

Annual Review of U.S. Federal and State Case Law and T.T.A.B. Developments

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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: *Abitron Austria GmbH v. Hetronic Int'l, Inc.*, 600 U.S. 412 (2023) (counsel of record for amicus curiae Intellectual Property Owners Association in support of neither party); *Jack Daniel's Prods., Inc. v. VIP Prods. LLC*, 599 U.S. 140 (2023) (post-appeal counsel for counterclaim plaintiff); *Impossible Foods Inc. v. Impossible X LLC*, 80 F.4th 1079 (9th Cir. 2023) (counsel for plaintiff), *petition for cert. filed*, No. 21-16977 (U.S. Feb. 12, 2024); *D.H. Pace Co. v. OGD Equip. Co.*, 78 F.4th 1286 (11th Cir. 2023) (counsel for plaintiff); *Pound Law LLC v. Vidal*, No. 6:23-CV-61-RMN (M.D. Fla. Sept. 11, 2023), *remanding In re Pound Law, LLC*, 2022 U.S.P.Q.2d 1062 (T.T.A.B. 2022) (counsel for applicant); *Instagram, LLC v. Instagoods Pty Ltd*, 2023 U.S.P.Q.2d 1185 (T.T.A.B. 2023) (counsel for opposer); *In re Seminole Tribe of Florida*, 2023 U.S.P.Q.2d 631 (T.T.A.B. 2023) (consultant for applicant).

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I. ESTABLISHING PROTECTABLE TRADEMARK AND SERVICE MARK RIGHTS

A. Proving Protectable Rights Through Federal Registrations

1. As always, courts required plaintiffs lacking registrations on the Principal Register bore the burden of proving the validity of their claimed marks. *See, e.g., Verschleiser v. Frydman*, No. 22-CV-7909 (JGK), 2023 WL 5835031, at *14 (S.D.N.Y. Sept. 7, 2023) (“[W]hen an alleged trademark is unregistered, ‘the burden is on the proponent’ (here, the plaintiff) to establish ‘that its mark is a valid trademark.’” (quoting *Now-Casting Econ., Ltd. v. Econ. Alchemy LLC*, 628 F. Supp. 3d 501, 516 (S.D.N.Y. 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 and the Trademark Trial and Appeal Board held that the “prima facie evidence” represented by a registration for which a declaration of incontestability has not yet been filed under 15 U.S.C. §§ 1057(b), 1115(a) (2018), affirmatively shifts the burden of *proof* on mark validity from the plaintiff to the defendant; the defendant therefore must establish by a preponderance of the evidence that the registered mark is not valid. *See, e.g., MC3 Invs. LLC v. Loc. Brand, Inc.*, No. 5:22-CV-260-MJF, 2024 WL 1896420, at *13 (N.D. Fla. Mar. 28, 2024) (“[R]egistration of a mark on the Principal Register without proof of secondary meaning creates a presumption of validity and, as a result, at least suggestiveness.”), *appeal docketed*, No. 24-11312 (11th Cir. Apr. 29, 2024); *GS Holistic, LLC v. Imam Corp.*, No. C23-0315JLR, 2024 WL 1012896, at *3 (W.D. Wash. Mar. 8, 2024) (“[U]ncontested proof that the plaintiff has registered the mark is sufficient to establish ownership of a valid mark.”); *TIW Holdings LLC v. EVO Brands LLC*, No. 5:23-CV-00005-AB-MAR, 2023 WL 9420503, at *5 (C.D. Cal. Dec. 26, 2023) (“A plaintiff holding a registered trademark is relieved of the burden of proof as to their ownership of the mark and the mark’s validity.”); *Adamson Sys. Eng’g, Inc. v. Peavey Elecs. Corp.*, 2023 U.S.P.Q.2d 1293, at *7 (T.T.A.B. 2023) (“Since a mark registered on the Principal Register is presumed to be valid, ‘the burden of persuasion in a cancellation proceeding rests on the party seeking to cancel the registration. . . . A party seeking to cancel a registration must overcome the registration’s presumption of validity by a preponderance of the evidence.’” (alteration in original) (quoting *Cold War Museum, Inc. v. Cold War Air Museum, Inc.*, 586 F.3d 1352, 1356 (Fed. Cir. 2009))). Where distinctiveness is concerned, however, that evidence is only good with respect to allegedly unlawful conduct that began

after the registration date. *See Opulent Treasures, Inc. v. Ya Ya Creations, Inc.*, No. 222CV02616SSSJCX, 2023 WL 4681565, at *4 (C.D. Cal. July 13, 2023).

