¹¹ *Id.* (quoting *Johnson & Johnson Vision Care, Inc. v. 1-800 Contacts, Inc.*, 299 F.3d 1242, 1250 (11th Cir. 2002)).

¹²¹² *Id.* at 1341–42.

¹²¹³ *See CDC Newburgh Inc. v. STM Bags, LLC*, 692 F. Supp. 3d 205 (S.D.N.Y. 2023).

¹²¹⁴ *See, e.g., FedEx Ground Package Sys., Inc. v. Route Consultant, Inc.*, 97 F.4th 444, 453 (6th Cir. 2024) (“We presume that a literally false statement deceived its intended audience, making this ‘the preferred route for Lanham Act claimants.’” (quoting *Wysong Corp. v. APN, Inc.*, 889 F.3d 267, 270 (6th Cir. 2018))).

¹²¹⁵ *CDC Newburgh*, 692 F. Supp. 3d at 232 (quoting *Telebrands Corp. v. E. Mishan & Sons*, No. 97 Civ. 1414(RPP), 1997 WL 232595, at *22 (S.D.N.Y. May 7, 1997)).

¹²¹⁶ *See Sanho Corp. v. Kaijet Tech. Int’l Ltd., Inc.*, 736 F. Supp. 3d 1241 (N.D. Ga. 2024).

¹²¹⁷ *Id.* at 1276.

that the product sold by the counterclaim plaintiffs “receives less favourable customer rating reviews on Best Buy’s website and has many complaints.”¹²¹⁸ The court held those showings insufficient as a matter of law:

Evidence about where consumers read online reviews is not probative of what they do with the information in those reviews. Likewise, evidence about why consumers choose to shop at *Amazon* is not probative of why they would choose the [counterclaim defendant’s product] over the [counterclaim plaintiffs’ product], when the latter was sold exclusively through Best Buy. And whether a CEO believes his product is better than a competitor’s is not probative of whether a consumer would choose to buy the one product instead of the other. What the [counterclaim plaintiffs] need is evidence that goes to the *consumer’s purchasing decision*: evidence tending to prove that [the counterclaim defendant’s] alleged fake reviews caused consumers to buy [the counterclaim defendant’s] products instead of [the counterclaim plaintiffs’]. No such evidence has been produced.¹²¹⁹

Equally to the point, the counterclaim plaintiffs had failed to rebut the counterclaim defendant’s evidence of *immateriality*, which included a showing that the counterclaim plaintiffs’ product enjoyed a higher rating on Best Buy’s website (where it could be purchased) than on Amazon (where it could not be) and expert testimony that the sales metrics of the counterclaim plaintiff’s product were uncorrelated with the timing of the challenged campaign.¹²²⁰ Summary judgment in the counterclaim defendant’s favor therefore was appropriate.

iv. Interstate Commerce

The requirement that a statement challenged under federal law as false take place in interstate commerce received little attention from plaintiffs, defendants, and courts alike.¹²²¹

¹²¹⁸ *Id.*

¹²¹⁹ *Id.* at 1276–77 (footnote omitted).

¹²²⁰ *Id.* at 1277.

¹²²¹ *See* SouthState Bank, N.A. v. Qoins Techs., Inc., 720 F. Supp. 3d 1324, 1339 n.8 (N.D. Ga. 2024) (noting parties’ failure to address issue); CDC Newburgh Inc. v. STM Bags, LLC, 692 F. Supp. 3d 205, 233 (S.D.N.Y. 2023) (finding on motion to dismiss that allegedly false advertising on Amazon “clearly” occurred in interstate commerce); Industria De Alimentos Zenu S.A.S. v. Latinfood U.S. Corp., 679 F. Supp. 3d 53, 90 (D.N.J. 2023) (“The parties devote little if any attention to the fourth, interstate commerce[,] element.”), *appeal docketed*, No. 23-2357 (3d Cir. Aug. 7, 2023); Unlimited Cellular, Inc. v. Red Points Sols. SL, 677 F. Supp. 3d 186, 203 (S.D.N.Y. 2023) (denying motion to dismiss with observation that “[g]iven that the alleged false advertising

v. Damage and Causation

One court held that:

“The causation standard in a false-advertising claim is a proximate causation standard, meaning that the Lanham Act generally bars suits for alleged harm that is too remote from the defendant’s unlawful conduct.” “[A] plaintiff suing for false advertising ordinarily must show economic or reputational injury flowing directly from the deception wrought by the defendant’s advertising, which occurs when deception of consumers causes them to withhold trade from the plaintiff.”¹²²²

Whether in applications of this test or others to similar effect, the requirement that plaintiffs demonstrate damage proximately caused by defendants’ alleged false advertising proved a significant obstacle to findings of liability in some cases. One example of that phenomenon came in a case in which a Colombian company challenged a United States company and that company’s president after learning of the United States company’s sale of goods in packaging indisputably imitating that of the plaintiff.¹²²³ In addition to advancing trademark- and trade dress-based causes of action, the plaintiff also targeted certain statements by the defendants allegedly suggesting an affiliation between the parties. Responding to the defendants’ motion for summary judgment, the plaintiff pointed to what might well have been interpreted as evidence of actual confusion over the parties’ relationship. The court did not view that showing as creating a factual dispute on the issue, because, in its view, the plaintiff had conflated its false advertising claims with its likelihood-of-confusion-based causes of action.¹²²⁴ It therefore found the defendants entitled to prevail as a matter of law.

Litigation brought a group of professional models against a strip club they accused of using their images in promotional pieces without their permission produced the same result.¹²²⁵ The defendant’s motion for summary judgment did not contest any of the prerequisites for liability except the adequacy of the plaintiffs’ showings of harm and causation. As described by the court:

described above is ostensibly directed at the broad audience of consumers that sell products on e-commerce websites (such as eBay) that operate nationally (and internationally), it undoubtedly occurs ‘in commerce’”.

¹²²² *ChampionX, LLC v. Resonance Sys., Inc.*, 726 F. Supp. 3d 786, 831 (E.D. Tenn. 2024) (alterations in original) (first quoting *Campfield v. Safelite Grp.*, 91 F.4th 401, 411–12 (6th Cir. 2024), *reh’g en banc denied*, No. 22-3204, 2024 WL 1506971 (6th Cir. Mar. 29, 2024); and then quoting *id.* at 412).

¹²²³ *See Industria De Alimentos Zenu S.A.S. v. Latinfood U.S. Corp.*, 679 F. Supp. 3d 53 (D.N.J. 2023), *appeal docketed*, No. 23-2357 (3d Cir. Aug. 7, 2023).

¹²²⁴ *Id.* at 91.

¹²²⁵ *See Johnson v. J.P. Parking, Inc.*, 717 F. Supp. 3d 798 (S.D. Iowa 2024).

Plaintiffs allege two injuries flowing from Defendant's misappropriation of their images: (1) actual damages arising from deprivation of the fair market value compensation they would have otherwise received for the authorized use of their image or likeness and (2) harm to their goodwill and reputation, arising from Defendant's unauthorized use of their images.¹²²⁶

Under both theories, the plaintiffs claimed that "any misappropriation of their image and likeness for commercial purposes constitutes economic and reputational injuries alone,"¹²²⁷ but the court rejected that argument. As it read the summary judgment record, "nothing . . . demonstrat[es] a loss of goodwill associated with their image and likeness, nor any other evidence to substantiate damages arising from it. Simply put, Plaintiffs only offer unsupported allegations of economic and reputational injuries."¹²²⁸ And so the court held the defendant entitled to summary judgment, not only on the plaintiffs' federal cause of action for false advertising, but also its related cause of action under Iowa law for unjust enrichment.¹²²⁹

As always, some courts did not reach final decisions on the issue of damage and proximate cause.¹²³⁰ For example, although not reaching a final decision on the merits of the issue, the Sixth Circuit vacated the grant of a damage-and-causation-based defense motion for summary judgment in a case brought by a supplier of a proprietary bonding resin used to repair windshield cracks against a provider of windshield repair and replacement services.¹²³¹ Reviewing the summary judgment record, the court identified several items in it from which a reasonable jury could conclude that the defendants' alleged representations to end consumers that the plaintiff's resin was ineffective had damaged the plaintiff. One was affidavit testimony from the plaintiff's commercial customers of their experiences with end consumers who had been exposed to the defendants' representations and needed to be convinced the plaintiff's resin was safe and effective. The court was also swayed by the plaintiff's experience in New Zealand, where the plaintiff's sales increased once misleading statements regarding its resin

¹²²⁶ *Id.* at 823.

¹²²⁷ *Id.*

¹²²⁸ *Id.*

¹²²⁹ *Id.* at 826.

¹²³⁰ See *SouthState Bank, N.A. v. Qoins Techs., Inc.*, 720 F. Supp. 3d 1324, 1342 (N.D. Ga. 2024) (holding, without extended analysis on motion to dismiss, that plaintiff's allegations of reputational damage arising from defendant's representations that plaintiff was responsible for inability of defendant's customers to access their funds satisfied requirement of damage and causation).

¹²³¹ See *Campfield v. Safelite Grp.*, 91 F.4th 401 (6th Cir. 2024), *reh'g en banc denied*, No. 22-3204, 2024 WL 1506971 (6th Cir. Mar. 29, 2024).

were removed from the market. Finally, it credited survey evidence proffered by the plaintiff to the effect that “24.5% to 30.6% of respondents who replaced windshields would have had them repaired but-for [the defendants’] allegedly false statements.”¹²³² A material factual dispute regarding damage and causation therefore required resolution at trial.¹²³³

Likewise, a Tennessee federal district court declined to grant a motion to dismiss a claim grounded in the plaintiff’s alleged failure to plead harm proximately caused by the defendants’ false advertising.¹²³⁴ The plaintiff and the lead defendant were direct competitors, and the individual defendants had been either employees or contractors of the plaintiff before forming the lead defendant. The gravamen of the plaintiff’s cause of action for false advertising was that certain communications from the defendants to potential customers overstated the roles played by the individual defendants while employed by the plaintiff and the capabilities of the defendants’ goods. Focusing on the plaintiff’s allegation that the communications at issue had allowed the defendants to “poach” the plaintiff’s customers, the court found that that allegation plausibly supported inferences of both damage and causation.¹²³⁵

d. Violations of Persona-Based Rights Under Federal and State Law

i. Opinions Finding Violations of Persona-Based Rights

Unusually, actual findings of liability for violations of persona-based rights such as the right of publicity were absent from reported opinions.

ii. Opinions Declining to Find Violations of Persona-Based Rights

Objecting to a generative artificial intelligence platform that allegedly had trained itself on their works, three visual artists sued several defendants associated with the platform and asserted various causes of action, including one claiming violations of their rights of publicity under California law.¹²³⁶ Although the plaintiffs’ theory of liability apparently evolved over the course of briefing on the defendants’ motion to dismiss, that theory originally sounded in the argument that the platform unlawfully allowed users to request art in the style of plaintiffs’ names; eventually, however, the

¹²³² *Id.* at 412.

¹²³³ *Id.* at 413.

¹²³⁴ *See* *ChampionX, LLC v. Resonance Sys., Inc.*, 726 F. Supp. 3d 786 (E.D. Tenn. 2024).

¹²³⁵ *Id.* at 831.

¹²³⁶ *See* *Andersen v. Stability AI Ltd.*, 700 F. Supp. 3d 853 (N.D. Cal. 2023).

plaintiffs sought relief for the platform's alleged association of their names with the platform's output for commercial purposes. The court found both theories wanting as a matter of law:

The problem for plaintiffs is that nowhere in the Complaint have they provided any facts specific to the *three named plaintiffs* to plausibly allege that any defendant has used a named plaintiff's name to advertise, sell, or solicit purchase of [an AI-generated] product. Nor are there any allegations regarding how use of these plaintiffs' names in the products' text prompts would produce an "AI-generated image similar enough that people familiar with Plaintiffs' artistic style could believe that Plaintiffs created the image," and result in plausible harm to their goodwill associated with their names, in light of the arguably contradictory allegation that none of the Output Images are likely to be a "close match" for any of the Training Images.¹²³⁷

The court therefore dismissed the plaintiffs' right-of-publicity causes of action for failure to state a claim. It did so with leave to amend, but it instructed the plaintiffs "to clarify their right of publicity theories as well as allege plausible facts in support regarding each defendants' use of each plaintiffs' name in connection with advertising specifically and any other commercial interests of defendants."¹²³⁸

Dismissal for failure to state a claim also was the outcome of an apparently opportunistic lawsuit against several defendants originating in the plaintiff's attendance at an event held a boutique allegedly owned by Kim Kardashian.¹²³⁹ When "the assistant to a stylist" for Kardashian posted a photograph with the plaintiff allegedly in the background,¹²⁴⁰ the plaintiff filed a pro se action alleging, among other things, violations of her right of publicity under New York statutory law. Because the relevant statutes required a challenged use to be "for advertising purposes,"¹²⁴¹ the complaint's failure to aver such a use led to a successful motion to dismiss, a disposition affirmed on appeal.¹²⁴² As the appellate court noted of the primary statute on which the plaintiff relied, "[t]he statute is to be narrowly construed and strictly limited to nonconsensual commercial appropriation of the name, portrait[,] picture [or voice] of a living person."¹²⁴³

¹²³⁷ *Id.* at 873.

¹²³⁸ *Id.*

¹²³⁹ *See* *Barbetta v. NBCUniversal Media, LLC*, 212 N.Y.S.3d 135 (App. Div. 2024).

¹²⁴⁰ *Id.* at 137–38.

¹²⁴¹ N.Y. Civil Rights Law §§ 50, 51.

¹²⁴² *Barbetta*, 212 N.Y.S.3d at 139.

¹²⁴³ *Id.* (second and third alteration in original) (quoting *DiMauro v. Advance Publishers, Inc.*, 139 N.Y.S.3d 627, 630 (App. Div. 2021)).

Other claims failed as a matter of law later in the proceedings in which they were considered. When a group of defendants in a separate dispute produced and aired a television show concerning alleged paranormal activity in a building in which a married couple had once lived, the wife sought to recover under a right of publicity cause of action for the show's unflattering portrayal of her late husband.¹²⁴⁴ A jury returned a verdict in favor of the late husband's estate and awarded both compensatory and punitive damages, but that outcome failed to survive the defendants' appeal to the Supreme Court of Alabama. That court noted that the state statutory cause of action at issue,¹²⁴⁵ was unavailable if the use of a plaintiff's identity occurred in the context of an artistic work and the plaintiff failed to prove that the use "is such a replica as to constitute a copy of the person's indicia of identity for the purposes of trade."¹²⁴⁶ As that court viewed the trial record, the defendants had not used the late husband's name or photograph in any advertisements airing during the program, had not used those elements of his persona in advertising their own services, and had neither solicited advertisers by referring to him nor made any monetary benefit from the references to him in the show. Under those circumstances, those references were not for the purposes of trade, which entitled the defendants to prevail as a matter of law.¹²⁴⁷

A similar outcome arising from very different facts held in an application of Ohio law.¹²⁴⁸ The plaintiffs invoking the right of publicity statute of that state¹²⁴⁹ and its common-law equivalent objected to the appearance of their names in a directory of sales and marketing professionals. That directory was generally available only on a subscription basis, but the defendant did offer a 90-day free trial during which users could access the relevant information for ten individuals, presumably including the plaintiffs. To establish the information was being used for the required commercial purposes, the plaintiffs argued the free trial was "part [of the defendant's] overall effort to its monthly subscriptions" and therefore a marketing tool.¹²⁵⁰ That argument failed to convince the court that the defendant's use of the plaintiff's information was

¹²⁴⁴ See *Reg'l Prime Television v. South*, No. SC-2023-0132, 2024 WL 997698 (Ala. Mar. 8, 2024).

¹²⁴⁵ See Ala. Code § 6-5-772.

¹²⁴⁶ *Reg'l Prime Television*, 2024 WL 997698, at *10 (quoting Ala. Code § 6-5-773).

¹²⁴⁷ *Id.* at *12.

¹²⁴⁸ See *Hudson v. Datanye, LLC*, 702 F. Supp. 3d 628 (N.D. Ohio 2023), *aff'd*, No. 23-3998, 2025 WL 80806 (6th Cir. Jan. 13, 2025).

¹²⁴⁹ Ohio Rev. Code § 2741.01, *et seq.*

¹²⁵⁰ *Hudson*, 702 F. Supp. 3d at 631.

anything but incidental, a circumstance qualifying the use for an exception to liability.¹²⁵¹

Finally, a Massachusetts statute protects against unauthorized uses “for the purposes of trade” of names, portraits, or pictures,¹²⁵² but a federal district court of that state recognized a significant limitation on it.¹²⁵³ The plaintiffs before that tribunal were professional models and social media influencers who objected to the use of their images in Facebook advertising for a strip club. The club moved for summary judgment, and it prevailed. Whatever the plaintiffs’ ability to satisfy the statute’s requirements otherwise might have been, the court determined that “only plaintiffs domiciled in Massachusetts may invoke the protection provided by [it].”¹²⁵⁴ Because all the plaintiffs resided in other states, their claims under the statute failed as a matter of law on summary judgment.¹²⁵⁵

iii. Opinions Deferring Resolution of Claims of Violations of Persona-Based Rights

Applications of Iowa law produced a bumper crop of reported opinions denying motions for summary judgment and deferring determinations of liability under trial. For example, having promoted its services through Facebook advertisements featuring unauthorized images of professional models, a strip club unsuccessfully sought to escape liability on summary judgment for false endorsement under Section 43(a) and various causes of action under Iowa common law.¹²⁵⁶ The court addressed the Section 43(a) claim through the lens of the Eighth Circuit’s multifactor test for likely confusion and concluded that the plaintiffs were not without at least some support for their claims. In particular, the court held that a reasonable jury might find the plaintiffs’ personas strong for purposes of the likelihood-of-confusion inquiry,¹²⁵⁷ that the defendant had acted in bad faith,¹²⁵⁸ and that survey evidence supported the plaintiffs’ claim of actual confusion.¹²⁵⁹ Summary judgment in the defendants’ favor therefore was inappropriate.

¹²⁵¹ *Id.* at 633–35.

¹²⁵² *See* Mass. Gen. Laws Ann. ch. 214, § 3A.

¹²⁵³ *See* Ratchford v. Orange Lantern, Inc., 720 F. Supp. 3d 64 (D. Mass. 2024).

¹²⁵⁴ *Id.* at 79.

¹²⁵⁵ *Id.* The court also granted the defendants’ motion for summary on numerous other state-law claims advanced by the plaintiffs, although it did allow their cause of action for defamation to proceed to trial. *Id.* at 79–81.

¹²⁵⁶ *See* Johnson v. J.P. Parking, Inc., 717 F. Supp. 3d 798 (S.D. Iowa 2024).

¹²⁵⁷ *Id.* at 820.

¹²⁵⁸ *Id.* at 820–21.

¹²⁵⁹ *Id.* at 821–22.

The court then reached the same conclusion with respect to the plaintiffs' common-law claims under Iowa law, which included violations of their right to privacy through misappropriation, violations of their right to publicity, and violations of their right to privacy by presenting them in a false light. The Iowa Supreme Court had never recognized either the right to privacy in a similar context or the right to publicity, but the court agreed with the plaintiffs that that tribunal likely would do so if given the opportunity.¹²⁶⁰ It then rejected the defendant's argument that no liability was possible under the first of those torts because the defendant had not benefitted financially from its use of the plaintiffs' images; as the court pointed out, the images' use had been licensed to third parties, "something for which the Defendant did not have to pay."¹²⁶¹ Moreover, the court similarly found unconvincing the defendant's argument that those prior licenses constituted waivers of the plaintiffs' rights, holding instead that "Defendant misguidedly conflates Plaintiffs' consent to permit *authorized* uses of their images with consent to permit *unauthorized* uses, such as Defendant, to do the same."¹²⁶²

Having thus denied the defendant's motion with respect to its alleged violations of the plaintiffs' right to privacy through misappropriation and of their right to publicity, the court then did the same with respect to the defendant's alleged violation of the plaintiffs' right to privacy by presenting them in a false light. With respect to that cause of action, the court held that:

A claim for false light invasion of privacy is based upon an untruthful publication which places a person before the public in a manner that would be highly offensive to a reasonable person. In addition, the [defendant] must have had knowledge of or acted in reckless disregard as to the falsity of the publicized matter and the false light in which the other would be placed.¹²⁶³

The defendant argued its conduct did not qualify as highly offensive, only to have the court determine from the summary judgment record that "[a] jury could reasonably find that a strip club posting images of women without their consent is highly offensive."¹²⁶⁴ The defendant's attempt to escape liability under the intent prong of the test for liability by blaming a contractor also fell short in light of the plaintiffs' showing that the relationship between the defendant and the contractor was not necessarily an arm's length one and that the

¹²⁶⁰ *Id.* at 823–24.

¹²⁶¹ *Id.* at 824.

¹²⁶² *Id.*

¹²⁶³ *Id.* at 824–25 (alteration in original) (quoting *Doe v. Hagar*, 765 F.3d 855, 864 (8th Cir. 2014)).

¹²⁶⁴ *Id.* at 825.

defendant had acted with a reckless disregard for the plaintiffs' rights.¹²⁶⁵ The plaintiffs' claims therefore survived until trial.

In contrast, a different application of Iowa law on closely similar facts resulted in the denial of a motion for summary judgment of liability.¹²⁶⁶ The strip club defeating the motion of the professional models in that case successfully convinced the court that two factual disputes precluded a resolution of its potential liability as a matter of law for invasion of privacy through misappropriation and violations of the plaintiffs' right of privacy. The first such dispute was the question of whether the plaintiffs were identifiable from their pictures alone,¹²⁶⁷ and, as to the second, the court (rather generously) held a trial necessary to determine whether the availability of the models' images on the Internet meant that they had consented to the defendant's use of them.¹²⁶⁸ Then, having denying the plaintiffs' motion with respect to their request for liability as a matter of law, the court did the same with respect to their attempt to knock out of the case the defendant's claimed affirmative defense of innocent infringement because "[g]enerally, a court addresses affirmative defenses only after finding that the plaintiff established the required element of the relevant claim."¹²⁶⁹ A final unresolved claim brought under Iowa common law was advanced by the heirs of the owner, during the 1950s, of a bar named RUTHIE'S LOUNGE.¹²⁷⁰ The plaintiffs' decedent, who did business under the name "Ruthie," was known while alive for her ability to fill glasses with beer while balancing them on her breasts. Nineteen years after the death of the plaintiffs' decedent, the defendant opened a Des Moines brewery and brew pub "and modeled its flagship lager after 'Ruthie,' complete with a logo of a barmaid balancing beer on her bosom."¹²⁷¹ And, eight years after that, the plaintiffs filed suit.

Presented with several questions of first impression on the defendant's motion for summary judgment, the Iowa federal district court hearing the dispute held first that the Iowa Supreme Court not only would recognize a right of publicity under Iowa law,¹²⁷² but was likely to hold that right was descendible to heirs such as the plaintiffs.¹²⁷³ The plaintiffs' initial victories extended beyond those

¹²⁶⁵ *Id.*

¹²⁶⁶ *See Souza v. Charmed LLC*, 715 F. Supp. 3d 1118 (N.D. Iowa 2024).

¹²⁶⁷ *Id.* at 1126, 1128.

¹²⁶⁸ *Id.* at 1126–27, 1128.

¹²⁶⁹ *Id.* at 1128.

¹²⁷⁰ *See Est. of Bisignano by & through Huntsman v. Exile Brewing Co.*, 694 F. Supp. 3d 1088 (S.D. Iowa 2023).

¹²⁷¹ *Id.* at 1104.

¹²⁷² *Id.* at 1111–13.

¹²⁷³ *Id.* at 1113–16.

holdings to the court's additional determination that it was unnecessary for the plaintiff's decedent to have exploited that right during her lifetime.¹²⁷⁴ The court then rejected the defendant's argument that the plaintiffs necessarily forfeited their rights by failing to exploit their decedent's persona within two years of her death,¹²⁷⁵ an argument based on the two-year statute of limitations applicable to trademark claims under Iowa law.¹²⁷⁶

That left the defendant's claim of abandonment, as to which the court made the following two predictions:

- (1) the Iowa Supreme Court would not fix a set number of years for postmortem protection of the common law right of publicity, as any such bright-line rule is for the Iowa Legislature to decide; and
- (2) the Iowa Supreme Court nonetheless would conclude that a person's heirs can abandon, forfeit, or waive publicity rights, just as they can abandon, forfeit, or waive other property rights following the person's death.¹²⁷⁷

"In reaching these conclusions," the court went on, "the Court recognizes that there is no perfect analogy for common law right of publicity or name and likeness claims, as such claims implicate a blend of interests from unfair competition, trademark, copyright, and right to privacy laws, among others."¹²⁷⁸ It ultimately held, however, that the question of whether the plaintiffs had abandoned their rights constituted a jury question.

Finally, one denial of a summary judgment motion did *not* turn on Iowa law but instead occurred in a suit brought by a California insurance broker and her company.¹²⁷⁹ That suit accused the defendants of having misappropriated a photograph of the broker and substituting another person's head in it for that of the broker;

¹²⁷⁴ *Id.* at 1116–19.

¹²⁷⁵ The court rejected the defendant's argument that the plaintiffs' inactivity for more than two years doomed their claims with the following analysis:

[P]resumptive abandonment after two years seems far too short given the privacy-related interests that underlie publicity-type rights. A better analogy for unused publicity and name and likeness rights is therefore common law and statutory copyright. Under the common law, courts held that a person had the right in perpetuity to decide whether and when to publish an unpublished manuscript. An unused name and likeness is somewhat similar to an unpublished manuscript: it is the story of a person's life that, for whatever reason, the person and her heirs have chosen not to use commercially. That person (or her heirs) nonetheless should have extensive control over whether and when the story is used for commercial gain.

Id. at 1121 (citations omitted).

¹²⁷⁶ Iowa Code § 548.101(1)(a).

¹²⁷⁷ *Est. of Bisignano*, 694 F. Supp. 3d at 1222.

¹²⁷⁸ *Id.*

¹²⁷⁹ *See* *Adriana's Ins. Servs. Inc. v. Auto Int'l Ins. Agency, Inc.*, 687 F. Supp. 3d 992 (C.D. Cal. 2023).

according to the plaintiff, the defendants then used the altered photograph to advertise their competitive business. Following discovery in the case, the plaintiffs moved for summary judgment on the broker's cause of action for violation of her right of publicity under California common law. In entertaining that motion, the court noted that "[t]he misappropriation of a plaintiff's identity is not limited to names and faces; it can extend to other aspects such as voice, catchphrases, and distinctive outfits where those aspects are associated with the plaintiff."¹²⁸⁰ At the same time, however, "the appropriated aspect of identity must be identifiable, such that people recognize the plaintiff in the appropriated use."¹²⁸¹ "On this record," the court ultimately held, "genuine disputes of material fact remain as to whether [the broker's] pose, outfit, and jewelry are identifiable as her."¹²⁸²

***e. Violations of Rights Under Non-Persona-Based Rights
Under State-Law Causes of Action***

***i. Preemption of State-Law Causes of Action
by the Copyright Act***

Section 301(a) of the Copyright Act bars "all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright,"¹²⁸³ and that statute's preemptive effect came into play in a case challenging the operators of a generative artificial intelligence platform.¹²⁸⁴ The plaintiffs accused the platform, inter alia, of having been trained on their artwork and, when prompted by inputs using their names, of generating images that might or might not be confusingly similar to their own. (The plaintiffs' theory of relief under California law was something of a moving target.) The court granted the defendants' motion to dismiss with leave to amend but it warned the plaintiffs that, to the extent their restated claims rested on allegations of copyright infringement, those claims would be preempted.¹²⁸⁵

***ii. State-by-State Causes of Action
(A) Arizona***

One defendant's bid for the dismissal at the pleadings stage of causes of action under Arizona law for defamation and trade libel

¹²⁸⁰ *Id.* at 997.

¹²⁸¹ *Id.*

¹²⁸² *Id.* at 998.

¹²⁸³ 17 U.S.C. § 301(a) (2018).

¹²⁸⁴ *See Andersen v. Stability AI Ltd.*, 700 F. Supp. 3d 853 (N.D. Cal. 2023).

¹²⁸⁵ *Id.* at 875.

proved futile.¹²⁸⁶ The plaintiff asserting those causes of action manufactured noise-reducing enclosures for portable and standby generators such as those sold by the defendant. The plaintiff objected to allegedly false representations by the defendant that the plaintiff's enclosures were dangerous and would invalidate the warranties covering any generators with which they were used. The defendant's motion to dismiss apparently did not contest whether the plaintiff's complaint addressed the prima facie elements of each tort at issue, but instead asserted that the plaintiff was required to identify the precise individual making the statements.¹²⁸⁷ Professing itself "not persuaded," the court pointed out that the complaint identified the dates and location of the conference at which the defendant had allegedly made its unlawful statements and named several distributors of the defendant's generators in attendance. That information sufficiently placed the defendant on notice of the plaintiff's claims to allow the defendant to defend itself.¹²⁸⁸

(B) California

Applications of California trademark and unfair competition law typically generate several reported opinions within the scope of this Review each year, but those were few and far between. In one dispute in which the counterclaim plaintiffs accused a competitor of common-law unfair competition under California law, their counterclaim focused primarily on the counterclaim defendant's alleged misrepresentations about the counterclaim plaintiffs' product.¹²⁸⁹ Even if those alleged misrepresentations constituted actionable false advertising—and the court found they did not—they were not unfair competition "because 'the common law tort of unfair competition is generally thought to be synonymous with the

¹²⁸⁶ See *ZombieBox Int'l Inc. v. Generac Power Sys. Inc.*, 721 F. Supp. 3d 798 (D. Ariz. 2024).

¹²⁸⁷ That strategy, however, did not prevent the court from reciting that:

In Arizona, defamation requires: (1) a false statement; (2) published to a third party; where (3) the defendant (a) knew the statement was false and defamatory or (b) recklessly disregarded or negligently failed to ascertain the truth or defamatory nature of the statement. . . .

Trade libel, also referred to as commercial or product disparagement, is similar to defamation and often analyzed under the same standard. The elements of a trade libel claim in Arizona are: (1) intentional publication; (2) of an injurious falsehood; (3) disparaging the quality of another's property; (4) resulting in pecuniary loss.

Id. at 804 (citations omitted).

¹²⁸⁸ *Id.* at 805.

¹²⁸⁹ See *Automated Pet Care Prods., LLC v. PurLife Brands, Inc.*, 703 F. Supp. 3d 1022 (N.D. Cal. 2023).

act of “passing off” one’s goods as those of another.”¹²⁹⁰ The counterclaim was devoid of accusations to that effect, and it failed to state a claim. Moreover, the same counterclaim plaintiffs also failed to state a statutory claim for under California’s Unfair Competition Law (UCL),¹²⁹¹ which prohibits unlawful, fraudulent, or unfair business practices. The UCL’s unlawfulness prong typically requires a predicate legal violation, and, because the counterclaim plaintiffs had failed to allege one other than a fatally defective claim of federal false advertising, they were out of luck under that prong.¹²⁹² The same was true under the second and third prongs, with respect to which the counterclaim plaintiffs averred the counterclaim defendant had engaged in fraudulent unfair competition through its relationships with various content providers who promoted the counterclaim defendant’s products at the expense of those of the counterclaim plaintiffs; those averments, the court held, lacked the detail required by Rule 9(b) of the Federal Rules of Civil Procedure.¹²⁹³

(C) *Louisiana*

With its sister company having successfully defended itself in litigation resulting in a finding by the Trademark Trial and Appeal Board that its opponent’s claimed trade dress—covered by a federal registration—was invalid as functional, one plaintiff sought to turn the tables in a subsequent lawsuit brought in part under Louisiana law.¹²⁹⁴ The gravamen of the plaintiff’s cause of action under the Louisiana Unfair Trade Practices Act (LUTPA)¹²⁹⁵ was that the defendant had unlawfully prevented the plaintiff from entering the market in which the parties competed by asserting meritless claims of a valid trade dress both before the Board and in a parallel proceeding in federal district court. Although the action might have been a candidate for dismissal under the First Amendment-based *Noerr-Pennington* doctrine,¹²⁹⁶ the Fifth Circuit affirmed the dismissal of the plaintiff’s LUTPA claim on the more limited ground that the prosecution of a lawsuit, even an ultimately unsuccessful one, ordinarily could not support such a claim. Moreover, and with respect to the particular lawsuit at issue:

¹²⁹⁰ *Id.* at 1033 (quoting *Sybersound Records, Inc. v. UAV Corp.*, 517 F.3d 1137, 1153 (9th Cir. 2008)).

¹²⁹¹ Cal. Bus. & Prof. Code § 17200 *et. seq.*

¹²⁹² *Automated Pet Fare Prods.*, 703 F. Supp. 3d at 1033–34.

¹²⁹³ *Id.* at 1034 (citing Fed. R. Civ. P. 9(b)).

¹²⁹⁴ *See Carbon Six Barrels, L.L.C. v. Proof Rsch., Inc.*, 83 F.4th 320 (5th Cir. 2023).

¹²⁹⁵ La. Rev. Stat. Ann. § 51:1401 *et seq.*

¹²⁹⁶ *E. R.R. Presidents Conf. v. Noerr Motor Freight, Inc.*, 365 U.S. 875 (1961); *United Mine Workers v. Pennington*, 381 U.S. 657 (1965).

[The defendant's] conduct falls short of the types of egregious behavior necessary to support a LUTPA claim. Based on the existence of a registered trademark, [the defendant] filed suit against a company it believed was producing [competitive product designs] that would arguably be covered by the trademark. And it is far from obvious that [the defendant's] eventually terminated trademark was clearly invalid from the start. It took the TTAB nearly four years to consider and resolve the cancellation proceeding, which it did in a 49-page, highly technical opinion. . . . When [the defendant] initiated the trademark litigation, it was at least arguable that it possessed cognizable claims.¹²⁹⁷

(D) Massachusetts

Massachusetts law recognizes a cause of action against deceptive trade practices,¹²⁹⁸ but, as one federal district court of that state recognized, that cause of action does not reach all conduct allegedly damaging Massachusetts domiciliaries.¹²⁹⁹ Instead, when that conduct takes place in other jurisdictions, courts must consider three factors when determining whether it is actionable, namely: (1) the locus of the deceptive or unfair acts and practices; (2) the location where the wrongful conduct was received and acted upon; and (3) the place of injury or loss.¹³⁰⁰ In the case at hand, the defendants were based in Tennessee, and all “high-level decisions” bearing on the plaintiffs’ claims had taken place there, which meant that the first factor weighed against a potential imposition of liability on them.¹³⁰¹ Because the defendants had allegedly disseminated misrepresentations to customers “scattered across the globe,” the second factor also favored the defendants.¹³⁰² Because the lead plaintiff was based in Massachusetts, the third factor favored allowing it to assert its cause of action against the defendants, but, after balancing the three factors, the court concluded as a matter of law that the defendants’ allegedly deceptive conduct had occurred primarily and substantially outside of Massachusetts and therefore was not actionable under state law.¹³⁰³

¹²⁹⁷ *Carbon Six Barrels*, 83 F.4th at 327.

¹²⁹⁸ See Mass. Gen. L. ch. 93A, § 11.

¹²⁹⁹ See *SonicSolutions Algae Control, LLC v. Diversified Power Int'l, LLC*, 722 F. Supp. 3d 16 (D. Mass. 2024).

¹³⁰⁰ *Id.* at 49.

¹³⁰¹ *Id.*

¹³⁰² *Id.*

¹³⁰³ *Id.* at 50.

(E) Michigan

When a seller of frozen custard sought relief against a competitor's use of an allegedly infringing mark and trade dress, it asserted a claim under the Michigan Consumer Protection Act (MCPA),¹³⁰⁴ as well as under various other causes of action.¹³⁰⁵ After two years of litigation, the defendants sought to amend their answer to assert as a defense a provision of the MCPA¹³⁰⁶ they characterized as placing the plaintiff's MCPA cause of action under the exclusive jurisdiction of a state agency named Michigan Department of Agriculture and Rural Development (MDARD). Although denying the defendants leave to amend because of the untimeliness of their request,¹³⁰⁷ the court also rejected their theory of the MDARD's jurisdiction on the merits. The MDARD may have enjoyed the authority to regulate certain aspects of the sales of the parties' goods, but, because the plaintiff challenged the defendants' branding practices, the MCPA claim at issue was distinguishable from any enforcement-related activities the MDARD might undertake.¹³⁰⁸

(F) Nevada

A Nevada federal district court entertaining a motion for a default judgment of liability against one of many defendants in a case adopted a generous reading of the operative complaint.¹³⁰⁹ Although that document stated causes of action under the Nevada Deceptive Trade Practices Act¹³¹⁰ against all the defendants in the form of allegations of trademark and trade dress infringement, it neglected to describe the role of each defendant, including the defaulting defendant, in those torts. No matter, the court concluded in granting the plaintiff's motion, because the complaint allowed a reasonable inference that the defaulting defendant had engaged in the alleged misconduct.¹³¹¹

¹³⁰⁴ Mich. Comp. Laws § 445.903 *et seq.*

¹³⁰⁵ See *Custard Hut Franchise LLC v. H&J Jawad LLC*, 697 F. Supp. 3d 723 (E.D. Mich. 2023).

¹³⁰⁶ Mich. Comp. Laws § 445.904(1)(A).

¹³⁰⁷ *Custard Hut Franchise*, 697 F. Supp. 3d at 729–30.

¹³⁰⁸ *Id.* at 733–33.

¹³⁰⁹ See *BBK Tobacco & Foods, LLP v. Aims Grp. USA Corp.*, 723 F. Supp. 3d 973 (D. Nev. 2024).

¹³¹⁰ Nev. Rev. Stat. §§ 41.600(e), 598.0915.

¹³¹¹ *BBK Tobacco & Foods*, 723 F. Supp. 3d at 986.

(G) New York

Plaintiffs asserting causes of action for infringement and unfair competition law under New York law often invoke New York Business Law Sections 349 and 350,¹³¹² but those invocations often fall short because of a failure to allege, and then demonstrate, that the challenged conduct was consumer oriented.¹³¹³ For example, one cause of action under Section 349 bombed on a motion to dismiss in light of the plaintiff's failure to aver anything more than derivative damage from the defendants' conduct.¹³¹⁴ The plaintiff resold branded goods on eBay and claimed to have been victimized by false reports generated by the defendants' software to that platform that certain of the goods offered by the plaintiff bore counterfeit imitations of registered marks owned by one of the defendants' customers. Unusually, the plaintiff's Section 349 cause of action rested not on the alleged falsity of the takedown notice but instead on putatively inaccurate advertising by the defendants to the effect that their software could distinguish between genuine and fake goods; the plaintiff therefore claimed it had been damaged when the defendants' advertising deceived customers into purchasing and using their software to enforce their rights against the plaintiff. En route to its grant of the defendants' motion to dismiss, the court held that "Plaintiffs must plead that they have suffered actual injury caused by a materially misleading act, not that a misleading act led to further steps which eventually harmed them."¹³¹⁵ Because the plaintiff's claim of damage was entirely derivative, its Section 349 cause of action was fatally deficient as a matter of law.

The same opinion also disposed of the plaintiff's cause of action for aiding and abetting common-law unfair competition. Unsurprisingly holding the viability of that tort dependent on the existence of unfair competition in the first instance, the court noted that:

To plead common law unfair competition in New York requires a showing that the actor "(1) in commerce, (2) made a false or misleading representation of fact (3) in connection with goods or services (4) that is likely to cause consumer confusion as to the origin, sponsorship, or approval of the goods or services" (5) in bad faith.¹³¹⁶

¹³¹² N.Y. Gen. Bus. Law §§ 349, 350.

¹³¹³ *See, e.g.*, *Barbetta v. NBCUniversal Media, LLC*, 212 N.Y.S.3d 135, 139 (App. Div. 2024) (affirming dismissal of causes of action under Sections 349 and 350 in light of plaintiff's failure to aver consumer-oriented violations by defendants).

¹³¹⁴ *See Unlimited Cellular, Inc. v. Red Points Sols. SL*, 677 F. Supp. 3d 186 (S.D.N.Y. 2023).

¹³¹⁵ *Id.* at 203–04 (quoting *Frintzilas v. DirecTV, LLC*, 731 F. App'x 71, 72 (2d Cir. 2018)).

¹³¹⁶ *Id.* at 204 (quoting *Fischer v. Forrest*, No. 14-CV-1304 (PAE), 2015 WL 195822, at *33 (S.D.N.Y. Jan. 13, 2015)).

The last of these requirements proved the sticking point for the plaintiff. In particular, the court found that the plaintiff's complaint lacked factual averments supporting the theory that the defendants' customers had acted in bad faith in purchasing the defendants' software; the absence of those customers' potential liability precluded liability for the defendants under an aiding-and-abetting theory.¹³¹⁷

A separate opinion addressing various issues under New York law did so in the same context of an action by an unauthorized reseller of goods allegedly originally sold by the lead defendant.¹³¹⁸ The triggers for that action were takedown requests issued by an agent of the lead defendant—a second named defendant—to Amazon reciting that “we conclude this product is counterfeit” and “we can safely assume they are selling counterfeit products.”¹³¹⁹ The plaintiff asserted that those statements constituted defamation by the agent, but the agent successfully moved for the dismissal of that cause of action. It argued, and the court agreed, that the “we conclude” and “we can safely assume” qualifying language rendered the statements nonactionable statements of opinion.¹³²⁰

Going further, the court also dismissed the plaintiff's allegations of tortious interference with prospective business relations against the second defendant. The court noted that that tort required four showings by the plaintiff: “(1) the plaintiff had business relations with a third party; (2) the defendant interfered with those business relations; (3) the defendant acted for a wrongful purpose or used dishonest, unfair, or improper means; and (4) the defendant's acts injured the relationship.”¹³²¹ The plaintiff's averments of tortious interference failed under the second prong of the analysis, with the court holding that “removal of listings on an e-commerce platform does not constitute harm to the underlying business relationship with the platform.”¹³²²

Finally, the plaintiff's cause of action for unfair competition similarly met with misfortune. “The standard of unfair competition under New York law,” the court explained, “is a virtual cognate of the federal Lanham Act and is predicated on the theory of the misappropriation of a claimant's commercial goodwill.” “The essence of both sources of protection is the likelihood that the consuming public will be confused about the source of the allegedly infringing

¹³¹⁷ *Id.*

¹³¹⁸ *See* CDC Newburgh Inc. v. STM Bags, LLC, 692 F. Supp. 3d 205 (S.D.N.Y. 2023).

¹³¹⁹ *Id.* at 222.

¹³²⁰ *Id.* at 223.

¹³²¹ *Id.* at 224 (quoting Catskill Dev., L.L.C. v. Park Place Entm't Corp., 547 F.3d 115, 132 (2d Cir. 2008)).

¹³²² *Id.* at 225.

product.”¹³²³ The court concluded the operative complaint failed to state a claim because it neither credibly accused the second defendant of somehow substituting its products for those of the plaintiff nor advanced anything more than a “tenuous” and “circuitous” explanation of how that defendant might have misappropriated the plaintiff’s goodwill.¹³²⁴ The second defendant therefore escaped the case altogether, without the court addressing the issue of whether that defendant had acted with the bad faith required for liability for unfair competition.¹³²⁵

(H) North Carolina

Having had a jury find them liable for violating the North Carolina Unfair and Deceptive Trade Practices Act (NCUDTPA)¹³²⁶ through various misrepresentations about themselves and the plaintiff, the defendants in a case before a federal district court of that state sought to escape a multimillion-dollar judgment against them by arguing that the plaintiff itself (as opposed to consumers) had not relied on the misrepresentations.¹³²⁷ The court declined to disturb the jury’s verdict on that basis, citing its earlier holding at the summary judgment stage that:

[A] viable, distinct cause of action that has been recognized as, or may constitute, an unfair or deceptive trade practice and is not solely reliant on a defendant’s misrepresentations may serve as the basis for [an] [NCUDTPA] claim without

¹³²³ *Id.* (first quoting *Bangkok Crafts Corp. v. Capitolo di San Pietro in Vaticano*, 331 F. Supp. 2d 247, 255 (S.D.N.Y. 2004); and then quoting *E.R. Squibb & Sons, Inc. v. Cooper Lab’ys*, 536 F. Supp. 523, 526 (S.D.N.Y. 1982)).

¹³²⁴ *Id.* at 226. The court elaborated on this point with the following explanation:

[C]oncerning misappropriation, Plaintiff advances the tenuous argument that [the moving] Defendant misappropriated Plaintiff’s expenditures and good will because it filed reports alleging that Plaintiff’s listings violated [the lead Defendant’s] trademark rights, resulting in the removal of these listings; their removal purportedly benefitted Defendant because [the lead Defendant] hired [the moving] Defendant to enforce its trademark rights and as a “commission-based sales representative.” Although this circuitous reasoning may indicate that [the moving] Defendant received an indirect benefit from filing the Reports, as their removal of Plaintiff’s listings presumably benefits Defendant’s employer, [the lead] Defendant . . . , the act of filing them hardly represents a misappropriation of Plaintiff’s expenditures or good will.

Id.

¹³²⁵ *See, e.g., CDC Newburgh Inc. v. STM Bags, LLC*, 692 F. Supp. 3d 205, 230 (S.D.N.Y. 2023) (dismissing counterclaims for unfair competition under New York law based on insufficient averments of bad faith).

¹³²⁶ N.C. Gen. Stat. §§ 75-1.1 *et seq.*

¹³²⁷ *See CPI Sec. Sys., Inc. v. Vivant Smart Home, Inc.*, 710 F. Supp. 3d 438 (W.D.N.C. 2024), *appeal docketed*, No. 24-1120 (4th Cir. Feb. 7, 2024).

requiring the plaintiff show plaintiff's reliance on a misrepresentation to establish proximate cause.¹³²⁸

Things might have been different if the plaintiff's case had rested entirely on the defendants' misrepresentations, but, as the court noted, the trial record included the plaintiff's showings of additional misconduct by the defendants. Thus, "[w]here, as here, another established tort independently establishes a . . . violation, and the alleged misrepresentations merely form part of a broader claim that the defendant engaged in multiple unfair and deceptive behaviors, first-party reliance is not required"¹³²⁹

(I) *Tennessee*

The Tennessee Consumer Protection Act (TCPA),¹³³⁰ provides for liability if a defendant has engaged in an unfair or deceptive act and the plaintiff has suffered an "ascertainable loss of money or property, real, personal, or mixed, or any other article, commodity, or thing of value wherever situated"¹³³¹ Unlike claims of false advertising under Section 43(a) of the Lanham Act in most (but not all) jurisdictions, however, allegations of liability under the TCPA must be pleaded with particularity,¹³³² and that requirement proved the downfall of one plaintiff seeking relief for alleged false advertising under Tennessee, as well as federal, law.¹³³³ Accusing the defendants of having "poached" the plaintiff's customers through various misrepresentations, the plaintiff claimed "an ascertainable loss of money and property as a direct result of [the defendants'] unfair and deceptive trade practices."¹³³⁴ The court held those averments too "threadbare" to survive until the proof stage of the case,¹³³⁵ even though it reached the opposite conclusion where the plaintiff's cause of action for false advertising under Section 43(a) was concerned.¹³³⁶

¹³²⁸ *Id.* at 452.

¹³²⁹ *Id.* at 453.

¹³³⁰ Tenn. Code Ann. § 47-18-104 *et seq.*

¹³³¹ *Id.* § 47-18-109(a)(1).

¹³³² *See, e.g.,* Harding v. BMW of N. Am., LLC, No. 3:20-cv-00061, 2020 WL 5039439, at *2 (M.D. Tenn. Aug. 26, 2020) ("District courts in Tennessee have held that [Federal] Rule [of Civil Procedure] 9(b) applies to TCPA claims.").

¹³³³ *See* ChampionX, LLC v. Resonance Sys., Inc., 726 F. Supp. 3d 786 (E.D. Tenn. 2024).

¹³³⁴ *Id.* at 834.

¹³³⁵ *Id.*

¹³³⁶ *Id.* at 831.

(J) Utah

The Utah Truth in Advertising Act (UTAA)¹³³⁷ makes various categories of misconduct actionable, and certain of them featured prominently in an opinion arising from litigation between competitors in the market for restraints intended to help buildings survive earthquakes.¹³³⁸ The gravamen of the claims by one of the plaintiffs under the UTAA was that the defendants had falsely advertised their goods by disseminating a design manual containing alleged misrepresentations. That plaintiff relied in part on two subsections of the UTAA, which prohibited “represent[at]ions that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or qualities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that the person does not have”¹³³⁹ and “represent[at]ions that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another.”¹³⁴⁰ Claiming the plaintiff had failed to adduce any evidence or testimony of likely confusion, the defendants moved for summary judgment on that basis, only to have the Utah federal district court hearing the case deny their motion because likely confusion was not a prerequisite for liability under the two subsections at issue.¹³⁴¹

Nevertheless, things were different where the plaintiff’s reliance on two other subsections of the UTAA were concerned. Those subsections defined actionable deceptive practices under the UTAA as including conduct “caus[ing] likelihood of confusion or of misunderstanding as to the source, sponsorship, approval, or certification of goods or services”¹³⁴² and “caus[ing] likelihood of confusion or of misunderstanding as to affiliation, connection, association with, or certification by another.”¹³⁴³ Without controlling authority from the Tenth Circuit or Utah appellate courts, the plaintiff proposed, and the court adopted, a rather bizarre analysis aimed at determining the likelihood of confusion between the plaintiff’s corporate persona and the defendants’ design manual. Even more improbably, that analysis imported the Tenth Circuit’s usual multifactored test for likely confusion in the trademark-infringement context. Applying that test, the court found the mark-

¹³³⁷ Utah Code Ann. § 13-11a-1 et seq.

¹³³⁸ See *SME Steel Contractors, Inc. v. Seismic Bracing Co.*, 681 F. Supp. 3d 1181 (D. Utah 2023), *appeal docketed*, No. 23-2426 (Fed. Cir. Sept. 26, 2023).

¹³³⁹ Utah Code Ann. § 13-11a-3(1)(e).

¹³⁴⁰ *Id.* § 13-11a-3(1)(g).

¹³⁴¹ *SME Steel Contractors*, 681 F. Supp. 3d at 1212.

¹³⁴² Utah Code Ann. § 13-11a-3(1)(b).

¹³⁴³ *Id.* § 13-11a-3(1)(c).

similarity factor inapplicable (and therefore neutral) over the objections of the plaintiff, which urged the court “to compare its persona to the ninety-page Design Manual, with specific attention to the drawings, project list, logo, and statements regarding testing.”¹³⁴⁴ It then found that evidence of the defendants’ alleged bad faith weighed “moderately” in favor of liability¹³⁴⁵ and that the plaintiff also had shown similarities in the parties’ goods and marketing strategies,¹³⁴⁶ as well as the strength of its corporate persona.¹³⁴⁷ Nevertheless, those considerations were outweighed by the absence of actual confusion in the summary judgment record¹³⁴⁸ and the defendants’ proof that the parties’ customers exercised a high degree of care when placing orders.¹³⁴⁹ Even if the results of an application of the factors favored the plaintiff “[f]rom a purely quantitative standpoint,” the defendants were still entitled to summary judgment.¹³⁵⁰

f. Secondary Liability

i. Contributory Infringement and Unfair Competition

As a general proposition, a defendant can be liable for contributory infringement or unfair competition under either (or both) of two circumstances: (1) it has intentionally induced another party to engage in actionable misconduct; or (2) it continues to supply a good or service to one whom it knows is engaged in that misconduct.¹³⁵¹ Addressing a claim of contributory infringement under the second theory, one court hearing a case against an on-demand printing service noted that “general knowledge of infringement is insufficient. Instead, ‘[s]ome contemporary knowledge of which particular listings are infringing or will infringe in the future is necessary’ for a determination that the defendant engaged in contributory trademark infringement.”¹³⁵² That meant that:

Where a defendant on notice of specific infringement “undertakes bona fide efforts to root out infringement, . . .

¹³⁴⁴ *SME Steel Contractors*, 681 F. Supp. 3d at 1213.

¹³⁴⁵ *Id.* at 1214.

¹³⁴⁶ *Id.* at 1215.

¹³⁴⁷ *Id.* at 1215–16.

¹³⁴⁸ *Id.* at 1214–15.

¹³⁴⁹ *Id.* at 1215.

¹³⁵⁰ *Id.* at 1216.

¹³⁵¹ *See Inwood Lab’ys v. Ives Laby’s*, 456 U.S. 844, 854 (1982).

¹³⁵² *Atari Interactive, Inc. v. Printify, Inc.*, 714 F. Supp. 3d 225, 235 (S.D.N.Y. 2024) (alteration in original) (quoting *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 106 (2d Cir. 2010)), *appeal withdrawn sub nom.* *ABC v. Does 1–10*, No. 24-501, 2024 WL 3963729 (2d Cir. June 12, 2024).

that will support a verdict finding no liability, even if the defendant was not fully successful in stopping infringement. But if the defendant decides to take no or little action, it will support a verdict finding liability.”¹³⁵³

Based on the preliminary injunction record before it, the court found the defendant had indeed taken bona fide efforts to root out the alleged infringement facilitated by its website. Those efforts included: (1) an evaluation of URLs identified by the plaintiff as linking to merchant websites selling goods with potentially infringing marks; (2) a manual review of nearly 60,000 of those merchants’ sales; (3) the removal of thirty-seven goods bearing problematic marks; and (4) proactive searches through its database for references to the plaintiff, which resulted in the removal of additional goods.¹³⁵⁴ Coupled with “[t]he relatively low number of potential infringements” when compared to the overall volume of the defendant’s business, those actions precluded a finding of contributory infringement.¹³⁵⁵ Moreover, the same analysis led the court to conclude that the defendant could not be found contributorily liable for likely dilution as well.¹³⁵⁶

ii. Vicarious Liability

Discussions of vicarious liability for infringement and unfair competition were absent from reported opinions.

g. Individual Liability

Having found a corporate defendant liable for infringement, one court found that defendant’s principal individually liable for the same tort.¹³⁵⁷ According to its test for individual liability, “[n]atural persons, as well as corporations, may be liable for trademark infringement under the Lanham Act.’ Personal liability for trademark infringement attaches to agents of a company if the individual ‘actively and knowingly caused the infringement,’ such that he was ‘a moving, active, conscious force.’”¹³⁵⁸ The individual defendant’s conduct satisfied that test based on testimony in the trial record that, inter alia: (1) he was the corporate defendant’s

¹³⁵³ *Id.* at 235 (alteration in original) (quoting *Omega SA v. 375 Canal, LLC*, 984 F.3d 244, 255 (2d Cir. 2021)).

¹³⁵⁴ *Id.*

¹³⁵⁵ *Id.*

¹³⁵⁶ *Id.* at 237.

¹³⁵⁷ *See* *Nutrados Labs, LLC v. Bio Dose Pharma, LLC*, 710 F. Supp. 3d 1200 (S.D. Fla. 2024), *aff’d sub nom.* *Nutrados Labs, LLC v. Santamarta*, No. 24-10381, 2025 WL 337971 (11th Cir. Jan. 30, 2025) (per curiam).

