

Recent Developments in United States Trademark and Unfair Competition Law

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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: *Jack Daniel's Props., Inc. v. VIP Prods. LLC*, 143 S. Ct. 476 (2022) (counsel for petitioner); *Abitron Austria GmbH v. Hetronic Int'l, Inc.*, 143 S. Ct. 398 (2022) (counsel of record for amicus curiae Intellectual Property Owners Association); *Bertini v. Apple Inc.*, 63 F.4th 1373 (Fed. Cir. 2023) (counsel for applicant); *adidas Am., Inc. v. Thom Browne Inc.*, 599 F. Supp. 3d 151 (S.D.N.Y. 2022) (counsel for plaintiffs); *In re Pound Law, LLC*, 2022 U.S.P.Q.2d 1062 (T.T.A.B. 2022) (counsel for applicant).

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I. ESTABLISHING PROTECTABLE TRADEMARK AND SERVICE MARK RIGHTS

A. Proving Protectable Rights Through Federal Registrations

1. Plaintiffs lacking registrations on the Principal Register bore the burden of proving the validity of their claimed marks. *See, e.g., Beatriz Ball, L.L.C. v. Barbagallo Co.*, 40 F.4th 308, 317 (5th Cir. 2022) (“The Supreme Court has held that, ‘in an action for infringement of unregistered trade dress under § 43(a) of the Lanham Act, a product’s design is distinctive, and therefore protectible, only upon a showing of secondary meaning.’” (quoting *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 216 (2000)); *Sensory Path Inc. v. Fit & Fun Playscapes LLC*, No. 3:19CV219-GHD-RP, 2022 WL 17072012, at *2 (N.D. Miss. Nov. 17, 2022) (“[B]ecause the Plaintiff’s purported trademark is not registered, ‘the burden is on the plaintiff to prove that the mark is a valid trademark.’” (quoting *Parasol Flavors, LLC v. SnowWizard, Inc.*, No. 09-3394, 2010 WL 745004, at *5 (E.D. La. Feb. 25, 2010)), *appeal docketed*, No. 22-60645 (5th Cir. Dec. 8, 2022).
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. One court explained that:

Registration of a mark is prima facie evidence of the validity of the mark, the registrant’s ownership of the mark, and the registrant’s exclusive right to use the mark in connection with the goods specified in the registration.” The registrant is therefore granted a “presumption of validity.” That presumption may be rebutted if a challenger can show that “the registrant had not established valid ownership rights in the mark at the time of registration” by a preponderance of the evidence.

Yedi, Inc. v. Universal Connect Wholesale, No. 222CV02202RGKAGR, 2022 WL 3137930, at *2 (C.D. Cal. June 22, 2022) (first quoting *Pom Wonderful LLC v. Hubbard*, 775 F.3d 1118, 1124 (9th Cir. 2014), then quoting *Quiksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 755 (9th Cir. 2006), and then quoting *Sengoku*

Works Ltd. v. RMC Int'l, Ltd., 96 F.3d 1217, 1219–20 (9th Cir. 1996)); *see also* *SoClean, Inc. v. Sunset Healthcare Sols., Inc.*, 52 F.4th 1363, 1368 (Fed. Cir. 2022) (“When the mark has been registered for fewer than five years and remains contestable . . . , ‘the effect of registration . . . is to shift the burden of proof from the plaintiff to the defendant, who must introduce sufficient evidence to rebut the presumption of the plaintiff’s right to exclusive use.’” alterations in original) (quoting *Borinquen Biscuit Corp. v. M.V. Trading Corp.*, 443 F.3d 112, 117 (1st Cir. 2006)); *PetConnect Rescue, Inc. v. Salinas*, No. 20-CV-00527-RSH-DEB, 2023 WL 2026546, at *10 (S.D. Cal. Feb. 15, 2023) (“If a plaintiff establishes that a mark has been properly registered, the burden shifts to the defendant to show by a preponderance of the evidence that the mark is not protectable.”).

- b. In contrast, one court apparently could not decide whether such a registration shifts the burden of proof or merely the burden of production. It held that “when a plaintiff sues for infringement of its registered mark, the defendant bears the burden of production and persuasion to rebut the presumption of ownership.” *Focus Prods. Grp. Int'l, LLC v. Kartri Sales Co.*, No. 15 CIV. 10154 (PAE), 2022 WL 17851810, at *22 (S.D.N.Y. Dec. 22, 2022) (quoting *C=Holdings B. V. v. Asiarim Corp.*, 992 F. Supp. 2d 223, 239 (S.D.N.Y. 2013)), *appeal docketed*, No. 23-1446 (Fed. Cir. Feb. 1, 2023).

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 use of a mark must be lawful to create protectable rights under federal law, but that requirement proved no obstacle to a plaintiff challenging imitations of six marks for e-cigarette and vaping products containing delta-8 tetrahydrocannabinol (“delta-8 THC”), a chemical compound derived from hemp. *See AK Futures LLC v. Boyd St. Distro, LLC*, 35 F.4th 682 (9th Cir. 2022). Having been hit with a preliminary injunction, the defendant argued on appeal that the plaintiff’s goods were unlawful. The Ninth Circuit disagreed, holding that 2018 Agriculture Improvement Act (the “Farm Act”), Pub. L. No. 115-334, 132 Stat. 4490, *codified at* 21 U.S.C. §§ 802(16)(B), 812 sched. I(c)(17) (2018), had legalized those goods

because they fell within the Farm Act’s definition of “hemp.” *See* 7 U.S.C. § 1639o(1) (2018) (“The term ‘hemp’ means the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 [THC] concentration of not more than 0.3 percent on a dry weight basis.”). Based on “the plain and unambiguous text of the Farm Act,” *AK Futures*, 35 F.4th at 690, the court concluded that, because the plaintiff’s goods contained less than 0.3 percent delta-9 tetrahydrocannabinol (“delta-9 THC”), “the delta-8 THC in the [plaintiff’s] e-cigarette liquid is properly understood as a derivative, extract, or cannabinoid originating from the cannabis plant”; in other words, they “fit comfortably within the statutory definition of ‘hemp.’” *Id.* at 691. In thus affirming the preliminary injunction, the court rejected the defendant’s reliance on the federal Drug Enforcement Agency’s regulations implementing the Farm Act, which the court held trumped by the act’s “unambiguous” text, *id.*, as well as the defendant’s argument that Congress intended the Farm Act to legalize only industrial hemp, not a potentially psychoactive substance like delta-8 THC. *Id.* at 693. The district court therefore had properly found the plaintiff likely to prevail on its claim of lawful use.

- b. Under certain circumstances, the public’s use of a mark in reference to a plaintiff’s goods or services can substitute for the plaintiff’s own use of the mark. *See, e.g., Coca-Cola Co. v. Busch*, 44 F. Supp. 405, 408 (E.D. Pa. 1942) (recognizing plaintiff’s priority of rights to COKE mark based on public’s use in connection with plaintiff’s beverage). Nevertheless, one court rejected public use as a basis for the Girl Scouts of the United States of America’s acquisition of rights to the claimed SCOUT, SCOUTS, and SCOUTING marks in that organization’s suit against the Boy Scouts of America. *See Girl Scouts of the United States of Am. v. Boy Scouts of Am.*, 597 F. Supp. 3d 581 (S.D.N.Y. 2022). Granting a defense motion for summary judgment, the court noted that, in the cases proffered by the Girl Scouts, “the party seeking protection either used the mark in question, or at least did not actively discourage its use.” *Id.* at 597. “In contrast,” the court found from the summary judgment record, the Girl Scouts had “either refrained from using ‘scout’ alone for decades, or proactively discouraged use of the word ‘scout’ without ‘girl.’” *Id.* Moreover, and in any case, “[t]he evidence Girl Scouts cites indicates that the public associates the Scout Terms with both the Boy Scouts and the Girl Scouts; if any protectable rights exist in the Scout Terms alone, both the Boy Scouts and the Girl Scouts have claim to those rights.” *Id.*

c. Although most priority disputes involving a claim of tacking turn on changes to the alleged senior user's mark, the Federal Circuit confirmed that a successful claim of tacking can rest on an evolution of the goods or services provided under a mark. *See Bertini v. Apple Inc.*, 63 F.4th 1373 (Fed. Cir. 2023).

i. According to the court:

[T]he goods or services must be substantially identical for tacking to apply. This standard does not require complete identity of the goods or services. Such a rule would fail to account for technological innovation which impacts how products evolve over time. For example, music recording formats have changed over time as technology has improved—from gramophone records, to cassettes, to compact discs. A trademark owner should not lose priority simply because it updates the medium through which it distributes musical recordings, so long as consumers would associate these various music formats as emanating from the same source. To do so would discourage brand innovation.

Goods and services are substantially identical for purposes of tacking where the new goods or services are within the normal evolution of the previous line of goods or services. This inquiry depends, at least in part, on whether consumers would generally expect the new goods or services to emanate from the same source as the previous goods or services.

Id. at 1381 (citation omitted).

ii. At the same time, however, the court refused to hold that a senior user's priority with respect to one good or service covered by an application to register its mark necessarily has priority with respect to all the other goods or services that might be included in its filing:

Tacking a mark for one good or service does not grant priority for every other good or service in the trademark application. A trademark owner must show tacking is available for each good or service for which it claims priority on that ground.

... An opposer can block a trademark application in full by proving priority of use and likelihood of confusion for *any* of the

services listed in the trademark application. The reverse is not true. The trademark applicant cannot establish absolute priority for the full application simply by proving priority of use for a single service listed in the application.

Id. at 1379 (citations omitted).

2. Proving Distinctiveness

a. The past year produced an unusual trio of findings of genericness.

i. For example, the factual nature of the distinctiveness inquiry did not prevent a finding as a matter of law that the claimed “gruyere” certification mark for cheese was generic. *See Interprofession du Gruyere v. U.S. Dairy Exp. Council*, 61 F.4th 407 (4th Cir. 2023). Dissatisfied with a determination to identical effect by the Trademark Trial and Appeal Board, the plaintiffs, who believed that gruyere should only be used to label cheese produced in the Gruyère region of Switzerland and France, unsuccessfully pursued a district court appeal before seeking recourse from the Fourth Circuit. For various reasons, that court agreed with the findings of genericness below, both of which turned on the issue of whether members of the general public who purchased or consumed cheese primarily understood the term gruyere as referencing a type of cheese, rather than identifying the Gruyère region of Switzerland and France as the locus of the cheese’s production.

(A) Not the least of those reasons was that the relevant Food and Drug Administration “standard of identity” for gruyere-labeled cheese did not impose any geographic limitations on where that cheese could be produced. Citing favorably to a USPTO examination guide endorsing the use of standards of identity, the court held the standard at issue evidence of genericness, observing that “because the FDA standard of identity for ‘Gruyere cheese’ has set constraints for labeling products as gruyere since 1977, it follows that its requirements—which do not prescribe any limitations on where the cheese must be produced—accord with consumer expectations about the gruyere label.” *Id.* at 418. In doing so, the court rejected the plaintiffs’ argument that the examination guide was relevant to the genericness of trademarks, and not

certification marks: “[I]t would not make sense for the USPTO Guide to apply to trademarks but not certification marks, as certification marks are registrable ‘in the same manner and with the same effect as are trademarks.’ Therefore, to the extent that guidance informs the genericness inquiry for trademarks, so too, does it inform the genericness inquiry for certification marks.” *Id.* (quoting 15 U.S.C. § 1054 (2018)). Moreover, that was true even though at least some registered certification marks for cheese, *e.g.*, ROQUEFORT and REGGIANO, also were the subjects of FDA standards of identity.

(B) That was not all, however, for the summary judgment record also demonstrated that hundreds of thousands of pounds of cheese produced outside the Gruyère region was imported into the United States and sold in the United States labeled as “gruyere.” Moreover, that record also contained “undisputed evidence in the record that numerous other cheese companies and retailers have labeled their domestically produced cheese as gruyere,” with some of that evidence consisting of demand letters by the plaintiffs to third parties. *Id.* at 422. Finally, numerous media references to gruyere cheese originating outside of France and Switzerland established the term’s genericness, even if conflicting dictionary definitions did not necessarily do so. *Id.* at 423-24. The defendants might have failed to support their case with survey evidence, but that failure did not place the genericness of their claimed mark into dispute. *Id.* at 425-26.

b. A distinctiveness-based defense motion for summary judgment succeeded in an action to protect alleged trade dress consisting of the configuration of an infrared sauna. *See Sunlighten, Inc. v. Finnmark Designs, LLC*, 595 F. Supp. 3d 957 (D. Nev. 2022). Apparently invoking Section 2(f) of the Act, *see* 15 U.S.C. § 1052(f) (2018) (“The Director may accept as prima facie evidence that the mark has become distinctive, as used on or in connection with the applicant’s goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made.”), the plaintiff averred it had established the distinctiveness of its configuration because it had used the configuration exclusively and continuously for five years. That showing failed, however, in light of the defendant’s un rebutted evidence that third parties had used similar designs during that same period. Equally to the point, although

the plaintiff's response to the defendant's motion referenced putatively "voluminous" documentation of distinctiveness, that evidence did not appear in the record, *Sunlighten*, 595 F. Supp. 3d at 970; more damning still, the plaintiff did not contest the defendant's argument that the documents in question would not have been probative even if they had been proffered. *Id.* "Because [the plaintiff] has presented no evidence to show that its use of trade dress was exclusive for any five-year period," the court held, "nor has it disclosed any other evidence demonstrating that customers associated the trade dress with [the plaintiff] or would have been confused by a competitor's sauna with the same design, I grant [the defendant] summary judgment on [the plaintiff's] trade-dress claim." *Id.*

- c. In contrast, the Fifth Circuit took a dim view of the decision by a Louisiana federal district court that the appearance of a line of tableware lacked acquired distinctiveness as a matter of law. *Beatriz Ball, L.L.C. v. Barbagallo Co.*, 40 F.4th 308 (5th Cir. 2022) (per curiam). En route to a vacatur and remand, the appellate court noted that it previously had held the following factors relevant to the inquiry:

- (1) length and manner of use of the mark or trade dress,
- (2) volume of sales,
- (3) amount and manner of advertising,
- (4) nature of use of the mark or trade dress in newspapers and magazines,
- (5) consumer survey evidence,
- (6) direct consumer testimony, and
- (7) the defendant's intent in copying the trade dress.

Id. at 317 (quoting *Amazing Spaces, Inc. v. Metro Mini Storage*, 608 F.3d 225, 248 (5th Cir. 2010)). As the Fifth Circuit saw it, the district court had unfairly faulted the plaintiff's showing under the second factor because the plaintiff allegedly had not demonstrated its sales of the particular line of goods at issue; in fact, it held, although an exhibit proffered by the plaintiff had not been "clearly labeled," testimony by the plaintiff's witnesses had clarified that the exhibit's numbers related only to that line. *Id.* at 318. That was not the district court's only mistake, however, for it also had erroneously discounted the plaintiff's showing of favorable press coverage because that coverage did not mention the word mark under which the plaintiff's was sold. *Id.* at 318–19. Finally, the court of appeals held, the district court had failed to give appropriate weight to the plaintiff's showing of intentional copying, of which it observed that:

[A] visual comparison of [the defendant's] products to the [plaintiff's] line makes it difficult to deny that there was intent to copy. The designs are not just alike, they are indistinguishable in some cases. When two product designs are so very similar, an inference

of intent is permissible. Moreover, evidence of deliberate copying can be a weighty factor if it appears the copying attempted to benefit from the perceived secondary meaning.

Id. at 320. A remand therefore was appropriate to allow the district court to revisit the summary judgment record.

- d. Intentional copying also played a key role in an appeal in which the Ninth Circuit similarly vacated a finding of no acquired distinctiveness. *See P & P Imps. LLC v. Johnson Enters.*, 46 F.4th 953 (9th Cir. 2022). The plaintiff sold the outdoor party game shown below on the left, while the defendant sold the competitive product shown below on the right:



Id. at 957. The district court entered summary judgment in the defendant’s favor after concluding that the plaintiff had failed to establish a factual dispute concerning the distinctiveness of its game, but the court of appeals vacated that determination.

- i. A primary reason for the vacatur was the district court’s erroneous requirement of a demonstration by the plaintiff that consumers associated the claimed trade dress with the plaintiff itself. That requirement, the appellate court held, “conflicts with our long-established precedents requiring association with only a single—even anonymous—source.” *Id.* at 959 (first citing *Maljack Prods. v. GoodTimes Home Video Corp.*, 81 F.3d 881, 887 (9th Cir. 1996); and then citing *Bentley v. Sunset House Distrib. Corp.*, 359 F.2d 140, 147 (9th Cir. 1966)). Indeed, the primary authority upon which the district court relied had observed that the “‘basic element of secondary meaning’ is an association ‘with the *same* source.’” *Id.* (quoting *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 654 F.3d 958, 967 (9th Cir. 2011)). “When judicial opinions refer to a ‘single’ or ‘same’ source,” the court continued, “they are not suggesting that consumers must know ‘the corporate name of the producer or seller’; rather, they

connote that ‘a single, albeit anonymous, source’ suffices.” *Id.* at 960 (quoting 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 15:8 (5th ed.)). Finally, in addition to misreading the court’s past decisions, the district court’s analysis clashed with Section 45 of the Act: “Our ‘anonymous source’ test flows directly from the text of that statute, which defines ‘trademark’ as ‘any word, name, symbol, or device’ that ‘indicate[s] the source of the goods, even if that source is *unknown*.”” *Id.* at 691 (quoting 15 U.S.C. § 1127 (2018)).

- ii. A second reversible error identified by the court was the district court’s failure to give proper weight to the plaintiff’s proffered evidence of the defendant’s intentional copying of the plaintiff’s design—even though the plaintiff itself had copied a smaller table-top version of a third party’s game. That evidence included showings that the defendant had: (1) done market research; (2) ordered an example of the best-selling versions of the plaintiff’s game; (3) sent samples of the allegedly copied game to its Chinese manufacturer; and (4) “selling a nearly identical game mere months later.” *Id.* Although the defendant argued that any copying was probative only if it arose from an intent to confuse, the court responded that “[w]e have only held that an intent to confuse is required for establishing likelihood of consumer confusion, a separate element of a trade dress claim.” *Id.* at 692. Moreover, and in any case, “[a]n intent to confuse may be inferred when the defendant copies a product’s design and marketing. . . . Thus, precise copying of the plaintiff’s marketing suggests that the defendant intended to ‘pass off its product as the plaintiff’s.’” *Id.* (quoting *Cont’l Lab’y Prods. v. Medax Int’l, Inc.*, 114 F. Supp. 2d 992, 1010 (S.D. Cal. 2000)). Especially because the summary judgment record suggested that the defendant had copied the plaintiff’s marketing materials as well as its game, *id.*, summary judgment of nondistinctiveness was inappropriate for that reason as well.
- iii. Finally, the court of appeals faulted the district court for disregarding survey evidence that 63% of respondents associated the appearance of the plaintiff’s game with a single source. Although having not challenged the admissibility of the survey’s results before the district court, the defendant argued on appeal that the results were unreliable because the survey had been conducted two-and-a-half years after the introduction of the defendant’s game. The court was unconvinced, holding that:

[The plaintiff] was not required to preemptively conduct consumer surveys in anticipation of litigation Surveys conducted within five years of the first infringing use are generally relevant, and the time (zero to five years) between the first infringing use and the survey goes to the weight of the survey evidence. Here, [the plaintiff’s expert] conducted his survey two-and-a-half years after [the defendant] began selling its allegedly infringing product. [The] survey is well within the outer limit of temporally relevant secondary meaning surveys.