- b. At least one court, however, applied the minority rule that such a registration merely shifts the burden of *production* to a party alleging that a registered mark is invalid. *See Intercollegiate Women's Lacrosse Coaches Ass'n v. Corrigan Sports Enters.*, No. 1:20-CV-425, 2023 WL 6282921, at *16 (M.D.N.C. Sept. 26, 2023) (“This presumption shifts the burden of production on the issue of validity.”). Under that rule, “[i]f sufficient evidence of [invalidity] genericness is produced to rebut the presumption, the presumption is ‘neutralize[d]’ and essentially drops from the case, although the evidence giving rise to the presumption remains.” *Id.* (first alteration in original) (quoting *Retail Servs., Inc. v. Freebies Publ'g*, 364 F.3d 535, 543 (4th Cir. 2004)).
- c. Finally, one court tried to have it both ways, holding in confusing fashion that “[r]egistration therefore ‘discharges the plaintiff’s common law burden of proving validity in an infringement action,’ and the burden of production shifts to the defendant to rebut validity if they wish to do so.” *EVO Brands, LLC v. Al Khalifa Grp.*, No. 2:22-CV-03909-AB-MAR, 2023 WL 5505002, at *4 (C.D. Cal. Aug. 14, 2023) (quoting *Tie Tech, Inc. v. Kinedyne Corp.*, 296 F.3d 778, 783 (9th Cir. 2002)).

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. It is rare for a complaint to fail to allege aver prior use, but one plaintiff did just with respect to an allegedly infringed trade dress. *See EVIG, LLC v. Natures Nutra Co.*, No. 223CV833JCMBNW, 2023 WL 4934339 (D. Nev. Aug. 2, 2023). That failure led to a successful motion to dismiss for failure to state a claim. *Id.* at *5.
- b. One court confirmed that a foreign plaintiff that admittedly has never sold goods under its claimed marks in the United States cannot establish its priority for purposes of an infringement claim. *See Industria De Alimentos Zenu S.A.S. v. Latinfood U.S. Corp.*, No.

CV166576KMMAH, 2023 WL 4200169, at *33 (D.N.J. June 27, 2023), *appeal docketed*, No. 23-257 (3d Cir. Aug. 7, 2023).

- c. In a case of first impression, the Trademark Trial and Appeal Board overturned a refusal to register a sound mark played as part of longer messages in retail stores where the applicant's goods were sold. *See In re Duracell U.S. Operations, Inc.*, 2023 U.S.P.Q.2d 861 (T.T.A.B. 2023). In doing so, the Board accepted the applicant's argument that the broadcast containing the applied-for mark was analogous to a "shelf-talker" of the sort traditionally accepted as a point-of-sale use instead of the mere advertising the examining attorney believed it to be. According to the Board:

Applicant's in-store "audio messaging" serves as more than "mere" advertising. Specifically, unlike most television, radio, newspaper, Internet, billboard or other types of advertising that consumers might encounter at home, in their cars or in other non-retail locations, Applicant's advertising/"audio messaging" is transmitted repeatedly (often multiple times per hour) in retail locations where the identified goods are displayed and available for purchase. It can be heard in the section of the store where the goods are located.

Id. at *3.

