

## Trademark Case Decisions: The Past Year in the Courts and at the TTAB

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\* In the interest of full disclosure, the author notes his participation or that of his law firm in the following cases referenced by this outline: *Booking.com B.V. v. United States Patent & Trademark Office*, No. 19-46, 2020 WL 3518365 (U.S. June 30, 2020) (counsel for amicus curiae American Intellectual Property Law Association in support of petitioner); *Peter v. NantKwest*, 140 S. Ct. 365 (2019) (counsel for amicus curiae American Bar Association in support of respondent); *VIP Prods. LLC v. Jack Daniel's Prods., Inc.*, 953 F.3d 1170 (9th Cir. 2020) (counsel for counterclaim defendant on petition for rehearing and rehearing en banc); *Galperti, Inc. v. Galperti S.r.l.*, 791 F. App'x 905 (Fed. Cir. 2019) (appellate counsel for petitioner for cancellation); *AM Gen. LLC v. Activision Blizzard, Inc.*, No. 17 CIV. 8644 (GBD), 2020 WL 1547838 (S.D.N.Y. Mar. 31, 2020) (consultant for plaintiff); *Coty Inc. v. Cosmopolitan Cosmetics Inc.*, 432 F. Supp. 3d 345 (S.D.N.Y. 2020) (counsel for plaintiffs); *vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612 (D.S.C.) (nontestifying expert for lead defendant), *enforcement granted in part*, No. CV 2:13-587-RMG, 2019 WL 6888439 (D.S.C. Dec. 18, 2019), *appeal docketed*, No. 19-2112 (4th Cir. April 4, 2020); *Car Freshner Corp. v. Am. Covers, LLC*, 419 F. Supp. 3d 407 (N.D.N.Y. 2019) (counsel for plaintiff), *appeal docketed*, No. 19-2750 (2d Cir. Aug. 30, 2019); *Weight Watchers Int'l, Inc. v. Noom, Inc.*, 403 F. Supp. 3d 361 (S.D.N.Y. 2019) (counsel for plaintiff); *Reinalt-Thomas Corp. v. Mavis Tire Supply, LLC*, 391 F. Supp. 3d 1261 (N.D. Ga. 2019) (counsel for plaintiff).

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**Table of Contents**

	Page
I. ESTABLISHING PROTECTABLE TRADEMARK AND SERVICE MARK RIGHTS.....	1
A. Proving Protectable Rights Through Federal Registrations.....	1
B. Proving Common-Law Rights.....	2
1. Proving Use in Commerce.....	2
2. Proving Distinctiveness.....	5
3. Proving Nonfunctionality.....	9
a. Utilitarian Nonfunctionality.....	9
b. Aesthetic Nonfunctionality.....	11
II. PROVING INFRINGEMENT AND UNFAIR COMPETITION.....	13
A. Proving Likelihood of Confusion.....	13
B. Proving Passing Off and Reverse Passing Off.....	17
1. Passing Off.....	17
2. Reverse Passing Off.....	17
C. Proving Actual and Likely Dilution.....	18
1. Proving Eligibility for Dilution Protection.....	18
2. Proving Liability.....	20
D. Proving Counterfeiting.....	20
E. Proving Cybersquatting.....	21
III. PROVING FALSE ADVERTISING.....	23
IV. PROVING RIGHT-OF-PUBLICITY VIOLATIONS AND FALSE ENDORSEMENT.....	25
V. DEFENSES.....	26
A. Legal Defenses.....	26
1. Abandonment.....	26
a. Abandonment Through Nonuse.....	26
b. Abandonment Through Naked Licensing.....	27
2. Descriptive Fair Use.....	29
3. Nominative Fair Use.....	31

B.	Equitable Defenses.....	31
1.	Laches .....	31
2.	Acquiescence .....	33
3.	Unclean Hands .....	33
VI.	REMEDIES.....	34
A.	Injunctive Relief .....	34
1.	Prerequisites for Injunctive Relief.....	34
2.	Terms of Injunctive Relief .....	37
B.	Monetary Relief .....	38
1.	Actual Damages .....	38
2.	Statutory Damages .....	39
3.	Accountings of Profits .....	40
4.	Attorneys’ Fees .....	45
a.	Determination of the Prevailing Party .....	45
b.	Eligibility of Prevailing Parties for Awards of Attorneys’ Fees.....	46
VII.	CONSTITUTIONAL ISSUES.....	48
A.	The First Amendment .....	48
B.	The Seventh Amendment .....	52
VIII.	USPTO PRACTICE .....	54
A.	Substantive Questions of Registrability .....	54
B.	Procedural Issues .....	57

## I. ESTABLISHING PROTECTABLE TRADEMARK AND SERVICE MARK RIGHTS

### A. Proving Protectable Rights Through Federal Registrations

1. The Fourth Circuit confirmed that a registration on the Supplemental Register is not evidence of the validity of the underlying mark. *See CTB, Inc. v. Hog Slat, Inc.*, 954 F.3d 647, 666 (4th Cir. 2020) (“Because the [Plaintiff’s claimed] Trade Dress was placed on the supplemental trademark register, rather than the principal register, it is presumed functional, and Plaintiff bears the burden of proving non-functionality.”).
2. Courts took varying approaches to the evidentiary significance of registrations on the Principal Register for which declarations of incontestability had not been filed.
  - a. Consistent with the majority rule, some courts held that the “prima facie evidence” represented by a registration for which a declaration of incontestability has not yet been filed under 15 U.S.C. §§ 1057(b), 1115(a) (2018), affirmatively shifts the burden of *proof* on mark validity from the plaintiff to the defendant; the defendant therefore must establish by a preponderance of the evidence that the registered mark is not valid. *See, e.g., Royal Palm Props., LLC v. Pink Palm Props., LLC*, 950 F.3d 776, 783 (11th Cir. 2020) (“[T]o successfully challenge a registered mark on distinctiveness grounds, the challenger must overcome the presumption of validity by showing—by a preponderance of the evidence—that the mark is *not* distinctive.”); *Vietnam Reform Party v. Viet Tan - Vietnam Reform Party*, 416 F. Supp. 3d 948, 963 (N.D. Cal. 2019) (“If the plaintiff establishes that a mark has been properly registered, then the “burden shifts to the defendant to show by a preponderance of the evidence that the mark is not protectable.” (quoting *Zobmondo Entm’t, LLC v. Falls Media, LLC*, 602 F.3d 1108, 1114 (9th Cir. 2010)).
  - b. In contrast, at least some courts applied the minority rule other courts held that the prima facie evidence of mark validity represented by a not-yet-incontestable registration merely shifted the burden of production. For example, the Fourth Circuit once routinely held that the prima facie evidence of validity represented by a registration for which no declaration of incontestability has been filed shifted the burden of proof to the challenger of a registered mark. *See, e.g., McAirlaids, Inc. v. Kimberly-Clark Corp.*, 756 F.3d 307, 311 (4th Cir. 2014); *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1529 (4th Cir. 1984). For the most part, however, the Fourth Circuit’s more recent jurisprudence has trended toward the minority rule, and so it was over the past year. *See CTB, Inc. v. Hog Slat, Inc.*, 954 F.3d 647, 658 (4th Cir. 2020) (“[I]f an item of trade dress is

registered on the principal trademark register, that registration creates a rebuttable presumption that the trade dress is valid, and therefore non-functional. The burden then shifts to the party challenging the registered trade dress to produce evidence of functionality to a preponderance standard.” (citations omitted)).

- c. The “conclusive evidence” of mark validity represented by incontestable registrations under Section 33(b), 15 U.S.C. § 1115(b), received similarly mixed receptions.
  - i. On the one hand, some courts treated those registrations with respect. *See, e.g., vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612, 642 (D.S.C.) (“[W]here a mark has achieved incontestable status, as . . . here, the mark is presumed to have secondary meaning, and therefore is no longer ‘merely’ descriptive.”), *enforcement granted in part*, No. CV 2:13-587-RMG, 2019 WL 6888439 (D.S.C. Dec. 18, 2019), *appeal docketed*, No. 19-2112 (4th Cir. April 4, 2020); *Saxon Glass Techs., Inc. v. Apple Inc.*, 393 F. Supp. 3d 270, 301 (W.D.N.Y. 2019) (“The [plaintiff’s] mark is a registered, incontestable mark, and it is thus presumptively distinctive.”).
  - ii. On the other hand, however, the Seventh Circuit failed to recognize any distinction between “prima facie evidence” and “conclusive evidence”: In its view, even an incontestable registration shifts only the burden of production to a challenger to the mark’s validity. *See Flexible Steel Lacing Co. v. Conveyor Accessories, Inc.*, 955 F.3d 632 (7th Cir. 2020). Thus, “[u]nder the Lanham Act, [an incontestable] registration of a trademark creates a rebuttable presumption that the mark is valid, but the presumption ‘evaporates as soon as evidence of invalidity is presented.’” *Id.* at 643 (quoting *Ga.-Pac. Consumer Prods. LP v. Kimberly-Clark Corp.*, 647 F.3d 723, 727 (7th Cir. 2011)).

## **B. Proving Common-Law Rights**

### **1. Proving Use in Commerce**

For the most part, use in commerce is a prerequisite for protectable rights to a trademark or service mark under the Lanham Act’s private causes of action, *see* 15 U.S.C. §§ 1114, 1125(a), 1125(c) (2018); except where non-U.S. applicants relying on foreign filings are concerned, a showing of use in commerce also is necessary to secure a federal registration. *See id.* §§ 1051(a)-(b).

- a. The Federal Circuit affirmed the rejection of a use-based application to register a mark for fabric after determining that a website submitted by the applicant as a specimen failed to demonstrate the mark’s use in commerce. *See In re Siny Corp.*, 920 F.3d 1331 (Fed. Cir. 2019). The webpage displayed a number of marks on it with an invitation to call a toll-free number “[f]or sales information.” *Id.* at 1334. In a curt analysis, the court affirmed the Trademark Trial and Appeal Board’s factual finding that the webpage constituted mere advertising. In doing so, it noted “the absence of information [the Board] considered essential to a purchasing decision, such as a price or range of prices for the goods, the minimum quantities one may order, accepted methods of payment, or how the goods would be shipped,” *id.* at 1336, as well as “the absence of any evidence (as opposed to attorney argument) of how sales are actually made—e.g., documentation or verified statements from knowledgeable personnel as to what happens and how.” *Id.*
- b. With increasing frequency, courts have begun to address the issue of lawful use in commerce of marks for cannabis-related products. The past year produced two such opinions.
  - i. In *Woodstock Ventures LC v. Woodstock Roots, LLC*, 387 F. Supp. 3d 306 (S.D.N.Y. 2019), the counterclaim plaintiffs claimed that, although they did not currently use their claimed WOODSTOCK mark in the recreational cannabis market, that market lay within their zone of natural expansion. Weighing this argument in the context of the likelihood-of-confusion inquiry, the court concluded that it “cannot give weight to [the counterclaim plaintiffs’] alleged intent to expand into the area of selling recreational marijuana, because the sale of recreational marijuana is illegal under federal law.” *Id.* at 318.
  - ii. In a case producing an opinion to similar effect, *Kiva Health Brands LLC v. Kiva Brands Inc.*, 402 F. Supp. 3d 877 (N.D. Cal. 2019), the plaintiff, a seller of natural foods and health supplements, sought a preliminary injunction against a group of defendants selling cannabis-infused edible products. In response, the defendants asserted the defense that they were the prior users of the disputed mark in California. Acknowledging the illegality of their goods unlawful under federal law, the defendants argued that that unlawfulness was irrelevant to their ability to establish lawful prior use under applicable state law, which did not frown upon their goods. The court sent that argument up in smoke:

While [the lead defendant] is only asserting California common law rights to the [disputed] mark, it is doing so as a defense to a federal trademark claim. That defense relies on [the lead defendant's] prior use of the mark. [the lead defendant's] prior use was illegal under federal law. [The lead defendant] therefore did not make lawful prior use of the mark. To hold that [the lead defendant's] prior use of the [disputed] mark on a product that is illegal under federal law is a legitimate defense to [the lead defendant's] federal trademark [claim] would “put the government in the anomalous position of extending the benefits of trademark protection to a seller based upon actions the seller took in violation of that government’s own laws.”

*Id.* at 888 (quoting *CreAgri, Inc. v. USANA Health Scis., Inc.*, 474 F.3d 626, 630 (9th Cir. 2007)).

- c. Consistent with those and its past opinions on the subject, the Board affirmed the USPTO’s refusal to register a mark for goods described as “hemp oil extracts sold as an integral component of dietary and nutritional supplements.” *See In re Stanley Bros. Social Enters.*, 2020 U.S.P.Q.2d 10658 (T.T.A.B. 2020). The Board held as an initial matter that:

[R]egistration generally will not be refused based on unlawful use in commerce unless either (1) a violation of federal law is indicated by the application record or other evidence, such as when a court or a federal agency responsible for overseeing activity in which the applicant is involved, and which activity is relevant to its application, has issued a finding of noncompliance under the relevant statute or regulation, or (2) when the applicant’s application-relevant activities involve a per se violation of a federal law.

*Id.* at \*10 (alteration in original) (quoting *In re Brown*, 119 U.S.P.Q.2d 1350, 1351 (T.T.A.B. 2016)). Under an application of this test, it then concluded that the Office had demonstrated a per se violation of the Food, Drug & Cosmetics Act. *Id.* at \*16.

## 2. Proving Distinctiveness

- a. In one of two substantive trademark-related opinions delivered in the October 2019 term, the Supreme Court rejected the approach taken by the Ninth and Federal Circuits to the eligibility for protection of claimed marks comprising an allegedly generic word and a generic top-level domain. *See United States Patent & Trademark Office v. Booking.com B.V.*, No. 19-46, 2020 WL 3518365 (U.S. June 30, 2020).
  - i. Both the Federal Circuit and the Ninth Circuit have long held that the combination of a generic term and a generic top-level domain is itself generic and therefore unprotectable as a mark, regardless of any evidence of secondary meaning adduced by the claimed mark's owner. *See, e.g., Advertise.com, Inc. v. AOL Advertising, Inc.*, 613 F.3d 974 (9th Cir. 2010); *In re Hotels.com, L.P.*, 573 F.3d 1300 (Fed. Cir. 2009).
  - ii. In *Booking.com B.V. v. United States Patent & Trademark Office*, 915 F.3d 171 (4th Cir. 2019), *as amended* (Feb. 27, 2019), *aff'd*, No. 19-46, 2020 WL 3518365 (U.S. June 30, 2020), the Fourth Circuit adopted a different take on the issue by affirming a factual finding that the claimed BOOKING.COM mark for hotel booking services was descriptive and therefore protectable upon a showing of secondary meaning. That outcome did not extend to all uses of the claimed mark, and it also depended heavily on the appellate court's deferential attitude toward the district court's reliance on the factual evidence introduced by the claimant on summary judgment, which included the favorable results of a *Teflon* survey and the absence of popular generic uses of the claimed mark. *Id.* at 182-84.
  - iii. The Supreme Court affirmed, concluding that "[w]hether any given 'generic.com' term is generic, we hold, depends on whether consumers in fact perceive that term as the name of a class or, instead, as a term capable of distinguishing among members of the class." 2020 WL 3518365 at \*7. In doing so, it rejected largely policy-based arguments advanced by the government.
    - (A) As summarized by the Court, one such argument was that "'Generic.com' . . . is like 'Generic Company' and is therefore ineligible for trademark protection, let alone federal registration. According to the PTO,



adding ‘.com’ to a generic term—like adding ‘Company’—‘conveys no additional meaning that would distinguish [one provider’s] services from those of other providers.’” *Id.* at \*6. The Court disposed of that theory by pointing out “[a] ‘generic.com’ term might also convey to consumers a source-identifying characteristic: an association with a particular website.” *Id.* Thus, it concluded, “consumers could understand a given ‘generic.com’ term to describe the corresponding website or to identify the website’s proprietor. We therefore resist the PTO’s position that ‘generic.com’ terms are capable of signifying only an entire class of online goods or services and, hence, are categorically incapable of identifying a source.” *Id.*

- (B) The government also argued that that extending protection would have a negative effect on competition. *See id.* at \*7 (“[T]he PTO fears that trademark protection for ‘Booking.com’ could exclude or inhibit competitors from using the term ‘booking’ or adopting domain names like ‘ebooking.com’ or ‘hotel-booking.com.’”). The Court did not share that concern, holding that it “attend[ed] any descriptive mark.” *Id.* It then elaborated on with the following observation:

[T]rademark law hems in the scope of such marks short of denying trademark protection altogether. Notably, a competitor’s use does not infringe a mark unless it is likely to confuse consumers. In assessing the likelihood of confusion, courts consider the mark’s distinctiveness: “The weaker a mark, the fewer are the junior uses that will trigger a likelihood of consumer confusion.” When a mark incorporates generic or highly descriptive components, consumers are less likely to think that other uses of the common element emanate from the mark’s owner. Similarly, “[i]n a ‘crowded’ field of look-alike marks” (*e.g.*, hotel names including the word “grand”), consumers “may have learned to carefully pick out” one

mark from another. And even where some consumer confusion exists, the doctrine known as classic fair use, see protects from liability anyone who uses a descriptive term, “fairly and in good faith” and “otherwise than as a mark,” merely to describe her own goods.