Id. at 693 (citations omitted). The defendant also complained that, in associating the design of the plaintiff’s game with a single source, survey respondents might have cued off of the third party’s table-top game, which had been on the market for half a century before the introduction of the plaintiff’s game, but the court held that point more properly raised in cross-examination of the plaintiff’s witness at trial. *Id.* “Because [the plaintiff] has presented compelling evidence of intentional copying and an admissible consumer survey,” the court concluded, “a triable issue of fact exists on secondary meaning. We thus reverse the district court’s grant of summary judgment on all claims.” *Id.*

3. Proving Nonfunctionality

- a. A New York federal district court had little difficulty finding an incontestably registered foil beverage package nonfunctional, shown below with an exemplar as it appeared in the marketplace:



See Capri Sun GmbH v. Am. Beverage Corp., 595 F. Supp. 3d 83, 109–110 (S.D.N.Y. 2022). According to the court, “[t]he [parties’] competing products are metallic foil pouches containing juice, with

a straw to be inserted near the top.” *Id.* at 188. “There are functional benefits to such products,” it found, “including that they are easily portable, lightweight, malleable and responsive to the touch, can be put into the freezer, and lend themselves to playful interaction.” *Id.* Nevertheless, “these features of the pouches are unaffected by the letters, graphics, and labels that appear on them. Nor does [the plaintiff’s] trade dress affect the product’s cost and quality. It therefore does not preclude effective competition in the kids single-serve beverage market.” *Id.* (citation omitted).

- b. Although the Ninth Circuit has not always looked favorably on claims of nonfunctionality, especially those for product configurations, it reversed a finding of utilitarian functionality for a set of six colors, each of which corresponded to a particular retention strength for a denture attachment product. *See Zest Anchors, LLC v. Geryon Ventures, LLC*, No. 22-55704, 2023 WL 2783175 (9th Cir. Apr. 5, 2023). As the court explained the basis for its reversal, “the district court erred in determining that the Color Marks have utilitarian functionality simply because the colors serve to differentiate the inserts’ retention strengths—without first considering whether other colors could do so equally well.” *Id.* at *2. Nevertheless, it remanded the case for a determination of whether the plaintiff’s color scheme was aesthetically functional. *Id.*
- c. In light of the Supreme Court’s suggestion in *Traffix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001), that consideration of alternative designs may be inappropriate in the functionality inquiry, *id.* at 33–34, a Massachusetts federal district court’s evaluation of just such designs rather predictably led the defendant to notice an appeal to the Federal Circuit. *See SoClean, Inc. v. Sunset Healthcare Sols., Inc.*, 52 F.4th 1363 (Fed. Cir. 2022). Applying First Circuit law, that court agreed as a threshold matter with the district court’s holding that “[a] combination of functional features, where the combination itself is not functional, is protectable; ‘[t]he crucial inquiry is into the effect that granting protection will have on the opportunity of others to compete.’” *Id.* at 1370 (second alteration in original) (quoting *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 37 (1st Cir. 1998)). Although the defendant accused the district court of considering alternative designs only after it had reached a finding of functionality, the appellate court rejected that argument, concluding from the preliminary injunction record that the district court had weighed the plaintiff’s proffered alternative designs as part of the functionality inquiry in the first instance. That approach, the court held, constituted the “correct” one. *Id.* at 1371.

II. PROVING INFRINGEMENT AND UNFAIR COMPETITION

A. Proving Likely Confusion

1. Opinions Finding Confusion Likely

- a. The “high degree of fame” achieved by the LEHMAN BROTHERS mark for financial services entitled it to “a broad scope of protection” that in turn led to a finding of confusing similarity in an opposition brought by that mark’s owner to an application to register the same mark for beer and spirits, bar services, and restaurant services. *See Tiger Lily Ventures Ltd. v. Barclays Cap. Inc.*, 35 F.4th 1352, 1364 (Fed. Cir. 2022). Other considerations playing a role in that outcome included the opposer’s licensing of alcoholic beverage-related goods such as whisky decanters, wine gift sets, wine books, wine carriers, and coasters, *id.* at 1358, as well as the opposer’s “extensive evidence showing examples of companies that have promoted financial services through use of their trademarks in connection with alcohol, food, and beverages.” *Id.* at 1363. Although the applicant gamely pointed to the alleged absence of actual confusion between the parties’ marks, it failed to document the scope of its own operations under its applied-for mark, which cause the court to discount the possible significance of that factor. *Id.*
- b. Consistent with some (but not all) of its past case law, the Trademark Trial and Appeal Board found in *Made in Nature, LLC v. Pharmavite LLC*, 2022 U.S.P.Q.2d 557 (T.T.A.B. 2022), that the transposition of elements of a senior user’s mark in a junior user’s mark will not necessarily preclude a finding of likely confusion. It therefore sustained a consolidated opposition brought by the owner of the NATURE MADE mark for various foods and beverages against applications to register MADE IN NATURE and ORGANIC MADE IN NATURE for various fruit-based products. As the Board explained, “[w]here transposed marks convey similar commercial impressions, likelihood of confusion is ordinarily found.” *Id.* at *39.
- c. Another reported opinion to reach a finding of likely confusion did so on a summary judgment record that left little doubt on the issue. reported opinion to reach a finding of likely confusion as a matter of law did so on a summary judgment record that left little doubt on the issue. *See Moon Seed LLC v. Weidner*, 604 F. Supp. 3d 780 (S.D. Iowa 2022), *appeal dismissed*, No. 22-2228, 2022 WL 17491649 (8th Cir. Jul. 14, 2022). The plaintiff owned the unregistered MOON SEED service mark for the sale of corn seeds and soybean seeds to farmers, while the lead defendant was a former salesperson for the plaintiff who had established a competing business (also named as a defendant) after leaving the plaintiff; that business adopted the

MOON SEED SERVICE mark, allegedly to honor Dennis Moon, the plaintiff's founder. In the predictable lawsuit that followed, the court not surprisingly granted the plaintiff's motion for summary judgment while denying the defendant's cross-motion. The secondary meaning of the plaintiff's mark established the mark's strength, *id.* at 791, and the undisputed facts of the similarity of the parties' marks, *id.*, the competitive proximity of the parties' services, *id.* at 792, the defendants' intentional failure to differentiate themselves from the plaintiff, *id.* at 792–93, and the lack of sophistication of the parties' customers when it came to seed vendors (as opposed to the seeds themselves), *id.* at 794–95, tipped the scales in the plaintiff's favor. The defendants weakly argued that confusion was unlikely because the parties' customers relied more on their relationships with sales personnel than on brands of seeds, but the court concluded to the contrary that “[t]here is nothing in the record indicating customers exercise a significant degree of care in purchasing from a particular vendor.” *Id.* at 795. The plaintiff owned the unregistered MOON SEED service mark for the sale of corn seeds and soybean seeds to farmers, while the lead defendant was a former salesperson for the plaintiff who had established a competing business (also named as a defendant) after leaving the plaintiff; that business adopted the MOON SEED SERVICE mark, allegedly to honor Dennis Moon, the plaintiff's founder. In the predictable lawsuit that followed, the court not surprisingly granted the plaintiff's motion for summary judgment while denying the defendant's cross-motion. The secondary meaning of the plaintiff's mark established the mark's strength, *id.* at 791, and the undisputed facts of the similarity of the parties' marks, *id.*, the competitive proximity of the parties' services, *id.* at 792, the defendants' intentional failure to differentiate themselves from the plaintiff, *id.* at 792–93, and the lack of sophistication of the parties' customers when it came to seed vendors (as opposed to the seeds themselves), *id.* at 794–95, tipped the scales in the plaintiff's favor. The defendants weakly argued that confusion was unlikely because the parties' customers relied more on their relationships with sales personnel than on brands of seeds, but the court concluded to the contrary that “[t]here is nothing in the record indicating customers exercise a significant degree of care in purchasing from a particular vendor.” *Id.* at 795.

2. Opinions Finding Confusion Unlikely

- a. The abuse-of-discretion standard of review typically applied to appeals arising from preliminary injunction motions means that appellants can face uphill battles, but one defendant successfully challenged the grant of such a motion in an appeal to the Eighth Circuit. *See H&R Block, Inc. v. Block, Inc.*, 58 F.4th 939 (8th Cir. 2023). That appeal had its origins in the objection of tax services provider

H & R Block, Inc. and one of its affiliates to the adoption of the BLOCK mark by the former Square, Inc., especially in light of the latter’s concomitant use of the following logo in connection with an app having tax-related functionality:



Those actions, H&R Block successfully alleged before the district court, were likely to cause confusion with its own marks, which included the following:



In reversing the district court’s preliminary injunction, the court of appeals accepted the district court’s finding that H & R Block’s marks were commercially strong. *Id.* at 947. It likewise declined to disturb the determinations below that the parties’ services were “in close proximity,” *Id.* at 948, and that “even if conditions of purchase provide some opportunity to differentiate the parties’ products, the purchasing conditions are not so different that they dispel the risk of confusion.” *Id.* at 949. From there, however, things went downhill fast for H & R Block, beginning with court’s conclusion that the district court had erred in finding that the “apparent similarity between the marks at issue” “strongly” a finding of liability, *id.* at 948; instead, “[w]hen examining all the evidence in the record, there are observable differences between the two logos and the competing products.” *Id.* H & R Block’s failure to adduce evidence or testimony of actual consumer confusion at the point of sale similarly favored reversal, *id.* at 949, even though the record did contain social media posts in which the authors questioned “whether the name change was too close to H&R Block,” *id.* at 945, and “several news articles published within a couple months of [the defendant’s] name change that can be read to reflect confusion about whether the [defendant’s] services are being offered by H&R Block.” *Id.* at 951. Especially because “[a] plaintiff seeking a preliminary injunction

bears the burden of showing that such extraordinary relief is warranted,” *id.* at 946, H & R Block had failed to establish its entitlement to that relief.

- b. Neither claim nor issue preclusion applied, but one plaintiff’s loss in a previous case before the Fifth Circuit, *see Springboards To Educ., Inc. v. Houston Indep. Sch. Dist.*, 912 F.3d 805 (5th Cir. 2019), *as revised* (Jan. 29, 2019), *as revised* (Feb. 14, 2019), led to a second loss at the hands of the same court in later litigation arising from similar facts. *See Springboards to Educ., Inc. v. Pharr-San Juan-Alamo Indep. Sch. Dist.*, 33 F.4th 747 (5th Cir. 2022). The plaintiff asserted rights to the READ A MILLION WORDS, MILLION DOLLAR READER, MILLIONAIRE READER, and MILLIONAIRE’S READING CLUB marks, which it used in connection with programs intended to incentivize schoolchildren to read books. The plaintiff objected to the use by the defendant, a Texas public school system in Texas, of the defendant’s own monetary-themed incentive-based literacy program, but it failed to allege that the defendant marketed that program to the school districts comprising the plaintiff’s targeted customers. Having concluded in the first case that confusion was unlikely as a matter of law between the plaintiff’s marks and the use of the HOUSTON ISD MILLIONAIRE CLUB mark by another Texas school district, the court affirmed the district court’s entry of summary judgment of noninfringement. It did so not by relying on a factor-by-factor application of the usual doctrinal test for likely confusion but instead because of its conclusion that “the practical effect of any conceivable confusion on the sophisticated school districts to which [the plaintiff] markets its products is at most exceedingly remote.” *Id.* at 750. “Indeed,” it observed, “worlds apart from an unwitting shopper expecting Coca-Cola but finding instead an inferior beverage in the red can she brought home from the store, [the defendant’s] most brazen use of [the plaintiff’s] marks could place [the plaintiff’s] institutional customers at little risk of confusion at most.” *Id.* (footnote omitted). The plaintiff attempted to distinguish the “functionally identical” earlier case, *id.* at 749, by invoking minor differences between the two, but the court held that “[o]ne decisive fact remains all the same: sophisticated school-district customers can tell the difference between goods [the plaintiff] is selling them and goods and slogans [the defendant] is not.” *Id.* at 751.
- c. Holding that “[e]xtensive third-party usage of a mark in related products generally weighs against a finding that a trademark is strong, *RiseandShine Corp. v. PepsiCo, Inc.*, 41 F.4th 112, 123 (2d Cir. 2022), the Second Circuit reversed entry of a preliminary injunction requested by the owner of the RISE BREWING CO. mark for a coffee product:



Id. at 117, 118. According to the plaintiff, its rights to the mark were infringed by the use of the MTN DEW RISE ENERGY mark for an energy drink sold in cans with the following appearances:



Id. at 118. The differing presentations of the parties' marks weighed against a finding of likely confusion, as did the weakness of the plaintiff's mark, which was demonstrated by extensive third-party use of similar marks and the plaintiff's representations to the USPTO when registering its mark. With respect to the last of these considerations, the court noted:

Plaintiff itself acknowledged this crowded field in its application to the United States Patent and Trademark Office ("PTO"). It initially attempted to register the mark "RISE COFFEE CO." but was rejected by the PTO on the basis that there was a likelihood of confusion between "RISE COFFEE CO." and prior registrations that also used the word "Rise" for coffee, such as "Rise Up Coffee Roasters" and "Rise Up Organic Coffee." Plaintiff objected to the PTO's determination, arguing that the presence of multiple marks using the word "Rise" indicated the mark's weakness

Now, having registered its trademark, Plaintiff argues that there is no such room for multiple "Rise" marks to coexist peacefully, even outside the coffee sector. That is not persuasive. If there was

room for Plaintiff’s use of “Rise” in the already crowded coffee field, there would also be room for Defendant’s, especially on a product that is distinct from coffee. Trademark law does not offer robust protection to those who demand the exclusive right to use words that describe or suggest a product or its virtues.

Id. at 123 (footnote omitted).

- d. In a case presenting a straightforward claim of infringement, a New York federal district court relied heavily on the dissimilar appearances of the following packages to find confusion unlikely as a matter of law:



See Capri Sun GmbH v. Am. Beverage Corp., 595 F. Supp. 3d 83, 190 (S.D.N.Y. 2022), *motion to certify appeal denied*, No. 19CIV1422PAEVF, 2022 WL 3137131 (S.D.N.Y. Aug. 5, 2022).

- e. The Federal Circuit has so often instructed USPTO examining attorneys to give consent agreements between an applicant and a cited registrant significant weight that it is difficult to imagine any credible explanation of why confusion is unlikely set forth in such an agreement not carrying the day. Nevertheless, one examiner failed to heed that guidance, only to have that failure serve as the basis for the Trademark Trial and Appeal Board’s reversal of her refusal. *See In re Dare Foods Inc.*, 2022 U.S.P.Q.2d 291 (T.T.A.B. 2022).

3. Opinions Deferring Resolution of the Likelihood-of-Confusion Inquiry

- a. Factual disputes in summary judgment records obviously can preclude the resolution of disputes over likely confusion as a matter of law, and that outcome transpired at the hands of the Eleventh Circuit in a case in which the plaintiff alleged confusion was likely between the mark shown below on the left, used in connection with “many

different lines of insurance,” and the one shown below on the right, used in connection with title insurance:



See *FCOA LLC v. Foremost Title & Escrow Servs. LLC*, 57 F.4th 939 (11th Cir. 2023). Although the Eleventh Circuit has long followed an aberrational rule treating incontestable marks such as the plaintiff’s as presumptively strong for purposes of the likelihood-of-confusion analysis, see, e.g., *Sovereign Mil. Hospitaller Ord. of Saint John of Jerusalem of Rhodes & of Malta v. Fla. Priory of the Knights Hospitallers of the Sovereign Ord. of Saint John of Jerusalem, Knights of Malta, the Ecumenical Ord.*, 809 F.3d 1171, 1183 (11th Cir. 2015), its most treatment of the issue suggests (without expressly holding) that that rule is limited to consideration of a mark’s *conceptual* strength, with its *commercial* strength or “the real-world consumer recognition of a mark, most often created by the efforts and work of the mark holder.” *FCOA*, 57 F.4th at 950. Despite that partial qualification of its past practice, the court nevertheless found that the defendant had failed to rebut the presumptive strength of the plaintiff’s mark through its proffer of “62 registered trademarks and 541 registered business names in various states using the term ‘foremost,’” especially in light of the plaintiff’s showing of extensive sales and advertising figures, as well as favorable survey evidence. *Id.* at 951. Having thus determined that the factor of mark strength favored the plaintiff’s position, the court next found another factual dispute with respect to the marks’ similarity, observing that “‘Foremost’ is the most distinctive part of both parties’ marks, and far more important than generic words like title and escrow,” *id.* at 953; moreover, “[T]he logos create a similar overall effect and accentuate the marks’ similarities, because both feature two lines of text, with ‘Foremost’ in bold, sans-serif type above smaller letters detailing the generic parts of the marks, to the right of a stylized ‘F.’” *Id.* Likewise, and although the parties did not sell directly competitive insurance products, a reasonable factfinder could find that those products, as well as the potential purchasers of them and the promotional media used to promote them overlapped. *Id.* at 953–55. Despite the absence from the summary judgment record of evidence or testimony that the parties’ customers were unsophisticated, *id.* at 957–58, that the defendant had adopted its mark in bad faith, *id.* at 956, or that instances of actual confusion had occurred, *id.*, the district court had erred in finding confusion unlikely as a matter of law. *Id.* at 960.

b. In its first express examination of a claim of infringement sounding in reverse confusion, the Eleventh Circuit also vacated the grant of a motion for summary judgment, only one filed by a defendant. *See Wreal, LLC v. Amazon.com, Inc.*, 38 F.4th 114 (11th Cir. 2022).

i. The plaintiff in that action challenged Amazon’s use of the FIRETV mark in connection with a “streaming-only set-top box”; that use was frequently accompanied by the AMAZON housemark but sometimes not. The plaintiff bringing that challenge was the prior user of the FYRETV mark for on-demand adult video service accessible in part through a set-top box branded with the FYREBOXXX mark. Representative examples of the parties’ respective uses appear below:



ii. Based largely on the undisputed fact that the plaintiff offered only pornography, while Amazon sought to keep hardcore pornography off of Amazon Fire TV (despite making pornography available on other company platforms), the district court found confusion unlikely as a matter of law in a straightforward application of the Eleventh Circuit’s standard likelihood-of-confusion factors.

iii. Noting that the plaintiff’s claims sounded in reverse confusion, the appellate court found that methodology flawed, with the explanation that “there are several important differences in how the seven likelihood-of-confusion factors apply in reverse-confusion cases versus forward-confusion cases.” *Id.* at 121. One such difference was the differing treatment properly according to the mark-strength factor:

In the typical forward-confusion case, this factor focuses only on the conceptual

strength of the plaintiff's mark. This is because in a forward-confusion case, the plaintiff's theory is that the defendant—a newer user of the mark at issue—is attempting to profit off the plaintiff's goodwill and reputation. . . .