2. Proving Distinctiveness

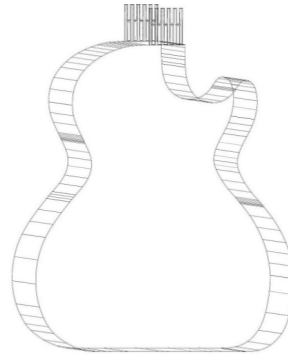
- a. As always, at least some motions to dismiss grounded in the theory that plaintiffs' claimed marks were either generic or descriptive and lacking secondary meaning fell short. *See, e.g., Bratt v. Love Stories TV, Inc.*, No. 23-CV-0100-BAS-JLB, 2024 WL 312680, at *9 (S.D. Cal. Jan. 26, 2024).
- b. Nevertheless, in an unpublished opinion, the Second Circuit affirmed the grant of a motion to dismiss grounded in the claim that the plaintiff's averments of secondary meaning for the designs of coats it sold were merely conclusory in nature. *See APP Grp. (Canada) Inc. v. Rudsak USA Inc.*, No. 22-1965, 2024 WL 89120, at *3 (2d Cir. Jan. 9, 2024).
- c. In contrast to some recent case law rejecting plaintiffs' claims of intentional copying as probative evidence of the acquired distinctiveness of product configurations, two federal appellate opinions proved receptive to that evidence.

- i. The Ninth Circuit affirmed a district court’s finding of acquired distinctiveness for a series of furniture pieces. *See Jason Scott Collection, Inc. v. Trendily Furniture, LLC*, 68 F.4th 1203 (9th Cir. 2023), *cert. denied*, 144 S. Ct. 550 (2024). In the process, it expressly rejected the defendants’ argument that intentional copying was probative of acquired distinctiveness only if coupled with an intent to confuse. *Id.* at 1215.
- ii. The Sixth Circuit reached a similar disposition in a case in which the plaintiff claimed protectable rights in the appearance of tractor-trailer cabs modified through conversion kits sold by the plaintiff. *See DayCab Co. v. Prairie Tech., LLC*, 67 F.4th 837 (6th Cir. 2023). The district court granted summary judgment in the defendants’ favor after finding the plaintiff’s configuration functional as a matter of law, and, on the plaintiff’s appeal, the defendants argued their victory could be affirmed on the alternative ground that the configuration had not acquired distinctiveness. In rejecting that assertion, the court of appeals held that:

This Court applies a seven-factor test to determine whether secondary meaning exists in a trade dress: (1) direct consumer testimony, (2) consumer surveys, (3) exclusivity, length, and manner of use, (4) amount and manner of advertising, (5) amount of sales and number of customers, (6) established place in the market, and (7) proof of intentional copying.

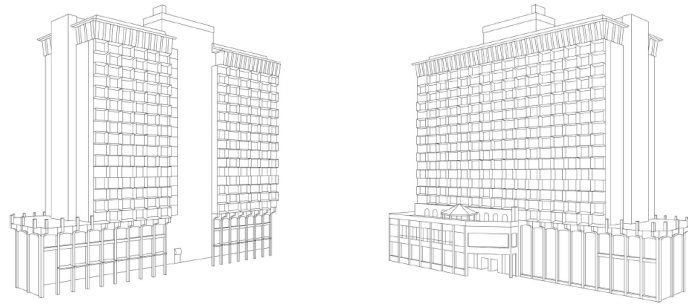
Id. at 850 (quoting *Gen. Motors Corp. v. Lanard Toys, Inc.*, 468 F.3d 405, 418 (6th Cir. 2006)). Over the defendants’ objections, it then credited the plaintiff’s showing that intentional copying had occurred, explaining that “evidence of intentional copying shows the strong secondary meaning of [a product] because ‘[t]here is no logical reason for the precise copying save an attempt to realize upon a secondary meaning that is in existence.’” *Id.* (alterations in original) (quoting *Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, Inc.*, 280 F.3d 619, 639 (6th Cir. 2002)). So too did it recognize that the plaintiff also had adduced evidence of its sales volume and advertising. *Id.* at 850–51. The summary judgment record therefore reflected a factual dispute concerning the acquired distinctiveness of the plaintiff’s configuration.