*Id.* (quoting J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION §§ 11:76, 11:45, 11:85, 23:1.50; 15 U.S.C. § 1115(b)(4) (2018)).

- (C) So too did the court reject the government’s claim that Booking.com should be disqualified from protection and registration because it had “already seized a domain name that no other website can use and is easy for consumers to find.” *Id.* at \*8. “Those competitive advantages, however,” the Court observed, “do not inevitably disqualify a mark from federal registration. All descriptive marks are intuitively linked to the product or service and thus might be easy for consumers to find using a search engine or telephone directory.” *Id.* Instead, “[t]he Lanham Act permits registration nonetheless. And the PTO fails to explain how the exclusive connection between a domain name and its owner makes the domain name a generic term all should be free to use. That connection makes trademark protection more appropriate, not less.” *Id.* (citations omitted).
  - (D) Finally, the Court took issue with the government’s theory that claimed mark owners such as Booking.com were adequately protected by unfair competition law’s cause of action for passing off. “[F]ederal trademark registration,” it held “would offer Booking.com greater protection. We have no cause to deny Booking.com the same benefits Congress accorded other marks qualifying as nongeneric.” *Id.* (citations omitted).
- b. As always, some courts proved reluctant to resolve the factual issue of the distinctiveness of claimed marks or trade dresses at the pleadings stage of cases. *See, e.g., Camco Mfg., Inc. v. Jones Stephens Corp.*, 391 F. Supp. 3d 515, 521-25 (M.D.N.C. 2019) (denying motion to dismiss).

- c. The Federal Circuit created something of a circuit split in an appeal arising from an unsuccessful application to register the following combination for a variety of welding tools and related products:



See *In re Forney Indus.*, 955 F.3d 940 (Fed. Cir. 2020). Although the Tenth Circuit previously had held the same mark incapable of inherent distinctiveness status, see *Forney Indus. v. Daco of Mo., Inc.*, 835 F.3d 1238 (10th Cir. 2016), the Federal Circuit took a different approach, holding that “color marks can be inherently distinctive when used on product packaging, depending upon the character of the color design.” 955 F.3d at 945.

- d. Similarly, in *Reinalt-Thomas Corp. v. Mavis Tire Supply, LLC*, 391 F. Supp. 3d 1261 (N.D. Ga. 2019), the court accepted into evidence and found probative the results of a *Teflon*-format survey despite the defendant’s argument that such a format was inappropriate because the term in question was not a coined one. *Id.* at 1272.

- e. The Trademark Trial and Appeal Board reached a rare finding of genericness for a color, concluding that the following shade of red fell into that category when used in connection with “blades for reciprocating power saws”:



See *Milwaukee Elec. Tool Corp. v. Freud Am., Inc.*, 2019 U.S.P.Q.2d 460354 (T.T.A.B. 2019).

- f. In *In re Omniome, Inc.*, 2020 U.S.P.Q.2d 3222 (T.T.A.B. 2019), the Board affirmed the use by an examiner of the contents of a utility patent application filed by the applicant as evidence of descriptiveness.

- g. In another opinion rejecting a claim of distinctiveness, in that case acquired distinctiveness, the Board allowed the use of authenticated

Wayback Machine search results by an opposer. *See Spiritline Cruises LLC v. Tour Mgmt. Servs., Inc.*, 2020 U.S.P.Q.2d 48324 (T.T.A.B. 2020). Especially when those results were coupled with other evidence and testimony, the Board found them convincing evidence that an applied-for mark had not acquired distinctiveness because they demonstrated the applicant's use of that mark had not been exclusive. *Id.* at \*11.

### 3. Proving Nonfunctionality

#### a. Utilitarian Nonfunctionality

- i. The Ninth Circuit has occasion proven an inhospitable jurisdiction in which to assert claims of trade dress protection. Nevertheless, it affirmed a jury finding of utilitarian nonfunctionality for the following office chairs:



*See Blumenthal Distrib., Inc. v. Herman Miller, Inc.*, No. 18-56471, 2020 WL 3458983 (9th Cir. June 25, 2020).

- (A) One argument advanced by the defendant was that the configurations of the chairs included some functional elements, which the court disposed of by confirming that “a product’s overall appearance is necessarily functional if *everything* about it is functional, not merely if *anything* about it is functional.” *Id.* at \*5. Equally to the point:

[The defendant’s] proposed rule would wipe out trademark protection for all, or at least virtually all, consumer products’ overall appearances. For instance, every chair’s appearance is affected by having a backrest, as opposed to having no backrest, which serves the utilitarian function of providing back support. But that

does not mean that every chair's overall appearance is functional as a matter of law.

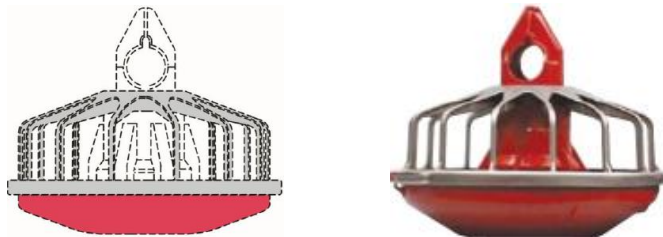
*Id.*

- (B) At the same time, however, the court rejected the plaintiff's argument that "because the examination must be holistic, the functionality of individual features is irrelevant." *Id.* "Rather," it held, "to examine a product 'as a whole' is to examine all of its features, including the ways in which its various parts are combined or arranged, and to recognize that non-functional combinations or arrangements of functional parts can create an overall appearance that should be deemed nonfunctional." *Id.*
  - (C) Ultimately, the court found the jury within its rights to find the configurations nonfunctional in the utilitarian sense. For one thing, "images of the [plaintiff's] chairs, from which it could have reasonably inferred that the chairs were designed largely to be distinctive and/or beautiful, even at some expense to their 'utilitarian advantage.'" *Id.* at \*6 (quoting *Disc Golf Ass'n v. Champion Discs, Inc.*, 158 F.3d 1002, 1006 (9th Cir. 1998)). For another, "the jury could have reasonably concluded that the metal trapezoidal design of the [plaintiff's] armrests was motivated by design considerations, at the expense of the comfort that a softer surface could have provided." *Id.* Finally, the court credited the plaintiff's showings of the availability of alternative designs, of the need for "specialized technical equipment" to produce its own chairs, and of the lack of utilitarian purpose of many of the chairs' features. *Id.*
- ii. The Seventh Circuit characteristically affirmed a finding of functionality for the configuration of a fastener shown below on the right, even though it was covered by an incontestable registration with the drawing shown on the left:



See *Flexible Steel Lacing Co. v. Conveyor Accessories, Inc.*, 955 F.3d 632 (7th Cir. 2020). The key consideration underlying that disposition was the disclosure of a related utility patent owned by the plaintiff, despite its attempted proffer of alternative designs. *Id.* at 645-51.

- iii. The Fourth Circuit was equally unreceptive to a claim of trade dress protection in the appearance of a mechanized chicken feeder, shown below on the left, with the specimen supporting a registration of the design on the Supplemental Register shown on the right:



See *CTB, Inc. v. Hog Slat, Inc.*, 954 F.3d 647, 653 (4th Cir. 2020). The primary problem for the plaintiff was the disclosure of a related utility patent, in which the plaintiff had claimed the shape of its feeder allowed chickens to exit the feeder more readily than they could enter it. Another was testimony by the named inventor on the patent that chickens were attracted to shiny metallic objects. In the face of that evidence and testimony, the court was in no mood to entertain the plaintiff's evidence of alternative designs in the industry. *Id.* at 665-69.

**b. Aesthetic Nonfunctionality**

- i. The Ninth Circuit vacated a jury finding that the following configuration of an office chair was aesthetically functional:



See *Blumenthal Distrib., Inc. v. Herman Miller, Inc.*, No. 18-56471, 2020 WL 3458983 (9th Cir. June 25, 2020). This was less the fault of the jury than that of the district court, which had instructed the jury that “[i]f the feature is part of the actual benefit that consumers wish to purchase when they buy the product, the feature is functional. *Id.* at \*7. As the court explained, “we have stated that ‘the mere fact that [a] mark is the benefit that the consumer wishes to purchase will *not*’ suffice to establish its functionality.” *Id.* (quoting *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1069 (9th Cir. 2006)).

- ii. Not surprisingly, a federal court in Brooklyn rejected a defense claim that the following marks, registered for a wide range of merchandise, were aesthetically functional:



343



*City of New York v. Blue Rage, Inc.*, 435 F. Supp. 3d 472, 477-78 (E.D.N.Y. 2020). Accused of using imitations of the marks on many of the same goods for which the marks were registered, the defendants claimed the marks were “functional decoration[s],” *id.* at 491, which the court interpreted

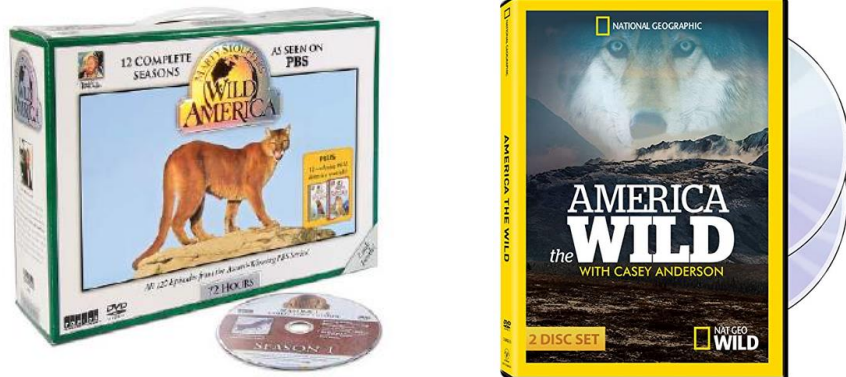
as a claim of aesthetic functionality. In rejecting that argument in the context of a motion for a preliminary injunction, the court held that the marks were “clearly source-identifying.” *Id.* at 491. “By Defendants’ reasoning,” it explained, “any logo or emblem would be precluded from trademark protection once it was used to ‘decorate’ or provide ‘ornamentation’ to an item of merchandise. [Defendants] provide no case law to support such an expansive interpretation of aesthetic functionality.” *Id.*

- iii. Unusually, one court was sufficiently affronted by the failure of a plaintiff before it to address the nonfunctionality of claimed trade dress consisting of the “the overall atmosphere” of the plaintiff’s outdoor-adventure video series that it not only dismissed the plaintiff’s complaint but did so with prejudice. *See Stouffer v. Nat’l Geographic Partners, LLC*, 400 F. Supp. 3d 1161, 1184 (D. Colo. 2019), *summary judgment granted*, No. 18-CV-3127-WJM-SKC, 2020 WL 2306854 (D. Colo. May 8, 2020), *appeal docketed*, No. 20-1208 (10th Cir. June 5, 2020).

## II. PROVING INFRINGEMENT AND UNFAIR COMPETITION

### A. Proving Likelihood of Confusion

1. Defendants’ invitations to courts to resolve the likelihood-of-confusion inquiry on motions to dismiss for failure to state claims generally fail, but one reported opinion concluded the following DVD packages were sufficiently dissimilar as to warrant the dismissal of the plaintiff’s claim of trade dress infringement at the pleadings stage:



*See Stouffer v. Nat’l Geographic Partners, LLC*, 400 F. Supp. 3d 1161, 1182-83 (D. Colo. 2019), *summary judgment granted*, No. 18-CV-3127-WJM-SKC, 2020 WL 2306854 (D. Colo. May 8, 2020), *appeal docketed*, No. 20-1208 (10th Cir. June 5, 2020).



2. An Eleventh Circuit opinion addressed the question of what deference is due an examining attorney’s determination of likely confusion, albeit in a highly unusual context. *See Royal Palm Props., LLC v. Pink Palm Props., LLC*, 950 F.3d 776 (11th Cir. 2020).
  - a. In the litigation underlying it, the counterclaim defendant secured a federal registration of ROYAL PALM PROPERTIES in standard-character format for residential real estate brokerage services. It subsequently attempted to reregister that verbal mark as a component of the following composite mark, only to have the USPTO reject its application based on a likelihood of confusion between that mark and prior registrations of the ROYALE PALMS and ROYALE PALMS AT KINGSTON SHORES for similar services:



When, years later, the counterclaim defendant challenged the counterclaim plaintiff’s use of PINK PALM PROPERTIES by a luxury real-estate brokerage agency, the Eleventh Circuit improbably recognized the counterclaim plaintiff’s standing to seek the cancellation of the counterclaim defendant’s registration under Section 2(d) based on the alleged prior rights of the two third-party registrants. The gravamen of the counterclaim plaintiff’s attack on the counterclaim plaintiff’s was that, because the USPTO has refused registration to the counterclaim defendant’s composite mark, confusion necessarily between its standard-character format mark and the two third-party registered marks.

- b. The Eleventh Circuit rejected that argument in no uncertain terms:

[T]his argument isn’t the clincher that [the counterclaim plaintiff] seems to think it is. True, federal courts have consistently held that, when considering whether one mark is likely to be confused with another, we should pay the PTO’s confusingly-similar determination some attention—ranging from “great weight,” to “respectful consideration,” to “not . . . much weight.” The federal courts have been unanimous, however, in holding that we are not bound by the PTO’s confusingly-similar analysis. And our obligation to defer to the PTO is especially weak here,

where the PTO failed to weigh many of the considerations that this Court has deemed relevant to deciding the “likelihood of confusion” question . . . . So although the PTO’s . . . rejection [of the composite mark application] is perhaps *some* evidence that “Royal Palm Properties” is confusingly similar to the “Royale Palms” marks, it certainly isn’t conclusive.

*Id.* at 789 n.9 (second alteration in original) (quoting *Syntex Labs. v. Norwich Pharmacal Co.*, 437 F.2d 566, 569 (2d Cir. 1971); *Carling Brewing Co. v. Philip Morris Inc.*, 297 F. Supp. 1330, 1337 (N.D. Ga. 1968); *Progressive Distrib. Servs. Inc. v. United Parcel Serv., Inc.*, 856 F.3d 416, 427 (6th Cir. 2017)). Because the counterclaim plaintiff had proffered little other evidence on the issue of likely confusion, its challenge to the counterclaim defendant’s registration fell short.

3. The most restrictive application of the likelihood-of-confusion test for infringement over the past year doubtless came from a New York federal district court entertaining a preliminary injunction motion brought by a group of counterclaim plaintiffs claiming rights to the WOODSTOCK mark for “smokers’ articles.” See *Woodstock Ventures LC v. Woodstock Roots, LLC*, 387 F. Supp. 3d 306 (S.D.N.Y. 2019). The counterclaim defendants owned a number of registrations of the same mark for, among other things, entertainment services, clothing, and other promotional goods. Both sets of parties averred that cannabis-related goods lay within their zones of natural expansion, and the counterclaim plaintiffs sought to block the counterclaim defendants from expanding into that space: As the court explained things, the counterclaim plaintiffs’ motion rested on the argument that “[the counterclaim defendants’] use of the WOODSTOCK mark in connection with the sale of recreational marijuana and vaping devices creates a likelihood of consumer confusion with [the counterclaim defendants’] WOODSTOCK-branded goods, in that consumers will conclude that [the counterclaim defendants’] recreational marijuana and vaping devices are associated with [the counterclaim plaintiffs’] WOODSTOCK-branded goods.” *Id.* at 314. The court found that theory wanting, improbably finding that “the nature of [the counterclaim defendants’] WOODSTOCK-branded recreational marijuana and vaping devices, and [the counterclaim plaintiffs’] cannabis-related ‘smokers’ articles,’ are different.” *Id.* at 318.
4. A New York federal district court confirmed that, although an incontestably registered mark may be presumptively distinctive, that circumstance does not necessarily mean it is strong for purposes of the likelihood-of-confusion inquiry. See *Saxon Glass Techs., Inc. v. Apple Inc.*, 393 F. Supp. 3d 270, 301-02 (W.D.N.Y. 2019), *appeal docketed*, No. 19-2190 (2d Cir. Jul. 18, 2019). Instead, it held, the strength of such a mark (and all others) should

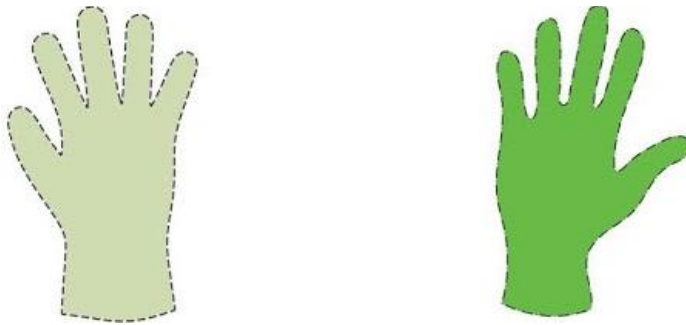
turn on six factors, namely: (1) the mark owner’s advertising and promotional expenses; (2) consumer studies linking the name to the source; (3) the senior user’s sales success; (4) third-party uses and attempts to plagiarize the mark; (5) length and exclusivity of the mark’s use; and (6) unsolicited media coverage of the products at issue. *Id.* at 302.