But in a reverse-confusion case, the plaintiff is not arguing that the defendant is attempting to profit off the plaintiff's goodwill. Rather, the plaintiff asserts that the defendant—the junior but more powerful mark user—has been able to commercially overwhelm the market and saturate the public conscience with its own use of the mark, thereby weakening and diminishing the value of the senior user's mark. Thus, in this situation, the conceptual strength of the plaintiff's mark is necessarily less important to the analysis. Accordingly, when assessing the distinctiveness of the mark in a reverse-confusion case, the district court should consider both the conceptual strength of the plaintiff's mark and the relative commercial strength of the defendant's mark.

Id. at 128–29 (footnote omitted) (citations omitted). The district court had failed to account for the commercial strength of Amazon's mark, and that consideration, coupled with the conceptual strength of the plaintiff's own uses, precluded a finding of unlikely confusion as a matter of law. *Id.* at 129–30 (“The commercial strength of Amazon's mark is manifest and appears in the record. Amazon admitted in its answer that the fireTV was launched with a major advertising campaign, was covered by major magazines and television networks, and that it was a bestseller. Amazon also admits that it advertises the fireTV in multiple brick-and-mortar locations, as well as on amazon.com, one of the most visited online shopping sites in the United States. In short, Amazon's overwhelming commercial success with the fireTV mark, coupled with the conceptual strength of [the plaintiff's] mark, pushes this factor firmly in [the plaintiff's] favor.”).

- iv. That was not the limit of the district court's errors, for it also had mistakenly found no material dispute that the parties' marks were dissimilar. “When the focus is on the similarity of the marks themselves,” the court of appeals explained, “the result is clear—FyreTV and fireTV are nearly identical.

‘Fire’ is the first and only dominant word in both marks, and it is presented in a phonetically and connotatively identical fashion. It is also an abstract term, and thus the only term in either mark that gives the mark meaning.” *Id.* at 130. Plus, and once again because of the nature of the plaintiff’s claims, the use of AMAZON house mark did not distinguish the parties’ uses:

In forward-confusion cases—where a commercially superior plaintiff with a strong conceptual mark sues a defendant for attempting to profit off its goodwill—the presence of a housemark is indeed likely to dispel confusion in ordinarily prudent consumers. But in reverse-confusion cases, this presumption is reversed; because the harm is false association of the plaintiff’s mark with the defendant’s corporate identity, the defendant’s use of a housemark alongside the mark is more likely to cause confusion.

Id. at 131 (citation omitted).

- v. If the mark-similarity factor therefore weighed in the plaintiff’s favor, *id.* at 132, so too did the competitive proximity of the parties’ services. *Id.* at 133. Likewise, the court found “strong” evidence of bad faith in Amazon’s awareness of the plaintiff’s rights before adopting its own mark and in testimony by Amazon’s vice president of marketing that he intended customers searching for his company’s services not to find the defendant’s site. *Id.* at 136–37. Likewise, although the court discounted low net positive results from surveys conducted by both parties based on expert testimony suggesting that “watching pornography is an inherently shameful act, and that consumers of pornography are less likely to report their consumption than consumers of other media,” it found the plaintiff had adduced anecdotal evidence of two instances of actual confusion. *See id.* at 138. The summary judgment record was not entirely without support for Amazon’s position—the court agreed that the parties targeted differing consumers and employed differing promotional strategies, *id.* at 135–36—but that was not enough to render confusion unlikely as a matter of law: “This is not to say that Amazon may not ultimately prevail on the merits; rather, it must do so before a jury.” *Id.* at 140.

B. Proving Passing Off and Reverse Passing Off

As the Supreme Court has explained, “[p]assing off (or palming off, as it is sometimes called) occurs when a producer misrepresents his own goods or services as someone else’s. “Reverse passing off,” as its name implies, is the opposite: The producer misrepresents someone else’s goods or services as his own.” *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 28 (2003).

1. A rare finding of reverse passing off as a matter of law came in a case between competitors in the market for bed bug treatments. *See FabriClear, LLC v. Harvest Direct, LLC*, No. CV 20-10580-TSH, 2023 WL 186827 (D. Mass. Jan. 13, 2023). According to the plaintiff, the defendant had undertaken two separate acts of reverse passing off. First, the defendant allegedly had applied new labels bearing its own XOUT mark to bottles of FABRI-CLEAR-branded product originally produced by the plaintiff, And, second, the defendant had made bulk purchases of the same product from the plaintiff’s before selling it in bottles bearing the same XOUT mark but otherwise resembling the plaintiff’s bottles:



Id. at *2. With the defendant admitting those allegations against it, a finding of reverse passing off on the plaintiff’s motion for summary judgment followed as a matter of course, *id.* at *4, even though the latter allegation might well have supported a cause of action for passing off, instead of reverse passing off.

2. In contrast, a different plaintiff failed to fend off a motion to dismiss its cause of action for reverse passing off. *See Blades of Green, Inc. v. Go Green Lawn & Pest, LLC.*, 598 F. Supp. 3d 348 (D. Md. 2022). The parties provided lawn care and pest control services, and the gravamen of that cause of action was that the lead defendant had marketed its services using a phrase—“Advanced Termite Protection Program”—allegedly originating with the plaintiff and also had distributed promotional materials “in-

clude[ing] an unattributed, verbatim recitation of phrases used in [the plaintiff's] materials.” *Id.* at 353. Noting that “[r]everse passing off occurs when a ‘producer misrepresents someone else’s goods or services as his own,’” *id.* at 356 (quoting *Universal Furniture Int’l, Inc. v. Collezione Europa USA, Inc.*, 618 F.3d 417, 438 (4th Cir. 2010)), the court held that the plaintiff had failed to state a claim. “To prevail on a theory of reverse passing off,” it explained, “a plaintiff must show: ‘(1) that the work at issue originated with the plaintiff; (2) that origin of the work was falsely designated by the defendant; (3) that the false designation of origin was likely to cause consumer confusion; and (4) that the plaintiff was harmed by the defendant’s false designation of origin.’” *Id.* (quoting *Universal Furniture Int’l*, 618 F.3d at 438). The plaintiff’s reliance on the defendants’ copying of its promotional materials failed as a matter of law to satisfy that test because:

The Complaint does not allege that [the plaintiff] actually produced or performed the goods or services that [the lead defendant] offers through its Advanced Termite Protection Program; instead[,] it alleges that [the plaintiff] originated the name and description that [the lead defendant] uses to market those services. The Lanham Act, however, does not create a cause of action for plagiarism, nor does it guard against the false designation of ideas or communications that may be embodied in any particular good or service. Because the Complaint alleges that [the plaintiff] originated the marketing materials used to advertise [the lead defendant’s] work, but not the work itself, it has not stated a claim for reverse passing off.

Id. at 356–57 (footnote omitted) (citations omitted). Moreover, although the plaintiff’s allegations with respect to “Advanced Termite Protection Program” might have supported a cause of action for unfair competition sounding in infringement, those allegations also did not support one for reverse passing off. *Id.* at 357.

3. In an application of Pennsylvania common law, a federal district court resident in that state held that the tort of reverse passing off is available only in cases in which the parties are direct competitors. *See Brand Design Co., Inc. v. Rite Aid Corp.*, No. CV 22-1174, 2022 WL 3701168, at *10 (E.D. Pa. Aug. 26, 2022).

C. Proving Actual and Likely Dilution

1. Proving Eligibility for Dilution Protection

- a. The highly factual nature of the inquiry into whether a plaintiff’s mark qualifies for protection against actual or likely dilution proved an insurmountable obstacle to at least some defendants seeking to

escape liability as a matter of law. Thus, for example, one court denied a motion to dismiss allegations of mark fame at the pleadings stage of the case before it. *See adidas Am., Inc. v. Thom Browne Inc.*, 599 F. Supp. 3d 151, 161 (S.D.N.Y. 2022).

- b. In contrast, a federal bankruptcy court found the GORDO’S mark insufficiently famous to qualify for protection against likely confusion under federal law. *See In re Gordo’s Rest. Corp.*, 643 B.R. 1, 31 (Bankr. S.D.N.Y. 2022).
- c. Likewise, another court found the PETCONNECT RESCUE mark for various services related to animal welfare and pet adoption services insufficiently famous to qualify for protection against likely dilution under federal law. *See PetConnect Rescue, Inc. v. Salinas*, No. 20-CV-00527-RSH-DEB, 2023 WL 2026546 (S.D. Cal. Feb. 15, 2023). In particular, the court rejected the plaintiff’s proffer of “articles that are related to the allegations underlying this case, the instant litigation itself, or animal rescues and nonprofits generally,” holding that “‘incidental media coverage’ alone is insufficient to establish that a mark is famous.” *Id.* at *16 (quoting *Thane Int’l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 912 (9th Cir. 2002)).

2. Proving Liability

- a. The Supreme Court took up the appropriate test for liability under dilution-based challenges to allegedly humorous uses of plaintiffs’ marks. *See VIP Prods. LLC v. Jack Daniel’s Prods., Inc.*, 953 F.3d 1170 (9th Cir. 2020), *cert. denied*, 141 S. Ct. 1054 (2021), *on remand*, No. CV-14-02057-PHX-SMM, 2021 WL 5710730 (D. Ariz. Oct. 8, 2021), *aff’d*, No. 21-16969, 2022 WL 1654040 (9th Cir. Mar. 18, 2022), *cert. granted*, 143 S. Ct. 476 (2022).
 - i. In that case, a claim of likely dilution by tarnishment under Section 43(c) failed as a matter of law after the Ninth Circuit concluded that the defendant’s use qualified for the noncommercial use “exclusion” from liability recognized by Section 43(c)(3)(C), 15 U.S.C. § 1125(c)(3)(C) (2018). The use in question appeared on a dog chew toy produced by the counterclaim defendants that featured scatologically themed imitations of the counterclaim plaintiff’s marks and trade dress.
 - ii. Having found the chew toy an expressive work falling within the scope of the First Amendment’s protection as a matter of law on appeal while evaluating the counterclaim plaintiff’s likelihood-of-confusion-based causes of action, the court concluded with respect to its Section 43(c) cause of action that “[w]hen the use of a mark is ‘noncommercial,’ there can

be no dilution by tarnishment. Speech is noncommercial ‘if it does more than propose a commercial transaction’ and contains some ‘protected expression.’ Thus, use of a mark may be ‘noncommercial’ even if used to ‘sell’ a product.” *Id.* at 1176 (quoting *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1017 (9th Cir. 2004); *Mattel, Inc. v. MCA Records*, 296 F.3d 894, 906 (9th Cir. 2002)). The court then reached the same conclusion with respect to the Arizona dilution statute, ARIZ. REV. STAT. § 44-1448.01, which similarly provides that noncommercial uses by defendants are “not actionable.” *VIP Prods.*, 953 F.3d at 1176.

- iii. The Supreme Court subsequently granted a petition for a writ of certiorari, presenting the following as on one of its two questions:

Whether humorous use of another’s mark as one’s own on a commercial product is “noncommercial” under 15 U.S.C. § 1125(c)(3)(C), thus barring as a matter of law a claim of dilution by tarnishment under the Trademark Dilution Revision Act.

- b. Having disposed of a federal dilution claim brought by the owner of a family of S&P marks for want of fame as of the date of first use of the S&P DATA mark, one court nevertheless reached a finding of liability for dilution by blurring under the Delaware statute, DEL. CODE ANN. tit. 6, § 3313. *See S&P Glob. Inc. v. S&P Data LLC*, No. CV 20-701-RGA, 2022 WL 3098096 (D. Del. Aug. 4, 2022). In the absence of guidance from either the statute or state courts on how to interpret that statute, the court turned to the statutory factors found in Section 43(c)(2)(B) of the Lanham Act, namely:

- (i) The degree of similarity between the mark or trade name and the famous mark.
- (ii) The degree of inherent or acquired distinctiveness of the famous mark.
- (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.
- (iv) The degree of recognition of the famous mark.
- (v) Whether the user of the mark or trade name intended to create an association with the famous mark.
- (vi) Any actual association between the mark or trade name and the famous mark.

15 U.S.C. § 1125(c)(2)(B) (2018).

D. Proving Counterfeiting

1. Consistent with a practice long in place in the Southern and Eastern Districts of New York, some courts held that allegations of counterfeiting, if proven, obviated the need for a full-blown likelihood-of-confusion analysis. *See Kelly Toys Holdings, LLC v. AirPods Pro Store*, No. 21-CV-8435 (LJL), 2022 WL 2801077, at *4 (S.D.N.Y. July 18, 2022) (“[W]here counterfeit items are involved, the court ‘need not undertake a factor-by-factor analysis under Polaroid because counterfeits, by their very nature, cause confusion.’” (quoting *Gucci Am., Inc. v. Duty Free Apparel, Ltd.*, 286 F. Supp. 2d 284, 287 (S.D.N.Y. 2003))).
2. In a case brought to protect several federally registered guitar body configurations, the court held that the defendant’s affixation of its house mark to its closely reproductions of the plaintiff’s configurations did not preclude a liability for counterfeiting: It therefore declined to overturn a jury finding of liability for that tort. *See Gibson Brands, Inc. v. Armadillo Distrib. Enters., Inc.*, No. 4:19-CV-00358, 2023 WL 2815156, at *21 (E.D. Tex. Apr. 6, 2023).
3. Section 34(d) of the Act, 15 U.S.C. § 1116(d) (2018), authorizes the ex parte seizure of goods bearing counterfeit imitations of registered marks and does so in terms that seek to ensure preservation of evidence that might otherwise evaporate before litigation could establish a trademark violation. Nevertheless, one opinion demonstrated that seizures are hardly automatic. *See Merch Traffic, LLC v. Does*, No. 3:21-CV-576-BJB, 2022 WL 3154202 (W.D. Ky. Aug. 8, 2022). That opinion faulted the licensing agent for the band Metallica—described by the court in one of the worst judicial puns in recent memory as the band’s “master of trademarks”—far waiting until the eve of a tour to pursue a seizure order and temporary restraining order with nationwide effect. Although the court granted the plaintiff’s request for relief with respect to Louisville, Kentucky, in which the tour opened, it declined to give it order nationwide effect, citing, among a long list of additional concerns, the right to due process of potential defendants outside of that city.
4. A different court weighing a similar request from a different band and licensing agent took an even more skeptical view of an emergency request for an ex parte seizure of goods in anticipation of a series of shows in Las Vegas. *See Hybe Co. v. Does 1–100*, 598 F. Supp. 3d 1005 (D. Nev. 2022). The plaintiffs filed the action against a group of anonymous defendants, which the court held prevented it from determining the existence of an actionable case and controversy and personal jurisdiction over the defendants. Of equal significance, however, it rejected the plaintiffs’ claim that both Section 34(a) and Rule 65(b) of the federal rules of civil procedure authorized the relief sought by the plaintiffs. With respect to Section 34(a), the

court held that “nowhere in that provision does it grant courts the power to impose such injunctions on unidentified—and potentially nonexistent—persons, particularly when plaintiffs cannot point to any known individual who is likely to infringe on their marks in Las Vegas.” *Id.* at 1009. “And FRCP 65,” it continued, “permits a court to issue temporary restraining orders without notice but assumes the existence of an ‘adverse party’ against whom the injunction will be granted.” *Id.* It then held that:

[A]s of now, there is no adverse party against whom an injunction can issue. While plaintiffs make broad accusations about the difficulty in serving notice to bootleggers—who are aware their actions are illegal and purposefully evade the efforts of courts and law-enforcement officials to learn their identities and hold them to account for their illegal activity—none of those allegations solves for the fact that, without an actual defendant to enjoin, I cannot grant the relief plaintiffs seek.

Id. It therefore recommended that the plaintiffs take their grievances with Congress “to create some mechanism by which this evasive and illegal conduct can be addressed.” *Id.*

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). The existence of the ACPA, however, does not prevent plaintiffs from challenging the alleged repurposing of their marks as domains under other theories, however.

1. One court set forth the following standard test for liability under the ACPA:

[T]o establish a “cybersquatting” claim under the ACPA, a plaintiff must establish that: (1) it has a valid trademark entitled to protection; (2) its mark is distinctive or famous; (3) the defendant’s domain name is identical or confusingly similar to, or in the case of famous marks, dilutive of, plaintiff’s mark; and (4) defendant used, registered, or trafficked in the domain name (5) with a bad faith intent to profit.

Glob. Licensing, Inc. v. Namefind LLC, 582 F. Supp. 3d 467, 476 (E.D. Mich. 2022).

2. Cybersquatting disputes are rarely filed and litigated in state courts. Nevertheless, the Supreme Court of Mississippi had the opportunity to weigh in on one in which the Mississippi Lottery Corporation (MLC) had successfully pursued the transfer of the domain names *mslottery.com*, *mississippi-lottery.com*, *mslottery.us*, *mississippi-lottery.us*, and *mississippi-lottery.org* in a prior UDRP proceeding between the parties. *See Carr v. Mississippi Lottery Corp.*, 350 So. 3d 1068 (Miss. 2022).
 - a. The registrant appealed to a Mississippi trial court, asserting reverse domain name hijacking, while the MLC counterclaimed under the ACPA. The trial court found in favor of the MLC on all issues, in the process affirming the transfer of the disputed domain names and issuing permanent injunctive relief against the registrant.
 - b. What might otherwise have been a straightforward case of liability under the ACPA was complicated by the former registrant's registration of the disputed domain names before legislation authorizing a Mississippi state lottery had been signed into law and well prior to the MLC's registration of the MISSISSIPPI LOTTERY CORPORATION and MISSISSIPPI LOTTERY marks in the USPTO. Not surprisingly, that led the registrant to assert that the MLC was disqualified from protection under the ACPA because it had not yet used its claimed marks at the time the registrant preemptively registered the domain names. The court, however, noted that the ACPA on its face requires only that a plaintiff's mark be distinctive and not that the mark be distinctive *and* used in commerce for liability to attach to the registration of an imitation of the mark as part of a domain name. *Id.* at 1077. It faulted the registrant's arguments that use necessarily was a prerequisite for relief as mistakenly resting on "the traditional principles of trademark infringement, instead of applying cases dealing with anticybersquatting claims under the ACPA," when, in fact, "the ACPA was created to provide a federal solution to the shortcomings of the protections afforded under traditional trademark laws." *Id.*
 - c. The court then affirmed the trial court's finding that the MLC's marks had, in fact, acquired distinctiveness prior to the registrant's acquisition of the disputed names. For one thing, it noted, the subject of a state lottery had been fiercely in Mississippi for more than thirty years prior to the registrant's conduct. *Id.* at 1079. For another, "the very act of intentionally copying a mark is evidence of the distinctive nature of the mark." *Id.* Finally, and despite the registration of the domain names prior to the MLC's federal applications to register its marks, the court treated as probative of the distinctiveness of the MLC's marks the fact that the USPTO had eventually registered

them. *Id.* (“In the present case, the MLC has federal trademark registrations that create a presumption that its mark was distinctive prior to the date of its issuance.”).

d. With the registrant suffering these threshold losses, the ultimate outcome of the litigation was a foregone conclusion. There was no doubt the domain names were confusingly similar to the MLC’s marks, especially because of evidence in the trial record of actual confusion. *Id.* at 1080. Likewise, that record established the registrant’s bad-faith intent to profit from actions, *id.* at 1081–82 (“[The registrant] has no intellectual property rights in the domain names. [He] does not identify himself personally by the domain names or call himself Mississippi Lottery. [His] use of the domain names thus far has not been for bona fide offerings of goods or services. Instead, two of the domain names appear to promote the Mississippi Lottery, and three of the domain names have blank landing pages.” (citations omitted)), despite his feeble argument that he intended to use the domain names “for political commentary, social critique, and personal counseling to individuals deciding whether to gamble on the lottery in Mississippi.” *Id.* at 1082. Finally, the court found probative the undisputed fact that the registrant had instructed his attorney to contact the MLC with an unsolicited offer to sell the domain names. *Id.* at 1083. The trial court’s finding of a violation of the ACPA therefore was not clearly erroneous.