- d. Unusually, the Trademark Trial and Appeal Board issued two precedential opinions on the same day addressing the same topic, namely, the extent to which building exteriors can qualify as inherently indicators of source.
- i. In *In re Seminole Tribe of Florida*, 2023 U.S.P.Q.2d 631 (T.T.A.B. 2023), the Board addressed an application to register the following mark for “casinos” and “hotel, restaurant and bar services”:



Apparently choosing to opt out of the Supreme Court’s unanimous holding in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992), that buildings can qualify as inherently distinctive, the examiner concluded that “[b]ecause buildings come in a vast array of shapes and sizes, and are used to provide virtually all types of goods and services, consumers do not *inherently* perceive the exterior of an entire building as an immediate, inherent source indicator for the services provided inside the building.” *Seminole Tribe*, 2023 U.S.P.Q.2d at *2. The Board gave *Two Pesos* the respect it deserves, concluding to the contrary that “[w]e find . . . that Applicant’s Guitar Design is ‘tertium quid’ that is akin to product packaging, and that Applicant’s Guitar Design is inherently distinctive for Applicant’s Services.” *Id.* at *7. It did so through an application of the four-factor test first articulated in *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*, 568 F.2d 1342, 1344 (C.C.P.A. 1977), which considers whether the claimed trade dress is: (1) a “common” basic shape or design; (2) unique or unusual in a particular field; (3) a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods; and (4) whether the proposed marks are capable of creating a commercial impression distinct from the accompanying words. *See Seminole Tribe*, 2023 U.S.P.Q.2d at *7–8.

- ii. In *In re Palacio Del Rio, Inc.*, 2023 U.S.P.Q.2d 630 (T.T.A.B. 2023), the Board also held that building exteriors can qualify as inherently distinctive marks for services. *Id.* at *3–5. Nevertheless, and based in substantial part on third-party usage of similar designs, it found as a factual matter that the following building exteriors (two sides of the same hotel) were not inherently distinctiveness under the *Seabrook* factors:



Id. at *5–9. Then, for good measure, the Board rejected the applicant’s evidence of acquired distinctiveness. *Id.* at *9–14.

- e. That the USPTO and the Trademark Trial and Appeal Board are not big fans of the Supreme Court’s opinion in *United States Patent & Trademark Office v. Booking.com B. V.*, 140 S. Ct. 2298 (2020), is apparent, but further evidence of that hostility was apparent in the Board’s affirmation of a refusal to register the claimed RESERVATIONS.COM mark for travel agency services and hotel reservation services. *See In re Benjamin & Brothers, LLC*, No. 88396223, (T.T.A.B. Sept. 26, 2023) (nonprecedential). Although the Board reversed the examiner’s determination that the mark was generic, it affirmed an alternative ground for refusal, namely, that the mark was descriptive and lacked acquired distinctiveness.
- f. A final rejection of a claim of acquired distinctiveness by the Board came in its refusal to register the following mark for breakfast cereals:



See *In re Post Foods, LLC*, 2024 U.S.P.Q.2d 25, at *2 (T.T.A.B. 2024). A key consideration in that outcome was evidence of third-party uses of bright colors for competitive goods. *Id.* at *5–7. Although the applicant proffered survey evidence of acquired distinctiveness, the Board, like the examining attorney before it, found fault with the methodology of both surveys commissioned by the applicant. *Id.* at *7–8.

3. Proving Nonfunctionality

- a. The Sixth Circuit opened the door to the use of alternative designs, as well as the putative aesthetic intent of plaintiffs when designing their claimed trade dresses, in the nonfunctionality inquiry. See *DayCab Co. v. Prairie Tech., LLC*, 67 F.4th 837 (6th Cir. 2023).
 - i. The claim of nonfunctionality before that court was advanced by the producer of kits allowing the conversion of tractor-trailer cabs so that they did not include sleeper units for drivers, a key component of which was an angled panel that covered an opening created by the removal of the sleeper units. According to the plaintiff’s principal, he had “carefully selected” the “angles, curves, tapers, lines, profile and appearance” of cabs modified using the kits and had “considered and decided against several other possible designs, including designs with different angles, curves, tapers, lines, profile and appearance, but finally settled on what became the final model because [he] liked the way that it looked.” *Id.* at 843. His testimony also identified third-party kits that produced modified cab designs distinguishable from those generated by those of his own company.
 - ii. Based in part on the report of an expert retained by the defendants, the district court was unimpressed with the plaintiff’s showings, and it therefore granted a defense motion for summary judgment, but that disposition did not survive appellate scrutiny. Rejecting in particular the district court’s reliance on the inherent utility of the plaintiff’s panel, the Sixth Circuit observed that:

[W]hile a product may serve a function, that does not render its specific features necessarily functional. . . . [I]n this case, while the conversion kit panel serves the general function of covering the opening in a truck cab, there remains a genuine dispute of material fact whether the specific design of the panel

constitutes protectable trade dress, as that design is not the only design available.

Id. at 848.

iii. En route to a vacatur of the defendants' victory on summary judgment order, the court also credited the claim by the plaintiff's principal of an aesthetic intent in the design process, as well as the availability of alternative designs. With respect to the latter issue, the court tackled the suggestion of the Supreme Court in *TraFFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001), that, if a product's design is essential to the use or purpose of the article or if it affects the cost or quality of the article, "[t]here is no need . . . to engage . . . in speculation about other design possibilities . . ." *Id.* at 32. The court disposed of that suggestion by holding that "[the plaintiff] argues that the design serves no functional purpose at all. The existence of alternative designs is relevant to the functionality determination because they support [the plaintiff's] contention that [its principal] designed the panel with aesthetic intent and that its resulting features are ornamental rather than functional." *DayCab Co.*, 67 F.4th at 849. The issue of the functionality of the plaintiff's design therefore remained to be determined at trial.

b. The Fifth Circuit also got into the act by affirming a finding that the following registered configuration of a kitchen mixer was non-functional:



See Whirlpool Corp. v. Shenzhen Sanlida Elec. Tech. Co., 80 F.4th 536, 541 (5th Cir. 2023), *cert. denied*, 144 S. Ct. 807 (2024).

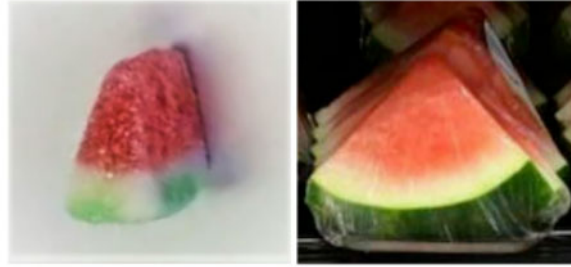
i. With respect to utilitarian nonfunctionality, the court rejected the defendant's argument that the certain elements of the mixer were necessary for it to work. Instead, it noted, the plaintiff sought to protect the exterior styling of the mixer, instead of its internal components. The availability of alternative designs—including some produced by the defendant itself—as well as the absence from the preliminary

injunction record of evidence “that the specific shape of the mixer head or slope of the stand otherwise affects the cost, quality, or function of these competitors as would be required to demonstrate functionality,” *id.* at 544, also drove the outcome.

- ii. The court’s determination of protectability from an aesthetic functionality perspective also turned in part on the availability of alternative designs: “[T]he presence of competing products with other design motifs cuts against [the defendant’s] argument. And, critically, these other designs are ‘equally usable’ even if potentially less desirable or aesthetically pleasing.” *Id.*
- c. In contrast, the Third Circuit doubled down on its hostility toward claims of protectable trade dress by holding (again) that a product configuration is functional, and therefore unprotectable, “*if it is useful for anything beyond branding.*” See *PIM Brands Inc. v. Haribo of Am. Inc.*, 81 F.4th 317, 321 (3d Cir. 2023). It reached that holding in an action to protect the following federally registered mark, described in the registration as the shape of a wedge for candy, with an upper green section with white speckles, followed by a narrow middle white section and followed by a lower red section with white speckles,” for candy:



Id. at 320. Noting that, “here, we have two features (shape and color) whose designs serve a single function—identifying the flavor,” *id.* at 321, the court affirmed the district court’s entry of summary judgment in the defendant’s favor. The plaintiff acknowledged that its candy’s color scheme was functional because it helped to identify its watermelon flavor, but it argued that the combination of the colors and shape of the product into which they were incorporated rendered that combination nonfunctional. The court disagreed, and it proffered the following comparison between the plaintiff’s candy and real watermelon slices:



It then concluded of the comparison that:

The whole trade dress, not just the colors, makes this candy resemble a watermelon slice. The candy and the fruit share similar shapes and colors. Even the orientations match: each has a long, wide, green base; a thin, white layer running the length and width of the green base; and a triangular, reddish-pink top covering that white layer and angling up to a point.