5. Despite an earlier opinion from the Federal Circuit apparently mandating its consideration of an applicant’s sworn testimony of an absence of actual confusion, *see In re Guild Mortg. Co.*, 912 F.3d 1376, 1381 (Fed. Cir. 2019), the Board declined to do so for all practical purposes on remand. *See In re Guild Mort. Co.*, 2020 U.S.P.Q.2d 10279 (T.T.A.B. 2020). The reason? The applicant had failed to establish that it and the owner of the prior registration cited against its application operated in the same geographic area:

While the evidence indicates that both Applicant and Registrant conduct business in California, there is no indication that they operate in the same city or metropolitan area. We take judicial notice that the distance between the respective addresses of Applicant and Registrant is 126.3 miles. . . . We find, therefore, that Applicant and Registrant are separated both by a noticeable driving distance, and by a separate consumer base, and that Applicant has not presented evidence to the contrary. In particular, while both San Diego and Los Angeles may be generally characterized as being located in "Southern California," there is no evidence of record that there is any actual, meaningful overlap in the markets for the services offered by Applicant and those offered by Registrant in these two distinct, non-adjacent cities.

*Id.* at \*7.

6. In a rare opinion (from it or any other tribunal) addressing the likelihood of confusion between two color marks, the Board found no conflict between the following shades of green, both used in connection with surgical gloves:



*See In re Medline Indus.*, 2020 U.S.P.Q.2d 10237 (T.T.A.B. 2020). According to the Board, “[b]ecause the drawings of the marks at issue here show

the particular shades of green and both descriptions use Pantone designations to identify a specific shade of green, in comparing the claimed marks, we cannot simply read one color claim to encompass the other claimed color . . . .” *Id.* at \*11. In particular, it found, “the claimed marks would be viewed and remembered, at most, as distant relatives in the green family.” *Id.* at \*13.

## **B. Proving Passing Off and Reverse Passing Off**

As the Supreme Court has explained, “Passing 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.” *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 28 (2003). The Court’s understanding of the two torts, however, did not necessarily extend to litigants before the lower federal courts.

### **1. Passing Off**

- a. One court granted a motion to dismiss after concluding that “apart from the allegation of copying trade dress, [Plaintiff’s] amended complaint lacks any factual allegation that either Defendant misrepresented its products as [Plaintiff’s] or made any false suggestion that [Plaintiff] produced them.” *Camco Mfg., Inc. v. Jones Stephens Corp.*, 391 F. Supp. 3d 515, 527 (M.D.N.C. 2019).
- b. The same result transpired in an action brought by a jewelry manufacturer against accused of marketing similar pieces. *See Adina’s Jewels, Inc. v. Shashi, Inc.*, No. 19 CIV. 8511 (AKH), 2020 WL 950752 (S.D.N.Y. Feb. 27, 2020). The plaintiff asserted a cause of action for passing off under New York common law, but, because that cause of action failed to aver anything beyond the defendant’s sale of “knock offs,” it fell victim to a holding of preemption under the Copyright Act. *See id.* at \*3-4.

### **2. Reverse Passing Off**

- a. Although the plaintiff in an action before a Nevada federal district court asserted a cause of action for reversing passing off, it did so unsuccessfully. *See FNA Grp., Inc. v. Jiangsu Longteng-Pengda Elec. Mech. Co.*, No. 218CV00812RFBVCF, 2020 WL 2840154 (D. Nev. May 31, 2020). According to the court, “Plaintiff has alleged a ‘reverse passing off’ claim, asserting that Defendant misused Plaintiff’s confidential information by, essentially, copying it to manufacture, ship, and sell [competitive goods] of its own based on Plaintiff’s technology and know-how.” *Id.* at \*7. The court dismissed the plaintiff’s cause of action for failure to state a claim, explaining that

“the ‘origin’ of the offending goods . . . is [Defendant], not Plaintiff, and as such, Plaintiff cannot make a prima facie case against [Defendant] under this claim.” *Id.*

- b. Another court reached the same conclusion in a case in which the plaintiffs accused the defendants of copying the plaintiffs’ test-preparation materials and using them in the defendants’ competitive business. *See Siler v. Lejarza*, 415 F. Supp. 3d 687 (M.D.N.C. 2019). In granting the defendants’ motion to dismiss the plaintiffs’ reverse confusion cause of action, the court properly invoked *Dastar* to hold that the plaintiffs had failed to state a claim of reverse passing off. *Id.* at 702 (“[U]nder *Dastar*, because Defendants are the origin of their own prep materials, which incorporate Plaintiffs’ copyrighted content, Plaintiffs cannot prove that the work at issue originated with Plaintiffs, nor can they plausibly state a claim for false designation of origin.”). Nevertheless, the court improbably also held that the plaintiffs had stated a claim for false endorsement under Section 43(a), thereby allowing an end run around *Dastar*.

## C. Proving Actual and Likely Dilution

### 1. Proving Eligibility for Dilution Protection

- a. A South Carolina federal district court reached findings of fame as a matter of law for a number of marks for religious services, including THE PROTESTANT EPISCOPAL CHURCH IN THE UNITED STATES, THE EPISCOPAL CHURCH, THE EPISCOPAL CHURCH WELCOMES YOU, LA IGLESIA EPISCOPAL, and the following composite mark:



*See vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612, 658 (D.S.C.), *enforcement granted in part*, No. CV 2:13-587-RMG, 2019 WL 6888439 (D.S.C. Dec. 18, 2019), *appeal docketed*, No. 19-2112 (4th Cir. April 4, 2020).

- b. In contrast, the Ninth Circuit overturned a jury finding of mark fame for the following product configurations:



*See Blumenthal Distrib., Inc. v. Herman Miller, Inc.*, No. 18-56471, 2020 WL 3458983 (9th Cir. June 25, 2020). It did by holding that eligibility for protection under Section 43(c)(1), 15 U.S.C. § 1125(c)(1) (2018), depends on a showing that the mark at issue is a “household name.” *Id.* at \*9.

- c. A New York federal district court similarly declined to reach a finding of mark fame for two sub-brands after concluding that the plaintiff’s evidence failed to establish that the plaintiff had promoted the sub-brands independent of its primary brand. *See Car Freshner Corp. v. Am. Covers, LLC*, 419 F. Supp. 3d 407, 446 (N.D.N.Y. 2019), *appeal docketed*, No. 19-2750 (2d Cir. Aug. 30, 2019).
- d. The strict test for mark fame was equally apparent in *Deep Foods Inc. v. Deep Foods Inc.*, 419 F. Supp. 3d 569 (W.D.N.Y. 2019), which rejected a claim that the DEEP mark was famous for Indian food in the context of a motion for a default judgment, despite the defendants’ failure to contest the issue. *Id.* at 584-85.
- e. Likewise, yet another New York federal district court confirmed that it is not enough for a plaintiff to establish mark fame; rather, Section 43(c)(1), 15 U.S.C. § 1125(c)(1), requires that the fame in question exist prior to the challenged use by the defendant. *See City of New York v. Blue Rage, Inc.*, 435 F. Supp. 3d 472 (E.D.N.Y. 2020). In the case producing that result, the defendants failed to contest the plaintiff’s assertion that its marks were “among the most famous in the world.” *Id.* at 492. As the court noted, however, “[t]here is no evidence, however, regarding *when* the marks became famous and without such evidence, it is impossible to determine whether Defendants’ use of a mark [owned by the plaintiff] predated its fame.” *Id.* at 492-93. The plaintiff’s motion for summary judgment on the issue therefore failed despite the apparent absence of opposition by the defendants. *Id.* at 493.
- f. A Georgia federal district court confirmed that the dilution statute of that state, CODE GA. ANN. § 10-1-451(b), requires a threshold showing of only distinctiveness, and not fame, for protection against likely dilution. *See Reinalt-Thomas Corp. v. Mavis Tire Supply, LLC*, 391 F. Supp. 3d 1261, 1281 (N.D. Ga. 2019) (“[A plaintiff’s] mark

need not be ‘famous’ or registered; rather, it is protectable if it is distinctive (either inherently or through secondary meaning).

## 2. Proving Liability

- a. A South Carolina federal district court concluded that the use by a schismatic diocese of several marks owned by the Protestant Episcopal Church in the United States and its diocese constituted likely dilution by blurring as a matter of law. *See vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612, 657-59 (D.S.C.), *enforcement granted in part*, No. CV 2:13-587-RMG, 2019 WL 6888439 (D.S.C. Dec. 18, 2019), *appeal docketed*, No. 19-2112 (4th Cir. April 4, 2020).
- b. In a pro-defendant opinion, one court confirmed that the New York dilution statute recognizes a cause of action for likely dilution only if the parties’ marks are substantially similar. *See Car Freshner Corp. v. Am. Covers, LLC*, 419 F. Supp. 3d 407, 448-49 (N.D.N.Y. 2019), *appeal docketed*, No. 19-2750 (2d Cir. Aug. 30, 2019).
- c. Another court approaching a claim of dilution by tarnishment skeptically declined to grant a default judgment of liability in light of the plaintiff’s failure to aver that the plaintiff’s goods were of inferior quality. *See Deep Foods Inc. v. Deep Foods Inc.*, 419 F. Supp. 3d 569, 585–86 (W.D.N.Y. 2019).

## D. Proving Counterfeiting

1. To be an actionable counterfeit under federal law, a challenged mark must be a “spurious” copy of one covered by a federal register, which means it must be “identical [to], or substantially indistinguishable from, a registered mark.” 15 U.S.C. § 1127 (2018). One federal appellate court to apply this standard, the Federal Circuit, did so in the context of a suit contesting a decision by U.S. Customs and Board Protection to order the redelivery of imported butane canisters bearing what the agency deemed counterfeit imitations of a certification mark. *See ICCS Corp. v. United States*, 952 F.3d 1325 (Fed. Cir. 2020). Although the plaintiff conceded the mark’s owner had not authorized the plaintiff to use the mark at the time the mark was affixed to the goods, it maintained it had received approval after the fact. The court disagreed, and it therefore affirmed entry of summary judgment to the agency, holding in the process that:

The record shows that [the plaintiff’s] use of [the] certification mark on the date of entry falsely communicated to consumers that the imported . . . merchandise had already passed [the certifier’s] safety standards and requirements, and that [the certifier] had already given its safety certification to the

[merchandise]—when that certification had not, in fact, happened. That is a misleading use of [the] certification mark and renders the mark a “spurious” mark.

*Id.* at 1332. Although the plaintiff received authorization to use the mark after the fact, that authorization was of “no moment” because “the counterfeiting analysis is focused on the time of importation.” *Id.* at 1333.

2. In *Luxottica Grp., S.p.A. v. Airport Mini Mall, LLC*, 932 F.3d 1303 (11th Cir. 2019), the Eleventh Circuit affirmed a finding of contributory liability against the owner of a shopping mall accused of having failed to act quickly enough to put an end to the trafficking of goods bearing counterfeit marks. *Id.* at 1315.
3. A New York federal district court concluded that a group of mark owners had stated a claim for counterfeiting despite the mark owners having themselves introduced the goods at the heart of their challenge into commerce. *See Coty Inc. v. Cosmopolitan Cosmetics Inc.*, No. 18 CV 11145-LTS-HBP, 2020 WL 106745 (S.D.N.Y. Jan. 9, 2020). The gravamen of the plaintiffs’ cause of action was that the defendants had “decoded” the goods by removing, mutilating, or obscuring their production codes. Denying the defendants’ motion to dismiss the plaintiffs’ complaint for failure to state a claim, “a product which was originally manufactured by the trademark holder but is materially different may become a counterfeit product, ‘despite the use of the true manufacturer’s mark.’” *Id.* at \*4 (quoting *Tiffany & Co. v. Costco Wholesale Corp.*, 13-CIV-1041 (LTS) (DCF), 2019 WL 120765, at \*8 (S.D.N.Y. Jan. 7, 2019)).
4. Not surprisingly, another New York federal district court rejected the argument that point-of-sale disclaimers cured any potential confusion caused by the defendants’ counterfeit imitations of the plaintiff’s federally registered marks. *See City of New York v. Blue Rage, Inc.*, No. 17CV3480SJFAYS, 2020 WL 423432 (E.D.N.Y. Jan. 27, 2020). On the contrary, the court concluded, the defendants’ disclaimers were evidence of the defendants’ bad faith. *Id.* at \*10.

#### **E. Proving Cybersquatting**

The Anticybersquatting Consumer Protection Act (ACPA) authorizes both in rem and in personam actions in challenges to domain names that allegedly misappropriate trademarks and service marks. *See* 15 U.S.C. § 1125(d) (2018). 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. *See id.* § 1114(2)(D)(v).



1. On its face, Section 43(d) of the Lanham Act, *id.* § 1125(d), does not require prior use in commerce as a prerequisite for the bringing of a cybersquatting claim; rather, it expressly references only prior distinctiveness by providing that “[a] person shall be liable in a civil action by the owner of a mark . . . if . . . that person . . . uses a domain name that . . . in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark . . . .” *Id.* § 1125(d)(1)(A)(ii)(I). Nevertheless, consistent with the statutory definition of a “mark” under the Act, which requires prior use in commerce, one court addressing a claim of cybersquatting arising from the defendants’ incorporation of an allegedly distinctive, but yet-to-be-used, mark into a domain name, granted a motion to dismiss for failure to state a claim. *See Thompson v. Does 1-5*, 376 F. Supp. 3d 1322, 1327 (N.D. Ga. 2019) (“[E]ven if the [claimed mark] was inherently distinctive . . . because it fit[s] the parameters of a suggestive trademark, no actionable ACPA claim arises unless, at the time of registration, [the plaintiff] had an enforceable trademark right created by use.”).
2. Although claims of cybersquatting in state courts are rare, one made an appearance in an appeal to an intermediate New York panel. *See Ideal You Weight Loss Ctr. v. Zillioux*, 106 N.Y.S.3d 495 (App. Div. 2019). The resulting opinion was largely a non-event, however, as the court merely affirmed the trial court’s holding that the plaintiff had sufficiently stated a claim under the ACPA by accusing the defendants of having registered two domain names based on the plaintiff’s mark and using them to direct traffic to the defendants’ own website. *Id.* at 497.
3. One of the statutory factors for evaluating a domain name registrant’s alleged bad faith intent to profit from its registration is “the person’s prior use, if any, of the domain name in connection with the bona fide offering of any goods or services.” 15 U.S.C. § 1125(d)(1)(B)(i)(III) (2018). Following a jury trial in which a registrant adduced evidence and testimony that he had used his domain name in connection with not one, but two, successful businesses, the court accepted the jury’s finding that the registrant had not acted with the impermissible bad-faith intent to profit required for a finding of liability. *See Black v. Irving Materials, Inc.*, 398 F. Supp. 3d 592, 612 (N.D. Cal. 2019).
4. A rare attempt to hold one defendant liable for the cybersquatting of another failed in *Pinnacle Advert. & Mktg. Grp. v. Pinnacle Advert. & Mktg. Grp.*, 418 F. Supp. 3d 1143 (S.D. Fla. 2019), after the plaintiff’s evidence failed to justify piercing the veil between the two defendants. Although the first defendant had hired the second as a consultant, the summary judgment record established that the second defendant had acted on his own initiative and not under the direction of the first defendant. *Id.* at 1058.