3. As have other courts before it, one court confirmed that the inquiry into whether a disputed domain name is confusingly similar to a plaintiff’s mark under the ACPA contemplates a simple comparison between the two. As it explained of the relevant inquiry while denying a motion to dismiss for failure to state a claim, “[i]n making this determination, the Court is to make a ‘direct comparison between the protected mark and the domain name itself,’ rather than an assessment of the context in which each is used or the content of the offending website.” *Glob. Licensing, Inc. v. Namefind LLC*, 582 F. Supp. 3d 467, 476–77 (E.D. Mich. 2022) (quoting *N. Light Tech. v. N. Lights Club*, 97 F. Supp. 2d 96, 117 (D. Mass. 2000)).

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., Bimbo Bakeries USA, Inc. v. Sycamore*, 29 F.4th 630, 635 (10th Cir. 2022); *Williams-Sonoma, Inc. v. Wayfair Inc.*, No. CV 1:21-12063-

PBS, 2023 WL 371035, at *3 (D. Mass. Jan. 24, 2023); *Lewis v. Acuity Real Est. Servs., LLC*, 597 F. Supp. 3d 1154, 1161 (E.D. Mich. 2022), *appeal docketed*, No. 22-1406 (6th Cir. May 5, 2022).

- B. A threshold issue in any false advertising action is whether the defendant has made an actionable objectively verifiable statement of fact. Despite what should be the self-evident nature of that proposition, some plaintiffs asserting direct liability for false advertising fail to accuse their opponents of having themselves made the allegedly false statements at issue. In a case presenting just such a scenario, a New Mexico federal district court dismissed the plaintiffs' false advertising causes of action for failure to state a claim, and the Tenth Circuit affirmed. *See Thornton v. Tyson Foods, Inc.*, 28 F.4th 1016 (10th Cir.), *cert. denied*, 143 S. Ct. 118 (2022). Noting that the complaint contained "only conclusory assertions regarding [the] defendants' participation in [the challenged] advertising" and that the exemplars of the advertising reproduced in that document were created by third parties instead of the defendants, the appellate court affirmed the district court's order of dismissal. *Id.* at 1029.
- C. Assuming that a defendant made the allegedly false statements at issue, a second issue in any false advertising action is whether those statements constitute actionable objectively verifiable ones of fact. For example, the Tenth Circuit reversed a jury finding of liability against a bakery using the allegedly false tagline "Fresh. Local. Quality." *See Bimbo Bakeries USA, Inc. v. Sycamore*, 29 F.4th 630 (10th Cir. 2022). The gravamen of the plaintiff's claim was that goods sold in conjunction with the tagline in Utah were not, in fact, produced locally. As the appellate court explained, however, "[t]he problem for [the plaintiff] is that the word 'local' cannot be 'adjudged true or false in a way that . . . admits of empirical verification.'" *Id.* at 644. It then elaborated on this point in the following manner:

The word is not reducible to the unambiguous factual message that, as [the plaintiff] argues, the underlying product is made locally, let alone that "local" refers to "the state of sale." For one thing, using the word "local" in a marketing campaign, without anything more, can connote a host of ideas. It might mean that a company hires local workers, that it uses local materials, that it is locally based, that it participates in outreach efforts with local organizations, or that it donates money to local causes. Even assuming that "local" refers to where a product was made, however, the word lacks any specific objective meaning beyond the general concept it conveys. Definitions of "local" and views about whether something is "local" vary wildly, so the word's usage in marketing can only communicate [the defendant's] position that its products are local. The same ambiguity haunts every rival interpretation of the word. Without more, then, the veracity of a locality claim cannot be judged in an empirically verifiable way. Locality is fundamentally subjective.

Id. (citations omitted) (quoting *Am. Italian Pasta Co. v. New World Pasta Co.*, 371 F.3d 387, 391 (8th Cir. 2004)). With the court rejecting the plaintiff’s argument that bookending “local” with “fresh” and “quality” gave “local” an actionable meaning, the plaintiff’s false advertising claim fell short as a matter of law, even if some consumers assumed the defendant’s bread was produced in the same state in which it was sold. *Id.* at 647.

- D. 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., Int’l Code Council, Inc. v. UpCodes Inc.*, 43 F.4th 46, 57 (2d Cir. 2022); *Williams-Sonoma, Inc. v. Wayfair Inc.*, No. CV 1:21-12063-PBS, 2023 WL 371035, at *3 (D. Mass. Jan. 24, 2023); *Pegasystems Inc. v. Appian Corp.*, No. CV 19-11461-PBS, 2022 WL 4630231, at *6 (D. Mass. Sept. 30, 2022).
- E. Courts generally tied the prerequisite of actual or likely deception to the type of falsity demonstrated by plaintiffs. If the challenged advertising was not literally false, extrinsic proof of actual or likely deception was required. In contrast, a finding of literal falsity created a presumption of actual or likely deception. *See, e.g., PetConnect Rescue, Inc. v. Salinas*, No. 20-CV-00527-RSH-DEB, 2023 WL 2026546, at *17 (S.D. Cal. Feb. 15, 2023); *Williams-Sonoma, Inc. v. Wayfair Inc.*, No. CV 1:21-12063-PBS, 2023 WL 371035, at *3 (D. Mass. Jan. 24, 2023).

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

- A. Following the departure of a plaintiff, a radio personality, from a show on which he had made numerous appearances over a six-year period, the show licensed the satellite and streaming service on which it appeared to audio clips from the show, including those featuring the plaintiff, as promotional tools. *See Melendez v. Sirius XM Radio, Inc.*, 50 F.4th 294 (2d Cir. 2022). Alleging a violation of his right of publicity under the California common law and a statute of that state, CAL. CIV. CODE § 3344, the plaintiff filed suit, only to fall victim to a successful preemption-based motion to dismiss, as well as the Second Circuit’s affirmance of that outcome. *See Melendez v. Sirius XM Radio, Inc.*, 50 F.4th 294, 300 (2d Cir. 2022).
 - 1. The Second Circuit applied the usual two-part test for preemption under Section 301 of the Copyright Act, 17 U.S.C. § 301, namely: (1) whether the subject matter of the state law claim falls within the scope of copyright law; and, if it does, (2) whether the right asserted is equivalent to the exclusive rights of copyright owners.
 - 2. Addressing the first prong of the standard doctrinal analysis, the appellate court concluded that:

The . . . complaint contains no allegations that [the plaintiff’s] name or likeness was extracted in any way to appear inde-

penderly from how it originally appeared in the archival episodes, or that the excerpts were manipulated in some manner to bring his identity into focus. [The plaintiff's] allegations, therefore, are directed at the copyrighted works in which he appears—the archival episode recordings—and not toward any separate use of his name or likeness.

Id. at 304. With the plaintiff's claims therefore falling within the scope of copyright law, the court turned to the second prong. Although it acknowledged that the plaintiff's California statutory cause of action required a showing of a commercial purpose by the defendant, the court still held that “[u]ltimately, [the plaintiff's] right of publicity claims, under both common and statutory law, are aimed at stopping the reproduction of copyrightable works that embody his identity—the excerpts of the archival episodes of the . . . Show—not the independent use of his identity to sell unrelated goods or services without his permission.” *Id.* at 308. “In other words,” it continued, “[the plaintiff's] claims are ‘in no meaningful fashion distinguishable from infringement of a copyright.’” *Id.* (quoting *Nat'l Basketball Ass'n v. Motorola, Inc.*, 105 F.3d 841, 851 (2d Cir. 1997)). The district court therefore properly had held the plaintiff's claims preempted.

B. In *Huston v. Hearst Communications, Inc.*, 53 F.4th 1097 (7th Cir. 2022), the Seventh Circuit was unimpressed with the plaintiff's assertion that the sale of mailing lists containing her contact information—harvested from her subscription to the defendant's *Good Housekeeping* magazine—constituted a violation of her right of publicity under an Illinois statute providing that “[a] person may not use an individual's identity for commercial purposes during the individual's lifetime without having obtained previous written consent.” 765 ILL. COMP. STAT. 1075/30(a).

1. Affirming the dismissal of the plaintiff's case for failure to state a claim, the court of appeals noted that the plaintiff did not

allege that [the defendant] solicited mailing list purchasers by publicizing her information. She did not allege prospective mailing list purchasers were able to see her or any other subscribers' information, in whole or part, prior to their purchase. She also did not allege her name was used to sell or promote the mailing lists themselves. Instead, [she] alleged that her identity was included as part of the product sold.

Huston, 53 F.4th at 1100. That phrasing of the plaintiff's case proved fatal under a requirement of the statute that a defendant's conduct be for a “commercial purpose,” *id.* at 1099 (“To state a claim for a violation of [the statute], the plaintiff must allege: (1) an appropriation of the plaintiff's identity, (2) without the plaintiff's written consent, and (3) for defendant's commercial purpose.”), which in turn required a showing that that conduct be in connection with the offering for sale or sale of a product, merchandise,

goods, or services. *Id.* at 1100. Because the plaintiff’s identity was not revealed until after the consummation of the sale of her information, it could not have been used to make the sale in the sense required by the statute. *Id.* at 1101–02.

2. The court made equally short work of several backup arguments advanced by the plaintiff. One was that the defendant had impermissibly used her contact information to sell the *Good Housekeeping* subscription that the plaintiff herself had purchased, which the court rejected with the explanation that “[t]he stumbling block for [the plaintiff’s] argument is that her identity was not used to sell her a *Good Housekeeping* subscription or held out in connection with that sale. [Her] giving her name and other identifying information to [the defendant] for purposes of subscribing to the magazine does not count.” *Id.* Another was that the sale of her contact information unlawfully suggested that she endorsed *Good Housekeeping*, which fell short because her complaint “plausibly [to] suggest that [the defendant’s] commercial goal in holding out its customer mailing lists is to promote its own magazines.” *Id.* at 1104. The court therefore affirmed the dismissal of the complaint in its entirety.

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. As always, defendants asserting abandonment through non-use fell short when they were unable to demonstrate that their opponents’ uses of the disputed marks continued. This was true even if the end of the plaintiff’s use of its mark was within sight. *See Tiger Lily Ventures Ltd. v. Barclays Cap. Inc.*, 35 F.4th 1352, 1360 (Fed. Cir. 2022) (“We agree with [the opposer] that substantial evidence supports the Board’s conclusion that there has been no abandonment of the LEHMAN BROTHERS mark. The decisive factor is [the applicant’s] apparent acknowledgment that the LEHMAN BROTHERS mark has been used continuously in the course

of winding up the affairs of at least one Lehman Brothers affiliated company.”).

- ii. To similar effect was a summary judgment opinion from another court in a case in which the mark at issue was used in connection with rubber curing machines. *See Gerlach, Inc. v. Gerlach Maschinenbau GmbH*, 592 F. Supp. 3d 634 (N.D. Ohio 2022). Having failed to prove its prior use of the disputed mark, the plaintiff claimed that the defendants had abandoned any rights they may have had because their sales were “irregular and highly sporadic,” comprising only eleven machines between 2007 and 2015. *Id.* at 644. The plaintiff itself, however, had “only sold, rebuilt, or installed twenty-nine units over thirteen years, from 2006 to 2019.” *Id.* Because the machines at issue were “‘large and expensive items,’ which can be sold infrequently and still constitute a bona fide use,” *Id.* (quoting *NetJets Inc. v. IntelliJet Grp.*, 602 F. App’x 242, 245 (6th Cir. 2015)), and because any gaps in the defendants’ use of its mark were in any case less than three consecutive years, the plaintiff failed as a matter of law to establish abandonment. *Id.* at 644–45.
- iii. On the flip side, however, the Trademark Trial and Appeal Board confirmed that an intent to sell a discontinued mark is not a substitute for an intent to resume the mark’s use:

[H]olding a mark with no use, with only an intent to sell the mark at some time in the future, is not proof of present use or intent to resume use. Under these circumstances, the buyer, not the seller, would be the party resuming use and such use would not relate back to the seller and establish the seller’s intent to resume use. Rather, any use commenced by the buyer of a mark not associated with a business or relevant portion thereof could, at best, establish only the buyer’s going-forward priority rights based on its own, and proper, first use of the mark.

Vans, Inc. v. Branded, LLC, 2022 U.S.P.Q.2d 742, at *55 (T.T.A.B. 2022).

b. Abandonment Through Naked Licensing

- i. An Ohio federal district court made the obvious point that, without a license in the first instance, there can be no finding

that the nonexistent license is naked. *See Gerlach, Inc. v. Gerlach Maschinenbau GmbH*, 592 F. Supp. 3d 634 (N.D. Ohio 2022).

- (A) In that case, a predecessor to the lead defendant extended to the plaintiff a circa-2000 license to use the disputed mark; following the license’s termination “in late 2005 or early 2006,” *id.* at 637, the plaintiff continued to use the mark, eventually claiming to own it under an abandonment-through-naked-licensing theory. The court rejected that theory as a matter of law on a defense motion for summary judgment, holding as a threshold matter that “[i]f . . . there are no[] ‘minimum characteristics of a valid trademark-licensing agreement’ a court will not find that a naked license exists.” *Id.* at 643 (quoting *Yellowbook Inc. v. Brandeberry*, 708 F.3d 837, 846 (6th Cir. 2013)). The court articulated two reasons for rejecting the plaintiff’s attempt to establish the existence of a license: “First, Plaintiff fails to show the characteristics of a valid trademark license—for example, royalty payments for the use of the . . . mark following termination of the 2000 license agreement. Second, the parties’ conduct does not support an implied license under the stringent proof required.” *Id.* at 644. Without the required license, it concluded, abandonment through naked licensing was impossible. *Id.* (“The Court need not determine whether Defendants adequately controlled the quality of Plaintiff’s goods because there is no license agreement between the parties, express or implied. Without a licensing agreement, Defendants also could not have abandoned rights to the [allegedly licensed] mark through a naked license.”).
 - (B) Consistent with the rule applied by some courts that claims of abandonment generally must satisfy a higher standard of proof, the same opinion held that the party advancing a claim of a naked license faces a “stringent” standard of proof. *See id.* at 644.
- ii. In contrast, a different opinion reached a finding of a naked license as a matter of law, in the process effectively explaining the relationship between the quality of a licensee’s goods and services, on the one hand, and the ability of its licensee to control that quality. *See Blue Mountain Holdings Ltd. v. Bliss Nutraceuticals, LLC*, No. 1:20-CV-1837-TWT, 2022

WL 2316386 (N.D. Ga. June 27, 2022), *reconsideration denied*, No. 1:20-CV-1837-TWT, 2022 WL 4130752 (N.D. Ga. Sept. 12, 2022), *appeal docketed*, No. 22-13441 (11th Cir. Sept. 12, 2022).

- (A) The court’s opinion on the parties’ cross-motions for summary judgment began in promising fashion for the licensors:

A naked licensing claim demands a high standard of proof since even minimal quality control may be enough to preserve a trademark. Like the license versus assignment issue, whether there has been adequate control under a licensing arrangement depends on substance, not form. So even if a license lacks formal inspection and control procedures, it is not naked when, for example, the parties “have engaged in a close working relationship, and may justifiably rely on each parties’ intimacy with standards and procedures to ensure consistent quality, and no actual decline in quality standards is demonstrated[.]”

Id. at *5 (alteration in original) (citation omitted) (quoting *Taco Cabana Int’l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1121 (5th Cir. 1991), *aff’d*, 505 U.S. 763 (1992)).

- (B) Nevertheless, and despite the high standard of proof, the licensee’s alleged “exceptional job” at manufacturing goods “of the highest quality” didn’t matter in light of the licensors’ failure to exercise the required level of *control* over that quality. As the court explained, “[t]he purpose of quality control is not to produce goods or services of high quality, but of *consistent* quality—whether high, low, or middle—so that consumers know what to expect from a given mark.” *Id.* at *6.

2. Descriptive Fair Use

- a. As have many before it, one opinion confirmed that a defendant asserting descriptive fair use must actually use the challenged word or

words descriptively. *See Stay You, LLC v. H&M Hennes & Mauritz, LP*, No. 20-CV-1396 (KMW), 2022 WL 2159824 (S.D.N.Y. June 15, 2022), *reconsideration denied*, No. 20-CV-1396 (KMW), 2022 WL 3718266 (S.D.N.Y. Aug. 29, 2022). Because the challenged use at issue—“Stay True Stay You”—described neither the clothing to which it was affixed nor any action the defendant hoped consumers would take while wearing it, the defendant’s claim of descriptive fair use failed as a matter of law. *Id.* at *7.

- b. In the absence of controlling authority from the Eighth Circuit, a Missouri federal district court adopted the Ninth Circuit’s test for descriptive fair use. *See Jalinski Advisory Grp. v. JBL Fin. Servs., Inc.*, No. 19 CV 1914 DDN, 2022 WL 4546895, at *3 (E.D. Mo. Sept. 29, 2022) (“The relevant factors include (1) the degree of likely confusion; (2) the strength of the trademark; (3) the descriptive nature of the term for the product or service being offered by the defendant and the availability of alternate descriptive terms; (4) the extent of the use of the term prior to the registration of the trademark; and (5) any differences among the times and contexts in which the defendant has used the term.”).

3. Nominative Fair Use

- a. A Pennsylvania federal district court applied the rules governing claims of nominative fair use in the Third Circuit:

In the Third Circuit, nominative fair use is an affirmative defense. “Nominative fair use [] occurs if the only practical way to refer to something is to use the trademarked term. Nominative fair use cases are governed by a two-step approach: (1) the plaintiff must prove that defendant’s use of the plaintiff’s mark is likely to cause confusion; (2) the defendant must show that his nominative use of plaintiff’s mark was nonetheless “fair.” To establish that the use was “fair,” a defendant must show “(1) that the use of plaintiff’s mark is necessary to describe both the plaintiff’s product or service and the defendant’s product or service; (2) that the defendant uses only so much of the plaintiff’s mark as is necessary to describe plaintiff’s product; and (3) that the defendant’s conduct or language reflect the true and accurate relationship between plaintiff and defendant’s products or services.”