¹³⁵⁸ *Id.* at 1227 (first quoting *Chanel, Inc. v. Italian Activewear of Fla., Inc.*, 931 F.2d 1472, 1477 (11th Cir. 1991); and then quoting *id.* at 1478).

president, CEO, and sole manager;¹³⁵⁹ (2) “nothing” happened behind his back;¹³⁶⁰ (3) he did “everything” at the company; and (4) he was “the ultimate decisionmaker” there.¹³⁶¹ Based on that testimony, the court found the individual defendant was, in fact, the moving, active, and conscious force behind the corporate defendant’s misconduct.¹³⁶²

Other individual defendants fared better. Those included the individual owner of several corporate co-defendants, which the plaintiff alleged were the alter egos of the individual defendant.¹³⁶³ Assuming for purposes of that defendant’s motion to dismiss that the plaintiff need only satisfy the notice pleading requirements of Rule 8 of the Federal Rules of Civil Procedure,¹³⁶⁴ the court held that “[t]o satisfy the alter ego test, a plaintiff must make out a prima facie case (1) that there is such unity of interest and ownership that the separate personalities of the two entities no longer exist, and (2) that failure to disregard their separate entities would result in fraud or injustice.”¹³⁶⁵ It then identified the following considerations as relevant to the first of those inquiries, which was the only one of the two urged upon the court by the plaintiff:

commingling of funds and other assets of the two entities, the holding out by one entity that is liable for the debts of the other, identical equitable ownership in the two entities, use of the same offices and employees, use of one as a mere shell or conduit for the affairs of the other, inadequate capitalization, disregard of corporate formalities, lack of segregation of corporate records, and identical directors and officers.¹³⁶⁶

Although the plaintiff alleged the individual defendant dominated the corporate defendants and that he had formed them in furtherance of a fraudulent scheme to counterfeit the plaintiff’s marks, those allegations were no more than “labels and conclusions” failing to establish anything more than a “normal corporate relationship.”¹³⁶⁷ The court likewise dismissed the plaintiff’s averments of commingling of funds and inventories by the corporate

¹³⁵⁹ *Id.*

¹³⁶⁰ *Id.*

¹³⁶¹ *Id.*

¹³⁶² *Id.*

¹³⁶³ See *Motul S.A. v. USA Wholesale Lubricant, Inc.*, 686 F. Supp. 3d 900 (N.D. Cal. 2023).

¹³⁶⁴ Fed. R. Civ. P. 8.

¹³⁶⁵ *Motul*, 686 F. Supp. 3d at 910 (quoting *Ranza v. Nike, Inc.*, 793 F.3d 1059, 1071 (9th Cir. 2015)).

¹³⁶⁶ *Id.* at 911 (quoting *Payoda, Inc. v. Photon Infotech, Inc.*, No. 14-CV-04103-BLF, 2015 WL 4593911, at *2 (N.D. Cal. July 30, 2015)).

¹³⁶⁷ *Id.* at 912.

defendants as lacking the required “factual specificity.”¹³⁶⁸ The plaintiff argued additional facts in opposing the individual defendant’s motion to dismiss, but those did not cure the deficiencies in the complaint.¹³⁶⁹

Another individual defendant to come out ahead was the principal of a strip club at a time when the club promoted its services through unauthorized images in Facebook advertising of professional models and social media influencers.¹³⁷⁰ The record assembled by the parties in support of their cross-motions for summary judgment established that the individual defendant had hired a third-party contractor who had placed the challenged advertising and given him access to the club’s social media accounts but also that the individual defendant had not personally participated in the accused misconduct underlying the plaintiffs’ claims. Because a reasonable jury could conclude at most that the individual defendant had acquiesced in the contractor’s activities, summary judgment of nonliability was appropriate.¹³⁷¹

Likewise, a different court affirmatively rejected a claim of individual liability on a preliminary injunction motion.¹³⁷² The court did so based in part on the plaintiff’s failure to prove its case with respect to the individual defendant’s employer, but it also found the plaintiff had not satisfied the test for liability with respect to that defendant: “Under the Lanham Act, a corporate officer may be held personally liable for trademark infringement and unfair competition if the officer is a moving, active conscious force behind [the defendant corporation’s] infringement.”¹³⁷³ In particular, the court found the plaintiff had “not point[ed] to any specific actions of [the individual defendant] that demonstrate his active involvement with the infringement. . . . [The plaintiff’s] motion ‘is silent as to any specific actions “authorized” by [the individual defendant], stating only that [he] control[s] the acts of [the corporate defendant] and [is] directly responsible for or ha[s] otherwise orchestrated the acts of trademark infringement.’”¹³⁷⁴

Finally, some courts chose to defer final dispositions of the claims of individual liability before them. For example, one denied a motion to dismiss filed by the president of a limited liability company accused

¹³⁶⁸ *Id.*

¹³⁶⁹ *Id.*

¹³⁷⁰ See *Ratchford v. Orange Lantern, Inc.*, 720 F. Supp. 3d 64 (D. Mass. 2024).

¹³⁷¹ *Id.* at 76.

¹³⁷² See *Atari Interactive, Inc. v. Printify, Inc.*, 714 F. Supp. 3d 225 (S.D.N.Y. 2024), *appeal withdrawn sub nom.* *ABC v. Does 1–10*, No. 24-501, 2024 WL 3963729 (2d Cir. June 12, 2024).

¹³⁷³ *Id.* at 237 (alteration in original) (quoting *Cartier v. Aaron Faber, Inc.*, 512 F. Supp. 2d 165, 170 (S.D.N.Y. 2007)).

¹³⁷⁴ *Id.* (fifth, sixth, eighth, and ninth alterations in original).

of having trafficked in sunglasses bearing counterfeit imitations of registered marks owed by the plaintiff.¹³⁷⁵ The court teed the issue up by holding that “a corporate officer who directs, controls, ratifies, participates in, or is the moving force behind the infringing activity, is personally liable for such infringement without regard to piercing of the corporate veil.”¹³⁷⁶ It then noted that the operative complaint identified the individual defendant as the president, manager, and member of the lead defendant and further averred that his involvement in the lead defendant’s conduct extended to his having approved the purchase and sale of the goods in question, as well as his knowledge or at least willful blindness of their unlawful nature. “Taking Plaintiff’s allegations as true and construing them in the light most favorable to Plaintiff,” the court held, “it is at least plausible to infer that [the individual] Defendant . . . had some managerial control and responsibility over [the lead defendant’s] business operation including decisions related to the sale of the purported counterfeit sunglasses.”¹³⁷⁷

Another defendant managed to escape liability on such a claim at least on the parties’ cross-motions for summary judgment.¹³⁷⁸ When two organizations that previously had cooperated in running women’s lacrosse tournaments had a falling out and one launched its own tournaments using marks to which the plaintiff claimed rights, litigation predictably ensued. The plaintiff named as defendants both its former partner in running the tournaments and that entity’s president, whose name and image appeared prominently in promotional collateral also featuring allegedly infringing imitations of the plaintiff’s claimed CAPITAL CUP, CHAMPIONS CUP, MIDWEST CUP, NEW ENGLAND CUP, and PRESIDENTS CUP marks:¹³⁷⁹



¹³⁷⁵ See *Luxottica Grp. S.p.A. v. BK Deals, LLC*, 710 F. Supp. 3d 1185 (S.D. Fla. 2024).

¹³⁷⁶ *Id.* at 1187 (quoting *Babbit Elecs., Inc. v. Dynascan Corp.*, 38 F.3d 1161, 1184 (11th Cir. 1994)).

¹³⁷⁷ *Id.* at 1188.

¹³⁷⁸ See *Intercollegiate Women’s Lacrosse Coaches Ass’n v. Corrigan Sports Enters.*, 694 F. Supp. 3d 625 (M.D.N.C. 2023).

¹³⁷⁹ *Id.* at 647.

Both parties moved for summary judgment, but both did so unsuccessfully. In support of its motion to have the individual defendant held personally liable, the plaintiff cited to his status as the lead defendant's president, his role in removing the plaintiff's name from the materials used to advertise the defendants' competitive tournaments, and his transmittal of e-mails promoting those tournaments; in response, the defendants pointed to the individual's alleged intent to distance the lead defendant from the plaintiff. The court found that factual disputes precluded a grant of either side's motion for summary judgment but not before offering the following explanation of the relevant test: "In a corporate trademark infringement suit, 'an officer of a corporation can be held personally liable for his own conduct in infringing on another's trademark.' Courts have imposed personal liability where the corporate officer was the 'active and conscious force' behind the infringing activity."¹³⁸⁰

h. Joint and Several Liability

A California federal district court weighing a motion for a default judgment that would impose joint and several liability on two defendants besides the lead one split the judicial baby in responding to that request.¹³⁸¹ The court found one of the additional defendants properly subject to liability because it was part of the chain of distribution for the accused goods and because "[c]ourts in the Ninth Circuit have held that in patent, trademark . . . infringement cases, any member of the distribution chain of allegedly infringing products can be 'jointly and severally liable' for the alleged misconduct."¹³⁸² In contrast, the failure of the operative complaint to aver any facts tying the remaining defendant either to the lead defendant's unlawful behavior or to the chain of distribution for the goods precluded that remedy with respect to that defendant.¹³⁸³

¹³⁸⁰ *Id.* at 679–80 (first quoting *Life Techs. Corp. v. Govindaraj*, 931 F.3d 259, 266 (4th Cir. 2019); and then quoting *Cartier Int'l A.G. v. Daniel Markus, Inc.*, No. 10-1459, 2013 WL 5567150, at *7 (D.N.J. Oct. 8, 2013)).

¹³⁸¹ *See Schluter Sys., L.P. v. Telos Acquisition Co. 10, LLC*, 730 F. Supp. 3d 993 (N.D. Cal. 2024).

¹³⁸² *Id.* at 1018 (second alteration in original) (quoting *Adobe Sys., Inc. v. Blue Source Grp.*, 125 F. Supp. 3d 945, 973 (N.D. Cal. 2015)).

¹³⁸³ *Id.* (fifth, sixth, eighth, and ninth alterations in original) (quoting *Coty Inc. v. Cosmopolitan Cosms. Inc.*, 432 F. Supp. 3d 345, 353 (S.D.N.Y. 2020)).

2. Defenses

a. Legal Defenses

i. Sovereign Immunity

The federal government and its departments and agents enjoy sovereign immunity immune from suits against them arising from the exercise of their official capacities. Thus, “[q]ualified immunity shields government officials from damages unless (1) they violated a federal statutory or constitutional right and (2) the unlawfulness of their conduct was clearly established at the time.”¹³⁸⁴ That immunity can be waived, but such a waiver “must be unequivocally expressed in statutory text.”¹³⁸⁵ Without such an unambiguous waiver, a claim against the government must be dismissed for want of federal subject-matter jurisdiction.¹³⁸⁶

These principles came into play in a pair of opinions arising from a suit by a former trademark licensee against, inter alia, the United States Department of Defense and the trademark licensing offices of the United States Army, Navy, Air Force, and Marines, as well as against certain individual officials and employees of those defendants. The gravamen of the plaintiff’s complaint was that the institutional defendants¹³⁸⁷ had terminated some licenses to the plaintiff to use the defendants’ marks and had declined to issue others. Those actions were driven by a Department of Defense instruction providing that “DoD marks may not be licensed for any purpose intended to promote ideological movements, sociopolitical change, religious beliefs (including non-belief), specific interpretations of morality, or legislative/statutory change.”¹³⁸⁸ As reflected in the following representative examples, the plaintiff’s past and proposed future merchandise fell within the instruction’s scope:¹³⁸⁹

¹³⁸⁴ *Shields of Strength v. U.S. Dep’t of Def.*, 672 F. Supp. 3d 256, 284 (E.D. Tex. 2023) (“*Shields of Strength I*”).

¹³⁸⁵ See *Lane v. Pena*, 518 U.S. 187, 192 (1996).

¹³⁸⁶ *Shields of Strength v. U.S. Dep’t of Def.*, 735 F. Supp. 3d 755, 764 (E.D. Tex. 2024) (“*Shields of Strength II*”).

¹³⁸⁷ The individual defendants escaped liability early in the case through an immunity-based motion to dismiss. See *Shields of Strength I*, 672 F. Supp. 3d at 284–85.

¹³⁸⁸ *Shields of Strength II*, 735 F. Supp. 3d at 768 (quoting U.S. Dep’t of Def. Instruction (DoDI) 5535.12, *DoD Branding & Trademark Licensing Program Implementation* at 6, Encl. 2, ¶ 2(d) (Sept. 13, 2013), www.esd.whs.mil/Portals/54/Documents/DD/issuances/dodi/553512p.pdf).

¹³⁸⁹ *Id.* at 772–73.



Although dismissing for failure to state a claim the plaintiff's various causes of action—which included those under the Free Speech, Free Exercise, and Establishment Clauses of the First Amendment, the Religious Freedom Restoration Act of 1993,¹³⁹⁰ and the Lanham Act—to the extent the plaintiff sought monetary relief,¹³⁹¹ the court was more sympathetic to at least some of the plaintiff's requests for injunctive relief. With respect to at least the Department of Defense, the Army, the Air Force, and the Marines, it found in a detailed examination of the issue that, because those entities had not only declined to issue the requested licenses but also had demanded that the plaintiff discontinue the use of their marks, their conduct fell within an express waiver of immunity in the Administrative Procedure Act applicable to requests for relief other than money damages.¹³⁹² The Navy had merely refused to license the plaintiff, however, and the waiver did not apply to it.¹³⁹³

The defendants fared better under two additional theories of waiver asserted by the plaintiff. The first relied on Section 40(a) of the Lanham Act, which provides that “[t]he United States . . . shall not be immune from suit . . . for any violation under this chapter.”¹³⁹⁴ The court found that section inapplicable “because [the plaintiff] is not alleging that the military ‘violated’ the Lanham Act,

¹³⁹⁰ 42 U.S.C. § 2000bb *et seq.* (2018).

¹³⁹¹ *Shields of Strength II*, 735 F. Supp. 3d at 764.

¹³⁹² *Id.* at 771 (citing 5 U.S.C. § 702 (2018)).

¹³⁹³ *Id.* at 770.

¹³⁹⁴ 15 U.S.C. § 1122(a) (2018).

as if the military was accused of infringing or diluting [the plaintiffs] own trademarks. The military is accused of overclaiming the scope of its own rights under the Lanham Act. But that is not a Lanham Act ‘violation.’”¹³⁹⁵ The court then rejected the second of the plaintiffs alternative theories of waiver, which was that the defendants had waived their immunity through their conduct, which the court found unconvincing because “[t]he established rule is that the sovereign immunity of the United States cannot be waived by the actions of its officials.”¹³⁹⁶

A more easily resolved claim of sovereign immunity under Florida law presented itself in a different case.¹³⁹⁷ The counterclaim defendant asserting that defense was a Florida educational agency, which had responded to a cancellation action by the counterclaim plaintiffs by bringing suit against them for infringement, unfair competition, and false advertising and then convincing the Trademark Trial and Appeal Board to suspend its proceedings. Responding to those allegations, the counterclaim plaintiffs asked the court to cancel the counterclaim defendant’s registrations, only to have the counterclaim defendant claim sovereign immunity. In denying a motion to dismiss the counterclaim for cancellation, the court addressed, but did not definitively resolve, the question of whether the counterclaim defendant’s status as a state agency protected it against such a challenge. That resolution was unnecessary because the counterclaim defendant had waived whatever immunity it otherwise might have had through its litigation conduct. Specifically, by filing suit to protect its marks in the first instance, the counterclaim defendant could not object to the counterclaim plaintiffs’ pursuit of relief mirroring that sought by the counterclaim defendant itself. “By bringing suit for trademark infringement and moving to suspend the parallel proceeding in the TTAB,” the court explained, “[the counterclaim defendant] has clearly waived sovereign immunity as it applies to [the counterclaim plaintiffs] [c]ounterclaim seeking cancellation of the [registrations covering the] marks under which they have been sued.”¹³⁹⁸

ii. Abandonment

Section 45 of the Act provides in part that:

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

¹³⁹⁵ *Shields of Strength II*, 735 F. Supp. 3d at 771.

¹³⁹⁶ *Id.* at 772.

¹³⁹⁷ *See Fla. Virtual Sch. v. K12, Inc.*, 674 F. Supp. 3d 1127 (M.D. Fla. 2023).

¹³⁹⁸ *Id.* at 1135–36.

circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. “Use” of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

(2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph.¹³⁹⁹

In addition to these two circumstances, courts also have recognized that abandonment of trademark rights can arise from naked licensing and assignments in gross.

Whatever the theory of abandonment at issue, more than one court required the party asserting it to carry its burden through more than the usual preponderance of evidence and testimony. For example, and consistent with controlling Eleventh Circuit authority, a Florida federal district court observed that a party claiming abandonment through nonuse bears “a stringent, heavy, or strict burden of proof.”¹⁴⁰⁰ And another court held that “[a]bandonment of a trademark must be ‘proved by clear and convincing evidence.’”¹⁴⁰¹

(A) *Nonuse*

Where Section 45’s definition of abandonment of nonuse is concerned, a litigant claiming the abandonment of trademark rights through nonuse obviously bears a threshold burden of demonstrating nonuse in the first instance, and multiple defendants failed to make that showing. The most spectacular such failure was driven by a counterclaim for cancellation that on its face demonstrated that the challenged mark—DUBLINERS for beer and ale—remained in use.¹⁴⁰² The counterclaim cited three bases for the assertion that the counterclaim defendant had discontinued the mark’s use: (1) the mark was absent from a photograph of an array of taps in the counterclaim defendant’s place of business; (2) it also was absent from online menus; and (3) the counterclaim defendant had separately registered AULD DUBLINER mark for the same

¹³⁹⁹ 15 U.S.C. § 1127 (2018).

¹⁴⁰⁰ *Open Sea Distrib. Corp. v. Artemis Distrib., LLC*, 692 F. Supp. 3d 1151, 1188 (M.D. Fla. 2023) (quoting *Cumulus Media, Inc. v. Clear Channel Commc’ns, Inc.*, 304 F.3d 1167, 1175 (11th Cir. 2002)).

¹⁴⁰¹ *Nero Int’l Holding Co. v. NEROTix Unlimited Inc.*, 695 F. Supp. 3d 110, 124 (D. Mass. 2023) (quoting *Dialogo, LLC v. Bauza*, 467 F. Supp. 2d 115, 128 (D. Mass. 2006)).

¹⁴⁰² *See Dubliner, Inc. v. E. Coast Tavern Grp.*, 706 F. Supp. 3d 181 (D. Mass. 2023).

goods.¹⁴⁰³ The court rejected each of the three assertions because: (1) the counterclaim plaintiffs' photograph was so indistinct as to be probative of nothing;¹⁴⁰⁴ (2) the counterclaim did not reproduce the menus allegedly missing the DUBLINER mark, while Wayback Machine captures of menus proffered by the counterclaim defendant did feature the mark;¹⁴⁰⁵ and (3) "[the counterclaim defendant's] registration of a subsequent trademark covering some of the same goods or services as one of its prior-registered marks does not make abandonment of that prior-registered mark plausible; instead, it likely suggests [the counterclaim defendant's] intent to enhance its suite of protected marks."¹⁴⁰⁶ The counterclaim for abandonment therefore failed to state a claim.

Other litigants similarly failed to establish nonuse, at least for purposes of motions for their motions for judgment as a matter of law. For example, in challenging the validity of the registered mark asserted against them, one group of defendants averred in a counterclaim that the mark did not appear on the plaintiff's website.¹⁴⁰⁷ That allegation failed to defeat a motion to dismiss for failure to state a claim, for, as the court explained, "[the] [d]efendants allege no facts as to how long the mark lay dormant, when the nonuse took place, or whether [the plaintiff] intended to resume use. Citing one website purportedly showing present nonuse is not enough to state a plausible claim."¹⁴⁰⁸

A different claim of nonuse fell equally short of the mark on a defense motion for summary judgment.¹⁴⁰⁹ That motion rested exclusively on testimony from two of the plaintiff's employees, its Manager of Product Marketing and its Senior Vice President, that they lacked any knowledge of ongoing sales of goods under the mark at issue. The court found that showing deficient, observing that:

It is unclear how this lack of knowledge regarding use of the . . . mark . . . constitutes proof that [the plaintiff] discontinued use of its mark, let alone prima facie evidence of three years of consecutive nonuse. Parties asserting abandonment are required to "strictly prove" their claim, which in part requires proof of "*complete* cessation or discontinuance" of the mark in question. But [the witness's] testimonies only demonstrate that they lacked knowledge regarding use of the mark on speakers, not that the company had ceased use of

¹⁴⁰³ *Id.* at 193.

¹⁴⁰⁴ *Id.* at 195–96.

¹⁴⁰⁵ *Id.* at 194–95.

¹⁴⁰⁶ *Id.* at 196.

¹⁴⁰⁷ *See* Alfwear, Inc. v. IBKUL Corp., 672 F. Supp. 3d 1174 (D. Utah 2023).

¹⁴⁰⁸ *Id.* at 1190.

¹⁴⁰⁹ *See* Harman Int'l Indus. v. Jem Accessories, Inc., 668 F. Supp. 3d 1025 (C.D. Cal. 2023), *aff'd*, No. 23-55774, 2024 WL 4750497 (9th Cir. Nov. 12, 2024).

the mark in that context. Indeed, [the plaintiff's Senior Vice President] still maintained that such a use was possible, despite his lack of knowledge.¹⁴¹⁰

Worse still from the defendant's perspective, the plaintiff adduced evidence of "significant sales" under the mark during the time the time the defendant claimed the mark was no longer used.¹⁴¹¹ "While this evidence may not be conclusive," the court held, "a reasonable jury could rely on it to find that [the plaintiff] has used the mark in commerce sufficiently to defeat [the defendant's] claim of abandonment."¹⁴¹²

Of course, even if nonuse exists, it must be coupled with an intent not to resume use to warrant a finding of abandonment. Thus, as have numerous tribunals before it, a Massachusetts federal district court confirmed that a mere discontinuance of sales under a mark is in and of itself an insufficient basis for such a finding.¹⁴¹³ It initially observed that "[a] temporary dissolution or cessation of a company does not mean that the company's trademark has come to an end."¹⁴¹⁴ "In particular," it continued, "[t]he temporary and involuntary dissolution of a corporation for failure to file corporate reports while the corporation made a continuing use of a tradename or mark does not result in abandonment of the mark or a break in the chain of continuity of use."¹⁴¹⁵ In the case before it, however, the record created by the parties' cross-motions for summary judgment established beyond material dispute that the corporate plaintiff had failed to use, or license the use of, several disputed marks during a six-year period during which that plaintiff had been dissolved. That inaction therefore constituted *prima facie* evidence of the abandonment of the corporate plaintiff's rights. Nevertheless, an individual plaintiff's issuance of licenses through other companies he had formed and his collection of royalties under those agreements created factual disputes regarding both his ongoing use of the marks and his intent to resume the marks' use. "Thus," the court found, "a jury question exists as to whether [the individual plaintiff] continued use of the [disputed] [m]arks or abandoned them during this period. [The individual plaintiff] may have fiddled while his

¹⁴¹⁰ *Id.* at 1035 (first quoting *Electro Source, LLC v. Brandess-Kalt-Aetna Grp.*, 458 F.3d 931, 935 n.2 (9th Cir. 2006); and then quoting *id.* at 938).

¹⁴¹¹ *Id.* at 1036.

¹⁴¹² *Id.*

¹⁴¹³ *See Nero Int'l Holding Co. v. NEROTix Unlimited Inc.*, 695 F. Supp. 3d 110 (D. Mass. 2023)

¹⁴¹⁴ *Id.* at 124.

¹⁴¹⁵ *Id.* (alteration in original) (quoting 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 17:14 (5th ed. 2023)).

corporations burned, but [his] use (or abandonment) of the . . . [m]arks remains a disputed issue of fact.”¹⁴¹⁶

In contrast, the First Circuit affirmed a finding as a matter of law of abandonment through nonuse.¹⁴¹⁷ The court did so in a case in which a declaratory judgment defendant had failed to use its mark for more than three years after a lender had frozen its financing. The district court found abandonment on summary judgment, and the First Circuit affirmed. As a threshold strategy, the defendant invoked its dispute with the lender as support for the proposition that its putatively excusable nonuse prevented Section 45’s three-year clock from running. The court rejected that theory with the observation that:

The Lanham Act means what it says: “Nonuse for 3 consecutive years shall be prima facie evidence of abandonment.” The text does not distinguish between inexcusable and excusable years of nonuse. Indeed, the statute is agnostic about the reason for a mark’s hibernation. What matters, for the purpose of establishing a prima facie case, is whether the mark was in use or not.¹⁴¹⁸

The defendant then attempted to escape the resulting prima facie evidence of abandonment with three showings of its alleged intent to resume the mark’s use, but the court rejected each seriatim. The first was the defendant’s attempted sale of the mark, which had taken place prior to the statutory three-year period.¹⁴¹⁹ The defendant’s second showing of its putative intent to resume using its mark was a settlement agreement with its lender, pursuant to which the lender released a lien on the mark; rather than preventing the mark’s use, the court pointed out, the lien only allowed the lender to apply profits from the mark’s use to the defendant’s unsatisfied debts, and, in any case, “the record contains no evidence indicating that [the defendant] in fact intended to resume use of the mark before or after it became free of the [lender’s] encumbrance.”¹⁴²⁰ The defendant’s third showing was a license with a third party, which failed to get the job done because it had been executed outside of the statutory three-year period and because the defendant’s failure to control the quality of the goods offered under the license rendered it invalid as impermissibly nude.¹⁴²¹

¹⁴¹⁶ *Id.* at 126.

¹⁴¹⁷ *See* *To-Ricos, Ltd. v. Productos Avicolas Del Sur, Inc.*, 118 F.4th 1 (1st Cir. 2024).

¹⁴¹⁸ *Id.* at 12 (quoting 15 U.S.C. § 1127 (2018)).

¹⁴¹⁹ *Id.* at 15 (“[The defendant’s] attempt to sell the mark . . . cannot rebut [the plaintiff’s] prima facie case of abandonment absent evidence that [the defendant] carried that intent into the statutory period.”).

¹⁴²⁰ *Id.* at 16.

¹⁴²¹ *Id.* at 17–19.

A final finding of abandonment was an unusual one.¹⁴²² Rather than occurring in a case presenting claims of conventional trademark or service mark infringement, it arose from an action in which the plaintiffs asserted a cause of action for false association under Section 43(a)(1)(A). The basis of that claim was that they had inherited the rights of the owner of a bar during the 1950s, and that the defendant's sale of a lager under a mark and label clearly referring to their decedent unlawfully suggested a connection between her and the defendant. The plaintiffs' problem was that their decedent had passed away in 1993, and they had made no effort to commercialize her identity in the three decades following that event. Noting that "[t]his is ten times longer than necessary to establish a prima facie case of abandonment under the Lanham Act,"¹⁴²³ the court held that "it would undermine the plain language of the Lanham Act to conclude that a person's name and likeness cannot be abandoned postmortem."¹⁴²⁴ The court therefore determined that the plaintiffs' claimed rights under federal law had been abandoned.¹⁴²⁵ Nevertheless, it reached the contrary result when evaluating the effect of the same delay on the plaintiffs' rights under Iowa law, which did not similarly recognize prima facie evidence of abandonment; as to those claims, a factual question existed with respect to the plaintiffs' intent.¹⁴²⁶

(B) Naked Licensing

The First Circuit affirmed a finding of a naked license as a matter of law in a case in which the defendant, "a defunct chicken seller," which had not used its mark in more than four years, sought to rehabilitate its rights to the mark by issuing a license to a third party.¹⁴²⁷ The license granted the defendant the contractual right to inspect the licensee's products, but the court deemed it more significant that the licensor had neither actually inspected those products nor received any reports on their quality. Holding that "[u]nder the modern rule, the question is whether there has been sufficient *actual* control by the trademark owner-licensor over the nature and quality of the goods or services sold by the licensee,"¹⁴²⁸ the court characterized the defendant's "contractual right to control" as "'secondary' to the fact that [the defendant] exercised no actual

¹⁴²² See *Est. of Bisignano by & through Huntsman v. Exile Brewing Co.*, 694 F. Supp. 3d 1088 (S.D. Iowa 2023).

¹⁴²³ *Id.* at 1134.

¹⁴²⁴ *Id.* at 1135.

¹⁴²⁵ *Id.* at 1135–36.

¹⁴²⁶ *Id.* at 1123–24.

¹⁴²⁷ See *To-Ricos, Ltd. v. Productos Avicolas Del Sur, Inc.*, 118 F.4th 1 (1st Cir. 2024).

¹⁴²⁸ *Id.* at 19 (alteration in original) (quoting 2 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 18:48 (5th ed.)).

control over [the licensee’s] products.”¹⁴²⁹ The court next rejected the defendant’s attempted reliance on federal health regulations because, in its view, “[t]hose generally applicable regulations do not assure consumers that they can expect a specific quality from [the licensed] chicken on a consistent basis.”¹⁴³⁰ Finally, it found unconvincing the defendant’s claim of a familial relationship between the principals of the defendant and its licensee in light of the absence of any proof that those individuals previously had enjoyed a close working relationship.¹⁴³¹

Otherwise, claims of abandonment through naked licensing generally failed. One court rejecting such a claim explained that:

[A]bandonment by “naked licensing” occurs when a party allows others “to use the mark without exercising reasonable control over the nature and quality of the goods, services, or business on which the [mark] is used by the licensee.” The focus of the naked licensing inquiry is on the “quality control” exercised over the underlying good protected by the mark.¹⁴³²

Because the counterclaim defendant before the court had neglected to adduce any evidence or testimony calling the ability of the counterclaim plaintiff to control the nature and quality of goods sold to which the counterclaim plaintiff’s marks were affixed, the court found the claim of naked licensing at issue meritless as a matter of law.¹⁴³³

iii. Descriptive Fair Use

Descriptive fair use, sometimes known as “classic” fair use, by a defendant of either the plaintiff’s mark or the words making up that mark may be justified under any of three theories. First, Section 33(b)(4) of the Act recognizes as a defense to the evidence of validity attaching to a registered mark that a defendant is using “otherwise than as a mark” a personal name or other words “fairly and in good faith only to describe the [associated] goods or services . . . or their geographic origin.”¹⁴³⁴ Second, the common law preserves defendants’ ability to use personal names and descriptive terms in their primary descriptive sense; consequently, a defendant in an action to protect a registered mark who first satisfies Section

¹⁴²⁹ *Id.* (quoting 2 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 18:48 (5th ed.)).

¹⁴³⁰ *Id.*

¹⁴³¹ *Id.*

¹⁴³² *SonicSolutions Algae Control, LLC v. Diversified Power Int’l, LLC*, 722 F. Supp. 3d 16, 51 (D. Mass. 2024) (second alteration in original) (citation omitted) (quoting *Blake v. Pro. Coin Grading Serv.*, 898 F. Supp. 2d 365, 385 n.13 (D. Mass. 2012)).

¹⁴³³ *Id.*

¹⁴³⁴ 15 U.S.C. § 1115(b)(4) (2018).

33(b)(4)'s requirements can then fall back on the common law to provide a defense on the merits. Finally, Section 43(c)(3)(A) excludes from liability in a likelihood-of-dilution action “[a]ny fair use, including a . . . descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person’s own goods or services.”¹⁴³⁵

Findings of descriptive fair use rarely occur at the pleadings stage, but one court granted a motion to dismiss for failure to state a claim grounded in the defense.¹⁴³⁶ The plaintiff in the case before that court owned a federal registration of the SKYDIVE HAWAII mark for parachutes and “[a]ll purpose sport bags; all-purpose athletic bags; all-purpose carrying bags; athletic bags; carry-all bags; sport bags; travel bags,” which it alleged was infringed by the defendants’ use in their advertising of such phrases as “skydiving in Hawaii,” “skydiving over Hawaii,” “skydive Hawaii with GoJump,” “Oceanview Skydiving in Hawaii,” “Skydiving Over Hawaii,” “Skydive Hawaii with GoJump,” “Skydive over Hawaii – GoJump,” “GoJump Hawaii Skydive – Hawaii Skydive,” “Skydiving in Hawaii,” “Hawaii Skydiving,” and “Pacific Skydiving Center Hawaii.”¹⁴³⁷ Armed with survey evidence showing a net confusion rate of 15.6% among respondents, the plaintiff ambitiously sought a preliminary injunction, only to have the court both deny its motion and find as a matter of law that the defendants’ uses qualified as protected descriptive fair uses. As a threshold matter, the court noted that “[t]he problem with [the plaintiff’s] efforts . . . are that they seek to monopolize the two words, ‘skydive’ and ‘skydiving’ that most efficiently and accurately describe the service the parties provide, while also taking control of the most obvious word, Hawai‘i, to describe the location of those services.”¹⁴³⁸ Things did not get any better for the plaintiff from there, with the court concluding with respect to the first of the defense’s three prerequisites that “review of the alleged infringing uses of ‘Skydive Hawaii’, ‘skydiving’, and ‘Hawaii’ reflect that they are not being used in their trademark sense.”¹⁴³⁹ Addressing the second, it then found that “[t]is perhaps difficult to conjure up a more descriptively pure use of the terms: the service being provided is skydiving in Hawaii and that is precisely how the . . . Defendants allegedly described it.”¹⁴⁴⁰ Finally, it rejected the plaintiff’s argument that the defendants’ bad faith was reflected in their failure to use “the solitary alternative word for ‘Hawaii’”—“Waialua”—with the observation that “it is simply

¹⁴³⁵ *Id.* § 1125(c)(3)(A).

¹⁴³⁶ *See* *Skydiving Sch., Inc. v. GoJump Am., LLC*, 703 F. Supp. 3d 1215 (D. Haw. 2023).

¹⁴³⁷ *Id.* at 1219, 1220.

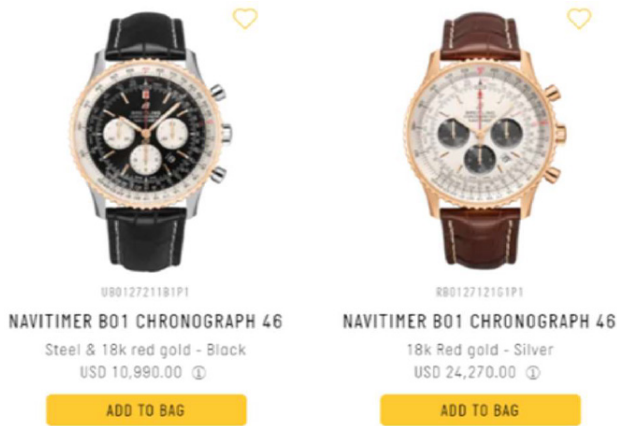
¹⁴³⁸ *Id.* at 1224–25 (footnote omitted).

¹⁴³⁹ *Id.* at 1225.

¹⁴⁴⁰ *Id.* at 1226–27.

not plausible that the . . . Defendants chose the word ‘Hawaii’ instead of ‘Waialua’ in order to capitalize on [the plaintiff’s] good will, rather than because, for potential skydiving customers, ‘Hawaii’ is a far better-known location than ‘Waialua.’”¹⁴⁴¹ Dismissal of the plaintiff’s complaint as a matter of law followed.

An additional finding of descriptive fair use as a matter of law, albeit on summary judgment instead of at the pleadings stage, came courtesy of the Second Circuit.¹⁴⁴² The plaintiff in the appeal before that court owned a federal registration of the RED GOLD mark with an identification of goods perhaps ill-advisedly reading, “[f]ine jewelry made of a special alloying of gold with a distinct color made into fine jewelry.”¹⁴⁴³ The plaintiff objected to the defendants’ uses of “red gold” such as those found in the following representative examples:¹⁴⁴⁴



Reviewing the district court’s finding of descriptive fair use, the court held as an initial matter that “[i]n order to assert a successful fair use defense to a trademark infringement claim, the defendant must prove three elements: that the use was made (1) other than as a mark, (2) in a descriptive sense, and (3) in good faith.”¹⁴⁴⁵ The court addressed the second requirement first, determining that the defendants’ uses accurately described a characteristic of their jewelry:

[The defendants] use[] the term “red gold” in a descriptive sense, which watchmakers had started doing long before [the plaintiff] purportedly began using the term as a mark.

¹⁴⁴¹ *Id.* at 1228.

¹⁴⁴² *See* Solid 21, Inc. v. Breitling U.S.A., Inc., 96 F.4th 265 (2d Cir. 2024).

¹⁴⁴³ *Id.* at 270–71 (alteration in original).

¹⁴⁴⁴ *Id.* at 273.

¹⁴⁴⁵ *Id.* at 275 (quoting Kelly-Brown v. Winfrey, 717 F.3d 295, 308 (2d Cir. 2013)).

Consistent with the term’s historical usage, [the defendants] use[] the term “red gold” exclusively to describe product materials for watches with red/pink hues. [The defendants] [do] not use the term to describe any product that is *not* made from gold with a red/pink hue.¹⁴⁴⁶

The court also rested its conclusion on this point on the “physical layout of [the defendants’] descriptions of [their] product materials,”¹⁴⁴⁷ which it determined was evidence of the nontrademark nature of the defendants’ uses under the first factor of the analysis.¹⁴⁴⁸

Finally, the court affirmed the district court’s finding as a matter of law that the defendants had acted in good faith. On that issue, the court noted that “[t]hough a showing of good faith is its own requirement under the statute, there is some overlap between fair use’s three prongs; evidence that the defendant used the term descriptively and not as a mark might also demonstrate that the defendant acted in good faith.”¹⁴⁴⁹ It then observed that:

[The defendants] submitted evidence of [their] good faith. First, the same evidence that demonstrates [the defendants’] descriptive and non-trademark use also indicates that [the defendants] lacked an intent to confuse consumers over the source or sponsorship of [the defendants’] products. Second, the industry’s long history of using “red gold” to describe watches and jewelry is also evidence of [the defendants’] good faith.¹⁴⁵⁰

The defendants therefore had acted in good faith, despite the plaintiff’s reliance on the following as evidence of a factual dispute on the issue: (1) the defendants’ failure to conduct a trademark

¹⁴⁴⁶ *Id.* at 276 (citation omitted).

¹⁴⁴⁷ *Id.*

¹⁴⁴⁸ *Id.* The court explained that:

The term [“red gold”] is listed as a product material in [the defendants’] advertisements alongside, and in the same manner as, descriptors of other metals, minerals, or alloys, such as “stainless steel,” “silver,” “titanium,” and “diamonds.” [The defendants’] website displays “red gold” in smaller text beneath watch model names. In [the defendants’] print materials, “red gold” appears in the products’ descriptions in small font: “housed in a sturdy and light case in titanium—a favorite *material* in the aeronautical field—or in red gold,” “18k red gold case and black dial,” and “[a]vailable in stainless steel or 18k red gold.” In each of these instances, “red gold” is accompanied by one of [the defendants’] own trademarks—indicating [the defendants], not [the plaintiff], as the source. In context, these product and advertising materials leave no dispute that [the defendants] use[] “red gold” to describe [their] watches’ materials and appearance, not as an indication of source.

Id. at 276–77 (fifth alteration in original) (citations omitted).

¹⁴⁴⁹ *Id.* at 279.

¹⁴⁵⁰ *Id.*

availability search;¹⁴⁵¹ (2) the existence of at least some actual confusion;¹⁴⁵² (3) the availability of “rose gold” as an alternative phrase;¹⁴⁵³ (4) the defendants’ actual or constructive knowledge of the plaintiff’s rights;¹⁴⁵⁴ (5) the defendants’ adoption of “red gold” decades after the plaintiff’s adoption of those words.¹⁴⁵⁵

In contrast, another set of defendants—led by baseball bat manufacturer David Chandler—failed to defeat a preliminary injunction motion by establishing their use of the following composite mark qualified as a descriptive fair one:¹⁴⁵⁶



The court dismissed the defendants’ invocation of the defense in short order, finding that the defendants had failed to demonstrate their use of “David Chandler” was otherwise than as a mark:

While the “by David Chandler” portion is smaller and in a different type than AUTHENTIC, it is an inextricable part of the logo—placed within the “ornate” design field. This is an important distinction from instances in which courts have found challenged language was not “in use” as a mark because of a disconnection or disaffiliation from defendant’s branding. Given that “by David Chandler” is emblazoned on all of Defendants’ bats, they simply cannot show that the surname is being used other than as a mark. And Defendants have not marshalled any additional evidence or argument to meet their burden for this affirmative defense.¹⁴⁵⁷

¹⁴⁵¹ *Id.*

¹⁴⁵² *Id.*

¹⁴⁵³ *Id.* at 279–80.

¹⁴⁵⁴ *Id.* at 280.

¹⁴⁵⁵ *Id.*

¹⁴⁵⁶ *See La Potencia, LLC v. Chandler*, 733 F. Supp. 3d 1238, 1268 (S.D. Fla. 2024).

¹⁴⁵⁷ *Id.*

iv. Nominative Fair Use

Having once performed “for a few years” with the noted musical group Earth, Wind & Fire,¹⁴⁵⁸ a guitarist joined another band that operated under the names “Earth Wind & Fire Legacy Reunion” and “The Legacy Reunion of Earth, Wind & Fire” before responding to a demand letter by changing its name to “Legacy Reunion of Earth Wind & Fire Alumni”; choosing to live dangerously, the new band also employed a logo similar to that of Earth, Wind & Fire. In the lawsuit that followed, the musician and his new colleagues argued in a summary judgment motion that those uses constituted nominative fair ones of the mark and logo of his former employer. Lacking clear guidance from the Eleventh Circuit, the Florida federal district court to which the case was assigned referred to the Ninth Circuit’s *New Kids on the Block* test for nominative fair use, which turned on the following considerations:

First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.¹⁴⁵⁹

The court then determined from the summary judgment record that not only were the defendants *not* entitled to prevail as a matter of law but Earth, Wind & Fire *was*. Although the first two factors favored the defendants, the third did not:

Defendants’ usage of “Legacy Reunion of Earth Wind & Fire” lacks clear disclaimer or limiting language about who is performing. While there is no explicit claim of sponsorship . . . , the silence here is not . . . meaningful. . . . Further, as Plaintiff persuasively noted, Defendants combined the advertising with text that discusses the Earth Wind & Fire’s legacy. The website states that the band “dominated the 70’s with their monster grooves and high energy, danceable hits, garnering 20 Grammy Award nominations and a Hall of Fame Induction along the way.” It further states that “[t]he style and sounds of the greatest hit recordings by Earth, Wind & Fire were built by founder Maurice White and the contributions of a stellar collective of some of the best musicians in the world throughout the decades.”¹⁴⁶⁰

¹⁴⁵⁸ See *Earth, Wind & Fire IP, LLC v. Substantial Music Grp.*, 720 F. Supp. 3d 1261, 1271 (S.D. Fla. 2024).

¹⁴⁵⁹ *Id.* at 1273 (quoting *New Kids on the Block v. News Am. Publ’g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992)).

¹⁴⁶⁰ *Id.* at 1275 (fourth alteration in original).

“Regardless of if Defendants’ musicians were technically sidemen or members,” the court continued, “the advertisement and marketing were still deceptive and misleading as to whether the main (or most prominently known) members of the band would be performing. The use of the word ‘alumni’ is not enough to dispel the notion that Defendants’ band is not sponsored [by Plaintiff].”¹⁴⁶¹

A Nevada federal district court had the opportunity to clarify the nature of the *New Kids on the Block* test.¹⁴⁶² In an earlier opinion applying that test on the parties’ cross-motions for summary judgment, the court denied the plaintiff’s motion after concluding that the first *New Kids* factor was satisfied, the second was not, and factual disputes precluded a resolution of the third. As the court explained, it had treated the factors as a balancing test, when, in fact, the conjunction “and” between the second and third factors meant that all factors needed to be satisfied before the defendant’s use was protected.¹⁴⁶³ Recognizing its error on reconsideration, the court entered summary judgment in the plaintiff’s favor under the second factor based on the defendant’s use of the plaintiff’s logo, as well as its use of the plaintiff’s verbal marks.¹⁴⁶⁴

A final court addressing possible nominative fair uses by the defendants did so by examining whether those uses were “descriptive” in nature.¹⁴⁶⁵ Having sold a family-owned business operating under the NETECH mark, the members of that family sat out a noncompete agreement before setting up a new business directly competitive with the one they had sold. In promoting the new business, the defendants—which included the new business and the family members—sent e-mails to potential customers referring to the new business as “Netech 2.0” and “a Netech reboot,”¹⁴⁶⁶ as well as reciting that the “owners of Netech started [the new business] in the past year”¹⁴⁶⁷ and that the “former owners of Netech” had started the new business.¹⁴⁶⁸ Although the defendants moved the court for summary judgment, the court declined to dismiss the plaintiffs’ claims as a matter of law without articulating the doctrinal test it might be applying. Instead, it found a factual dispute on the issue of whether the defendants had used the plaintiffs’ mark *as a mark*.¹⁴⁶⁹

¹⁴⁶¹ *Id.* at 1276.

¹⁴⁶² See *Axon Enter., Inc. v. Luxury Home Buyers, LLC*, 711 F. Supp. 3d 1227 (D. Nev. 2024), *amended*, No. 2:20-cv-01344-JAD-MDC, 2024 WL 1012929 (D. Nev. Mar. 8, 2024).

¹⁴⁶³ *Id.* at 1231–32.

¹⁴⁶⁴ *Id.* at 1232.

¹⁴⁶⁵ See *Presidio, Inc. v. People Driven Tech., Inc.*, 686 F. Supp. 3d 652, 695 (S.D. Ohio 2023).

¹⁴⁶⁶ *Id.* at 699.

¹⁴⁶⁷ *Id.*

¹⁴⁶⁸ *Id.*

¹⁴⁶⁹ *Id.* at 696.

v. Qualified Immunity

In addition to asserting various causes of action against the Commonwealth of Puerto Rico, one group of plaintiffs named various government officials in that jurisdiction as individual defendants, only to have their claims fail under the doctrine of qualified immunity.¹⁴⁷⁰ In granting those defendants' motion to dismiss the causes of action against them for failure to state a claim, the court initially observed that:

Qualified immunity applies where: (1) a federal right was violated, and (2) "the unlawfulness of the conduct was clearly established at the time." Courts may begin the qualified immunity analysis by considering the clearly established prong.

To determine whether the allegedly violated rights were clearly established, the Court must decide the following: "(1) the relative clarity of the governing law to a reasonable official on the date of the alleged wrong and (2) whether the specific characteristics of the situation confronted by the official would have made it clear to a reasonable official how the governing law applied in the given situation."¹⁴⁷¹

The court then addressed the substance of the plaintiffs' claims, which was that, by enacting a one-year program requiring Puerto Rico residents to purchase automobile license plates and vehicle certificate tags bearing the image of baseball hall of famer Roberto Clemente, the Commonwealth and the individual defendants had infringed the plaintiffs' claimed rights to the registered ROBERTO CLEMENTE mark for various goods and services. Informed by its earlier conclusions that the plaintiffs had failed to state claims for relief in the first instance, the court unsurprisingly also concluded that the alleged unlawfulness of the individual defendants' conduct was not so clearly established that they should have been on notice of it. Instead, those defendants

were merely complying with their official duties to enforce a law as adopted by the legislature. As per the caselaw and other applicable law to date, any reasonable public official in their situation could have concluded that no trademark or proprietary rights were being violated by the imposition of the license fees that Plaintiffs have challenged in this case.¹⁴⁷²

¹⁴⁷⁰ See *Clemente Props., Inc. v. Urrutia*, 693 F. Supp. 3d 215 (D.P.R. 2023), *appeal docketed*, No. 23-1922 (1st Cir. Nov. 9, 2023).

¹⁴⁷¹ *Id.* at 251 (quoting *Lawless v. Town of Freetown*, 63 F.4th 61, 67 (1st Cir. 2023)).

¹⁴⁷² *Id.* at 252.

The plaintiffs' claims against the individual defendants therefore were fatally defective.

vi. Statutes of Limitations

Although the Lanham Act does not contain a statute of limitations, that is not true of many related state-law causes of action. Having successfully pursued before the Trademark Trial and Appeal Board the cancellation of a federal registration owned by its opponent and covering the appearance of a carbon-fiber gun barrel, the plaintiff in one appeal to the Fifth Circuit¹⁴⁷³ sought to bootstrap that victory into judgments that the defendant: (1) was liable for damages under Section 38 of the Lanham Act¹⁴⁷⁴ for having fraudulently procured the registration in the first place; (2) had violated the Louisiana Unfair Trade Practices Act (“LUTPA”)¹⁴⁷⁵ by unfairly delaying the plaintiff's entry into the marketplace; and (3) had defamed the plaintiff by prosecuting a suit against the plaintiff's principal (but not the plaintiff) for infringing the eventually invalidated mark. The Louisiana federal district court hearing the case dismissed all three causes of action for failure to state claims for which relief could be granted, and the plaintiff attempted to salvage the second and third on appeal.

The Fifth Circuit affirmed. Citing the LUTPA's one-year statute of limitations, the court noted that the plaintiff's cause of action could have arisen either from the defendant's transmittal of demand letters in 2016 and 2017, from the defendant's registration and renewal of its registration, from the filing of the defendant's lawsuit against the plaintiff's principal in 2017, or even from the defendant's filing of its circa-2020 trial brief in that lawsuit; ultimately, however, court found it unnecessary to decide which event might have started the clock ticking on the plaintiff's LUTPA claim, which was not asserted until the filing of its complaint on February 9, 2022.¹⁴⁷⁶ Moreover, the same was true of the plaintiff's defamation claim, which also arose upon the filing of its trial brief at the latest.¹⁴⁷⁷

In contrast, a defense motion for summary judgment proved only partially successful in a different case.¹⁴⁷⁸ That dispute arose originated in the practice of an owner of a Des Moines, Iowa bar—known as “Ruthie,” although that was not her given name—of balancing two glasses on her breasts while filling them (the glasses)

¹⁴⁷³ See *Carbon Six Barrels, L.L.C. v. Proof Rsch., Inc.*, 83 F.4th 320 (5th Cir. 2023).

¹⁴⁷⁴ 15 U.S.C. § 1120 (2018).

¹⁴⁷⁵ La. Rev. Stat. Ann. § 51:1401 *et seq.*

¹⁴⁷⁶ *Carbon Six Barrels*, 83 F.4th at 324–26.

¹⁴⁷⁷ *Id.* at 328–29.

¹⁴⁷⁸ *Est. of Bisignano by & through Huntsman v. Exile Brewing Co.*, 694 F. Supp. 3d 1088 (S.D. Iowa 2023).

with beer. Some nineteen years after her death, and apparently long after her bar had permanently closed, the defendant began selling a lager under the RUTHIES mark. Between 2012 and 2016, the defendant used the logo shown below on the left before transitioning to the one below on the right in 2016:¹⁴⁷⁹



Claiming to be the heirs of the original Ruthie, the plaintiffs filed suit to vindicate her posthumous persona-based rights in 2020. Responding to the defendant’s laches-based motion for summary judgment, the plaintiffs attempted to escape a five-year statute of limitations by arguing that the clock had begun to run only in 2019, when they learned the defendant’s use was unauthorized, rather than 2014, when they first encountered it; alternatively, “if nothing else,” they argued the clock began ticking in 2016, “when changed its portrayal of Ruthie to begin emphasizing her life story, independence, and strength, in contrast to prior branding of her as a ‘pin-up’ model.”¹⁴⁸⁰ The court found the plaintiffs’ claims for any alleged misconduct prior to 2015 barred as a matter of law. That conclusion swept in most of the defendant’s original label but not its second one, which the court considered sufficiently different from the original to be a single publication.¹⁴⁸¹

Finally, two catch-all two-year statutes of limitations under Alabama law, one applicable to common-law claims of infringement¹⁴⁸² and the other applicable to the plaintiff’s state-law dilution claim,¹⁴⁸³ came into play in a different case before a federal

¹⁴⁷⁹ *Id.* at 1105.

¹⁴⁸⁰ *Id.* at 1127.

¹⁴⁸¹ *Id.* at 1128–29.

¹⁴⁸² See Ala. Code § 6-2-38 (“All actions for any injury to the person or rights of another not arising from contract and not specifically enumerated in this section must be brought within two years.”).

¹⁴⁸³ *Id.* § 6-2-38(j) (“All actions qui tam or for a penalty given by statute to the party aggrieved, unless the statute imposing it prescribes a different limitation, must be brought within two years.”).

district court of that state.¹⁴⁸⁴ Although the plaintiff knew of the defendant's allegedly infringing mark as early as 2016, and although it did not file suit until mid-2020, the court credited the plaintiff's showing that it had not discovered an overlap in the geographic markets served by the parties until January 2020. Holding that "it is black-letter law that the statute of limitations does not begin to run until the claim accrues,"¹⁴⁸⁵ the court therefore concluded that a factual dispute as to when the plaintiff's claims accrued prevented it from granting the defendant's laches-based motion for summary judgment.¹⁴⁸⁶

vii. License

Defendants accused of infringement occasionally assert their misconduct was excusable because licenses from mark owners authorized it, but those assertions more often than not fail. The latest example of that phenomenon came in a case in which the defendants had been licensed to use the disputed mark.¹⁴⁸⁷ Nevertheless, the licensor had sought bankruptcy protection in a proceeding that produced an order terminating the license. Then, for good measure, the mark's purchaser separately and independently terminated the license based on the defendants' breach of it and despite their claim of an entitlement to cure that breach. Finding that the defendants could not invoke the license as a defense, the court observed that "[d]efendants have not presented supporting authorities for the proposition that a party's breach of a trademark license agreement by failing to allow a counterparty to cure its own purported breach negates the party's termination of that that [sic] agreement."¹⁴⁸⁸

viii. Jus Tertii

Pursuant to the long-discredited defense of *jus tertii*, a defendant can deflect allegations of infringement against it by arguing that the plaintiff's mark infringes the rights of a third party: As one court has characterized it, "[a] party makes a *jus tertii* argument in a trademark case when the '[d]efendant in effect argues that "Somebody has a right to sue me, but it's not you."¹⁴⁸⁹ An

¹⁴⁸⁴ See *Alfa Corp. v. Alpha Warranty Servs., Inc.*, 696 F. Supp. 3d 1086 (M.D. Ala. 2023).

¹⁴⁸⁵ *Id.* at 1808.

¹⁴⁸⁶ *Id.*

¹⁴⁸⁷ See *Nutrados Labs, LLC v. Bio Dose Pharma, LLC*, 710 F. Supp. 3d 1200 (S.D. Fla. 2024), *aff'd sub nom.* *Nutrados Labs, LLC v. Santamarta*, No. 24-10381, 2025 WL 337971 (11th Cir. Jan. 30, 2025) (per curiam).

¹⁴⁸⁸ *Id.* at 1229.

¹⁴⁸⁹ *Warren Publ'g Co. v. Spurlock*, 645 F. Supp. 2d 402, 432 (E.D. Pa. 2009) (alteration in original) (quoting *Gen. Cigar Co. v. G.D.M. Inc.*, 988 F. Supp. 647, 661 (S.D.N.Y. 1997)).

federal district court declined to rehabilitate the defense in a case in which, having lost a priority battle with the plaintiff, the defendant argued a third party was in fact the first user of a mark incorporating the salient element of the marks used by the parties.¹⁴⁹⁰ As the court recognized, the flaw in the defendant's argument was that "[the defendant] has not argued that its use stands on the basis of [the third party's] prior use—that is, by way of a license or other contractual arrangement."¹⁴⁹¹

b. Equitable Defenses

i. Unclean Hands

One court held that "[t]o make out an unclean hands defense, a trademark defendant must demonstrate that the plaintiff's conduct is inequitable and that the conduct relates to the subject matter of its claims. To show that a trademark plaintiff's conduct is inequitable, [the] defendant must show that [the] plaintiff used [its] trademark to deceive consumers."¹⁴⁹²

Of course, plaintiffs can assert unclean hands as well to head off invocations of equitable defenses by their opponents. Nevertheless, that strategy failed in a long-running infringement suit between two charities in which the Third Circuit held that laches barred the counterclaim plaintiff's request for injunctive and monetary relief.¹⁴⁹³ Contesting that holding, the counterclaim plaintiff pointed to: (1) the counterclaim defendant's failure to investigate the counterclaim plaintiff's rights following its receipt of a demand from the counterclaim plaintiff; (2) "dismissive" testimony by the counterclaim defendant's founder accusing the counterclaim plaintiff of free riding on the counterclaim plaintiff's rights;¹⁴⁹⁴ (3) the counterclaim defendant's federal registration of one of its allegedly infringing marks "without any disclaimer or acknowledgement of [the counterclaim plaintiff]";¹⁴⁹⁵ (4) an internal e-mail produced by the counterclaim defendant "acknowledging that there might be confusion . . . regarding the two similarly named organizations" and speculating that that circumstance might benefit the counterclaim defendant, at least in the short term.¹⁴⁹⁶ Noting that "[t]he equitable doctrine of unclean hands applies when a party seeking relief has committed an unconscionable act

¹⁴⁹⁰ See *Forest River, Inc. v. inTech Trailers, Inc.*, 699 F. Supp. 3d 712 (N.D. Ind. 2023).