### III. PROVING FALSE ADVERTISING

- A. Most courts applied the standard five-part test for false advertising over the past year, requiring 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. *See, e.g., Compulife Software Inc. v. Newman*, 959 F.3d 1288, 1316 (11th Cir. 2020); *Pegasystems, Inc. v. Appian Corp.*, 424 F. Supp. 3d 214, 221 (D. Mass. 2019). *But see Geiger v. C&G of Groton, Inc.*, 424 F. Supp. 3d 276, 292 (D. Conn. 2019) (applying substantively identical four-part test for liability); *GOJO Indus. v. Innovative Biodefense, Inc.*, 407 F. Supp. 3d 356, 362 n.4 (S.D.N.Y. 2019).
- B. A threshold issue in any false advertising action is whether the defendant has made an actionable objectively verifiable statement of fact, or, alternatively, set forth an opinion or mere puffery, neither of which is actionable.
1. The Ninth Circuit reached a finding of puffery as a matter of law at the pleadings stage, as another example in a lawsuit against Google, the parent of YouTube. *See Prager Univ. v. Google LLC*, 951 F.3d 991 (9th Cir. 2020). The plaintiff styled itself as a nonprofit educational and media organization with a goal of providing politically conservative viewpoints on issues of public interest. Objecting to the availability of certain of its videos only in YouTube's Restricted Mode, the plaintiff challenged as false advertising YouTube's statements that "everyone deserves to have a voice," that "the world is a better place when we listen, share and build community through our stories," that "people should be able to speak freely, share opinions, foster open dialogue, and that creative freedom leads to new voices, formats and possibilities," and that YouTube's platform will "help [one] grow," "discover what works best," and "giv[e] [one] tools, insights and best practices" for using YouTube's products." *Id.* at 1000 (alterations in original). Affirming the dismissal of the plaintiff's complaint for failure to state a claim, the court held YouTube's "braggadocio about its commitment to free speech" "impervious to being 'quantifiable,' and thus . . . non-actionable 'puffery.'" *Id.* (quoting *Newcal Indus. v. Ikon Office Sols.*, 513 F.3d 1038, 1053 (9th Cir. 2008)).
  2. In contrast, another court declined to dismiss a challenge to a "No Flakes" representation appearing on the packaging of a hair gel product as nonactionable puffery: "The 'no flakes' statement is a specific and testable representation that the Product will not cause flaking in a user's hair. It falls easily within the realm of statements that can be proven true or false." *Duran v. Henkel of Am., Inc.*, No. 19 CIV. 2794 (PAE), 2020 WL 1503456, at \*5 (S.D.N.Y. Mar. 30, 2020).

- C. Courts generally agreed on the two ways in which challenged advertising could be false: (1) it could be literally false; or, alternatively, (2) it could be literally true but misleading in context. *See, e.g., Weight Watchers Int'l, Inc. v. Noom, Inc.*, 403 F. Supp. 3d 361, 369 (S.D.N.Y. 2019); *De Simone v. VSL Pharm., Inc.*, 395 F. Supp. 3d 617, 623 (D. Md. 2019).
1. As always, some plaintiffs advancing claims of false advertising successfully demonstrated their opponents had disseminated literally false claims, or, alternatively, literally true but misleading ones. For example, although liability for false advertising typically requires a showing of a false factual statement in the first instance, one court reached a finding of literal falsity based on a finding that the defendants had continued to use the plaintiffs' marks following a break between the parties. *See vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612, 662-64 (D.S.C.), *enforcement granted in part*, No. CV 2:13-587-RMG, 2019 WL 6888439 (D.S.C. Dec. 18, 2019), *appeal docketed*, No. 19-2112 (4th Cir. April 4, 2020).
  2. Some courts were less impressed with accusations of falsity.
    - a. For example, in *Belcher Pharm., LLC v. Hospira, Inc.*, 419 F. Supp. 3d 1292 (M.D. Fla. 2020), *appeal docketed*, No. 20-10497 (11th Cir. April 21, 2020), the plaintiff argued that the defendant had falsely represented that the defendant's pharmaceutical preparation was the generic equivalent of the plaintiff's own preparation. Although the plaintiff adduced some evidence suggesting that consumers held that belief, it failed to identify any representations by the defendant that might have produced it. *Id.* at 1297-98. Summary judgment in the defendant's favor was the outcome.
    - b. A similar outcome held in an opinion concluding that "a retail or wholesale store cannot be found liable for false information appearing on the packages of the products that they sell." *In re Outlaw Lab., LP Litig.*, 424 F. Supp. 3d 973, 981 (S.D. Cal. 2019).
- D. Courts generally tied the prerequisite of actual or likely deception to the type of falsity demonstrated by plaintiffs.
1. Some held that a finding of literal falsity creates a presumption of actual or likely deception. *See, e.g., Pegasystems, Inc. v. Appian Corp.*, 424 F. Supp. 3d 214, 222 (D. Mass. 2019); *De Simone v. VSL Pharm., Inc.*, 395 F. Supp. 3d 617, 623 (D. Md. 2019).
  2. Others drove home the point that plaintiffs claiming literally true but misleading advertising by defendants were required to demonstrate deception through extrinsic evidence or, alternatively, a deliberate intent to deceive. *See, e.g., Belcher Pharm., LLC v. Hospira, Inc.*, 419 F. Supp. 3d 1292, 1296 (M.D. Fla. 2020) ("A plaintiff attempting to establish the second kind of

falsehood, that an advertisement is literally true but misleading, must ‘present evidence of deception’ in the form of consumer surveys, market research, expert testimony, or other evidence.”), *appeal docketed*, No. 20-10497 (11th Cir. April 21, 2020); *see also Clorox Co. v. Reckitt Benckiser Grp.*, 398 F. Supp. 3d 623, 635–36 (N.D. Cal. 2019).

- E. Consistent with other authority arising in the Second Circuit, a New York federal district court declined to recognize a presumption of harm incurred by the plaintiff in the absence of comparative advertising. *See Dependable Sales & Serv., Inc. v. TrueCar, Inc.*, 394 F. Supp. 3d 368, 375 (S.D.N.Y. 2019).
- F. Some courts viewed plaintiffs’ claims of materiality with skepticism. One was the Fifth Circuit, which entertained an appeal in a case in which a jury had found false a claim that a preparation applied to windshields would repel water and other substances for over 100 car washes. *See Ill. Tool Works, Inc. v. Rust-Oleum Corp.*, 955 F.3d 512 (5th Cir. 2020). Despite its success in demonstrating falsity, the plaintiff fell short where materiality was concerned. Seeking to defend its victory on appeal, the plaintiff argued that the challenged claim: (1) related to an inherent characteristic of the defendant’s product; (2) was important to the defendant’s marketing strategy; and (3) had led to at least one actually confused consumer. *Id.* at 517. The court rejected each theory seriatim, concluding that: (1) in contrast to the rule extant in other circuits, it had never held that representations about products’ inherent characteristics were necessarily material, *id.*; (2) it has similarly never ratified the proposition that “a defendant’s advertising campaign—no matter how aggressive or how much the defendant believed that the advertising would affect consumers—is itself evidence of materiality,” *id.* at 518; and (3) the trial record was devoid of evidence that the allegedly confused consumer had been deceived into purchasing the defendant’s product as a result of his confusion. *Id.* Under these circumstances, the court held, the jury’s finding of materiality was “legally unsupportable.” *Id.*

#### **IV. PROVING RIGHT-OF-PUBLICITY VIOLATIONS AND FALSE ENDORSEMENT**

- A. The Seventh Circuit affirmed a district court declining to certify a putative class of plaintiffs in an action brought under Illinois law. *See Dancel v. Groupon, Inc.*, 949 F.3d 999 (7th Cir. 2019). As it explained, “[the] individualized evidentiary burden prevents identity from being a predominating common question under [Federal Rule of Civil Procedure] 23(b)(3).” *Id.* at 1010.
- B. One court addressing a false endorsement under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (2018), held that “to bring a false endorsement claim, Plaintiffs must show that Defendants, ‘(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.’” *Gibson v. SCE Grp.*, 391 F. Supp. 3d 228, 244 (S.D.N.Y. 2019) (quoting *Toth v. 59 Murray Enters.*, No. 15 Civ. 8028 (NRB), 2019 WL 95564, at \*5 (S.D.N.Y. Jan. 3, 2019)). It did so in an opinion finding that a group of models were

entitled to prevail as a matter of law on claims that the defendants had promoted their strip clubs by using the plaintiffs' images without authorization.

- C. An application of New York law by a court of that state led to the dismissal of a right-of-publicity cause of action against the creator of a video game. *See Champion v. Take Two Interactive Software, Inc.*, 100 N.Y.S.3d 838 (N.Y. Sup. Ct. 2019). According to the plaintiff, a self-styled street basketball entertainer, the defendant's use of an avatar known as "Hot Sizzle" violated the plaintiff's rights to a nickname comprising the same words. The court found the plaintiff's averments lacking for two reasons, the first of which is that the plaintiff's public personality had not reached any magnitude of public notoriety; the second was that the defendant's use of the name was merely incidental. *Id.* at 846-47.
- D. Another application of New York law led a federal district court in that state to dismiss a right-of-publicity claim based on the plaintiff's failure to assert it within with the one-year statute of limitations the court held applicable to it. *See Trombetta v. Novocin*, 414 F. Supp. 3d 625, 633 (S.D.N.Y. 2019).

## V. DEFENSES

### A. Legal Defenses

#### 1. Abandonment

Trademark law contemplates two scenarios in which a mark owner can lose the rights to its mark through abandonment: (1) a discontinuance of use coupled with an intent not to resume use; and (2) conduct by the mark owner that causes the mark to lose its significance as an indicator of source, *e.g.*, the grant of so-called "naked licenses," under which the mark owner does not control the nature and quality of the goods and services provided under the licensed mark.

##### a. Abandonment Through Nonuse

- i. A precedential opinion from the Board in a cancellation action confirmed that a party alleging abandonment must do more than prove nonuse of the mark in question; instead, it also must demonstrate an absence of an intent to resume the mark's use. *See Wirecard AG v. Striatum Ventures B.V.*, 2020 U.S.P.Q.2d 10086 (T.T.A.B. 2020). The registrant in that case was domiciled in the Netherlands and had secured its registration by relying on a foreign registration, meaning that it had used its mark in commerce prior to the registration's issuance. Although the petitioner successfully established a prima facie showing of abandonment under Section 45 of the Lanham Act, 15 U.S.C. § 1127 (2018), through a showing the respondent had not used its mark for over three

years, that showing did not lead the Board to cancel the respondent's registration. On the contrary, the respondent successfully demonstrated an intent to begin using its mark and therefore rebutted the petitioner's prima facie showing of abandonment.

- ii. Likewise, a Michigan federal district court found that the maintenance of a website featuring marks alleged to have been abandoned constituted evidence of an intent to resume the marks' use. *See Cernelle v. Graminex, L.L.C.*, No. 03-10291, 2020 WL 549088, at \*16 (E.D. Mich. Feb. 4, 2020).
- iii. In contrast, a Utah federal district court rejected a putative mark owner's claim of an intent to resume use of its mark. *See Equitable Nat'l Life Ins. Co., Inc. v. AXA Equitable Life Ins. Co.*, No. 2:19-CV-644-RJS-DBP, 2020 WL 292171 (D. Utah Jan. 21, 2020). The court noted a number of considerations weighing against such an intent, including: (1) the lapsing of registrations covering the disputed mark; (2) a change of the putative mark owner's corporate name to one that did not include its claimed mark; and (3) an investment of "tens of millions of dollars" into the rebranding. The court found the last of these points particularly convincing, noting that "few acts show a stronger intent to abandon a mark than a concerted campaign to convince consumers to stop referring to the company by its previous name." *Id.* at \*9. Although the putative mark owner resumed its commitment to the mark after four years of discontinuance, it was too late: "[T]he evidence shows that by the time [the putative mark owner] formed an intent to resume use of the . . . mark, it had already abandoned the mark." *Id.*

**b. Abandonment Through Naked Licensing**

- i. Courts addressing claims of naked licenses often excuse the absence of written quality-control provisions if the parties to a license have a close relationship allowing the licensor to rely on the familiarity of its licensees with its operations; indeed, such an outcome is the usual result if the licensee has a familial relationship with the licensor. The Eighth Circuit, however, took this proposition one step further in a case in which, rather than members of a happy family, the parties' principals were a divorced couple whose post-breakup relations were marked with acrimony. *See Lawn Managers, Inc. v. Progressive Lawn Managers, Inc.*, 959 F.3d 903 (8th Cir. 2020). Their divorce settlement gave the ex-husband control over the lawn-care business they had jointly operated for

seventeen years, with the ex-wife's business receiving a license to use a closely similar mark. When the license expired, and the wife's business continued to use the licensed mark, the ex-husband's business filed an infringement action, to which the ex-wife's business responded with a claim of naked licensing.

- (A) The district court found the license not impermissibly nude, and the Eight Circuit affirmed. As an initial matter, the appellate court held:

To determine whether a licensor exercises sufficient control, and so may enforce the terms of the trademark's use, courts evaluate whether the licensor "(1) retained contractual rights to control the quality of the use of its trademark; (2) actually controlled the quality of the trademark's use; or (3) reasonably relied on [the licensee] to maintain the quality."

*Id.* at 908.

- (B) In applying this standard, the court noted that "[t]he district court found, and the parties do not dispute, that the licensing agreement in this case contained no express contractual right of control and that there was no evidence of actual control by [the ex-husband's company]." *Id.* at 909. That consideration was not dispositive, however, because "[c]ourts have found that a licensor may reasonably rely on a licensee for quality control where the parties have enjoyed a long-term professional association, often termed a 'special relationship.'" *Id.* Although the ex-husband and ex-wife had repeatedly found themselves at odds following the divorce, the court identified a number of considerations in the trial record supporting the district court's finding of just such a special relationship, including: (1) the ex-wife's familiarity with the operations of the ex-husband's company; (2) a "carryover" of workers from that company to the ex-wife's company; (3) the ex-wife's company's emulation of the ex-husband's company, including an inaccurate representation that the ex-wife's company had been in business as long as the ex-husband's

company; (4) a geographic overlap between the parties' customers, which allowed employees of the ex-husband's company to monitor the work being done by the ex-wife's company; and (5) the "long, close, and successful relationship" between the ex-husband and the ex-wife while running their original company in better times. *Id.* at 910-11. The ex-wife's company therefore had not carried its stringent burden of proving a naked license." *Id.* at 911.

- ii. Claims of naked licenses fell short on more conventional facts. Applying Ninth Circuit law, one opinion held that "[t]o determine whether a naked license exists, the [court] looks to whether (1) the license contained express contractual control over the licensee's operations, (2) the licensor had actual control over the licensee's quality control measures, and (3) the licensor was unreasonable in relying on the licensee's own quality control measures." *SinCo Techs. Pte Ltd. v. SinCo Elecs. (Dongguan) Co.*, No. 17-CV-05517-EMC, 2020 WL 906721, at \*2 (N.D. Cal. Feb. 25, 2020). The court issuing that opinion held that the circumstances of the parties' long-standing working relationship created myriad factual disputes precluded a finding of a naked license as a matter of law. *Id.* at \*3.
- iii. Consistent with that outcome, the Trademark Trial and Appeal Board rejected a claim of abandonment through naked licensing based on evidence of the licensees' familiarity with the licensor's operations. *See Great Treats, Inc. v. Bigger Than Bill, Inc.*, No. 91231322, 2020 WL 919237 (T.T.A.B. Feb. 4, 2020) (nonprecedential). Not only was one of the licensee a former employee of the licensor, but the licensor was entitled to rely upon "the parties' familiarity with one another in [the] small-town setting" in which they lived. *Id.* at \*11.

## 2. Descriptive Fair Use

- a. The Seventh Circuit affirmed a finding as a matter of law that uses of "the sports fuel company" such as the following were protected under the statute, in part because they were non-trademark in nature:





*See SportFuel, Inc. v. PepsiCo, Inc.*, 932 F.3d 589, 597 (7th Cir. 2019). Although the summary judgment record demonstrated that the defendants had used a TM symbol adjacent to the words in question and had even secured a registration covering them, those considerations were not dispositive, especially because the defendant had disclaimed the words from the registration. *Id.* at 598. The court also affirmed the district court’s finding that the plaintiff had failed to demonstrate the existence of a factual dispute concerning the defendants’ use of the term in a purely descriptive sense, citing third-parties’ use of “sports fuel” to describe their “nutritional products for athletes,” from which the court concluded that “[i]t requires no imaginative leap to understand that a company selling ‘Sports Fuel’ is selling a variety of food products designed for athletes.” *Id.* at 599-600. Finally, the court rejected the plaintiffs’ claimed evidence of the defendants’ bad faith, which comprised: (1) the defendants’ awareness of the plaintiff’s mark (unconvincing because “the defendant’s ‘mere knowledge’ of the plaintiff’s mark, without other evidence of subjective bad faith, is insufficient”), *id.* at 600; (2) the defendants’ continued alleged infringement during the pendency of the lawsuit (on this issue, the court held that “it is lawful to use a mark that does not infringe some other; intentional infringement creates problems, but [a defendant’s] intentional use of a mark that [it] had every right to use is not itself a ground on which to draw an adverse inference”), *id.* at 600-01 (quoting *M-F-G Corp. v. EMRA Corp.*, 817 F.2d 410, 412 (7th Cir. 1987)); (3) the defendants’ failure “to produce evidence in discovery that must have existed” (insufficient as “assumption or speculation”), *id.* at 601; and (4) the defendants’ alleged antipathy toward the founder of the plaintiff, who, ten years earlier, had refused to endorse one of the plaintiffs’ products (dismissed as “stale” and “facially incredible”) *Id.*

- b. In contrast, another court declined to reach a finding of descriptive fair use as a matter of law, at least at the pleadings stage of the case before it. *See Chooseco LLC v. Netflix, Inc.*, No. 2:19-CV-08, 2020 WL 685689 (D. Vt. Feb. 11, 2020). As it explained, “generally ‘fair

use . . . requires consideration of facts outside of the complaint and thus is inappropriate to resolve on a motion to dismiss.” *Id.* \*7 (quoting *Kelly-Brown v. Winfrey*, 717 F.3d 295, 308 (2d Cir. 2013)).