Digital Dream Labs, LLC v. Living Tech. (Shenzhen) Co., 587 F. Supp. 3d 305, 325 (W.D. Pa. 2022) (alteration in original) (citations omitted) (quoting *Century 21 Real Estate Corp. v. Lendingtree, Inc.*,

425 F.3d 211, 222 (3d Cir. 2005)). The court did so in a case in which the defendant argued in a motion to dismiss that its use of the plaintiff's mark was only to indicate that the parties' goods were compatible. The court, however, held the defendant's bid for a finding of nonliability as a matter of law premature without a fully developed evidentiary record. *Id.*

- b. In the absence of guidance from the District of Columbia Circuit, a D.C. district court adopted the Second Circuit's approach to the nominative fair use doctrine, which entailed as a threshold matter treating nominative fair use not as a classic affirmative defense but instead something to be overcome by the plaintiff. *See Am. Soc'y for Testing & Materials v. Public.Resource.Org, Inc.*, 597 F. Supp. 3d 213, 242 (D.D.C. 2022) (citing *Int'l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153, 168 (2d Cir. 2016)), *appeal docketed*, No. 22-7063 (D.C. Cir. Apr 29, 2022). It then held that a claim of nominative fair use by a defendant required consideration of the standard likelihood-of-confusion factors, together with those endorsed by the Ninth Circuit namely, whether (1) the plaintiff's good or service was one not readily identifiable without use of the plaintiff's mark, (2) whether the defendant had used only so much of the plaintiff's mark as reasonably necessary to identify the good or service, and (3) whether the defendant had done nothing in conjunction with the mark suggesting sponsorship or endorsement by the plaintiff. *Id.* at 241 (citing *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 306–07 (9th Cir. 1992)). Those holdings transpired in a case in which the plaintiffs were private organizations that had developed various technical standards, some of which were later incorporated into federal law, while the defendant was a nonprofit group that had posted the standards online. Applying its newly adopted test, the court concluded as a matter of law that the defendant's textual references to the plaintiffs by name qualified as permissible nominative fair uses, especially in light of various disclaimers employed by the defendant. *Id.* at 244. Nevertheless, it then concluded, also as a matter of law, that the defendant's uses of the plaintiffs' logos did not qualify for the doctrine's protection. *Id.* at 244–45.

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 courts adopted a two-part definition requiring showings of: (1) a lack of diligence on the plaintiff's

part; and (2) prejudice to the defendant. *See, e.g., S&P Glob. Inc. v. S&P Data LLC*, No. CV 20-701-RGA, 2022 WL 3098096, at *15 (D. Del. Aug. 4, 2022); *I.M. Wilson, Inc. v. Otvetstvennostyou “Grichko”*, No. CV 18-5194, 2022 WL 2703618, at *15 (E.D. Pa. July 12, 2022).

- ii. Others, however, adopted a three-part test: “A party raising a laches defense bears the burden of establishing: ‘(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.’” *A.I.G. Agency, Inc. v. Am. Int’l Grp.*, 33 F.4th 1031, 1034 (8th Cir. 2022) (quoting *Roederer v. J. Garcia Carrion, S.A.*, 569 F.3d 855, 858 (8th Cir. 2009); *see also Thurber v. Finn Acad.*, 583 F. Supp. 3d 437, 449 (W.D.N.Y. 2022); *GoSecure Inc. v. Bhandari*, No. 1:21-CV-01222, 2022 WL 15526054, at *5 (E.D. Va. Oct. 26, 2022).
- 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., Harman Int’l Indus., Inc. v. Jem Accessories, Inc.*, No. 2:20-CV-08222-AB-SKX, 2023 WL 2942991, at *5 (C.D. Cal. Apr. 10, 2023) (four years under California law); *GoSecure Inc. v. Bhandari*, No. 1:21-CV-01222, 2022 WL 15526054, at *5 (E.D. Va. Oct. 26, 2022) (two years under Virginia law); *Monbo v. Nathan*, No. 18-CV-5930 (MKB), 2022 WL 4591905, at *33-34 (E.D.N.Y. Aug. 26, 2022) (three years under Maryland law), *reconsideration denied*, No. 18-CV-5930 (MKB), 2022 WL 4134455 (E.D.N.Y. Sept. 11, 2022); *S&P Glob. Inc. v. S&P Data LLC*, No. CV 20-701-RGA, 2022 WL 3098096, at *15 (D. Del. Aug. 4, 2022) (three years under Delaware law); *I.M. Wilson, Inc. v. Otvetstvennostyou “Grichko”*, No. CV 18-5194, 2022 WL 2703618, at *15 (E.D. Pa. July 12, 2022) (six years under Pennsylvania law); *see also McGowen Precision Barrels, LLC v. Proof Rsch., Inc.*, No. CV 22-39-M-KLD, 2022 WL 16532047, at *4 (D. Mont. Oct. 28, 2022) (applying two-year statute of limitations to claim of fraudulent registration under Section 38 of Lanham Act, 15 U.S.C. § 1120 (2018)).
- c. In a case in which the defendant had successfully asserted the defense below, the Eighth Circuit proved unwilling to accept a district court’s disposition of a laches claim. *See A.I.G. Agency, Inc. v. Am. Int’l Grp., Inc.*, 33 F.4th 1031 (8th Cir. 2022).

- i. The parties were both active in the insurance industry and had operated under similar names since “between 1968 and 1970.” *Id.* at 1033. Although it was the junior user (but also the owner of a federal registration issued in 1981), the defendant sent demand letters to the plaintiff in 1995 and 2008, but the parties wound up in court only in 2017, which the plaintiff filed suit for infringement and the defendant asserted corresponding counterclaims. The timing of the plaintiff’s suit led the district court to hold on a defense motion for summary judgment that laches barred that suit as a matter of law, and the plaintiff appealed.
- ii. In vacating and remanding the action, the court of appeals credited the plaintiff’s showing that the defendant had begun progressively encroaching on its rights in 2012 by changing its marketing strategy to target consumers more aggressively through direct advertising. It held:

“[U]nder the doctrine of progressive encroachment, the time of delay is to be measured not from when the [claimant] first learned of the potentially infringing mark, but from when such infringement became actionable and provable.” Thus, “the progressive encroachment doctrine requires a[] . . . finding of when the infringement became actionable to determine the period of delay[.]” Although a district court is not required “to locate the precise moment a trademark claim became actionable before proceeding with its laches analysis, more is required than merely citing marginal or irrelevant factors without reference to any of the principles governing trademark infringement.” The doctrine saves trademark holders from being “hoisted upon the horns of an inequitable dilemma—sue immediately and lose because the alleged infringer is insufficiently competitive to create a likelihood of confusion, or wait and be dismissed for unreasonable delay.”

Id. at 1034 (alterations in original) (first quoting *Roederer v. J. Garcia Carrion, S.A.*, 569 F.3d 855, 859–60 (8th Cir. 2009); then quoting *id.* at 860; and then quoting *id.* at 859).

- iii. The court then faulted the district for court failing to evaluate when, under the Eighth Circuit’s multifactor test for likely

confusion, the plaintiff's cause of action had arisen. Although the defendant itself had asserted the existence of a conflict between the parties' respective marks in 1995 and 2008, the plaintiff was not obligated to accept the defendant's assessment of the situation, especially in light of testimony that actual confusion had emerged only after the defendant's changed promotional strategy. "In sum," the court held, "the district court abused its discretion by not applying the proper analysis for progressive encroachment. Further, when we view the facts through the lens of the proper six-factor analysis, we find genuine disputes of material fact that preclude summary judgment on the basis of laches." *Id.* at 1038.

2. Acquiescence

- a. For the most part, tribunals entertaining the affirmative defense of acquiescence held that it required proof of three elements: "Acquiescence, as a defense to trademark infringement, requires that (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." *PetConnect Rescue, Inc. v. Salinas*, No. 20-CV-00527-RSH-DEB, 2023 WL 2026546, at *30 (S.D. Cal. Feb. 15, 2023).
- b. As in the context of claims of laches, at least one court addressing an acquiescence defense borrowed a statute of limitations for a corresponding tort under state law as a benchmark for evaluating a claim of inexcusable delay. *See GoSecure Inc. v. Bhandari*, No. 1:21-CV-01222, 2022 WL 15526054, at *5 (E.D. Va. Oct. 26, 2022) (two years under Virginia law).

3. Unclean Hands

- a. One court held that "[t]he doctrine of unclean hands is based on the principle that since equity tries to enforce good faith in defendants, it no less stringently demands the same good faith from the plaintiff." *Jackpocket, Inc. v. Lottomatrix NY LLC*, No. 22-CV-5772 (LJL), 2022 WL 17733156, at *55 (S.D.N.Y. Dec. 7, 2022) (quoting *Dunlop-McCullen v. Loc. 1-S, AFL-CIO-CLC*, 149 F.3d 85, 90 (2d Cir. 1998)). It then observed that "[e]xamples of conduct that might qualify as sufficiently related to a trademark action to support an unclean hands defense are when a plaintiff encouraged or induced the commission of a wrong, or . . . a trademark, allegedly infringed by the defendant, is itself deceptive, or . . . the plaintiff procured or

maintained his trademark registrations by false or fraudulent misrepresentations.” *Id.* (quoting *De Beers LV Trademark Ltd. v. De Beers Diamond Syndicate, Inc.*, No. 04 Civ.4099(DLC) 2005 WL 1164073, at *4 (S.D.N.Y. May 18, 2005) (second and third alterations in original).

- b. A different court held as a matter of law that a defendant’s continued use of his mark following the USPTO’s refusal to register it did not constitute unclean hands that would preclude the defendant from asserting the equitable affirmative defense of laches. *See Ramirez v. Navarro*, No. 5:20-CV-02408-SP, 2023 WL 1806847 (C.D. Cal. Jan. 5, 2023), *appeal docketed*, No. 23-55112 (9th Cir. Feb. 6, 2023). As it concluded from the summary judgment record before it, it was undisputed that the defendant had believed he had inherited the disputed mark from his father. *Id.* at *10.
- c. Finally, in granting a motion to dismiss, one court held that allegations of unclean hands must be pleaded with particularity. *See Yacht Basin Provision Co. v. Inlet Provision Co.*, No. 2:22-CV-02180-DCN, 2022 WL 17068795, at *4 (D.S.C. Nov. 17, 2022).

VI. REMEDIES

A. Injunctive Relief

1. Although courts recently have been split on the issue of whether a showing of actual or likely success in an unfair competition entitles the plaintiff to a presumption of irreparable harm, the Trademark Modernization Act apparently has resolved that issue by amending Section 34(a) of the Lanham Act, 15 U.S.C. § 1116(a) (Supp. III 2021), expressly to recognize such a presumption. *See* Pub. L. No. 116-260, § 226(a)-(b) (2020). Most courts applied the new rule. *See, e.g., AK Futures LLC v. Boyd St. Distro, LLC*, 35 F.4th 682, 694 (9th Cir. 2022) (“The District Court correctly found that [the plaintiff] is likely to suffer irreparable harm absent an injunction. By statute, [the plaintiff] is entitled to a rebuttable presumption of irreparable harm on its trademark claim because the company has shown it will likely succeed on the merits.”).
2. Nevertheless, like all presumptions, the one now set forth in Section 34(a) can be rebutted.
 - a. On that issue, the TMA and its legislative history leave open a potentially significant issue, namely, whether the restored (or confirmed) presumption shifts the burden of proof to a defendant against which it is asserted, or, alternatively, whether it merely shifts the burden of production. From a doctrinal perspective, Federal Rule of Evidence 301 provides a default rule under these circumstances,

namely, that statutory presumptions enacted after the Rule's adoption in 1975 merely effect shifts of the burden of production:

In all civil actions and proceedings not otherwise provided for by Act of Congress or by these rules, a presumption imposes on the party against whom it is directed the burden of going forward with evidence to rebut or meet the presumption, but does not shift to such party the burden of proof in the sense of the risk of nonpersuasion, which remains throughout the trial upon the party on whom it was originally cast.

FED. R. EVID. 301.

- b. Assuming Rule 301 is, in fact, the appropriate default rule, a Third Circuit opinion demonstrated how easily defendants can rebut Section 34(a)'s new presumption of irreparable harm under a technical reading of the revised statutory language. *See Nichino Am., Inc. v. Valent U.S.A. LLC*, 44 F.4th 180 (3d Cir. 2022).
 - i. In a dispute between competing pesticide manufacturers, that court affirmed a finding on a preliminary injunction motion that confusion was likely between the parties' marks. Although the plaintiff understandably invoked the presumption of irreparable harm, the Third Circuit eviscerated the presumption:

If the plaintiff's evidence . . . establish[es] likely trademark infringement, the TMA is triggered, and the burden of production shifts to the defendant to introduce evidence sufficient for a reasonable factfinder to conclude that the consumer confusion is unlikely to cause irreparable harm. But note . . . the sequence. So far, the court has not assessed any of the evidence for likely irreparable harm. Rather, the TMA's presumption means the court assumes irreparable harm, even if the plaintiff has proffered nothing in support. The focus trains on the defendant's evidence, and whether it is sufficient to rebut the TMA's presumption. A meaningful consideration of the facts, not a box-checking review of the [likelihood-of-confusion] factors, is key, aimed at determining whether the defendant's offering allows a reasonable conclusion that the consumer confusion shown

by the plaintiff will not cause irreparable harm.

. . . If a defendant successfully rebuts the TMA’s presumption by making this slight evidentiary showing, the presumption has no further effect. It has done its work and simply disappears like a bursting bubble.

Id. at 186 (citation omitted).

- ii. What, then, could constitute the “slight evidentiary showing” necessary to dispose of the presumption? According to the Third Circuit, it could consist of some of the evidence proffered by the parties at the liability stage of the litigation, namely that bearing on the sophistication of the parties’ customers. Without explaining how the plaintiff would not suffer irreparable harm among those customers—whom it previously had determined were likely to be confused—the court affirmed the district court’s conclusion that the defendant had rebutted the presumption. *Id.* at 187. By thus conflating what should be the separate and independent liability and irreparable-harm inquiries, the court allowed one likelihood-of-confusion factor favorable to the defendant to deprive the otherwise prevailing plaintiff of preliminary injunctive relief.
- c. A rare (if rather abbreviated) example of an opinion examining the issue of the adequacy of legal remedies arose from a counterfeiting action in which the defendants failed to appear. *See Kelly Toys Holdings, LLC v. alialialiLL Store*, 606 F. Supp. 3d 32 (S.D.N.Y. 2022). In entering a default judgment that continued an asset freeze ordered earlier in the case, the court found that “[a] showing that there is no adequate remedy at law ‘is satisfied where the record contains no assurance against defendant’s continued violation’ of a plaintiff’s rights. Indeed, in intellectual property actions, permanent injunctions are typically granted when there is ‘a threat of continuing violations.’” *Id.* at 52 (S.D.N.Y. June 9, 2022) (first quoting *Montblanc-Simplo GMBH v. Colibri Corp.*, 692 F. Supp. 2d 245, 259 (E.D.N.Y. 2010); then quoting *Tiffany (NJ) LLC v. Dong*, No. 11-CV-2183, 2013 WL 4046380, at *7 (S.D.N.Y. Aug. 9, 2013)). “To be sure,” it continued, “the threat of continued violations may be somewhat diminished to the extent that [online platforms used by Defaulting Defendants] have frozen the identified user accounts and merchant storefronts owned by Defaulting Defendants in compliance with the TRO and PI Order.” *Id.* at 53. Nevertheless, “if such restraints are lifted, there remains a serious possibility that Defendants will continue to infringe Plaintiff’s intellectual property rights.” *Id.*

- d. The Ninth Circuit served up a robust treatment of the public interest in injunctive relief in a case in which the parties sold e-cigarette and vaping products containing delta-8 tetrahydrocannabinol (“delta-8 THC”), a chemical compound derived from hemp. *See AK Futures LLC v. Boyd St. Distro, LLC*, 35 F.4th 682 (9th Cir. 2022). The defendant advanced three arguments why the public interest weighed against a preliminary injunction against its misappropriation of the plaintiff’s mark. The first of which was that the plaintiff’s goods were unlawful, which failed because of the court’s conclusion to the contrary. *Id.* at 694. The court also rejected the second, namely, that “delta-8 THC is potentially unsafe for consumers, so an injunction protecting marks used in connection with these products may never be in the public interest,” based on its conclusion that “[a]greeing with [the defendant] . . . would not keep delta-8 THC products off of the market, rather it would let a store continue to sell counterfeit versions of unknown origin.” *Id.* at 695. “Finally,” the court held, “[the defendant] alludes to an argument that an injunction will not help trace the origins of the counterfeit . . . products [sold by the defendant]. But as already explained, the public interest benefits from curtailing the sale of counterfeit products, which this injunction does.” *Id.*
- e. Another court unusually found that that a balancing of the parties’ respective harms favored the defendant in a case in which the court previously had determined that the plaintiff’s claimed geographically descriptive marks were invalid for want of acquired distinctiveness. *See Wise Man Brewing, LLC v. Three Bridges Distillery & Taproom, LLC*, 599 F. Supp. 3d 586 (E.D. Mich. 2022), *appeal docketed*, No. 22-1455 (6th Cir. May 23, 2022). That might have meant the demise of the plaintiff’s bid for a preliminary injunction in and of itself, but the court went on to discount the plaintiff’s claim that it would suffer greater harm in the absence of injunctive relief than the defendant would if enjoined. “Just as Plaintiff would lose its trademark absent an injunction,” the court found, “so too would Defendant if an injunction issues. So the injunction nullifies itself in this regard.” *Id.* at 593. “Further,” it continued, “the risk of Plaintiff losing business seems highly unlikely, as the parties’ storefronts are located roughly 350 miles away from each other. By contrast, enjoining Defendant, which only recently opened its storefront, would essentially cause it to lose all business after investing much to open and begin operations.” *Id.* The outcome of the balancing therefore provided an additional reason to deny the plaintiff’s motion.

B. Monetary Relief

1. Actual Damages

- a. The Sixth Circuit delivered up a comprehensive summary of the various theories under which a prevailing plaintiff might recover its actual damages:

Compensatory damages at common law generally sought to place plaintiffs in the “substantially equivalent” position that they would have been in if no tort had occurred. A recoverable “loss” thus can take a variety of forms. A trademark owner might seek to recover profits that it has lost because a competitor used an infringing mark to poach sales to customers. If a holdover licensee continues to use a mark, the trademark owner might also seek the royalties that it would have earned on the licensee’s illicit sales under the licensing agreement. Apart from these “lost profits,” a trademark owner might further seek to recover for the “lost goodwill” that arose when consumers bought the infringer’s inferior product and soured on the owner’s brand as a result. Or a trademark owner might seek to recover the “damage control costs” that it incurred to reduce the harm from the infringer’s conduct—say, by spending money on advertisements clarifying that the owner has no affiliation with the infringer.

Max Rack, Inc. v. Core Health & Fitness, LLC, 40 F.4th 454, 476 (6th Cir. 2022) (citations omitted) (first quoting RESTATEMENT (SECOND) OF TORTS § 903 cmt. a (Am. L. Inst. 1979); then quoting *Balance Dynamics Corp. v. Schmitt Indus.*, 204 F.3d 683, 691 (6th Cir. 2000); and then quoting *id.*, *reh’g denied*, No. 20-3598, 2022 WL 3237492 (6th Cir. Aug. 10, 2022). This restatement came in an opinion originating in a district court’s rejection of a jury award of \$1,000,000 in actual damages. Despite the appellate court’s recognition of the multiple bases on which that award might have rested, it held that the trial record justified none of them because: (1) the plaintiff had recovered the defendant’s profits on the only sales at issue by the time of trial; (2) there was no evidence of actual confusion; and (3) the plaintiff had not undertaken any corrective advertising. *Id.* at 476–77.