¹⁴⁹¹ *Id.* at 727–28.

¹⁴⁹² *JUUL Labs, Inc. v. Chou*, 676 F. Supp. 3d 827, 848–49 (C.D. Cal. 2023) (quoting *Japan Telecom, Inc. v. Japan Telecom Am., Inc.*, 287 F.3d 866, 870 (9th Cir. 2002)).

¹⁴⁹³ See *Kars 4 Kids Inc. v. Am. Can!*, 98 F.4th 436 (3d Cir. 2024).

¹⁴⁹⁴ *Id.* at 449.

¹⁴⁹⁵ *Id.*

¹⁴⁹⁶ *Id.*

immediately related to the equity the party seeks in respect to the litigation,”¹⁴⁹⁷ the court held that the counterclaim defendant’s continued use of its marks despite its knowledge of the counterclaim plaintiff’s claimed rights did not qualify; it cited the unregistered status of the counterclaim plaintiff’s mark as support for that conclusion.¹⁴⁹⁸ The court then dismissed the counterclaim plaintiff’s accusations of misconduct by pointing out that the counterclaim plaintiff itself had sought to benefit from the counterclaim defendant’s goodwill and had considered it “cool” to have received a donation intended for the counterclaim defendant.¹⁴⁹⁹ “Neither party’s conduct in this matter,” the court concluded, “upon the close inspection necessitated by litigation, was beyond reproach. But nor is there clear and convincing evidence that either party engaged in the type of egregious, unconscionable misconduct demonstrating the fraudulent intent or bad faith necessary for the doctrine of unclean hands to apply.”¹⁵⁰⁰ The district court’s contrary finding was reversible error.

ii. Laches

Courts applied tests for the affirmative defense of laches over the past year that differed in form, although not in substance. For example, some courts adopted a two-part definition requiring showings of: (1) a lack of diligence on the plaintiff’s part; and (2) prejudice to the defendant.¹⁵⁰¹ Others, however, adopted a three-part test, which required a party raising a laches defense to prove: (1) a delay in asserting a right or a claim; (2) that the delay was not excusable; and (3) that there was undue prejudice to the party against whom the claim is asserted.¹⁵⁰² Finally, courts in the Ninth Circuit applied the test unique to that jurisdiction, under which:

The doctrine is guided with a two-step process. First, courts assess the delay by looking to whether the most analogous state statute of limitations has expired. Second, courts must consider the [following] factors: “(1) strength and value of [the] trademark rights asserted; (2) [the] plaintiff’s diligence

¹⁴⁹⁷ *Id.* (quoting *Highmark, Inc. v. UPMC Health Plan, Inc.*, 276 F.3d 160, 174 (3d Cir. 2001)).

¹⁴⁹⁸ *Id.* at 450.

¹⁴⁹⁹ *Id.*

¹⁵⁰⁰ *Id.* at 451.

¹⁵⁰¹ *See, e.g.*, *Axon Enters. v. Luxury Home Buyers, LLC*, 683 F. Supp. 3d 1136, 1163 (D. Nev. 2023), *vacated on reconsideration on other grounds*, No. 2:20-cv-01344-JAD-MDC, 2024 WL 166693 (D. Nev. Jan. 16, 2024), *and amended*, No. 2:20-cv-01344-JAD-MDC, 2024 WL 1012929 (D. Nev. Mar. 8, 2024).

¹⁵⁰² *See, e.g.*, *Kars 4 Kids Inc. v. Am. Can!*, 98 F.4th 436, 443–44 (3d Cir. 2024); *Rolex Watch USA, Inc. v. BeckerTime, L.L.C.*, 96 F.4th 715, 723 (5th Cir. 2024); *Earth, Wind & Fire IP, LLC v. Substantial Music Grp.*, 720 F. Supp. 3d 1261, 1277 (S.D. Fla. 2024); *Alfa Corp. v. Alpha Warranty Servs., Inc.*, 696 F. Supp. 3d 1086, 1105 (M.D. Ala. 2023).

in enforcing [its rights to its] mark; (3) [the] harm to [the] senior user if relief [is] denied; (4) good faith ignorance by [the] junior user; (5) competition between [the] senior and junior users; and (6) [the] extent of harm suffered by [the] junior user because of [the] senior user's delay."¹⁵⁰³

As the last of these tests suggests, federal courts entertaining claims of laches typically referred to statutes of limitations for corresponding state-law torts as benchmarks for determining whether plaintiffs had delayed too long in bringing suit. If the plaintiffs had so delayed for longer than the applicable statute of limitations, laches presumptively barred their claims; otherwise, the contrary was true.¹⁵⁰⁴ Applications of that general rule led to the use as benchmarks in trademark cases of either one or two years under Alabama law,¹⁵⁰⁵ four years under California law,¹⁵⁰⁶ four years under Florida law,¹⁵⁰⁷ and six years under New Jersey law.¹⁵⁰⁸

The Third Circuit reached a determination of laches in rather dramatic fashion in a case in which a Texas-based charity using the CARS FOR KIDS mark ill-advisedly dragged its feet before asserting counterclaims against a New Jersey-based user of the KARS 4 KIDS and 1-877-KARS-4-KIDS marks for competitive services.¹⁵⁰⁹ The counterclaim plaintiff sent a demand letter to the counterclaim defendant in 2003 after seeing the counterclaim defendant's advertising in Dallas; it sent a second one in 2014 and only asserted its counterclaim in 2015. That delay triggered a presumption of laches,¹⁵¹⁰ but the district court held it rebutted by the counterclaim plaintiff's putatively reasonable assumption that the counterclaim defendant had "pulled back" its advertising following the first letter;¹⁵¹¹ separate and independent of that conclusion, the district court found the counterclaim plaintiff's delay excused by the counterclaim defendant's allegedly progressive

¹⁵⁰³ *OpenAI, Inc. v. Open A.I., Inc.*, 719 F. Supp. 3d 1033, 1050 (N.D. Cal. 2024) (quoting *Pinkette Clothing, Inc. v. Cosmetic Warriors Ltd.*, 894 F.3d 1015, 1023 (9th Cir. 2018)), *aff'd*, No. 24-1963, 2024 WL 4763687 (9th Cir. Nov. 13, 2024).

¹⁵⁰⁴ *See, e.g., Harman Int'l Indus. v. Jem Accessories, Inc.*, 668 F. Supp. 3d 1025, 1036 (C.D. Cal. 2023) ("If the most analogous state statute of limitations expired before suit was filed, there is a strong presumption in favor of laches. That presumption is reversed, however, if the most analogous state statute of limitations expired after suit was filed." (citation omitted)), *aff'd*, No. 23-55774, 2024 WL 4750497 (9th Cir. Nov. 12, 2024).

¹⁵⁰⁵ *See Alfa Corp.*, 696 F. Supp. 3d at 1105–06 (declining to resolve issue in denying defense motion for summary judgment).

¹⁵⁰⁶ *See, e.g., OpenAI*, 719 F. Supp. 3d at 1050; *Harman Int'l Indus.*, 668 F. Supp. 3d at 1037.

¹⁵⁰⁷ *See, e.g., Earth, Wind & Fire IP*, 720 F. Supp. 3d at 1278.

¹⁵⁰⁸ *See Kars 4 Kids Inc. v. Am. Can!*, 98 F.4th 436 (3d Cir. 2024).

¹⁵⁰⁹ *See id.* at 441.

¹⁵¹⁰ The parties agreed that the relevant period of delay triggering the presumption was six years. *Id.* at 444.

¹⁵¹¹ *Id.* at 442.

encroachment on the counterclaim plaintiff's rights as the counterclaim defendant ramped up its advertising in Texas in 2013.

In reversing the resulting finding of liability, the court of appeals first took issue with what it viewed as the district court's failure to "seriously engage with [the counterclaim plaintiff's] obligation to diligently and affirmatively protect its mark."¹⁵¹² Although the district court had required the counterclaim defendant to demonstrate its presence in Texas following the counterclaim plaintiff's original demand letter, the Third Circuit held that the presumption's burden-shifting effect excused the counterclaim defendant from proving anything. Instead, the counterclaim plaintiff bore the burden of documenting its enforcement efforts during the period of its apparent inaction:

[The district court] functionally reversed the presumption of laches by discounting evidence of [the counterclaim defendant's] presence in Texas because [the counterclaim defendant] did not show whether these advertisements were viewed by a sufficient number of Texans to put [the counterclaim plaintiff] on actual or constructive notice.

. . . .

Such burden shifting is legal error because it was [the counterclaim plaintiff's] burden to establish that it was not aware of [the counterclaim defendant's] presence in Texas. Under the presumption of laches, [the counterclaim defendant] had no obligation to establish anything. That burden was [the counterclaim plaintiff's] alone.¹⁵¹³

Especially in light of record evidence and testimony that the counterclaim defendant had continued to advertise under its allegedly infringing marks in Texas after the counterclaim plaintiff's initial demand letter and that the counterclaim plaintiff knew of actual confusion caused by that advertising, the counterclaim plaintiff had failed to carry its burden.¹⁵¹⁴

The court was equally unimpressed with the district court's analysis of whether the counterclaim plaintiff's presumptively unreasonable delay had prejudiced the counterclaim defendant. On that issue, the district court found that the counterclaim defendant had acted at its peril in expanding its operations after receiving the counterclaim plaintiff's original demand letter. Noting the counterclaim plaintiff's successful pursuit of the disgorgement of \$10,637,135 of the counterclaim defendant's profits, the court held that the prejudice at issue was on "a different order" vis-à-vis those in other cases. It explained that:

¹⁵¹² *Id.* at 446.

¹⁵¹³ *Id.* at 445 (footnote omitted) (citations omitted).

¹⁵¹⁴ *Id.* at 445–46.

[The counterclaim plaintiff's] 2003 decision to send a cease and desist letter was an important and perhaps necessary step in acting to diligently protect its mark. However, it was not—on its own—sufficient to warrant a finding that [the counterclaim defendant] assumed more than ten years' and tens of millions of dollars' worth of risk following receipt of that letter when [the counterclaim defendant] reasonably believed it had the right to use its mark. Were we to hold otherwise on this record, a mark holder could be empowered to send a single demand letter and then rest comfortably in the knowledge that it need not concern itself with any prejudice caused by its delay before acting again to protect its mark.¹⁵¹⁵

“To the extent that [the counterclaim defendant] had difficulty meeting its burden to establish that these advertisements did not reach a sufficient number of Texans,” the court continued, “that is a feature—not a bug—of evidentiary prejudice and the shifting burden after so many years of [the counterclaim defendant's].”¹⁵¹⁶

The court next addressed the counterclaim plaintiff's claim of progressive encroachment. Citing the counterclaim plaintiff's circa-2003 conclusion that the counterclaim defendant was violating its rights, the court held that “[i]t cannot be said . . . that [the counterclaim defendant's] presence in Texas constituted a ‘slow, steady’ change that progressed towards infringement.”¹⁵¹⁷ That was not the only flaw in the counterclaim plaintiff's argument, however, for the court also pointed out that the counterclaim defendant had not changed how it used its mark or entered into a new territory following the counterclaim plaintiff's initial objection. “And,” it added, “a normal expansion in the quantity of [the counterclaim defendant's] advertising does not constitute progressive encroachment.”¹⁵¹⁸ With the court additionally rejecting the district court's holding that the counterclaim defendant's knowledge of the counterclaim plaintiff's prior use of its marks constituted unclean hands, the district court's failure to recognize that laches barred the counterclaim plaintiff's claims for monetary relief *and* for injunctive relief was an abuse of discretion.¹⁵¹⁹

A claim of progressive encroachment also failed as a matter of law to bear fruit in another case, one lodged before a California

¹⁵¹⁵ *Id.* at 448.

¹⁵¹⁶ *Id.*

¹⁵¹⁷ *Id.* at 449 (internal quotation marks omitted).

¹⁵¹⁸ *Id.*

¹⁵¹⁹ *Id.* at 451 (“Laches, an equitable doctrine, generally cannot bar damages, a legal remedy. But trademark law is an exception to that rule. Because the Lanham Act has no statute of limitations and applies the principles of equity to all claims, laches may bar both equitable *and* legal relief.” (citation omitted)).

federal district court.¹⁵²⁰ The court found no material dispute that the counterclaim plaintiff's president learned during a deposition in a case against a third party of the counterclaim defendant's allegedly infringing use at least as early as August 1, 2016; he testified he wanted to sue the counterclaim defendant "the second he left [the] deposition,"¹⁵²¹ but his company did not do so until May 6, 2021.¹⁵²² The counterclaim plaintiff sought to excuse its inaction—which was long enough to trigger a presumption of laches based on the relevant California statute of limitations—by arguing the parties had not competed directly until 2018 or 2019, but the court rejected the proposition that direct competition was necessary. "Instead," it held, "[l]aches runs from the time the plaintiff knew or should have known about its *potential* cause of action."¹⁵²³ The court therefore applied the Ninth Circuit's six equitable factors for determining whether laches actually barred the counterclaim plaintiff's challenge to the counterclaim defendant's mark. In doing so, it concluded the counterclaim defendant had the upper hand with respect to the commercial weakness of the counterclaim plaintiff's suggestive (and therefore conceptually strong) mark,¹⁵²⁴ the counterclaim plaintiff's lack of diligence prosecuting its claims (even if it had been occupied with other challenges),¹⁵²⁵ the counterclaim defendant's good-faith adoption of its mark,¹⁵²⁶ and the economic prejudice potentially suffered by the counterclaim defendant,¹⁵²⁷ while the potential harm to the counterclaim plaintiff of being denied relief¹⁵²⁸ and the direct competition between the parties weighed against laches.¹⁵²⁹ Despite the last two of those considerations, as well as the counterclaim plaintiff's arguments that the public interest in avoiding confusion trumped the consequences of its delay (which the court rejected because the products at issue—audio speakers—did not threaten public safety)¹⁵³⁰ that laches should not bar injunctive relief (which the

¹⁵²⁰ See *Harman Int'l Indus. v. Jem Accessories, Inc.*, 668 F. Supp. 3d 1025 (C.D. Cal. 2023), *aff'd*, No. 23-55774, 2024 WL 4750497 (9th Cir. Nov. 12, 2024).

¹⁵²¹ *Id.* at 1033.

¹⁵²² *Id.* at 1031.

¹⁵²³ *Id.* at 1038 (alteration in original) (quoting *Pinkette Clothing, Inc. v. Cosm. Warriors Ltd.*, 894 F.3d 1015, 1025 (9th Cir. 2018)).

¹⁵²⁴ *Id.* at 1041–42.

¹⁵²⁵ *Id.* at 1042.

¹⁵²⁶ *Id.* at 1042–43.

¹⁵²⁷ *Id.* at 1043–44. In light of the counterclaim defendant's showing of economic prejudice, the court found it unnecessary to address the issue of its claim of evidentiary prejudice. *Id.* at 1044.

¹⁵²⁸ *Id.* at 1042.

¹⁵²⁹ *Id.* at 1043.

¹⁵³⁰ *Id.* at 1045–46.

court held fatally inconsistent with Ninth Circuit authority),¹⁵³¹ and that the laches clock should restart with each new iteration of the counterclaim defendant's goods,¹⁵³² the court held laches applicable as a matter of law.

Progressive encroachment also proved the ticket for a plaintiff pursuing a preliminary injunction from a California federal district court.¹⁵³³ Having lost the issue of prior use, and with likely confusion not at issue, the defendant pointed to the plaintiff's eight-year delay in challenging its use following the USPTO's rejection of an application filed by the plaintiff based on the defendants' prior-filed application. That length of time might have triggered a presumption of inexcusable delay, but the court found that the defendants' conduct had only begun to affect the plaintiff when the defendants launched a competitive product under their infringing mark "in late 2022."¹⁵³⁴ Under those circumstances, the court found the plaintiff "was permitted to wait until defendants actually posed a threat to its business reputation. This is especially true here, where defendants have provided no evidence of any prejudice resulting from the delay because they have no protectible interest in their mark."¹⁵³⁵

So too did an Alabama-based plaintiff escape its opponent's invocation of laches—at least for purposes of a defense motion for summary judgment—by invoking the specter of progressive encroachment.¹⁵³⁶ There was no material dispute that the plaintiff knew of an application to register the defendant's allegedly infringing mark as early as 2016—indeed, the plaintiff sent a demand letter to the defendant in that year, followed by another in 2018.¹⁵³⁷ Concerned in early 2020 that the defendant may have entered its geographic market, the plaintiff engaged a private investigator who confirmed that that expansion had occurred, and the plaintiff filed suit approximately six months later. The court found a factual dispute existed with respect to whether the plaintiff knew it could successfully assert a claim before early 2020, even though, as the defendant asserted, the plaintiff's circa-2016 demand letter attached a screenshot from the defendant's website that the defendant claimed disclosed it was operating in all fifty states, including the three in which the plaintiff provided its services. Because the court found the website printout sufficiently ambiguous

¹⁵³¹ *Id.* at 1046.

¹⁵³² *Id.*

¹⁵³³ See *OpenAI, Inc. v. Open A.I., Inc.*, 719 F. Supp. 3d 1033 (N.D. Cal. 2024), *aff'd*, No. 24-1963, 2024 WL 4763687 (9th Cir. Nov. 13, 2024).

¹⁵³⁴ *Id.* at 1050.

¹⁵³⁵ *Id.* at 1051.

¹⁵³⁶ See *Alfa Corp. v. Alpha Warranty Servs., Inc.*, 696 F. Supp. 3d 1086 (M.D. Ala. 2023).

¹⁵³⁷ *Id.* at 1093.

that a reasonable factfinder might conclude its contents had not placed the plaintiff on notice of the defendant's alleged infringement, it denied the defendant's bid for a finding of laches as a matter of law.¹⁵³⁸

In an opinion not turning on the invocation of a statute of limitations in the state (Texas) in which the underlying litigation arose, the Fifth Circuit affirmed a finding that laches barred the disgorgement of the profits of defendants found liable for infringement.¹⁵³⁹ The trial record in that case demonstrated the plaintiff's knowledge of the defendants' conduct as early as a full decade before filing suit. Had the plaintiff objected at that time, the defendants might have changed their ways, but "the ten years of permitted sales enabled [the defendants] to build up a successful business that [they] would not otherwise have invested in absent [the plaintiff's] delay in filing suit."¹⁵⁴⁰ That established "clear prejudice," and the plaintiff's failure to proffer any explanation for its decade-long inaction tilted the balance in the defendants' favor.¹⁵⁴¹ Moreover, the defendants' alleged bad faith did not prohibit them from availing themselves of equitable defenses such as laches in light of evidence of the "great lengths" to which they had gone to explain to their customers which parts of their watches were original, which were customized or modified, and which were aftermarket.¹⁵⁴² The district court therefore had not abused its discretion in rejecting the plaintiff's request for a disgorgement.

In contrast, a different claim of laches fell short on a defense motion for summary judgment.¹⁵⁴³ That failure came in a case in which the defendants initially responded to the plaintiff's objections to their infringement by discontinuing it. They eventually resumed their conduct, however, and that resumption led to the plaintiff filing suit. In denying the defendants' bid for a finding of laches as a matter of law, the court noted that the lawsuit had been filed within four years of the plaintiff learning of the defendant's original infringement and within six months of the defendants' new misconduct. Those circumstances precluded a grant of the defendants' motion.¹⁵⁴⁴

¹⁵³⁸ *Id.* at 1107.

¹⁵³⁹ *See* *Rolex Watch USA, Inc. v. BeckerTime, L.L.C.*, 96 F.4th 715 (5th Cir. 2024).

¹⁵⁴⁰ *Id.* at 723.

¹⁵⁴¹ *Id.*

¹⁵⁴² *Id.*

¹⁵⁴³ *See* *Earth, Wind & Fire IP, LLC v. Substantial Music Grp.*, 720 F. Supp. 3d 1261 (S.D. Fla. 2024).

¹⁵⁴⁴ *Id.* at 1278.

iii. Acquiescence

Consistent with the usual requirements for the defense, one court held that “[a]cquiescence’ requires that ‘(1) the plaintiff actively represented it would not assert a right or 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.’”¹⁵⁴⁵ It did so in a case in which the plaintiff challenged, among other things, the defendants’ use of a logo similar to that of the plaintiff to promote their musical performances. During pre-lawsuit negotiations, a representative of the plaintiff wrote to the defendants that “I explained that while I was not in position to agree that the matter was resolved, the . . . proposed [revised] logo was preferred over the current logo that is being used to promote upcoming concerts.”¹⁵⁴⁶ The defendants argued that communication satisfied the first requirement for a finding of acquiescence, but the court disagreed, holding instead that “saying that something is ‘headed in the right direction’ is not an assurance to not assert trademark rights. While active consent does not require an explicit promise not to sue, the record lacks evidence showing that Plaintiff actively represented it would not assert this infringement claim.”¹⁵⁴⁷ With the summary judgment record additionally establishing that the defendants had responded to the plaintiff’s demands by discontinuing their offending uses for over two years and that the plaintiff’s challenge to the defendants’ resumption of those uses was not inexcusably tardy, the defendants’ claim of acquiescence was meritless as a matter of law.¹⁵⁴⁸

iv. Estoppel

Defendants invoke estoppel in trademark and unfair competition actions relatively infrequently, but that affirmative defense made an appearance in a suit between a plaintiff that had acquired several marks from a secured lender in a sale made under Article 9 of the Uniform Commercial Code and a defendant that had secured licenses to use those marks from their original owner prior to that sale.¹⁵⁴⁹ Following the sale, the defendant received a notice from the mark’s original owner advising it that the licenses had been terminated but also that the termination did not affect a sell-off period authorized by the licenses. The defendant also, however,

¹⁵⁴⁵ *Id.* at 1276 (quoting *Univ. of Ala. Bd. of Trs. v. New Life Art, Inc.*, 683 F.3d 1266, 1281 (11th Cir. 2012)).

¹⁵⁴⁶ *Id.* at 1277.

¹⁵⁴⁷ *Id.*

¹⁵⁴⁸ *Id.*

¹⁵⁴⁹ *See N. Star IP Holdings, LLC v. Icon Trade Servs., LLC*, 710 F. Supp. 3d 183 (S.D.N.Y. 2024).

received correspondence from counsel for the plaintiff asserting that the Article 9 sale had had the effect of terminating the licenses in their entirety under New York's version of the UCC.¹⁵⁵⁰ Based on the former notice's failure to mention the Article 9 sale, the defendant argued in a motion for summary judgment that the plaintiff was estopped from relying on that sale to establish that the defendant was not entitled to avail itself of the sell-off period.

The court rejected the defendant's argument in an application of the following test:

Under federal law, a party may be estopped from pursuing a claim or defense where: 1) the party to be estopped makes a misrepresentation of fact to the other party with reason to believe that the other party will rely upon it; 2) and the other party reasonably relies upon it; 3) to her detriment.¹⁵⁵¹

Even if the notice of termination from the mark's former owner could be attributed to the plaintiff—and the court found a factual dispute on that issue—that notice did not affirmatively represent that the sell-off rights remained in full force despite the effect of the Article 9 sale.¹⁵⁵² The summary judgment record also contained conflicting evidence and testimony regarding the extent to which the defendant had reasonably relied on its interpretation on the notice from the mark's former owner, especially because the defendant not only had sold goods bearing the plaintiff's marks during the sell-off period despite knowing of the plaintiff's position, but it also had continued those sales even after the expiration of that period. At least as a matter of law, estoppel therefore did not shield the defendant from liability.¹⁵⁵³

An additional rejection of a claim of estoppel in a defense motion for summary judgment came in a case brought by the owner of the trademark rights associated with the famous performing group Earth Wind & Fire.¹⁵⁵⁴ At one point during the parties' pre-suit negotiations, the defendants offered to modify an allegedly infringing logo. A representative of the plaintiff responded by advising the defendant that "while [he] was not in position to agree that the matter was resolved, the . . . proposed [revised] logo was preferred over the current logo that is being used to promote

¹⁵⁵⁰ See N.Y. U.C.C. LAW § 9-617(a) ("A secured party's disposition of collateral after default . . . discharges any subordinate security interest or other subordinate lien other than liens created under any law of this state that are not to be discharged.").

¹⁵⁵¹ *N. Star IP Holdings*, 710 F. Supp. 3d at 208 (quoting *Kosakow v. New Rochelle Radiology Assocs., P.C.*, 274 F.3d 706, 725 (2d Cir. 2001)).

¹⁵⁵² *Id.*

¹⁵⁵³ *Id.* at 209.

¹⁵⁵⁴ See *Earth, Wind & Fire IP, LLC v. Substantial Music Grp.*, 720 F. Supp. 3d 1261 (S.D. Fla. 2024).

upcoming concerts.”¹⁵⁵⁵ That response underlay the defendants’ claim of estoppel, which the court held governed by the following test:

Estoppel requires that: “(1) the party to be estopped misrepresented material facts; (2) the party to be estopped was aware of the true facts; (3) the party to be estopped intended that the misrepresentation be acted on or had reason to believe the party asserting the estoppel would rely on it; (4) the party asserting the estoppel did not know, nor should it have known, the true facts; and (5) the party asserting the estoppel reasonably and detrimentally relied on the misrepresentation.”¹⁵⁵⁶

In denying a defense motion for summary judgment, the court found that the defendants could not reasonably have relied on the plaintiff’s response to the proposed revised logo under the fifth factor.¹⁵⁵⁷ “Further,” the court continued, “Defendants cannot prove the fourth element—showing they did not know Plaintiff objected to the use.”¹⁵⁵⁸ Summary judgment in the defendants’ favor therefore was inappropriate.

v. Licensee Estoppel

Under the doctrine of licensee estoppel, “[a] licensee, when entering into a license, covenants not to challenge a licensor’s rights in the mark, including challenges based on naked licensing.”¹⁵⁵⁹ Plaintiffs therefore can invoke it as an affirmative defense in challenges to the validity of their marks and registrations if those challenges are brought by existing or former licensees. The Fifth Circuit adopted the following formulation of the doctrine in 1975:

[A] licensee is estopped to contest the validity of the licensor’s title during the course of the licensing arrangement. The licensee has, by virtue of the agreement, recognized the holder’s ownership. . . . [A] former trademark licensee may challenge the licensor’s title on facts which arose after the contract has expired.¹⁵⁶⁰

Despite being bound by that restatement from its reviewing court, a Texas federal district court declined to grant a licensee-estoppel-based motion to dismiss filed by the United States Department of Defense and the United States Army, Navy, Air

¹⁵⁵⁵ *Id.* at 1277.

¹⁵⁵⁶ *Id.* (quoting *Dawkins v. Fulton Cnty. Gov’t*, 733 F.3d 1084, 1089 (11th Cir. 2013)).

¹⁵⁵⁷ *Id.*

¹⁵⁵⁸ *Id.*

¹⁵⁵⁹ *Big Boy Rests. v. Cadillac Coffee Co.*, 238 F. Supp. 2d 866, 874 (E.D. Mich. 2002).

¹⁵⁶⁰ *Pro. Golfers Ass’n v. Bankers Life & Cas. Co.*, 514 F.2d 665, 671 (5th Cir. 1975).

Force, and Marines.¹⁵⁶¹ Explaining why, the court held as an initial matter that “[t]he defense of licensee estoppel is ‘equitable in nature’ and ‘not subject to rigid application.’ So all of the relevant facts and circumstances should be developed before its applicability is determined.”¹⁵⁶² It then noted that, because the plaintiff grounded its challenge to the validity of the defendants’ marks and registrations in part in the argument that the marks were generic, that challenge did not necessarily rely on the plaintiff’s own conduct so much as it did “on all English speakers” and “the marks’ usage before and after the term of [the plaintiff’s] license agreement.”¹⁵⁶³ Moreover, the plaintiff did not claim the defendants’ marks as its own, which led the court to hold that “[t]he equities are entirely different when a former licensee seeks, not to take ownership of a mark for itself, but to cancel a mark’s registration and thus free certain language for addition to the public domain.”¹⁵⁶⁴ Even if those considerations did not preclude the defendants from successfully asserting licensee estoppel later in the case, they nevertheless foreclosed the grant of the defendants’ motion to dismiss.¹⁵⁶⁵

vi. Failure to Mitigate Damages

“A plaintiff has a duty to mitigate damages and cannot recover losses [he] could have avoided through reasonable efforts.”¹⁵⁶⁶ Nevertheless, having been found liable for trafficking in goods bearing counterfeit imitations of the plaintiff’s registered marks, a group of defendants failed to escape an award of statutory damages by asserting that the plaintiff had failed to mitigate its actual damages.¹⁵⁶⁷ For one thing, the court noted, “[i]n other contexts, courts have found no duty to mitigate where the plaintiff seeks statutory damages rather than actual damages.”¹⁵⁶⁸ And, for another, the award deemed appropriate by the court rested more on the egregious nature of the defendants’ conduct than on the plaintiff’s actual damages.¹⁵⁶⁹

¹⁵⁶¹ See *Shields of Strength v. U.S. Dep’t of Def.*, 672 F. Supp. 3d 256 (E.D. Tex. 2023).

¹⁵⁶² *Id.* at 282 (footnote omitted) (quoting *Westco Grp. v. K.B. & Assocs.*, 128 F. Supp. 2d 1082, 1090 (N.D. Ohio 2001)).

¹⁵⁶³ *Id.* at 283.

¹⁵⁶⁴ *Id.*

¹⁵⁶⁵ *Id.*

¹⁵⁶⁶ *JUUL Labs, Inc. v. Chou*, 676 F. Supp. 3d 827, 848 (C.D. Cal. 2023) (quoting *Binder v. Disability Grp.*, 772 F. Supp. 2d 1172, 1184 (C.D. Cal. 2011)).

¹⁵⁶⁷ See *id.* at 848.

¹⁵⁶⁸ *Id.*

¹⁵⁶⁹ *Id.*

vii. Assumption of the Risk

Addressing a rarely raised issue, an Indiana federal district court dismissed on summary judgment a defendant's attempted invocation of the affirmative defense of assumption of risk.¹⁵⁷⁰ The defendant's response to the plaintiff's bid for judgment as a matter of law apparently did not attempt to explain the basis for that defense, which led the court to conclude that it related to the plaintiff's putative failure to choose marks more distinctive than the ones it had. Although the defendant was free to contest the strength of the plaintiff's marks at trial, the court concluded that the defendant's claimed affirmative defense was meritless:

Assumption of the risk traditionally has evolved in the tort context to describe instances in which a plaintiff voluntarily and unreasonably encounters a known risk (*e.g.*, running through an inflatable obstacle course at age 75) or expressly or impliedly consents to relieve a defendant of liability (*e.g.*, signing a consent and waiver for a risky sports activity)—and thereby negates a duty or breach element or, depending on the iteration, serves as an affirmative defense. It has no operation as a defense in a trademark infringement or unfair competition claim of the ilk here.¹⁵⁷¹

3. Remedies

a. Injunctive Relief

i. Prerequisites for Injunctive Relief

In *eBay Inc. v. MercExchange, LLC*,¹⁵⁷² 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.¹⁵⁷³

¹⁵⁷⁰ See *Forest River, Inc. v. inTech Trailers, Inc.*, 699 F. Supp. 3d 712 (N.D. Ind. 2023).

¹⁵⁷¹ *Id.* at 737 (citations omitted).

¹⁵⁷² 547 U.S. 388 (2006).

¹⁵⁷³ *Id.* at 391.

For a substantively identical restatement of the *eBay* test under Oklahoma state law, see *Get Bak'd OKC, LLC v. Releaf Labs, LLC*, 540 P.3d 1117, 1121 (Okla. 2023).

In *eBay*'s wake, the Court subsequently held in *Winter v. Natural Resources Defense Council, Inc.*¹⁵⁷⁴ that the same factors applied in the preliminary injunction context.¹⁵⁷⁵ An order entering either type of injunction therefore must address the four factors or risk either reversal or a vacatur and remand.¹⁵⁷⁶

(A) Irreparable Harm or Injury

As amended by the Trademark Modernization Act (TMA), Section 34(a) provides in part that a prevailing plaintiff under the Lanham Act “shall be entitled to a rebuttable presumption of irreparable harm . . . in the case of a motion for a permanent injunction or upon a finding of likelihood of success . . . in the case of a motion for a preliminary injunction or temporary restraining order.”¹⁵⁷⁷ Based on that language, the Fifth Circuit was in no mood to entertain an argument by two defendants that they had been improperly hit with a preliminary injunction because the plaintiff securing it had failed to demonstrate irreparable harm in the absence of injunctive relief.¹⁵⁷⁸ That argument rested on the alleged peaceful coexistence of the parties’ goods in the marketplace and the plaintiff’s alleged delay in asserting its rights, but, as the court pointed out, the defendants had failed to assert those points before the district court; even if they had done so, however, those considerations would not have rendered the district court’s entry of preliminary injunctive relief an abuse of discretion.¹⁵⁷⁹

Section 34(a) benefitted other plaintiffs as well,¹⁵⁸⁰ including one in an action to protect the OPEN AI mark for artificial intelligence

¹⁵⁷⁴ 555 U.S. 7 (2008).

¹⁵⁷⁵ *Id.* at 20.

¹⁵⁷⁶ *See, e.g.*, *Wudi Indus. (Shanghai) Co. v. Wong*, 70 F.4th 183, 193 (4th Cir. 2023) (vacating permanent injunction and remanding for consideration of *eBay* factors), *appeal docketed*, No. 24-1186 (4th Cir. Feb. 29, 2024).

¹⁵⁷⁷ 15 U.S.C. § 1116(a) (2018).

Of course, only prevailing plaintiffs are eligible to invoke Section 34(a)’s presumption. *See, e.g.*, *Good Meat Project v. GOOD Meat, Inc.*, 716 F. Supp. 3d 783, 804 (N.D. Cal. 2024) (“The Lanham Act’s presumption of irreparable harm . . . does not apply because [the plaintiff] has not shown that it is likely to succeed on the merits.”).

¹⁵⁷⁸ *See Whirlpool Corp. v. Shenzhen Sanlida Elec. Tech. Co.*, 80 F.4th 536 (5th Cir. 2023), *cert. denied*, 144 S. Ct. 807 (2024).

¹⁵⁷⁹ *Id.* at 546 (alteration in original).

¹⁵⁸⁰ *See, e.g.*, *GS Holistic LLC v. Vilet Z LLC*, 711 F. Supp. 3d 1059, 1065–66 (E.D. Wis. 2024) (“[The plaintiff] has established a trademark violation, so [it is] afforded a rebuttable presumption of irreparable injury. By virtue of their defaults, Defendants have not rebutted that presumption.”); *Green v. ABC Cos.*, 702 F. Supp. 3d 418, 423–24 (W.D.N.C. 2023) (“[T]he Lanham Act provides that ‘upon a finding of a likelihood of success on the merits,’ a plaintiff ‘shall be entitled to a rebuttable presumption of irreparable harm.’ No adversary has appeared in this case to rebut the presumption that plaintiffs enjoy under the Lanham Act, which would seem to be borne out here by the likelihood that consumers

tools against a competing use of OPENAI.¹⁵⁸¹ With the court having rejected their claim of prior use and with likelihood of confusion undisputed, the defendants sought to rebut the statutory presumption of irreparable harm by pointing to the plaintiff's failure to pursue a preliminary injunction within eight years of the USPTO's rejection of an application to register its mark based on the defendants' prior-filed application. The court addressed and dismissed that strategy under a laches rubric, concluding as an initial matter that the evidence of the defendants' bad faith was not so strong that they were ineligible for the defense.¹⁵⁸² That proved the defendants' high-water mark, however, as the court went on to measure the plaintiff's delay from when the defendants' conduct first began to affect the plaintiff: "The evidence shows that until November of 2022, when defendants uploaded a product that directly competed with plaintiff's AI tools, defendants' use of the disputed mark had not caused actual market confusion."¹⁵⁸³ That progressive encroachment, the court found, precluded the defendants from rebutting the presumption of irreparable harm.¹⁵⁸⁴

So too did Section 34(a) prove one key to a preliminary injunction secured by a software producer against two defendants found to have counterfeited the plaintiff's flagship mark and to have registered two domain names based on that mark in bad faith.¹⁵⁸⁵ Seeking to rebut the presumption of irreparable harm, as well as the plaintiff's independent showing of reputational harm, the one defendant to contest the action represented through his counsel—but not in a sworn declaration—that he had discontinued the challenged conduct and that the plaintiff's bid for injunctive relief was therefore moot. The court required the defendant to carry "the heavy burden of showing that there is no possibility of recurrence of the infringing activity" and found that he had failed to do so.¹⁵⁸⁶ Specifically, it determined that "[g]iven Defendants' well documented infringement of Plaintiff's intellectual property and their efforts to disguise their identities and avoid detection . . . [,] the threat of irreparable harm remains."¹⁵⁸⁷

would be misled by the unauthorized merchandise, despite its allegedly lower quality." (quoting 15 U.S.C. 1116(a) (2018)); *JUUL Labs, Inc. v. Chou*, 676 F. Supp. 3d 827, 849 (C.D. Cal. 2023) (relying exclusively on presumption to reach finding of irreparable harm arising from defendants' counterfeiting).

¹⁵⁸¹ See *OpenAI, Inc. v. Open A.I., Inc.*, 719 F. Supp. 3d 1033 (N.D. Cal. 2024), *aff'd*, No. 24-1963, 2024 WL 4763687 (9th Cir. Nov. 13, 2024).

¹⁵⁸² *Id.* at 1050.

¹⁵⁸³ *Id.* at 1050–51.

¹⁵⁸⁴ *Id.* at 1051.

¹⁵⁸⁵ See *cPanel, LLC v. Asli*, 719 F. Supp. 3d 1133 (D. Or. 2024).

¹⁵⁸⁶ *Id.* at 1152.

¹⁵⁸⁷ *Id.*

Of course, and whatever burden-shifting effect Section 34(a)'s presumption may have, prevailing plaintiffs can always demonstrate irreparable harm as a factual matter, especially if they can adduce evidence or testimony of reputational harm arising from defendants' conduct.¹⁵⁸⁸ Thus, for example, the Fourth Circuit held one such plaintiff entitled to permanent injunctive relief after a defendant breached a prior settlement agreement between the parties and negative publicity concerning the defendant's real estate projects that mistakenly attributed the projects to the plaintiff.¹⁵⁸⁹ "Such reputational harm," the court observed, "is sufficient to demonstrate irreparable injury flowing from the breach of a settlement agreement restricting the breaching party's use of a trademark."¹⁵⁹⁰

A Georgia federal district court also concluded that preliminary injunctive relief was appropriate without consideration of Section 34(a)'s presumption of irreparable harm.¹⁵⁹¹ Having found the plaintiff likely to prevail on its claim of infringement, the court invoked pre-TMA authority to hold that "[i]rreparable harm has been found to exist based on a substantial threat of customer confusion and the resulting harm to the movant's reputation and goodwill."¹⁵⁹² The defendant responded to that proposition of law by citing the plaintiff's alleged six-month delay in seeking a preliminary injunction, but the court rejected that argument for multiple reasons, the first of which was that the plaintiff had pursued its motion less than two months after the filing and service of its complaint, which the court viewed as the proper time frame for consideration.¹⁵⁹³ Equally to the point, the plaintiff had transmitted a cease-and-desist letter to the defendant within two weeks of learning of the defendant's infringing mark and also had opposed an application to register that mark. "All this to say," the court concluded, "[the plaintiff] has taken multiple steps at different points in the process to protect its . . . marks, and the Court finds that it has adequately shown that its injury is imminent. Therefore,

¹⁵⁸⁸ See, e.g., *La Potencia, LLC v. Chandler*, 733 F. Supp. 3d 1238, 1274–75 (S.D. Fla. 2024) (observing, without reference to Section 34(a), that "[i]n reversing a finding of lack of irreparable harm in a trademark infringement case, the Eleventh Circuit concluded that 'a remedy at law for consumer confusion or reputational damage is ordinarily inadequate, given the potential difficulty of proof of plaintiff's damages and the impairment of intangible values'" quoting *Boulan S. Beach Master Ass'n v. Think Props., LLC*, 617 F. App'x 931, 934 (11th Cir. 2015)).

¹⁵⁸⁹ See *Dewberry Eng'rs v. Dewberry Grp.*, 77 F.4th 265 (4th Cir. 2023), *cert. granted*, 144 S. Ct. 2681 (2024).

¹⁵⁹⁰ *Id.* at 279.

¹⁵⁹¹ See *Hi-Tech Pharms., Inc. v. Nutrition Res. Servs., Inc.*, 717 F. Supp. 3d 1318 (N.D. Ga. 2024), *appeal docketed*, No. 24-10564 (11th Cir. Feb. 26, 2024).

¹⁵⁹² *Id.* at 1330.

¹⁵⁹³ *Id.*

[the plaintiff] has demonstrated a substantial likelihood of irreparable harm.”¹⁵⁹⁴

The statutory presumption was equally absent from a New York federal district court’s analysis of irreparable harm.¹⁵⁹⁵ The occasion of that analysis was a preliminary injunction motion by a manufacturer of pharmaceutical preparations, which sought, *inter alia*, to freeze the assets of defendants it accused of trafficking in goods associated with counterfeit imitations of its registered marks. Having found the plaintiff’s claims meritorious as far as the preliminary injunction record was concerned, the court also credited the plaintiff’s argument that the scope of the defendants’ misconduct—which included the sale of fake or substituted drugs under the plaintiff’s marks, the fabrication of documentation required by federal law to accompany sales of the plaintiff’s preparations, and continued sales following the Food and Drug Administration’s notice of their unlawfulness—raised the risk of the defendants dissipating their assets.¹⁵⁹⁶

In contrast, one claim of irreparable harm on a preliminary injunction motion failed in part because of the plaintiff’s inability to prove a likelihood of success on the merits of its causes of action for contributory infringement and likely dilution.¹⁵⁹⁷ That failure deprived the plaintiff of the benefit of Section 34(a)’s presumption, and its alternative showing of prospective reputational harm in the absence of the requested injunction did not convince the court, which held that “plaintiffs ‘must do more than assert that confusion itself will irreparably injure them, and conclusory statements of loss of reputation and goodwill constitute an insufficient basis for a finding of irreparable harm.’”¹⁵⁹⁸ Because the plaintiff’s showing on that issue did not extend beyond “a few conclusory paragraphs” in a declaration from its general counsel, its claim of irreparable harm fell by the wayside.¹⁵⁹⁹

Likewise, in a different case in which a plaintiff also failed to demonstrate likely success on the merits of its infringement cause of action, the court found that the plaintiff’s delay in seeking a preliminary injunction disposed of its pretensions to irreparable harm.¹⁶⁰⁰ As the court noted, the plaintiff had received a demand

¹⁵⁹⁴ *Id.* at 1331.

¹⁵⁹⁵ *See* *Gilead Scis., Inc. v. Safe Chain Sols., LLC*, 684 F. Supp. 3d 51 (E.D.N.Y. 2023).

¹⁵⁹⁶ *Id.* at 68.

¹⁵⁹⁷ *See* *Atari Interactive, Inc. v. Printify, Inc.*, 714 F. Supp. 3d 225 (S.D.N.Y. 2024), *appeal withdrawn sub nom.* *ABC v. Does 1–10*, No. 24-501, 2024 WL 3963729 (2d Cir. June 12, 2024).

¹⁵⁹⁸ *Id.* at 238 (quoting *Two Hands IP LLC v. Two Hands Am., Inc.*, 563 F. Supp. 3d 290, 301 (S.D.N.Y. 2021)).

¹⁵⁹⁹ *Id.*

¹⁶⁰⁰ *See* *Good Meat Project v. GOOD Meat, Inc.*, 716 F. Supp. 3d 783 (N.D. Cal. 2024).

letter from the defendant sixteen months before filing suit, after which it waited an additional two months before moving the court for interlocutory relief. Worse still, the plaintiff invested little effort into explaining its inaction beyond raising “the possibility that an unspecified portion of the sixteen months was spent attempting to reach a settlement.”¹⁶⁰¹ When the defendant demonstrated to the court’s satisfaction that the parties’ negotiations had lasted only a “month or two,” the plaintiff’s “lack of urgency . . . undercut[] any finding of imminent harm.”¹⁶⁰²

The same fate befell another plaintiff after an even shorter delay in seeking preliminary injunctive relief.¹⁶⁰³ Section 34(a)’s presumption was unavailable in light of the plaintiff’s inability to demonstrate probable success on the merits of its claims, but an at least four-month period of inaction before those claims were brought played a significant part in the court’s finding that the plaintiff would not suffer any irreparable harm in the absence of its requested relief: “If defendants’ use of [their allegedly infringing mark] represented the existential threat plaintiff now describes,” the court observed, “its counsel would have come to court sooner.”¹⁶⁰⁴ That conclusion was fortified by the court’s suspicion that the plaintiff had known of the defendants’ uses for much longer than four months in light of the issuance of a federal registration to the lead defendant over three years before the outbreak of hostilities between the parties.¹⁶⁰⁵

Finally, a panel of the Court of Civil Appeals of Oklahoma affirmed the denial of a preliminary injunction under the law of that state for want of irreparable harm.¹⁶⁰⁶ Following a scholarly examination of the amended Section 34(a), the court held that “[w]e agree with the legal analysis in, and the empirical basis for, those decisions adopting a presumption of irreparable harm in trademark infringement cases.”¹⁶⁰⁷ Nevertheless, it also held that “as the 2020 Lanham Act amendment makes clear, that a presumption of irreparable harm in trademark infringement cases is rebuttable.”¹⁶⁰⁸ Then, and despite the black-letter proposition of trademark law that “inferiority is not a prerequisite to a finding of

¹⁶⁰¹ *Id.* at 804–05.

¹⁶⁰² *Id.* at 805.

¹⁶⁰³ *See* *Pet Life, LLC v. KAS Pet, LLC*, 690 F. Supp. 3d 41 (E.D.N.Y. 2023).

¹⁶⁰⁴ *Id.* at 47.

¹⁶⁰⁵ *Id.*

¹⁶⁰⁶ *See* *Get Bak’d OKC, LLC v. Releaf Labs, LLC*, 540 P.3d 1117 (Okla. 2023).

¹⁶⁰⁷ *Id.* at 1123.

¹⁶⁰⁸ *Id.*

a Lanham Act violation,”¹⁶⁰⁹ the court affirmed the trial court’s finding that the absence of proof that the defendants’ goods were inferior to those of the plaintiff rebutted the presumption.¹⁶¹⁰ The trial court’s denial of the plaintiff’s preliminary injunction motion therefore withstood scrutiny on appeal.

(B) Inadequacy of Legal Remedies

Plaintiffs generally demonstrated the inadequacy of available legal remedies in the absence of injunctive relief with little difficulty.¹⁶¹¹ For example, one opinion explained that “[t]he Court gives little weigh[t] to [the counterclaim defendant’s] argument that the harms here can be redressed with money damages. [The counterclaim plaintiff] claims that it has lost and will continue to lose control of its reputation, trade, and goodwill because of [the counterclaim defendant’s] mark.”¹⁶¹² Likewise, another found on the basis of actual confusion that “that confusion resulted in the loss of goodwill . . . for which monetary damages are insufficient compensation.”¹⁶¹³ Other findings in favor of plaintiffs were even more abbreviated.¹⁶¹⁴ Nevertheless, having concluded that the plaintiff before it had failed to establish any reputational harm from the alleged infringement undertaken by the plaintiff’s competitors, one state appellate court affirmed the denial of a preliminary injunction with the observation that “[w]here the alleged contemplated injury is such as can be fully compensated in money damages, and the defendants are wholly and unquestionably

¹⁶⁰⁹ *Babbit Elecs., Inc. v. Dynascan Corp.*, 38 F.3d 1161, 1181-81 (11th Cir. 1994); *see also* *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 259–60 (2d Cir. 1987) (“[A] senior user may sue to protect his reputation even where the infringer’s goods are of top quality.”); *Burberrys (Wholesale) Ltd. v. After Six Inc.*, 471 N.Y.S.2d 235, 237 (Sup. Ct. 1984) (“[I]t is no excuse that the item is manufactured with the same quality as the trademark product for ‘plaintiff is still entitled to have its reputation within its control.’” (quoting *Jordan K. Rand, Ltd. v. Lazoff Bros.*, 537 F. Supp. 587, 597 (D.P.R., 1982))).

¹⁶¹⁰ *Get Bak’d OKC*, 540 P.3d at 1124.

¹⁶¹¹ *See, e.g.*, *GS Holistic LLC v. Vilet Z LLC*, 711 F. Supp. 3d 1059, 1068 (E.D. Wis. 2024) (“Remedies at law are inadequate to compensate for [Plaintiff’s] because its damages cannot be proved with any reasonable certainty and, absent an injunction, Defendants’ infringing activities are likely to continue.”).

¹⁶¹² *Hi-Tech Pharms., Inc. v. Nutrition Res. Servs., Inc.*, 717 F. Supp. 3d 1318, 1330 (N.D. Ga. 2024), *appeal docketed*, No. 24-10564 (11th Cir. Feb. 26, 2024).

¹⁶¹³ *Nutrados Labs, LLC v. Bio Dose Pharma, LLC*, 710 F. Supp. 3d 1200, 1232 (S.D. Fla. 2024), *aff’d sub nom.* *Nutrados Labs, LLC v. Santamarta*, No. 24-10381, 2025 WL 337971 (11th Cir. Jan. 30, 2025) (per curiam).

¹⁶¹⁴ *See, e.g.*, *BBK Tobacco & Foods, LLP v. Aims Grp. USA Corp.*, 723 F. Supp. 3d 973, 989 (D. Nev. 2024) (“[R]emedies at law (including monetary damages) are inadequate to compensate Plaintiff for the ongoing damage that it will suffer if the infringement is allowed to continue.”); *JUUL Labs, Inc. v. Chou*, 676 F. Supp. 3d 827, 849 (C.D. Cal. 2023) (finding that “[t]here is no adequate remedy at law” without analysis or discussion of record).

solvent and responsible, a temporary injunction should not be granted”¹⁶¹⁵

(C) Balance of the Hardships

In part because “a defendant who builds a business model based upon a clear violation of the property rights of the plaintiff cannot defeat a preliminary injunction by claiming the business will be harmed if the defendant is forced to respect those property rights,”¹⁶¹⁶ prevailing plaintiffs found receptive judicial audiences when arguing that a balancing of the parties’ respective hardships favored the entry of preliminary or permanent injunctive relief.¹⁶¹⁷ For example, the Fifth Circuit rejected a claim of harm by a pair of defendants subject to a preliminary injunction barring them from the continued sale of kitchen mixers found confusingly similar to one offered by the plaintiff.¹⁶¹⁸ That claim rested on “loss of market shares, immediate and almost complete loss of revenue stream from the sale of products, interruption of the normal course of business . . . and loss of invested capital.”¹⁶¹⁹ The court was unimpressed, and it therefore affirmed the district court’s finding that a balance of the hardships favored the plaintiff: “Such harms are pecuniary in nature, and thus presumptively reparable.”¹⁶²⁰

In reaching the same conclusion, a Georgia federal district court blamed an infringing counterclaim defendant before it for the position in which that party found itself.¹⁶²¹ Although acknowledging that the requested preliminary injunction would

¹⁶¹⁵ *Get Bak’d OKC*, 540 P.3d at 1124 (quoting *Marshall v. Homier*, 74 P. 368, 369 (Okla. 1903)).

¹⁶¹⁶ *cPanel, LLC v. Asli*, 719 F. Supp. 3d 1133, 1152 (D. Or. 2024) (quoting *eBay, Inc. v. Bidder’s Edge, Inc.*, 100 F. Supp. 2d 1058, 1069 (N.D. Cal. 2000)).

¹⁶¹⁷ *See, e.g., La Potencia, LLC v. Chandler*, 733 F. Supp. 3d 1238, 1275 (S.D. Fla. 2024) (“In intellectual property cases, ‘the probable loss of consumer goodwill for [the plaintiff] outweighs the cost of delay that [the defendant] will incur in not being able to sell [the infringing products] until a decision on the merits.’” (quoting *Davidoff & CIE, S.A. v. PLD Int’l Corp.*, 263 F.3d 1297, 1304 (11th Cir. 2001))); *BBK Tobacco & Foods*, 723 F. Supp. 3d at 989 (“[C]onsidering the balance of the hardships between Plaintiff and Defendant . . . , a permanent injunction is still warranted. Simply put, Defendant . . . has no right to infringe on Plaintiff’s intellectual property.”); *GS Holistic LLC v. Vilet Z LLC*, 711 F. Supp. 3d 1059, 1068 (E.D. Wis. 2024) (“The balance of hardships also favors [the plaintiff] and the public interest is served by an injunction prohibiting any further infringing behavior from the defendants.”); *JUUL Labs, Inc. v. Chou*, 676 F. Supp. 3d 827, 849 (C.D. Cal. 2023) (“The balance of hardships weighs in favor of an injunction. By granting injunctive relief, the Court is merely prohibiting [the defendants] from infringing [the plaintiff’s] trademarks.”).

¹⁶¹⁸ *See Whirlpool Corp. v. Shenzhen Sanlida Elec. Tech. Co.*, 80 F.4th 536 (5th Cir. 2023), *cert. denied*, 144 S. Ct. 807 (2024).

¹⁶¹⁹ *Id.* at 546.

¹⁶²⁰ *Id.*

¹⁶²¹ *See Hi-Tech Pharms., Inc. v. Nutrition Res. Servs., Inc.*, 717 F. Supp. 3d 1318 (N.D. Ga. 2024) (alteration in original), *appeal docketed*, No. 24-10564 (11th Cir. Feb. 26, 2024).

cause the counterclaim defendant “some hardship,”¹⁶²² the court ultimately determined that:

[A]ny such hardship is outweighed by the harms that [the defendant] would experience if the injunction were not to issue. This finding is bolstered by [the counterclaim defendant’s] early knowledge of [the counterclaim plaintiff’s] mark[s] and bad-faith use of the “®” symbol [in conjunction with the counterclaim defendant’s unregistered mark]. [The counterclaim defendant] had every opportunity to change its behavior when it was alerted of a competing mark, but chose to continue using its infringing mark. In other words, any hardship on the part of [the counterclaim defendant] would result from its own actions. Accordingly, the threatened injury to [the counterclaim plaintiff] outweighs whatever damage the proposed injunction may cause [the counterclaim defendant].¹⁶²³

In contrast, in a case in which preliminary injunctive relief was found inappropriate for the primary reason that the plaintiff had failed to demonstrate likely success on the merits of its claims, the court additionally found that a balance of the harms favored the defendant.¹⁶²⁴ With the plaintiff unable to avail itself of the presumption of irreparable harm, its claimed injury without an injunction apparently rested on mixed reviews of the defendant’s goods on an Instagram feed. In contrast, the court found, “[the defendant] has invested millions in its branding and advertising, which itself may be considered in assessing the balance of equities.”¹⁶²⁵ Under the circumstances, “the potential ‘harm from an erroneously issued, widespread injunction far outweighs any harm should such relief be erroneously denied.’”¹⁶²⁶

(D) Public Interest

As always, the results of applications of the public-interest factor predictably favored prevailing plaintiffs.¹⁶²⁷ For example, one court

¹⁶²² *Id.* at 1331.

¹⁶²³ *Id.*

¹⁶²⁴ *See* Good Meat Project v. GOOD Meat, Inc., 716 F. Supp. 3d 783 (N.D. Cal. 2024).

¹⁶²⁵ *Id.* at 805–06.