### 3. Nominative Fair Use

- a. The Ninth Circuit applied its long-standing rule that, to qualify as a nominative fair one, a challenged use must be identical to that of the plaintiff. *See VIP Prods. LLC v. Jack Daniel’s Prods., Inc.*, 953 F.3d 1170 (9th Cir. 2020). It therefore affirmed the rejection of a nominative fair use claim following a trial on the merits. *Id.* at 1174.
- b. Although nominative fair use is usually treated as a question of fact, a New York federal district court granted a motion to dismiss claims of infringement and unfair competition after crediting a defense argument that the appearance of the plaintiff’s flagship mark in the defendant’s advertising was for purposes of comparison. *See Weight Watchers Int’l, Inc. v. Noom, Inc.*, 403 F. Supp. 3d 361, 380 (S.D.N.Y. 2019).
- c. In contrast, another court in the same district rejected a claim of nominative fair use as a matter of law in a case brought against the sculptor of the notable *Fearless Girl* statue by the company that had commissioned it. *See State St. Glob. Advisors Tr. Co. v. Visbal*, No. 1:19-CV-01719-GHW, 2020 WL 71162 (S.D.N.Y. Jan. 3, 2020). A license between the parties granted the sculptor the right to use the name of the statue as a trademark for two- and three-dimensional reproductions of the statue but was silent as to her right to incorporate the mark into domain names for websites promoting the sale of those reproductions. When the sculptor registered just such a domain name, the plaintiff filed suit and successfully defeated the sculptor’s invocation of the nominative fair use doctrine. As the court explained while granting the plaintiff’s motion for summary judgment on the issue, “Defendant’s argument is not persuasive because the Second Circuit has held in a similar circumstance that use of a trademark like *Fearless Girl* in a URL is ‘not simply an adjectival use’ but rather is a use ‘as a mark.’” *Id.* at \*11 (quoting *TCPIP Holding Co. v. Haar Commc’ns Inc.*, 244 F.3d 88, 100-04 (2d Cir. 2001)).

## B. Equitable Defenses

### 1. Laches

- a. Courts applied tests for the affirmative defense of laches over the past year that differed in form, although not in substance.

- i. For example, some adopted a two-part definition: “Ordinarily, a party asserting laches must show ‘(1) lack of diligence by the party against whom the defense is asserted, and (2) prejudice to the party asserting it.’” *Cernelle v. Graminex, L.L.C.*, No. 03-10291, 2020 WL 549088, at \*19 (E.D. Mich. Feb. 4, 2020) (quoting *Kehoe Component Sales Inc. v. Best Lighting Prods., Inc.*, 796 F.3d 576, 584 (6th Cir. 2015)); *see also Kiva Health Brands LLC v. Kiva Brands Inc.*, No. 19-CV-03459-CRB, 2020 WL 759409, at \*4 (N.D. Cal. Feb. 14, 2020); *Khan v. Addy’s BBQ LLC*, 419 F. Supp. 3d 538, 563 (E.D.N.Y. 2019); *Maduka v. Tropical Naturals, Ltd.*, 409 F. Supp. 3d 337, 362 (E.D. Pa. 2019).
  - ii. Others, however, adopted a three-part test. According to one court taking this approach, “[t]hrough the doctrine [of laches] is an equitable doctrine that should be applied flexibly, a defendant must demonstrate the presence of three elements in order to successfully assert laches as a defense: (1) a delay in asserting a right or a claim; (2) that the delay was not excusable; and (3) that there was undue prejudice to the party against whom the claim is asserted.” *Pinnacle Advert. & Mktg. Grp. v. Pinnacle Advert. & Mktg. Grp.*, 418 F. Supp. 3d 1143, 1149 (S.D. Fla. 2019) (quoting *Kason Indus. v. Comp. Hardware Grp.*, 120 F.3d 1199, 1203 (11th Cir. 1997)), *appeal docketed*, No. 19-15167 (11th Cir. Dec. 30, 2019).
  - iii. Finally, without otherwise identifying the defense’s requirements, in determining the merit of a laches argument, one court held that “the Court considers the good faith of the junior user.” *Traeger Pellet Grills, LLC v. Dansons US, LLC*, 421 F. Supp. 3d 876 (D. Ariz. 2019), *appeal dismissed*, No. 19-17211, 2020 WL 470307 (9th Cir. Jan. 8, 2020); *see also Cernelle v. Graminex, L.L.C.*, No. 03-10291, 2020 WL 549088, at \*21 (E.D. Mich. Feb. 4, 2020) (holding that “particularly egregious” conduct by defendants barred successful invocation of laches).
- b. As always, federal courts entertaining claims of laches by defendants referred to statutes of limitations for corresponding state-law torts as benchmarks for determining whether plaintiffs had delayed too long in bringing suit: If they did for longer than the applicable statute of limitations, their claims were presumptively barred by laches; otherwise, the contrary was true. *See, e.g., Cernelle v. Graminex, L.L.C.*, No. 03-10291, 2020 WL 549088, at \*20 (E.D. Mich. Feb. 4, 2020) (three years); *Pinnacle Advert. & Mktg. Grp. v. Pinnacle Advert. & Mktg. Grp.*, 418 F. Supp. 3d 1143, 1152 (S.D. Fla.

2019) (four years), *appeal docketed*, No. 19-15167 (11th Cir. Dec. 30, 2019); *vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612, 664 (D.S.C.) (three years), *enforcement granted in part*, No. CV 2:13-587-RMG, 2019 WL 6888439 (D.S.C. Dec. 18, 2019); *Maduka v. Tropical Naturals, Ltd.*, 409 F. Supp. 3d 337, 362 (E.D. Pa. 2019) (six years); *Delta Forensic Eng'g, Inc. v. Delta V Biomechanics, Inc.*, 402 F. Supp. 3d 902, 912 (C.D. Cal. 2019) (four years).

- c. One pair of plaintiffs escaped a possible application of the laches doctrine by disavowing any request for monetary relief. *See vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612 (D.S.C.), *enforcement granted in part*, No. CV 2:13-587-RMG, 2019 WL 6888439 (D.S.C. Dec. 18, 2019), *appeal docketed*, No. 19-2112 (4th Cir. April 4, 2020). According to the court, even in equity under the Lanham Act, laches does not bar a claim for prospective injunctive relief. *Id.* at 665.

## 2. Acquiescence

- a. Some courts adopted the usual tripartite standard for acquiescence by holding that “[t]o establish an acquiescence defense, a defendant must show: ‘(1) the senior user actively represented that it would not assert a right or a claim; (2) the delay between the active representation and assertion of the right or claim was not excusable; and (3) the delay caused the defendant undue prejudice.’” *Monster Energy Co. v. Beastup LLC*, No. 217CV01605KJMEFB, 2019 WL 3803679, at \*18 (E.D. Cal. Aug. 13, 2019) (quoting *Seller Agency Council, Inc. v. Kennedy Ctr. for Real Estate Educ., Inc.*, 621 F.3d 981, 988 (9th Cir. 2010)); *accord Khan v. Addy’s BBQ LLC*, 419 F. Supp. 3d 538, 563 (E.D.N.Y. 2019); *BPI Lux S.a.r.l. v. Bd. of Managers of Setai Condo. Residence at 40 Broad St.*, No. 18 CIV. 1621 (NRB), 2019 WL 3202923, at \*9 (S.D.N.Y. July 16, 2019).
- b. Another court adopted a simpler test: “The trademark owner must have ‘actively represented that it would not assert a right or a claim.’” *Oasis Legal Finance Operating Co. v. Chodes*, No. 17 C 358, 2020 WL 1874097, at \*11 (N.D. Ill. Apr. 15, 2020) (quoting *Hyson USA, Inc. v. Hyson 2U, Ltd.*, 821 F.3d 935, 941 (7th Cir. 2016)). Not surprisingly, it then rejected the argument by a group of defendants that the failure of the plaintiff suing them to register its mark established the plaintiff’s acquiescence to the defendants’ use of their mark. *Id.* at \*11.

## 3. Unclean Hands

- a. According to one court, “[t]he doctrine [of unclean hands] bars relief to a plaintiff who has violated conscience, good faith or other

equitable principles in his prior conduct, as well as to a plaintiff who has dirtied his hands in acquiring the right presently asserted.’ ‘To prevail on an unclean hands defense, the defendant must demonstrate that the plaintiff’s conduct is inequitable and that the conduct relates to the subject matter of its claims.’” *Monster Energy Co. v. Beastup LLC*, 395 F. Supp. 3d 1334, 1368 (E.D. Cal. 2019) (second alteration in original) (quoting *Dollar Sys., Inc. v. Avcar Leasing Sys., Inc.*, 890 F.2d 165, 173 (9th Cir. 1989); *Brother Records, Inc. v. Jardine*, 318 F.3d 900, 909 (9th Cir. 2003)).

- b. The past year produced the usual opinions rejecting claims of unclean hands by defendants. came in an Eighth Circuit opinion in a dispute between competing lawn-care companies operated by a divorced couple. *See Lawn Managers, Inc. v. Progressive Lawn Managers, Inc.*, 959 F.3d 903 (8th Cir. 2020). During their marriage, the ex-husband and ex-wife had jointly operated a single company, and their divorce settlement divided that company’s customers between the two companies they operated in competition with each other on a going-forward basis. The same settlement precluded each company from signing up the other’s customers for a two-year period. When the ex-husband’s company filed an infringement action against the ex-wife’s company, the latter responded by accusing the former of unclean hands based on its solicitation of the latter’s customers. That claim fell short of the mark, however, based on the court’s conclusion that the parties’ agreement permitted the solicitation of customers, provided none was signed up. The district court therefore had not erred in rejecting the defense. *Id.* at 912-13.
- c. A Michigan federal district court applied the doctrine of unclean hands to block a defendant’s claim of laches. *See Cernelle v. Graminex, L.L.C.*, No. 03-10291, 2020 WL 549088 (E.D. Mich. Feb. 4, 2020). Although the plaintiff had delayed in accusing the defendants of breaching a prior settlement agreement by continuing to distribute goods bearing the plaintiff’s mark, the court found the defendants’ conduct “particularly egregious,” and it therefore allowed the plaintiff’s claims to go forward. *Id.* at \*21.

## **VI. REMEDIES**

### **A. Injunctive Relief**

#### **1. Prerequisites for Injunctive Relief**

- a. Courts differed in the proof of irreparable harm they required of plaintiffs seeking injunctive relief.

Some courts applied the traditional presumption that “[a] finding of irreparable harm usually follows a finding of unlawful use of a trademark and a likelihood of confusion.” *George Sink, P.A. Injury Lawyers v. George Sink II Law Firm LLC*, 407 F. Supp. 3d 539, 559 (D.S.C. 2019) (quoting *Ledo Pizza Sys., Inc. v. Singh*, 2013 WL 5604339, at \*3 (D. Md. Oct. 10, 2013) (alteration in original)), *modified*, No. 2:19-CV-01206-DCN, 2019 WL 6318778 (D.S.C. Nov. 26, 2019), *appeal dismissed*, No. 19-2359, 2019 WL 9042869 (4th Cir. Dec. 18, 2019); *see also* *Life After Hate, Inc. v. Free Radicals Project, Inc.*, 410 F. Supp. 3d 891, 909 (N.D. Ill. 2019) (“[I]t is well-settled that injuries arising from Lanham Act violations are presumed to be irreparable, even if the plaintiff fails to demonstrate a business loss.” (alteration in original) (quoting *Promatek Indus. v. Equitrac Corp.*, 300 F.3d 808, 813 (7th Cir. 2002), as amended (Oct. 18, 2002))); *USA-Halal Chamber of Commerce, Inc. v. Best Choice Meats, Inc.*, 402 F. Supp. 3d 427, 437 (N.D. Ill. 2019) (“The Seventh Circuit has ‘repeatedly held that damage to a trademark holder’s goodwill can constitute irreparable injury for which the trademark owner has no adequate legal remedy.’” (quoting *Re/Max N. Cent., Inc. v. Cook*, 272 F.3d 424, 432 (7th Cir. 2001))).

- i. In contrast, some courts held the presumption no longer available after *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), and *Winter v. Natural Resources Defense Council*, 555 U.S. 7 (2008), a view that resulted in the denial of injunctive relief in more than one case. *See, e.g., BioTE Med., LLC v. Jacobsen*, 406 F. Supp. 3d 575, 582 (E.D. Tex. 2019) (denying preliminary injunction in false advertising litigation with explanation that “[s]ince the *Ebay* decision, numerous Circuit Courts have expressed concerns of the appropriateness of categorical rules—such as presumptions of irreparable harm—in requests for injunctive relief brought under the Lanham Act”); *Kiva Health Brands LLC v. Kiva Brands Inc.*, 402 F. Supp. 3d 877, 896 (N.D. Cal. 2019) (holding that presumption of irreparable harm “is not the law”).
- ii. Nevertheless, even in jurisdictions in which the presumption is no longer available, some plaintiffs managed to demonstrate irreparable harm as a factual matter. *See, e.g., 3M Co. v. Performance Supply, LLC*, No. 20CIV02949LAPKNF, 2020 WL 2115070, at \*7 (S.D.N.Y. May 4, 2020) (“No amount of money could repair the damage to [the plaintiff’s] brand and reputation if it is associated with the crime of price-gouging at the expense of healthcare workers and other first responders in the midst of the COVID-19 crisis.”); *Fletcher’s Original State Fair Corny Dogs, LLC v. Fletcher-Warner Holdings LLC*, 434 F. Supp. 3d 473, 496 (E.D. Tex.

2020) (entering preliminary injunction after finding that “[the plaintiff] has shown that it has experienced a loss of control of reputation, a loss of goodwill, and a loss of trade”).

iii. Of course, even if a plaintiff otherwise demonstrates the existence of irreparable harm, that showing can be rendered moot by the plaintiff’s delay in seeking injunctive relief, especially in the preliminary injunction context.

(A) That outcome held in an appeal to the Eighth Circuit in a case in which the plaintiffs filed an infringement suit in October 2016, but neglected to seek a preliminary injunction until March 2017. *See Phyllis Schlafly Revocable Tr. v. Cori*, 924 F.3d 1004 (8th Cir. 2019). The district court found that approximate five-month delay too long, and the court of appeals agreed. Even if the presumption of irreparable harm survived *eBay*, it held, “the [plaintiff] would not be entitled to such a presumption, because they did not promptly seek preliminary injunctive relief concerning the alleged trademark infringement.” *Id.* at 1010.

(B) Similarly, in *Rumfish y Vino Corp. v. Fortune Hotels, Inc.*, 403 F. Supp. 3d 1227 (M.D. Fla. 2019), the court found that plaintiffs’ approximately six-month delay in challenging defendants’ uses of disputed service mark after learning of defendants’ applications to register the mark for the same services prevented issuance of temporary restraining order. *Id.* at 1232.

b. The second doctrinal requirement for injunctive relief, namely, the inadequacy of legal remedies, did not pose much of an obstacle to prevailing plaintiffs. *See, e.g., vonRosenberg v. Lawrence*, 412 F. Supp. 3d 612, 666 (D.S.C.) (“[P]urely legal remedies are plainly inadequate: this is not a matter of monetary damages, instead it is the issue of an adoption of the Plaintiffs’ history, goodwill, and name. Further, legal remedies would not sufficiently protect against future violations.”), *enforcement granted in part*, 429 F. Supp. 3d 175 (D.S.C. 2019), *appeal docketed*, No. 19-2112 (4th Cir. April 4, 2020).

c. When weighing the parties’ respective interests in securing or receiving injunctive relief, most courts held that the balance of the hardships favored plaintiffs. *See, e.g., Equitable Nat’l Life Ins. Co., Inc. v. AXA Equitable Life Ins. Co.*, 434 F. Supp. 3d 1227, 1254 (D. Utah 2020) (entering preliminary injunction after finding that

“[a]lthough the injunction will substantially disrupt some of [the defendant’s] plans, the harms [the defendant’s] identifies either do not apply to the specific injunction the court is issuing or are self-inflicted”); *Fletcher’s Original State Fair Corny Dogs, LLC v. Fletcher-Warner Holdings LLC*, 434 F. Supp. 3d 473, 497 (E.D. Tex. 2020) (Defendants’ alleged hardship merits little consideration because it results directly from Defendants’ decision to build their business around confusingly similar marks and to continue their efforts to do so after they received [Plaintiff’s] cease-and-desist letter.”).