- b. As that outcome suggests, a leading, if not the primary, criterion for an award of actual damages in the form of a plaintiff’s own lost profits is a showing by a prevailing plaintiff seeking that remedy of

actual confusion or deception caused by a defendant's conduct. Another plaintiff to learn that point the hard way produced records apparently documenting its lost sales and profits during discovery. *See Sunlighten, Inc. v. Finnmark Designs, LLC*, 595 F. Supp. 3d 957 (D. Nev. 2022). Unfortunately for its bid for an award of actual damages, it neglected to tie those losses to any conduct by the defendant, much less any actual confusion between the parties' marks; indeed, the defendant successfully argued in a motion for summary judgment that the plaintiff's showing covered a time period "nearly five months" after the defendant's discontinuance of its allegedly infringing mark. *Id.* at 972. Although the plaintiff's president represented during a deposition that the company's sales representatives would provide the necessary nexus between its claimed losses and the defendant's actions, the connection was absent from the summary judgment record, leading the court to find as a matter of law that the plaintiff was ineligible to pursue an award of its actual damages. *Id.*

- c. In appropriate cases, an award of actual damages can consist of funds to bankroll a corrective advertising campaign, but courts in recent years have become skeptical of the eligibility of otherwise prevailing plaintiffs for that remedy. A notable, if understandable, example of that phenomenon appeared in an opinion by an Ohio federal district court weighing the summary judgment motion of a defendant accused of infringement. *See Oatly AB v. D's Nats. LLC*, No. 1:17-CV-840, 2022 WL 1651620 (S.D. Ohio May 21, 2022). If the plaintiffs were to be believed, they deserved reimbursement for their decision to discontinue use of a sign bearing their mark. The court rejected that claim under an application of a three-part test:

So-called "damage control" damages, which have been analogized if not equated to corrective advertising expenses, may be awarded upon a showing of (1) a likelihood of confusion or damages to sales, profits, or goodwill; (2) damage control expenses that are attributable to the violation; and (3) the reasonableness of damage control efforts.

Id. at *13. It next concluded from the summary judgment record that the plaintiffs had failed to satisfy the second prong of the test because, as the court put it, "the decision to stop using a promotional sign is not an expense." *Id.* Moreover, and beyond that, the plaintiffs had failed to quantify their alleged damages, "including the value of the sign." *Id.* Their claim of entitlement to corrective advertising therefore failed as a matter of law.

- d. With its personal jurisdiction- and venue-based challenges to being haled into a Washington federal district court having failed, one defendant argued that it should be held to answer only for those actual damages the plaintiff could prove were linked to that state. *See Corker v. Costco Wholesale Corp.*, 585 F. Supp. 3d 1284 (W.D. Wash. 2022). The court rejected that argument, holding instead that the plaintiff was entitled to pursue nationwide damages, despite the defendant’s having sold “only a small portion” of its goods in Washington. *Id.* at 1297 (quoting *Keeton v. Hustler Magazine, Inc.*, 465 U.S. 770, 775 (1984)).

2. Statutory Damages

- a. Drawing upon copyright case law, some courts identified the following factors governing the calculation of statutory damages: (1) the expenses saved and profits reaped by the defendant; (2) the revenue lost by the plaintiff; (3) the value of the trademark; (4) the deterrent effect on others besides the defendant; (5) whether the defendant’s conduct was innocent or willful; (6) whether a defendant cooperated in providing particular records from which to assess the value of the infringing material produced; and (7) the potential for discouraging the defendant. *See, e.g., Kelly Toys Holdings, LLC v. alialialiLL Store*, 606 F. Supp. 3d 32, 54 (S.D.N.Y. 2022); *Cardinale v. Vitamin Emporium, Inc.*, No. 6:21-CV-379-ACC-DAB, 2022 WL 3099071, at *6 (M.D. Fla. July 1, 2022), *report and recommendation adopted*, No. 6:21-CV-379-ACC-DAB, 2022 WL 3544316 (M.D. Fla. Aug. 18, 2022).
- b. In applications of those or substantially identical standards, actual awards of statutory damages varied greatly. *See, e.g., Kelly Toys Holdings, LLC v. alialialiLL Store*, No. 21CIV8434AKHRWL, 606 F. Supp. 3d 32, 55-56 (S.D.N.Y. 2022) (awarding \$50,000 against each defendant found liable for counterfeiting); *Rice v. Poli-Tech Sols., LLC*, No. 21-CV-1174-JPS, 2022 WL 2986882, at *5 (E.D. Wis. July 28, 2022) (award of \$10,000); *Cardinale v. Vitamin Emporium, Inc.*, No. 6:21-CV-379-ACC-DAB, 2022 WL 3099071, at *6 (M.D. Fla. July 1, 2022) (recommending award of \$90,000), *report and recommendation adopted*, No. 6:21-CV-379-ACC-DAB, 2022 WL 3544316 (M.D. Fla. Aug. 18, 2022); *see also dmarcian, Inc. v. dmarcian Eur. BV*, 60 F.4th 119 (4th Cir. 2023) (vacating aggregate sanction of \$335,000 in statutory damages in light of district court’s failure to explain basis for underlying calculation).

3. Accountings of Profits

- a. Section 35 of the Lanham Act provides that “[i]n assessing profits the plaintiff shall be required to prove defendant’s sales only; defendant must prove all elements of cost or deduction claimed.” 15 U.S.C. § 1117(a) (2018). Addressing the parties’ respective burdens under that statutory language, the Sixth Circuit required a nexus between the sales proffered by the plaintiff and the defendant’s infringement. *See Max Rack, Inc. v. Core Health & Fitness, LLC*, 40 F.4th 454 (6th Cir. 2022), *reh’g denied*, No. 20-3598, 2022 WL 3237492 (6th Cir. Aug. 10, 2022). In particular, it held, “a plaintiff likely cannot place an infringer’s ‘corporate income tax return in the record and rest [its] case for an award of infringer’s profits.’ Instead, a plaintiff likely must show some connection between the identified ‘sales’ and the alleged infringement.” *Id.* at 472 (alteration in original) (quoting *Taylor v. Meirick*, 712 F.2d 1112, 1122 (7th Cir. 1983)). Ultimately, however, the court held that a jury’s accounting of \$250,000 was supported by a combination of the defendant’s concession that it had made \$188,787 in profits on sales of goods bearing the plaintiff’s mark and a showing at trial by the plaintiff that “poked holes” in the defendant’s case in a way suggesting that the defendant had “inflated” its claimed deductions. *Id.* at 473.
- b. The same opinion, however, reversed the district court’s doubling of the jury’s accounting to \$500,000. On appeal, the court noted of the relevant statutory language that:

On the one hand, the court may increase a profits award for a compensatory reason, such as a concern that the award does not encompass the defendant’s full profits. Perhaps the defendant received intangible benefits as a result of its infringing conduct. Or perhaps the defendant engaged in discovery “stonewalling” that prevented the plaintiff from identifying its total infringing sales.

On the other hand, the court may not increase a jury’s profits award for a punitive reason. The record might show such an improper purpose, for example, if the court highlighted the defendant’s bad faith as the basis for the increase. Or such an improper purpose might exist if the court increased the profits to penalize the defendant for discovery violations, something that other laws and court rules are better equipped to handle.

Id. at 473 (citations omitted). Although acknowledging the district court’s disclaimer of any intent to penalize the defendant through

the augmentation of the jury’s accounting, the court of appeals expressed skepticism that the defendant’s failure to produce evidence of its claimed deductions justified doubling the ultimate award. In doing so, it noted that the plaintiff had successfully discerned the defendant’s sales from the defendant’s production and that the district court had sanctioned the defendant for its stonewalling regarding permissible deductions by prohibiting it from introducing certain evidence of those deductions at trial. “So,” the court concluded, “the district court abused its discretion by granting enhanced profits when its first sanction sufficed to remedy [the defendant’s] discovery shortcomings.” *Id.* at 475.

c. A New York federal district court addressed the eligibility of a plaintiff for an accounting of profits in the context of a past settlement agreement between that plaintiff and the predecessor of a defendant accused of infringement and unfair competition. *See Capri Sun GmbH v. Am. Beverage Corp.*, 595 F. Supp. 3d 83 (S.D.N.Y. 2022), *motion to certify appeal denied*, No. 19CIV1422PAEVF, 2022 WL 3137131 (S.D.N.Y. Aug. 5, 2022).

i. That agreement extended a license to the predecessor (which was assumed by the defendant) to manufacture a foil pouch used to package juice products and provided for royalty payments to the plaintiff. The agreement also recited that

[e]xcept in connection with its indemnification obligations, in no event shall any Party . . . be liable to the other Party . . . for any consequential, indirect, punitive, incidental or special damages, including lost profits . . . arising from any cause of action whatsoever, including those based upon contract, warranty, strict liability or negligence, related to this agreement or any breach hereof.

Id. at 192 (second, third, and fourth alterations in original).

ii. When the defendant terminated the license and began manufacturing an allegedly confusingly similar pouch, the plaintiff filed suit seeking, inter alia, an accounting of the defendants’ profits. The defendant, however, successfully invited the court to dismiss that request in a motion for summary judgment grounded in the language from the earlier agreement quoted immediately above. According to the defendant, although the plaintiff might be entitled to pursue actual damages in the form of lost royalty payments, the disgorgement of its profits would represent “indirect” damages “arising

from” the plaintiff’s infringement claims within the meaning of the that language. Applying New York contract law, the court held that direct damages were “typically expectation damages, measured by what it would take to put the non-breaching party in the same position that it would be in had the breaching party performed as promised under the contract.” *Id.* at 194 (citations omitted) (quoting *Edelman Arts, Inc. v. Spoelstra*, No. 17 Civ. 4789 (JGK) (SN), 2021 WL 2207361, at *3 (S.D.N.Y. Jan. 11, 2021)). In contrast, “[t]he profits of the breaching party, . . . ‘may be recovered as direct damages only when they represent amounts a breaching party agreed to pay under the contract at issue.’” *Id.* (quoting *In re Lehman Bros. Holdings Inc.*, 544 B.R. 62, 73 (Bankr. S.D.N.Y. 2015)). Turning to the provisions of the agreement bearing on the payment of royalties to the plaintiff, the court then held that:

While the [agreement] was in effect, [the plaintiff’s] contractual compensation consisted of annual royalty payments from [the defendant] of the greater of \$650,000 or \$0.00225 per Licensed Pouch. Any profits of [the defendant’s] in excess of those royalty payments belonged to [the defendant]. To the extent that [the defendant] breached by selling pouches as to which [the plaintiff] held the trademark, [the defendant’s] breach did not deprive [the plaintiff] of damages other than those royalty payments. Therefore, were [the defendant] found in breach, a damage award to [the plaintiff] of [the defendant’s] profits would go beyond putting [the plaintiff] “in the same position that it would be in had [the defendant] performed as promised under the contract,” *i.e.*, expectation damages. Such an award would therefore qualify as indirect damages. It is unavailable

Id. at 195 (quoting *Edelman Arts*, 2021 WL 2207361, at *3).

4. Attorneys’ Fees

- a. In *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, 572 U.S. 545 (2014), the Supreme Court adopted a flexible approach to the “exceptional case” standard for fee awards under Section 285 of the Patent Act. 35 U.S.C. § 285 (2018). Under that standard, a case can be

“exceptional” if the court determines, under the totality of the circumstances, that it “stands out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.” *Octane Fitness*, 572 U.S. at 554. Moreover, the *Octane Fitness* Court also confirmed that a prevailing party need only demonstrate the existence of an exceptional case by a preponderance of the evidence and testimony, rather than by clear and convincing evidence. *Id.* at 557. Outside the context of the virtually automatic award of fees to prevailing plaintiffs in counterfeiting cases mandated by Section 35(b) of the Lanham Act, 15 U.S.C. § 1117(b) (2018), *Octane Fitness* played a significant role in interpretations of Section 35(a) of the Act, *id.* § 1117(a), which, like Section 285, codifies an “exceptional case” standard.

i. The Sixth Circuit reversed an award of fees to a prevailing plaintiff as an abuse of discretion. *See Max Rack, Inc. v. Core Health & Fitness, LLC*, 40 F.4th 454 (6th Cir. 2022), *reh’g denied*, No. 20-3598, 2022 WL 3237492 (6th Cir. Aug. 10, 2022).

(A) It did so in a case in which the defendant was a hold-over licensee of a mark applied to exercise machines. The evidence established to a jury’s satisfaction that, following the license’s termination, the defendant had continued to manufacture and sell machines bearing the plaintiff’s mark; even when it had discontinued that practice in favor of selling machines from a different source and under a distinguishable mark, it failed to scrub its website of references to the plaintiff’s mark until the case was well into discovery. Moreover, the defendant also failed to produce certain evidence of possible permissible deductions from its sales, leading the district court to preclude it from introducing that evidence in response to the plaintiff’s request for an accounting of the defendant’s profits.

(B) Despite that track record of dubious conduct, the court of appeals held the case not an exceptional one under the *Octane Fitness* standard. For one thing, it noted, the plaintiff’s primary theory of liability—that the defendant had manufactured and sold goods bearing the plaintiff’s mark following the end of the license—“was supported only by circumstantial evidence falling close to the hazy border dividing what a jury can (and cannot) reasonably find.” *Id.* at 478.

For another, the defendant had presented the plaintiff with payment of any royalties due on those sales prior to trial. Moreover, the plaintiff had failed to demonstrate any damage arising from the defendant's stray references to the plaintiff's mark after the defendant transitioned to a new one. Finally, although the defendant perhaps had failed to comply with its discovery obligations, that failure affected only itself. Because the case was noteworthy for neither the weakness of the defendant's substantive litigation position nor its litigation-related misconduct, the district court's fee award constituted reversible error. *Id.* at 479.

- ii. Although affirming a prevailing defendant's entitlement to an award of fees in the first instance, the Eighth Circuit also affirmed an Iowa district court's refusal to award the entirety of the fee sought by that party. *See Pocket Plus, LLC v. Pike Brands, LLC*, 53 F.4th 425 (8th Cir. 2022). In particular, it agreed with the district court that the hourly rates documented by the American Intellectual Property Law Association's annual economic survey were "not sufficiently probative of reasonable rates in Iowa." *Id.* at 436. Moreover, it also agreed with the district court's decision to reduce the number of hours billed by the defendant's counsel to account for their overstuffed appearance at a hearing and time spent on a threatened Rule 11 motion that was never filed. *Id.* at 436–37.

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 imitations of the plaintiff's mark either have no artistic relevance to the underlying creative work or, if they do have any artistic relevance, they are explicitly misleading. *Id.* at 999. A plaintiff before a court that has adopted *Rogers* must also demonstrate that confusion is likely, whether as a standalone showing (as in the Ninth Circuit) or as part of the inquiry into whether the defendant's use is explicitly misleading (as in the Second Circuit). *Compare Gordon v. Drape Creative, Inc.*, 909 F.3d 257, 265 (9th Cir. 2018) ("If the plaintiff satisfies both elements, it still must prove that its trademark has been infringed by showing that the defendant's use of the mark is likely to cause confusion.") with *Twin Peaks Prods., Inc.*

v. Publ'ns Int'l, Ltd., 996 F.2d 1366, 1379 (2d Cir. 1993) (“This determination must be made, in the first instance, by application of the venerable *Polaroid* [likelihood-of-confusion] factors.”).

- a. Despite its pervasive adoption, the viability of *Rogers* has been placed squarely before the Supreme Court in *VIP Prods. LLC v. Jack Daniel's Props., Inc.*, 953 F.3d 1170 (9th Cir. 2020), *cert. denied*, 141 S. Ct. 1054 (2021), *on remand*, No. CV-14-02057-PHX-SMM, 2021 WL 5710730 (D. Ariz. Oct. 8, 2021), *aff'd*, No. 21-16969, 2022 WL 1654040 (9th Cir. Mar. 18, 2022), *cert. granted*, 143 S. Ct. 476 (2022).
 - i. In that case, 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' products are shown here:



After finding that the counterclaim defendant's imitations of Jack Daniel's marks and trade dress were in the nature of trademark uses, the district court eschewed the *Rogers* framework in favor of a straightforward multifactor likelihood-of-confusion analysis. According to the Ninth Circuit, however, 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 court remanded the matter for a determination of that issue. *Id.* at 1177.

- ii. On remand, the district court applied the *Rogers* test to enter summary judgment of noninfringement, the Ninth Circuit summarily affirmed, and the Supreme Court granted a petition for a writ of certiorari presenting two questions, the first of which is:

Whether humorous use of another’s trademark as one’s own on a commercial product is subject to the Lanham Act’s traditional likelihood-of-confusion analysis, or instead receives heightened First Amendment protection from trademark-infringement claims.

- b. *Jack Daniel’s* is neither the first nor the last opinion in which the Ninth Circuit has extended *Rogers* to protect trademark uses by defendants. With that practice currently before the Supreme Court for review, the Ninth Circuit doubled down in an opinion unapologetically affirming a finding of nonliability as a matter of law in a case brought by the owner of the PUNCHBOWL mark for online party and event planning services. *See Punchbowl, Inc. v. AJ Press, LLC*, 52 F.4th 1091 (9th Cir. 2022).

- i. The defendant accused of infringing that mark operated a service that provided “curated, non-partisan commentary, opinions, and critiques” with a Washington DC focus; the defendant also had applied to register PUNCHBOWL NEWS and PUNCHBOWL PRESS for its services. Although the plaintiff might well have faced an uphill battle demonstrating likely confusion under even a straightforward application of the usual multifactored test for infringement, its loss on a defense motion for summary judgment became a certainty once a California federal district court, and then the Ninth Circuit, held the defendant’s use eligible for *Rogers*’s protection. Seeking to escape that outcome on appeal, the plaintiff argued that *Rogers* did not apply because the defendant’s use was in the nature of a “commercial brand.” The Ninth Circuit was unconvinced:

[I]n this case, attempting to distinguish between a brand and the body and titles of individual articles fails to appreciate the expressive connection between the publication’s title and brand and the reporting that appears

under that heading. The title of the publication here amplifies the content of the communications and gives context to them. [The plaintiff] concedes that the use of the word “Punchbowl” in an article or the title of an individual article would be expressive. That [the defendant] used “Punchbowl” as the title of a proverbial series does not make it any less expressive.

....

. . . Just because a mark is used as a brand for a media publication does not mean the use of the name is beyond *Rogers*’s coverage.

Id. at 1099.

- ii. With the plaintiff apparently conceding that the defendant’s uses were artistically relevant to the defendant’s services—“punchbowl” being a well-known reference to the United States Capital—the appellate court turned its attention to *Rogers*’s second prong, namely, whether the defendant’s marks were explicitly misleading. “Because the use of a trademark alone is not dispositive,” it held, “we weigh two primary considerations in evaluating whether the junior use is explicitly misleading: ‘(1) the degree to which the junior user uses the mark in the same way as the senior user and (2) the extent to which the junior user has added his or her own expressive content to the work beyond the mark itself.’” *Id.* at 1100 (quoting *Dr. Seuss Enters., L.P. v. ComicMix LLC*, 983 F.3d 443, 462 (9th Cir. 2020), *cert. denied*, 141 S. Ct. 2803 (2021)). With respect to the first of those considerations, the court found the parties’ respective uses to be in connection with “two different enterprises that do very different things,” *id.* at 1101; those differences therefore precluded the first factor from favoring liability. Then, with respect to the second factor, the court credited the defendant’s showing that “[t]he Punchbowl Mark is only a part of *Punchbowl News*’s overall branding, which, as noted, includes a slogan and a logo. In addition, *Punchbowl News*’s ‘larger expressive creation’ consists of its series of newsletters, podcasts, and videos.” *Id.* at 1102. Finally, before rejecting the plaintiff’s reliance on apparently favorable survey evidence as “not relevant to the question of whether [the defendant’s] use of the [challenged] Mark[s] is explicitly misleading, which is a legal test for assessing whether the Lanham Act

applies,” *id.* at 1104, the court held that the defendant’s identification of its founders was an additional fact favoring a finding of nonliability as a matter of law. *Id.* at 1103–04.