¹⁶²⁶ *Id.* at 806 (quoting Stark v. Diageo Chateau & Est. Wines Co., 907 F. Supp. 2d 1042, 1067 (N.D. Cal. 2012)).

¹⁶²⁷ *See, e.g.,* La Potencia, LLC v. Chandler, 733 F. Supp. 3d 1238, 1276 (S.D. Fla. 2024) (“Concerning the trademark injunction, ‘the public interest is served by preventing consumer confusion in the marketplace.’” (quoting Davidoff & CIE, S.A. v. PLD Int’l Corp., 263 F.3d 1297, 1304 (11th Cir. 2001))); cPanel, LLC v. Asli, 719 F. Supp. 3d 1133, 1152 (D. Or. 2024) (“Upholding . . . trademark protections against willful infringers is in the public interest.”); GS Holistic LLC v. Vilet Z LLC, 711 F. Supp. 3d 1059, 1068 (E.D.

explained in a false advertising action that “the public would be served by issuing an injunction because the public has an interest in ‘enforcing [] intellectual property rights and preventing consumer confusion’”;¹⁶²⁸ that was perhaps particularly true because of an open question whether an ingredient of the dietary supplements sold under the defendant’s infringing mark was an unsafe food additive.¹⁶²⁹ Another court similarly held in the infringement context that “although we recognize that the public has an interest in encouraging commercial competition, the public also has an interest in the effective enforcement of our trademark laws.”¹⁶³⁰

At least one court, however, examined the issue in a bit more detail.¹⁶³¹ It did so while finding that the public interest favored the entry of a preliminary injunction imposing an asset freeze on certain of the defendants. The underlying conduct challenged by the plaintiff was egregious and included sales of fake or substituted medicine under counterfeit imitations of the plaintiff’s marks, which the defendants continued despite receiving notice from the Food and Drug Administration of the unlawfulness of their conduct. That undoubtedly influenced the brevity of the court’s analysis of the public-interest factor: “[T]here is hardly a conceivable public interest in enabling [the defendants] to evade their creditors.”¹⁶³²

Wis. 2024) (“[T]he public interest is served by an injunction prohibiting any further infringing behavior from the defendants.”); *Nutrados Labs, LLC v. Bio Dose Pharma, LLC*, 710 F. Supp. 3d 1200, 1232 (S.D. Fla. 2024) (“In ‘ordinary trademark infringement actions . . . complete injunctions against the infringing party are the order of the day. The reason is simple: the public deserves not to be led astray by the use of inevitably confusing marks” (quoting *Tiramisu Int’l LLC v. Clever Imps. LLC*, 741 F. Supp. 2d 1279, 1286-87 (S.D. Fla. 2010))), *aff’d sub nom. Nutrados Labs, LLC v. Santamarta*, No. 24-10381, 2025 WL 337971 (11th Cir. Jan. 30, 2025) (per curiam); *Green v. ABC Cos.*, 702 F. Supp. 3d 418, 424 (W.D.N.C. 2023) (“Enforcement of the Lanham Act’s trademark protections serves the public interest in inducing and rewarding the creation of these designs [merchandise bearing the infringed mark]. It further serves the public interest to avoid consumer confusion ‘about the identity of the enterprise from which goods and services are purchased.’” (quoting *Ledo Pizza Sys., Inc. v. Singh*, 983 F. Supp. 2d 632, 640 (D. Md. 2013))); *JUUL Labs, Inc. v. Chou*, 676 F. Supp. 3d 827, 849 (C.D. Cal. 2023) (“[The] [p]ublic interest weighs in favor of a permanent injunction because the public will be confused and harmed by counterfeit products in the marketplace.”).

¹⁶²⁸ *Hi-Tech Pharms., Inc. v. Nutrition Res. Servs., Inc.*, 717 F. Supp. 3d 1318, 1331 (N.D. Ga. 2024) (quoting *Express Franchise Servs., L.P. v. Impact Outsourcing Sols., Inc.*, 244 F. Supp. 3d 1368, 1384 (N.D. Ga. 2017)), *appeal docketed*, No. 24-10564 (11th Cir. Feb. 26, 2024).

¹⁶²⁹ *Id.*

¹⁶³⁰ *Whirlpool Corp. v. Shenzhen Sanlida Elec. Tech. Co.*, 80 F.4th 536, 546 (5th Cir. 2023), *cert. denied*, 144 S. Ct. 807 (2024); *see also* *BBK Tobacco & Foods, LLP v. Aims Grp. USA Corp.*, 723 F. Supp. 3d 973, 989 (D. Nev. 2024) (“[T]he public will be served by a permanent injunction that prevents confusion about the source of Plaintiff and Defendants’ goods.”).

¹⁶³¹ *See* *Gilead Scis., Inc. v. Safe Chain Sols., LLC*, 684 F. Supp. 3d 51 (E.D.N.Y. 2023).

¹⁶³² *Id.* at 68 (alterations in original) (quoting *Dong v. Miller*, No. 16-CV-5836 (NGG) (JO), 2018 WL 1445573, at *10 (E.D.N.Y. Mar. 23, 2018)).

Of course, if a plaintiff cannot prove its entitlement to relief in the first instance, the public interest may not favor the entry of injunctive relief. That proved true in a case in which the plaintiff failed to convince the court of the merits of its claims of infringement.¹⁶³³ That failure doomed the plaintiff's attempt to prove that the public interest supported its bid for a preliminary injunction. Specifically, the court determined, “[the plaintiff's] public interest argument rests on the likelihood of customer confusion. Having found that [the plaintiff] has not clearly shown a likelihood of consumer confusion or irreparable harm, the Court does not find that there is any significant threat to the public interest in the absence of injunctive relief.”¹⁶³⁴

ii. Terms of Injunctive Relief

The wide discretion enjoyed by trial court when drafting the terms of preliminary or permanent injunctions does not make those terms immune to appellate review. In one case proving that point, the Fifth Circuit addressed a cross-appeal targeting a pair of defendants found liable for infringement and counterfeiting based on their modification and resale of ROLEX-branded watches originally manufactured and sold by the plaintiff, the owner of the ROLEX mark.¹⁶³⁵ The district court enjoined the defendants from a number of their former activities, but it declined to bar them from using the ROLEX mark in connection with watches featuring materially different bezels that the defendants had substituted for the originals. Noting that the district court had found the replacement bezels were “integral and necessary” to the watches and, additionally, that they were likely to cause confusion, the court of appeals agreed with the plaintiff that the district court had erred in failing to extend its permanent injunction to bezels.¹⁶³⁶

Another plaintiff successfully securing expansive injunctive relief manufactured pharmaceutical products and objected to the defendants' sale of fake or substituted preparations under counterfeit imitations of its marks.¹⁶³⁷ Having been subjected to a preliminary injunction order freezing their assets, which included parcels of real estate, certain of the defendants sought to limit that aspect of the order to two of the parcels, which the plaintiff alleged the defendants had purchased with ill-gotten gains from the defendants' counterfeiting. The court declined to modify the terms of its order with respect to the remaining parcels because the

¹⁶³³ See *Good Meat Project v. GOOD Meat, Inc.*, 716 F. Supp. 3d 783 (N.D. Cal. 2024).

¹⁶³⁴ *Id.* at 806.

¹⁶³⁵ See *Rolux Watch USA, Inc. v. BeckerTime, L.L.C.*, 96 F.4th 715 (5th Cir. 2024).

¹⁶³⁶ *Id.* at 724–25.

¹⁶³⁷ See *Gilead Scis., Inc. v. Safe Chain Sols., LLC*, 684 F. Supp. 3d 51 (E.D.N.Y. 2023).

defendants had applied those gains to tax and mortgage payments for certain of the properties and because they failed to prove they had not so with respect to another.¹⁶³⁸

The defendants also challenged the freeze because the value of the frozen assets allegedly exceeded the value of their potential liability. The court rejected that argument as well, in the course of which it credited the plaintiff's showing that the defendants' misconduct had produced at least \$37.7 million worth of revenues. The total value of the restrained assets (\$30,250,000) was far less than the defendants' potential liability, even after mortgages and other possible encumbrances on the properties were deducted from their value. Under the circumstances, the court declined to scale back its original order.¹⁶³⁹

A different court was not nearly so sympathetic to the bid for injunctive relief of a plaintiff before it.¹⁶⁴⁰ That plaintiff had successfully established its opponents' liability for trafficking in goods bearing counterfeit imitations of a registered mark consisting of the color orange for "waterproofing and drainage membranes for use in connection with tile installations."¹⁶⁴¹ The registration's identification of goods proved an obstacle to the plaintiffs' entitlement to a permanent injunction prohibiting the defendants' "using in any manner the [plaintiff's] Orange Mark, in connection with any goods or services in the field of flooring"¹⁶⁴² and "otherwise competing unfairly with [the plaintiff] in any manner."¹⁶⁴³ The court found the former provision inappropriate because it would expand the plaintiff's rights beyond the scope of its registration; likewise, the latter was overly broad. The resulting injunction therefore prohibited the defendants from, *inter alia*, "[u]sing in any manner the Orange Mark in connection with waterproofing and drainage membranes for use in connection with tile installations" and "[u]sing in any manner [an] Orange Mark . . . confusingly similar to or a colorable imitation of the [plaintiff's] Orange Mark, in connection with waterproofing and drainage membranes for use in connection with tile installations."¹⁶⁴⁴

Likewise, although finding that a plaintiff likely would prevail on its claims for counterfeiting and cybersquatting against two defendants, a different court declined to grant a preliminary

¹⁶³⁸ *Id.* at 70–71.

¹⁶³⁹ *Id.* at 73.

¹⁶⁴⁰ *See Schluter Sys., L.P. v. Telos Acquisition Co. 10, LLC*, 730 F. Supp. 3d 993 (N.D. Cal. 2024).

¹⁶⁴¹ *Id.* at 1019 (quoting U.S. Reg. No 4124207 (issued Apr. 10, 2012)).

¹⁶⁴² *Id.*

¹⁶⁴³ *Id.*

¹⁶⁴⁴ *Id.* at 1020.

injunction reaching the conduct of several third parties.¹⁶⁴⁵ As the court noted, “these entities have had no notice of this case nor any opportunity to litigate their rights before this Court, as principles of equity and Federal Rule of Civil Procedure 65 require.”¹⁶⁴⁶ Moreover, because the plaintiff had failed to demonstrate either that the third parties were in privity with the defendants or how they otherwise had aided or abetted the defendants’ unlawful conduct, the requested injunction failed otherwise to satisfy Rule 65’s requirements.¹⁶⁴⁷ Thus, although the court granted the plaintiff’s request for a freeze on those of the defendants’ assets related to their unlawful domain names in light of the risk the defendants might dissipate those assets, that term of the preliminary injunction reached only the defendants and those in active concert with them.¹⁶⁴⁸

So too did an overambitious request for an expansive temporary restraining order fail to yield all the relief it sought in a case brought by a musical performing artist against a series of John Doe defendants he accused of selling merchandise bearing spurious copies of his mark.¹⁶⁴⁹ Because the mark was unregistered, the court declined to grant the plaintiff a temporary restraining order and an ex parte seizure under the Lanham Act, but it nevertheless did so under the All Writs Act¹⁶⁵⁰ and Rule 65 of the Federal Rules of Civil Procedure.¹⁶⁵¹ Still, however, the plaintiff was not entitled to a nationwide order; instead, the court limited the geographic scope of any seizures to within five miles of the plaintiff’s next concert.¹⁶⁵²

A final notable reported opinion addressing the appropriate terms of injunctive relief did so in the context of a motion to clarify a permanent injunction entered earlier in the case.¹⁶⁵³ The circumstances underlying that motion were unusual: The defendant had infringed the plaintiffs’ rights by creating and selling nonfungible tokens deliberately imitating the plaintiffs’ luxury BIRKIN-branded handbags, and he sought an interpretation of the court’s broadly worded permanent injunction that would allow him to display his NFTs at a Swedish art museum. The court declined to give one to him, concluding instead that the proposed display would violate the injunction. That conclusion was informed in part by testimony by a representative of the museum that, contrary to

¹⁶⁴⁵ See *cPanel, LLC v. Asli*, 719 F. Supp. 3d 1133 (D. Or. 2024).

¹⁶⁴⁶ *Id.* at 1154.

¹⁶⁴⁷ *Id.* at 1154–55.

¹⁶⁴⁸ *Id.* at 1157.

¹⁶⁴⁹ See *Green v. ABC Cos.*, 702 F. Supp. 3d 418 (W.D.N.C. 2023).

¹⁶⁵⁰ 28 U.S.C. § 1651(a) (2018).

¹⁶⁵¹ Fed. R. Civ. P. 65(a).

¹⁶⁵² *Green*, 702 F. Supp. 3d at 422.

¹⁶⁵³ See *Hermès Int’l v. Rothschild*, 720 F. Supp. 3d 296 (S.D.N.Y. 2024).

representations by the defendant’s counsel, the museum did not plan to inform viewers of the judgment against the defendant and that, if it did, the explanation of that judgment “would necessarily be cursory.”¹⁶⁵⁴ The defendant dug himself in even deeper by proffering testimony by the proposed exhibit’s curator, who made clear he saw no difference between the defendant, on the one hand, and an artist respecting others’ rights, on the other.¹⁶⁵⁵ The requested clarification therefore was not forthcoming.

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.”¹⁶⁵⁶ For the most part, courts requiring prevailing plaintiffs to post bonds as conditions of interlocutory relief did so without extended discussion.¹⁶⁵⁷ Likewise, one court declined to require security for a preliminary injunction with the terse explanation that “[the only defendant appearing in the case] has not sought a bond, and given the willfulness of Defendants’ impingement on Plaintiff’s intellectual property, this Court will not require one.”¹⁶⁵⁸

iv. Contempt

Having earlier secured a consent judgment, one plaintiff returned to court after discovering several violations of the judgment’s permanent injunction by the defendants.¹⁶⁵⁹ That injunction broadly barred the defendants from using the plaintiff’s

¹⁶⁵⁴ *Id.* at 300.

¹⁶⁵⁵ *Id.*

¹⁶⁵⁶ 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).

¹⁶⁵⁷ See, e.g., *La Potencia, LLC v. Chandler*, 733 F. Supp. 3d 1238, 1276 (S.D. Fla. 2024) (“[T]he Court will require Plaintiffs to post a \$100,000.00 security bond within fourteen (14) days of entry of this Order for the duration of the preliminary injunction.”); *Hi-Tech Pharms., Inc. v. Nutrition Res. Servs., Inc.*, 717 F. Supp. 3d 1318, 1332 (N.D. Ga. 2024) (requiring plaintiff to post \$5,000 in support of preliminary injunction), *appeal docketed*, No. 24-10564 (11th Cir. Feb. 26, 2024); *Green v. ABC Cos.*, 702 F. Supp. 3d 418, 424 (W.D.N.C. 2023) (“The order is conditioned upon Plaintiff’s filing with the Clerk of this Court a bond, certified check, or cash in the amount of \$5,000 . . . to secure any costs and damages as may be suffered by a wrongfully restrained party.”).

¹⁶⁵⁸ *cPanel, LLC v. Asli*, 719 F. Supp. 3d 1133, 1158 (D. Or. 2024).

¹⁶⁵⁹ See *Cricut, Inc. v. APA Tech. Co.*, 698 F. Supp. 3d 538 (E.D.N.Y. 2023).

marks, although it did contain a limited carveout applicable to certain nominative fair uses “in the product specification section on Amazon.”¹⁶⁶⁰ The defendants’ violations of the injunction were not seriously contested, and, indeed, the defendants promised in correspondence prior to the plaintiff’s contempt motion to mend their ways. The plaintiff sought the court’s intervention upon the third alleged violation, and it alleged a fourth several months after filing its motion.

The federal magistrate judge assigned to the motion analyzed it under a standard framework:

“To demonstrate contempt, a movant must establish that (1) the order the contemnor failed to comply with is clear and unambiguous, (2) the proof of noncompliance is clear and convincing, and (3) the contemnor has not diligently attempted to comply in a reasonable manner.” “It is not necessary for the moving party to show that the violating party disobeyed the court’s order willfully.”¹⁶⁶¹

With respect to the first requirement, the magistrate concluded that “the Consent Judgment is clear that Defendants may not use [Plaintiff’s] intellectual property on any [online] platform, with a limited exception for fair use,”¹⁶⁶² especially because the judgment set forth “guidance as to the scope of the order [by] incorporating examples of marks or designs that would be covered by the prohibited acts, including an exhibit that illustrates Defendants’ [past infringements].”¹⁶⁶³ The defendants fared no better under an application of the test’s second prong because their remedial actions after receiving the plaintiff’s notice of their violations did not moot the plaintiff’s clear and convincing evidence that three of the four alleged violations had occurred.¹⁶⁶⁴ Finally, the magistrate was unimpressed with the defendants’ “reactive approach” to compliance,¹⁶⁶⁵ despite their claimed creation of an inhouse legal department to address potential infringements; “[f]or example,” the magistrate observed, “Defendants present no evidence that they informed their third-party vendor, who controls their website, that all content on that website was subject to the Consent Judgment, a

¹⁶⁶⁰ *Id.* at 544.

¹⁶⁶¹ *Id.* at 543 (first quoting *Sportco, Inc. v. TRT Tactical, LLC*, No. 14-CV-6044 (JG) (GRB), 2015 WL 3915618, at *1 (E.D.N.Y. June 25, 2015); and then quoting *Next Invs., LLC v. Bank of China*, 12 F.4th 119, 128 (2d Cir. 2021)).

¹⁶⁶² *Id.* at 546.

¹⁶⁶³ *Id.*

¹⁶⁶⁴ *Id.* at 547–48. The magistrate found with respect to the fourth alleged violation that the plaintiff had failed to demonstrate the defendants were responsible for it. *Id.* at 547.

¹⁶⁶⁵ *Id.* at 548 (quoting *Aquavit Pharms., Inc. v. U-Bio Med, Inc.*, No. 19-CV-3351 (VEC), 2020 WL 1900502, at *9 (S.D.N.Y. Apr. 17, 2020)).

basic tenet of any risk management or compliance program.”¹⁶⁶⁶ The result was a recommendation that the defendants be found in contempt.

b. Monetary Relief

i. Damages

(A) Actual Damages

(1) Eligibility of Prevailing Plaintiffs for Awards of Actual Damages

In holding a group of counterclaim plaintiffs ineligible for the award of actual damages they sought, one court held that “[t]rademark damages under the Lanham Act are not routinely awarded. [The counterclaim plaintiffs] must demonstrate the existence of one of four specific circumstances—(1) actual harm, (2) direct competition leading to diversion of profits, (3) palming off or fraud, or (4) inequitable conduct.”¹⁶⁶⁷ The counterclaim plaintiffs failed to make a case under those factors, especially because the lead counterclaim defendant (from which the actual damages were sought) had done nothing more than purchase goods bearing the disputed mark from the counterclaim plaintiffs and then resold them: “As [the counterclaim plaintiffs] have no evidence supporting consumer confusion, nor have they identified an infringing product,” the court held, “they cannot claim money damages based on direct competition.”¹⁶⁶⁸

On another issue, one component of an award of actual damages can be a reasonable royalty for the defendant’s infringing use of a plaintiff’s mark.¹⁶⁶⁹ The entitlement of a plaintiff to just that remedy was the subject of a defense motion for summary judgment in a case in which the defendants had once cooperated with the plaintiff in running women’s lacrosse tournaments under the plaintiff’s marks.¹⁶⁷⁰ When the COVID pandemic led the plaintiff to cancel the tournaments scheduled for 2020, the defendants launched their own, which they promoted under five marks to which the plaintiff claimed rights. Seeking to escape the plaintiff’s request for a reasonable royalty for that year, the defendants argued they had not

¹⁶⁶⁶ *Id.*

¹⁶⁶⁷ *SonicSolutions Algae Control, LLC v. Diversified Power Int’l, LLC*, 722 F. Supp. 3d 16, 54 (D. Mass. 2024) (citation omitted).

¹⁶⁶⁸ *Id.* at 54.

¹⁶⁶⁹ *See, e.g., Open Sea Distrib. Corp. v. Artemis Distrib., LLC*, 692 F. Supp. 3d 1151, 1245–50 (M.D. Fla. 2023) (declining to exclude expert witness testimony on issue of reasonable royalty for use of disputed mark).

¹⁶⁷⁰ *See Intercollegiate Women’s Lacrosse Coaches Ass’n v. Corrigan Sports Enters.*, 694 F. Supp. 3d 625 (M.D.N.C. 2023).

used the plaintiff's name when promoting their competing tournaments, but, as the court properly recognized, that argument missed the point because the plaintiff sought relief for the defendant's use of its marks, not its corporate name.¹⁶⁷¹

(2) Calculation of Actual Damages

Rather curiously, a Florida federal district court did not address the possible significance of the Supreme Court's abrogation of extraterritorial applications of the Lanham Act in *Abitron Austria GmbH v. Hetronic International, Inc.*¹⁶⁷² when addressing a plaintiff's claim of actual damage arising from a defendant's registration of the plaintiff's mark in markets outside the United States, which allegedly froze the plaintiff out of those markets.¹⁶⁷³ Instead, the court disallowed that line item of the plaintiff's calculations because of the absence of proof that the defendant in question actually owned the disputed registrations.¹⁶⁷⁴ It also disallowed a claim for damages attributable to the plaintiff's loss of control over two Instagram accounts for much the same reason, namely, the plaintiff's inability to demonstrate that any of the defendants controlled the accounts. Nevertheless, it still accepted the plaintiff's claim to have incurred \$92,000.00 in rebranding expenses necessitated by the defendants' infringement, as well as to have suffered \$1,710,000.00 to its brand equity. The plaintiff therefore was entitled to an award of \$1,802,000.00 for its actual damages.¹⁶⁷⁵

So too did the plaintiff in a different dispute come away with an even larger award of \$48,200,000 in compensatory damages for various misrepresentations by agents of the lead defendant, as well as an additional \$1,500,000 for tortious interference with contract.¹⁶⁷⁶ In post-trial motion practice, the defendants argued the jury had impermissibly made duplicative awards, but that argument failed in part because the court had instructed the jurors not to duplicate their awards and there was no evidence they did not understand that instruction.¹⁶⁷⁷ Equally to the point:

[T]he jury had sufficient evidence to award nonduplicative damages for each count. The jury received proof of

¹⁶⁷¹ *Id.* at 678.

¹⁶⁷² 600 U.S. 412 (2023).

¹⁶⁷³ *See* Nutradose Labs, LLC v. Bio Dose Pharma, LLC, 710 F. Supp. 3d 1200 (S.D. Fla. 2024), *aff'd sub nom.* Nutradose Labs, LLC v. Santamarta, No. 24-10381, 2025 WL 337971 (11th Cir. Jan. 30, 2025) (per curiam).

¹⁶⁷⁴ *Id.* at 1234.

¹⁶⁷⁵ *Id.*

¹⁶⁷⁶ *See* CPI Sec. Sys., Inc. v. Vivant Smart Home, Inc., 710 F. Supp. 3d 438, 446 (W.D.N.C. 2024), *appeal docketed*, No. 24-1120 (4th Cir. Feb. 7, 2024).

¹⁶⁷⁷ *Id.* at 446–47.

thousands of discrete instances of misconduct spanning several years, many of which gave rise to liability under one claim but not another. [The defendants'] misconduct included misrepresenting an affiliation with [the plaintiff]; stating that [the plaintiff] had gone out of business; falsifying customer surveys; lying about whether [the defendants] would buy out [the plaintiff's] customer contracts; and so on. The jury easily could have concluded that some of this conduct (such as the affiliation misrepresentations) violated the Lanham Act, while other such conduct (such as falsifying consumer surveys or telling consumers that [the plaintiff] had gone out of business) constituted unfair competition, tortious interference with contract, or violation of [North Carolina law].¹⁶⁷⁸

“The multiple forms of misconduct proved at trial,” the court concluded, “support different causes of action and different resulting injuries.”¹⁶⁷⁹

The same plaintiff's post-trial victories continued where other challenges by the defendants to the damages award were concerned. For example, citing expert witness testimony on the issue, the court declined to revisit its earlier decision to allow the plaintiff to argue for a multiplier in the calculation of its actual damages; the jury therefore had been within its rights to find that, for every consumer affected by the defendants' conduct who had complained about it, twenty others had not done so.¹⁶⁸⁰ The court likewise reasonably could have relied on testimony from the same expert qualifying the damage to the plaintiff's brand equity caused by the defendants' false advertising and deceptive trade practices, as well as the value of the corrective advertising required to remedy it.¹⁶⁸¹

In contrast, another plaintiff struck out in pursuing reimbursement of the cost of a prospective corrective advertising campaign against a defaulting defendant.¹⁶⁸² A declaration from the plaintiff's counsel in support of its motion for a default judgment against that defendant estimated that cost at \$4,283,300.00, which the plaintiff sought to recover jointly and severally from all the remaining defendants in the case. The court, however, noted that the plaintiff previously had entered into confidential settlement agreements with two other defendants, leaving the court unable to determine whether the requested amount was appropriate for the

¹⁶⁷⁸ *Id.* at 448 (citation omitted).

¹⁶⁷⁹ *Id.* at 449.

¹⁶⁸⁰ *Id.* at 454–55.

¹⁶⁸¹ *Id.* at 456–56.

¹⁶⁸² See *BBK Tobacco & Foods, LLP v. Aims Grp. USA Corp.*, 723 F. Supp. 3d 973 (D. Nev. 2024).

remaining defendants in the case. It therefore denied the plaintiff's ask without prejudice.¹⁶⁸³

(B) Statutory Damages

If a defendant is found liable for counterfeiting, the prevailing plaintiff can 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:¹⁶⁸⁴ 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)¹⁶⁸⁵ 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).¹⁶⁸⁶ Likewise, under Section 35(d),¹⁶⁸⁷ a prevailing plaintiff in an action under the ACPA can elect to receive "an award of statutory damages in the amount of not less than \$1,000 and not more than \$100,000 per domain name, as the court considers just;"¹⁶⁸⁸ such an award is unavailable, however, if a prevailing plaintiff has demonstrated reverse domain name hijacking under the ACPA.¹⁶⁸⁹

The biggest winner in the statutory damages sweepstakes received a significant return on the investment it had made into demonstrating the willfulness of a group of defendants found liable for counterfeiting.¹⁶⁹⁰ The court teed up its discussion of the issue by observing that:

Willfulness can be established by evidence of knowing conduct or by evidence that the defendant acted with an aura of indifference to plaintiff's rights — in other words, that the defendant willfully blinded himself to facts that would put him on notice that he was infringing another's trademarks, having cause to suspect it.¹⁶⁹¹

It then found ample evidence of willfulness in the trial record before it, including: (1) numerous past infringement suits brought by third

¹⁶⁸³ *Id.* at 987–88.

¹⁶⁸⁴ 15 U.S.C. § 1117(c) (2018).

¹⁶⁸⁵ *Id.* § 1117(c)(1).

¹⁶⁸⁶ *Id.* § 1117(c)(2).

¹⁶⁸⁷ *Id.* § 1117(d).

¹⁶⁸⁸ *Id.*

¹⁶⁸⁹ *See* *Mira Holdings, Inc. v. ZoomerMedia, Ltd.*, 676 F. Supp. 3d 909, 918–19 (D. Colo. 2023).

¹⁶⁹⁰ *See* *JUUL Labs, Inc. v. Chou*, 676 F. Supp. 3d 827 (C.D. Cal. 2023).

¹⁶⁹¹ *Id.* at 844–45 (quoting *Philip Morris USA Inc. v. Liu*, 489 F. Supp. 2d 1119, 1123 (C.D. Cal. 2007)).

parties against the defendants;¹⁶⁹² (2) the defendants' failure to document any internal policing initiatives with respect to the specific goods and services at issue;¹⁶⁹³ (3) their otherwise "half-hearted attempts to prevent infringement";¹⁶⁹⁴ and (4) their actual or constructive knowledge of the unlawfulness of their conduct following a visit by agents of the United States Department of Homeland Security to discuss "copyright issues" related to the goods they sold.¹⁶⁹⁵

With the defendants thus qualifying for the higher range of statutory damages, the court next held that:

Courts have considered the following factors when deciding how much to award in statutory damages: "(1) the expenses saved and the profits reaped by the defendant; (2) the revenues 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 has cooperated in providing particular records from which to assess the value of the infringing material produced; and (7) the potential for discouraging the defendant."¹⁶⁹⁶

There was a dearth of evidence or testimony in the trial record bearing on the first three factors, but the fourth through seventh favored a larger award. That also was true in light of the defendants' exhibition of "unacceptable litigation conduct such as spoliation, failing to comply with discovery obligations, questionable production of sales data, and lying about prior legal troubles"¹⁶⁹⁷ and the fact that the goods in question—e-cigarettes—were "regulated and designed for human consumption," which posed "additional risks to the public."¹⁶⁹⁸ In the final analysis, the plaintiff was entitled to an award of \$2,000,000, comprising \$250,000 for each of four products sold under counterfeit imitations of the plaintiff's mark and \$500,000 for each of two other products.¹⁶⁹⁹ Because the defendants' asserted affirmative defense of failure to mitigate damages was irrelevant to a calculation of statutory damages,¹⁷⁰⁰ the court therefore entered a judgment in that amount.

¹⁶⁹² *Id.* at 845.

¹⁶⁹³ *Id.*

¹⁶⁹⁴ *Id.*

¹⁶⁹⁵ *Id.* at 840, 845.

¹⁶⁹⁶ *Id.* at 846 (alteration in original) (quoting *UL LLC v. Space Chariot, Inc.*, 250 F. Supp. 3d 596, 614 (C.D. Cal. 2017)).

¹⁶⁹⁷ *Id.* at 847.

¹⁶⁹⁸ *Id.*

¹⁶⁹⁹ *Id.* at 848.

¹⁷⁰⁰ *Id.*

Not all plaintiffs were so lucky. Even without opposition by the defendants, one court declined to enter a default judgment that included \$150,000 in statutory damages.¹⁷⁰¹ The plaintiff sought that amount based on testimony by one of its witnesses that it faced “a massive amount of counterfeit products,”¹⁷⁰² but its proof failed to convince the court of the scale of the defendants’ role in creating that situation. The court therefore held that:

[T]he Court finds it appropriate to award statutory damages of \$10,000. Defendants in this case are a single store and its owner. Their liability is predicated on the sale of a single counterfeit product and an uncertain (but likely small) number of additional counterfeit sales. There is no evidence that Defendants were engaged in producing or distributing counterfeit . . . products on any significant scale, little evidence beyond their default that their infringement was willful, and little in the record to suggest that their specific infringement (as opposed to the “systemic” infringement more generally alleged by [the plaintiff]) has significantly impacted [the plaintiff].¹⁷⁰³

A different, but similarly aggressive, motion for a default judgment by a plaintiff that had successfully demonstrated its opponents’ liability for the willful counterfeiting of the registered color orange for tile-installation materials also failed to yield the requested amount of statutory damages.¹⁷⁰⁴ The plaintiff supported its bid for \$1,000,000 with a declaration from one of its own employees estimating the profits from the defendants’ unlawful conduct at \$1,125,000.00–\$1,350,000.00, but that testimony neglected to identify the basis for its estimate of the defendant’s profit margin. Characterizing the plaintiff’s proposed award as a “windfall,”¹⁷⁰⁵ the court noted that exhibits attached to the complaint demonstrated at least some consumers were not confused by the defendants’ sale of directly competitive orange products, which, combined with the differing price points at which the parties’ goods were sold, proved that “[i]t cannot be assumed that every sale made by [the defendants] resulted in 1:1 loss in sales for [the plaintiff]”¹⁷⁰⁶ That was not the limit of the problems with the plaintiff’s case, however, for the court also found that “[the plaintiff] fails to take into account what portions of the sales were not attributable to [the defendants’] use of the orange color; some

¹⁷⁰¹ See *GS Holistic LLC v. Vilet Z LLC*, 711 F. Supp. 3d 1059 (E.D. Wis. 2024).

¹⁷⁰² *Id.* at 1067.

¹⁷⁰³ *Id.*

¹⁷⁰⁴ See *Schluter Sys., L.P. v. Telos Acquisition Co. 10, LLC*, 730 F. Supp. 3d 993 (N.D. Cal. 2024).

¹⁷⁰⁵ *Id.* at 1017.

¹⁷⁰⁶ *Id.*

portion was likely due to functionality and low price. Moreover, [the plaintiff] takes no account of the costs of production and sales; it only estimates [the defendants'] gross sales, not net profits."¹⁷⁰⁷ Based on its own determination that \$1,199,790.00 was "a reasonable representation of [the defendants'] revenues from the infringing products,"¹⁷⁰⁸ the court concluded that:

[T]he best approximation of [the defendants'] profits is closer to \$300,000.00 – approximately a quarter of [the defendants'] estimated total revenues from the sale of the infringing product. This award fairly compensates [the plaintiff] and serves as a deterrence to [the defendants] for willfully infringing upon [the plaintiff's] Orange Mark. The award also reflects the uncertainties in [the plaintiff's] proposed damages award and the caution that should be exercised against large damage awards on default judgment. Thus, \$300,000.00 is an appropriate statutory damages award given the circumstances here.¹⁷⁰⁹

(C) *Punitive Damages*

Substantive discussions of punitive damages in trademark and unfair competition litigation were limited to a single reported opinion from a North Carolina federal district court.¹⁷¹⁰ It arose from post-trial motion practice following a jury's determination that misrepresentations by the defendants had allowed them to divert business from the plaintiff, a direct competitor. That determination in turn led to awards of \$49,700,000 in compensatory damages falling into several categories and an additional \$140,000,000 in punitive damages under North Carolina law. Citing a prohibition on punitive damages in excess of three times compensatory damages,¹⁷¹¹ the defendants creatively argued the prohibition properly should limit the plaintiff's recovery to three times the quantum of only one of the jury's various awards. Unconvinced, the court instead held that:

North Carolina's cap allows punitive damages up to triple the *total* compensatory damages award. Because the jury's \$140 million punitive damages award is less than three times the jury's total compensatory damages award of

¹⁷⁰⁷ *Id.*

¹⁷⁰⁸ *Id.*

¹⁷⁰⁹ *Id.* at 1018 (citations omitted).

¹⁷¹⁰ See *CPI Sec. Sys., Inc. v. Vivant Smart Home, Inc.*, 710 F. Supp. 3d 438 (W.D.N.C. 2024), *appeal docketed*, No. 24-1120 (4th Cir. Feb. 7, 2024).

¹⁷¹¹ See N.C. Gen. Stat. Ann. § 1D-25.

\$49,700,000, the verdict is . . . consistent with North Carolina law and comports with constitutional limits.¹⁷¹²

The court also rejected the defendants' arguments in the alternative that the punitive damages award could not rest on that portion of the jury's award of compensatory damages under the Lanham Act.¹⁷¹³ The court then found unconvincing two final arguments by the defendants, namely, that a reduction of the award was appropriate because it was many times greater than the lead defendant's annual net income and because it punished the lead defendant for the actions of its putatively independent marketers; the former was unsupported by case law, and the latter failed to account for the plaintiff's showing that the lead defendant's leadership had condoned the marketers' actions.¹⁷¹⁴

ii. Accountings of Profits

(A) *Eligibility of Prevailing Plaintiffs for Accountings of Profits*

Prevailing plaintiffs generally fared well when seeking accountings of their opponents' profits.¹⁷¹⁵ For example, in an opinion chosen for review by the Supreme Court, the Fourth Circuit affirmed an accounting by applying a six-factor test, which considered: "(1) whether the defendant had the intent to confuse or deceive, (2) whether sales have been diverted, (3) the adequacy of other remedies, (4) any unreasonable delay by the plaintiff in asserting his rights, (5) the public interest in making the misconduct unprofitable, and (6) whether it is a case of palming off."¹⁷¹⁶ There was no dispute that the defendant's infringement had not resulted in diverted sales and that the defendant had not passed off its services as those of the plaintiff. At the same time, however, the defendant had ignored "several 'red flags' cautioning against its conduct," namely, its admission in earlier negotiations between the parties of the confusing similarity of the marks at issue, the plaintiff's demand letters, and the USPTO's rejection of an application to register one of the defendant's marks based on a perceived likelihood of confusion with one of the plaintiff's

¹⁷¹² *CPI Sec. Sys.*, 710 F. Supp. 3d at 450.

¹⁷¹³ *Id.* at 451.

¹⁷¹⁴ *Id.* at 452.

¹⁷¹⁵ *See, e.g.*, *BBK Tobacco & Foods, LLP v. Aims Grp. USA Corp.*, 723 F. Supp. 3d 973, 985 (D. Nev. 2024) (entering default judgment including accounting of defendants' profits without extended analysis).

¹⁷¹⁶ *Dewberry Eng'rs Inc. v. Dewberry Grp.*, 77 F.4th 265, 289 (4th Cir. 2023) (quoting *Synergistic Int'l, LLC v. Korman*, 470 F.3d 162, 175 (4th Cir. 2006)), *cert. granted*, 144 S. Ct. 2681 (2024).

marks.¹⁷¹⁷ In addition to those factors, as well as evidence and testimony establishing the court considered the damage allegedly caused to the plaintiff's brand equity by the defendant's infringement,¹⁷¹⁸ something that might ordinarily come into play in calculating the plaintiff's actual damages.

The Sixth Circuit also affirmed a district court's decision to order an accounting of profits.¹⁷¹⁹ It did so in a case in which a finding of likely confusion as a matter of law arose from the defendant's use of a mark substantially identical to that of the plaintiff for directly competitive restaurant services. In rejecting the defendant's challenge to the accounting, the court identified the following factors as governing the relevant inquiry:

the defendant's intent to deceive, whether sales were diverted, the adequacy of other remedies, any unreasonable delay by the plaintiff in asserting its rights, the public interest in making the misconduct unprofitable, and "palming off," i.e., whether the defendant used its infringement of the plaintiff's mark to sell its own products to the public through misrepresentation.¹⁷²⁰

"The equities may weigh in favor of an award of profits without a showing of willful infringement," it continued, "but the 'defendant's mental state is a highly important consideration in determining whether an award of profits is appropriate.'"¹⁷²¹ Although the district court may have erred by regarding "the task of equitable balancing as a math problem"¹⁷²² and by inexplicably holding that any delay by the plaintiff in asserting its rights (which the court of appeals determined had not, in fact, occurred) favored the plaintiff, that did not render the accounting an abuse of discretion. Likewise, and even if the defendant had not waived the argument by failing to assert it below, the district court's reliance on the public interest in making the defendant's misconduct unprofitable was not evidence of an impermissible punitive intent.¹⁷²³

Yet another pro-plaintiff opinion came from a New York federal district court, which found 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

¹⁷¹⁷ *Id.* (quoting *Dewberry Eng'rs, Inc. v. Dewberry Grp.*, No. 1:20-cv-00610, 2022 WL 1439826, at *8 (E.D. Va. Mar. 2, 2022)).

¹⁷¹⁸ *Id.* at 290.

¹⁷¹⁹ *See La Bamba Licensing, LLC v. La Bamba Authentic Mexican Cuisine, Inc.*, 75 F.4th 607 (6th Cir. 2023).

¹⁷²⁰ *Id.* at 610 (quoting *La Quinta Corp. v. Heartland Props. LLC*, 603 F.3d 327, 343 (6th Cir. 2010)).

¹⁷²¹ *Id.* (quoting *Romag Fasteners, Inc. v. Fossil, Inc.*, 590 U.S. 212, 219 (2020)).

¹⁷²² *Id.*

¹⁷²³ *Id.* at 612–13.

new disclaimer of affiliation between him the plaintiffs.¹⁷²⁴ Following a verdict in the plaintiffs' favor, the court held that disgorgement of the defendant's profits on a post-trial (as well as a pretrial) basis was appropriate despite the defendant's argument that his latter-day disclaimer precluded a finding that his continued 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 unavailability of other remedies and the degree of certainty that the defendant had benefitted from its misconduct also favoring disgorgement of the defendant's post-trial profits, the court held the plaintiffs entitled to that remedy.¹⁷²⁵

The issue of plaintiffs' eligibility for accountings of defendants' profits also arose in the context of defense motions for summary judgment, including one filed in a case in a case in which the defendants had once cooperated with the plaintiff in running women's lacrosse tournaments under the plaintiff's marks.¹⁷²⁶ When the COVID pandemic led the plaintiff to cancel the tournaments scheduled for 2020, the defendants launched their own, which they promoted under five marks to which the plaintiff claimed rights. Seeking to avoid the plaintiff's bid for an accounting, the defendants cited the absence of any actual damage the plaintiff could have incurred in 2020, but the court found that argument unconvincing. As it explained, "monetary remedies may derive from unjust enrichment in situations like this, where the infringer is not in direct competition with the trademark holder at the time of infringement."¹⁷²⁷

Finally, lacking controlling authority from the Eleventh Circuit following the Supreme Court's opinion in *Romag Fasteners, Inc v. Fossil, Inc.*,¹⁷²⁸ reported opinions from two Florida federal district courts took differing approaches to the question of whether the prevailing plaintiffs before them were entitled to accountings. In the first, the court answered that question affirmatively after invoking the following test:

A plaintiff "need not demonstrate actual damage to obtain an award reflecting an infringer's profits," as an accounting for profits has been "determined . . . to further the congressional purpose by making infringement unprofitable and is justified

¹⁷²⁴ See *Hermès Intl v. Rothschild*, 678 F. Supp. 3d 475 (S.D.N.Y. 2023), *appeal docketed*, No. 23-1081 (2d Cir. July 24, 2023).

¹⁷²⁵ *Id.* at 495–96.

¹⁷²⁶ See *Intercollegiate Women's Lacrosse Coaches Ass'n v. Corrigan Sports Enters.*, 694 F. Supp. 3d 625 (M.D.N.C. 2023).

¹⁷²⁷ *Id.* at 678.

¹⁷²⁸ 590 U.S. 212 (2020).

because it deprives the defendant of unjust enrichment and provides a deterrent to similar activity in the future.” An award of profits is not dependent “upon a higher showing of culpability on the part of defendant, who is purposely using the trademark.”¹⁷²⁹

Ultimately, however, the court gave dispositive effect to the bad-faith nature of the defendants’ infringement of the plaintiff’s mark in granting the plaintiff’s request for an accounting.¹⁷³⁰

Seeking to escape the specter of an accounting, the lead defendant in the case producing the second opinion moved for summary judgment, citing an unreported order from the Eleventh Circuit holding that “an accounting of a defendant’s profits is appropriate where: (1) the defendant’s conduct was willful and deliberate, (2) the defendant was unjustly enriched, or (3) it is necessary to deter future conduct.”¹⁷³¹ Noting both that opinion’s nonprecedential status and its issuance prior to *Romag Fasteners*, the court opted for the Fourth Circuit’s six-factor test set forth above,¹⁷³² despite the fact that those factors also predated *Romag*. Then, having adopted that test, it denied the lead defendant’s bid for summary judgment based on factual disputes in the summary judgment record under those factors.¹⁷³³

(B) *The Accounting Process*

The leading opinion to address the process of determining a defendant’s profits came from the Fourth Circuit and led to the Supreme Court’s issuance of a writ of certiorari.¹⁷³⁴ It came in a case in which the prevailing plaintiff’s complaint targeted only a single defendant (a commercial real estate developer) but in which the court of appeals affirmed an accounting based in part on the profits of several affiliates of that defendant, even though the affiliates themselves were not named as defendants, and the accounting did not require them to disgorge their gains. The defendant argued it

¹⁷²⁹ *Nutrados Labs, LLC v. Bio Dose Pharma, LLC*, 710 F. Supp. 3d 1200, 1232–33 (S.D. Fla. 2024) (first quoting *Burger King Corp. v. Mason*, 710 F.2d 1480, 1492 (11th Cir. 1983); and then quoting *id.*), *aff’d sub nom.* *Nutrados Labs, LLC v. Santamarta*, No. 24-10381, 2025 WL 337971 (11th Cir. Jan. 30, 2025) (per curiam).

¹⁷³⁰ *Id.* at 1233.

¹⁷³¹ *Open Sea Distrib. Corp. v. Artemis Distrib., LLC*, 692 F. Supp. 3d 1151, 1211 (M.D. Fla. 2023) (quoting *Optimum Techs., Inc. v. Home Depot U.S.A., Inc.*, 217 F. App’x 899, 902 (11th Cir. 2007)).

¹⁷³² *Id.* at 1210 (“The factors include whether the defendant had the intent to confuse or deceive, whether sales were diverted, the adequacy of other remedies, any unreasonable delay by the plaintiff in asserting its rights, the public interest in making the misconduct unprofitable, and whether the case involves palming off.”).

¹⁷³³ *Id.* at 1212.

¹⁷³⁴ *See Dewberry Eng’rs Inc. v. Dewberry Grp.*, 77 F.4th 265 (4th Cir. 2023), *cert. granted*, 144 S. Ct. 2681 (2024).

did not provide services under its infringing marks to other parties for a profit. Instead, it allegedly produced infringing branding for its affiliates, who in turn generated profits using that branding on their lease, loan, and other promotional materials; indeed, the defendant's tax returns showed it operated at a loss.

That attempted distinction between the between the defendant and its affiliates failed to impress the court, which focused on record evidence and testimony that the defendant and its affiliates were ultimately owned by the same individual, who, like the defendant's affiliates, was not a named defendant. Although the plaintiff apparently had made no effort to pierce the corporate veil between the defendant and its affiliates, the court held that equitable nature of the accounting remedy obviated the need for such a nicety. "Rather than pierce the corporate veil," it explained, "the [district] court considered the revenues of entities under common ownership with [the plaintiff] in calculating [the plaintiff's] true financial gain from its infringing activities that necessarily involved those affiliates."¹⁷³⁵ Specifically:

A district court's grant of profit disgorgement is "subject to the principles of equity," and is ultimately a matter of the court's discretion. The district court here "weigh[ed] the equities of the dispute and exercise[d] its discretion" to hold [the defendant] to account for the revenues generated in part from infringing materials used by its affiliates under common ownership. Admonishing courts for using their discretion in this fashion risks handing potential trademark infringers the blueprint for using corporate formalities to insulate their infringement from financial consequences. That, of course, runs counter to Congress's fundamental desire to give trademark registrants under the Lanham Act "the greatest protection that can be given them."¹⁷³⁶

The court then reviewed the actual quantum of the accounting ordered by the district court. Apparently—but understandably—not anticipating a disgorgement of profits based on those of its non-party affiliates, the defendant did not introduce evidence or testimony of those companies' deductible costs. That led the district court to discount the affiliates' revenues (as calculated by an expert witness retained by the plaintiff) by twenty percent "to account for pre-existing leases and revenues that theoretically might not have had any relation to the infringing activities."¹⁷³⁷ The defendant objected to that discount as speculative, but the court of appeals

¹⁷³⁵ *Id.* at 292.

¹⁷³⁶ *Id.* at 293 (first and second alterations in original) (first quoting 15 U.S.C. § 1117(a) (2018); then quoting *Synergistic Int'l*, 470 F.3d at 176; and then quoting *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 193 (1985)).

¹⁷³⁷ *Id.* at 293.

rejected that criticism by holding that “[a]ny arbitrariness . . . can be traced back to [the defendant’s] litigation strategy to deny any connection between its affiliates’ revenues and its infringing marks.”¹⁷³⁸ As far it was concerned, “[the defendant] offered *no* calculations for costs, nor did it provide calculations reflecting the distinction between infringing and non-infringing revenues. It was [the defendant’s] burden to provide this evidence, and we will not now fault the district court for the approximations it was forced to make.”¹⁷³⁹

The ultimate result was an accounting of \$42,975,725.60 enforceable against the single named defendant but *not* against the affiliates of the defendant that had actually enjoyed those profits.¹⁷⁴⁰ Possibly motivated by either the quantum of that accounting or the district court’s methodology in reaching it, the Supreme Court subsequently granted a petition for writ of certiorari to the Fourth Circuit. The single question presented by that petition and the alternative question proffered by the plaintiff demonstrate the deep divide between the parties’ understanding of the relief affirmed by the Fourth Circuit. According to the defendant, the appropriate question was “[w]hether an award of the ‘defendant’s profits’ under [Section 35(a) of] the Lanham Act, can include an order for the defendant to disgorge the distinct profits of legally separate non-party corporate affiliates.”¹⁷⁴¹ According to the plaintiff, however, the Court properly should consider “[w]hether a district court’s discretion under the Lanham Act permits using the financial statements of ‘non-arms’ length’ affiliates to adjust a disgorgement award against a trademark infringer, and only that infringer, when the infringer has claimed \$0 in profits.”¹⁷⁴²

In a likely less consequential dispute bearing on the mechanics of an accounting, a Florida district court credited the plaintiff’s showing that the defendants’ sales of goods under an infringing mark were \$2,788,771.00; it also accepted the plaintiff’s acknowledgment that the defendants’ permissible deductions from that figure were \$1,450,922.00.¹⁷⁴³ The court was in a less credulous mood, however, when it came to testimony from the lead defendant’s manager that the defendants were entitled to additional deductions in the form of percentages of their overall operating costs, the basis

¹⁷³⁸ *Id.*

¹⁷³⁹ *Id.*

¹⁷⁴⁰ *Id.* at 291.

¹⁷⁴¹ Petition for Certiorari at (i), *Dewberry Grp. v. Dewberry Eng’rs*, No. 23-900 (U.S. Jan. 16, 2024).

¹⁷⁴² Brief in Opposition to Petition for Certiorari at (i), *Dewberry Grp. v. Dewberry Eng’rs*, No. 23-900 (U.S. May 8, 2024).

¹⁷⁴³ See *Nutrados Labs, LLC v. Bio Dose Pharma, LLC*, 710 F. Supp. 3d 1200, 1233 (S.D. Fla. 2024), *aff’d sub nom.* *Nutrados Labs, LLC v. Santamarta*, No. 24-10381, 2025 WL 337971 (11th Cir. Jan. 30, 2025) (*per curiam*).

of which was not discernable in the record. The court therefore ordered the defendants to disgorge \$1,337,848.00 of ill-gotten gains.¹⁷⁴⁴

A default judgment in a different case also led to a generous accounting for a prevailing plaintiff that had successfully accused one of its competitors of violating its trademark and trade dress rights.¹⁷⁴⁵ With that defendant declining to participate in the action, the court accepted declaration testimony from one of the plaintiff's attorneys that the defendant had enjoyed \$877,181.47 in sales of goods under its infringing mark and trade dress. "This is a large sum," the court observed, "but it equals the gains from the infringing conduct and is in direct proportion to the harm caused."¹⁷⁴⁶ The plaintiff therefore was entitled to an accounting in that amount under the rule that "a plaintiff is entitled to the amount of the defendant's gross sales unless the defendant adequately proves amount of costs to be deducted from it."¹⁷⁴⁷

iii. 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 fee awards under state law, but, as always, most cases awarding fees over the past year did so under federal law. 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,"¹⁷⁴⁸ 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.¹⁷⁴⁹ The Federal Rules of Appellate Procedure authorize awards of fees to reimburse the expenses of frivolous appeals,¹⁷⁵⁰ and federal district courts also may award fees if a litigant has "unreasonably and vexatiously" multiplied the proceedings in a case.¹⁷⁵¹ 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

¹⁷⁴⁴ *Id.*

¹⁷⁴⁵ See *BBK Tobacco & Foods, LLP v. Aims Grp. USA Corp.*, 723 F. Supp. 3d 973 (D. Nev. 2024).

¹⁷⁴⁶ *Id.* at 987.

¹⁷⁴⁷ *Id.*

¹⁷⁴⁸ 15 U.S.C. § 1117(a) (2018).

¹⁷⁴⁹ *Id.* § 1117(b).

¹⁷⁵⁰ Fed. R. App. P. 38.

¹⁷⁵¹ 28 U.S.C. § 1927 (2018).

Rules of Civil Procedure,¹⁷⁵² or, in the case of discovery violations, under Rule 37.¹⁷⁵³

**(A) Eligibility of Prevailing Parties for
Awards of Attorneys' Fees**

(1) Fee Requests by Prevailing Plaintiffs

The Supreme Court's opinion in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*¹⁷⁵⁴ cast a long shadow over determinations of whether cases qualify as "exceptional" for purposes of fee awards under Section 35(a). That opinion holds that "an 'exceptional' case is simply one that stands out from others with respect to the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated."¹⁷⁵⁵ Although originally articulated in the context of a fee petition under Section 285 of the Patent Act,¹⁷⁵⁶ the *Octane Fitness* test has been almost universally adopted in applications of Section 35(a).

Courts applying *Octane Fitness* have, however, finessed the Supreme Court's language. For example, in an opinion affirming an award of fees to a prevailing plaintiff, the Fourth Circuit held that:

[A] prevailing party can prove an "exceptional case" by demonstrating that "there is an unusual discrepancy in the merits of the positions taken by the parties, based on the non-prevailing party's position as either frivolous or objectively unreasonable," that "the non-prevailing party has litigated the case in an unreasonable manner," or that "there is otherwise the need in particular circumstances to advance considerations of compensation and deterrence."¹⁷⁵⁷

The last of these considerations proved the most significant of the three in light of the defendant's breach of a prior settlement agreement between the parties, as well as the defendant's separate failure to live up to commitments to discontinue its conduct after receipt of the plaintiff's objections and after the USPTO's rejection of the defendant's applications based on the plaintiff's prior-registered marks. Reviewing that litany of misconduct, the court held that "[i]t is clear to us that the district court awarded fees in

¹⁷⁵² Fed. R. Civ. P. 11 & 41(d).

¹⁷⁵³ Fed. R. Civ. P. 37.

¹⁷⁵⁴ 572 U.S. 545 (2014).

¹⁷⁵⁵ *Id.* at 554.

¹⁷⁵⁶ 35 U.S.C. § 285 (2018).

¹⁷⁵⁷ *Dewberry Eng'rs Inc. v. Dewberry Grp.*, 77 F.4th 265, 294 (4th Cir. 2023) (quoting *Verisign, Inc. v. XYZ.COM LLC*, 891 F.3d 481, 483–84 (4th Cir. 2018)), *cert. granted*, 144 S. Ct. 2681 (2024).

its equitable discretion under the ‘particular circumstances to advance considerations of compensation and deterrence.’”¹⁷⁵⁸

Likewise, some courts failed to apply *Octane Fitness* altogether when evaluating plaintiffs’ fee petitions.¹⁷⁵⁹ For example, the Sixth Circuit affirmed an award of fees to a prevailing plaintiff without requiring an application of the standard.¹⁷⁶⁰ News of the Supreme Court’s decision apparently was slow in reaching the Western District of Kentucky, because both parties briefed the issue in that jurisdiction by relying on pre-*Octane Fitness* authority. Whether deliberate or not, the defendant’s decision to do so precluded it from challenging the accounting on appeal by pointing solely to its alleged good faith: Because it had failed to raise any other considerations potentially relevant to the *Octane Fitness* inquiry before the district court, it could not do so on appeal.¹⁷⁶¹

In contrast, other courts were far less receptive to prevailing plaintiffs’ fee petitions. One such tribunal was the Fifth Circuit, which concluded that a district court had abused its discretion in ordering reimbursement of the fees incurred by a plaintiff in successfully demonstrating its opponent had infringed its service mark.¹⁷⁶² “In explaining its fee award,” the appellate court observed, “the district court made no finding that [the defendant] had a subjective belief that it was guilty of trademark infringement or that it had acted with the specific intent to cause confusion.”¹⁷⁶³ Instead, the district court had grounded its fee award in the defendant’s: (1) allegedly willful infringement; (2) refusal to settle; and (3) abandonment of its infringing mark on the eve of trial.¹⁷⁶⁴ The first of those justifications failed because it rested only on the defendant’s continued use of its mark after learning of the plaintiff’s objections.¹⁷⁶⁵ The second was likewise deficient, as “[i]f a court cannot use the threat of sanction to force a settlement offer, it follows that it may not impose sanctions on a party for failing to engage in settlement negotiations when that party has legitimate

¹⁷⁵⁸ *Id.* (quoting *Verisign*, 77 F.4th at 294).