- d. Likewise, courts also generally held that the public interest favored the entry of injunctive relief in cases in which plaintiffs successfully demonstrate liability for infringement or unfair competition. *See, e.g., Equitable Nat’l Life Ins. Co., Inc. v. AXA Equitable Life Ins. Co.*, 434 F. Supp. 3d 1227, 1255 (D. Utah 2020) (holding trademark infringement “inherently contrary to the public interest”); *Fletcher’s Original State Fair Corny Dogs, LLC v. Fletcher-Warner Holdings LLC*, 434 F. Supp. 3d 473, 497 (E.D. Tex. 2020) (“The public interest is always served by requiring compliance with Congressional statutes such as the Lanham Act and by enjoining the use of infringing marks.” (quoting *Sparrow Barns & Events, L.L.C. v. Ruth Farm Inc.*, No. 4:19-CV-00067, 2019 WL 1560442, at \*10 (E.D. Tex. Apr. 10, 2019))).

## 2. Terms of Injunctive Relief

- a. In an appeal to the Seventh Circuit, a defendant permanently enjoined from selling genuine, but stolen, goods bearing the plaintiff’s mark challenged that portion of the injunction on the ground that the district court had erred in finding that the defendant know some of the disputed goods were, in fact, stolen. *See Quincy Bioscience, LLC v. Elishbooks*, 957 F.3d 725 (7th Cir. 2020). The court made short work of that contention, in substantial part because the defendant had defaulted in response to the plaintiff’s complaint: Because that pleading averred the defendant’s knowledge, the defendant’s default left it unable to claim the contrary on appeal. *Id.* at 731. Moreover, the Seventh Circuit held, because the district court had entered the relief in question only in response to the plaintiff’s motion to amend the judgment under Rule 59, the defendant’s failure to oppose the motion also precluded it from objecting to the injunction’s terms. *Id.* at 730.
- b. In another case before the Seventh Circuit, the district court had issued an order purporting to “modify” a preliminary injunction during the pendency of an appeal of the earlier order. *See MillerCoors*



*LLC v. Anheuser-Busch Cos.*, 940 F.3d 922 (7th Cir. 2019) (per curiam). In doing so, however, the district court failed to comply with Federal Rule of Civil Procedure 65(d)(1)(C), which requires every injunction to be set forth without referring to any other document. It then compounded that error by modifying the preliminary injunction two more times, again without complying with Rule 65(d)(1)(C); moreover, the district court also failed to adhere to the requirements of neither Rule 61.1, which governs relief pending an appeal, nor Rule 62(d)(2), which conditions modification of an injunction in the plaintiff's favor on the posting of security. Having identified these myriad problems with the district court's various orders, the Seventh Circuit vacated and remanded the action with the observation that "[w]hile we recognize that a district court is in the best position to address urgent issues and changes in circumstance related to a preliminary injunction, the court must nonetheless comply with the procedures for doing so in order to avoid creating potential complications on review." 940 F.3d at 922

- c. Although entering a preliminary injunction, a South Carolina federal district court neglected to require the plaintiff to post the security required by Federal Rule of Civil Procedure 65(c). *See George Sink PA Injury Lawyers v. George Sink II Law Firm LLC*, No. 2:19-CV-01206-DCN, 2019 WL 6318778 (D.S.C. Nov. 26, 2019), *appeal dismissed*, No. 19-2359, 2019 WL 9042869 (4th Cir. Dec. 18, 2019). Despite the pendency of the defendant's appeal, the court granted the plaintiff's motion to revise the injunction to require a nominal bond of \$500. *Id.* at \*4.

## **B. Monetary Relief**

### **1. Actual Damages**

- a. Awards of actual damages to fund corrective advertising campaigns are rare, and the outcome of one appeal to the Fifth Circuit demonstrated why. *See Ill. Tool Works, Inc. v. Rust-Oleum Corp.*, 955 F.3d 512 (5th Cir. 2020). Having convinced a jury to find a competitor liable for false advertising, the plaintiff received an award of \$925,617 for prospective corrective advertising, which the district court reduced to \$329,505.75 on the theory that the resulting number was 25% of the defendant's advertising budget. That remittitur was not enough for the court of appeals, which noted that the plaintiff had neither invested in past corrective advertising nor presented any evidence to the jury of plans to mark such an investment. Although the court saw no reason to prohibit prospective awards altogether, it noted that the plaintiff "has never even asserted that it plans to run corrective advertising. It did not say what the advertising might consist of, offer a ballpark figure of what it might cost, or provide even

a rough methodology for the jury to estimate the cost.” *Id.* at 516. Especially because of the absence from the trial record of any evidence of either reputational damage suffered by the plaintiff in the first instance, “an award for prospective corrective advertising is neither compensatory nor equitable—it is a windfall.” *Id.* In the final analysis, “[i]f [the plaintiff] did not show a loss for which it needs compensation, it cannot receive a compensatory award.” *Id.*

- b. In contrast, the Eighth Circuit affirmed a corrective advertising award of \$71,346 based on the trial testimony of an expert witness. *See Lawn Managers, Inc. v. Progressive Lawn Managers, Inc.*, 959 F.3d 903, 914 (8th Cir. 2020). According to the expert, that figure was necessary to finance a mailing to households in the geographic area in which the defendant used its infringing mark. On appeal, the defendant argued that the expert had failed to account for households that had neither availed themselves of the defendant’s services nor been exposed to the defendant’s mark, but the court was unmoved. It therefore sustained the award against the defendant’s challenge with the observation that “[m]ere difficulty in calculating damages is not sufficient reason to deny relief, as we have repeatedly stressed that some uncertainty in damages should not work to bar a plaintiff from recovering from a proved wrongdoer.” *Id.* (quoting *WWP, Inc. v. Wounded Warriors Family Support, Inc.*, 628 F.3d 1032, 1044 (8th Cir. 2011)).

## 2. Statutory Damages

- a. For the most part, requests for awards of statutory damages by prevailing plaintiffs failed to produce the desired results. Thus, for example, in *Laddawn, Inc. v. Bolduc*, No. CV 4:17-11044-TSH, 2020 WL 488541 (D. Mass. Jan. 30, 2020), the court entered a finding of cybersquatting as a terminating sanction for the defendant’s chronic disregard of discovery deadlines. In the process, however, it disagreed with the plaintiffs’ argument that the defendant’s conduct merited an award of \$50,000 per disputed domain name; instead, the court found, a more appropriate award was \$3,000 per domain name. *Id.* at \*2.
- b. Another court declining to give a prevailing plaintiff the full statutory damages it had requested, despite the absence of a response to the plaintiff’s motion for a default judgment, held that a seven-factor test governed the relevant inquiry:

In making a determination of appropriate statutory damages awards, courts typically consider the following factors: “(1) the expenses saved and the profits reaped by defendant; (2) the revenues lost by

plaintiff; (3) the value of the mark; (4) the scale of defendant's infringement; (5) whether defendant's conduct was innocent or willful; (6) whether defendant has cooperated in providing particular records from which to assess the value of the infringing material produced; and (7) the potential for discouraging the defendant and others."

*Spin Master Ltd. v. 158*, No. 18-CV-1774 (LJL), 2020 WL 2766104, at \*13 (S.D.N.Y. May 28, 2020) (quoting *Streamlight, Inc. v. Gindi*, 2019 WL 6733022, at \*11-12 (E.D.N.Y. Oct. 1, 2019), *report and recommendation adopted*, 2019 WL 6726152 (E.D.N.Y. Dec. 11, 2019)). Faulting the plaintiff for failing to distinguish adequately between particular defendants, the court observed that "[i]t is appropriate on a motion for a default judgment to hold Defaulting Defendants liable for statutory damages for acts of infringement they are alleged to have committed. It is not appropriate to base an award of statutory damages on acts they might have committed but are not alleged to have committed." *Id.* at \*14. It ultimately found that "an award of statutory damages against each of the six Defaulting Defendants equal to three times the amount of lost revenues based on the most expensive Counterfeit Products is appropriate." *Id.* at \*16.

### 3. Accountings of Profits

- a. The Supreme Court resolved a question that has long split the lower federal courts, namely, whether willful misconduct is a prerequisite to the equitable remedy of an accounting of the defendant's profits under Section 35(a) of the Lanham Act, 15 U.S.C. § 1117(a) (2018), and the common law. *See Romag Fasteners, Inc. v. Fossil, Inc.*, 140 S. Ct. 1492 (2020).
  - i. The split leading to that development was reflected in several opinions.
    - (A) The Second and Eighth Circuits held that willfulness is indeed a prerequisite for an accounting. *See Safe-way Transit LLC v. Disc. Party Bus, Inc.*, 954 F.3d 1171, 1181 (8th Cir. 2020); *4 Pillar Dynasty LLC v. New York & Co.*, 933 F.3d 202, 212-14 (2d Cir. 2019).
    - (B) In contrast, the Fifth Circuit reiterated its test for an accounting, under which willfulness is only one of six nonexclusive factors:

(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.

*Retractable Techs., Inc. v. Becton Dickinson & Co.*, 919 F.3d 869, 876 (5th Cir. 2019) (quoting *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 554 (5th Cir. 1998), *abrogated on other grounds by Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001)). In doing so, it affirmed the district court’s heavy emphasis on the second factor, namely, whether the defendant’s misconduct (false advertising, in this case) diverted sales to the defendant. *Id.* at 879-81.

(C) Finally, an Eleventh Circuit opinion suggested that willfulness might be a prerequisite only if the plaintiff pursued that theory under one of three available theories: “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.” *PlayNation Play Sys., Inc. v. Velex Corp.*, 924 F.3d 1159, 1170 (11th Cir. 2019). In the process, the court held that the mere continuation of challenged conduct in the face of a plaintiff’s objections does not necessarily constitute willfulness. *Id.* at 1170-71.

ii. The split in the circuits concerning the proper role of willfulness in the accounting inquiry described above led the Supreme Court to review the issue in *Romag Fasteners*, a case brought by a manufacturer of magnetic snap fasteners, which accused the defendant of manufacturing handbags with fasteners bearing imitations of the plaintiff’s mark.

(A) Following trial on the plaintiff’s claims, an advisory jury recommended an accounting of \$90,759 of the defendant’s profits under an unjust enrichment theory and \$6,704,046.00 of the defendant’s profits under a deterrence theory. In its recommendation, the jury found that, although the lead defendant had

acted with “callous disregard” of the plaintiff’s rights, it had not acted willfully. Based solely on the second of these findings, the Federal Circuit held in an application of Second Circuit law that the plaintiff was not entitled to an accounting.

- (B) After twice agreeing to review the question presented by the plaintiff’s petition for a writ of certiorari— “[w]hether, under section 35 of the Lanham Act, 15 U.S.C. § 1117(a), willful infringement is a prerequisite for an award of an infringer’s profits”—the Supreme Court finally answered that question in the negative. It cited several bases for its holding.
- (C) The Court first quoted the express text of Section 35(a), which provides in relevant part that:

When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section [43(a)] or [43(d)] of this title, or a willful violation under section [43(c)] of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, . . . and subject to the principles of equity, to recover (1) defendant’s profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.

15 U.S.C. § 1117(a) (2018). Referencing the express requirement of willfulness for monetary relief in an action for likely dilution under Section 43(c) of the Act, the Court noted that “[the plaintiff] alleged and proved a violation of [Section 43(a)], a provision establishing a cause of action for the false or misleading use of trademarks. And in cases like that, the statutory language has *never* required a showing of willfulness to win a defendant’s profits.” 140 S. Ct. at 1495. It further observed that it did not “usually read into statutes words that aren’t there. It’s a temptation we are doubly careful to avoid when Congress has (as here) included the term in question elsewhere in the very same statutory provision.” *Id.* That was not the defendants’ only problem from a statutory interpretation perspective, however. Instead, the Court

held, “[t]he Lanham Act speaks often and expressly about mental states,” which it concluded made “[t]he absence of any such standard in the provision before us . . . seem[] all the more telling.” *Id.*

(D) The Court was equally unsympathetic to the defendant’s argument that the traditional practice of courts of equity requiring showings of willfulness rose “to the level of a ‘principle of equity’ the Lanham Act carries forward.” *Id.* The Court rejected that “curious suggestion” because “it would require us to assume that Congress intended to incorporate a willfulness requirement here obliquely while it prescribed *mens rea* conditions expressly elsewhere throughout the Lanham Act” and because “[t]he phrase ‘principles of equity’ doesn’t readily bring to mind a substantive rule about *mens rea* from a discrete domain like trademark law.” *Id.* at 1496. Of equal significance, the Court questioned the premise of the argument itself, concluding that “[f]rom the record the parties have put before us, it’s far from clear whether trademark law historically required a showing of willfulness before allowing a profits remedy.” *Id.*

(E) In the final analysis, the Court held, “the most we can say with certainty is this. *Mens rea* figured as an important consideration in awarding profits in pre-Lanham Act cases. This reflects the ordinary, transsubstantive principle that a defendant’s mental state is relevant to assigning an appropriate remedy.” *Id.* at 1497. Thus, “[g]iven these traditional principles, we do not doubt that a trademark defendant’s mental state is a highly important consideration in determining whether an award of profits is appropriate. But acknowledging that much is a far cry from insisting on the inflexible precondition to recovery [the defendant] advances.” *Id.* Although it might be true that “stouter restraints on profits awards are needed to deter ‘baseless’ trademark suits,” it was up to Congress to enact those restraints. *Id.*

b. Clarifying its past authority on the subject, the Second Circuit held that a showing of actual confusion is not a prerequisite for an accounting. *See 4 Pillar Dynasty LLC v. New York & Co.*, 933 F.3d 202, 212 (2d Cir. 2019).

- c. Assuming the remedy is appropriate, a recurring issue in the accounting process is the proper allocation of the parties' respective burdens. On that issue, Section 35(a) provides "[i]n assessing profits the plaintiff shall be required to prove defendant's sales only; [the] defendant must prove all elements of cost or deduction claimed." 15 U.S.C. § 1117(a) (2018). Most interpretations of Section 35(a) place the burden of apportioning a defendant's revenues between lawful and unlawful sources, and the Eighth Circuit appeared to apply that rule in an opinion that both affirmed an accounting of 25% of a defendant's profits and mistakenly referred to the remedy as a "damages award." See *Lawn Managers, Inc. v. Progressive Lawn Managers, Inc.*, 959 F.3d 903, 913 (8th Cir. 2020). The court's semantic confusion did not end there, for it also held that "in a trademark case, the *defendant* bears the burden of proving any claimed deductions from total profits," *id.*; this was, of course, true, but the burden under consideration actually was that of apportionment of the defendant's revenues between infringing and noninfringing sources. In the end, however, affirmed the district court's 75% discount of the defendant's revenues based on the defendant's showings that: (1) any diversion of revenues from the plaintiff to the defendant could have arisen from a two-year license granted by the plaintiff to the defendant before the outbreak of hostilities between the parties; and (2) following the license's termination, the parties had operated under a non-compete agreement, which prevented the defendant from poaching the plaintiff's customers, even if the defendant used an infringing mark. *Id.* at 914.
- d. In contrast, the Fifth Circuit diverged from Section 35(a)'s express text in a false advertising action, namely, that "[t]o show attribution, a plaintiff must 'present evidence that the defendant benefitted from the alleged false advertising.'" *Ill. Tool Works, Inc. v. Rust-Oleum Corp.*, 955 F.3d 512, 515 (5th Cir. 2020) (quoting *Logan v. Burgers Ozark Cty. Cured Hams Inc.*, 263 F.3d 447, 465 (5th Cir. 2001)). Unlike the district court, which had sustained an accounting undertaken by a jury, the appellate court concluded that the plaintiff had failed to make the required showing:

[The plaintiff] cites nothing that links [the defendant's] false advertising to its profits, that permits a reasonable inference that the false advertising generated profits, or that shows that even a single consumer purchased [the defendant's product] because of the false advertising. [The plaintiff] therefore failed to show attribution. This failure is fatal to the disgorgement award.