- c. A conventional application of *Rogers* in a conventional dispute came in an appeal to the Eleventh Circuit in a case brought by the owners and operators of a lounge on the Florida-Alabama border using the FLORA-BAMA LOUNGE, PACKAGE AND OYSTER BAR service mark. *See MGF B Props., Inc. v. Viacom Inc.*, 54 F.4th 670 (11th Cir. 2022). The targets of the plaintiff’s suit were the creators and distributors of a reality television program styled as *MTV Floribama Shore*, which was intended to have a tie-in to was filmed over 100 miles east of the plaintiffs’ lounge. The following illustrations show the parties’ respective marks as they appeared in the marketplace:



Id. at 675.

- i. Affirming the grant of a defense motion for summary judgment, the court held that the defendants’ title was artistically relevant to their program, even if it was not a necessary component of the program:

It is, of course, true that a title will be artistically relevant when it is necessary to use the title. But that does not mean a title must be strictly necessary to be artistically relevant. Nor does it mean that the use of a mark has artistic relevance only if its use carries the same meaning as the one the trademark holder gives it. As in this case, where the use of “Floribama” has artistic relevance to Defendants’ show independent of referring to Plaintiffs’ establishment, artistic relevance does not turn on whether the work is about the trademark or its holder.

Id. at 681.

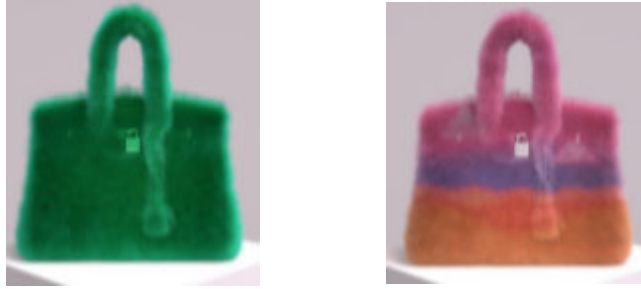
- ii. It then held with respect to the second prong of the *Rogers* analysis that “[t]he relevant question is whether (1) the sec-

ondary user overtly ‘marketed’ the protected work ‘as “endorsed” or “sponsored”’ by the primary user or (2) ‘otherwise explicitly stated’ that the protected work was ‘affiliated’ with the primary user.” *Id.* at (quoting *Univ. of Ala. Bd. of Trs. v. New Life Art, Inc.*, 683 F.3d 1266, 1279 (11th Cir. 2012)). The summary judgment record did not contain any evidence that the defendants’ conduct fell within either category. Although the plaintiffs pointed to the results of a pre-production survey conducted by one of the defendants reflecting an awareness of the term “Flora-Bama” among 34% of respondents, “with half of the 34% identifying it as the bar and the other half identifying it as the region,” *id.* at 675, the court declined to give that evidence because “any misunderstanding represented by the survey data was ‘not engendered by any overt claim.’” *Id.* at 682 (quoting *Rogers*, 875 F.2d at 1001). It similarly rejected two promotional tweets by the president of one of the defendants that had used the “Florabama” spelling of the disputed term because “she did so in conjunction with references to [the defendant] and MTV.” *Id.* Finally, it disposed of the plaintiffs’ allegation that the defendants has intentionally copied the plaintiffs’ mark by holding that, at least standing alone, intentional copying was insufficient to establish explicitly misleading conduct. *Id.*

- d. In contrast, a rare victory for a plaintiff under a *Rogers*-based analysis, albeit only on a motion to dismiss, came in a case arising in the context of non-fungible tokens. See *Hermès Int’l v. Rothschild*, 603 F. Supp. 3d 98 (S.D.N.Y. 2022).
 - i. The plaintiff was a luxury fashion business, which sold high-end handbags such as the following under the BIRKIN mark:



In late 2021, the defendant, a self-styled “marketing strategist” in the fashion industry, created digital images of faux-fur-covered versions of the plaintiff’s bags, which he sold as NFTs:



The defendant marketed his collection under the METABIRKINS mark, but he did not actually use that term when selling his NFTs; instead, he assigned each a number.

- ii. That strategy did not head off a lawsuit, which the defendant unsuccessfully challenged as failing to state a claim. As a threshold matter, the court rejected the plaintiff’s argument that, because the defendant used METABIRKINS as a mark to brand a product line, to attract public attention, and to signify source, *Rogers* did not apply. “Because [the defendant] is selling digital images of handbags that could constitute a form of artistic expression,” the court held, “balancing the First Amendment concerns with Lanham Act protection requires applying the *Rogers* test.” *Id.* at 104. It then explained:

[The plaintiff] tries to distinguish *Rogers* on the ground that [the defendant] uses the “MetaBirkins” mark as a source identifier on social media to promote and advertise the NFTs, as a URL, and to identify a website, arguing that the First Amendment does not protect unauthorized use of another’s mark as a source identifier. But this does little to distinguish *Rogers* or explain why the *Rogers* test does not apply here. Using the title of the artwork for social media and online accounts dedicated to selling the artwork is just like the marketing and advertising approved in *Rogers*. And *Rogers* is not inapplicable simply because Rothschild sells the images – the movie studio defendant in *Rogers* sold the film at issue. Neither does Rothschild’s use of NFTs to authenticate the images change the application of *Rogers*: because NFTs are simply code pointing to where a digital image is located and authenticating the image, using NFTs to authenti-

cate an image and allow for traceable subsequent resale and transfer does not make the image a commodity without First Amendment protection any more than selling numbered copies of physical paintings would make the paintings commodities for purposes of *Rogers*.

Id. (citation omitted).

- iii. The defendant's victory on the applicability of *Rogers* was short-lived, however. With respect to *Rogers*' first prong, the court declined to find as a matter of law that the defendant's METABIRKINS was artistically relevant to his line of digital bags. In doing so, the court relied heavily on the defendant's statement in an interview that "for me, there's nothing more iconic than the [plaintiff's] Birkin bag. And I wanted to see as an experiment if I could create that same kind of illusion that it has in real life as a digital commodity." *Id.* at 101. Holding that "[t]he artistic relevance prong ensures that the defendant intended an artistic—i.e., noncommercial—association with the plaintiff's mark, as opposed to one in which the defendant intends to associate with the mark to exploit the mark's popularity and good will," *id.* at 105 (quoting *Louis Vuitton Malletier S.A. v. Warner Bros. Ent. Inc.*, 868 F. Supp. 2d 172, 178 (S.D.N.Y. 2012)), the court concluded that "the amended complaint includes sufficient allegations that [the defendant] entirely intended to associate the 'MetaBirkins' mark with the popularity and goodwill of [the plaintiff's] Birkin mark, rather than intending an artistic association." *Id.* at 106–07.
- iv. The court's conclusion with respect to *Rogers*'s second prong was similar. In contrast to the Ninth Circuit, which requires plaintiffs to demonstrate likely confusion separately and independently of the inquiry into whether defendants' uses are explicitly misleading in the Second Circuit requires consideration of the standard multifactor test for likely confusion, and that made all the difference in the world, for, as the court held, "[a]pplying the *Polaroid* factors is fact-intensive, and resolving the likelihood of confusion on a motion to dismiss posture is not appropriate." *Id.* It then disposed of three additional arguments advanced by the defendants, which were "(1) that explicit misleadingness cannot be established by use of the mark alone; (2) that evidence of confusion alone is not sufficient to prove explicit misleadingness; and (3) that evidence of confusion must relate to the

nature of the behavior of the identifying material's user, not the impact of the use." *Id.* at 106. "As to the first two arguments," the court held,

the amended complaint alleges more than simply use or actual confusion. And as to the third, even assuming arguendo this were correct, the amended complaint contains sufficient factual allegations as to [the defendant's] behavior – not just the impact of the use on consumers, the media, and the public, but also that [the defendant] himself made statements that are plausibly interpreted as explicitly misstatements and that this engendered the confusion on the part of consumers.

Id.

- v. Things got worse for the defendant from there: Not only did the court deny a defense motion for summary judgment later in the proceedings, *see Hermès Int'l v. Rothschild*, No. 22-CV-384 (JSR), 2023 WL 1458126 (S.D.N.Y. Feb. 2, 2023), it ultimately referred the question of liability to a jury, which found in the plaintiff's favor even after having been instructed under the strongly pro-defendant *Rogers* standard. *See* Verdict Form at 1, *Hermès Int'l v. Rothschild*, No. 22-CV-384 (JSR) (S.D.N.Y. Feb. 8, 2023).

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. Its scope has been a recurring subject of litigation in trademark and unfair competition in recent years.

1. Consistent with the majority rule, one court held that "[d]isgorgement of a defendant's profits in a Lanham Act trademark infringement case is equitable in nature and does not carry with it a right to a jury trial under the Seventh Amendment." *Am. Eagle Outfitters, Inc. v. Walmart, Inc.*, No. 2:20-CV-00412-MJH, 2023 WL 1778786, at *3 (W.D. Pa. Feb. 6, 2023)
2. In contrast, another court denied a motion to strike a demand for a jury trial on the plaintiff's request for an accounting of profits on the theory that "[w]hen not tied to the plaintiff's actual damages, '[a] claim for disgorgement of profits under § 1117(a) is equitable, not legal.' But recovery of a

defendant’s profits may also be a proxy for the plaintiff’s actual damages.” *F21 OpCo, L v. Airwair Int’l Ltd.*, No. 2:22-CV-01684-SB-MAA, 2023 WL 2626368, at *2 (C.D. Cal. Feb. 17, 2023) (alteration in original) (quoting *Fifty-Six Hope Rd. Music, Ltd. v. A.V.E.L.A., Inc.*, 778 F.3d 1059, 1075 (9th Cir. 2015)).

3. So too did another court treated the issue of whether a plaintiff’s request for an accounting triggers a constitutional rights to a jury trial as an open question. See *Capri Sun GmbH v. Am. Beverage Corp.*, No. 19CIV1422PAEVF, 2022 WL 3137131, at *6 (S.D.N.Y. Aug. 5, 2022).

VIII. PROCEDURAL ISSUES

A. Extraterritoriality

1. The Supreme Court agreed to review one of the most aggressive extraterritorial applications of the Lanham Act in history in a case in which a prevailing plaintiff successfully secured an accounting of profits arising from the defendants’ sales in Europe of goods bearing infringing marks and trade dress. See *Hetronic Int’l, Inc. v. Hetronic Germany GmbH*, 10 F.4th 1016 (10th Cir. 2021), *cert. granted sub nom. Abitron Austria GmbH v. Hetronic Int’l, Inc.*, 143 S. Ct. 398 (2022).

- a. In *Steele v. Bulova Watch Co.*, 344 U.S. 280 (1952), the Supreme Court recognized a general presumption against extraterritoriality; at the same time, however, it affirmed a holding that a United States citizen and domiciliary who operated a business in Mexico that affixed spurious copies of the plaintiff’s BULOVA mark to watches that made their way into the United States and were presented for repairs by the plaintiff’s agents could be found liable for infringement. According to the Court in that case:

In the light of the broad jurisdictional grant in the Lanham Act, we deem its scope to encompass petitioner’s activities here. His operations and their effects were not confined within the territorial limits of a foreign nation. He bought component parts of his wares in the United States, and spurious ‘Bulovas’ filtered through the Mexican border into this country; his competing goods could well reflect adversely on Bulova Watch Company’s trade reputation in markets cultivated by advertising here as well as abroad.

Id. at 286.

- b. The Court’s failure to articulate a doctrinal test for evaluating the extraterritorial reach of the Act has led the Second, Eleventh, and

Federal Circuits to adopt the so-called *Vanity Fair* standard, which considers (1) whether the defendant’s conduct had a substantial effect on U.S. commerce; (2) whether the defendant was a United States citizen; and (3) whether there was a conflict with trademark rights established under the relevant foreign law. *See Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633, 642 (2d Cir. 1956); *see also Int’l Cafe, S.A.L. v. Hard Rock Cafe Int’l, (U.S.A.), Inc.*, 252 F.3d 1274, 1278 (11th Cir. 2001); *Aerogroup Int’l, Inc. v. Marlboro Footworks, Ltd.*, 152 F.3d 948, 1998 WL 169251, at *2 (Fed. Cir. 1998) (per curiam) (unpublished). The Fourth and Fifth Circuits also have gravitated toward *Vanity Fair* as well, although the former has modified the first factor to require a “significant” (as opposed to a “substantial”) effect, *see Nintendo of Am., Inc. v. Aeropower Co.*, 34 F.3d 246, 250 (4th Cir. 1994), and the latter requires only a demonstration that a defendant’s conduct have “some” effect on United States commerce. *See Am. Rice, Inc. v. Ark. Rice Growers Coop. Ass’n*, 701 F.2d 408, 414 n.8 (5th Cir. 1983). The Ninth Circuit has adopted its own tripartite test, which allows liability for extraterritorial activities if: (1) those activities have “some” effect on “American foreign commerce”; (2) that effect is sufficiently cognizable to injure the plaintiff; and (3) “the interests of and links to American foreign commerce [are] sufficiently strong in relation to those of other nations to justify an assertion of extraterritorial authority.” *Trader Joe’s Co. v. Hallatt*, 835 F.3d 960, 969 (9th Cir. 2016) (alteration in original). Finally, the First Circuit applies the antitrust-based *McBee* test, pursuant to which: (1) the Lanham Act will usually extend extraterritorially when the defendant is an American citizen because “a separate constitutional basis for jurisdiction exists for control of activities, even foreign activities, of an American citizen,” *McBee v. Delica Co.*, 417 F.3d 107, 111 (1st Cir. 2005); but (2) when the defendant is not a United States citizen, the Lanham Act applies “only if the complained-of activities have a substantial effect on [U.S.] commerce, viewed in light of the purposes of the Lanham Act.” *Id.*

- c. Choosing between these competing approaches, the Tenth Circuit picked that of the First Circuit, but with what it described as “one caveat.” *Hetronic Int’l*, 10 F.4th at 1036.
 - i. That caveat was in reality the court’s engrafting of a third prerequisite for extraterritoriality, namely, that “if a plaintiff successfully shows that a foreign defendant’s conduct has had a substantial effect on U.S. commerce, courts should also consider whether extraterritorial application of the Lanham Act would create a conflict with trademark rights established under the relevant foreign law.” *Id.* at 1037. “Though

the *McBee* court eschewed such an analysis,” the court explained, “every other circuit court considers potential conflicts with foreign law in assessing the Lanham Act’s extraterritorial reach.” *Id.* at 1030. It then summarized its holding in the following manner:

To recap, in deciding whether the Lanham Act applies extraterritorially, courts should consider three factors. First, courts should determine whether the defendant is a U.S. citizen. Second, when the defendant is not a U.S. citizen, courts should assess whether the defendant’s conduct had a substantial effect on U.S. commerce. Third, only if the plaintiff has satisfied the substantial-effects test, courts should consider whether extraterritorial application of the Lanham Act would create a conflict with trademark rights established under foreign law.

Id. at 1038.

- ii. The court then applied its new test to hold that the Act indeed reached the conduct of the defendants before it. Those defendants, none of which was a United States citizen or domiciliary, had manufactured radio remote controls for heavy-duty construction equipment bearing the plaintiff’s marks for nearly a decade. The parties’ amicable relationship abruptly ended, however, when the defendants decided on the basis of “an old research-and-development agreement between the parties” that they, rather than the plaintiff, owned the marks in question. They then continued to manufacture and sell goods bearing the marks outside the United States, even when found liable for infringement by a jury and having been permanently enjoined on a worldwide basis from doing so. Some of those goods wound up in United States markets, and the defendants apparently sold at least some of them directly to United States consumers. Those facts were enough for the court to hold in the plaintiffs’ favor on the issue of whether the defendants’ conduct had had the required substantial effect on United States commerce, especially in light of the plaintiff’s evidence that United States consumers encountering the defendants’ goods were actually confused about the goods’ origin:

Viewing the evidence as a whole, [the plaintiff] has presented more than enough evidence to show that Defendants’ foreign infringing conduct had a substantial effect on U.S. commerce. Besides the millions of euros worth of infringing products that made their way into the United States after initially being sold abroad, Defendants also diverted tens of millions of dollars of foreign sales from [the plaintiff] that otherwise would have ultimately flowed into the United States. Moreover, though much of [the plaintiff’s] evidence focused on consumer confusion abroad, it also documented numerous incidents of confusion among U.S. consumers. We thus conclude that [the plaintiff] has presented evidence of impacts within the United States of a sufficient character and magnitude as would give the United States a reasonably strong interest in the litigation. Accordingly, the Lanham Act applies extraterritorially here to reach all of Defendants’ foreign infringing conduct.

Id. at 1045–46.

- iii. The Supreme Court eventually granted the defendants’ petition for a writ of certiorari, which presented a single question: “Whether the court of appeals erred in applying the Lanham Act extraterritorially to petitioners’ foreign sales, including purely foreign sales that never reached the United States or confused U.S. consumers.”
2. A Federal Circuit judge adopted a comparatively restricted conception of extraterritoriality in the reverse context, namely, an attempt by a petitioner to challenge two United States registrations based on the company’s use of identical marks in India. *See Meenaxi Enter., Inc. v. Coca-Cola Co.*, 38 F.4th 1067 (Fed. Cir. 2022). Although the Board found in the petitioner’s favor, the Federal Circuit reversed for want of standing on the petitioner’s failure to demonstrate injury consisting of either lost sales or reputational damage. A concurring opinion went further and would have overturned the petitioner’s victory by invoking the territoriality principle, of which he noted that:

“The concept of territoriality is basic to trademark law; trademark rights exist in each country solely according to that country’s statutory scheme.” This means that “priority

of trademark rights in the United States depends solely upon priority of use in the United States, not on priority of use anywhere in the world” because “[e]arlier use in another country usually just does not count.”

. . . .

There is a distinction in the case law regarding how the territoriality principle limits the reach of the Lanham Act, depending on where the parties are situated. For instance, when a domestic party seeks to assert rights against activity occurring abroad, courts may apply the Lanham Act extra-territorially if the accused activity substantially affects U.S. commerce. But when a foreign party seeks to assert foreign rights against activity in the United States, as is the case here, the territoriality principle precludes recovery via the Lanham Act

Id. at 1080, 1081 (first alteration in original) (citations omitted) (first quoting *Person’s Co. v. Christman*, 900 F.2d 1565, 1568–69 (Fed. Cir. 1990); then quoting *Grupo Gigante SA De CV v. Dallo & Co.*, 391 F.3d 1088, 1093 (9th Cir. 2004)).