¹⁷⁵⁹ *See, e.g.*, *JUUL Labs, Inc. v. Chou*, 676 F. Supp. 3d 827, 849 (C.D. Cal. 2023) (“This is an exceptional case because [the defendants’] conduct was willful.”).

¹⁷⁶⁰ *See La Bamba Licensing, LLC v. La Bamba Authentic Mexican Cuisine, Inc.*, 75 F.4th 607 (6th Cir. 2023).

¹⁷⁶¹ *Id.* at 614–15.

¹⁷⁶² *See Appliance Liquidation Outlet, L.L.C. v. Axis Supply Corp.*, 105 F.4th 362 (5th Cir. 2024).

¹⁷⁶³ *Id.* at 385.

¹⁷⁶⁴ *Id.* at 384.

¹⁷⁶⁵ *Id.* at 385 (“Other circuits have refused to find willful infringement in the context of [Section 35(a)] where a party refuses to change its mark after receiving a cease-and-desist letter or being made party to a lawsuit. That authority is persuasive.” (footnote omitted)).

defenses to litigate.”¹⁷⁶⁶ “[F]inally,” the court concluded, “the fact that [the defendant] changed its [usage] on the eve of trial cannot support the fee award because there was no evidence that [the plaintiff] had an improper motivation for waiting that long to make the change.”¹⁷⁶⁷ The resulting absence of evidence supporting an inference of bad faith by the defendant mandated a reversal of the district court’s imposition of fees.¹⁷⁶⁸

Another opinion holding a prevailing plaintiff ineligible for an award of its fees did so for both a substantive and a procedural reason.¹⁷⁶⁹ It came from the Fifth Circuit in a case in which the plaintiff—the owner of the ROLEX mark for watches and other jewelry—successfully demonstrated that the defendants’ refurbishment of once-genuine watches bearing that mark was so material that it rose to the level of counterfeiting. Unsurprisingly, the plaintiff sought to follow up on its victory on the merits by invoking Section 33(b), which provides for an automatic award of fees in cases involving intentional counterfeiting in the absence of extenuating circumstances. That effort fell short in part because of the plaintiff’s failure to demonstrate the defendants’ conduct was intentionally unlawful.¹⁷⁷⁰ It also failed for another, more pedestrian, reason, which was that the plaintiff had neglected to request a fee award within fourteen days of a final judgment in the case.¹⁷⁷¹

At the trial court level, a Florida federal district court applied *Octane Fitness* to deny a fee petition, despite its earlier finding in the context of the likelihood-of-confusion inquiry that the defendants had acted in bad faith, which entitled the plaintiff to an accounting of the defendants’ profits.¹⁷⁷² One consideration underlying that outcome was that, having been terminated as licensees of the plaintiff’s mark in part because of the bankruptcy of the mark’s original owner, the defendants belatedly sold off their inventory and then sourced additional goods bearing the mark from third parties. Although the defendants used inserts in the packaging for those goods to announce their introduction of a competitive product, and although those inserts suggested an affiliation between the parties, the court declined to find the case exceptional under Section 35(a). Instead, it found that “Defendants

¹⁷⁶⁶ *Id.*

¹⁷⁶⁷ *Id.* at 385–86.

¹⁷⁶⁸ *Id.* at 386.

¹⁷⁶⁹ *Rolux Watch USA, Inc. v. BeckerTime, L.L.C.*, 96 F.4th 715 (5th Cir. 2024).

¹⁷⁷⁰ *Id.* at 724.

¹⁷⁷¹ *Id.* (citing FEd. R. Civ. P. 54(d)(2)).

¹⁷⁷² See *Nutrados Labs, LLC v. Bio Dose Pharma, LLC*, 710 F. Supp. 3d 1200 (S.D. Fla. 2024), *aff’d sub nom.* *Nutrados Labs, LLC v. Santamarta*, No. 24-10381, 2025 WL 337971 (11th Cir. Jan. 30, 2025) (per curiam).

did not sell counterfeit goods; rather, they sold genuine [goods], albeit by impermissibly and intentionally leveraging the goodwill of the [plaintiff's mark]. But that conduct is a far cry from behavior that the Court can characterize as deliberate, willful, or executed in bad faith.”¹⁷⁷³ Moreover, the court continued, “counsel for Defendants advanced colorable and objectively good faith arguments on behalf of Defendants. While those arguments ultimately were not persuasive to the Court, at no point did Defendants proffer frivolous arguments.”¹⁷⁷⁴

Finally, a California federal district court applied an idiosyncratic Ninth Circuit rule¹⁷⁷⁵ to deny a fee request of a plaintiff that had otherwise had successfully demonstrated its opponents’ for willful counterfeiting.¹⁷⁷⁶ In all other jurisdictions, such a demonstration would have led to a straightforward award of fees under Section 35(b) barring a showing of extenuating circumstances by the defendants, but the court held that the plaintiff’s pursuit of an award of statutory damages precluded reimbursement by the defendants of what it had paid its attorneys.¹⁷⁷⁷ It understandably followed controlling authority in doing so but still reached a result well outside the mainstream.¹⁷⁷⁸

(2) Fees Requests by Prevailing Defendants

As always, prevailing defendants found it more difficult as a practical matter to secure reimbursement of their fees than prevailing plaintiffs.¹⁷⁷⁹ For example, in an appeal in which it affirmed the dismissal for failure to state a claim of a plaintiff’s allegations of protectable trade dress, the Sixth Circuit also affirmed the district court’s refusal to grant the defendant’s fee petition.¹⁷⁸⁰ By way of explanation, it observed that:

[T]he district court did not abuse its discretion in denying [the defendant] attorney’s fees. [The defendant] failed to

¹⁷⁷³ *Id.* at 1234.

¹⁷⁷⁴ *Id.*

¹⁷⁷⁵ *See* K & N Eng’g, Inc. v. Bulat, 510 F.3d 1079, 1082 (9th Cir. 2007).

¹⁷⁷⁶ *See* Schluter Sys., L.P. v. Telos Acquisition Co. 10, LLC, 730 F. Supp. 3d 993 (N.D. Cal. 2024).

¹⁷⁷⁷ *Id.* at 1018.

¹⁷⁷⁸ For representative case law awarding both fees under Section 35(b) and statutory damages, see, for example, *Lorillard Tobacco Co. v. A & E Oil, Inc.*, 503 F.3d 588, 592–94 (7th Cir. 2007); *Union of Orthodox Jewish Congregations of Am. v. Am. Food & Beverage Inc.*, 704 F. Supp. 2d 288, 293 (S.D.N.Y. 2010); *Louis Vuitton Malletier, S.A. v. Carducci Leather Fashions, Inc.*, 648 F. Supp. 2d 501, 505–06 (S.D.N.Y. 2009); *Tiffany (NJ), Inc. v. Luban*, 282 F. Supp. 2d 123, 125 (S.D.N.Y. 2003).

¹⁷⁷⁹ *See, e.g.*, *ChampionX, LLC v. Resonance Sys., Inc.*, 726 F. Supp. 3d 786, 834–35 (E.D. Tenn. 2024) (denying defense motion for attorneys’ fees under Tennessee law despite dismissing plaintiff’s claims for failure to state a claim).

¹⁷⁸⁰ *See* Bliss Collection, LLC v. Latham Cos., 82 F.4th 499 (6th Cir. 2023).

show that the trade dress claim was exceptionally meritless or brought in bad faith. A prevailing defendant is not entitled to attorney’s fees under [Section 35(a)] simply because the plaintiff’s claims were unsuccessful. “[W]here a plaintiff sues under a colorable, yet ultimately losing, argument, an award of attorney’s fees is inappropriate” under [Section 35(a)]. If a defendant could obtain attorney’s fees every time that it successfully defended a federal trademark or trade dress infringement claim, “awards would be commonplace rather than exceptional.”¹⁷⁸¹

The dismissal of multiple causes of action for failure to state claims also proved an insufficient basis for a different fee request.¹⁷⁸² The causes of action at issue alleged infringement, unfair competition, and cybersquatting under Section 32, Section 43(c), and Section 43(d), respectively, but, as mere licensees of the marks they sought to protect, the plaintiffs were not entitled to rely on those statutes. Nevertheless, the plaintiffs escaped a potential fee award against them under an application of the *Octane Fitness* standard. The court concluded first that the plaintiffs’ claims had not been frivolous in the sense they had been neither “clearly baseless, such as when allegations are the product of delusion or fantasy” nor “based on an indisputably meritless legal theory.”¹⁷⁸³ “Nor,” it continued, “is there evidence that Plaintiffs brought this action with improper motive or in bad faith. . . . In fact, Plaintiffs have forcefully presented their claims for judicial scrutiny, presumably at considerable cost.”¹⁷⁸⁴ The defendant’s fee petition therefore was all for naught.

(B) Calculation of Attorneys’ Fees

Actual calculations of attorneys’ fees were largely absent from the case law. For example, after determining that the willfulness of defendants’ misconduct entitled the prevailing plaintiff to reimbursement of its fees, one court did not calculate them itself but instead ordered the parties to meet and confer on the issue.¹⁷⁸⁵ If they could not agree on the appropriate quantum of fees and costs, the court required them to propose candidates to serve as a special

¹⁷⁸¹ *Id.* at 516 (first quoting *Eagles, Ltd. v. Am. Eagle Found.*, 356 F.3d 724, 728 (6th Cir. 2004), *abrogated on other grounds*, *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545 (2014); and then quoting *Premium Balloon Accessories, Inc. v. Creative Balloons Mfg., Inc.*, 573 F. App’x 547, 558 (6th Cir. 2014)).

¹⁷⁸² *See* *JC Hosp. v. Hochberg*, 703 F. Supp. 3d 448 (S.D.N.Y. 2023).

¹⁷⁸³ *Id.* at 467 (quoting *Livingston v. Adirondack Beverage Co.*, 141 F.3d 434, 437 (2d Cir. 1998)).

¹⁷⁸⁴ *Id.*

¹⁷⁸⁵ *See* *JUUL Labs, Inc. v. Chou*, 676 F. Supp. 3d 827, 849 (C.D. Cal. 2023).

master, with that individual's fees to be borne equally by the parties.¹⁷⁸⁶

iv. Taxation of Costs

Both Section 35(a) of the Act and the Federal Rules of Civil Procedure¹⁷⁸⁷ allow the taxation of costs incurred by the prevailing party, and these are the primary (but not the only) mechanisms under which courts allow recovery of costs in federal trademark litigation. 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.¹⁷⁸⁸ Those items generally were not the subject of substantive discussions in opinions falling within this Review's scope.¹⁷⁸⁹ Nevertheless, and although ordering taxation of a prevailing plaintiff's costs in the amounts of \$402.00 for a filing fee and \$95.00 for a process service fee, one court balked at doing the same for claimed "investigation fees" of \$364.62, citing a lack of any authority supporting such a request.¹⁷⁹⁰

B. The Relationship Between Courts and the United States Patent and Trademark Office

1. Judicial Review of, and Deference to, United States Patent and Trademark Office Determinations

Litigants most commonly invite courts to defer to actions by the USPTO in three scenarios. In the first, they encourage courts to defer to actions taken by examining attorneys in processing applications filed by one of the parties, or, less commonly, by a third party. The second occurs the Trademark Trial and Appeal Board previously has produced findings and holdings bearing on one or more marks at issue. Finally, a court also may have an opportunity to defer to the USPTO if the parties are engaged in ongoing litigation before the Board, and one moves the court to stay its proceedings in favor of allowing the Board to take the first bite at the apple.

¹⁷⁸⁶ *Id.* at 849–50.

¹⁷⁸⁷ *See* Fed. R. Civ. P. 54(d).

¹⁷⁸⁸ *See* 28 U.S.C. § 1920 (2018).

¹⁷⁸⁹ *See, e.g.,* Nutradose Labs, LLC v. Bio Dose Pharma, LLC, 710 F. Supp. 3d 1200, 1235 (S.D. Fla. 2024) (acknowledging entitlement of prevailing plaintiff to taxation of costs but ordering additional submissions on issue), *aff'd sub nom.* Nutradose Labs, LLC v. Santamarta, No. 24-10381, 2025 WL 337971 (11th Cir. Jan. 30, 2025) (per curiam).

¹⁷⁹⁰ *See* GS Holistic LLC v. Vilet Z LLC, 711 F. Supp. 3d 1059, 1068 (E.D. Wis. 2024).

The most notable opinion of the year to address the deference properly accorded to determinations by examining attorneys in the *ex parte* examination process came from the Second Circuit.¹⁷⁹¹ The outcome of the appeal before that court turned largely on the conceptual strength of the counterclaim plaintiff's marks, one of which an examiner had found merely descriptive and therefore unregistrable without a showing of acquired distinctiveness. Taking issue with the district court's finding that the mark was suggestive, the court of appeals faulted the district court for failing to give the examiner's determination the "great weight" it deserved.¹⁷⁹² On one level, that holding was consistent with past Second Circuit authority to the effect that "[t]he P.T.O., as a specialized agency, 'has developed expertise in trademarks.'"¹⁷⁹³ On another level, however, the court invoked so-called *Skidmore* deference by observing that the USPTO's "'body of experience and informed judgment' generally give its determinations on the issue of inherent strength the 'power to persuade,' though not the 'power to control.'"¹⁷⁹⁴ Thus, although *Chevron* deference¹⁷⁹⁵ may be a thing of the past after *Loper Bright Enterprises v. Raimondo*,¹⁷⁹⁶ *Skidmore* deference apparently remains a mechanism available to beneficiaries of past findings of fact by the USPTO, even if courts historically have sustained invocations of *Skidmore* in cases involving agency interpretations of statutes or their own regulations.¹⁷⁹⁷

In contrast, the Seventh Circuit was unimpressed by a USPTO examining attorney's determination of likely confusion while in affirming the denial of a preliminary injunction motion.¹⁷⁹⁸ Although the USPTO had rejected an application by a predecessor of the defendant to register the stylized house-and-cutlery design component of the defendant's mark based on a perceived likelihood of confusion between it and the plaintiff's prior-registered marks, the Seventh Circuit declined to give that determination dispositive weight in the mark-similarity inquiry. Not only had the applied-for

¹⁷⁹¹ See *City of New York ex rel. FDNY v. Henriquez*, 98 F.4th 402 (2d Cir. 2024).

¹⁷⁹² *Id.* at 414 (quoting *Cross Com. Media, Inc. v. Collective, Inc.*, 841 F.3d 155, 165 (2d Cir. 2016)).

¹⁷⁹³ *Id.* (quoting *Cross Com. Media*, 841 F.3d at 165).

¹⁷⁹⁴ *Id.* (quoting *Skidmore v. Swift & Co.*, 323 U.S. 134, 140 (1944)).

¹⁷⁹⁵ See *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837 (1984), *overruled by Loper Bright Enters. v. Raimondo*, 603 U.S. 369 (2024).

¹⁷⁹⁶ 603 U.S. 369 (2024).

¹⁷⁹⁷ Deference under *Skidmore* turns on the "thoroughness evident in [the agency's] consideration, the validity of its reasoning, its consistency with earlier and later pronouncements, and all those factors which give it power to persuade." 323 U.S. at 140.

¹⁷⁹⁸ See *Grubhub Inc. v. Relish Labs LLC*, 80 F.4th 835 (7th Cir. 2023), *cert. denied*, 144 S. Ct. 2630 (2024).

mark in question not included the verbal component of the defendant's mark, but

there was no conclusive determination as to the registrability of the mark. [The defendant's predecessor] chose to abandon its application shortly after the USPTO issued its office action. [The plaintiff] points to no case law, and we are aware of none, that imposes an adverse inference or presumption of similarity where a party voluntarily abandons its trademark application following an unfavorable preliminary USPTO determination. And . . . USPTO determinations are often of limited value in the infringement analysis when they lack the benefit of the fuller record developed before the district court, such as evidence about the way marks are actually used in the marketplace. This is not to say that USPTO preliminary determinations are never useful, but the district court's decision to accord [the refusal] little weight in this case was not clearly erroneous.¹⁷⁹⁹

A decision by a New York federal district court was to similar effect.¹⁸⁰⁰ In the dispute before that tribunal, USPTO examining attorneys had repeatedly found the parties' marks confusingly similar, and the plaintiff invoked those *ex parte* determinations in support of its motion for summary judgment and in opposition to that of the defendants. That strategy failed, however, in light of the differing likelihood-of-confusion inquiries undertaken during the application process, on the one hand, and in an infringement suit, on the other:

Although implicating similar factors, the likelihood-of-confusion analysis that trademark examiners engage in at administrative agencies like the PTO differs from the analysis that courts engage in during litigation . . . in that the former analysis generally is decided upon a comparison of the marks in the abstract, whereas courts assess the market as it actually exists.¹⁸⁰¹

"In other words," the court held, "an administrative agency's finding of a likelihood of confusion for registration purposes does not necessarily mean that a likelihood of confusion has been established for infringement purposes."¹⁸⁰² The agency's prior rejections of both

¹⁷⁹⁹ *Id.* at 850 (citations omitted).

¹⁸⁰⁰ See *Fashion Exch. LLC v. Hybrid Promotions, LLC*, 697 F. Supp. 3d 86 (S.D.N.Y. 2023), *appeal dismissed*, No. 23-7653, 2024 WL 4751743 (2d Cir. July 11, 2024).

¹⁸⁰¹ *Id.* at 111 (quoting *Kohler Co. v. Bold Int'l FZCO*, 422 F. Supp. 3d 681, 729 (E.D.N.Y. 2018)) (internal quotation marks omitted).

¹⁸⁰² *Id.* (quoting *Kohler*, 422 F. Supp. 3d at 729).

parties' applications therefore did not merit denial of the defendants' motion for summary judgment of nonliability.¹⁸⁰³

2. 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.”¹⁸⁰⁴ As always, litigants invoked that language in myriad contexts, some with greater success than others.

a. Judicial Invalidation of Pending Applications

Federal district courts are split on the issue of whether Section 37 allows courts to intervene in the application process. The Ninth Circuit concluded that it does, holding that “[a] district court’s authority to ‘determine the right to registration’ and ‘rectify the register’ includes the power to decide disputes over trademark applications.”¹⁸⁰⁵ That holding depended on at least one registered mark being in play in the litigation, though: “Permitting a district court to adjudicate trademark applications when an action already involves a registered mark advances the interest of resolving all registration disputes in a single action.”¹⁸⁰⁶

b. Grounds for Judicial Invalidation of Applications or Registrations

i. The Inter American Convention for Trademark and Commercial Protection

With respect to the substantive grounds for challenges to applications and registrations in actions invoking Section 37, the most interesting reported opinion came from a New Jersey federal district court¹⁸⁰⁷ entertaining claims by a Colombia-based business for the cancellation of a United States-based competitor’s registrations under the Inter American Convention for Trademark

¹⁸⁰³ *Id.* at 112.

¹⁸⁰⁴ 15 U.S.C. § 1119 (2018).

¹⁸⁰⁵ *BBK Tobacco & Foods LLP v. Cent. Coast Agric., Inc.*, 97 F.4th 668, 670 (9th Cir. 2024) (quoting 15 U.S.C. § 1119 (2018)), *additional opinion*, Nos. 22-16190, 22-16281, 2024 WL 1364300 (9th Cir. Apr. 1, 2024).

¹⁸⁰⁶ *Id.* at 671.

¹⁸⁰⁷ *See Industria De Alimentos Zenu S.A.S. v. Latinfood U.S. Corp.*, 679 F. Supp. 3d 53 (D.N.J. 2023), *appeal docketed*, No. 23-2357 (3d Cir. Aug. 7, 2023).

and Commercial Protection (IAC).¹⁸⁰⁸ One basis of the plaintiff's challenges to those registrations was Article 7 of the IAC, but, as the court noted, that article was limited to establishing priority of rights in the United States, which the plaintiff did not claim; indeed, the plaintiff did not own registrations of its marks in the USPTO. The court therefore granted summary judgment dismissing that claim.¹⁸⁰⁹

Nevertheless, the plaintiff had better luck challenging the lead defendant's registrations under Article 8 of the IAC. The court explained that one option for the plaintiff under Article 8 was to prove that: (1) the plaintiff enjoyed legal protection for its marks in Colombia before the priority dates of the lead defendant's registrations; and (2) the lead defendant knew of the plaintiff's rights in Colombia prior to adopting its marks in the United States.¹⁸¹⁰ There was no question as to the plaintiff's satisfaction of the second requirement: Indeed, one of the lead defendant's registrations was supported with specimens consisting of the plaintiff's packaging, and that defendant's principal—himself named as an individual defendant—had directed a contractor to review the plaintiff's website when creating the lead defendant's packaging.¹⁸¹¹ With respect to the first requirement, however, the plaintiff had neglected to authenticate the records of the Colombian registrations it had introduced into the summary judgment record as evidence of its rights in that country, but that error did not prove fatal to entry of summary judgment in its favor; instead, the court gave the plaintiff leave to submit authenticated versions of the required documentation.¹⁸¹²

The same outcome held on the plaintiff's cause of action under Article 18 of the IAC. The court held that cause of action to depend on four required factual showings by the plaintiff, namely: (1) that the plaintiff was a domiciliary of one of the IAC's contracting parties (which included Colombia); (2) the plaintiff had acted in accordance with United States law and procedure; (3) the lead defendant's marks were identical to those of the plaintiff and used in connection with the manufacture, sale, or production of goods of the same class; and (4) prior to the lead defendant's adoption of its marks, the plaintiff had adopted and continuously used the same marks for the same goods in Colombia.¹⁸¹³ Once again—although once again subject to the plaintiff's submission of properly authenticated

¹⁸⁰⁸ Gen. Inter-American Convention for Trade-mark and Commercial Protection, Feb. 20, 1929, 46 Stat. 2907.

¹⁸⁰⁹ *Industria De Alimentos Zenu*, 679 F. Supp. 3d at 76–78.

¹⁸¹⁰ *Id.* at 78.

¹⁸¹¹ *Id.* at 69.

¹⁸¹² *Id.* at 79 n.18.

¹⁸¹³ *Id.* at 83.

documentation of its rights in Colombia—the plaintiff had little difficulty satisfying those requirements as a matter of law, leaving the lead defendant’s registrations deserving of cancellation under Article 18 as well.

ii. Lack of Actual Use

Even if a United States-based mark owner has acquired its rights through bona fide use in commerce, it still must submit a sworn averment of ongoing use as part of any use-based application to register the mark under Section 1(a) of the Act,¹⁸¹⁴ whether as part of the original application or in the form of either an amendment to allege use or a statement of use. One defendant falling afoul of that rule owned two registrations, one maturing from a use-based application filed on January 31, 2014, and the other maturing from a used-based application filed on May 13, 2014.¹⁸¹⁵ During discovery, however, he conceded that he had enjoyed no revenues from the marks’ use between 2010 and 2017 and, indeed, that he had merely offered to provide services under the marks. Holding that “the sole act of offering is insufficient to satisfy the ‘rendered in commerce’ requirement,” the court ordered the registrations’ cancellation as void ab initio.¹⁸¹⁶

iii. Fraud on the USPTO

Invocations of the ground for cancellation that a challenged registration was procured through a fraudulent filing produced the usual mixed results, although most claims of fraudulent procurement failed. One going down in flames at the pleadings stage rested on the claim that the counterclaim defendant had supported a declaration of incontestability under Section 15 of the Act¹⁸¹⁷ with a fraudulent claim that the registered mark—DUBLINER for, inter alia, beer and ale—had been in continuous use for five years prior to the declaration’s execution.¹⁸¹⁸ As the court concluded on its own initiative, however, Section 14(3)¹⁸¹⁹ does not contemplate the cancellation of registrations on that ground;¹⁸²⁰ rather, the only

¹⁸¹⁴ 15 U.S.C. § 1051(a) (2018).

¹⁸¹⁵ See *Nero Int’l Holding Co. v. NEROTix Unlimited Inc.*, 695 F. Supp. 3d 110 (D. Mass. 2023).

¹⁸¹⁶ *Id.* at 131.

¹⁸¹⁷ 15 U.S.C. § 1065 (2018).

¹⁸¹⁸ See *Dubliner, Inc. v. E. Coast Tavern Grp.*, 706 F. Supp. 3d 181 (D. Mass. 2023).

¹⁸¹⁹ 15 U.S.C. § 1064(3).

¹⁸²⁰ *Dubliner*, 706 F. Supp. 3d at 190 (“[T]here is substantial support for the proposition that [Section 14(3)] only provides for the cancellation of a trademark’s registration where that registration was fraudulently procured, and not for cancellation of a trademark’s registration on the basis of fraud made in connection with a Section 15 Declaration of Incontestability.”).

remedy for fraudulent Section 15 filings is invalidation of the resulting incontestability, not that of the underlying registration.¹⁸²¹ Beyond that legal infirmity, the counterclaim plaintiffs' bid for the partial cancellation of the counterclaim defendant's registration failed for want of factual support as well. As bases for their argument that a break in the registered mark's use rendered the Section 15 declaration false, the counterclaim plaintiffs: (1) proffered an indistinct photograph of an array of taps in the counterclaim defendant's restaurant from which the mark was missing; (2) referred in their papers to the mark's absence from online menus; and (3) cited the counterclaim defendant's successful pursuit of a registration of the AULD DUBLINER mark.¹⁸²² The court noted with respect to the menus that the counterclaim plaintiffs had failed to include them as part of the counterclaim, while the counterclaim defendant supported its motion to dismiss with Wayback Machine captures of menus featuring the mark during the same period cited by the counterclaim plaintiffs.¹⁸²³ The court also was unimpressed with the photograph and the new registration; neither, it held, was actually evidence of a break in the use of the DUBLINER mark.¹⁸²⁴ Unsurprisingly, in light of the absence of cognizable averments of noncontinuous use, the court then determined as a matter of law that the signatory on the Section 15 declaration had not acted with a fraudulent intent.¹⁸²⁵

A different court rejecting a claim of fraudulent procurement (as opposed to one of a fraudulent Section 15 declaration) noted as a doctrinal matter that:

A plaintiff [claiming fraud] must demonstrate: "(1) that defendant made a false representation to the [United States Patent and Trademark Office (PTO)] regarding a material fact; (2) that defendant knew that the representation was false; (3) that defendant intended to induce the PTO to act in reliance on the misrepresentation; and (4) the PTO was thereby deceived into registering the mark." Fraudulent intent "can be inferred from indirect and circumstantial evidence[,] [b]ut such evidence must still be clear and convincing, and inferences drawn from lesser evidence cannot satisfy the deceptive intent requirement." "[A]bsent the requisite intent to mislead the PTO, even a material

¹⁸²¹ *Id.* at 191 ("[C]ourts recognize that even a fraud claim premised on § 15 does not provide for the cancellation of a mark's registration, as § [14(3)] does, but only for the invalidation of a mark's incontestability status.").

¹⁸²² *Id.* at 193.

¹⁸²³ *Id.* at 194–95.

¹⁸²⁴ *Id.* at 193–94.

¹⁸²⁵ *Id.* at 192.

misrepresentation would not qualify as fraud under the Lanham Act warranting cancellation.”¹⁸²⁶

The gravamen of the plaintiff’s theory of fraud was not apparent from the court’s dismissal of that theory on summary judgment, but the court accused the plaintiff of “fixat[ing] on demonstrating a misrepresentation” in the file-wrapper history of its opponent’s registration.¹⁸²⁷ Even if such a misrepresentation existed, the court pointed out, “the mere existence of a material misrepresentation is not sufficient absent evidence of intent to deceive.”¹⁸²⁸ Because the plaintiff had advanced nothing more than conclusory and speculative assertions regarding the registrant’s allegedly fraudulent intent, its challenge to the registrations at issue were fatally deficient.¹⁸²⁹

A second court rejecting a claim of fraudulent procurement adopted a closely similar test:

To prove fraud on the USPTO, [the counterclaim plaintiffs] must establish, by clear and convincing evidence, that: (1) [the counterclaim defendant] made a false representation regarding a material fact; (2) [the counterclaim defendant] knew that the representation was false when made; (3) [the counterclaim defendant] intended to induce the USPTO to act in reliance on the misrepresentation; (4) actual, reasonable reliance on the misrepresentation by the USPTO; and (5) proximately resulting damages. All this must be “proven to the hilt” and “any doubt must be resolved against the charging party.”¹⁸³⁰

A key consideration underlying the claim of fraud at issue was the allegedly unlawful nature of certain chemical compounds in the goods covered by the targeted registrations. In response to an inquiry by the USPTO examining attorney assigned to the counterclaim defendant’s applications, the counterclaim defendant represented that, to the best of its knowledge, its goods complied with federal law because they were “not intended for digestion, inhalation, as ‘poppers,’ or any use other than as a multi-purpose

¹⁸²⁶ SonicSolutions Algae Control, LLC v. Diversified Power Int’l, LLC, 722 F. Supp. 3d 16, 50 (D. Mass. 2024) (second, third, fourth, and fifth alterations in original) (first quoting *Dubliner, Inc. v. E. Coast Tavern Grp.*, 706 F. Supp. 3d 181, 190 (D. Mass. 2023); then quoting *In re Bose Corp.*, 580 F.3d 1240, 1245 (Fed. Cir. 2009); and then quoting *id.* at 1243).

¹⁸²⁷ *Id.* at 51.

¹⁸²⁸ *Id.*

¹⁸²⁹ *Id.*

¹⁸³⁰ *Pac-W. Distrib. NV LLC v. AFAB Indus. Servs., Inc.*, 674 F. Supp. 3d 132, 142–43 (E.D. Pa. 2023) (citation omitted) (footnote omitted) (quoting *In re Bose Corp.*, 580 F.3d 1240, 1243 (Fed. Cir. 2009)), *motion to certify appeal denied*, No. CV 19-3584, 2023 WL 3998469 (E.D. Pa. June 13, 2023).

solvent cleaner.”¹⁸³¹ The counterclaim plaintiffs attacked the veracity of that representation with excerpts from a website at which the counterclaim defendant’s principal had once sold poppers, but the court found no material dispute that “neither the USPTO’s request nor [the] response was focused on the potential unlawful uses of [the counterclaim defendant’s] products by individual consumers”¹⁸³² and that the response to the examiner was “more plausibly understood as representing how [the counterclaim defendant’s] products were marketed and labeled at the time the statement was made.”¹⁸³³ Moreover, the response’s inherent ambiguity rendered it impossible to find that the counterclaim plaintiff had known of its falsity and intended to deceive the USPTO without “multiple inferences” inconsistent with the clear-and-convincing standard of proof applicable to claims of fraud.¹⁸³⁴

Two separate failed claims of fraud on the USPTO presented themselves in a case in which the plaintiffs faulted a defendant for having registered a mark despite her putative knowledge of the plaintiffs’ prior use of the same mark and also for filing a declaration of excusable nonuse under Section 8¹⁸³⁵ during the pandemic.¹⁸³⁶ The court’s analysis of the first of those claims did not begin auspiciously for the plaintiffs, with the court observing that “[a] showing of [the registrant’s] mere awareness of prior use is not enough to prevail on a fraudulent procurement claim. [A] trademark is obtained fraudulently under the Lanham Act only if the applicant or registrant knowingly makes a false, material representation with the intent to deceive the PTO.”¹⁸³⁷ More significantly, however, the court determined from the summary judgment record assembled by both parties that the plaintiffs had never used the mark upon which they based their claim of fraudulent procurement; under that circumstance, the registrant could hardly be charged with fraudulently representing that no other party had the right to use her applied-for mark.¹⁸³⁸ The court’s disposition of the plaintiffs’ claim of fraudulent maintenance was less developed but just as definitive: “[N]o reasonable juror could find that [the registrant] made a false representation or misled the

¹⁸³¹ *Id.* at 143.

¹⁸³² *Id.* at 145.

¹⁸³³ *Id.*

¹⁸³⁴ *Id.* at 145–47.

¹⁸³⁵ 15 U.S.C. § 1058 (2018).

¹⁸³⁶ *See Nero Int’l Holding Co. v. NEROTix Unlimited Inc.*, 695 F. Supp. 3d 110 (D. Mass. 2023).

¹⁸³⁷ *Id.* at 132 (third alteration in original) (quoting *In re Bose Corp.*, 580 F.3d 1240, 1245 (Fed. Cir. 2009)).

¹⁸³⁸ *Id.* at 137.

USPTO by filing a declaration of use, instead of a declaration of excusable non-use, during the COVID pandemic.¹⁸³⁹

In contrast, a different plaintiff successfully asserted that its opponent's registration was subject to cancellation under Section 14(3)¹⁸⁴⁰ because of the lead defendant's misrepresentation of the source of the goods sold under the mark and because the registration had been fraudulently procured.¹⁸⁴¹ The court's discussion of those causes of action conflated and confused them, and its ultimate decision in the plaintiff's favor sounded more in the latter than in the former. Specifically, the court found it undisputed that, in prosecuting the use-based application that had matured into the disputed registration, the lead defendant not only lacked use of its mark in commerce as of its filing date but had supported the application with specimens depicting the plaintiff's packaging. The defendants attempted to attribute the error to the outside vendor to which they had entrusted the filing, but the summary judgment record demonstrated that the lead defendant's president had personally forwarded the specimens to the vendor. Beyond rendering the specimens fraudulent, that action established the president's knowledge of the plaintiff's use of the same mark and the knowing falsity of his declaration in the application that, to the best of his knowledge, no other party had the right to use the applied-for mark;¹⁸⁴² that conclusion held despite the absence of any evidence that the plaintiff in fact enjoyed that right under United States law.

Finally, a different court also was receptive to a claim of fraudulent procurement, at least at the pleadings stage.¹⁸⁴³ One basis of that claim was that, in prosecuting one of its applications, the counterclaim defendant and registrant had misstated certain of its dates of first use. The court held those misstatements were significant for two reasons, the first of which was that the counterclaim defendant allegedly had lacked use of its applied-for mark for certain of the services covered by the application as of the application's filing date. The second reason was that the counterclaim defendant's claim of acquired distinctiveness rested in part on the inaccurate dates of first use. So far, so good, but the court then credited the counterclaim plaintiffs' claim that the alleged fraud in the procurement of that registration had an "infectious" effect on the USPTO's subsequent acceptance of showings of acquired distinctiveness for other, related, marks registered by the

¹⁸³⁹ *Id.* at 132.

¹⁸⁴⁰ 15 U.S.C. § 1064(3).

¹⁸⁴¹ *See Industria De Alimentos Zenu S.A.S. v. Latinfood U.S. Corp.*, 679 F. Supp. 3d 53, 105–07 (D.N.J. 2023), *appeal docketed*, No. 23-2357 (3d Cir. Aug. 7, 2023).

¹⁸⁴² *Id.* at 106.

¹⁸⁴³ *See Fla. Virtual Sch. v. K12, Inc.*, 674 F. Supp. 3d 1127 (M.D. Fla. 2023).

counterclaim defendant. According to the court’s understanding of examination practice:

[The *Trademark Manual of Examination Procedure*] does not prohibit, nor make any mention of disfavoring, the PTO’s consideration of prior registrations when reviewing applications. . . . It follows logically that the existence of the first registered mark played a role in the PTO[’]s assessment of subsequent applications to register marks related to and/or derivative of the original.¹⁸⁴⁴

iv. Registration of Government Insignia

Section 2(b) prohibits the registration of marks “[c]onsist[ing] of or compris[ing] the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.”¹⁸⁴⁵ In a rare application of that prohibition in the regional circuits, one federal district court addressed the question of whether two registered marks owned by Pennsylvania State University, shown in the top row below, impermissibly incorporated the state of Pennsylvania’s coat of arms, shown in the bottom row:¹⁸⁴⁶



¹⁸⁴⁴ *Id.* at 1140 (footnote omitted).

¹⁸⁴⁵ 15 U.S.C. § 1052(b) (2018).

¹⁸⁴⁶ See *Pa. State Univ. v. Vintage Brand, LLC*, 715 F. Supp. 3d 602, 660 (M.D. Pa. Feb. 6, 2024), *clarified on denial of reconsideration*, No. 4:21-CV-01091, 2024 WL 1416505 (M.D. Pa. Apr. 2, 2024).

The court did not deliver a final answer to that question; instead, it denied a defense motion for summary judgment because of a factual dispute over whether the registered marks created a commercial impression distinct from that of the coat of arms.¹⁸⁴⁷

The same opinion, however, denied Penn State's own motion for summary judgment, which challenged the defendants' attack on the validity of multiple marks owned by the university on the ground they were merely ornamental and did not function as indicators of secondary source. According to Penn State, the determination of the acceptability of the specimens it had submitted during the registration process was reserved exclusively to the examining attorneys assigned to its applications and was subject to the review of neither the USPTO itself nor courts. The court was unimpressed, and it denied Penn State's bid for judgment as a matter of law, observing in the process that:

Penn State does not, and cannot, cite to a single case that has reached the conclusion it suggests, and nothing in any statute appears to divest courts of the power to consider as-applied challenges. To the contrary, courts routinely consider as-applied challenges to trademarks. More importantly, [the defendants] [do] not appear to be challenging the adequacy of the specimens that Penn State provided in support of its trademark applications, but is challenging whether those marks were in fact used as marks in service, or were merely ornamental.

This issue is broadly within the authority of the USPTO and district courts to consider¹⁸⁴⁸

Unusually, that was not the only federal district court opinion to apply Section 2(b). In a separate case, the plaintiff challenged registrations covering the following marks, the first of which was owned by the United States Marine Corps and the second and third of which were owned by the United States Army:¹⁸⁴⁹



¹⁸⁴⁷ *Id.*

¹⁸⁴⁸ *Id.* at 666 (footnote omitted).

¹⁸⁴⁹ *Shields of Strength v. U.S. Dep't of Def.*, 735 F. Supp. 3d 755, 777–78 (E.D. Tex. 2024).

Sued along with the Department of Defense, the defendants sought the dismissal of the plaintiff's challenges to their registrations in part on the theory that the marks at issue did not qualify as "insignia[s] of the United States" within the meaning of Section 2(b). According to the defendants, that phrase swept in marks of "national significance," which the defendants defined as "the Great Seal of the United States, the Presidential Seal, and seals of governmental departments[], as opposed to marks that identify particular people or agencies within a department of the executive branch (such as the Marine Corps or a particular division of the Army)."¹⁸⁵⁰ In a scholarly analysis of the history of Section 2(b) and its predecessors, the court disagreed, holding instead that insignias of the United States were "marks identifying a person or group of people with the authority or power of the United States government."¹⁸⁵¹ The plaintiff's challenge therefore survived the pleadings stage of the case: "Each of the three marks whose registrability [the plaintiff] . . . contest[s] under [Section 2(b)] is plausibly alleged to be a mark identifying a person or group with the authority or power of the federal government. [The plaintiff] thus states a legally viable claim for relief as to those marks."¹⁸⁵²

v. Unlawful Assignments of Intent-to-Use Application

One notable reported opinion arising from an invocation of Section 37 involved an allegation that the defendants had violated the prohibition in Section 10(a) of the Act¹⁸⁵³ against the trafficking in intent-to-use applications except under two circumstances: "(1) after the applicant has filed an allegation of use; or (2) if the application is transferred to a successor to the business of the applicant, or portion thereof, to which the mark pertains, if that business is ongoing and existing."¹⁸⁵⁴ The plaintiff alleged the defendants had violated Section 10(a) by entering into a funding agreement that identified an ITU application as collateral. "At [a] hearing," the court observed, "[the plaintiff] argued that if [the defendants] were to default on the loan, the security assignment could cause the intent-to-use application to be assigned to the lender."¹⁸⁵⁵ The problem, however, was that the plaintiff's complaint did not aver that such an assignment had actually occurred. The

¹⁸⁵⁰ *Id.* at 778.

¹⁸⁵¹ *Id.*

¹⁸⁵² *Id.* at 783.

¹⁸⁵³ 15 U.S.C. § 1050(a) (2018).

¹⁸⁵⁴ *Good Meat Project v. GOOD Meat, Inc.*, 716 F. Supp. 3d 783, 809 (N.D. Cal. 2024) (quoting *Sebastian Brown Prods. LLC v. Muzooka Inc.*, No. 15-CV-01720-LHK, 2016 WL 949004, at *8 (N.D. Cal. Mar. 14, 2016)).

¹⁸⁵⁵ *Id.*

court therefore dismissed the plaintiff's challenge to the application, albeit without prejudice and with leave to amend.¹⁸⁵⁶

C. 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 an "actual controversy" before proceeding;¹⁸⁵⁷ moreover, state law causes of action are typically subject to the same requirements. According to the Supreme Court in *MedImmune, Inc. v. Genentech, Inc.*,¹⁸⁵⁸ whether a particular dispute rises to this level properly should turn on "whether the facts alleged, under all the circumstances, show that there is a substantial controversy . . . of sufficient immediacy and reality to warrant the issuance of a declaratory judgment."¹⁸⁵⁹

One finding of an actionable case and controversy emerged from a dispute over a domain name.¹⁸⁶⁰ Having lost an arbitration proceeding before the Canadian International Internet Dispute Resolution Centre (CIIDRC), the plaintiff sought a declaratory judgment that its registration of the disputed domain name did not violate the ACPA and that the defendant was engaged in reverse domain name hijacking. Although the plaintiff had not threatened the plaintiff with a lawsuit, the court concluded that the plaintiff's allegations satisfied the requirements of Article III "because the Supreme Court in *MedImmune* expressly rejected the notion that a plaintiff must have a 'reasonable apprehension' of an imminent lawsuit to establish an actual controversy."¹⁸⁶¹ Moreover, it noted, the operative complaint alleged both that the plaintiff wished to use the domain name as a trademark and that the defendant had advised the CIIDRC panel that the plaintiff's use of the disputed domain name created the possibility of confusion. The court therefore declined to dismiss the plaintiff's request for declaratory for want of an actionable case and controversy;¹⁸⁶² it did, however, ultimately do so after finding that request duplicative of the plaintiff's claim of reverse domain name hijacking.¹⁸⁶³

¹⁸⁵⁶ *Id.*

¹⁸⁵⁷ U.S. Const. art. III, § 2, cl. 1; 28 U.S.C. § 2201 (2018).

¹⁸⁵⁸ 549 U.S. 118 (2007).

¹⁸⁵⁹ *Id.* at 127 (quoting *Md. Cas. Co. v. Pac. Coal & Oil Co.*, 312 U.S. 270, 273 (1941)).

¹⁸⁶⁰ *See Mira Holdings, Inc. v. ZoomerMedia, Ltd.*, 676 F. Supp. 3d 909 (D. Colo. 2023).

¹⁸⁶¹ *Id.* at 917.

¹⁸⁶² *Id.* at 918.

¹⁸⁶³ *Id.*

Another plaintiff's claim of Article III standing produced mixed results.¹⁸⁶⁴ That plaintiff once had been licensed to use certain marks of the United States Army, Navy, Air Force, and Marines. Citing the overtly religious themes of the plaintiff's merchandise, all four military branches declined to continue their relationship with the plaintiff, and the Army, Air Force, and Marines demanded that it cease using their marks.¹⁸⁶⁵ Seeking both declaratory relief and the cancellation of numerous registrations owned by the latter three branches, the plaintiff's complaint identified "substantially fixed, sufficiently disputed . . . designs [of its merchandise]" featuring seven of the defendants' marks.¹⁸⁶⁶ The court determined an actionable case and controversy existed with respect to those seven marks and the registrations covering them.¹⁸⁶⁷ Nevertheless, because the plaintiff failed to aver concrete plans to sell merchandise bearing the remaining marks, the same was not true regarding them and their registrations, and the court therefore dismissed those of the plaintiff's claims relating to them.¹⁸⁶⁸

A final notable opinion on the subject arose out of an action brought by a reseller of branded goods seeking a declaratory judgment that goods it sold did not bear counterfeit imitations of a mark owned by the lead defendant.¹⁸⁶⁹ That case arose from a takedown notice placed with Amazon by an agent acting on the lead defendant's behalf, which resulted in the removal from that platform of sales by the plaintiff. Accused of various torts because of the notice, the agent—itself a named defendant—argued in a motion to dismiss that no case and controversy between the parties existed.

The New York federal district court hearing the case held the issue to turn on the Second Circuit's multifactor test for evaluations of whether it should exercise its discretion to hear the case, which required the consideration of:

- (1) whether the declaratory judgment sought will serve a useful purpose in clarifying or settling the legal issues involved;
- (2) whether such a judgment would finalize the controversy and offer relief from uncertainty;
- (3) whether the proposed remedy is being used merely for procedural fencing or a race to res judicata;
- (4) whether the use of a declaratory judgment would increase friction between sovereign legal systems or improperly encroach on the domain of a state or foreign court;
- (5) whether there is a better or more effective

¹⁸⁶⁴ See *Shields of Strength v. U.S. Dep't of Def.*, 735 F. Supp. 3d 755 (E.D. Tex. 2024).

¹⁸⁶⁵ Although denying the plaintiff a license, the Navy, unlike the other service branches, did not affirmatively demand that the plaintiff discontinue use of its marks. *Id.* at 770–71.

¹⁸⁶⁶ *Id.* at 774, 775.

¹⁸⁶⁷ *Id.* at 775–76.

¹⁸⁶⁸ *Id.* at 776.

¹⁸⁶⁹ See *CDC Newburgh Inc. v. STM Bags, LLC*, 692 F. Supp. 3d 205 (S.D.N.Y. 2023).

remedy; and (6) whether concerns for judicial efficiency and judicial economy favor declining to exercise jurisdiction.¹⁸⁷⁰

Although characterizing the factors as nonexhaustive, the court nevertheless gave the first two dispositive effect. It concluded with respect to the first that the question of whether the plaintiff had engaged in counterfeiting was fundamentally a factual one, leaving no legal issue for the court to declare.¹⁸⁷¹ Then, with respect to the second, the court found that “Plaintiff’s requested declaratory relief [regarding infringement] does not remedy the chief harm Plaintiff asserts in this action—the removal of its product listings by Amazon;”¹⁸⁷² moreover, that request also would not resolve the various affirmative claims the plaintiff had asserted against the defendants under New York state law.¹⁸⁷³ “Thus,” the court found, “declaratory relief on the non-infringement of the [lead defendants’ marks] will not resolve the underlying dispute in this action.”¹⁸⁷⁴

2. The First Amendment

Since its articulation in 1989, the test for liability first set forth in *Rogers v. Grimaldi*¹⁸⁷⁵ has played an increasingly significant role in trademark-based challenges to the titles and content of creative or expressive works since its articulation. 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 either have no artistic relevance to the underlying creative work or, if they do have any artistic relevance, they are explicitly misleading.¹⁸⁷⁶ A plaintiff before a court that has adopted *Rogers* must also demonstrate that confusion is likely, whether as a standalone showing (as in the Ninth Circuit) or as part of the inquiry into whether the defendant’s use is explicitly misleading (as in the Second Circuit).¹⁸⁷⁷ As the Supreme Court held in *Jack*

¹⁸⁷⁰ *Id.* at 227 (quoting *Admiral Ins. Co. v. Niagara Transformer Corp.*, 57 F.4th 85, 99–100 (2d Cir. 2023)).

¹⁸⁷¹ *Id.*

¹⁸⁷² *Id.* at 228.

¹⁸⁷³ Those claims included ones for defamation, tortious interference, and unfair competition. *Id.*

¹⁸⁷⁴ *Id.*

¹⁸⁷⁵ 875 F.2d 994 (2d Cir. 1989).

¹⁸⁷⁶ *Id.* at 999.

¹⁸⁷⁷ *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.”).

Daniel's Properties, Inc. v. VIP Products LLC,¹⁸⁷⁸ however, *Rogers* is unavailable if a defendant's use of an alleged imitation of a plaintiff's mark is as a designation of source for the defendant's own goods or services.¹⁸⁷⁹

With *Jack Daniel's* having abrogated its past case law with respect to the scope of *Rogers*, the Ninth Circuit grudgingly acknowledged the Supreme Court's action in a case in which it previously had held *Rogers* applicable to trademark uses.¹⁸⁸⁰ The plaintiff's mark in that litigation was PUNCHBOWL for online invitations and greeting cards, while the defendant used PUNCHBOWL NEWS for an online news publication.¹⁸⁸¹



Although the defendant gamely argued that *Jack Daniel's* holding was limited to cases in which the defendant's trademark use was not intended as a parody of the plaintiff's mark, the court rejected that contention.¹⁸⁸² Nevertheless, in remanding the action to the district court, the court strongly suggested that the expressive nature of the defendant's publication should weigh against a finding of liability:

[T]he expressive nature of [the defendant's] use of the Punchbowl Mark and the fact that “punchbowl” is a common word will certainly be relevant in the likelihood-of-confusion analysis. . . . When companies operating in different spaces use the same common words as trademarks with different expressive connotations, it reduces the likelihood of confusion.¹⁸⁸³

On remand, the defendant prevailed once again as a matter of law, although less on the basis of the expressive nature of its publication

¹⁸⁷⁸ 599 U.S. 140 (2023).

¹⁸⁷⁹ *Id.* at 153, 155–56.

¹⁸⁸⁰ See *Punchbowl, Inc. v. AJ Press, LLC*, 52 F.4th 1091 (9th Cir. 2022) (“*Punchbowl I*”), *op. withdrawn*, 78 F.4th 1158 (9th Cir. 2023) (“*Punchbowl II*”), *later opinion*, 90 F.4th 1022 (9th Cir. 2024) (“*Punchbowl III*”).

¹⁸⁸¹ *Punchbowl I*, 52 F.4th at 1095, 1096.

¹⁸⁸² See *Punchbowl III*, 90 F.4th at 1031 (“It is clear from the foregoing discussion that *Jack Daniel's* altered the law that governed us when we decided [the case earlier]. To the point that our precedents previously held that *Rogers* applies when an expressive mark is used as a mark—and that the only threshold for applying *Rogers* was an attempt to apply the Lanham Act to something expressive—the Supreme Court has now made clear that this is incorrect. In that specific respect, our prior precedents are no longer good law.”).

¹⁸⁸³ *Id.* at 1032 (citations omitted).

than on the lack of competitive proximity between the parties' goods and services.¹⁸⁸⁴

Despite that outcome, however, a New York federal district court confirmed that *Rogers* survives outside the *Jack Daniel's* context, or, in other words, in cases in which defendants' uses are not in the nature of the trademark uses.¹⁸⁸⁵ That outcome held in an action brought by the owner of the LIBERTY TAX SERVICE mark for tax services, including the variation on that mark shown below on the left, against the producers of the *Better Call Saul* television series based on the appearance in the series of a fictional business operating under the SWEET LIBERTY TAX SERVICES mark:¹⁸⁸⁶



As a threshold matter, the court addressed the question of whether the defendants used SWEET LIBERTY TAX SERVICES as a designation of origin for their own services by examining whether that phrase had appeared in advertising or promotional materials for the defendants' program and the degree to which the defendants had tried, through repetition, to create an association between themselves and the phrase. The plaintiff did not seriously argue the defendants' use was a trademark use, leading the court to apply *Rogers* despite the plaintiff's apparent argument that *Jack Daniel's* had taken down that analysis in all contexts.

In that application, the court concluded with respect to *Rogers's* first prong that the defendants' use was artistically relevant to their program because "sweet liberty" referred to the release of the fictional business's fictional principal from prison.¹⁸⁸⁷ Then, employing the Second Circuit's version of *Rogers's* prong, which requires a "particularly compelling" showing of likely confusion for a defendant's use to qualify as explicitly misleading,¹⁸⁸⁸ the court

¹⁸⁸⁴ See *Punchbowl, Inc. v. AJ Press, LLC*, No. 2:21-cv-03010-SVW-MARK, 2024 WL 4005220 (D.C. Cal. Aug. 22, 2024), *appeal docketed*, No. 24-5833 (9th Cir. Sept. 25, 2024).

¹⁸⁸⁵ See *JTH Tax LLC v. AMC Networks Inc.*, 694 F. Supp. 3d 315 (S.D.N.Y. 2023).

¹⁸⁸⁶ *Id.* at 324, 327.

¹⁸⁸⁷ *Id.* at 334 ("[T]he Amended Complaint does not plausibly allege that 'Sweet Liberty Tax Services' was chosen for commercial rather than artistic reasons.").

¹⁸⁸⁸ *Id.* at 330 (quoting *Twin Peaks Prods., Inc. v. Publ'ns Int'l, Ltd.*, 996 F.2d 1366, 1379 (2d Cir. 1993)).

found the plaintiff had failed to aver facts potentially satisfying that requirement. It initially noted that:

When the infringing use is a fictional product or service shown or referenced in a work of fiction, the relevant product for the purpose of comparison to the senior use is the work of fiction itself rather than the fictional product or service depicted within that work. In other words, courts compare real products rather than fictional ones.¹⁸⁸⁹

The court then determined from the complaint's allegations that: (1) the plaintiff's mark was strong;¹⁸⁹⁰ but also that (2) the parties' uses were distinguishable in the marketplace because "Plaintiff's purpose in using the marks is to provide tax services, while Defendants' purpose is to create an entertaining TV show";¹⁸⁹¹ (3) "the products – a tax service and a television show – are totally dissimilar";¹⁸⁹² (4) "[t]he gap between tax services and television production is substantial," making it unlikely the parties would bridge the gap between their respective uses;¹⁸⁹³ (5) the plaintiff had failed to aver the existence of actual confusion;¹⁸⁹⁴ (6) any similarity between the parties' uses did not establish the defendants' bad faith;¹⁸⁹⁵ (7) the gulf between the parties' uses was such that any inferiority of the defendants' services would not be attributed to the plaintiff;¹⁸⁹⁶ and (8) the complaint did not establish that consumers

¹⁸⁸⁹ *Id.* at 336.

¹⁸⁹⁰ *Id.*

¹⁸⁹¹ *Id.* at 337.

¹⁸⁹² *Id.*

¹⁸⁹³ *Id.* at 338.

¹⁸⁹⁴ The complaint recited that a GOOGLE search for the plaintiff's business had yielded a reference to the defendants' fictional business, but that court dismissed that allegation with the observation that "[e]vidence of a faulty internet search result does not constitute evidence of consumer confusion . . ." *Id.*

¹⁸⁹⁵ *Id.* at 339 ("Assuming *arguendo* that 'Sweet Liberty Tax Services' and the fictional business's trade dress are sufficiently similar to Plaintiff's marks to support an inference of 'deliberate copying,' there are no additional facts to support an inference of 'intent to deceive.' Indeed, the Amended Complaint does not plead any facts suggesting that Defendants sought to attract viewers by associating *Better Call Saul* – a popular television show in its sixth season – with a tax preparation business. Put differently, there are no factual allegations suggesting that Defendants intended to capitalize on Plaintiff's marks and trade dress." (quoting *Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co.*, 647 F. Supp. 3d 145, 224 (S.D.N.Y. 2022))), *appeal docketed*, No. 23-1446 (Fed. Cir. Feb. 1, 2023).

¹⁸⁹⁶ *Id.* at 339–40. On this issue, the plaintiff took issue with the owners of the defendants' fictional tax preparation service made their living by skimming money from their customers' tax returns, but the court noted of that circumstance that "Plaintiff has not pled facts suggesting that viewers of the Show will not understand that 'Sweet Liberty Tax Services' is a fictional business operated by fictional characters in a work of fiction." *Id.* at 340.

of the parties' services were unsophisticated.¹⁸⁹⁷ The court therefore dismissed the complaint for failure to state a claim.