*Id.*

#### 4. Attorneys' Fees

##### a. Determination of the Prevailing Party

- i. An obvious initial inquiry for courts considering requests for attorneys' fees is the determination of the prevailing party. Addressing that question in a case in which the plaintiff had successfully sought leave from the district court to dismiss its action without prejudice, the Eighth Circuit concluded that neither party had prevailed within the meaning of Section 35 of the Lanham Act, 15 U.S.C. § 1117(a) (2018). As the court explained in affirming the rejection of a defense fee petition:

[The defendants'] argument that they suffered legal prejudice is premised on their belief that, but for [the] voluntary dismissal, [the defendants] would have prevailed in the action and then, as prevailing parties, been able to seek and potentially recover attorney fees under the Lanham Act. [The defendants'] contention that they would have prevailed in the action, however, is pure speculation. The lawsuit was still in its infancy at the time of dismissal; thus, the record is sparse, consisting mostly of the pleadings, briefings on the motions to dismiss, an order to show cause regarding mediation, and some very limited initial discovery. The record contains no substantive rulings or significant factual developments to indicate which party would have prevailed had the action continued. Accordingly, it is pure speculation to contend that [The defendants'] would have been the "prevailing parties" and thus been able to seek—let alone, recover—attorney fees under the Lanham Act.

*SnugglyCat, Inc. v. Opfer Commc'ns, Inc.*, 953 F.3d 522, 527-28 (8th Cir. 2020).

- ii. Having had a jury find against it in the liability inquiry, one defendant nevertheless argued the plaintiff was not the prevailing party because the jury awarded nominal actual damages of only one dollar and the district court declined to enter



injunctive relief. *See Monster Energy Co. v. Integrated Supply Network, LLC*, No. EDCV17548CBMRAOX, 2019 WL 6721630 (C.D. Cal. Oct. 8, 2019). The court disagreed, instead holding that the jury’s finding of infringement rendered the plaintiff entitled to a fee award. *Id.* at \*2.

**b. Eligibility of Prevailing Parties for Awards of Attorneys’ Fees**

- i. Section 21(b)(3) of the Act, 15 U.S.C. § 1071(b)(3) (2018), provides for an automatic award of the USPTO’s reasonable “expenses,” if an unsuccessful *ex parte* appeal from a Trademark Trial and Appeal Board decision is taken to the U.S. District Court for the Eastern District of Virginia, a provision the Fourth Circuit has held includes the Office’s attorneys’ fees and paralegal costs. *See Booking.com B.V. v. U.S. Patent & Trademark Office*, 915 F.3d 171, 187-88 (4th Cir.), *as amended* (Feb. 27, 2019), *vacated and remanded*, No. 19-46, 2020 WL 3518365 (U.S. June 30, 2020), that interpretation, however, is almost certainly now bad law in light of the Supreme Court’s rejection in *Peter v. NantKwest, Inc.*, 140 S. Ct. 365 (2019), of automatic fee awards under the substantively worded Section 145 of the Patent Act, 25 U.S.C. § 145 (2018). Indeed, the Supreme Court has ordered the Fourth Circuit to revisit the issue in light of *NantKwest*. *See Booking.com*, 2020 WL 351365, at \*1.
- ii. The Supreme Court’s interpretations of the test for awards of attorneys’ fees under Section 285 of the Patent Act, 35 U.S.C. § 285 (2018), in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014), continued to play a significant role in interpretations of Section 35(a), which, like Section 285, codifies an “exceptional case” standard.
  - (A) For example, the Seventh Circuit abandoned its cumbersome framework for evaluating fee petitions under Section 35’s “exceptional case” standard, which required differing showings depending on which party sought reimbursement. The proper standard, the court held, is that articulated by the Supreme Court in *Octane Fitness*. *See LHO Chicago River, L.L.C. v. Perillo*, 942 F.3d 384, 388-89 (7th Cir. 2019); *see also 4SEMO.com Inc. v. S. Ill. Storm Shelters, Inc.*, 939 F.3d 905, 913-14 (7th Cir. 2019) (invoking *Octane Fitness* and reversing refusal to award fees), *cert. denied*, No. 19-990, 2020 WL 1668310 (U.S. Apr. 6, 2020).

- (B) Likewise, having dodged the issue on several prior occasions, the Sixth Circuit adopted *Octane Fitness* with open arms in affirming the denial of a fee petition by two prevailing defendants. *See Evoqua Water Techs., LLC v. M.W. Watermark, LLC*, 940 F.3d 222, 235 (6th Cir. 2019).
- (C) The Eighth Circuit affirmed the denial of a fee petition in an unusual case in which the losing defendants were the prior users of the disputed marks but had discontinued their use of them prior to the plaintiffs' first use. *See Safeway Transit LLC v. Disc. Party Bus, Inc.*, 954 F.3d 1171 (8th Cir. 2020). The defendants then had resumed their use of the marks, only to have their claim of prior rights fall victim to a finding of abandonment. On these facts, the Eighth Circuit held that the district court had not abused its discretion in finding the case an unexceptional one under *Octane Fitness*. Not only had the defendants genuinely (if wrongly) believed they continued to own the marks, the plaintiffs had deliberately poached upon the defendants' goodwill when adopting them. That result held even though the defendants had applied to register the marks and also secured domain names based on them. *Id.* at 1182-83.
- (D) Whether before or after courts began applying *Octane Fitness* in their interpretations of Section 35(a), successful fee petitions by prevailing defendants have been the exception to the rule. That rule was apparent in a Federal Circuit opinion reversing a fee award to such a defendant as an abuse of discretion under Ninth Circuit law. *See Munchkin, Inc. v. Luv'n' Care, Ltd.*, No. 2019-1454, 2020 WL 3041266 (Fed. Cir. June 8, 2020). The plaintiff in the action asserted rights in a mark for a spillproof drinking container, as well as in the container's configuration. After the plaintiff dismissed its claims with prejudice, the district court granted the defendants' motion for an award of their fees, citing the dismissal, dissimilarities between the parties' respective marks, and the defendants' assertion that many of the container's features were commonly used prior to the plaintiff's date of first use. The Federal Circuit reversed. With respect to the plaintiff's trademark claim, it first noted that the district court had granted the plaintiff leave to assert the claim in the first place; "[i]n light

of this,” the court observed, “[the plaintiff] cannot be faulted for litigating a claim it was granted permission to pursue.” *Id.* at \*6. Faulting the district court’s acceptance of the defendants’ characterization of third-party uses, the appellate court then held that “even assuming that unsubstantiated assertion is true, the fact that different cups share several features does not, by itself, demonstrate that the alleged trade dress lacks secondary meaning or is otherwise not protectable.” *Id.* at \*7. Finally, the plaintiff’s dismissal of its claims was not dispositive because:

[D]ismissal of . . . claims with prejudice also does not establish, by itself, a finding that the merits were so substantively weak as to render the claims exceptional. There are numerous reasons, including [the plaintiff’s] asserted desire to streamline the litigation, to drop a claim, not just substantive weakness. We decline to adopt a categorical rule that a party’s litigating position is presumptively so meritless as to stand out from the norm whenever it dismisses its claims with prejudice. Rather, the fee movant must still make a fact-based case for why the opposing party’s position was unreasonable.

*Id.* at \*6. The district court’s fee award therefore failed to survive appellate scrutiny.

## VII. CONSTITUTIONAL ISSUES

### A. The First Amendment

1. As always, the test for liability first set forth in *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), played a significant role in trademark-based challenges to the titles and content of creative works. Although applications of that test vary from court to court, the test generally requires plaintiffs to demonstrate that challenged uses either have no artistic relevance to the underlying creative work or, if they *do* have any artistic relevance, they are explicitly misleading. *Id.* at 999.
  - a. For example, in *VIP Prods. LLC v. Jack Daniel’s Prods., Inc.*, 953 F.3d 1170 (9th Cir. 2020), the Ninth Circuit vacated a finding of

infringement in a declaratory judgment action in which the producer of JACK DANIEL'S whiskey asserted counterclaims challenging the imitation of its mark and trade dress by the manufacturer of novelty pet products, including dog chews. For comparison, the parties' are shown here:



According to the court, the district court erred by finding that the counterclaim defendant's product was not a creative expressive good eligible for the protection of *Rogers*. *Id.* at 1176-77. Because the district court had reached a finding of likely confusion under the Ninth Circuit's standard multifactor test without first deciding whether the plaintiff could meet either prong of *Rogers*, the appellate remanded the matter for a determination of that issue. *Id.* at 1177.

- b. An Arizona federal district court held that nonfiction works can qualify as expressive works for purposes of the *Rogers* analysis. *See IOW, LLC v. Breus*, No. CV18-1649-PHX-DGC, 2019 WL 6603948, at \*9 (D. Ariz. Dec. 2, 2019). That determination led directly to the court granting a defense motion for summary judgment in a case in which the plaintiff challenged the title of the defendant's nonfiction self-help book. *Id.* at \*11.
- c. Finally, a New York federal district court offered the following explanation of *Rogers* while granting the motion for summary judgment of a pair of videogame manufacturers accused of infringing the trade dress of a military vehicle by depicting the vehicle in several

versions of its games: “[A]n artistically relevant use will outweigh a moderate risk of confusion where the contested user offers a ‘persuasive explanation’ that the use was an ‘integral element’ of an artistic expression rather than a willful attempt to garnish the trademark owner’s goodwill for profit.” *AM Gen. LLC v. Activision Blizzard, Inc.*, No. 17 CIV. 8644 (GBD), 2020 WL 1547838, at \*5 (S.D.N.Y. Mar. 31, 2020).

2. In contrast, a Colorado federal district court rejected the *Rogers* analysis in a case challenging the titles of a television nature documentary series. *See Stouffer v. Nat’l Geographic Partners, LLC*, 400 F. Supp. 3d 1161 (D. Colo. 2019), *summary judgment granted*, No. 18-CV-3127-WJM-SKC, 2020 WL 2306854 (D. Colo. May 8, 2020), *appeal docketed*, No. 20-1208 (10th Cir. June 5, 2020). After surveying three decades’ worth of opinions applying *Rogers*, the court eschewed reliance on that test, holding instead that liability properly should turn on the following issues:
  - a. whether the plaintiff and the defendant use their marks to identify the same kind, or similar kinds of goods or services;
  - b. to what extent the defendant has added its own creative expression to its work beyond the challenged mark;
  - c. whether the timing of the defendant’s use suggest a motive to capitalize on the popularity of the plaintiff’s mark;
  - d. in what way is the defendant’s use relevant to the underlying work, service, or product;
  - e. whether the defendant has made any statement to the public, or engaged in any conduct known to the public, suggesting a non-artistic motive;
  - f. whether the defendant has made any statement in private or engaged in any conduct in private suggesting a non-artistic motive.

*Id.* at 1179. The court articulated this new test in an order addressing a *Rogers*-based defense motion to dismiss for failure to state a claim. In doing so, it declined to reach the merits of the defendant’s motion but instead instructed the parties to rebrief the issue. Eventually, however, an application of this test led to the grant of a motion to dismiss. *See Stouffer v. Nat’l Geographic Partners, LLC*, No. 18-CV-3127-WJM-SKC, 2020 WL 2306854 (D. Colo. May 8, 2020), *appeal docketed*, No. 20-1208 (10th Cir. June 5, 2020).

3. The Trademark Trial and Appeal Board declined to extend the Supreme Court’s opinions in *Matal v. Tam*, 137 S. Ct. 1744 (2017), and *Iancu v. Brunetti*, 139 S. Ct. 2294 (2019), to the prohibition in Section 2(a) on the

registration of marks falsely suggesting an association with another party, 15 U.S.C. § 1052(a), and to the prohibition on the registration of another party's personal name without written consent under Section 2(c), *id.* § 1052(d). See *In re ADCO Indus. — Techs., L.P.*, 2020 U.S.P.Q.2d 53786 (T.T.A.B. 2020).

4. Also outside the context of challenges to the titles and content of creative works, the Fifth Circuit sustained a First Amendment-based challenge to a Mississippi statute, MISS. CODE ANN. § 73-13-39, restricting commercial uses of the word “engineer” to those holding engineering licenses from the state. See *Express Oil Change, L.L.C. v. Miss. Bd. of Licensure for Prof'l Eng'rs & Surveyors*, 916 F.3d 483 (5th Cir. 2019).
  - a. The plaintiff sued a Mississippi regulatory agency to vindicate its right to use the TIRE ENGINEERS mark for automotive service centers after the agency determined that the mark violated the statute. Although the district court granted the agency's motion for summary judgment, the Fifth Circuit reversed that disposition under an application of the Supreme Court's *Central Hudson* intermediate scrutiny test. See *Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n of N.Y.*, 447 U.S. 557, 566 (1980). The court held that “[a]lthough the Constitution protects commercial speech, that protection is more limited than for most other speech.” *Express Oil Change*, 916 F.3d at 487 (footnote omitted). Still, however, the state of Mississippi had failed to carry its “heavy” burden of justifying the restriction.
  - b. The court then turned to the three prongs of the *Central Hudson* test, which contemplated that the statute could survive scrutiny if: (1) the asserted governmental interest underlying it was substantial; (2) the statute directly advanced that interest; and (3) the statute was no more extensive than necessary. The court determined that the plaintiff's use of “engineering” was neither inherently nor actually misleading, but, based on the results of “a telephonic public opinion poll” showing that 47.8 percent of respondents believed the plaintiff performed “engineering services for tires,” *id.* at 490, it concluded that the plaintiff's mark was potentially deceptive, therefore triggering a substantial state interest in regulating the mark. *Id.* at 491-92. Based on the plaintiff's failure to contest the issue, the court also held that the statute directly advanced the state's interest. *Id.* at 492. Despite this promising beginning, however, the agency failed to carry its burden with respect to the third *Central Hudson* factor both because other states with similar statutes had not challenged the plaintiff's mark and because the agency had neglected “to address why alternative, less-restrictive means, such as a disclaimer, would not accomplish its stated goal of protecting the public.” *Id.* at 493.

5. In a similarly *Rogers*-less analysis, a California federal district court granted a motion to dismiss allegations that the use of allegedly unauthorized footage in a documentary film about deceased performer Whitney Houston violated the rights of publicity of Houston and her ex-husband, Bobby Brown under the law of that state. *See Brown v. Showtime Networks, Inc.*, 394 F. Supp. 3d 418 (S.D.N.Y. 2019). The court’s analysis of the issue was two-fold: (1) the documentary was an expressive work; and, additionally (2) it also qualified as a report on a matter of public interest. *Id.* at 437.
6. An Alabama federal district court held that the First Amendment barred the efforts of a church to recover for false advertising after a non-profit group labeled the church a hate group. *See Coral Ridge Ministries Media, Inc. v. Amazon.com, Inc.*, 406 F. Supp. 3d 1258 (M.D. Ala. 2019). According to the averments in the church’s complaint, that designation had caused Amazon to exclude the church from a list of charities eligible for donations through an Amazon program. Although the court determined on a motion to dismiss that the absence of a definitive definition of “hate group” prevented the nonprofit organization’s characterization of the plaintiff from being found false, *id.* at 1286, it went beyond that to hold the plaintiff unable to recover unless it could prove both falsity *and* actual malice. *Id.* at 1283-84. It did so based on the heightened requirements for defamation of a public figure set forth in *New York Times v. Sullivan*, 376 U.S. 254 (1964).

## **B. The Seventh Amendment**

The Seventh Amendment provides that “[i]n Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.” U.S. Const. amend VII.

1. The Eleventh Circuit addressed the perennial question of whether the amendment guarantees a jury trial in a case in which the plaintiff seeks an equitable accounting of the defendant’s profits but not the legal remedy of an award of its own actual damages. *See Hard Candy, LLC v. Anastasia Beverly Hills, Inc.*, 921 F.3d 1343 (11th Cir. 2019).
  - a. The Supreme Court’s opinion in *Dairy Queen, Inc. v. Wood*, 369 U.S. 469 (1962), a case presenting a standard breach-of-contract claim as well as one for service mark infringement, has led some courts to answer that question affirmatively, *See, e.g., Oxford Indus. v. Hartmarx Corp.*, 15 U.S.P.Q.2d 1648, 1654 (N.D. Ill. 1990) (recognizing right to jury trial on request for accounting because “an award of profits in the trademark context is more like an award of damages than restitution”), but the Eleventh Circuit did not make that error. It turned first to the Supreme Court’s two-part test for determining the amendment’s applicability:

To determine whether a statutory action is more similar to cases that were tried in courts of law than to suits tried in courts of equity or admiralty, the Court must examine both the nature of the action and of the remedy sought. First, we compare the statutory action to 18th-century actions brought in the courts of England prior to the merger of the courts of law and equity. Second, we examine the remedy sought and determine whether it is legal or equitable in nature.

*Hard Candy*, 921 F.3d at 1354 (quoting *Tull v. United States*, 481 U.S. 412, 417-18 (1987)).