B. Personal Jurisdiction

1. One opinion declining to find the existence of specific personal jurisdiction broke new ground in a suit brought by the licensing agents of a musical group, the latter of which was slated to begin a tour at a Las Vegas stadium. See *Hybe Co. v. Does 1–100*, 598 F. Supp. 3d 1005 (D. Nev. 2022). In anticipation of the trafficking of collateral goods bearing counterfeit imitations of the band’s marks, the plaintiffs sought an ex parte order allowing the seizure of those goods from defendants styled as “John Does 1–100” within a five-mile radius of the stadium. Although the plaintiffs’ moving papers apparently were otherwise in order, the court was concerned by the plaintiffs’ failure to identify the targeted defendants by name. Eschewing the usual test for evaluating the propriety of an exercise of personal jurisdiction, the court declined to enter to requested relief with the explanation that:

[I]t is hornbook law that a federal court must have personal jurisdiction over a defendant before it can entertain an action against that defendant. “[A] court does not have the power to order injunctive relief against a person over whom the court has not [acquired] in personam jurisdiction” or “to enjoin the behavior of the world at large.” Finally, “[a]s a general rule, the use of ‘John Doe’ to identify a defendant is not favored.” Without any identified defendants, it is impossible . . . to determine whether this court has personal jurisdiction over those who may intend to infringe plaintiffs’ marks.

Id. at 1007–08 (footnotes omitted) (second, third, and fourth alterations in original) (first quoting *Joel v. Various John Does*, 499 F. Supp. 791, 792 (E.D. Wis. 1980); then quoting *Gillespie v. Civiletti*, 629 F.2d 637, 642 (9th Cir. 1980)).

2. So too did a different plaintiff fail to hale a Chinese corporation into federal district court in North Carolina under either that state’s long-arm statute, N.C. GEN. STAT. § 1-75.4(1), or Rule 4(k)(2) of the Federal Rules of Civil Procedure. *See Epic Games, Inc. v. Shenzhen Tairuo Tech. Co.*, 593 F. Supp. 3d 233 (E.D.N.C. 2022). The defendant manufactured virtual reality smart glasses, which it had not yet introduced in the United States under its allegedly infringing mark; nevertheless, the plaintiff’s complaint alleged, the defendant had begun promoting its goods by marketing them online, providing downloads of a related software developer kit, accepting preorders, and “launching an augmented reality game . . . as well as [an] application, by which users can turn any existing Android application into a mixed reality application for use with the . . . glasses.” *Id.* at 237. In the absence of actual sales in North Carolina, the plaintiff accused the defendant of undertaking its alleged infringement knowing it would injure the plaintiff in the state, but the court held that allegation insufficient without something more, and it also rejected the plaintiff’s averments of settlement negotiations comprising “at least 90 emails and over 11 phone calls” involving plaintiff’s Raleigh-based counsel as satisfying that requirement. *Id.* at 239–40; *see also id.* at 246. (“[P]laintiff has failed to establish that the focal point of the alleged tortious activity was North Carolina. Thus, under the [*Calder*] effects test as well, plaintiff fails to make a prima facie showing of this court’s specific jurisdiction over defendant.”). The court then disposed of the plaintiff’s reliance on the defendant’s promotion of its goods on social media because the defendant’s posts were “devoid of any reference to North Carolina,” *id.* at 241; likewise, it found that the defendant’s website had “relatively limited” interactivity and did not target North Carolina residents in particular. *Id.* at 243. It then rejected the plaintiff’s attempt to bootstrap a forum selection clause in an agreement between the parties because the agreement’s subject matter was unrelated to that of the lawsuit. *Id.* at 245. With the defendant lacking “offices, facilities, bank accounts, phone numbers, or other addresses of any kind in the state,” *id.*, an exercise of jurisdiction was inappropriate under the traditional analysis, especially in light of the Chinese domicile of the defendant. *Id.* at 246. That left the plaintiff’s claim that Rule 4(k)(2) provided an alternative basis for haling the defendant into court. Misunderstanding the parties’ respective burdens under the rule, the plaintiff argued that the defendant had failed to establish it was subject to the jurisdiction of another state; as the court properly held, the plaintiff bore the burden of proving that no other state could hale the defendant into its courts. With the plaintiff therefore having failed to make the required showing, its case merited dismissal for that additional reason. *Id.* at 247.

3. A Florida federal district court added to the increasingly tall pile of reported opinions holding that the accessibility of a defendant’s website in a forum will not necessarily result in an exercise of personal jurisdiction over that defendant in that forum. See *PeopleShare, LLC v. Vogler*, 601 F. Supp. 3d 1276 (S.D. Fla. 2022). The defendants at issue in that case were based in Arizona (although one was a Delaware corporation), and the plaintiff was improbably domiciled in Pennsylvania. Not surprisingly, the plaintiff’s claims to have been injured in Florida faced an unreceptive judicial audience, especially in light of the defendants’ proffer of undisputed testimony that they had “never dome [sic] business with any Florida resident, sold a product or service to any resident of Florida, or engaged in targeted advertising or promotion of its products or services to Florida or residents of Florida.” *Id.* at 1284. It might be true, as the plaintiff alleged, that the defendants’ website was accessible in Florida and offered a downloadable app, but the plaintiff had submitted “no proof that the app was actually downloaded by a customer in Florida.” *Id.* The court therefore granted the defendants’ motion to dismiss with the concluding observation that “Plaintiff therefore has failed to demonstrate a nexus between Defendants’ activities and an injury suffered in Florida, such that an exercise of specific jurisdiction under Florida’s long-arm statute would be proper in this case.” *Id.* at 1825.
4. In contrast, the Seventh Circuit affirmed an exercise of specific personal jurisdiction in Illinois over a nonresident defendant that had shipped a pair of shorts bearing counterfeit imitations of the plaintiffs’ marks into that state. See *NBA Props., Inc. v. HANWJH*, 46 F.4th 614 (7th Cir. 2022), *cert. denied*, 143 S. Ct. 577 (2023). The defendant stridently contested the district court’s holding that the shipment and the accessibility of its website in Illinois constituted the required minimum contacts with the state, especially because the shipment had been engineered by the plaintiffs’ counsel, the defendant had never made another one to Illinois, and the defendant had no offices, employees, property, bank accounts “or any other commercial dealings with Illinois.” *Id.* at 617–18. Rejecting the proposition “that multiple online sales, as opposed to a single online sale, are required to establish a sufficient basis for personal jurisdiction,” *id.* at 625, the court noted that the defendant had “established an online store [with] Amazon.com. Through this online store, it unequivocally asserted a willingness to ship goods to Illinois and established the capacity to do so. When an order was placed, it filled the order, intentionally shipping an infringing product to the customer’s designated Illinois address.” *Id.* at 624. With the purposeful-availment inquiry having been resolved in the plaintiffs’ favor, and the defendant not arguing that the litigation was unrelated to its activities in Illinois, the court made short work of the defendant’s argument that haling it into court in Illinois was constitutionally unreasonable, especially because the defendant did not allege that defending itself there would be unusually burdensome. *Id.* at 627.

IX. USPTO PRACTICE

A. Substantive Questions of Registrability

1. Even after the Federal Circuit’s adoption of a strict test for fraud 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. For example, in *Illyrian Import, Inc. v. ADOL Sh.p.k.*, 2022 U.S.P.Q.2d 292 (T.T.A.B. 2022), the Board rejected a claim of fraud grounded in an applicant’s allegedly inaccurate claim to own its applied-for mark. It did so in light of the opposer’s failure to adduce evidence or testimony of the applicant’s alleged bad-faith intent to deceive the office. Moreover, the Board found certain record evidence to justify the applicant’s good faith belief that it owned the applied-for mark, namely, its ownership of a federal registration of a similar mark, as well as its ownership of Albanian registrations of the same mark. *Id.* at *43 (“[I]n these proceedings the legal right to use the [disputed mark] emanating from Applicant’s prior U.S. registration, as well as from the rights granted by the Albanian government, is both complex and confusing, potentially leaving [Applicant’s signatory] with an unclear understanding of his company’s trademark rights.”).
2. Not all challenges to the validity of registrations in the regional circuits sounded in fraud. For example, in a case in which the parties claimed to own the same mark, the court concluded on summary judgment that the counterclaim plaintiff enjoyed priority of rights as a matter of law. *See TWD, LLC v. Grunt Style LLC*, 598 F. Supp. 3d 676 (N.D. Ill. 2022). Having done so, it directed the USPTO to cancel the counterclaim defendant’s registration of the disputed mark with the straightforward explanation that “where ‘a registrant’s asserted rights to a mark are shown to be invalid, cancellation is not merely appropriate, it is the best course.’” *Id.* at 688 (quoting *Cent. Mfg., Inc. v. Brett*, 492 F.3d 876, 883 (7th Cir. 2007)).
3. Likewise, another federal district court addressed the question of whether a lead plaintiff had had a bona fide intent to use its mark in connection with all the goods in an intent-to-use application from which a registration owned by the plaintiff had matured. *See Oatly AB v. D’s Nats. LLC*, No. 1:17-CV-840, 2022 WL 1651620 (S.D. Ohio May 24, 2022).
 - a. On the parties’ cross-motions for summary judgment, the court teed up that question in the following manner:

The party challenging the application bears the initial burden of demonstrating by a preponderance of the evidence that the applicant lacked a bona fide intent to use the mark on the identified goods. If the challenger makes a prima facie case that the applicant

lacked a bona fide intention to use the mark, then the burden shifts to the applicant to produce evidence that shows otherwise. Despite a shifting burden of production, however, the burden of persuasion by a preponderance of the evidence remains with the challenger. Importantly, if a court determines that an applicant lacks bona fide intent to use the mark in commerce as to some, but not all, of the goods listed in an application, then it excises only the overbroad portions.

Id. at *4 (citations omitted).

- b. Deposition testimony by the lead plaintiff’s innovation director established that the challenged goods had “been in the discussions,” but that, the court held, “is not the same as a firm decision to actually make those things.” *Id.* at *5. It was equally unimpressed with the same witness’s testimony that the goods would have become “more relevant” as the brand built on the registered mark expanded, holding that “the possible world of goods a company *might* produce will always be larger than the inventory of products a company has the *good faith intention* to produce. But a company is only entitled to protection of the latter.” *Id.* With the defendant having established a prima facie case of a lack of bona fide intent to use, the court turned to the lead plaintiff’s responsive showing, which lacked enough detail to create a factual dispute on the issue; indeed, the court noted, many of the documents proffered by the lead plaintiff failed to mention the challenged goods at all. *Id.* at *6–9.
4. The extrastatutory failure-to-function ground for unregistrability continued to be the basis of refusals to register.
 - a. The Federal Circuit and the Board issued several opinions determining that applied-for marks failed to function as marks. *See, e.g., In re Pound Law, LLC*, 2022 U.S.P.Q.2d 1062 (T.T.A.B. 2022) (#LAW for legal referral services); *In re Brunetti*, 2022 U.S.P.Q.2d 764 (T.T.A.B. 2022) (FUCK for jewelry, bags, and retail sale services); *In re Caracol Televisión S.A.*, No. 87916944 (T.T.A.B. Aug. 24, 2022) (nonprecedential) (EL CABO and cartoon character for entertainment services).
 - b. Unusually, however, the Board overturned a failure-to-function refusal in a precedential opinion in *In re Lizzo LLC*, 23 U.S.P.Q.2d 139 (T.T.A.B. 2023). That appeal arose from an application to register 100% THAT BITCH for various clothing items. According to the Board, the examining attorney had failed to establish that the applied-for mark was a common expression in such widespread use

that consumers would not recognize it as a mark; moreover, many of the examiner's exhibits were obvious references to the applicant.

- c. The Board also overturned at least other failure-to-function refusal, albeit it in a nonprecedential opinion. *See In re Nat'l Ass'n to Advance Black Birth*, No. 90581377, slip op. (T.T.A.B. Aug. 23, 2022) (nonprecedential) (BLACK BIRTHING BILL OF RIGHTS for various advocacy services).
5. The Board broke new ground in an appeal from the USPTO's refusal to register six marks for non-syndicated columns published by the *New York Times*. *See In re New York Times Co.*, 2023 U.S.P.Q.2d 392 (T.T.A.B. 2023). According to the Office, the columns failed to qualify as "separate goods in trade." In reversing that determination, the Board set forth a new test for goods in trade in that context, one that considers whether the goods are (1) are simply the conduit or necessary tool useful only in connection with the applicant's primary goods or services; (2) so inextricably tied to and associated with the primary goods or services as to have no viable existence apart from them; and (3) neither sold separately nor of any independent value apart from the primary goods or services. *Id.* at *19. In an application of its new test, the Board concluded that the columns in question qualified as goods in commerce, and it therefore reversed the refusal to register the marks under which the columns were provided. *Id.* at *25-26.
6. In a decision that should have come as no surprise even to the applicant, the Board affirmed a refusal to register the STRONGHOLDS & FOLLOWERS mark for "role playing game equipment in the nature of game book manuals." *See In re MCDM Prods., LLC*, 2022 U.S.P.Q.2d 227 (T.T.A.B. 2022). The applicant gamely argued that its distribution of its manual in print and electronic format rendered the manual more than an individual work, but the Board disagreed. It therefore affirmed the refusal to register by citing the long-standing rule that "[t]he title of a single creative work is not registrable on either the Principal or Supplemental Register." *Id.* at *3.
7. In an opposition brought by the successors in interest to recording artist Prince, the Board held that the applied-for PURPLE RAIN mark for dietary and nutritional supplements falsely suggested a connection with Prince in violation of Section 2(a) of the Lanham Act, 15 U.S.C. 1052(a). *See NPG Records, LLC v. JHO Intellectual Property Holdings LLC*, 2022 U.S.P.Q.2d 770 (T.T.A.B. 2022). The outcome was relatively unusual not only because the Board typically views claims of this sort skeptically, but also because the Board resolved the matter on a motion for summary judgment.
8. One petitioner for cancellation successfully invoked the Pan American Convention, Article 8 of which authorizes cancellation if three circumstances are present, namely: (1) the petitioner's mark was protectable under the law

of another party to the Convention as of a date before the respondent's priority date; (2) the respondent knew of the legal status of the petitioner's mark prior to filing its application; and (3) the petitioner used its mark in United States commerce before the respondent's filing date. *See Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 2022 U.S.P.Q.2d 1242, at *26 (T.T.A.B. 2022).

9. The Board confirmed that nonownership is not an available ground for opposition against an application not based on actual use. *See Saber Interactive Inc. v. Oovee Ltd.*, 2022 U.S.P.Q.2d 514 (T.T.A.B. 2022). It did so in an opposition in which the opposed application rested on a request for an extension of protection under Section 66(a) of the Act, 15 U.S.C. § 1141e(a). According to the Board:

“Ownership of a mark arises through use of the mark,” therefore a claim based on lack of ownership is not available when the application is not based on use of the mark in commerce. Here, the application is a request for extension of protection of an international registration under Section 66(a). Such requests are not based on use but rather on an international registration owned by the applicant and a bona fide intention to use the mark in commerce. Accordingly, a claim based on lack of ownership is not available against Applicant's subject Section 66(a) application.

Id. at *3 (citation omitted) (quoting *Hole In 1 Drinks, Inc. v. Lajtay*, 2020 U.S.P.Q.2d 10020, at *5 (T.T.A.B. 2020)).

10. The Board also confirmed that, because of the reference in Section 2(d) of the Act, 15 U.S.C. § 1052(d) (2018), to a prior-registered mark, an inter partes plaintiff need only aver its ownership of such a mark, rather than establish its priority of rights. *See Nkanginieme v. Appleton*, 2023 U.S.P.Q.2d 277 (T.T.A.B. 2023). As it explained, “notwithstanding an applicant's assertion of earlier filing or actual use dates, unless there is a counterclaim against the opposer's pleaded and proven registration, priority is not at issue in a likelihood of confusion dispute.” *Id.* at *10.
11. Although, like the USPTO generally, the Board is receptive to requests for amendments to pending applications, it rejected such an amendment in an opposition for the unsurprising reason that the amendment would have expanded, instead of restricted, the application's identification of goods. *See Fender Musical Instruments Corp. v. Win-D-Fender, LLC*, 2023 U.S.P.Q.2d 61, at *3–7 (T.T.A.B. 2023).
12. The claimed owner of the ZHIMA mark for numerous goods and services in numerous classes joined the long line of applicants to learn the hard way that a failure to respond to an examiner's request for information is a ground

for the refusal of registration. See *In re Advanced New Techs. Co.*, 2023 U.S.P.Q.2d 60 (T.T.A.B. 2023). The request at issue was one for a translation of the applied-for mark, and, as the Board explained the applicant’s recalcitrance, “Applicant contends that a translation statement is not required because, although ‘Zhima’ is a transliteration of the Chinese characters for the word ‘sesame,’ the word ‘Zhima’ itself is a coined term without any meaning.” *Id.* at *2. That argument got the applicant nowhere, and the Board predictably affirmed the refusal.

B. Procedural Issues

1. The related issues of standing and entitlement to statutory causes of action continued to generate decisions in inter partes proceedings.
 - a. Although the Supreme Court made clear in *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118, 132 (2014), that consumers lack standing to assert false advertising claims under the Lanham Act, one such consumer—a law professor—asserted her entitlement to a statutory cause of action challenging the registration of a mark for dolls. See *Curtin v. United Trademark Holdings, Inc.*, 2023 U.S.P.Q.2d 535 (T.T.A.B. 2023). That opposer claimed damage arising from the applicant’s prospective registration, which she asserted would cover a generic term instead of a valid mark and had been prosecuted through fraudulent means, because the registration would allow the petitioner to charge higher prices for its dolls. Concluding to the contrary that “Opposer’s limited evidence shows that the damage she believes she will suffer is too remote from registration and is entirely speculative,” *id.* at *5, the Board dismissed the opposition.
 - b. Successful claims that a registrant has misused its mark to misrepresent the origin of the goods or services sold under it in violation of Section 14(3), 15 U.S.C. § 1064(3), are rare, and, although having succeeded before the Board, one such claim fell short on appeal to the Federal Circuit. In *Meenaxi Enterprise, Inc. v. Coca-Cola Co.*, 38 F.4th 1067 (Fed. Cir. 2022), the petitioner for cancellation alleged in support of its Section 14(3) cause of action that it owned the THUMS UP and LIMCA marks in India for beverages and indeed had sold beverages under the marks in the United States. It also alleged that the respondent had adopted the same marks in the United States and used them with logos closely similar to those of the plaintiff. The fatal infirmity in the petitioner’s case? Its failure to prove prior use of the marks in the United States precluded it from claiming the damage necessary to establish its standing under the court’s new rules.

- c. The Board reached a similar holding on similar facts in *Ahal Al-Sara Group for Trading v. American Flash, Inc.*, 2023 U.S.P.Q.2d 79 (T.T.A.B. 2023), albeit in an opinion that allowed the foreign petitioner leave to amend its petition to allegations of activity in the United States sufficient to establish its standing.
2. The Board doesn't appreciate the over-designation of evidentiary proffers as confidential, and it made its displeasure known in *Made in Nature, LLC v. Pharmavite LLC*, 2022 U.S.P.Q.2d 557 (T.T.A.B. 2022).
3. As it often does, the Board denied the motion of a plaintiff that had failed to submit its main brief to reopen discovery and to reset trial dates. *See Conopco, Inc. v. Transom Symphony OpCo, LLC*, 2022 U.S.P.Q.2d 504 (T.T.A.B. 2022).
4. Finally, the board confirmed that the manipulation of evidence is a very, very bad idea. In *Rapid Inc. v. Hungry Marketplace, Inc.*, 2022 U.S.P.Q.2d 678 (T.T.A.B. 2022), the opposer engaged in just such a practice, including soliciting third parties to do the same. The Board did not formally sanction the opposer for its misconduct, but it did find the opposer's evidentiary showings entitled to such little weight that the opposer had failed to prove its case. *Id.* at *55–56.