Other reported opinions addressed invocations of the First Amendment in scenarios not implicating the *Rogers* analysis. For example, one from a California federal district court did so in a case brought by visual artists against defendants responsible for a generative artificial intelligence platform trained on existing images, some of which allegedly originated with the plaintiffs.¹⁸⁹⁸ Among other accusations of misconduct, the plaintiffs claimed the platform produced AI-generated images similar enough to the plaintiffs' works that people familiar with those works would associate the plaintiffs with the AI-generated images. Granting the defendants' motion to dismiss for failure to state a claim, the court accepted their argument that the First Amendment-based transformative use defense might defeat the plaintiffs' claims.¹⁸⁹⁹ Because of other deficiencies in the plaintiffs' complaint, however, it did not resolve the matter based on that defense but instead deferred doing so until the plaintiffs had had the opportunity to amend their operative pleading.¹⁹⁰⁰

A final notable opinion to address First Amendment-related issues in the context of a trademark dispute arose from the licensing policies of the United States Department of Defense.¹⁹⁰¹ The plaintiff made and sold goods featuring Christian symbols, quoting Bible verses, or drawing on the Bible, including the following dog tags:¹⁹⁰²



¹⁸⁹⁷ *Id.*

¹⁸⁹⁸ See *Andersen v. Stability AI Ltd.*, 700 F. Supp. 3d 853 (N.D. Cal. 2023).

¹⁸⁹⁹ *Id.* at 875 (“Well-established law acknowledges ‘transformative use’ as a defense to a right of publicity claim.”).

¹⁹⁰⁰ *Id.* (“I agree that the applicability of transformative use defense is better determined after plaintiffs clarify and otherwise amend their right of publicity claims and at a subsequent juncture on an evidentiary basis.”).

¹⁹⁰¹ See *Shields of Strength v. U.S. Dep’t of Def.*, 672 F. Supp. 3d 256 (E.D. Tex. 2023).

¹⁹⁰² *Id.* at 266.

Denied licenses to use marks belonging to the United States Army, Navy, Air Force, and Marines, the plaintiff filed suit on the theories that the licenses' denial violated the First Amendment guarantees of free speech and the free exercise of religion; it also argued the denials fell afoul of the First Amendment's Establishment Clause. As part of its prayer for relief, the plaintiff sought a preliminary injunction requiring the Department of Defense to grant the licenses.

In denying the government agencies' motion to dismiss the plaintiff's claims under the Free Speech and Free Exercise clauses, the court held the plaintiff had plausibly alleged that the government licensing programs at issue constituted limited public forums, in which case the allegedly viewpoint-discriminatory refusals to license the plaintiff would be presumptively invalid.¹⁹⁰³ The defendants unsurprisingly challenged those allegations by arguing their licensing policies constituted government speech and therefore were immune from scrutiny under the First Amendment, but the court instead credited the plaintiff's allegations that "the DoD has not used the particular medium at issue, licensing trademarks to speak to the public."¹⁹⁰⁴ The court did, however, dismiss the plaintiff's claim that the licenses' denial impermissibly endorsed particular religious beliefs, holding that "the Establishment Clause does not affirmatively require that government speech support religion or particular religious practices."¹⁹⁰⁵

3. The Takings Clause of the Fifth Amendment

The Fifth Amendment's Takings Clause provides that "private property [shall not] be taken for public use, without just compensation."¹⁹⁰⁶ Under that clause, "a government violates the Takings Clause when it takes property without compensation, and . . . a property owner may bring a Fifth Amendment claim under [28 U.S.C.] § 1983 at that time."¹⁹⁰⁷ When, to commemorate the fiftieth anniversary of baseball great Roberto Clemente's three thousandth hit, the Commonwealth of Puerto Rico required purchasers of automobile license plates and vehicle certificate tags to pay for special plates and tags featuring Clemente's image, the successors to Clemente and their affiliates unsuccessfully sought relief under

¹⁹⁰³ *Id.* at 274–80.

¹⁹⁰⁴ *Id.* at 277.

¹⁹⁰⁵ *Id.* at 281.

¹⁹⁰⁶ U.S. Const. amend. V.

¹⁹⁰⁷ *Knick v. Township of Scott, Pennsylvania*, 588 U.S. 180, 202 (2019) (first alteration in original).

the Takings Clause.¹⁹⁰⁸ The court made short work of that cause of action, identifying two reasons why the plaintiffs had failed to state a claim, the first of which was that the Commonwealth was immune to federal liability in federal courts under the Eleventh Amendment.¹⁹⁰⁹ The second was that “[a] regulation may be a categorical or per se regulatory taking when government causes a property owner to ‘suffer a permanent physical invasion of [t]he[i]r property’ or a regulation completely deprives a property owner of ‘all economically beneficial use of her property.’”¹⁹¹⁰ “[A]s per the allegations in the Amended Complaint,” the court explained of that reason for dismissing the plaintiffs’ complaint, “[nothing in the Puerto Rico program] seem[s] to deprive Plaintiffs of any use of their trademarks, much less ‘all economically beneficial use’ of the property. Plaintiffs remain free to use their trademarks as they wish.”¹⁹¹¹

4. The Right to a Jury Trial Under the Seventh Amendment

The Seventh Amendment to the United States Constitution provides that “[i]n suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any court of the United States, than according to the rules of the common law.”¹⁹¹² After several years of prominence, the question of whether the defendant in an action in which actual damages not sought enjoys a right to a jury trial if the amount in controversy—such as, for example, a request for an accounting of profits—otherwise exceeds twenty dollars was addressed in substantive fashion by only one reported opinion.¹⁹¹³ As the trial date in the false advertising lawsuit producing that opinion approached, the plaintiff withdrew its requests for all legal remedies, limiting its prayer for relief to an accounting and a permanent injunction. Over the defendants’ opposition, the Florida federal district court hearing the case allowed the withdrawal, noting that the Eleventh Circuit previously had reached a similar

¹⁹⁰⁸ See *Clemente Props., Inc. v. Urrutia*, 693 F. Supp. 3d 215 (D.P.R. 2023), *appeal docketed*, No. 23-1922 (1st Cir. Nov. 9, 2023).

¹⁹⁰⁹ *Id.* at 247–48 (citing U.S. CONST. amend. XI).

¹⁹¹⁰ *Id.* at 248–49 (second and third alterations in original) (quoting *Lingle v. Chevron U.S.A. Inc.*, 544 U.S. 528, 538 (2005)).

¹⁹¹¹ *Id.* at 249 (second alteration in original).

¹⁹¹² U.S. Const. amend. VII.

¹⁹¹³ See *Bluegreen Vacations Unlimited, Inc. v. Timeshare Laws. P.A.*, 673 F. Supp. 3d 1293 (S.D. Fla. 2023).

result in the context of a trademark infringement suit.¹⁹¹⁴ With the defendants failing to distinguish that controlling authority, the court held that “the nature of the remedy sought here compels the conclusion that there is no right to a jury trial as to [the plaintiff’s] Lanham Act claims.”¹⁹¹⁵

5. State Immunity Under the Eleventh Amendment

The Eleventh Amendment provides that “[t]he Judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another State, or by Citizens or Subjects of any Foreign State.”¹⁹¹⁶ That provision broadly prohibits the pursuit of injunctive or monetary relief against state and territorial governments in federal court. Nevertheless, Congress may abrogate the States’ sovereign immunity if it has “unequivocally expresse[d] its intent to abrogate the immunity” and has acted “pursuant to a valid exercise of power.”¹⁹¹⁷ Plus, a state or territory can voluntarily waive its immunity, either by filing suit in federal court or by a “clear declaration” to that effect.¹⁹¹⁸ Finally, under a fiction recognized by the Supreme Court in *Ex parte Young*,¹⁹¹⁹ plaintiffs can secure injunctive relief against ongoing violations of federal law if those plaintiffs target government officials as individual defendants.

These propositions came into play in a dispute in which the successors in interest to Hall of Fame baseball player and humanitarian Roberto Clemente (who owned a federal registration of the ROBERTO CLEMENTE mark for various goods and services) objected to the Commonwealth of Puerto Rico’s requirement that any Commonwealth resident seeking an automobile license plate or vehicle certificate tags during 2022 purchase one celebrating the fiftieth anniversary of Clemente’s three thousandth hit and featuring Clemente’s image.¹⁹²⁰ Having been served with a complaint asserting various federal statutory and constitutional causes of action—the latter including the theory that the Commonwealth’s program constituted an unconstitutional taking in violation of the Fifth Amendment’s Takings Clause—the

¹⁹¹⁴ *Id.* at 1297 (citing *Hard Candy, LLC v. Anastasia Beverly Hills, Inc.*, 921 F.3d 1343, 1352 (11th Cir. 2019)).

¹⁹¹⁵ *Id.* at 1298.

¹⁹¹⁶ U.S. Const. amend. XI.

¹⁹¹⁷ *Green v. Mansour*, 474 U.S. 64, 68 (1985) (alteration in original).

¹⁹¹⁸ *See Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 675 (1999).

¹⁹¹⁹ 209 U.S. 123 (1908).

¹⁹²⁰ *See Clemente Props., Inc. v. Urrutia*, 693 F. Supp. 3d 215 (D.P.R. 2023), *appeal docketed*, No. 23-1922 (1st Cir. Nov. 9, 2023).

Commonwealth moved to dismiss them as barred by Eleventh Amendment immunity. In granting that motion, the court first rejected the plaintiffs' arguments that Congress had abrogated the Commonwealth's immunity through the Trademark Remedy Clarification Act (TRCA),¹⁹²¹ which purported to abrogate the states' immunity against claims under the Lanham Act was constitutional; as the court pointed out,¹⁹²² the Supreme Court had reached the contrary conclusion in *Florida Prepaid Postsecondary Educational Expense Board v. College Savings Bank*.¹⁹²³ Beyond that, the court continued, Congress also had not abrogated state and territorial immunity under the Trademark Amendments Act of 1999¹⁹²⁴ because that legislation had dealt only with the federal government's immunity in trademark suits.¹⁹²⁵ The court then addressed the possibility that the Commonwealth had voluntarily waived its constitutional immunity against liability. That discussion was a short one in light of the plaintiffs' failure to show the required express or unequivocal intent by the Commonwealth to take such a step. "There is no suggestion," the court concluded, "in Plaintiffs' Amended Complaint that the Commonwealth has expressly consented to being sued in federal court, nor is there any suggestion that it has, in some other way, waived its right to sovereign immunity and thus exposed itself to a suit in the federal jurisdiction."¹⁹²⁶

Finally, the court rejected the plaintiffs' argument that *Ex Parte Young* authorized monetary and injunctive relief against the individual defendants targeted by the operative complaint. With respect to monetary relief, the court concluded that "[t]he *Ex parte Young* doctrine does not apply in cases where plaintiffs seek monetary relief for past violations of federal law, regardless of whether the party the plaintiffs seek to designate as a defendant is nominally a state officer sued in his official capacity."¹⁹²⁷ And, with respect to injunctive relief, the expiration of the one-year territorial law requiring purchases of the accused license plates and or vehicle certificate tags precluded any possibility of an ongoing violation of federal law. That meant that dismissal of the plaintiffs' federal statutory claims was warranted because "the Court cannot provide

¹⁹²¹ Pub. L. No. 102-542, 106 Stat. 3567 (1992) (codified as amended at 15 U.S.C. §§ 1114(1), 1122, 1125(a), 1127 (2018)).

¹⁹²² *Clemente Props.*, 693 F. Supp. 3d at 236.

¹⁹²³ 527 U.S. 627 (1999).

¹⁹²⁴ Pub. L. No. 106-43, § 5, 113 Stat. 219, 220 (codified as amended at 15 U.S.C. § 1125(a)(3) (2018)).

¹⁹²⁵ *Clemente Props.*, 693 F. Supp. 3d at 236–37.

¹⁹²⁶ *Id.* at 238.

¹⁹²⁷ *Id.* at 239 (quoting *Vega Castro v. Puerto Rico*, 43 F. Supp. 2d 186, 191 (D.P.R. 1999)).

meaningful relief, as there is no ongoing conduct left for the Court to enjoin.”¹⁹²⁸

That left the plaintiffs’ claim that the appearance of Clemente’s image on the license plates and tags was an unconstitutional taking of their rights to the registered ROBERTO CLEMENTE mark. In similarly dismissing that cause of action for failure to state a claim, the court noted the existence of a debate over whether marks such as that one qualified as property within the meaning of the Takings Clause. Nevertheless, even if that debate was resolved in the plaintiffs’ favor, “the consensus among most federal courts of appeals is to allow state governments to mount sovereign immunity defenses as to takings claims.”¹⁹²⁹ The Eleventh Amendment therefore barred the plaintiffs’ constitutional cause of action as well.

6. The Due Process Clause of the Fourteenth Amendment

The Fourteenth Amendment’s Due Process Clause prohibits a state from depriving any person of “life, liberty, or property, without due process of law.”¹⁹³⁰ Invoking that clause and 28 U.S.C. § 1983, a group of plaintiffs claiming the Commonwealth of Puerto Rico and several of its officials had infringed and likely diluted a registered mark upped the ante by accusing the defendants of violating their due process rights as well.¹⁹³¹ In dismissing that cause of action, the court held as an initial matter that to set out a substantive due process claim, a plaintiff challenging specific acts of government officials must sufficiently allege that: (1) the officials’ “acts were so egregious as to shock the [contemporary] conscience”; and (2) that the acts “deprived [them] of a protected interest in life, liberty, or property.” The question whether “the challenged conduct shocks the contemporary conscience is a threshold matter that must be resolved before a constitutional right to be free from such conduct can be recognized.” To meet that standard, the officers’ conduct must be “truly outrageous, uncivilized, and intolerable.”¹⁹³² Whatever accused conduct might satisfy that standard, the court found as a matter of law that the plaintiffs’ routine allegations of infringement and likely dilution failed to make the grade.¹⁹³³

¹⁹²⁸ *Id.* at 240.

¹⁹²⁹ *Id.* at 248.

¹⁹³⁰ U.S. Const. amend. XIV, § 1.

¹⁹³¹ *See Clemente Props.*, 693 F. Supp. 3d at 249–50.

¹⁹³² *Id.* at 249 (alterations in original) (first quoting *Pagan v. Calderon*, 448 F.3d 16, 32 (1st Cir. 2006); then quoting *DePoutot v. Raffaely*, 424 F.3d 112, 118 (1st Cir. 2005); and then quoting *Harron v. Town of Franklin*, 660 F.3d 531, 536 (1st Cir. 2011)).

¹⁹³³ *Id.* at 250.

D. International Issues

1. Extraterritorial Applications of the Lanham Act

In *Abitron Austria GmbH v. Hetronic International, Inc.*,¹⁹³⁴ the Supreme Court adopted a restrictive approach to extraterritorial applications of the federal Lanham Act. In doing so, the Court rejected the prevailing view among the federal circuit courts of appeals that the Act's text rebuts the general presumption against extraterritorial applications of federal law and that the Act reaches conduct by defendants outside of the United States if that conduct affects United States commerce. Instead, the Court applied a two-step test consistent with the one it has applied in other contexts to hold that: (1) Congress did not affirmatively and unmistakably provide that the Act applies to foreign conduct; and (2) the focus of at least some of the alleged infringement in the case may not have been in the United States.¹⁹³⁵

Informed by the Supreme Court's opinion, the Tenth Circuit held on remand that "the plain focus of § [32(a)(1)] and § [43(a)(1)] is to punish unauthorized commercial uses of U.S.-registered trademarks that harm American businesses and consumers by causing confusion (or a likelihood of confusion) about the true origin of a product."¹⁹³⁶ It then held that:

The relevant conduct under § [32(a)(1)] and § [43(a)(1)] is the use of a trademark "in commerce" "in connection with any goods or services," specifically "the sale, offering for sale, distribution, or advertising," in a manner "likely to cause confusion." Using this yardstick, we assess which of [the defendants'] allegedly infringing activities amounted to an infringing use of [the plaintiff's] trademarks. Once we determine that [the defendants] [have] committed an infringing use, we then consider where that use occurred—domestically or overseas—before Lanham Act penalties attach.¹⁹³⁷

Having adopted that framework, the court addressed the defendants' sales to purchasers in the United States and their other activities in the country, on the one hand, and their sales to purchasers outside the United States, on the other, in separate parts of its opinion.

With respect to the sales made directly into the United States, the court's analysis was straightforward. To begin with, "[t]hese sales blatantly used [the plaintiff's] trademarks in domestic

¹⁹³⁴ 600 U.S. 412 (2023).

¹⁹³⁵ *Id.* at 419–20, 421–23.

¹⁹³⁶ *Hetronic Int'l, Inc. v. Hetronic Germany GmbH*, 99 F.4th 1150 (10th Cir. 2024).

¹⁹³⁷ *Id.* at 1162.

commerce, thus no ‘extraterritorial application of the Act’ was required.”¹⁹³⁸ Because the finding of likely confusion following the original trial had been made by a properly instructed jury, there was no basis to overturn it as clearly erroneous.¹⁹³⁹ Finally, although the defendants argued they had made at least some of the domestic sales to affiliates of the plaintiff, who “knew exactly where the goods came from,” they had waived that argument by failing to raise it in their initial appeal.¹⁹⁴⁰

The court reached the same conclusion with respect to the activities of a distributor of the defendants’ goods in the United States. Eschewing the definition of “use in commerce” found in Section 45, it concluded that:

[Section 32(1)(a)] defines “use in commerce” as “the sale, offering for sale, distributing, or advertising of any goods or services . . . which . . . is likely to cause confusion, or to cause mistake, or to deceive.” From this, we understand [the defendants] “use[s] in commerce” as going beyond its domestic sales to include any marketing, advertising, and distributing activities that [the defendants] undertook in the United States.¹⁹⁴¹

“A plain reading of § [32(a)(1)] and § [43(a)(1)],” the court continued, clearly envelops all these actions as “uses in commerce.”¹⁹⁴² Consequently, “[the defendants] domestic advertising, marketing, and distributing—activities that used [the plaintiff’s] trademarks without authorization and caused a likelihood of confusion among U.S. consumers—all count as infringing ‘uses in commerce’ under the Lanham Act.”¹⁹⁴³

The defendants’ luck changed, however, with respect to their sales in Europe of offending goods that wound up in the United States through downstream sales. Although the plaintiff argued those sales were actionable because the defendants intended the goods to be resold within the United States, the court held instead that “[p]roducts bound for the United States but sold abroad cannot premise a Lanham Act claim without some domestic conduct tying the sales to an infringing use of the mark in U.S. commerce.”¹⁹⁴⁴ It might be true that the defendants had obtained FCC licenses, repaired broken parts for goods sold in the United States, and hired a U.S.-based distributor to facilitate sales of their goods in the

¹⁹³⁸ *Id.* at 1163.

¹⁹³⁹ *Id.* at 1163–64.

¹⁹⁴⁰ *Id.* at 1165–66.

¹⁹⁴¹ *Id.* at 1167 (second, third, and fifth alterations in original).

¹⁹⁴² *Id.*

¹⁹⁴³ *Id.*

¹⁹⁴⁴ *Id.* at 1169.

United States, but those activities fell within the category of “essential steps” held acceptable in *Steele v. Bulova Watch Co.*¹⁹⁴⁵ but later discredited by the Supreme Court.¹⁹⁴⁶

Although more favorable to the plaintiff in the dispute producing it, a summary judgment opinion by a Georgia federal district court was to similar effect.¹⁹⁴⁷ The lead defendant, a company based in Taiwan, invoked *Abitron* for the proposition that its alleged infringement of the plaintiff’s mark was not actionable. As was the case in *Abitron*, however, goods bearing the defendants’ marks were sold through Best Buy stores in the United States, apparently without third parties facilitating those sales. In addition, the court found probative the plaintiff’s showing that the lead defendant had averred it used the challenged mark in commerce when applying to register it in the USPTO. It therefore was far from an undisputed fact that the defendants had not used that mark in commerce in the United States, and they were not entitled to summary judgment as a result.¹⁹⁴⁸

2. Enforcement of Treaty-Based Trademark Rights

Although some international treaties are not self-executing—in other words, they do not have enforceable effect unless and until they are codified as a matter of United States law—the Inter American Convention for Trademark and Commercial Protection (IAC)¹⁹⁴⁹ is not among them. It therefore was under the IAC that a Colombian company with neither registrations of its marks in the USPTO nor use-based priority of rights to those marks successfully pursued injunctive relief under Article 18 of the IAC.¹⁹⁵⁰ The court noted that the plaintiff’s entitlement to relief under Article 18 turned on four required factual showings, namely: (1) that the plaintiff was a domiciliary of one of the IAC’s contracting parties (which included Colombia); (2) the plaintiff had acted in accordance with United States law and procedure; (3) the lead defendant’s marks were identical to those of the plaintiff and used in connection with the manufacture, sale, or production of goods of the same class; and (4) prior to the lead defendant’s adoption of its marks, the plaintiff had adopted and continuously used the same marks for the same goods in Colombia.¹⁹⁵¹ The plaintiff proved each of those things

¹⁹⁴⁵ 344 U.S. 280 (1952).

¹⁹⁴⁶ *Hetrico*, 99 F.4th at 1169–70.

¹⁹⁴⁷ *See Sanho Corp. v. Kaijet Tech. Int’l Ltd., Inc.*, 736 F. Supp. 3d 1241 (N.D. Ga. 2024).

¹⁹⁴⁸ *Id.* at 1273–74.

¹⁹⁴⁹ Gen. Inter-American Convention for Trade-mark and Commercial Protection, Feb. 20, 1929, 46 Stat. 2907.

¹⁹⁵⁰ *See Industria De Alimentos Zenu S.A.S. v. Latinfood U.S. Corp.*, 679 F. Supp. 3d 53 (D.N.J. 2023), *appeal docketed*, No. 23-2357 (3d Cir. Aug. 7, 2023).

¹⁹⁵¹ *Id.* at 83.

on the parties' cross-motions for summary judgment, with one minor exception. The exception was that, under the fourth requirement, the plaintiff had failed to submit authenticated copies of registrations of its marks issued by the Colombian trademark, but the court granted the plaintiff leave to cure that deficiency within thirty days of its holding.¹⁹⁵²

E. Procedural Matters

1. Federal Subject-Matter Jurisdiction

The most notable opinion to address the issue of federal subject-matter jurisdiction came from the Fourth Circuit and arose from the latest installment of litigation over the ownership of the HAVANA CLUB mark for rum.¹⁹⁵³ The federal registrant of that mark was Empresa Cubana Exportadora de Alimentos y Productos Varios (Cubaexport), the successor in interest to the Cuban government, the latter of which had appropriated the mark from the mark's original owner, after which the original owner assigned its interest to Bacardi & Co. As a renewal deadline for Cubaexport's registration approached in 2006, the Department of the Treasury's Office of Foreign Assets Control (OFAC) declined to issue the license necessary for Cubaexport to make the required post-registration maintenance papers. Cubaexport responded by petitioning the Director of the USPTO to renew the registration nonetheless, but action on that petition was suspended after Cubaexport also filed suit against OFAC seeking to force it to issue the license. Although that suit failed in 2012, Cubaexport's petition remained suspended in January 2016, when OFAC reversed its earlier denial of Cubaexport's license application. Based on the license's issuance, the USPTO granted Cubaexport's petition to the Director and accepted Cubaexport's renewal application, thereby resulting in the registration's renewal.

Invoking the rights it had acquired from the original owner of the HAVANA CLUB mark, Bacardi sued the USPTO under the Administrative Procedure Act on the theory that the Director had acted outside of her statutory authority, contrary to law, and arbitrarily and capriciously by allowing Cubaexport to renew its registration ten years after the statutory deadline. The district court dismissed the suit for failure to state a claim after concluding that the Lanham Act foreclosed judicial review of the Director's actions, but the Fourth Circuit took issue with that holding. Noting that the APA entitled any litigant "adversely affected or aggrieved by agency action" to pursue "judicial review thereof,"¹⁹⁵⁴ the court of appeals

¹⁹⁵² *Id.*

¹⁹⁵³ *See* Bacardi & Co. v. U.S. Pat. & Trademark Off., 104 F.4th 527 (4th Cir. 2024).

¹⁹⁵⁴ *Id.* at 531 (quoting 5 U.S.C. § 702 (2018)).

held it established “a basic presumption of judicial review of agency action.”¹⁹⁵⁵ Although an exception to that presumption might exist if the Lanham Act foreclosed review (as the district court had held nevertheless):

Nothing in the Lanham Act expressly precludes judicial review of the PTO’s trademark registration renewal decisions. Section 21 specifically authorizes parties dissatisfied with certain decisions of the Director or TTAB to “appeal to the United States Court of Appeals for the Federal Circuit” or institute “a civil action” in federal district court. That section’s only reference to renewal authorizes, rather than forecloses, judicial review for a disappointed “applicant for renewal.” It is silent about whether a third party may seek judicial review of the PTO’s decision to grant a renewal application and certainly includes none of the typical language foreclosing judicial review.¹⁹⁵⁶

Having thus disposed of the USPTO’s claim that the Act *expressly* foreclosed review of the renewal of particular registrations, the court turned to the agency’s backup argument that the Act *impliedly* did so. On that issue, the court acknowledged that “[i]t is true that Section 21 lists certain persons entitled to judicial review—including, for example, a ‘party to a cancellation proceeding’ and ‘an applicant for renewal’—without mentioning a third party aggrieved by a PTO order granting a renewal application.”¹⁹⁵⁷ Nevertheless, that mechanism for review did not preclude the possible existence of others because “Congress’s provision of [a] non-deferential form of judicial review for some PTO decisions [under Section 21] raises no inference that Congress intended to preclude the deferential review available under the APA for other PTO actions.”¹⁹⁵⁸ In light of the unavailability of a cause of action for wrongful renewal before the Trademark Trial and Appeal Board, it also could not be said a cancellation action was an adequate alternative remedy vis-à-vis a suit under the APA.¹⁹⁵⁹ The district court therefore had erred in holding it did not have federal subject-matter jurisdiction over Bacardi’s complaint.

A decidedly more pedestrian dispute focused on the requirements for federal diversity jurisdiction.¹⁹⁶⁰ That dispute arose from the defendant’s removal to federal court of an action

¹⁹⁵⁵ *Id.* (quoting *Holbrook v. Tenn. Valley Auth.*, 48 F.4th 282, 287 (4th Cir. 2022), *cert. denied*, 143 S. Ct. 2608 (2023)).

¹⁹⁵⁶ *Id.* at 532 (first quoting 15 U.S.C. § 1071(a)(1); then quoting *id.* § 1071(b)(1); and then quoting *id.* § 1071(a)(1)).

¹⁹⁵⁷ *Id.* (quoting 15 U.S.C. § 1071(a)(1)).

¹⁹⁵⁸ *Id.* at 533.

¹⁹⁵⁹ *Id.* at 535.

¹⁹⁶⁰ *See Johnson v. BetterVet, LLC*, 728 F. Supp. 3d 881 (N.D. Ill. 2024).

originally filed in Illinois state court; that action rested on the proposition that “[t]he district courts shall have original jurisdiction of all civil actions where the matter in controversy exceeds the sum or value of \$75,000, exclusive of interest and costs, and is between . . . citizens of different States”¹⁹⁶¹ Seeking a remand, the plaintiff argued that her complaint, which challenged an alleged violation of her right of publicity, only sought “damages in excess of \$50,000.00, plus unjust enrichment and other damages.”¹⁹⁶² No matter held the court: “Although not explicitly requested by [the plaintiff], the Court concludes that more than \$75,000 is effectively at stake between the parties based on the allegations in [her] Amended Complaint,”¹⁹⁶³ especially because her averments of damages recited that the defendant had disseminated advertising materials referencing her to an unknown number of clients.¹⁹⁶⁴

2. Standing

Under federal law, the standing inquiry contemplates two separate concepts. 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.”¹⁹⁶⁵ The second is whether the plaintiff has standing to invoke the cause of action under which it purports to proceed, an inquiry increasingly governed by the Supreme Court’s 2014 opinion in *Lexmark International, Inc. v. Static Control Components, Inc.*;¹⁹⁶⁶ that opinion requires the plaintiff to demonstrate its injury is within the “zone of interests” protected by its cause of action and proximately caused by the defendant’s conduct.¹⁹⁶⁷

a. Opinions Finding Standing

i. Infringement and Unfair Competition

In a case presenting alleged violations of unfair competition under Section 43(a), the court held the plaintiffs were not disqualified from claiming standing simply because they were licensees of the marks they sought to protect.¹⁹⁶⁸ Although

¹⁹⁶¹ 28 U.S.C. § 1332(a)(1) (2018).

¹⁹⁶² *Johnson*, 728 F. Supp. 3d at 884.

¹⁹⁶³ *Id.* at 885.

¹⁹⁶⁴ *Id.* at 886.

¹⁹⁶⁵ *Spokeo, Inc. v. Robins*, 578 U.S. 330, 338 (2016).

¹⁹⁶⁶ 572 U.S. 118 (2014).

¹⁹⁶⁷ *Id.* at 129.

¹⁹⁶⁸ *See* *JC Hosp. v. Hochberg*, 703 F. Supp. 3d 448 (S.D.N.Y. 2023).

dismissing the plaintiffs' attempted invocations of Section 32, Section 43(c), and Section 43(d) for failure to state claims, the court distinguished the statutory bases for them from that for unfair competition. "Rather than ownership," it held, "Section 43(a) accords the right to sue to a party who has a valid interest in the mark—an interest that will likely be damaged by false and/or misleading claims" of affiliation such as those represented by the defendant's misuse of the marks licensed to the plaintiffs and infringed by the defendant.¹⁹⁶⁹

Another notable finding of standing in the trademark space came in an action brought by a disgruntled former licensee of marks owned by the United States government and its military branches.¹⁹⁷⁰ Denied further licenses to affix marks of the Army, Navy, Air Force, and Marines to its religious-themed goods and threatened with infringement suits by the Army, Air Force, and Marines, the plaintiff sought both a declaratory judgment of noninfringement against the Army, Air Force, and Marines and the cancellation of registrations covering "hundreds" of their marks.¹⁹⁷¹ The plaintiff's eligibility to seek that relief might well have been evaluated exclusively through an examination of whether an actionable Article III case and controversy existed between the parties, but the court addressed the issue through the additional lens of standing. In a complex opinion granting in part and dismissing in part a motion to dismiss by the government, it held that "a justiciable dispute extends to each substantially fixed product design that a military branch is alleged to have reviewed and asserted could not be sold without a license."¹⁹⁷² Determining that the complaint identified "fixed or substantially fixed designs" of the plaintiff's goods reflecting seven of the defendants' marks, the court allowed the plaintiff's claims to move forward with respect to those marks.¹⁹⁷³

ii. False Advertising

On the false advertising front, a Georgia federal district court reached a finding of standing in a battle initiated by a bank against one of its former customers, which operated a personal finance platform.¹⁹⁷⁴ That platform entailed the defendant's use of accounts at the bank containing customer funds. Some of those were overdrawn, leading the plaintiff to write off negative balances in

¹⁹⁶⁹ *Id.* at 465.

¹⁹⁷⁰ See *Shields of Strength v. U.S. Dep't of Def.*, 735 F. Supp. 3d 755 (E.D. Tex. 2024).

¹⁹⁷¹ *Id.* at 773.

¹⁹⁷² *Id.* at 774.

¹⁹⁷³ *Id.* at 775–76.

¹⁹⁷⁴ See *SouthState Bank, N.A. v. Qoins Techs., Inc.*, 720 F. Supp. 3d 1324 (N.D. Ga. 2024).

excess of \$33,000, and others were consigned to administrative limbo when the parties' relationship fell apart. Responding to inquiries from irate customers, the defendant publicly blamed the plaintiff on the defendant's website, which led the plaintiff to accuse the defendant of false advertising. The plaintiff's allegations of reputational damage arising from the defendant's statements allowed the plaintiff's complaint to escape a motion to dismiss for failure to state a claim, even though the noncompetitive nature of the parties' relationship precluded the plaintiff from establishing that the advertising had caused consumers to divert trade from the plaintiff to the defendant.¹⁹⁷⁵

A second reported opinion finding standing to prosecute allegations of false advertising came in a declaratory judgment action for nonliability brought by a reseller of the counterclaim plaintiff's goods.¹⁹⁷⁶ The gravamen of the counterclaim plaintiff's false advertising cause of action was that the counterclaim defendant had inaccurately represented to customers that its resold goods had warranty protection. The counterclaim defendant's motion to dismiss argued the counterclaim plaintiff lacked standing under *Lexmark*, but it did so unsuccessfully. The operative counterclaim alleged that the challenged representation's falsity was likely both to deceive customers and to damage the counterclaim plaintiff's "business, goodwill, reputation, and profits."¹⁹⁷⁷ That was enough for the court to recognize the counterclaim plaintiff's standing and to find that it had "articulated an economic or reputational injury that flows directly from Counterclaim Defendant's purportedly false advertisement that the [resold] Products include the [the counterclaim plaintiff's] Warranty."¹⁹⁷⁸

A final notable opinion to reach a finding of standing to prosecute allegations of false advertising took a generous view of the plaintiff's cause of action.¹⁹⁷⁹ The dispute producing it arose from the defendants' reports to eBay that goods resold on the site by the plaintiff bore counterfeit imitations of marks owned by a third party that had retained the defendants as part of its brand protection strategy. The underlying basis of the plaintiff's claim of false advertising was that the defendants had promoted their software as capable of distinguishing between genuine and fake goods when, in fact, the software's failure to do so had resulted in the plaintiff's goods being inaccurately identified as unlawful. Although the advertising had not referenced or targeted the plaintiff or its goods,

¹⁹⁷⁵ *Id.* at 1339.

¹⁹⁷⁶ See *CDC Newburgh Inc. v. STM Bags, LLC*, 692 F. Supp. 3d 205 (S.D.N.Y. 2023).

¹⁹⁷⁷ *Id.* at 232.

¹⁹⁷⁸ *Id.*

¹⁹⁷⁹ See *Unlimited Cellular, Inc. v. Red Points Sols. SL*, 677 F. Supp. 3d 186 (S.D.N.Y. 2023).

the court credited the plaintiff's allegations that the defendants' advertising had convinced the mark owner in question to retain the defendants, a decision that was the proximate cause of the plaintiff's alleged injury. Denying the defendant's motion to dismiss for want of standing, the court noted of the plaintiff's averments that:

There is . . . no break in continuity between [the] purported deceptive advertising and the removal of Plaintiff's product listings from eBay—these listings were removed precisely because Defendants' advertisements that their services reliably identify counterfeit products allegedly misled their customers into using their software to remove Plaintiff's authentic listings.¹⁹⁸⁰

iii. False Association, False Endorsement, and Persona-Based Rights

A finding of standing was the outcome of a defendant's challenge to the causes of action under Section 43(a)(1)(A) and Iowa common law brought against it by the heirs of a deceased former owner of a bar operating under the RUTHIE'S LOUNGE.¹⁹⁸¹ Those plaintiffs challenged the defendant's sale of lager under the RUTHIES mark and with labels featuring illustrations allegedly reminiscent of the plaintiffs' decedent. The defendant argued with respect to the plaintiffs' claim of false endorsement under federal law that, because the plaintiffs had never exploited their decedent's identity, they lacked standing to prosecute that claim under the *Lexmark* framework. Somewhat surprisingly, the court apparently rejected the defendant's invocation of *Lexmark* as an initial matter, holding instead that:

The false association provisions of the Lanham Act are designed, among other things, "to reserve the exclusive right to grant or deny permission to those who wish to use [a person's identity] to promote unspecified products in the future." It would not make sense to require plaintiffs to use their names and likenesses in a line of business they do not want to be associated with before they may sue a third party in that same line of business.¹⁹⁸²

Nevertheless, the court then noted that "[c]ases before and after *Lexmark* recognize that people have sufficient interests in their names and likenesses to fall within the 'zone of interest' protected

¹⁹⁸⁰ *Id.* at 201.

¹⁹⁸¹ *See Est. of Bisignano by & through Huntsman v. Exile Brewing Co.*, 694 F. Supp. 3d 1088 (S.D. Iowa 2023).

¹⁹⁸² *Id.* at 1131–32 (quoting *Facenda v. N.F.L. Films, Inc.*, 542 F.3d 1007, 1014 (3d Cir. 2008)).

by section 43(a)(1)(A) of the Lanham Act.”¹⁹⁸³ Moreover, although the question of whether the plaintiffs had suffered a cognizable injury proximately caused by the plaintiff presented a closer question, the court ultimately found that they had:

This Court agrees . . . that there has been a cognizable injury under the Lanham Act when a person’s name and likeness is used for commercial purposes without consent even if the name and likeness is not otherwise in commercial use. Unauthorized use results, inter alia, in loss of control over the name and likeness, which is inherently a form of “commercial injury” if the defendant is using the name and likeness for commercial gain. It should not matter whether the plaintiff is making separate commercial use of the name or likeness or simply wishes for it not to be used in the commercial realm at all.¹⁹⁸⁴

In addition to reaching that conclusion, the court also held that the plaintiffs enjoyed standing to prosecute a cause of action grounded in the defendant’s alleged violation of several of the plaintiffs’ decedent’s posthumous common-law rights, which the court considered collectively under the rubric of her right of publicity. That holding rested on the court’s determination that the right in question was a property, and not a personal, right,¹⁹⁸⁵ which allowed it “descend[] in probate to the same extent as other property rights.”¹⁹⁸⁶ Moreover, the plaintiffs’ standing was unaffected by their decedent’s failure to exploit her identity commercially in the years before her death and the defendant’s challenged use some nineteen years later.¹⁹⁸⁷

iv. Challenges to Registrations

In *Meenaxi Enterprise v. Coca-Cola Co.*,¹⁹⁸⁸ the Federal Circuit declined to recognize the standing of a trademark owner lacking any use of its mark in the United States to challenge a registration of that mark in the USPTO on the theory that the registrant had misrepresented the source of the goods sold under that mark in violation of Section 14(3).¹⁹⁸⁹ A New Jersey federal district court neatly sidestepped that holding in a case in which the foreign plaintiff had applied to register its mark, only to receive a

¹⁹⁸³ *Id.* at 1132.

¹⁹⁸⁴ *Id.* at 1133 (citation omitted).

¹⁹⁸⁵ *Id.* at 1113–15.

¹⁹⁸⁶ *Id.* at 1116.

¹⁹⁸⁷ *Id.* at 1116–19.

¹⁹⁸⁸ 38 F.4th 1067 (Fed. Cir. 2022).

¹⁹⁸⁹ 15 U.S.C. § 1064(3) (2018).

likelihood-of-confusion-based refusal of its application.¹⁹⁹⁰ As the court explained in denying a defense motion for summary judgment challenging the plaintiffs' standing to prosecute a misrepresentation of source cause of action, "[a] petitioner [for cancellation] may demonstrate a real interest and reasonable belief of damage where the petitioner has filed a trademark application that is refused registration based on a likelihood of confusion with the mark subject to cancellation."¹⁹⁹¹

So too did another court confirm the standing of two counterclaim plaintiffs to challenge the registrations of marks being asserted against them in an infringement action.¹⁹⁹² Noting that, as a general proposition, the test for standing to pursue cancellation actions was "fairly easy to satisfy in the vast majority of cases,"¹⁹⁹³ the court determined that "[t]his is one of those cases."¹⁹⁹⁴ Rather overstating the possible effect of the registrations' invalidation, it therefore held that "[the counterclaim plaintiffs] clearly have a 'direct and personal stake in the outcome' of this case—if [the counterclaim defendant's] trademarks are cancelled [the counterclaim plaintiffs] will 'be free to use the mark . . . without fear of another lawsuit.'"¹⁹⁹⁵

b. Opinions Declining to Find Standing

i. Infringement and Unfair Competition

One opinion declining to reach a finding of standing did so for a predictable reason.¹⁹⁹⁶ On its face, the federal cause of action for infringement authorized by Section 32(1) of the Lanham Act¹⁹⁹⁷ is restricted to "registrant[s]" of marks on the USPTO's Principal Register,¹⁹⁹⁸ and courts therefore routinely dispose of that cause of action as a matter of law when it is asserted by nonregistrants.¹⁹⁹⁹

¹⁹⁹⁰ See *Industria De Alimentos Zenu S.A.S. v. Latinfood U.S. Corp.*, 679 F. Supp. 3d 53 (D.N.J. 2023), *appeal docketed*, No. 23-2357 (3d Cir. Aug. 7, 2023).

¹⁹⁹¹ *Id.* at 105 (first alteration in original) (quoting *Australian Therapeutic Supplies Pty. Ltd. v. Naked TM, LLC*, 965 F.3d 1370, 1375 (Fed. Cir. 2020)).

¹⁹⁹² See *Fla. Virtual Sch. v. K12, Inc.*, 674 F. Supp. 3d 1127 (M.D. Fla. 2023).

¹⁹⁹³ *Id.* at 1138 (quoting *Royal Palm Props., LLC v. Pink Palm Props., LLC*, 950 F.3d 776, 787 (11th Cir. 2020)).

¹⁹⁹⁴ *Id.*

¹⁹⁹⁵ *Id.* (fourth alteration in original) (quoting *Royal Palm Props.*, 950 F.2d at 787).

¹⁹⁹⁶ See *Presidio, Inc. v. People Driven Tech., Inc.*, 686 F. Supp. 3d 652 (S.D. Ohio 2023).

¹⁹⁹⁷ 15 U.S.C. § 1114(1) (2018).

¹⁹⁹⁸ *Id.*

¹⁹⁹⁹ See, e.g., *Green v. ABC Cos.*, 702 F. Supp. 3d 418, 421 (W.D.N.C. 2023) (declining to grant unopposed motion for ex parte seizure order in light of plaintiff's concession that allegedly infringed mark was not registered); *Gabet v. Amazon.com Inc.*, 693 F. Supp. 3d 966, 974 (S.D. Ind. 2023) (granting motion to dismiss on ground that "[b]ecause [the lead

For example, when two plaintiffs lacking such a registration advanced a Section 32(1) cause of action to protect their claimed mark, their opponents moved the court for summary judgment on the plaintiffs' want of standing. The court granted the motion without extended analysis, observing that "Section 32 of the Lanham Act applies only to registered trademarks."²⁰⁰⁰

The same outcome held in a case in which the plaintiff asserted a Section 32 cause of action while accusing the defendant of counterfeiting.²⁰⁰¹ The court found the cause of action "implausible," explaining that "[a] counterfeiting claim requires 'imitation of a registered mark in connection with the sale . . . of any goods or services.' Plaintiff indicates his mark is not registered, so his counterfeiting claim cannot proceed."²⁰⁰² It did, however, give the plaintiff the opportunity to replead that cause of action, despite considering it "unlikely" the plaintiff could cure that fatal defect in its case.²⁰⁰³

A different court picked up the same ball and ran considerably farther with it.²⁰⁰⁴ The complaint before that tribunal recited that the plaintiffs were licensees of the trademarks and service marks they sought to protect. That unsurprisingly led the court to grant the defendant's motion to dismiss the plaintiffs' Section 32 cause of action for failure to state a claim after it had conducted an exhaustive analysis of the issue,²⁰⁰⁵ but the court did not stop there. On the contrary, it next dismissed the plaintiffs' Section 43(c) cause of action for likely dilution, holding that that statute "provides a cause of action for the *owner* of a mark for dilution by blurring or tarnishment of a 'famous mark.' The text makes clear that only owners of the mark or their assigns have standing to sue under § 43(c)."²⁰⁰⁶ It then reached the same conclusion with respect to the plaintiffs' attempted invocation of a cause of action for cybersquatting under Section 43(d), because "[t]he statute is explicit that only the 'owner' of a mark can sue for a violation of the ACPA. This means that an exclusive licensee cannot sue under the

plaintiff] owns the [registered] trademarks and is a plaintiff in this action, [a second plaintiff] cannot also bring a trademark infringement claim").

²⁰⁰⁰ *Presidio*, 686 F. Supp. 3d at 694.

²⁰⁰¹ *See* *Bratt v. Love Stories TV, Inc.*, 713 F. Supp. 3d 847 (S.D. Cal. 2024).

²⁰⁰² *Id.* at 861 (quoting *Y.Y.G.M. SA v. Redbubble, Inc.*, 75 F.4th 995, 1000 (9th Cir. 2023)).

²⁰⁰³ *Id.*

²⁰⁰⁴ *See* *JC Hosp. v. Hochberg*, 703 F. Supp. 3d 448 (S.D.N.Y. 2023).

²⁰⁰⁵ *Id.* at 460–64.

²⁰⁰⁶ *Id.* at 464 (quoting 15 U.S.C. § 1125(c) (2018)).

ACPA.”²⁰⁰⁷ The plaintiffs therefore were entitled to proceed under Section 43(a) only.²⁰⁰⁸

Another notable opinion to reject at the pleadings stage a claim of standing to advance conventional claims of infringement and unfair competition did so in a dispute between former members of a musical group.²⁰⁰⁹ The individual plaintiff’s complaint asserted that she and the two other members of the group—eventually named as the first two of the three defendants in the lawsuit—had secured a federal registration of the disputed mark identifying the registrant as a partnership consisting of the three members. Years after the group ceased operations and the three members had pursued individual careers, the first two defendants hired the third defendant to perform with them under the disputed mark, leading the plaintiff to file suit against all three. The court, however, dismissed all the federal causes of action in the plaintiff’s blunderbuss complaint and declined to exercise supplemental jurisdiction over her state-law ones. Despite appearing in a lengthy opinion, the court’s analysis ultimately was a simple one: Although paying lip service to the *Lexmark* framework,²⁰¹⁰ it applied the straightforward rule that one co-owner of a mark cannot sue another;²⁰¹¹ moreover, the same rule prevented the plaintiff from suing the first two defendants for having hired the third.²⁰¹²

ii. False Advertising

The *Lexmark* framework has assumed increasing significance in inquiries into whether plaintiffs enjoy standing to bring causes of action for false advertising under federal law, but an Illinois federal district court reminded one plaintiff that Article III standing remains a requirement even when courts apply under that framework.²⁰¹³ The victim of that reminder was a law firm

²⁰⁰⁷ *Id.* at 466 (quoting 6 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 32:12 (5th ed.)).

²⁰⁰⁸ *Id.* at 465–66.

²⁰⁰⁹ See *Reed v. Marshall*, 699 F. Supp. 3d 563 (S.D. Tex. 2023), *motion for relief from judgment denied*, No. CV H-21-3942, 2024 WL 1468702 (S.D. Tex. Apr. 4, 2024).

²⁰¹⁰ *Id.* at 572–73.

²⁰¹¹ See *id.* at 577 (“Courts asked to consider the rights of co-owners in trademark cases have uniformly held that federal claims for infringement cannot be maintained against co-owners because “[c]o-owners of trademarks hold equal and unfettered rights of use.” (quoting *Lightfood v. DeBruine*, No. CV-20-00666-PHX-DJH, 2023 WL 2665732, at *9 (D. Ariz. March 28, 2023))).

²⁰¹² *Id.* at 579 (“[A]bsent any argument or authority from Plaintiff to the contrary, concludes that [the first two defendants] were within their rights as co-owners to hire [the third defendant] to perform with them and therefore consent to her performance under the Mark. Because Plaintiff has neither alleged nor cited any evidence showing that [the third defendant] performed under the Mark without [the first two defendants], the court concludes that [the third defendant] cannot be held liable to Plaintiff for infringement.”).

²⁰¹³ See *MillerKing, LLC v. DoNotPay, Inc.*, 702 F. Supp. 3d 762 (S.D. Ill. 2023).

purporting to be the lead plaintiff in a class action on behalf of all firms in the United States. It challenged allegedly false representations made by an artificial intelligence-based legal subscription service while touting the abilities of its “robot lawyer” to “[f]ight corporations, beat bureaucracy and sue anyone at the press of a button”;²⁰¹⁴ indeed, that defendant advertised at one point that its automated services would eventually include whispering into the ears of litigants arguing cases in court.²⁰¹⁵

Whatever the plaintiff’s ability to satisfy its statutory standing to bring a claim of false advertising under Section 43(a) under *Lexmark* might be, the court held that Article III standing did not exist. Its order granting the defendant’s motion to dismiss listed numerous deficiencies in the complaint, among them the absence of allegations that: (1) the plaintiff had suffered any lost revenues or added expenditures attributable to the defendant’s conduct; or (2) the defendant’s advertising had damaged the plaintiff’s reputation or damaged its goodwill. Those deficiencies were significant because “[t]he question whether a plaintiff has satisfied the elements of a Lanham Act claim is a merits issue that has nothing to do with [the] plaintiff’s standing to sue under Article III of the U.S. Constitution”²⁰¹⁶ The defendant’s motion to dismiss therefore proved well-founded.

Lexmark otherwise played a central role in courts’ dispositions of claims of standing. For example, the Sixth Circuit affirmed the dismissal of a federal false advertising cause of action filed by a manufacturer of a septic system described by the court as “substantially differ[ing] from those sold by its competitors.”²⁰¹⁷ 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:

²⁰¹⁴ *Id.* at 766.

²⁰¹⁵ *Id.* at 768.

²⁰¹⁶ *Id.* at 773 (second alteration in original) (quoting *Jiaying Zichi Trade Co. v. Yang*, No. 21-CV-973, 2021 WL 4498654, at *1 (N.D. Ill. Aug. 19, 2021)).

²⁰¹⁷ *See Geomatrix, LLC v. NSF Int’l*, 82 F.4th 466, 473 (6th Cir. 2023).

[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.²⁰¹⁸

Another failure to satisfy *Lexmark's* requirements at the pleadings stage presented itself in a dispute between the operators of competitive platforms matching home buyers and sellers with real estate agents.²⁰¹⁹ According to the counterclaim plaintiff, "[the counterclaim defendant's] false and misleading statements have caused . . . [the counterclaim plaintiff's platform] to lose network effects and ad revenues, and also to lose goodwill value associated with its 100% free services to real estate agents and consumers."²⁰²⁰ The court acknowledged that that statement averred a commercial injury, but it faulted the counterclaim plaintiff for failing to establish a direct chain of causation between the counterclaim defendant's actions and any injury allegedly suffered by the counterclaim plaintiff. For one thing, the court noted, "none of the statements are alleged to disparage or even refer to [the counterclaim plaintiff's platform], so [the counterclaim plaintiff] cannot plausibly allege any reputational harm."²⁰²¹ And, for another, the counterclaim plaintiff had failed to aver facts establishing that the counterclaim defendant's statements about itself had caused the counterclaim plaintiff to lose advertising revenue.²⁰²² Although granting the counterclaim plaintiff leave to amend his counterclaim, the court held in a subsequent opinion that

²⁰¹⁸ *Id.* at 484 (quoting *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009)).

²⁰¹⁹ See *HomeLight, Inc. v. Shkipin*, 694 F. Supp. 3d 1255 (N.D. Cal. 2023).

²⁰²⁰ *Id.* at 1255 (second alteration in original).

²⁰²¹ *Id.*

²⁰²² *Id.*

he had failed to do so, both under the Lanham Act²⁰²³ and its California equivalent.²⁰²⁴

Summary judgment of no standing also transpired in a false advertising case brought by a pair of manufacturers of buckling-restraint braces for earthquake-prone buildings against the manufacturers of competitive braces.²⁰²⁵ Quoting *Lexmark*, the court noted that “[t]o have standing, ‘a plaintiff suing under § [43(a)] ordinarily must show economic or reputational injury flowing directly from the deception wrought by the defendant’s advertising; and that occurs when deception of consumers causes them to withhold trade from the plaintiff.’”²⁰²⁶ The plaintiffs’ allegations of falsity centered on the defendants’ distribution of promotional materials inaccurately touting the defendants’ ability to produce over 5,000 braces a year, claiming that the defendants’ braces had successfully undergone testing, and overstating the defendants’ qualifications. The plaintiffs argued those representations were “instrumental” in customers awarding projects to the defendants at the plaintiffs’ expense.²⁰²⁷ The court, however, held that “[e]ven assuming that is true, it does not say anything about to what extent—if at all—the recipients considered or relied on the alleged misrepresentations. Without such evidence, it is equally possible the recipients relied on other statements [by the defendants].”²⁰²⁸

Having thus rejected the plaintiffs’ claim of direct injury, the court next addressed their fallback argument that they were entitled to a presumption of injury because they competed directly against the defendants in a market with few other participants. Noting that “[i]t appears uncertain whether a plaintiff may rely on the presumption to demonstrate standing,”²⁰²⁹ the court

²⁰²³ That opinion held:

In his amended counterclaim [the counterclaim plaintiff] has expended [sic] his allegations regarding “False Advertising Injury.” He now specifically alleges that “[the counterclaim defendant] proximately caused [the counterclaim plaintiff] to suffer a loss of sales because deceptive statements about [the counterclaim defendant] directed at shoppers on [the counterclaim defendant’s] own website necessarily caused loss of network effects on [the counterclaim defendant’s] platform.” But this new allegation is still exactly the kind of causation and injury that the Court previously concluded was “too attenuated” to establish proximate cause.

HomeLight, Inc. v. Shkipin, 721 F. Supp. 3d 1019, 1023–24 (N.D. Cal. 2024) (citations omitted).

²⁰²⁴ *Id.* at 1024–25.

²⁰²⁵ *See SME Steel Contractors, Inc. v. Seismic Bracing Co.*, 681 F. Supp. 3d 1181 (D. Utah 2023), *appeal docketed*, No. 23-2426 (Fed. Cir. Sept. 26, 2023).

²⁰²⁶ *Id.* at 1207 (quoting *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118, 133 392 (2014)).

²⁰²⁷ *Id.*

²⁰²⁸ *Id.* at 1207–08 (footnote omitted).

²⁰²⁹ *Id.* at 1208 n.166.

nevertheless addressed the plaintiffs' argument, only to reject it for a different reason. That reason was the plaintiffs' failure to prove either the literal falsity of the defendants' representations or that the defendants had disseminated impliedly false statements with an intent to deceive consumers.²⁰³⁰ That failure obviously would have justified ruling against the plaintiffs on the merits of their claims of false advertising, but the court instead used it as a mechanism for disposing of those claims for want of standing.²⁰³¹

The *Lexmark* framework tripped up still more litigants on summary judgment. Those included two plaintiffs, which, having formed an entity in which they each owned a fifty percent stake, sought to cancel certain registrations owned by the lead defendant in an action the plaintiffs had brought.²⁰³² Joined by their jointly owned company, those two plaintiffs argued the challenged registrations had been fraudulently procured, only to have the court conclude on the defendants' motion for summary judgment that they lacked standing to pursue that claim. As the court pointed out, the third plaintiff had taken over those operations of the other two plaintiffs relevant to the marks covered by the lead defendant's registrations, leaving the other two plaintiffs outside the zone of interests protected by the Lanham Act.²⁰³³ The court did, however, address the third plaintiff's claim of fraudulent procurement on the merits.²⁰³⁴

iii. False Association, False Endorsement, and Persona-Based Rights

Several plaintiffs advancing causes of action for false association, false endorsement, and violations of their rights of publicity faced challenges in demonstrating their standing to do so. For example, one court rejected a bank's claim to have standing to prosecute a cause of action for false association under Section 43(a)(1)(A)²⁰³⁵ against a former corporate customer following a falling-out between the two companies that prevented customers of the defendant from accessing funds held in accounts with the plaintiff.²⁰³⁶ That cause of action rested on the defendant's allegedly false attribution of blame for the situation on the plaintiff in communications with the defendant's customers. In a determination

²⁰³⁰ *Id.* at 1209–11.

²⁰³¹ *Id.* at 1211.

²⁰³² *See* *SonicSolutions Algae Control, LLC v. Diversified Power Int'l, LLC*, 722 F. Supp. 3d 16, 40 (D. Mass. 2024).

²⁰³³ *Id.* at 40.

²⁰³⁴ *Id.* at 50–51.

²⁰³⁵ 15 U.S.C. § 1125(a)(1)(A) (2018).