- b. After a scholarly discussion of the issue, the court held with respect to the first prong of the test that “when the Seventh Amendment was ratified trademark rights had ‘been long recognized by the common law and the chancery courts of England,’ [and] this part of the Supreme Court’s test is indeterminate.” *Id.* at 1355 (quoting *United States v. Steffens (The Trade-Mark Cases)*, 100 U.S. 82, 92 (1879)). The second prong, however, provided “substantially more guidance,” because “[t]he remedy sought by [the plaintiff], an accounting and disgorgement of profits, was historically a matter for courts of equity,” *Id.*, and that principle was apparent in opinions arising from trademark disputes as well as those in other areas of the law. *Id.* at 1355-57. Properly recognizing that the *Dairy Queen* Court considered the purported claim for an accounting before it actually to be one for an award of damages, the Eleventh Circuit ultimately opined that “a claim for an accounting and disgorgement of profits under the Lanham Act is equitable in nature and, therefore, . . . the Seventh Amendment’s guarantee of a jury trial does not apply.” *Hard Candy*, 908 F.3d at 1358.

2. The correctness of the Eleventh Circuit’s holding on this point did not stop other courts from referring accountings to juries. Only one court referring a request for an accounting to a jury attempted to justify that step under *Dairy Queen*, and it did so after the fact in denying a post-trial attack on the outcome:

[I]n deciding that the plaintiff in a trademark infringement claim who sought the remedy of an “equitable accounting” of the defendant’s profits was entitled to a jury trial, [the *Dairy Queen* Court] stated that determining whether a remedy was equitable or legal—and thus whether or not the constitutional jury trial right adhered—did not depend on word choice but on the substantive question whether there was “the absence of an adequate remedy at law.” The Court explained that, when the remedy sought was “a money claim,”



it was a “rare case” where no remedy at law would be available, limited to those instances where “the accounts between the parties are of such a complicated nature that only a court of equity can satisfactorily unravel them.” *Dairy Queen* directs the outcome here. Although disgorgement may have some history in equity, [the plaintiffs’] claim required nothing more than the adding up of unjustly earned profits, a task well within the ken of the jury.

*De Simone v. VSL Pharm., Inc.*, 395 F. Supp. 3d 617, 636-37 (D. Md. 2019) (quoting *Dairy Queen*, 369 U.S. at 477-78), *appeal docketed sub nom De Simone v. Alfasigma USA, Inc.*, No. 19-1731 (4th Cir. July 12, 2019), *and appeal docketed sub nom. De Simone v. Leadiant Biosciences, Inc.*, No. 19-1762 (4th Cir. July 22, 2019).

## VIII. USPTO PRACTICE

### A. Substantive Questions of Registrability

1. Even after the Federal Circuit’s opinion in *In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009), both the Trademark Trial and Appeal Board and courts alike have been called upon to address claims that applicants have pursued or maintained registrations of their marks through fraudulent filings.
  - a. As is has been since *Bose*, the Board was generally hostile to claims of fraud, and it held several such claims deficient as a matter of law. *See, e.g., Audemars Piquet Holding S.A. v. Tenegroup Ltd.*, No. 91244316, 2020 WL 1469495, at \*2 (T.T.A.B. Mar. 24, 2020) (non-precedential) (“Pleadings of fraud that rest solely on allegations that the trademark applicant or registrant made material representations of fact in connection with its application or registration that it ‘knew or should have known’ to be false or misleading are an insufficient pleading of fraud, because it implies mere negligence, which is not sufficient to infer fraud or dishonesty.”); *Undefeated, Inc. v. Williams*, No. 92058609, 2020 WL 1303849, at \*16 (T.T.A.B. Mar. 17, 2020) (nonprecedential) (rejecting claim of fraudulent procurement after trial); *Doc Mooney Ltd v. Mooney*, No. 91240299, 2019 WL 4440238, at \*5 (T.T.A.B. Sept. 13, 2019) (nonprecedential) (holding allegation of fraudulent procurement deficient as a matter of law based on absence from notice of opposition of allegations of intent and materiality).
  - b. The situation was different where at least some federal courts were concerned.
    - i. For the most part, courts were just as hostile to claims of fraudulent procurement as the Board. *See, e.g., Switch, Ltd.*

*v. Uptime Inst., LLC*, 426 F. Supp. 3d 636, 645 (D. Nev. 2019) (granting motion to dismiss cause of action for fraudulent procurement grounded in theory that defendants' prior procurement of registration of certification mark precluded accurate representation of trademark usage in subsequent trademark application).

ii. Others, however, were more receptive to fraud-based challenges to claims in the USPTO. *See, e.g., Galperti, Inc. v. Galperti S.r.l.*, 791 F. App'x 905, 909–10 (Fed. Cir. 2019) (vacating Board finding of no fraudulent procurement and remanding for determination of accuracy of registrant's averment of substantially exclusive use of mark under Section 2(f), 15 U.S.C. § 1052(f)); *Khan v. Addy's BBQ LLC*, 419 F. Supp. 3d 538, 568 (E.D.N.Y. 2019) (denying motion to dismiss claim of fraudulent procurement based on alleged failure to disclose other party or parties using allegedly confusingly similar mark).

2. Of course, not all attacks on applications and registrations taking place in courts rested on allegations of fraud. For example, the Eleventh Circuit affirmed a district court's order mandating the cancellation of a registration after concluding that the underlying mark was confusingly similar to that of the plaintiff. *See PlayNation Play Sys., Inc. v. Vexlex Corp.*, 924 F.3d 1159, 1171 (11th Cir. 2019). As the court explained, prior to its fifth anniversary, a registration on the Principal Register can be cancelled for any reason that would have prevented its issuance in the first place. *Id.*
3. In an unusual outcome, the Board found in a cancellation action that an individual registrant had not had a bona fide intent to use its mark when it applied to register it. *See Hole In 1 Drinks, Inc. v. Lajtay*, 2020 U.S.P.Q.2d 10020 (T.T.A.B. 2020). The reason was that the registrant had planned to use the mark with a partner, rather than as an individual. *See id.* at \*9 (“Considering the evidence discussed above, we find that Respondent and [the partner] jointly had a bona fide intention to use the [registered] mark . . . at the time Respondent filed the underlying application. Accordingly, the . . . trademark application should have been filed only in the names of Respondent and [the partner] as joint applicants.”).
4. In *In re Yarnell Ice Cream, LLC*, 2019 U.S.P.Q.2d 265039 (T.T.A.B. 2019), the Board addressed the question of whether an individual dressed as a company mascot can constitute a point-of-sale display and therefore an acceptable specimen of use:



It answered that question in the negative, although without expressly ruling out a contrary conclusion on different facts.

5. In a relatively rare refusal to register under Section 2(b) of the Act, 15 U.S.C. § 1052(b) (2018), the Board found that the following mark included an unregistrable simulation of the United States flag:



*See In re Ala. Tourism Dept.*, 2020 U.S.P.Q.2d 10485 (T.T.A.B. 2020). According to the Board:

[W]hen we view Applicant’s flag design against the backdrop of the “words or other designs on the drawing,” and in the context of the intended use of Applicant’s mark in “promoting travel and tourism related to historical information on civil rights in the United States,” we find that the U.S. flag and Applicant’s flag design are highly similar and that the average member of the public would perceive Applicant’s flag design to be a simulation of an actual U.S. flag.

*Id.* at \*5 (quoting T.M.E.P. § 1204.01(a)).

6. In a case in which the ownership of an applied-for mark was at issue, the Board concluded that an oral intra-family license qualified the licensee as a related company within the meaning of Section 5 of the Lanham Act, 15

U.S.C. § 1065 (2018). *See Sock It To Me, Inc. v. Aiping Fan*, 2020 U.S.P.Q.2d 10611 (T.T.A.B. 2020). That was true although evidence of the putative licensor’s control over its licensee’s goods was less than compelling. As the Board explained, “[a]n informal, rather than formal, system of quality control may suffice,” “especially where the licensor and licensee have a close working relationship, such as a familial relationship,” which was the case. *Id.* at \*5.

7. The Board’s opinion in *In re UST Global (Singapore) Pte. Ltd.*, 2020 U.S.P.Q.2d 10435 (T.T.A.B. 2020), created an unusual discrepancy between the holding of that case and the *Trademark Manual of Examining Procedure*. Although T.M.E.P. § 1213 provides that “[a] disclaimer may be limited to pertain to only certain classes, or to only certain goods or services,” the examiner assigned to the application at issue declined to reject the applicant’s attempt to disclaim a portion of its mark with respect to some of its services in particular classes but not others. The Board sided with the examiner, invoking “the well-settled principle that a ‘[i]f a mark is descriptive of any of the services in a class for which registration is sought, it is proper to refuse registration as to the entire class.’” *Id.* at \*9 (alteration in original) (quoting *In re Chamber of Commerce of the U.S.*, 675 F.3d 1297, 1300 (Fed. Cir. 2012)).
8. In a straightforward opinion, the Board confirmed that a concurrent use registration is appropriate only if the parties do not occupy overlapping geographic markets. *See Hanscomb Consulting, Inc. v. Hanscomb Ltd.*, 2020 U.S.P.Q.2d 10085 (T.T.A.B. 2020).

## **B. Procedural Issues**

1. Federal courts sometimes reach the wrong outcomes when answering registration-related questions, but rarely as wrong as the Eleventh Circuit in *Royal Palm Properties, LLC v. Pink Palm Properties, LLC*, 950 F.3d 776 (11th Cir. 2020).
  - a. In that case, a counterclaim plaintiff accused of infringement responded to the lawsuit against it by counterclaiming for cancellation of the plaintiff’s registrations under Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d). That section authorizes the cancellation of a registration less than five years old if the registered mark

[c]onsists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive.

*Id.* Interpretations of this ground for cancellation typically historically have required the party challenging a registration to establish its own priority of rights to either the registered mark itself or a confusingly similar mark. *See, e.g., Baroid Drilling Fluids Inc. v. Sun Drilling Prods.*, 24 U.S.P.Q.2d 1048, 1052 (T.T.A.B. 1982) (“A plaintiff asserting a cause of action under Section 2(d) essentially can rely upon any mark or marks as to which it can assert its prior use (or its ownership of a registration), coupled with an allegation of likelihood of confusion that is not wholly without merit.”). In other words, only if the challenger has the right to exclude the registrant from the use of the registered mark will the challenger have standing to pursue the registration’s cancellation.

- b. Although the Eleventh Circuit itself has recognized that rule in the past, *see, e.g., Coach House Rest., Inc. v. Coach & Six Rests., Inc.*, 934 F.2d 1551 (11th Cir. 1991), it lost its way in *Royal Palm Properties*. Although the counterclaim plaintiff did not enjoy the prior use of its own mark, it asserted that the counterclaim defendant’s registered mark was confusingly similar to prior-registered marks owned by two third parties. Not surprisingly, the counterclaim defendant objected to the counterclaim plaintiff’s bid to vindicate the third parties’ rights, but it did so unsuccessfully. In rejecting the counterclaim defendant’s standing-based argument, the court held that “[w]e think it’s clear that [the counterclaim plaintiff] has the requisite direct, personal interest in the outcome of this litigation. Were the [counterclaim defendant’s] trademark [registration] cancelled, [the counterclaim plaintiff] would be free to use the mark in its promotional materials, without fear of another lawsuit.” 950 F.3d at 788.
- c. The court’s error on this point extended beyond its failure to recognize that common-law rights can exist in the absence of registration.
  - i. For one thing, although the court found Federal Circuit authority more persuasive than its own, it fundamentally misread the significance of that authority. For example, although citing favorably to *Herbko Int’l, Inc. v. Kappa Books, Inc.*, 308 F.3d 1156 (Fed. Cir. 2002), the court failed to note the actual test for standing applied in that case, namely, that “a party petitioning for cancellation under section 2(d) must show that *it* had priority and that registration of the mark creates a likelihood of confusion.” *Id.* at 1162 (emphasis added). Likewise, it leaned heavily on *Ritchie v. Simpson*, 170 F.3d 1092 (Fed. Cir. 1999), without recognizing that the claim of standing in *Ritchie* rested not only on an application of a different prohibition on registration, but one invalidated by the Supreme Court in *Iancu v. Brunetti*, 139 S. Ct. 2294 (2019).

- ii. For another, the court’s holding effectively resurrects the long-discredited doctrine of *jus tertii*, pursuant to which a defendant can escape liability by arguing the plaintiff’s mark violates the rights of a third party. *See, e.g., Warren Publ’g Co. v. Spurlock*, 645 F. Supp. 2d 402 (E.D. Pa. 2009) (“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.”’ (alteration in original) (quoting *Gen. Cigar Co. v. G.D.M. Inc.*, 988 F. Supp. 647, 661 (S.D.N.Y. 1997)). If the Eleventh Circuit is correct, the inevitable result—at least in litigation in which plaintiffs assert the rights to marks that are either unregistered or covered by registrations less than five years old—will be an interminable series of mini-trials in which defendants trot out the prior rights of third parties to prove the ineligibility of plaintiffs’ marks for registration under Section 2(d) and Section 43(c), 15 U.S.C. § 1052(d). Such a result “would expand many trademark disputes far beyond a mere two-party conflict. Before [a] plaintiff could prevail, it would have to prove that it was not an infringer of one or more third parties that the defendant can conjure up. . . . A case could be expanded beyond reasonable bounds and effectively slowed to a crawl.” 6 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 31:160 (4th ed.).
2. The Trademark Trial and Appeal Board took an unusually strong (for it) stand against obstructionist tactics in the discovery process. *See Hewlett Packard Enter. Dev. LP v. Arroware Indus.*, 2019 U.S.P.Q.2d 158663 (T.T.A.B. 2019). In addition to dismissing the respondent’s boilerplate objections to the petitioner’s written requests, the Board held that the respondent had failed to interpose a proper objection to the number of those requests because the respondent had not served a general objection at the time of its initial responses, but had instead refused to supplement those responses. The result was that “Respondent has therefore waived its right to object to Petitioner’s first set of interrogatories and first set of requests for production on the ground that they exceed the number permissible under the Board’s rules.” *Id.* at \*3.
3. Not surprisingly, the Board confirmed that the USPTO was within its rights to deny registration to an applicant unwilling to pay the filing fees required for its multi-class application. *See In re Carlton Cellars, LLC*, 2020 U.S.P.Q.2d 10150 (T.T.A.B. 2020).
4. Likewise, in *In re Rainier Enterprises*, 2019 U.S.P.Q.2d 463361 (T.T.A.B. 2019), the Board affirmed a refusal to register based on the applicant’s failure to comply with a drawing requirement and to amend a color claim in the application.

5. Having reached the ten-deposition limit set by Fed. R. Civ. P. 30(a)(2)(A)(i), one opposer requested leave from the Board to take still more. *See Spliethoff's Bevrachtingskantoor B.V. v. United Yacht Transport LLC*, 2020 U.S.P.Q.2d 10605 (T.T.A.B. 2020). The Board was unsympathetic:

Absent a stipulation or Board order authorizing additional depositions, it was incumbent upon Opposer to proceed according to the presumptive deposition limit set forth in the federal rules. There was no basis for Opposer to believe that it would not be held to that limit. A party should not use depositions on its own witnesses or those whom other means are available to obtain discoverable information and then approach the Board for leave to exceed the deposition limit because more important witnesses, including Rule 30(b)(6) representative(s) or the other party's officers, have not been deposed. That Opposer chose to take unnecessary depositions while foregoing important ones was an unfortunate strategic decision, but not a basis for granting the relief sought.

*Id.* at \*10.

6. Metadata associated with documents covered by discovery requests may be fair game in discovery, but only if litigants actually request it. One opposer discovered that the hard way in *Chix Gear, LLC v. Princess Race Wear Corp.*, 2019 U.S.P.Q.2d 455321 (T.T.A.B. 2019), in which the Board declined to grant a motion to compel after concluding that metadata was not implicit or inherent in discovery requests that did not mention it.
7. In *Flanders v. DiMarzio, Inc.*, 2020 U.S.P.Q.2d 10671 (T.T.A.B. 2020), the Board confirmed that the Rule 30(b)(6) deposition of a corporation ordinarily must take place at its principal place of business. It therefore ordered that the deposition at issue occur in New York City even through the designated witness resided in Bozeman, Montana.
8. In *Andrusiek v. Cosmic Crusaders LLC*, 2019 U.S.P.Q.2d 222984 (T.T.A.B. 2019), the Board addressed the question of whether a party whether a witness located in the United States whose testimony is presented by affidavit or declaration under Trademark Rule 2.123(a)(1), 37 C.F.R. § 2.123(a)(1), may be cross-examined by written questions. The Board answered the question affirmatively, holding that such a witness may be cross-examined only by oral examination. *Andrusiek*, 2019 U.S.P.Q.2d at \*2-3.
9. The Board served up a reminder that Trademark Rule 2.127(a), 37 C.F.R. § 2.127(a) limits briefs—even those in support of motions for summary judgment—to “twenty-five pages in length in its entirety, including table of contents, index of cases, description of the record, statement of the issues,

recitation of the facts, argument, and summary.” See *Covidien LP v. ERBE Elektromedizin GmbH*, 2019 U.S.P.Q.2d 265006 (T.T.A.B. 2019) (precedential). It therefore declined to consider a brief checking in at twenty-eight pages. *Id.* at \*2.