²⁰³⁶ *See* *SouthState Bank, N.A. v. Qoins Techs., Inc.*, 720 F. Supp. 3d 1324 (N.D. Ga. 2024).

perhaps more appropriate for the proof stage of the case, the court held on a motion to dismiss that the plaintiff failed to qualify for relief under *Lexmark* because, based on the court's reading of the complaint,

[the plaintiff] fails to allege that [the defendant] made an unauthorized use of its trademark in an effort to pass its own services off as [the plaintiff's]. Indeed, [The plaintiff] alleges that [the defendant] identified it as a banking partner, rather than a similar entity or business as [the defendant]. Consequently, the allegations made by [the plaintiff] do not fall within the zone of interests encompassed in a false association claim²⁰³⁷

A Section 43(a)(1)(A) claim similarly fell short under a *Lexmark* analysis in a case brought by a group of professional models and social media influencers against a strip club that had used their images in Facebook advertising without their authorization.²⁰³⁸ In granting a defense motion for summary judgment, the court acknowledged that:

Plaintiffs[,] who were earning their living by promoting their image, likeness, or identity when their images were posted to [the strip club's] Facebook page clearly had a commercial interest in their reputations and sales such that an injury to either would bring them within the zone of interests [protected by the Lanham Act].²⁰³⁹

Unfortunately for the plaintiffs, however, the court found they had failed to identify anything in the summary judgment record suggesting that the club's actions had proximately caused any damage they had suffered. As the court explained, "[the club's] decision to use Plaintiffs' images without permission deprived Plaintiffs of the opportunity to be paid for their appearances on [the club's] Facebook page, but that economic injury was completely independent of any misperceptions of an association between Plaintiffs and [the club] created by the Facebook postings."²⁰⁴⁰ It therefore held the club entitled to judgment as a matter of law for want of standing; worse still for the plaintiffs, it reached the same disposition of their claims under Massachusetts law.²⁰⁴¹

²⁰³⁷ *Id.* at 1339 (citations omitted) (footnote omitted).

²⁰³⁸ See *Ratchford v. Orange Lantern, Inc.*, 720 F. Supp. 3d 64 (D. Mass. 2024). The plaintiffs also targeted the strip club's principal at the time as an individual defendant, but he escaped liability on summary judgment because of the plaintiffs' failure to identify evidence or testimony of his direct participation in the challenged advertising. *Id.* at 75–76.

²⁰³⁹ *Id.* at 77.

²⁰⁴⁰ *Id.* at 78.

²⁰⁴¹ *Id.* at 78–79.

Finally, one court dismissed a claim under the Alabama Right of Publicity Act (AROPA)²⁰⁴² for want of standing.²⁰⁴³ The target of that claim operated a search engine that offered paying subscribers detailed reports on individuals, including Alabama residents. When nonsubscribers searched for individuals using website browsers calling attention to the defendant’s website, the site displayed a “teaser report” on the searched-for individuals and also offered full reports on those individuals if the nonsubscribers purchased subscriptions. The plaintiff not only claimed that any teaser report on him violated his rights under the AROPA, but he also sought class certification for all similarly situated individuals. The fatal flaw in his aspirations to be the lead plaintiff of that class turned out to be his failure to aver that anyone had ever searched for him;²⁰⁴⁴ without such an averment, the court found it unnecessary to address the question of whether the plaintiff might have suffered a cognizable injury from such a search.²⁰⁴⁵

iv. Challenges to Registrations

One court weighing a plaintiff’s challenges to the validity of hundreds of marks owned by the United States government and the branches of its military, as well as the plaintiff’s request for a declaratory judgment of noninfringement of those marks, granted the government’s motion to dismiss most—but not all—of those challenges and that request.²⁰⁴⁶ The plaintiff was a former licensee of certain of the marks, which it affixed to faux dog tags with religious messages embossed on them. The court held that a cognizable justiciable dispute between the parties existed with respect to “each substantially fixed product design that a military branch is alleged to have reviewed and asserted could not be sold without a license.”²⁰⁴⁷ On that issue, the plaintiff’s complaint recited the plaintiff’s development of “substantially fixed, sufficiently disputed dog-tag designs” bearing or intended to bear seven of the marks at issue.²⁰⁴⁸ Although the court therefore recognized the plaintiff’s standing with respect to those four marks, it declined to do so where “hypothetical future designs” featuring the remaining marks posited by the plaintiff were concerned.²⁰⁴⁹ That left the

²⁰⁴² See Ala. Code § 6-5-772.

²⁰⁴³ See *Ridgeway v. Spokeo, Inc.*, 697 F. Supp. 3d 979 (C.D. Cal. 2023).

²⁰⁴⁴ *Id.* at 984–87.

²⁰⁴⁵ *Id.* at 985.

²⁰⁴⁶ See *Shields of Strength v. U.S. Dep’t of Def.*, 735 F. Supp. 3d 755 (E.D. Tex. 2024).

²⁰⁴⁷ *Id.* at 774.

²⁰⁴⁸ *Id.* at 775.

²⁰⁴⁹ *Id.*

plaintiff's argument under Section 37²⁰⁵⁰ that, as summarized by the court, "once there is a justiciable trademark dispute as to any product's use of a given mark, the cancellation of any other mark registered by the same party to the action is available."²⁰⁵¹ The court rejected that contention, holding instead that, "[e]ven if that reading of [Section 37] were plausible, which the court questions, it must be avoided in favor of the narrower, product-specific reading of [Section 37] because of the serious constitutional question raised by a statute purporting to authorize a district court to issue relief beyond that necessary to resolve a justiciable Article III case or controversy."²⁰⁵² Nevertheless, the court also advised the plaintiff that it possibly could "obtain cancellation of the [registrations of the] marks through a petition to the Patent and Trademark Office, whose jurisdiction is not bounded by Article III."²⁰⁵³

c. Opinions Deferring Resolution of the Standing Inquiry

Although the Inter American Convention for Trademark and Commercial Protection (IAC)²⁰⁵⁴ has been extant for nearly a century, opinions addressing the requirements for standing under it are few and far between. A rare exception to that general rule came from a New Jersey federal district court entertaining an action brought by a Colombian company with registered rights to its marks in its home country but neither use nor registrations of them in the United States.²⁰⁵⁵ Objecting to the defendants' use and registration in the USPTO of identical marks, as well as the defendants' obvious copying of its packaging, the plaintiff sought relief under Articles 7, 8, and 18 of the IAC, only to have the defendants challenge its standing to do so on a motion for summary judgment; likewise, the plaintiff sought to establish its standing under the IAC through its own summary judgment motion.

Having previously rejected the defendants' argument when denying a motion to dismiss, the court did so again. It initially declined to hold that the plaintiff necessarily needed to demonstrate prior uses of its marks to assert its claims under the IAC.²⁰⁵⁶ Moving on to the *Lexmark* framework, the court found that factual disputes on two issues precluded a grant of either party's motion. The first

²⁰⁵⁰ 15 U.S.C. § 1119 (2018).

²⁰⁵¹ *Shields of Strength*, 735 F. Supp. 3d at 776.

²⁰⁵² *Id.*

²⁰⁵³ *Id.*

²⁰⁵⁴ General Inter-American Convention for Trade-mark and Commercial Protection, Feb. 20, 1929, 46 Stat. 2907.

²⁰⁵⁵ *See Industria De Alimentos Zenu S.A.S. v. Latinfood U.S. Corp.*, 679 F. Supp. 3d 53 (D.N.J. 2023), *appeal docketed*, No. 23-2357 (3d Cir. Aug. 7, 2023).

²⁰⁵⁶ *Id.* at 85–86.

was whether the plaintiff had sufficiently concrete plans to enter the United States under its marks, while the second was whether, if those plans existed, the defendants' claims of rights were a proximate cause of the plaintiff's inability to carry them out. "The issues of material fact concerning injury and proximate causation," the court held, "bar an award of summary judgment to either party regarding [the plaintiff's] statutory standing . . . under *Lexmark*."²⁰⁵⁷

3. Personal Jurisdiction

In response to the Lanham Act's silence on the issue, most disputes over the propriety of an exercise of personal jurisdiction over nonresident defendants require a two-part analysis identical to that in most other contexts. Step one is to apply the long-arm statute of the forum state to see whether it permits such an exercise, and if the laws of the forum state permit jurisdiction, step two is to consider whether the exercise of such jurisdiction comports with constitutional due process.²⁰⁵⁸ 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;²⁰⁵⁹ if not, satisfaction of the long-arm statute's requirements necessarily will satisfy those under the Constitution.

The due process inquiry itself requires several steps. To begin with, a defendant may be haled into court if it is subject to general jurisdiction in the forum; under the Supreme Court's opinion in *Daimler AG v. Bauman*,²⁰⁶⁰ however, the test for general jurisdiction is highly restrictive one and normally will be satisfied only if a forum is either the jurisdiction in which a defendant is organized or

²⁰⁵⁷ *Id.* at 88.

²⁰⁵⁸ *See, e.g.*, *Bratt v. Love Stories TV, Inc.*, 713 F. Supp. 3d 847, 854–55 (S.D. Cal. 2024) ("The general rule provides that personal jurisdiction over a defendant is proper if it is permitted by a long-arm statute and if the exercise of that jurisdiction does not violate federal due process."); *CreeLED, Inc. v. Individuals, Partnerships & Unincorporated Ass'ns Identified on Schedule "A,"* 699 F. Supp. 3d 1357, 1361 (S.D. Fla. 2023) ("A federal court undertakes a two-step inquiry in determining whether personal jurisdiction exists: the exercise of jurisdiction must (1) be appropriate under the state long-arm statute and (2) not violate the Due Process Clause of the Fourteenth Amendment to the United States Constitution, meaning that sufficient minimum contacts exist between the defendant and the forum state to satisfy 'traditional notions of fair play and substantial justice.'" (quoting *Sculptchair, Inc. v. Century Arts, Ltd.*, 94 F.3d 623, 626 (11th Cir. 1996))).

²⁰⁵⁹ *See, e.g.*, *Herbal Brands, Inc. v. Photoplaza, Inc.*, 72 F.4th 1085, 1089 (9th Cir. 2023) ("The Arizona long-arm statute provides for personal jurisdiction co-extensive with the limits of federal due process.' Thus, 'the jurisdictional analyses under state law and federal due process are the same.'" (first quoting *Doe v. Am. Nat'l Red Cross*, 112 F.3d 1048, 1050 (9th Cir. 1997); and then quoting *Schwarzenegger v. Fred Martin Motor Co.*, 374 F.3d 797, 800–01 (9th Cir. 2004))), *cert. denied*, 144 S. Ct. 693 (2024).

²⁰⁶⁰ 571 U.S. 117 (2014).

has its primary place of business.²⁰⁶¹ Alternatively, a defendant may be subject to an exercise of specific personal jurisdiction, if, as the Ninth Circuit explained, three essential elements are met:

- (1) The non-resident defendant must purposefully direct his activities or consummate some transaction with the forum or resident thereof; or perform some act by which he purposefully avails himself of the privilege of conducting activities in the forum, thereby invoking the benefits and protections of its laws;
- (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.²⁰⁶²

A final option for plaintiffs unable to meet the requirements of a state long-arm statute can try their luck under Rule of Civil Procedure 4(k)(2).²⁰⁶³ 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.²⁰⁶⁴

a. Opinions Exercising Personal Jurisdiction

Some courts found it easy to resolve the personal jurisdiction inquiries before them. One was the Ninth Circuit in a case in which the defendants, online resellers of the plaintiff's health, wellness, fitness, and nutrition products, shipped those products directly into the forum state of Arizona.²⁰⁶⁵ Although the district court granted the defendants' motion to dismiss for want of specific personal jurisdiction, the court of appeals disagreed with that outcome in a

²⁰⁶¹ *Id.* at 138–39; see also *Bratt v. Love Stories TV, Inc.*, 713 F. Supp. 3d 847, 855 (S.D. Cal. 2024) (“General jurisdiction allows a court to hear cases unrelated to the defendant’s forum activities and exists if the defendant has ‘substantial’ or ‘continuous and systematic’ contacts with the forum state.” (quoting *Fields v. Sedgwick Assoc. Risks, Ltd.*, 796 F.2d 299, 301 (9th Cir. 1986))).

²⁰⁶² *Herbal Brands*, 72 F.4th at 1090 (quoting *Schwarzenegger*, 374 F.3d at 802); see also *Bratt*, 713 F. Supp. 3d at 855 (“Specific jurisdiction permits the court to exercise jurisdiction over a defendant who has availed itself through forum-related activities that gave rise to the action before the court.”).

²⁰⁶³ Fed. R. Civ. P. 4(k)(2).

²⁰⁶⁴ *Id.*

²⁰⁶⁵ See *Herbal Brands, Inc. v. Photoplaza, Inc.*, 72 F.4th 1085 (9th Cir. 2023), *cert. denied*, 144 S. Ct. 693 (2024).

straightforward analysis. Because the reach of the Arizona long-arm statute was coextensive with due process, the latter tribunal proceeded directly to the constitutional analysis.²⁰⁶⁶ On the issue of whether the defendants had purposefully directed their activities toward Arizona, the court applied the familiar “effects” test originating in the Supreme Court’s opinion in *Calder v. Jones*,²⁰⁶⁷ which the court held turned on “whether 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.”²⁰⁶⁸ The court found the first and third factors of that test “easily satisfie[d]” because “Defendants’ sale of products to Arizona residents is an intentional act, and the cease-and-desist letters informed Defendants that their actions were causing harm in Arizona.”²⁰⁶⁹ Whether the defendants had expressly aimed their conduct at Arizona presented a “closer question,” but the court resolved it to the defendants’ disadvantage as well, citing the defendants’ sales of their offending goods to Arizona residents through an interactive website accessible to those residents; those sales, the court held, were “something more” than merely operating the site.²⁰⁷⁰ The court thus held that:

[T]he sales of physical products into a forum via an interactive website can be sufficient to establish that a defendant expressly aimed its conduct at the forum, provided that two key elements are present. *First*, the sales must occur as part of the defendant’s regular course of business instead of being “random, isolated, or fortuitous. . . .”

Second, the defendant must exercise some level of control over the ultimate distribution of its products beyond simply placing its products into the stream of commerce.²⁰⁷¹

Having thus determined that the defendants had purposefully directed their actions toward Arizona, the court next held without extended analyses that the plaintiff’s claimed harm arose from those actions and that an exercise of personal jurisdiction in the state would not be constitutionally unreasonable.²⁰⁷² The district court therefore had erred in dismissing the plaintiff’s complaint.

²⁰⁶⁶ *Id.* at 1089.

²⁰⁶⁷ 465 U.S. 783, 787 (1984).

²⁰⁶⁸ *Herbal Brands*, 72 F.4th at 1091 (quoting *Will Co. v. Lee*, 47 F.4th 917, 922 (9th Cir. 2022)).

²⁰⁶⁹ *Id.*

²⁰⁷⁰ *Id.* at 1092.

²⁰⁷¹ *Id.* at 1094 (quoting *Keeton v. Hustler Mag., Inc.*, 465 U.S. 770, 774 (1984)).

²⁰⁷² The latter of these conclusions arose largely from the defendants’ failure to address the Ninth Circuit’s doctrinal test on the issue, which included:

In a separate dispute not producing an appellate opinion, a Florida federal district court relied on much the same considerations in denying a motion to dismiss filed by a nonresident defendant accused of having trafficked in goods bearing counterfeiting imitations of the plaintiff's marks.²⁰⁷³ On the issue of whether that defendant's conduct fell within the scope of the Florida long-arm statute,²⁰⁷⁴ the court credited the plaintiff's allegations that the defendant had "directed business activities toward and conducted business with consumers within the State of Florida and this district through at least the internet-based e-commerce stores and fully interactive commercial internet websites accessible in Florida and operating under Seller IDs";²⁰⁷⁵ moreover, it also had advertised its offending wares in the state and district.²⁰⁷⁶ Those considerations informed the court's concomitant findings that the defendant had the required minimum contacts with Florida²⁰⁷⁷ and that an exercise of personal jurisdiction over it would comport with fair play and substantial justice.²⁰⁷⁸ With the defendant failing to address the issue of whether it would suffer an undue burden from litigating in Florida, the court found the plaintiff had alleged a sufficient prima case of specific personal jurisdiction.²⁰⁷⁹

A different defendant found itself haled into court in California in light of multiple deficiencies in its motion to dismiss.²⁰⁸⁰ That litigant was a Delaware corporation with a principal place of business in New York, which hosted online services under its highly descriptive and allegedly infringing WEDDING FILM AWARDS mark. According to the complaint, the defendant had purposefully availed itself of the opportunity to do business in California by featuring California residents and weddings on its platform; moreover, that pleading also accused the defendant of undertaking a concerted effort to cultivate business relationships with

(1) the extent of the defendant's purposeful interjection into the forum state's affairs; (2) the burden on the defendant of defending in the forum; (3) the extent of conflict with the sovereignty of the defendant's state; (4) the forum state's interest in adjudicating the dispute; (5) the most efficient judicial resolution of the controversy; (6) the importance of the forum to the plaintiff's interest in convenient and effective relief; and (7) the existence of an alternative forum.

Id. at 1096 (quoting *Freestream Aircraft (Berm.) Ltd. v. Aero Law Grp.*, 905 F.3d 597, 607 (9th Cir. 2018)).

²⁰⁷³ See *CreeLED, Inc. v. Individuals, Partnerships & Unincorporated Ass'ns Identified on Schedule "A,"* 699 F. Supp. 3d 1357, 1361 (S.D. Fla. 2023).

²⁰⁷⁴ FLA. STAT. § 48.193.

²⁰⁷⁵ *CreeLED*, 699 F. Supp. 3d at 1361.

²⁰⁷⁶ *Id.*

²⁰⁷⁷ *Id.* at 1362.

²⁰⁷⁸ *Id.* at 1362–63.

²⁰⁷⁹ *Id.* at 1363.

²⁰⁸⁰ See *Bratt v. Love Stories TV, Inc.*, 713 F. Supp. 3d 847 (S.D. Cal. 2024).

California-based wedding vendors, 6,637 of which advertised on the defendant's platform. As a final basis for an exercise of personal jurisdiction, the plaintiff averred that the defendant had engaged in its unlawful conduct knowing that conduct would damage the plaintiff's business in the state.

The court found that the plaintiff's allegations satisfied the tripartite *Calder* test for purposeful availment because those allegations established that: (1) the defendant's intentional operation of its website;²⁰⁸¹ (2) the website not only used content to exploit the California market for commercial gain, thereby establishing "something more" than the mere operation of a passive site but also intentionally targeted the plaintiff, which the defendant knew was domiciled in California;²⁰⁸² and (3) the plaintiff had suffered harm in California.²⁰⁸³ The plaintiff's averments also satisfied the second prong of the due process analysis because the plaintiff's claimed harm arose out of the defendant's California-related activities.²⁰⁸⁴ With the defendant not even attempting to satisfy its burden of demonstrating that an exercise of personal jurisdiction over it would be constitutionally unreasonable, its motion to dismiss proved meritless.²⁰⁸⁵

A final reported opinion exercising specific personal jurisdiction over two nonresident defendants did so under Rule 4(k)(2).²⁰⁸⁶ The plaintiff sold software and accused the defendants, one of whom was a resident of the United Arab Emirates and the other of whom resided in the Netherlands, of pirating its software for managing and hosting websites. Only one of the defendants appeared in the case to contest the plaintiff's preliminary injunction motion, and, even though he did not argue Rule 4(k)(2) was inapplicable, the court sua sponte analyzed whether haling both defendants into court in Oregon was consistent with due process.

The court concluded it was, finding first that the defendants had purposefully directed their activities toward the United States by purchasing from the Oregon-based plaintiff a license to use the software they had copied and by contracting with various United States-based third parties to help marketing their unauthorized copies to United States customers.²⁰⁸⁷ The court next determined the defendant's conduct was related to the plaintiff's infringement and counterfeiting claims:

²⁰⁸¹ *Id.* at 857.

²⁰⁸² *Id.* at 857–59.

²⁰⁸³ *Id.* at 859.

²⁰⁸⁴ *Id.* at 859–60.

²⁰⁸⁵ *Id.* at 860.

²⁰⁸⁶ *See* cPanel, LLC v. Asli, 719 F. Supp. 3d 1133 (D. Or. 2024).

²⁰⁸⁷ *Id.* at 1147–48.

Here, by contrast, Defendants deliberately targeted the U.S. market and, to that end, formed contracts and business relationships with U.S.-based entities. Defendants bought Plaintiff's license and trafficked circumvented portions of its technology as a crucial part of their commercial scheme of selling counterfeit . . . licenses in the United States. Thus, Plaintiff's claims arise out of and relate to Defendants' deliberate forum-related activities.²⁰⁸⁸

With the defendants making no attempt to carry their burden of demonstrating an exercise of jurisdiction would be constitutionally unreasonable, the results of the court's *sua sponte* inquiry was that the requirements of Rule 4(k)(2) were satisfied.²⁰⁸⁹

b. Opinions Declining to Exercise Personal Jurisdiction

A lone reported opinion within the scope of this Review affirmed the grant of a motion to dismiss for want of personal jurisdiction over a nonresident defendant.²⁰⁹⁰ The moving defendant securing that result was Kim Kardashian, who, the complaint alleged, had an ownership stake in a New York clothing boutique. Having attended an event at the boutique, the plaintiff objected to a photograph allegedly posted by an assistant to Kardashian's stylist in which the plaintiff appeared in the background. The plaintiff argued the California-based Kardashian was properly subject to an exercise of personal jurisdiction under a prong of the New York long-arm statute²⁰⁹¹ referring to nonresident defendants "transact[ing] business" in the state.²⁰⁹² Without getting into the details of Kardashian's transactions within the Empire State, the court affirmed the dismissal of the plaintiff's allegations against her with the explanation that "the plaintiff [has] failed to establish a sufficient nexus between Kardashian's purported transaction of business in New York and the plaintiff's claims."²⁰⁹³

4. Claim Preclusion (Res Judicata)

The only reported opinion to address an invocation of claim preclusion held the doctrine inapplicable.²⁰⁹⁴ That issue arose in a second action between parties that previously had settled an earlier

²⁰⁸⁸ *Id.* at 1148.

²⁰⁸⁹ *Id.*

²⁰⁹⁰ See *Barbetta v. NBCUniversal Media, LLC*, 212 N.Y.S.3d 135 (App. Div. 2024).

²⁰⁹¹ N.Y. C.P.L.R. § 302.

²⁰⁹² *Id.* § 302(a)(1).

²⁰⁹³ *Barbetta*, 212 N.Y.S.3d at 138.

²⁰⁹⁴ See *Fla. Virtual Sch. v. K12, Inc.*, 674 F. Supp. 3d 1127 (M.D. Fla. 2023).

lawsuit between themselves. Because the settlement agreement had led to the voluntary dismissal of the earlier suit under Rule 41 of the Federal Rules of Civil Procedure,²⁰⁹⁵ the counterclaim defendant claimed the dismissal should receive preclusive effect barring the counterclaim plaintiffs' latter-day challenges to the counterclaim defendant's registrations. The court disagreed, holding instead that "[a] settlement agreement entered into in the context of a voluntary dismissal with prejudice under Rule 41 should be interpreted according to its express terms, rather than according to traditional principles of *res judicata*."²⁰⁹⁶ In an application of Florida law, it then held that, because the counterclaim plaintiffs alleged the counterclaim defendant had fraudulently induced them to enter into the agreement, the agreement did not prevent the counterclaim plaintiffs from challenging the registrations.²⁰⁹⁷

5. Class Certification

The Class Action Fairness Act codifies three separate requirements for federal courts to exercise jurisdiction over class actions: (1) minimal diversity, which is met when any member of the class is a citizen of a different state than any defendant; (2) one hundred or more putative class members; and (3) more than five million dollars in controversy.²⁰⁹⁸ As one opinion demonstrated, the second requirement cannot be satisfied merely by rote recitations.²⁰⁹⁹ The putative lead plaintiff before the court issuing it invoked Alabama law to object to the potential generation of a promotional "teaser" by the defendant's platform when users of search engines searched for the lead plaintiff's name; those users enticed by the teaser could then subscribe to the plaintiff's platform, which would then allow them to access full reports on individuals searched. The court granted the defendant's motion to dismiss for want of standing after noting the plaintiff's failure to aver that anyone actually had seen a teaser with his personal information, and the same issue precluded the class certification he sought. The court explained the plaintiff's problem in the following manner:

While [the plaintiff] points to its allegations that [the defendant] offers full reports on "millions of individuals," it is not clear how many of them are from Alabama, nor how many individuals have their information "used" in violation of [Alabama law]. More significantly, the Court has

²⁰⁹⁵ Fed. R. Civ. P. 41.

²⁰⁹⁶ *Fla. Virtual Sch.*, 674 F. Supp. 3d at 1136 (alteration in original) (quoting *Norfolk S. Corp. v. Chevron, U.S.A., Inc.*, 371 F.3d 1285, 1291 (11th Cir. 2004)).

²⁰⁹⁷ *Id.* at 1137.

²⁰⁹⁸ 28 U.S.C. §§ 1332(d)(2) & (d)(5)(b) (2018).

²⁰⁹⁹ *See Ridgeway v. Spokeo, Inc.*, 697 F. Supp. 3d 979 (C.D. Cal. 2023).

determined that not all of these individuals would have standing [because] only individuals whose profiles were searched for or viewed would have standing, which may significantly narrow the class.²¹⁰⁰

Although the court therefore shot down the plaintiff's bid for certification, it did so with leave to amend.²¹⁰¹

6. Sanctions

Transgressions of litigants in trademark cases are rarely so egregious as to trigger sanctions. Nevertheless, one plaintiff and its counsel so misbehaved in pursuing preliminary relief in a "Schedule A" case in the Northern District of that the court brought the hammer down on them.²¹⁰² That litigation began in promising fashion for the plaintiff, which initially secured an aggressive ex parte temporary restraining order against "hundreds" of defendants the plaintiff represented to the court had trafficked in flags bearing counterfeit imitations of the plaintiff's registered FLAGWIX mark for those goods.²¹⁰³ In support of its motion to convert the TRO, which included an asset freeze, into a preliminary injunction, the plaintiff's counsel represented to the court that he had served the defendants with copies of the initial order.

The plaintiff's relationship with the court deteriorated rapidly when a single defendant contested the preliminary injunction motion and pointed out that, rather than properly serving the defendants with the TRO, the plaintiff had merely requested PayPal to do so (which, not surprisingly, PayPal had not done). That defendant also filed a motion of its own, one seeking sanctions under the court's inherent authority and under Federal Rule of Civil Procedure 11.²¹⁰⁴ That motion identified a litany of misconduct, which included (but was not limited to) the plaintiff's: (1) use of a pseudonym in the text of its complaint; (2) mistaken identification of itself as a Nevada, instead of a Delaware, limited liability company; (3) incorrect description of itself as domiciled in Chicago (instead of in Vietnam); (4) inaccurate description of the defendant as domiciled overseas (instead of in Connecticut); and (5) false representation that the defendant actually had used the mark underlying the plaintiff's allegations of counterfeiting. Following the court's denial of the plaintiff's motion with respect to the defendant contesting the motion, the defendant renewed its request

²¹⁰⁰ *Id.* at 988 (citation omitted).

²¹⁰¹ *Id.*

²¹⁰² *See* Xped LLC v. Entities Listed on Exhibit 1, 690 F. Supp. 3d 831 (N.D. Ill. 2023).

²¹⁰³ *Id.* at 840.

²¹⁰⁴ Fed. R. Civ. P. 11.

for sanctions in a separate motion before the court had acted on the first one.

Perhaps apprehensive about its ability to defend itself with respect to the merits of the second sanctions motion, the plaintiff faulted the defendant for failing to give it the advance notice of the second motion required by Rule 11: The court held that of no consequence because the earlier motion had substantially complied with that requirement by alerting the plaintiff to deficiencies of its case²¹⁰⁵ and because, in any case, the court could sanction the plaintiff pursuant to its inherent authority to do so.²¹⁰⁶ It declined to take that action with respect to the plaintiff's unauthorized use of a pseudonym (because the plaintiff was properly identified in the civil cover sheet and in its trademark registration)²¹⁰⁷ and with respect to the plaintiff's claim to have been organized in a state other than the one in which it actually was (because the plaintiff's counsel had reasonably relied on incorrect information appearing in the plaintiff's federal registration).²¹⁰⁸ Nevertheless, each of the remaining representations by the plaintiff had played a material role in the court's issuance of the TRO and its finding that an asset freeze was an appropriate component of it; worse still, rather than retreating from his misrepresentations, the plaintiff's counsel had repeated all but those bearing on the service of the TRO (with respect to which he came clean) at the preliminary injunction hearing.²¹⁰⁹ In the face of that misconduct, the court dismissed the plaintiff's case (which by then purported to assert a trade dress claim) with prejudice²¹¹⁰ and ordered the plaintiff and its counsel to reimburse the defendant for its fees and costs.²¹¹¹

A different request for sanctions arose from a very different scenario.²¹¹² Having settled an earlier case accusing them of infringement, the plaintiffs learned of a license agreement between a third party and their original adversary suggesting that their original adversary did not own the marks, one of which was covered by a federal registration, to which it claimed rights in the original action. Rather than attempting to reopen that action and set aside the settlement agreement, the plaintiffs initiated a completely new one against the principals and attorney of their original adversary in which they sought sanctions for the alleged concealment of the

²¹⁰⁵ *Xped*, 690 F. Supp. 3d at 848.

²¹⁰⁶ *Id.* at 849.

²¹⁰⁷ *Id.* at 851.

²¹⁰⁸ *Id.*

²¹⁰⁹ *Id.* at 851–59.

²¹¹⁰ *Id.* at 860–61.

²¹¹¹ *Id.* at 859–60.

²¹¹² See *Marco Destin, Inc. v. Levy*, 690 F. Supp. 3d 182 (S.D.N.Y. 2023), *aff'd*, 111 F.4th 214 (2d Cir. 2024).

third party's license and for the fraudulent procurement of the registration.

Faulting the plaintiffs for failing to pursue a by-then-time-barred motion for relief in the original action under Rule 60(d)(3) of the Federal Rules of Civil Procedure,²¹¹³ the New York federal district court hearing the second action evaluated the plaintiffs' use of that action under the following framework:

“[T]o sustain an *independent action* for fraud on the court, a plaintiff must prove, by clear and convincing evidence, that [1] the defendant interfered with the judicial system's ability to adjudicate impartially and that [2] the acts of the defendant must have been of such a nature as to have prevented the plaintiff from fully and fairly presenting a case or defense.” Moreover, as to the defendant's state of mind, the law of [the Second] Circuit requires clear and convincing evidence of bad faith.²¹¹⁴

In a decision ultimately affirmed on appeal, the court found that the alleged misconduct had not deprived the plaintiffs of the opportunity to defend the first action fully and fairly. To the contrary, the plaintiffs could have pursued the issue of the disputed marks' ownership during discovery in the first action but had declined to do so.²¹¹⁵ Sanctions therefore were inappropriate as a matter of law for that reason, as well as because the settlement agreement in the first action contained a broad release of any claims the plaintiffs might have against the defendants.²¹¹⁶ Despite reaching those conclusions, however, the court denied the defendants' own request for sanctions against the plaintiffs or having brought the second action in the first place.²¹¹⁷

F. Evidentiary Matters

1. Admissibility of Expert Witness Testimony

At least in litigation in federal courts, Rule 702 of the Federal Rules of Evidence,²¹¹⁸ governs the admissibility of expert witness testimony. Prior to December 1, 2023, it provided that:

A witness who is qualified as an expert by knowledge, skill, experience, training, or education may testify in the form of an opinion or otherwise if:

²¹¹³ Fed. R. Civ. P. 60(3)(d).

²¹¹⁴ *Marco Destin*, 690 F. Supp. 3d at 191 (first, second, and third alterations in original) (quoting *Mazzei v. Money Store*, 62 F.4th 88, 93–94 (2d Cir. 2023)).

²¹¹⁵ *Id.* at 191–93.

²¹¹⁶ *Id.* at 195.

²¹¹⁷ *Id.*

²¹¹⁸ Fed. R. Evid. 702 (abrogated Dec. 1, 2023).

- (a) the expert's scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue;
- (b) the testimony is based on sufficient facts or data;
- (c) the testimony is the product of reliable principles and methods; and
- (d) the expert has reliably applied the principles and methods to the facts of the case.²¹¹⁹

After that date, however, revisions to the preamble and subsection (d) of the rule caused the rule to read as follows:

A witness who is qualified as an expert by knowledge, skill, experience, training, or education may testify in the form of an opinion or otherwise *if the proponent demonstrates to the court that it is more likely than not that:*

- (a) the expert's scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue;
- (b) the testimony is based on sufficient facts or data;
- (c) the testimony is the product of reliable principles and methods; and
- (d) the expert's opinion *reflects a reliable application of the principles and methods to the facts of the case.*²¹²⁰

Under the Supreme Court's decision in *Daubert v. Merrell Dow Pharmaceuticals, Inc.*,²¹²¹ 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;²¹²² moreover, the italicized revisions to Rule 702's preamble make clear that the party proffering expert witness testimony must demonstrate its admissibility. That revision, however, did not factor into the admissibility of expert witness testimony in trademark and unfair competition litigation.

a. Survey Experts

i. Genericness Surveys

Only one reported opinion addressed competing genericness surveys proffered by the parties, but it was particularly notable

²¹¹⁹ *Id.*

²¹²⁰ Fed. R. Evid. 702 (emphasis added).

²¹²¹ 509 U.S. 579 (1993).

²¹²² *Id.* at 589.

one.²¹²³ Seeking to demonstrate the genericness of an applied-for mark, the USPTO introduced the results of a *Teflon*-format survey²¹²⁴ allegedly demonstrating that 79.9% of respondents viewed the applied-for mark as generic,²¹²⁵ while the applicant responded with a *Thermos*-format survey²¹²⁶ showing that “only 1.5% of respondents used the [applied-for mark] generically.”²¹²⁷ In support of a motion for summary judgment, the USPTO argued that (as the court summarized the argument) that only its survey used the “industry standard measure of consumer confusion,”²¹²⁸ but the court disagreed, at least for purposes of the agency’s motion: “Might the USPTO rue that position if it wants or decides to use a Thermos survey one day? In any event, the relative evidentiary weight to be assigned among the parties’ opposing consumer surveys is a matter best addressed through trial.”²¹²⁹

ii. Acquired Distinctiveness Surveys

The most substantive discussion of a survey conducted to measure the acquired distinctiveness of a noninherently distinctive mark ended poorly for the defendant proffering the survey’s results.²¹³⁰ The claimed mark at issue was used in connection with baseball bats targeted toward professional baseball players, but the universe of respondents chosen by the defendants’ expert excluded those players; indeed, the court noted, “[the expert] was not provided the percentage of sales to professional baseball players prior to determining the universe and conducting the survey.”²¹³¹ The court therefore found the survey’s net positive response of 11 percent insufficient to defeat the plaintiff’s preliminary injunction motion.²¹³²

iii. Confusion Surveys

As always, most disputes over the admissibility of survey evidence addressed the results of confusion surveys. Surveys commissioned to document evidence of actual or likely confusion among respondents typically reflect one of two formats. The first is

²¹²³ See *Snap Inc. v. Vidal*, 721 F. Supp. 3d 1070 (C.D. Cal. 2024).

²¹²⁴ See *E.I. du Pont de Nemours & Co. v. Yoshida Int’l, Inc.*, 393 F. Supp. 502 (E.D.N.Y. 1975).

²¹²⁵ *Snap*, 721 F. Supp. 3d at 1079.

²¹²⁶ See *King-Seeley Thermos Co. v. Aladdin Indus.*, 321 F.2d 577 (2d Cir. 1963).

²¹²⁷ *Snap*, 721 F. Supp. 3d at 1079.

²¹²⁸ *Id.* at 1080.

²¹²⁹ *Id.*

²¹³⁰ See *La Potencia, LLC v. Chandler*, 733 F. Supp. 3d 1238 (S.D. Fla. 2024).

²¹³¹ *Id.* at 1257.

²¹³² *Id.*

the *Eveready* monadic format first endorsed by *Union Carbide Corp. v. Ever-Ready, Inc.*,²¹³³ and described in the following manner by Professor McCarthy:

To prove that consumers were likely to confuse the source of defendant's EVER-READY lamps with plaintiff Union Carbide's EVEREADY branded batteries, flashlights and bulbs, Union Carbide introduced the results of a survey with the following questions:

1. [Screening question to eliminate persons in the bulb or lamp industries.]
2. Who do you think puts out the lamp shown here? (A picture of defendant's EVER-READY lamp with its mark is shown).
3. What makes you think so?
4. Please name any other products put out by the same concern which puts out the lamp shown here.²¹³⁴

Eveready surveys typically yield higher net positive results if plaintiffs' marks are commercially strong, which has led some commentators and courts to opine they are appropriate *only* in actions to protect commercially strong marks.²¹³⁵

In contrast, the *Squirt* sequential array format²¹³⁶ exposes respondents to the plaintiff's mark in an initial "room" and then, in a second room, to an array of stimuli that include either an allegedly infringing mark or a control mark, as well as four non-infringing marks. "For a senior user's mark that is not readily identified by survey respondents, a Squirt survey is more likely to produce a higher level of perception that the marks identify the same or related sources."²¹³⁷ Nevertheless, courts are generally receptive to the results of *Squirt*-format surveys only if the parties' goods or services are available to consumers in immediate proximity to each other.

²¹³³ 531 F.2d 366 (7th Cir. 1976).

²¹³⁴ 5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 32:174 (5th ed.) (alteration in original).

²¹³⁵ See, e.g., Jerre B. Swann, *Eveready and Squirt—Cognitively Updated*, 106 *Trademark Rep.* 727, 733–34 (2016) ("'Top-of-mind' refers to marks that are readily accessible in memory. . . . The Eveready format is . . . the gold standard for assessing confusion as to (readily recalled) top-of-mind marks; but not all commercially strong marks are cognitively stored top-of-mind; and the Eveready format is thus not appropriate for all strong marks. . . . [W]hen marks *exist proximately in the market*, Eveready may not, *by itself*, be appropriate to test for likelihood of confusion as to strong marks that are generally recognized, but not readily recalled.").

²¹³⁶ See *SquirtCo. v. Seven-Up Co.*, 628 F.2d 1086 (8th Cir. 1980).

²¹³⁷ 6 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 32:174.50 (5th ed.).

One *Eveready* survey to survive a *Daubert* challenge did so in an action by Pennsylvania State University, which owned numerous registered marks for clothing, against the seller of clothing bearing either express references to Penn State or designs similar to Penn State's registered marks for clothing and other goods and services.²¹³⁸ It was conducted by an expert retained by the defendants and used as test stimuli the first two pieces of clothing shown below, while the third served as the control and featured the state seal of Pennsylvania:



Prior to exposing respondents to these stimuli, the survey presented them with actual or modified excerpts from the defendants' website, which the defendants' expert employed to test the effect of disclaimers of affiliation between the parties. Unusually, the survey

²¹³⁸ See *Pa. State Univ. v. Vintage Brand, LLC*, 715 F. Supp. 3d 602 (M.D. Pa. 2024), *clarified on denial of reconsideration*, No. 4:21-CV-01091, 2024 WL 1416505 (M.D. Pa. Apr. 2, 2024).

also invited respondents to assess how certain they were of their answers using “a four-point scale from ‘definitely correct’ to ‘just guessing’ and excised any response marked as ‘somewhat likely correct’ and ‘just guessing.’”²¹³⁹ Based on the net percentage of responses coded by the expert as reflecting confusion over whether the parties had a business relationship (a number unfortunately not disclosed by the court’s opinion) the expert opined that confusion was unlikely. That conclusion was bolstered by certain adjustments to the results (also unhelpfully not described in any detail) based on respondents’ self-assessment of their certainty in answering.

In moving to exclude the survey’s results, Penn State unsuccessfully argued the survey failed to comply with standard *Eveready* methodology because it did not ask whether respondents believed another party sponsored or promoted the defendants’ goods; that question, the court concluded, was contemplated by the survey’s business-relationship question because “a ‘business relationship’ arguably brings to mind sponsorship and/or official approval and the like.”²¹⁴⁰ The court next rejected Penn State’s challenge to the survey’s control, finding that its presentation as part of a mocked-up version of the defendants’ website replete with Penn State’s marks and the control’s substantially similar appearance to Penn State’s own official seal had not resulted in an “unacceptably high” 17–30% positive responses to the control.²¹⁴¹ So too did the court reject Penn State’s attempt to exclude the survey results based on the certainty-based adjustments to those results,

²¹³⁹ *Id.* at 632.

²¹⁴⁰ *Id.* at 630.

²¹⁴¹ *Id.* at 631. The following is a comparison of Penn State’s seal and the Pennsylvania state seal appearing in the control:



Id. In rejecting Penn State’s contention that the state seal was an inappropriate control because of its allegedly confusing similarity to Penn State’s seal, the court observed that:

[T]he Seal of Pennsylvania and the Penn State Seal do have some similarities. They both incorporate the words “Pennsylvania” and “State” as well as some elements of the Pennsylvania Coat of Arms. But in the Court’s view, these are similarities that nearly all seal-type logos will share. They are usually all circles. They often contain symbolic images like the ones in the Penn State Seal. These similarities alone do not render [the] control infringing or invalid. Nor does the high confusion rate render the survey invalid, due to the difference in confusion between the test and control groups.

Id.

noting that the adjustments had not resulted in the exclusion of any responses and that the defendants' expert had disclosed her unadjusted results (which also demonstrated low levels of confusion).²¹⁴²

A survey in a different case—one based on an undisclosed methodology—also received a favorable reception, albeit in the context of a motion for summary judgment of liability, instead of one to exclude the survey's results.²¹⁴³ The expert witness conducting it optimistically opined that a “significant percentage of consumers (11%) are confused”;²¹⁴⁴ apparently cognizant of the possible weakness of that number, he additionally opined that “the rate of confusion is closer probably to 14 or 15 percent based on the strength and clarity of the answers.”²¹⁴⁵ Whatever the methodology underlying the survey may have been, the court found it unnecessary to address the defendant's motion to exclude the survey's results, holding that “[q]uestions of credibility and weight aren't appropriate for summary judgment. The sole question is whether no reasonable jury could find for [the defendant] in light of this survey and the totality of factors.”²¹⁴⁶ On that sole question, the court credited the defendant's attacks on the “fast-paced computer model” used by the plaintiff's expert, which “automatically excluded anyone who took less than one-third the median time to complete the survey”²¹⁴⁷ and used test stimuli obscuring the verbal component of the defendant's composite mark. The survey results therefore did not mandate a grant of the plaintiff's motion, especially in light of factual disputes regarding likelihood-of-confusion factors other than actual confusion:

To the extent a reasonable jury discredited the survey or found its measure of confusion to be lower because of these arguments, and a reasonable jury might, the record on this factor is so near the cusp of a fair inference against confusion that the court cannot say [the plaintiff] would prevail as a matter of law. That proves particularly true when the court accounts for all infringement factors on this record. As it concerns this particular factor [of actual confusion], these arguments of weight and credibility must await the jury's determination.²¹⁴⁸

²¹⁴² *Id.* at 632.

²¹⁴³ *See* *Forest River, Inc. v. inTech Trailers, Inc.*, 699 F. Supp. 3d 712 (N.D. Ind. 2023).

²¹⁴⁴ *Id.* at 735.

²¹⁴⁵ *Id.*

²¹⁴⁶ *Id.* (citations omitted).

²¹⁴⁷ *Id.*

²¹⁴⁸ *Id.* at 735–36 (citations omitted).

In contrast, the Tenth Circuit affirmed the exclusion of the results of a *Squirt* survey in an action between two credit unions.²¹⁴⁹ Although the parties served distinct geographic markets, a proposed expert witness retained by the counterclaim defendant sought to justify that format by arguing that “[t]he parties’ marks are reasonably likely to be found in close physical proximity in internet searches.”²¹⁵⁰ In support of that argument, the witness proffered the results of two such searches, one using the BING search engine and the other using Apple’s APP STORE platform. His report did not, however, disclose the results of other searches he had run, leading the court of appeals to observe that:

Despite the potential importance of [the witness’s] search terms, he didn’t provide the specifics of his searches (such as the dates of the search, the precise terms used, the search engines used, the connectors used, and the results of those searches). . . . The district court could reasonably view the two examples as inadequate to reflect the facts or data that [the witness] had considered.²¹⁵¹

With the counterclaim plaintiff failing to argue that the failure to disclose was either substantially justified or harmless, the district court had not abused its discretion in excluding the report.

Likewise, although not excluding the survey results before it, a separate court gave them such little weight that they did not assist the defendant proffering them in its unsuccessful defense of a preliminary injunction motion.²¹⁵² Although the court did not otherwise describe the survey’s methodology, it faulted the defendant’s expert for a flawed universe of respondents, which did not include professional baseball players, despite those players comprising the primary market in which the parties competed. Because of that failure, the “2.5% net likelihood of confusion among the 413 participants as to the source or affiliation or approval” of the defendants’ bats did not place the court’s finding of likely confusion between the parties’ respective uses into dispute.²¹⁵³

iv. False Endorsement Surveys

When a strip club in West Des Moines, Iowa used images of eight professional models to promote its services through Facebook postings, it found itself on the receiving end of a lawsuit asserting false endorsement under Section 43(a) of the Lanham Act, as well

²¹⁴⁹ See *Elevate Fed. Credit Union v. Elevations Credit Union*, 67 F.4th 1058 (10th Cir. 2023).

²¹⁵⁰ *Id.* at 1068.

²¹⁵¹ *Id.* at 1069.

²¹⁵² See *La Potencia, LLC v. Chandler*, 733 F. Supp. 3d 1238 (S.D. Fla. 2024).

²¹⁵³ *Id.* at 1257.

as various related causes of action under Iowa law.²¹⁵⁴ In support of their case, the plaintiffs commissioned a survey to gauge respondents' perception as to whether the women shown "a) have any affiliation with the club, b) approved use of their images, c) were paid for use of their images by the . . . Club, and d) whether the respondents believe the women in the . . . Club social medial posts/ads participate in some or any of the events or activities at the . . . Club."²¹⁵⁵ In declining to exclude the survey's results, the court did not describe the results or the methodology producing them in detail except to the extent it rejected numerous challenges to that methodology.²¹⁵⁶

One such challenge asserted the survey was fatally flawed because it did not follow either an *Eveready* or a *Squirt* format. On that issue, the court credited testimony by the plaintiff's expert that, although those formats might be appropriate in a case involving nonidentical verbal marks, his was better suited to answer the question of whether the club's use of images identical to those of the plaintiffs was likely to confuse its customers as to the plaintiffs' association with, or endorsement or sponsorship of, the club. The court therefore held that "[the expert's] failure to use *Eveready* [sic] or *Squirt* does not, standing alone, make his survey unreliable."²¹⁵⁷

The defendant's next attack on the survey focused on its alleged use of an unrepresentative sample of respondents. Those respondents comprised Iowa residents over twenty-one years old, "who participated in, or considered participating in activities at a gentlemen's club/cabaret in the last three years."²¹⁵⁸ Questioning that universe, the defendants argued the respondents instead should have been limited to Facebook users who were either actual patrons of the club or who lived less than one hundred miles from it. In rejecting that argument, the court noted that 55 percent of the forty-two respondents who had patronized the club were more than one hundred miles from it at the time of the survey. The court additionally found that "it is not the case that [the expert] imposed *no* geographic requirements—survey participants needed to be Iowa residents. Defendant offers no basis why the survey evidence should

²¹⁵⁴ See *Johnson v. J.P. Parking, Inc.*, 717 F. Supp. 3d 798 (S.D. Iowa 2024).

²¹⁵⁵ *Id.* at 807.

²¹⁵⁶ It did, however, indicate that:

[A] majority of consumers in the target market for the Club believed that all or some of the women in the social media posts: a) have agreed to sponsor or endorse the . . . Club, b) have an affiliation, connection, or association with the club, c) have approved use of their images to promote the club, d) were paid for use of their images to promote the [C]lub, and e) that the women in the ads participate in activities at the . . . Club.

Id. at 808.

²¹⁵⁷ *Id.* at 809.

²¹⁵⁸ *Id.*

be excluded because [the expert] chose to define geography by state of residence rather than an arbitrary distance measured in miles.”²¹⁵⁹ Finally, to the extent the defendant’s proposed geographic restriction was meant to reflect a reasonable driving distance to the club, “[t]here is no authority on what constitutes a ‘reasonable driving distance’ or why the Court should use this conclusory assertion on the matter as a basis to exclude [the expert’s] testimony.”²¹⁶⁰

Next up was the defendant’s criticism of the survey’s use of control images. Rather than expose respondents to two sets of stimuli, one the test images and the other the controls, the survey displayed the test stimuli and the controls to respondents at the same time. The defendant argued the survey’s results lacked probative value on the issue of causality, but the court accepted the expert’s explanation that “[a] causal survey is useful to determine whether a consumer holds an inaccurate belief about a product (effect) and whether exposure to a particular source misled the consumer regarding that product (cause).”²¹⁶¹ It then held that:

[T]here is nothing in the record before the Court—on either motion to strike or the summary judgment motion—to indicate that, to the extent any “effect” exists, that the causation was anything other than the social media posts at issue. In other words, this is not a case of “whodunit” regarding confused perceptions of Plaintiffs’ association with Defendant. [The expert] states that the survey is for the purpose of measuring consumer confusion, or effect, not to ascertain causality. That is the way the Court interprets the survey as well.²¹⁶²

Yet another of the defendant’s criticisms of the survey—that it failed to adhere to standard quality control protocols—also received a frigid judicial reception. “According to Defendant,” the court observed, “the missing protocols include ‘CAPTCHA-type prompt to screen out automated responses, panel level checks, attention check questions, review of open-ended question responses, and analysis of response patterns.’ Defendant adds that the survey contains ‘poor-quality data’ and the lack of ‘follow-up questions’ is a significant methodological flaw.”²¹⁶³ Not only did the defendant fail to justify these criticisms in briefing its motion to exclude, but the plaintiff’s expert had used an internet survey platform with controls responsive to the defendant’s concerns. The defendant was free to

²¹⁵⁹ *Id.*

²¹⁶⁰ *Id.* at 810.

²¹⁶¹ *Id.* at 811.

²¹⁶² *Id.*

²¹⁶³ *Id.* at 812.

renew its concerns at trial, but they went to the weight, and not the admissibility, of the survey's results.²¹⁶⁴

Finally, the court rejected the defendant's criticisms of the survey because its questions were allegedly leading, vague, and primed respondents to give particular results. One such unsuccessful criticism raised by the defendant's own expert witness was that the survey referred to the challenged promotional materials as "ads," which potentially biased respondents who otherwise might not have regarded them as advertisements; "[b]y reviewing the images as they would have been viewed at the time," the court held in rejecting that contention, "the respondents were equipped with more context to decide on their own how to interpret the images regardless of the designation as an 'ad.'"²¹⁶⁵ The court similarly was unimpressed with the defendant's objections to the survey's screening questions, the order of its questions, and its failure to crop out non-parties in one image, all of which it also held insufficient to warrant exclusion.²¹⁶⁶ Finally, it held that a failure to ask a follow-up question about how a respondent recognized a particular woman used as a stimulus was not fatal to the survey's admissibility because "[t]here is no explanation why a follow-up question undermines the reliability of the responses other than to ferret out Defendant's claim that a respondent may have mistaken the questions for a recall exercise."²¹⁶⁷

A second court to address the results of a survey conducted by the same witness based on closely similar facts—the unauthorized use of photographs of the plaintiffs in advertisements for a strip club—also denied a motion to exclude his testimony, albeit in a far more limited discussion than that in the first court's opinion.²¹⁶⁸ With respect to the witness's credentials, the second court found that his "doctorate degree in marketing, decades of teaching at the graduate and undergraduate level, and extensive experience conducting marketing research . . . suffice to establish that he is qualified to design and conduct consumer surveys and interpret the results."²¹⁶⁹ Then, considering the reliability of his methodology for measuring the extent to which respondents believed the plaintiffs had any affiliation with the club, approved of the use of their images, were paid by the club, or participated in the events or activities at the club, it determined that "[t]he survey he designed and the way it was administered gathered data that was consistent with the limited scope of that inquiry. The reliability of his methods is not

²¹⁶⁴ *Id.* at 813.

²¹⁶⁵ *Id.*

²¹⁶⁶ *Id.*

²¹⁶⁷ *Id.* at 814.

²¹⁶⁸ See *Ratchford v. Orange Lantern, Inc.*, 720 F. Supp. 3d 64 (D. Mass. 2024).

²¹⁶⁹ *Id.* at 73.

undermined by the fact that another qualified expert may have made different decisions about how to gather similar consumer information.”²¹⁷⁰ Finally, “[the witness’s] opinions were also within the scope of that inquiry and well-supported by the survey data.”²¹⁷¹

v. Surveys to Document Trademark Uses by Defendants

A creative approach to a survey apparently intended to demonstrate that consumers recognized the defendant’s uses as trademarks—instead of mere ornamentation, as asserted by the defendant—met with misfortune at the hands of a Pennsylvania federal district court.²¹⁷² That outcome transpired in a case in which Pennsylvania State University challenged the sale of clothing bearing various verbiage or designs either expressly incorporating, or strongly reminiscent of, Penn State’s registered marks. Responding to the defendants’ claim that their uses were nonactionable ornamentation, an expert retained by the plaintiff exposed survey respondents to the three stimuli reproduced below, the first two of which came from the defendants’ website, and the last of which was a control:



²¹⁷⁰ *Id.*

²¹⁷¹ *Id.* As the court summarized them, the witness’s opinions were that:

(1) a large majority of consumers considering whether to visit a gentleman’s club consider the women working there to be an important factor in their decision; (2) such consumers are likely to believe that women shown in ads posted by the [club] have (a) agreed to endorse or sponsor the [club], (b) a connection with the [club], (c) approved the use of their images, (d) been paid to promote the [club], and (e) participated in activities at the [club]; and (3) such consumers are likely to believe the [club] posted images of women in order to convey to potential consumers that they would see similar looking women if they visited the [club].

Id. at 74.

²¹⁷² See *Pa. State Univ. v. Vintage Brand, LLC*, 715 F. Supp. 3d 602 (M.D. Pa. 2024), *clarified on denial of reconsideration*, No. 4:21-CV-01091, 2024 WL 1416505 (M.D. Pa. Apr. 2, 2024).



Respondents were then shown the following definition of “trademark”: “The term ‘trademark’ includes any word, name, symbol, device (e.g., a drawing or design), or any combination thereof, used by an entity to identify and distinguish its merchandise from merchandise manufactured or sold by others and to indicate the source of the merchandise.”²¹⁷³ Finally, the survey asked whether any of the images contained trademarks, a question that yielded positive response rates of 81% and 80% for the two test stimuli versus 24% for the control. Based on those responses, Penn State’s expert opined that consumers viewed the images appearing in the two test stimuli as marks.

Unfortunately for Penn State, the court granted the defendants’ *Daubert* motion to exclude the survey’s results on multiple grounds. The court accepted the expert’s credentials as an expert²¹⁷⁴ and rejected the defendants’ argument that the survey did not test for a relevant question.²¹⁷⁵ Nevertheless, it found the survey unreliable in light of the “novelty” of its methodology and the lack of any error rate of standards either in the case law or in academic works.²¹⁷⁶ Beyond that, the court credited testimony by two experts retained by the defendants who criticized the survey’s definition of “trademark” and references to Penn State in its screening questions as priming respondents to hunt for trademarks in the test stimuli, its failure to test whether respondents understood that definition, and its presentation of the test stimuli outside of the marketplace conditions in which actual consumers would have encountered them.²¹⁷⁷ Finally, the court faulted the survey’s control because it lacked sufficient shared characteristics with the test stimuli.²¹⁷⁸ The expert’s proposed testimony therefore failed to make the grade.

²¹⁷³ *Id.* at 623 n.111.

²¹⁷⁴ *Id.* at 629.

²¹⁷⁵ *Id.* at 624.

²¹⁷⁶ *Id.* at 625.

²¹⁷⁷ *Id.* at 625–29.

²¹⁷⁸ *Id.* at 629.

vi. Materiality Surveys

If a defendant has resold once-genuine goods differing in some material fashion from their authorized counterparts, liability for infringement can exist if the material differences either are not adequately disclosed to consumers²¹⁷⁹ or are so material that no amount of disclosure will render confusion unlikely.²¹⁸⁰ To demonstrate materiality in the first instance, one plaintiff commissioned survey evidence in its challenge to defendants who purchased its rehydration products in Mexico before repackaging them and reselling them in the United States.²¹⁸¹ The resold goods differed in many ways from the corresponding goods that the plaintiff sold in the United States, and the survey measured the alleged materiality of those differences by using the following methodology:

It was a double-blind survey of 392 Americans who had purchased rehydration beverages over the past year or said that they were likely to do so over the next year. Each respondent was asked how important each of 14 product differences would be to their decision to purchase such a beverage. Each question could be answered either “very important,” “important,” “slightly important,” “not at all important,” and “don’t know or don’t have an opinion about that.”²¹⁸²

The survey results showed that, with one exception—whether the label identified the product as gluten free—over 50 percent of those responding found the differences at issue “very important” or “important” to their purchasing decisions.²¹⁸³

The defendants’ challenge to the admissibility of the survey and its results focused in part on the alleged “weaknesses in training and experience” of the plaintiff’s expert, who was a trademark, instead of a marketing, professor.²¹⁸⁴ They also challenged the survey’s methodology, which had not been peer-reviewed and allegedly asked the “wrong questions,” which the defendants argued should have been “about consumer behavior (the way people choose

²¹⁷⁹ See, e.g., *Beltronics USA, Inc. v. Midwest Inventory Distrib. LLC*, 562 F.3d 1067, 1074–76 (10th Cir. 2009) (affirming finding of liability based on failure to disclose lack of warranty protection covering altered good).

²¹⁸⁰ See e.g., *Cartier v. Aaron Faber, Inc.*, 396 F. Supp. 2d 356, 360 (S.D.N.Y. 2005) (reaching finding of counterfeiting based on showing that “[t]he [defendants]’ alteration of the [plaintiffs]’ watches is so extensive as to have significantly changed the design of the original product and to have compromised the core functions of the watch”).

²¹⁸¹ See *Sueros Y Bebidas Rehidratantes, S.A. de D.V. v. Indus Enters.*, 690 F. Supp. 3d 745 (S.D. Tex. 2023).

²¹⁸² *Id.* at 754.

²¹⁸³ *Id.*

²¹⁸⁴ *Id.*

and use a product), . . . instead [of] about consumer perception (the opinions, feelings, and beliefs customers have about the product brand).”²¹⁸⁵ The court held neither set of criticisms was convincing, finding that the survey was “straightforward, clear, and . . . consistent with the undisputed facts showing that the defendants’ rehydration beverage product copies the plaintiffs’ trade dress,”²¹⁸⁶ and, in any case, that “[a]s a general rule, questions relating to the bases and sources of an expert’s opinion affect the weight to be assigned that opinion rather than its admissibility and should be left for the jury’s consideration.”²¹⁸⁷

vii. Secondary Source Surveys

The results of one standard *Eveready* confusion study served double duty after the court found them probative evidence that, even if various marks owned by Pennsylvania State University were merely ornamental, they nevertheless were protectable because they suggested the marks served as indicators of the secondary source of the goods to which they were affixed.²¹⁸⁸ As test stimuli, the survey at issue used excerpts from the defendants’ website showing examples of clothing sold by the defendants and bearing the defendants’ imitations of Penn State’s marks. When the positive responses for the survey’s control were backed out, a “composite metric, which aggregated responses,” and which was designed by Penn State’s survey expert, yielded a net level of sponsorship and/or approval confusion of up to 43%.²¹⁸⁹ Those results sufficiently favored a finding of secondary source as to render a grant of the defendants’ motion for summary judgment on the issue inappropriate.²¹⁹⁰

b. Monetary Relief Experts

In a magisterial opinion, a Florida federal district court reached varying results when addressing motions to exclude proffered competing expert testimony on the issue of the potential monetary relief to which the parties might be entitled.²¹⁹¹ The first witness whose testimony was at issue opined on the actual damages suffered

²¹⁸⁵ *Id.*

²¹⁸⁶ *Id.* at 755.

²¹⁸⁷ *Id.* at 754 (quoting *United States v. 14.38 Acres of Land, More or Less Sit. in Leflore County, Miss.*, 80 F.3d 1074, 1077 (5th Cir. 1996)).

²¹⁸⁸ *See Pa. State Univ. v. Vintage Brand, LLC*, 715 F. Supp. 3d 602 (M.D. Pa. 2024), *clarified on denial of reconsideration*, No. 4:21-CV-01091, 2024 WL 1416505 (M.D. Pa. Apr. 2, 2024).

²¹⁸⁹ *Id.* at 645.

²¹⁹⁰ *Id.*

²¹⁹¹ *See Open Sea Distrib. Corp. v. Artemis Distrib., LLC*, 692 F. Supp. 3d 1151 (M.D. Fla. 2023).

by the counterclaim plaintiffs. That opinion discussed damages in the conventional form of lost sales occasioned by the infringement of the mark to which the lead counterclaim plaintiff claimed rights. Beyond that, however, the expert opined that fraud undertaken by the counterclaim defendants in their dealings with the counterclaim plaintiffs had damaged the mark's value (thereby requiring corrective advertising) and that, should they lose on the merits, the counterclaim plaintiffs would be further damaged by having to dispose of their inventory of goods bearing the mark. Although the counterclaim defendants launched a blizzard of challenges to the witness's opinions on those issues, the court held that "[the counterclaim defendants'] many arguments concern less [the witness's] methodology and more [the witness's] underlying assumptions and ultimate conclusions";²¹⁹² those arguments therefore were "[b]est addressed by cross-examination and not by exclusion of his testimony."²¹⁹³ The court then rejected the counterclaim defendants' attacks on the witness's credentials: Although he lacked marketing experience, his extensive academic background qualified him to opine on the percentage of the counterclaim plaintiffs' promotional expenses attributable to the creation of future brand value and on the reasonable lost profits claimed by the counterclaim plaintiffs.²¹⁹⁴

The counterclaim plaintiffs' success continued to some extent where their challenge to the testimony of a monetary relief expert retained by the counterclaim defendants was concerned. That witness dedicated a portion of his report to the corrective advertising the counterclaim defendants would need to undertake if they prevailed on their causes of action against the counterclaim defendants. As the court noted, however, the witness merely recited a number provided to him by the Chief Executive Office of one of the counterclaim defendants. "In essence," the court observed, "[the witness] explains that counsel told him that [the counterclaim defendants] may be entitled to damages for corrective advertising, and, therefore, corrective advertising based on what [the CEO] told him [the counterclaim defendants] expect to spend is included in his total damages calculation."²¹⁹⁵ The court therefore limited the witness's testimony on the subject corrective advertising generally.²¹⁹⁶

That witness's proposed testimony fared better where its treatment of a reasonable royalty as a measure of actual damages

²¹⁹² *Id.* at 1231.

²¹⁹³ *Id.*

²¹⁹⁴ *Id.* at 1236–37.

²¹⁹⁵ *Id.* at 1245.

²¹⁹⁶ *Id.*

was concerned. On that issue, the witness imported from the utility patent context the venerable *Georgia-Pacific* factors, namely:

1. The royalties received by the patentee for the licensing of the patent in suit, proving or tending to prove an established royalty;
2. The rates paid by the licensee for the use of other patents comparable to the patent in suit;
3. The nature and scope of the license, as exclusive or non-exclusive; or as restricted or non-restricted in terms of territory or with respect to whom the manufactured product may be sold;
4. The licensor's established policy and marketing program to maintain his patent monopoly by not licensing others to use the invention or by granting licenses under special conditions designed to preserve that monopoly;
5. The commercial relationship between the licensor and licensee, such as, whether they are competitors in the same territory in the same line of business; or whether they are inventor and promoter;
6. The effect of selling the patented specialty in promoting sales of other products of the licensee; that existing value of the invention to the licensor as a generator of sales of his non-patented items; and the extent of such derivative or conveyed sales;
7. The duration of the patent and the term of the license;
8. The established profitability of the product made under the patent; its commercial success; and its current popularity;
9. The utility and advantages of the patent property over the old modes or devices, if any, that had been used for working out similar results;
10. The nature of the patented invention; the character of the commercial embodiment of it as owned and produced by the licensor; and the benefits to those who have used the invention;
11. The extent to which the infringer has made use of the invention; and any evidence probative of the value of that use;
12. The portion of the profit or of the selling price that may be customary in the particular business or in comparable businesses to allow for the use of the invention or analogous inventions;
13. The portion of the realizable profit that should be credited to the invention as distinguished from non-patented

elements, the manufacturing process, business risks, or significant features or improvements added by the infringer;

14. The opinion testimony of qualified experts; and

15. The amount that a licensor (such as the patentee) and a licensee (such as the infringer) would have agreed upon (at the time the infringement began) if both had been reasonably and voluntarily trying to reach an agreement; that is, the amount which a prudent licensee—who desired, as a business proposition, to obtain a license to manufacture and sell a particular article embodying the patented invention—would have been willing to pay as a royalty and yet be able to make a reasonable profit and which amount would have been acceptable by a prudent patentee who was willing to grant a license.²¹⁹⁷

Because none of the parties had entered into past licenses related to the disputed mark, the witness reviewed the rates from twenty other licenses from the same industry he located on royalty database to arrive at a proposed 3.9 percent royalty rate.²¹⁹⁸ The counterclaim plaintiffs did not object in theory to the use of a reasonable royalty to measure the counterclaim defendants' alleged actual damages. They instead argued the licenses were not comparable to one into which the parties would have entered based on arm's-length negotiations, but the court held those issues properly addressed on cross-examination.²¹⁹⁹ The court also rejected the counterclaim plaintiffs' objections to the witness's application of the *Georgia-Pacific* factors, holding that, although his analysis was "brief" and "inartful," the witness had adequately addressed each factor.²²⁰⁰ Finally, it held, the witness's failure to review the actual licenses underlying his determination of a reasonable royalty rate and the counterclaim defendants' failure to produce those agreements were harmless in light of the agreement's availability on the royalty database's website.²²⁰¹

Testimony from a different monetary relief expert also passed muster in a successful challenge by a plaintiff in the security business to various misrepresentations by a direct competitor and the competitor's agents.²²⁰² In support of the plaintiff's claim for reimbursement of its actual damages, that expert opined that the

²¹⁹⁷ *Id.* at 1238–39 (quoting *Ga.-Pac. Corp. v. U.S. Plywood Corp.*, 318 F. Supp. 1116, 1120 (S.D.N.Y. 1970), *judgment modified*, 446 F.2d 295 (2d Cir. 1971)).

²¹⁹⁸ That database was ktMINE, accessible at <https://www.ktmine.com> (last visited Nov. 29, 2024).

²¹⁹⁹ *Open Sea Distrib.*, 692 F. Supp. 3d at 1242–43.

²²⁰⁰ *Id.* at 1244.

²²⁰¹ *Id.* at 1248–50.

²²⁰² See *CPI Sec. Sys., Inc. v. Vivant Smart Home, Inc.*, 710 F. Supp. 3d 438 (W.D.N.C. 2024), *appeal docketed*, No. 24-1120 (4th Cir. Feb. 7, 2024).

jury could multiply the number of the plaintiff's customers complaining about the defendants' conduct by twenty to estimate the number of similarly situated customers who had not so complained. Not only did scholarship in the field and the lead defendant's internal documents support that methodology,²²⁰³ but the expert had reasonably relied on his review of transcripts of calls between the defendants and the plaintiff's customers when explaining to the jury how and why the defendants' conduct had harmed the plaintiff's brand equity.²²⁰⁴ The expert also had not committed an excludable error by opining on the need for corrective advertising that might reach customers of the plaintiff who had never encountered the defendants' unlawful conduct. On the latter issue, the court credited the witness's testimony that (as summarized by the court):

[I]t is incidental to any corrective advertising campaign that some individuals who may have never received or become confused by the initial miscommunication may also receive the corrective messaging. Further, where the tortfeasor's conduct makes it difficult to pinpoint or prove the scope of damage, that difficulty is construed against the wrongdoer—not the victim—and does not preclude recovery.²²⁰⁵

Finally, the court held, Rule 701 did not require the expert to put forth his numbers with "reasonable certainty"; instead, it was appropriate for him to opine on facts and circumstances allowing the jury to make a "probable estimate" of the plaintiff's damages.²²⁰⁶

Finally, proffers of the same witness's testimony in two different cases arising from similar facts—the unauthorized use of photographs of models (in both cases) and social media influencers—produced two different results. The witness at issue had over thirty years' experience representing over 5,000 models in the modeling industry, had negotiated over ten thousand contracts, and had billed or overseen bookings in excess of \$100 million.²²⁰⁷ One court considering his credentials found him qualified to opine on the value of the licensing fees the plaintiffs could have commanded had the defendants sought permission to use the plaintiffs' images.²²⁰⁸ That was true even though the witness lacked experience negotiating licenses with strip clubs in particular and

²²⁰³ *Id.* at 456, 457.

²²⁰⁴ *Id.* at 456.

²²⁰⁵ *Id.* at 456–57.

²²⁰⁶ *Id.* at 457.

²²⁰⁷ *See Johnson v. J.P. Parking, Inc.*, 717 F. Supp. 3d 798, 815 (S.D. Iowa 2024).

²²⁰⁸ *See Ratchford v. Orange Lantern, Inc.*, 720 F. Supp. 3d 64 (D. Mass. 2024).

despite his admission that his opinions were not based on an objective formula.²²⁰⁹

In contrast, the court in the second case took a much more skeptical view of the witness's opinions.²²¹⁰ The court found that his credentials qualified him to opine on the appropriate value of each image at issue, but it also found his methodology fatally flawed. In particular, he failed to explain to the court's satisfaction how he had calculated a base "day rate" for each model other than to invoke "(1) desirability, as measured by the number of social media follows, (2) work history, judged according to prior endorsements and advertisements, and (3) the nature of the business seeking the services including the type of product or service."²²¹¹ Worse still, he selectively applied and failed to apply those factors when calculating particular day rates. "Put simply," the court concluded, "there is a wide analytical gap between the factors considered by [the witness] and his estimated damages. He does not provide sufficient explanation to cure this analytical gap."²²¹²

c. Experts on USPTO Practice

A Florida federal district court took a mixed view of certain proffered expert testimony from a long-time USPTO employee whose service to the agency included service for over two decades on the Trademark Trial and Appeal Board.²²¹³ On the one hand, the court admitted the witness's testimony on the USPTO's practices and procedures generally and also entertained his opinion that the agency's treatment of two applications failed by the parties to register the same mark—one matured into a registration while the other was refused on the ground that the applied-for mark was merely descriptive of the goods sold under the mark—was inconsistent.²²¹⁴ On the other hand, however, the court held that the witness had gone too far when he opined on such topics as: (1) which party enjoined priority of rights in the United States to the disputed marks; (2) whether an agreement between the parties was a distribution agreement or a license agreement; (3) whether one of the parties was a distributor of another, as opposed to a related party.²²¹⁵ The court excluded that testimony because "an expert witness may not merely tell the jury what result to reach, may not

²²⁰⁹ *Id.* at 73.

²²¹⁰ *See Johnson*, 717 F. Supp. 3d at 814–17.

²²¹¹ *Id.* at 815.

²²¹² *Id.* at 817.

²²¹³ *See Open Sea Distrib. Corp. v. Artemis Distrib., LLC*, 692 F. Supp. 3d 1151 (M.D. Fla. 2023).

²²¹⁴ *Id.* at 1220.

²²¹⁵ *Id.* at 1220–21.

testify about the legal implications of conduct, and may not be the source of the law”²²¹⁶ Moreover, it held, exclusion was appropriate

under [Federal] Rule 102 [of Evidence] providing that the evidentiary rules should be construed as to administer each proceeding fairly and eliminate unjustifiable expense and delay to ascertain the truth and secure a just determination; under Rule 403 providing that a court may exclude relevant evidence if its probative value is substantially outweighed by a danger of unfair prejudice, confusing the issues, or misleading the jury; and under Rule 702 providing that an expert may testify in the form of an opinion only if the expert’s testimony is based on sufficient facts or data and is the product of reliable principles and methods.²²¹⁷

Ironically, the witness’s extensive experience weighed against the admission of his testimony: “Adding to the problem are [the witness’s] undeniably strong credentials, including as a former Administrative Trademark Judge for more than two decades, which lends gravitas to the improper testimony.”²²¹⁸

2. Discoverability and Admissibility of Other Evidence and Testimony

a. Enforcement of Subpoenas Issued in Trademark Trial and Appeal Board Proceedings

The rules of the Trademark Trial and Appeal Board generally do not allow live depositions of witnesses outside the United States.²²¹⁹ Although the Fourth Circuit previously has affirmed the ability of federal district courts to issue subpoenas to foreign companies as “witnesses,”²²²⁰ the same court limited its earlier holding by clarifying that it had not ruled that a target with no business activities or agents in the United States could be the subject of such an order.²²²¹ The court began its treatment of the issue with a scholarly survey of the history of Sections 23 and 24 of the Patent Act,²²²² the two federal statutes bearing on the issue. It noted that, although Section 23 contained a broad grant of subpoena power, Section 24 referred to compelled “testimony . . . taken for use in any

²²¹⁶ *Id.* at 1221.

²²¹⁷ *Id.*

²²¹⁸ *Id.*

²²¹⁹ See generally 37 C.F.R. §§ 2.120(c)(1), 2.123(a)(2).

²²²⁰ See *Rosenruist-Gestao E Servicos LDA v. Virgin Enters.*, 511 F.3d 437 (4th Cir. 2007).

²²²¹ See *Xactware Sols., Inc. v. Buildxact Software Ltd.*, 95 F.4th 810 (4th Cir. 2024).

²²²² 35 U.S.C. §§ 23, 24 (2018).

contested case in the Patent and Trademark Office.”²²²³ Concluding that the two sections must be read in conjunction with each other, the court held the testimony referenced by Section 24 was “necessarily testimony that the USPTO allows—the PTO, and only the PTO, sets its own rules about what evidence is admissible in contested cases (*i.e.*, cases adjudicated within the PTO).”²²²⁴ Thus, because the Trademark Rules of Practice did not mandate the Board’s consideration of testimony taken in a live proceeding, they trumped Section 23’s grant of authority. A contrary rule, the court observed, “would significantly displace the PTO’s authority to police its internal proceedings.”²²²⁵

b. Judicial Notice

As always, courts took judicial notice of myriad things. The most aggressive tribunal to do so took judicial notice of “the widely-held perception that mules are slow-moving, obstinate pack animals”;²²²⁶ more conventionally, it also took judicial notice of the contents of the parties’ websites²²²⁷ and their evidentiary proffers at an earlier stage of the proceedings before the Trademark Trial and Appeal Board.²²²⁸ Another court took judicial notice of records retrieved from the USPTO’s TESS system (albeit only to establish that a TESS search had yielded the records) and of the definition of “meat” in an online dictionary.²²²⁹

In contrast, one court declined to take judicial notice of a website operated by a plaintiff before that court.²²³⁰ The plaintiff, which manufactured noise-reducing enclosures for portable and standby generators, accused the defendant of falsely representing that the use of the plaintiff’s enclosures would void warranties on the generators. Having spotted “the substantially same statement” on the plaintiff’s site,²²³¹ the defendant argued in a motion to dismiss that the court should judicially notice that statement, but the court declined to do so. It observed that “Plaintiff’s website is not incorporated into the Complaint and does not serve as the genesis

²²²³ *Id.* § 24.

²²²⁴ *Xactware Sols.*, 95 F.4th at 818.

²²²⁵ *Id.* at 820.

²²²⁶ *Moke Am. LLC v. Am. Custom Golf Cars, Inc.*, 671 F. Supp. 3d 670, 692 (E.D. Va. 2023), *rev’d on other grounds*, 126 F.4th 263 (4th Cir. 2025).

²²²⁷ *Id.* at 687 n.12.

²²²⁸ *Id.* at 687 n.13.

²²²⁹ *See Good Meat Project v. GOOD Meat, Inc.*, 716 F. Supp. 3d 783, 807 (N.D. Cal. 2024).

²²³⁰ *See ZombieBox Int’l Inc. v. Generac Power Sys. Inc.*, 721 F. Supp. 3d 798 (D. Ariz. 2024).

²²³¹ *Id.* at 803.

of Plaintiff's claims. The website does not meet the high bar for judicial notice"²²³²

c. Third-Party Use

Relying on the text of Section 2(f),²²³³ the Federal Circuit has held that, when evaluating the acquired distinctiveness of a claimed mark, a trial court properly should not consider third-party usage of similar marks predating the defendant's date of first use by more than five years.²²³⁴ That holding, however, has a significant qualification missed by a Texas federal district court, which relied on the holding in a case in which the plaintiff successfully established in a jury trial that two defendants had both infringed, and trafficked in counterfeit imitations of, the plaintiff's electric guitar configurations.²²³⁵ Although the defendants sought to demonstrate the genericness of the plaintiff's designs through evidence of third-party uses, the district court excluded that evidence to the extent it related to uses not within five years of the introduction of the defendants' own uses. That exclusion, the Fifth Circuit held on appeal, was an abuse of discretion. It noted that the Federal Circuit had held that "[third-party] uses older than five years should only be considered relevant *if there is evidence that such uses were likely to have impacted consumers' perceptions of the mark as of the relevant date.*"²²³⁶ Because the district court had failed to the possible impact of the uses documented by the defendants on consumers' perception of the plaintiff's configurations, the exclusion of their showing was reversible error.²²³⁷ The defendants therefore were entitled to a new trial.²²³⁸

d. Knowledge by Plaintiffs of Third-Party Infringements

When a brand name drug manufacturer brought counterfeiting, infringement, and unfair competition claims against the alleged participants in a widespread scheme to distribute fake preparations under the plaintiff's marks, the defendants responded by seeking discovery from the plaintiff on whether the preparations in question had actually been distributed by third parties and the plaintiff's

²²³² *Id.*

²²³³ 15 U.S.C. § 1052(f) (2018).

²²³⁴ *See Converse, Inc. v. Int'l Trade Comm'n*, 909 F.3d 1110, 1121 (Fed. Cir. 2018).

²²³⁵ *See Gibson, Inc. v. Armadillo Distrib. Enters.*, 107 F.4th 441 (5th Cir. 2024), *as revised* (Aug. 8, 2024).

²²³⁶ *Id.* at 448 (alteration in original) (emphasis added) (quoting *Converse*, 909 F.3d at 1121).

²²³⁷ *Id.* at 441.

²²³⁸ *Id.*

knowledge of the third parties' activities.²²³⁹ Characterizing the defendants' request as irrelevant to the claims against the defendants, the plaintiff objected to the defendants' discovery requests and depositions of its personnel. Noting that the plaintiff itself had raised the possibility of a relationship between the defendants and the third parties earlier in the litigation, as well as that the plaintiff had averred a lack of knowledge about that relationship, the court granted some, but not all, of the defendants' motion to compel on the issue.²²⁴⁰

e. Lay Witness Testimony

One court took a hard-line approach to a statement of an undisputed material fact grounded in testimony from a lay witness proffered to demonstrate the fame of marks owned by Pennsylvania State University.²²⁴¹ That testimony recited that "Penn State is the flagship public research university in the Commonwealth of Pennsylvania and is famous throughout the United States and the world for its educational programs, athletics programs, and many other goods and services that Penn State offers and provides to students, alumni, and members of the general public."²²⁴² Holding that the witness's assessment of mark fame could not rest on her personal knowledge, the court granted a defense motion to exclude it.²²⁴³ Penn State's proffer of an additional allegedly undisputed fact to the effect that its marks were widely recognized suffered the same fate because it rested on the same witness's testimony and on an engagement study not qualifying as a business record.²²⁴⁴

Penn State's luck changed for the better, albeit only partially, when the court considered Penn State's own motion to exclude various aspects of the declaration testimony of one of the defendants. The court allowed that defendant to testify of his personal belief that allegedly infringing graphics appearing on clothing sold by the defendants were in the public domain and originated with parties other than Penn State; that belief, the court held, was relevant to Penn State's allegations of willful trademark infringement.²²⁴⁵ It also declined to exclude certain other portions of the same declaration based on alleged contradictions between it and the defendant's deposition testimony, which the court found lacked

²²³⁹ See *Gilead Scis., Inc. v. Safe Chain Sols. LLC*, 345 F.R.D. 12 (E.D.N.Y. 2023).

²²⁴⁰ *Id.* at 21–22.

²²⁴¹ See *Pennsylvania State Univ. v. Vintage Brand, LLC*, 715 F. Supp. 3d 602 (M.D. Pa. 2024), *clarified on denial of reconsideration*, No. 4:21-CV-01091, 2024 WL 1416505 (M.D. Pa. Apr. 2, 2024).

²²⁴² *Id.* at 633.

²²⁴³ *Id.*

²²⁴⁴ *Id.*

²²⁴⁵ *Id.* at 635, 636.

support in the record. Nevertheless, the court did strike the defendant's testimony regarding the motivations of consumers purchasing his company's goods and the provenance of one of the designs appearing on the defendants' goods as impermissibly speculative.²²⁴⁶

f. Testimony from Undisclosed Witnesses

One court drove home that a litigant's failure to disclose material witnesses in discovery can justify the exclusion of those witnesses' testimony later in the litigation.²²⁴⁷ The court did so after a plaintiff responded to its opponents' motion for summary judgment with the testimony of previously undisclosed witnesses; living dangerously, the plaintiff cited to the same testimony in a reply brief in support of its cross-motion for summary judgment. The plaintiff sought to explain its actions by arguing that, first, it had disclosed the witnesses by describing them in broad categories (instead of by name), and, second, the defendants had known of the witnesses earlier in the litigation and had themselves refused to disclose their identities in response to the plaintiff's discovery requests. The court was unconvinced, and it declined to consider the testimony under Federal Rule of Civil Procedure 37(c)(1);²²⁴⁸ the court did, however, also decline to enter further sanctions by ordering the plaintiff to reimburse the defendants for their attorneys' fees.²²⁴⁹

g. Cease-and-Desist Letters

Having perhaps ill-advisedly sent a demand letter to an adversary with prior rights, one lead defendant attempted to have that correspondence stricken from the complaint against it on the theory that its allegations of likely confusion had occurred in the context of inadmissible settlement negotiations.²²⁵⁰ The court found otherwise:

The record does not establish that the letter was sent as part of a settlement negotiation. The letter does not say that it is privileged or that it was sent for the purpose of settlement. Instead, it says that [the defendant] "would like to invite a dialogue to find a mutual and amicable solution to the issue." At most, the letter thus seems to be an

²²⁴⁶ *Id.* at 636–37.

²²⁴⁷ *See* Intercollegiate Women's Lacrosse Coaches Ass'n v. Corrigan Sports Enters., 694 F. Supp. 3d 625 (M.D.N.C. 2023).

²²⁴⁸ *Id.* at 652–55 (citing Fed. R. Civ. P. 37(c)(1)).

²²⁴⁹ *Id.* at 656.

²²⁵⁰ *See* Good Meat Project v. GOOD Meat, Inc., 716 F. Supp. 3d 783 (N.D. Cal. 2024).

“invitation[] to initiate settlement discussions” that had not yet begun. . . .

Regardless of whether the letter is a settlement communication, it could potentially be admitted for the limited purpose of proving [the defendants’] willfulness. . . . Striking the letter from the allegations of the Complaint would prevent its use for that permissible purpose.²²⁵¹

h. Prior Bad Acts

Having been hit with an award of \$189,700,000 in compensatory and punitive damages for their false advertising and deceptive trade practices, one group of defendants argued in post-trial motion practice that evidence of regulatory proceedings against them and complaints about them to third parties had inflamed the jury into making that allegedly inflated award.²²⁵² The court declined to revisit its earlier decision to admit both categories of evidence. In doing so, it held that evidence relevant to the lead defendant’s knowledge of the misconduct of its agents, to the defendants’ intent, and to the lack of mistake or accident.²²⁵³

i. Other Evidence

In a case brought by the heirs of the owner of a Des Moines, Iowa bar and of her husband, some of the evidence proffered by those plaintiffs consisted of articles in third-party media from the 1950s on the bar owner and her ability to pour beer into glasses balanced on her breasts.²²⁵⁴ Accused of violating the bar owner’s posthumous right of publicity, the defendant, which operated a bar named after the bar owner and replete with references to her, sought to exclude the articles as hearsay. The court declined to grant that relief, holding instead that the articles were admissible under several theories, beginning with the fact that they were not hearsay because the plaintiffs sought to rely upon them only to show that the original bar’s owner had been famous and why.²²⁵⁵ Beyond that, the court pointed out that the defendant itself had used many of the articles in promoting its latter-day bar, which meant they were admissible as statements of a party opponent under Federal Rule of Evidence

²²⁵¹ *Id.* at 810 (second alteration in original) (citation omitted) (quoting *Albert v. Embassy of Music GMBH*, No. 5:19-CV-06652-EJD, 2020 WL 4284830, at *7 (N.D. Cal. July 27, 2020)).

²²⁵² *See CPI Sec. Sys., Inc. v. Vivant Smart Home, Inc.*, 710 F. Supp. 3d 438 (W.D.N.C. 2024), *appeal docketed*, No. 24-1120 (4th Cir. Feb. 7, 2024).

²²⁵³ *Id.* at 453.

²²⁵⁴ *See Est. of Bisignano by & through Huntsman v. Exile Brewing Co.*, 694 F. Supp. 3d 1088 (S.D. Iowa 2023).

²²⁵⁵ *Id.* at 1100.

801(d)(2)(B);²²⁵⁶ under the circumstances, the court held, it could not credit the defendant's "newfound cynicism toward the articles."²²⁵⁷

G. Trademark- and Service Mark-Related Transactions

1. Interpretation and Enforcement of Assignments

The Fifth Circuit took a hard line toward a plaintiff in an infringement action in which the plaintiff owned three federal registrations of the marks it sought to protect.²²⁵⁸ The plaintiff claimed to have acquired rights to the marks from one of its principals, who initially used the marks while operating as a sole proprietorship. That business underwent several transformations until it assumed the form of a limited partnership in which the marks' original user and his wife were limited partners. Because the plaintiff had filed a declaration of incontestability for one of the registrations, the registrations should have been either prima facie or conclusive evidence of the plaintiff's ownership of the underlying marks under Sections 7(b), 33(a), and 33(b) of the Act,²²⁵⁹ but the Fifth Circuit affirmed the district court's requirement that the plaintiff affirmatively prove the transactions leading to its ownership of the marks; what's more, because any such transaction was unwritten, the court required the plaintiff to carry its burden by "clear and uncontradictory testimony."²²⁶⁰ The trial record lacked any substantive evidence or testimony on that issue, and the court concluded as a matter of law that the plaintiff had failed to establish its ownership of federally registered marks and therefore could not assert a cause of action for infringement under Section 32.²²⁶¹ Improbably, however, the court also held that "Defendant's ownership challenge does not apply to Plaintiff's claim under Section 43(a) for infringement of any marks before they were federally registered."²²⁶²

Assignments in a different case played out in smoother fashion.²²⁶³ Having defaulted on payments under a secured loan for which trademarks were the collateral, the marks' owner conveyed them to its lender through a peaceful possession agreement, after

²²⁵⁶ *Id.* (citing Fed. R. Evid. 801(d)(2)(B)).

²²⁵⁷ *Id.*

²²⁵⁸ *See* *Rex Real Est. I, L.P. v. Rex Real Est. Exch., Inc.*, 80 F.4th 607 (5th Cir. 2023).

²²⁵⁹ 15 U.S.C. §§ 1057(b), 1115(a), 1115(b) (2018).

²²⁶⁰ *Rex Real Est. I*, 80 F.4th at 618 (quoting *Diebold, Inc. v. Multra-Guard, Inc.*, 189 U.S.P.Q. 119, 124 (T.T.A.B. 1975)).

²²⁶¹ *Id.*

²²⁶² *Id.*

²²⁶³ *See* *N. Star IP Holdings, LLC v. Icon Trade Servs., LLC*, 710 F. Supp. 3d 183 (S.D.N.Y. 2024).

which the lender sold the marks to another party—the plaintiff in the litigation—under New York’s version of Article 9 of the Uniform Commercial Code. When the plaintiff asserted that the Article 9 sale had automatically terminated certain exclusive licenses owned by the defendant,²²⁶⁴ the defendant unsuccessfully contended the plaintiff was ineligible to invoke that rule because the plaintiff had not acted in good faith when acquiring the marks.²²⁶⁵ One basis of the defendant’s argument on that issue was the defendant’s transmittal of an allegedly misleading notice to licensees of the marks the plaintiff had acquired, but, as the court pointed out, that notice had gone out after the acquisition.²²⁶⁶ The court also discounted the defendant’s claim that the plaintiff had participated in a scheme to “usurp” the defendant’s rights under the licenses because it was beyond material dispute that the secured lender had solicited numerous bids before selling the marks to the plaintiff; indeed, the defendant itself had partnered with a third party to bid on the marks.²²⁶⁷ Finally, the court found it significant that the defendant had not objected to the terms or circumstances of the sale at the time it occurred, which the court independently found were reasonable.²²⁶⁸ The result was summary judgment in the plaintiff’s favor:

The record reflects that [the plaintiff] acted in good faith in purchasing the [marks] from [the lender], and [the defendant] failed to present any viable facts to the contrary. Accordingly, pursuant to [the UCC], [the plaintiff] took its rights in the [marks] free of [the defendant’s] interest therein. The Article 9 sale thus extinguished as a matter of law all of [the defendant’s] rights in the [marks]²²⁶⁹

2. Interpretation and Enforcement of Licenses

The question of whether licenses were exclusive or nonexclusive came into play in one case after the original licensor surrendered its marks to a secured lender, which eventually sold the marks to the plaintiff; the plaintiff then sent termination notices to the defendant and eventually sued them for infringement.²²⁷⁰ In addressing the

²²⁶⁴ See N.Y. U.C.C. LAW § 9-617(a) (“A secured party’s disposition of collateral after default . . . discharges any subordinate security interest or other subordinate lien other than liens created under any law of this state that are not to be discharged.”).

²²⁶⁵ See *id.* § 9-617(b) (“A transferee that acts in good faith takes free of the rights and interests [that may be attached to secured property], even if the secured party fails to comply with this article or the requirements of any judicial proceeding.”).

²²⁶⁶ See *N. Star IP Holdings*, 710 F. Supp. 3d at 203.

²²⁶⁷ *Id.*

²²⁶⁸ *Id.* at 203–04.

²²⁶⁹ *Id.* at 204.

²²⁷⁰ See *id.* at 191–96.

defendant's argument on the parties' cross-motions for summary judgment that the licenses remained in effect, the court noted that, under the Uniform Commercial Code, "licensees' rights are subject to the security interest of the secured party and thus may be extinguished in a disposition of the collateral upon default."²²⁷¹ Although just such a disposition had occurred, the defendant contended it qualified for an exception to that general rule, namely, that "a licensee in the ordinary course [of business] takes its rights under a nonexclusive license free of a security interest in the general intangible [property] created by the licensor."²²⁷²

The court sided with the plaintiff on the issue. For one thing, the licenses themselves recited that they were exclusive in nature.²²⁷³ And, for another, the defendant itself had repeatedly characterized them as exclusive in prelitigation correspondence between the parties.²²⁷⁴ Finally, although the marks' original owner had licensed their use in connection with goods other than those sold by the defendant, that did not affect the licenses' exclusivity with respect to the goods covered by them.²²⁷⁵ The plaintiff, and not the defendant, therefore was entitled to summary judgment on the issue of exclusivity:

[T]he Licenses are exclusive as a matter of law such that [the exception] does not apply. [The defendant] took its rights under the Licenses subject to [the lender's] security interest and at risk of discharge in the event of [the original owner's] default and a subsequent disposition of the [marks] by [the lender]. Thus, [the plaintiff] took its rights in the [marks] free of [the defendant's] interest²²⁷⁶

3. Interpretation and Enforcement of Settlement Agreements

A prior settlement agreement between two parties came back to haunt the defendant when the Fourth Circuit affirmed a finding as a matter of law that the defendant had breached the agreement.²²⁷⁷ The dominant element of marks used by both parties was the word "Dewberry," and the settlement agreement, *inter alia*: (1) barred the defendant from "us[ing] the word DEWBERRY in the name of, or as a mark for, any architectural and/or engineering company, or in

²²⁷¹ *Id.* at 200 (citing N.Y. U.C.C. LAW § 9-617(a)).

²²⁷² *Id.* (quoting N.Y. U.C.C. LAW § 9-321(b)).

²²⁷³ *Id.* at 201.

²²⁷⁴ *Id.*

²²⁷⁵ *Id.*

²²⁷⁶ *Id.* at 202.

²²⁷⁷ *See Dewberry Eng'rs v. Dewberry Grp.*, 77 F.4th 265 (4th Cir. 2023), *cert. granted*, 144 S. Ct. 2681 (2024).

connection with any architectural or engineering services”;²²⁷⁸ and (2) required the defendant, “where feasible,” to use a stylized column in conjunction with its marks,²²⁷⁹ to use the DEWBERRY CAPITAL mark when providing real estate development services outside of Virginia, Maryland, and the District of Columbia, and to use the DCC mark when providing its services in those jurisdictions. The summary judgment record demonstrated to the court’s satisfaction the defendant’s violations of all of those provisions in providing its architectural services, which required the defendant to advance various technical arguments in its attempts to escape liability.

One such argument was that the agreement’s “where feasible” language was too ambiguous to be enforceable, which the court rejected without extended analysis.²²⁸⁰ Another was that the district court should have considered extrinsic evidence allegedly establishing that the prohibitions on the defendant’s uses applied only to “public facing” project names; that argument, the court held, fell short in light of a merger clause in the agreement reciting that the “[p]arties expressly agree that they will not attempt in the future to argue that there were any other written or oral understandings or agreements between the [p]arties, as of the date of this Agreement, that are not expressly contained in this Agreement.”²²⁸¹ The defendant also argued that certain of its “in-house” activities were not technically architectural in nature because they did not require a license under Virginia law, but the court found that contention “fanciful and unsupported” in light of a state statute reciting that “[t]he ‘practice of architecture’ means any service wherein the principles and methods of architecture are applied, such as consultation, investigation, evaluation, planning and design, and includes the responsible administration of construction contracts.”²²⁸² Finally, the court rejected the defendant’s argument that the plaintiff had failed to demonstrate actionable injuries arising from the defendant’s breaches, citing to reputational harm the plaintiff had demonstrated documented through unfavorable press coverage of the defendant’s projects, which were mistakenly identified as the plaintiff’s projects.²²⁸³

²²⁷⁸ *Id.* at 277.

²²⁷⁹ *Id.* at 278.

²²⁸⁰ *Id.*

²²⁸¹ *Id.* (alterations in original).

²²⁸² *Id.* at 278–79 (alteration in original) (quoting VA. CODE ANN. § 54.1-400).

²²⁸³ *Id.* at 279.

H. The Relationship Between the Lanham Act and Other Statutes

1. The Drug Supply Chain Security Act

In a challenge to the widespread counterfeiting of the marks under which its HIV preparations were sold, one pharmaceutical manufacturer accused the defendants of, among things, fabricating the “pedigrees,” or records documenting the chain of all the sales or transfers of those preparations.²²⁸⁴ Seeking (unsuccessfully) to fend off the conversion of a temporary restraining order previously secured by the plaintiff into a preliminary injunction, the defendants argued the Drug Supply Chain Security Act (DSCHA)²²⁸⁵ barred the plaintiff’s Lanham Act claims because the DSCHA allegedly gave the Food and Drug Administration the exclusive authority to decide claims involving suspect pedigrees. The court made short work of that argument, holding to the contrary that “[t]he allegations here are that the pedigrees contained made-up chains of sale intended to confuse consumers, conceal material differences that would likely be relevant to a consumer’s decision to purchase the drugs, and flout the trademark holder’s quality control standards. These are classic Lanham Act claims.”²²⁸⁶

2. The Bankruptcy Act

A filing for federal bankruptcy protection triggers an automatic stay on efforts by creditors of the debtor and others “to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate.”²²⁸⁷ The proper interpretation of that statutory language took center stage in an appeal to the Second Circuit in a case in which the debtors accused a competitor of having engaged in false advertising aimed at siphoning off the debtors’ customers.²²⁸⁸ The advertising in question called the debtors’ filing to the attention of consumers in the geographic markets serviced by the debtors and advised them that the debtors’ future was “unknown.”²²⁸⁹ The debtors responded by successfully arguing to the bankruptcy court but unsuccessfully to the district court that the competitor’s advertising campaign violated the automatic stay because the campaign sought to

²²⁸⁴ See *Gilead Scis., Inc. v. Safe Chain Sols., LLC*, 684 F. Supp. 3d 51 (E.D.N.Y. 2023).

²²⁸⁵ Pub. L. No. 113-54, 127 Stat. 587 (2013) (codified as amended at 21 U.S.C. § 301 (2018) *et seq.*).

²²⁸⁶ *Gilead Scis.*, 684 F. Supp. 3d at 61.

²²⁸⁷ 11 U.S.C. § 362(a)(3) (2018).

²²⁸⁸ See *In re Windstream Holdings, Inc.*, 105 F.4th 488 (2d Cir. 2024).

²²⁸⁹ *Id.* at 492.

appropriate the debtors' goodwill in the form of their customer contacts.

The Second Circuit held that the bankruptcy court had not erred in holding the competitor not in contempt of the automatic stay. It began its analysis of the issue by confirming both that the debtors' contracts with their customers and their goodwill constituted property of the estate.²²⁹⁰ Nevertheless, the court next held that the competitor had not unlawfully attempted to exercise control over that property:

The automatic stay exists to give debtors a “fresh start,” but not the “head start” that could result from allowing a debtor to prevent competition. Construing “exercise control” to include any action that affects consumer choice would prohibit any advertising (indeed, any competition) with a debtor during bankruptcy—an unimaginable result.²²⁹¹

The court therefore affirmed the district court's finding of no contempt with the explanation that “[b]ecause we are skeptical that by its actions, [the competitor] ‘exercised control’ over [the debtors] property under the Bankruptcy Code, we hold that there is, at least, a ‘fair ground of doubt’ that Charter violated the automatic stay.”²²⁹²

I. Insurance-Related Issues

1. Opinions Ordering Coverage

In a dispute arising from accusations that an insured had engaged in multiple sales of computer networking products bearing counterfeit marks, the Eighth Circuit affirmed a determination that a policy covering losses caused by a “communications and media wrongful act’ committed anywhere in the world” required the carrier to defend the insured.²²⁹³ The key issue in the appeal before that court was whether certain of the challenged transactions, which had occurred during the pendency of the policy, were “related” to certain other transactions occurring prior to the coverage period, in which case a retroactive-act exclusion to coverage applied. On that issue,

²²⁹⁰ The court explained with respect to the estate's goodwill that:

[T]he record here is clear that [the debtors were] operating as usual while in bankruptcy proceedings, as evidenced by [their] ability to obtain \$1 billion in debtor-in-possession financing. Similarly, the fact that [the debtors] had such a robust customer base to be targeted by [the competitor's] advertising scheme is further evidence that [the debtors] retained [their] goodwill throughout [their] bankruptcy.

Id. at 497.

²²⁹¹ *Id.* at 498–99 (first quoting *In re Kokoszka*, 479 F.2d 990, 995 (2d Cir. 1973); and then quoting 11 U.S.C. § 362(a)(3)).

²²⁹² *Id.* at 499 (quoting *Taggart v. Lorenzen*, 587 U.S. 554, 561 (2019)).

²²⁹³ See *Dexon Comp., Inc. v. Travelers Prop. Cas. Co. of Am.*, 101 F.4th 969 (8th Cir. 2024).

the policy defined “related” as “connected, tied or linked by any fact, circumstance, situation, event, transaction, cause or series of related facts, circumstances, situations, events, transactions or causes.”²²⁹⁴

The carrier ambitiously argued all the transactions were related because they involved allegations of counterfeiting against the insured, but the court made short work of that theory. Applying the standard rule under Minnesota law that the duty to defend was broader than the duty to indemnify,²²⁹⁵ it held that the use of the word “scheme” by the plaintiff in the underlying action did not mean all the sales by the defendant were necessarily related.²²⁹⁶ In doing so, it cited with approval the insured’s argument to the carrier in pre-lawsuit correspondence noted that the disputed products in the underlying action “were (1) different products (2) that had been purchased at different times (3) from different sources (4) by different . . . employees [of the insured] and then (5) sold to different customers.”²²⁹⁷ The policy therefore obligated the carrier to cover the costs of the defense of the action, even if the issue of the carrier’s duty to indemnify the insured and the extent of that duty remained to be determined by the outcome of the underlying suit.²²⁹⁸

A different carrier also wound up on the losing side of a coverage dispute arising from the authorized use of images of professional models to promote a strip club.²²⁹⁹ As part of the settlement of that underlying dispute, the models acquired the right to pursue the defendant’s carrier for compensation, leading the carrier to initiate a declaratory judgment action for noncoverage. The policy obligated the carrier to cover, *inter alia*, the defense of actions for “[p]ersonal and advertising injur[ies]” caused by:

- d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person’s or organization’s goods, products or services;
- e. Oral or written publication, in any manner, of material that violates a person’s right of privacy;
- f. The use of another’s advertising idea in your “advertisement”; or
- g. Infringing upon another’s copyright, trade dress or slogan in your “advertisement”.²³⁰⁰

²²⁹⁴ *Id.* at 972.

²²⁹⁵ *Id.* at 973.

²²⁹⁶ *Id.* at 976.

²²⁹⁷ *Id.* at 973.

²²⁹⁸ *Id.* at 977.

²²⁹⁹ *See* *Princeton Excess & Surplus Lines Ins. Co. v. R.I. Cranston Ent. Inc.*, 725 F. Supp. 3d 184 (D.R.I. 2024).

²³⁰⁰ *Id.* at 193.

Although the claims in the underlying suit against the club sought to recover for those categories of conduct, the carrier invoked a disclaimer of coverage referencing the same activities if they arose “out of or are part of exhibitions and related marketing,” which, the court noted, were “broadly defined.”²³⁰¹ Applying Rhode Island law, the court held on the parties’ cross-motions for summary judgment that the policy and the exclusion were “clearly worded, specific, and directly contradictory to each other.”²³⁰² Coverage therefore was appropriate because “[w]hen an insurer expressly purports to cover certain acts but elsewhere disclaims coverage, the resulting ambiguity is construed in favor of the insured”²³⁰³ and because “Rhode Island courts will not uphold an exclusion that leads to unreasonable results, particularly if doing so will make another part of the coverage illusory.”²³⁰⁴ The carrier’s problems did not end there, however, for the court also found no material dispute that the carrier had waived any right it otherwise might have had to object to the settlement in the underlying action²³⁰⁵ and that, in any case, the settlement was reasonable.²³⁰⁶ Finally, the court denied the carrier’s motion for summary judgment on the claim by the models (as successors to the original insured) that the carrier had denied coverage in bad faith; that issue remained to be determined by a jury.²³⁰⁷

2. Opinions Declining to Order Coverage

In an opinion addressing the scope of two policies issued by the same carrier and turning on an application of Texas law, the Fifth Circuit held that the carrier had no obligation to defend several strip clubs under two policies purchased by their operators.²³⁰⁸ The plaintiffs in the underlying action were professional models whose images had been misappropriated to promote the clubs and who had asserted violations of their rights of privacy by the clubs and their operators in Texas state court. That proceeding produced findings

²³⁰¹ *Id.* at 194.

²³⁰² *Id.*

²³⁰³ *Id.*

²³⁰⁴ *Id.*

The court also rejected the carrier’s arguments that the settlement agreement in the underlying litigation improperly settled claims outside the policy period and that it addressed the models’ for punitive damages as unsupported by the record. *Id.* at 197–98.

²³⁰⁵ *Id.* at 198–99.

²³⁰⁶ *Id.* at 199–200.

²³⁰⁷ *Id.* at 203–04.

²³⁰⁸ See *Princeton Excess & Surplus Lines Ins. Co. v. A.H.D. Hous., Inc.*, 84 F.4th 274 (5th Cir. 2023).

of liability as a matter of law, which were under appeal at the time the Fifth Circuit considered the insureds' bid for coverage.²³⁰⁹

The first policy at issue committed the carrier to defend and indemnify the insureds against any claimed damages arising from "personal and advertising injuries," which the policy defined as including "[t]he use of another's advertising idea in [the insureds] 'advertisement.'"²³¹⁰ That coverage, however, was subject to a "Field of Entertainment Exclusion," which precluded coverage for allegations of "[a]ctual or alleged invasion of privacy,"²³¹¹ and the scope of which the insureds argued rendered the coverage impermissibly illusory under Texas law. Noting that the exclusion itself expressly excepted alleged injuries arising from the use of "another's advertising injury," the court rejected that argument.²³¹² Nevertheless, having acknowledged the possibility of coverage against such a claim, it agreed with the carrier that:

[T]he Clubs' misappropriation of the Models' images did not amount to use of their "advertising idea" because at essence, the Models' images are their products, not their advertising ideas. The Clubs took those products and used them without permission. "[W]ithout more, taking and then advertising another's product is different from taking another's 'advertising idea.'"²³¹³

The carrier therefore had no duty to cover the defense of the action, even if, as the court held, a determination of the carrier's duty to indemnify properly should wait on the outcome of the insureds' appeal of the judgment against them in the underlying action.²³¹⁴

The insureds fared even worse under the second policy. That policy also obligated the carrier to cover the defense of alleged advertising injuries caused by, inter alia, "[t]he use of another's

²³⁰⁹ The carrier's declaratory judgment action against the insureds also named the models as defendants.

²³¹⁰ *Id.* at 279.

²³¹¹ *Id.*

²³¹² *Id.* at 282.

²³¹³ *Id.* at 284 (second alteration in original) (quoting *Laney Chiropractic & Sports Therapy, P.A. v. Nationwide Mut. Ins. Co.*, 866 F.3d 254, 261 (5th Cir. 2017)).

²³¹⁴ On that issue, the court observed that

the state court's summary judgment has yet to be finally adjudicated on appeal. Reversal of that judgment could change the facts to be analyzed in this case for the purpose of determining [the carriers'] duty to indemnify, resulting in a stronger argument that the Models' images were their advertising ideas. Therefore, determination of [the carrier's] duty to indemnify under the . . . Policy should be deferred pending final resolution of the state lawsuit. Accordingly, we remand as to this issue with instructions for the district court to stay the matter until it can revisit the issue, as necessary, with the benefit of final resolution of the state lawsuit.

Id. at 284.

advertising idea in your ‘advertisement,’” but it also excluded coverage if that conduct arose out of or were part of “exhibitions and related marketing.”²³¹⁵ Based on its breadth,²³¹⁶ the insureds once again argued the exclusion rendered the relevant coverage impermissibly illusory under Texas law. Disagreeing with the district court on that issue, the appellate court held that, even after an application of the exclusion, certain categories of coverage under the advertising coverage clause remained. Worse still, from the insureds’ perspective, it went on to hold that “[a] lack of duty to indemnify can be inferred from a lack of duty to defend when the reasons that negate the duty to defend also negate any possibility the insurer will ever have a duty to indemnify.”²³¹⁷ Because, in the court’s estimation, “[a]fter the exceptions are taken into account, no facts could be developed that transform the Clubs’ use of the Models’ images into conduct covered by the . . . Policy,” the carrier had a duty neither to defend nor to indemnify under the second policy.²³¹⁸

The Eleventh Circuit similarly affirmed a finding as a matter of law that two carriers were not obligated to cover fees and costs arising from the defense of an underlying action between two pharmaceutical manufacturers.²³¹⁹ The policies issued by the carriers covered the defense of litigation asserting claims for “advertising injur[ies],” which the policies defined as injuries arising from, among other things, any “[o]ral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person’s or organization’s goods, products or services” or “[t]he use of another’s advertising idea in [the insureds] ‘advertisement.’”²³²⁰ Nevertheless, the policies also contained a failure-to-conform exclusion carving out coverage for the defense of

²³¹⁵ *Id.* at 279.

²³¹⁶ Under the exclusion:

“Exhibitions and related marketing” means:

(a) The creation, production, publication, performance, exhibition, distribution, or exploitation of motion pictures, television programs, commercials, web or internet productions, theatrical shows, sporting events, music, promotional events, celebrity image or likeness, literary works and similar productions or work, in any medium including videos, phonographic recordings, tapes, compact discs, DVDs, memory cards, electronic software or media books, magazines, social media, webcasts and websites.

(b) The conduct of individuals in shows, theatrical productions, concerts, sporting events, or any other form of exhibition.

(c) Merchandising, advertising or publicity programs or material for the operations and material described in (a) or (b) above.

Id.

²³¹⁷ *Id.* at 286.

²³¹⁸ *Id.*

²³¹⁹ *See* Cont’l Cas. Co. v. Winder Lab’ys, 73 F.4th 934 (11th Cir. 2023).

²³²⁰ *Id.* at 938 (alterations in original).

claims for alleged injuries “[a]rising out of the failure of goods, products or services to conform with any statement of quality or performance made in [the insureds] ‘advertisement.’”²³²¹

The gravamen of the operative complaint in the underlying action was that the insureds were liable for contributory false advertising because third-party drug databases had inaccurately advertised the insured’s products as equivalent to those of the plaintiff; that advertising was based in part on the insured’s labeling, which the plaintiff alleged was copied from its own labeling. Reviewing that complaint, the court determined that the plaintiff’s allegations “clearly rested” on the defendants’ allegedly “false and misleading representations—*not* [their] label copying.”²³²² “Accordingly,” the court went on, “the allegations in the complaint do not arise out of a ‘personal and advertising injury’ stemming from ‘[t]he use of another’s advertising idea’—*i.e.*, [the plaintiff’s] labels—that would have required the insurers to defend the insureds”²³²³

The insured’s luck did not improve from there, for the court next held that, even if coverage otherwise was required, the failure-to-conform exclusion applied. The insureds sought to dispute that conclusion by arguing: (1) the third-party drug databases, and not the insureds, had placed the advertising in question; and (2) the representations of equivalency were accurate. The court dismissed the former argument because the plaintiff in the underlying action “clearly alleged that [the insureds]’ initial misrepresentations to the drug databases were the ‘but for’ cause of its injuries. Further, the allegations of [the insureds]’ initial involvement were necessary to [the plaintiff’s] contributory false advertising claim, which required a showing that [the insureds] ‘contributed to’ the false advertising.”²³²⁴ The later argument similarly foundered because, in court’s view:

At this juncture, our analysis looks only to the allegations in the complaint and the terms of the insurance agreement. And [the plaintiff’s] complaint was littered with allegations that [the defendants] misrepresented [their] drugs which in turn caused the drug databases to make misrepresentations. Accordingly, [the plaintiff’s] allegations (albeit not yet proven) triggered the “failure to conform” exclusion.²³²⁵

²³²¹ *Id.* (alterations in original).

²³²² *Id.* at 942.

²³²³ *Id.* (first alteration in original).

²³²⁴ *Id.* at 943 (first quoting *Hays v. Ga. Farm Bureau Mut. Ins. Co.*, 722 S.E.2d 923, 927 (Ga. Ct. App. 2012); and then quoting *Duty Free Ams., Inc. v. Estee Lauder Cos.*, 797 F.3d 1248, 1277 (11th Cir. 2015)).

²³²⁵ *Id.* at 944.

Summary judgment in the carriers' favor therefore had been appropriate.²³²⁶

²³²⁶ The insureds did, however, prevail on another issue. The carriers' initial joint reservation of rights letter acknowledged coverage but included a clause reciting that the carriers reserved their putative right to seek reimbursement of costs incurred on the insureds' behalf for all claims not potentially covered by their policies. Their declaratory judgment action for noncoverage sought just that reimbursement. Both the district court and the Eleventh Circuit, however, held that the carriers could not recoup defense costs they had expended prior to a determination that no duty to defend existed based only on their reservation of rights letter and not on the policies. *Id.* at 947–50.

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