Id. at 322. The district court therefore had not erred in finding the plaintiff’s mark functional as a matter of law; rather, “the trade dress presented as a whole, colors and shape together, makes the watermelon candy more identifiable as a slice of watermelon. That is function enough.” *Id.* at 323.

II. PROVING INFRINGEMENT AND UNFAIR COMPETITION

A. Proving Likely Confusion

1. Opinions Finding Confusion Likely

- a. The Supreme Court’s holding in *Jack Daniel’s Properties, Inc. v. VIP Products LLC*, 599 U.S. 140 (2023), that challenges to trademark uses by defendants are properly evaluated under a straight-up application of the likelihood-of-confusion test for infringement led the Second Circuit to affirm the entry of preliminary injunctive relief in a case in which the plaintiffs sought to protect the marks and trade dress appearing in the left-hand column below against the uses appearing in the right-hand column:





See *Vans, Inc. v. MSCHF Prod. Studio, Inc.*, 88 F.4th 125, 131–32 (2d Cir. 2023) (per curiam). Having concluded that the defendant’s alleged “Wavy Baby” parodies of the plaintiff’s marks and trade dress were in the nature of trademark uses, the court held that the district court had not abused its discretion in finding confusion likely. The strength of the plaintiffs’ marks and trade dress was established by testimony from a defense witness that the defendant had chosen to imitate them because the plaintiffs’ shoe was the “most iconic, prototypical” skate shoe on the market. *Id.* at 139. The similarity between the marks and trade dresses at issue presented a “closer question,” but, once again, an admission against interest, namely, that “the [defendant’s] Wavy Baby sneaker design intentionally evoked an image of [the plaintiffs’] Old Skool sneaker” tipped the balance in the plaintiffs’ favor. *Id.*; see also *id.* (“This admission is embodied in the Wavy Baby design: the Wavy Baby features a combination of elements (e.g., a three-tiered appearance, textured toe box, visible stitching, and red tags on the back), which are placed relative to one another such that the Wavy Baby’s appearance evokes [the plaintiffs’] Old Skool sneaker.”). The court next affirmed the district court’s finding of competitive proximity, holding that

[t]he district court did not clearly err in rejecting [the defendant’s] factual claim that the Wavy Baby is a work of art meant to be displayed rather than a pair of sneakers meant to be worn. Although it is hard to see why some people would wear the Wavy Baby as a functional shoe, we owe that finding deference. Many people are martyrs to fashion and dress to excite comment.

Id. at 140. The existence of anecdotal evidence of actual confusion further weighed in the plaintiffs’ favor, *id.* at 140–41, as did the general lack of sophistication among the parties’ customers. *Id.* at 142. The court was skeptical of the district court’s conclusion that the lower quality of the defendant’s shoes supported the plaintiffs, but, even so, that one factor did not alter its ultimate conclusion that the plaintiffs were likely to prevail on their infringement claims. *Id.* at 141. In the final analysis, “if a parodic use of protected marks and trade dress leaves confusion as to the source of a product, the parody has not ‘succeeded’ for purposes of the Lanham Act, and the infringement is unlawful.” *Id.* at 142.

- b. When a group of defendants intentionally copied the appearance of a line of high-end teak furniture offered by a competitor and then offered their imitations to the same retailers used by the plaintiff, the predictable result following a bench trial was a finding of likely confusion. *See Jason Scott Collection, Inc. v. Trendily Furniture, LLC*, 68 F.4th 1203 (9th Cir. 2023), *cert. denied*, 144 S. Ct. 550 (2024). Perhaps just as predictable was the affirmance of that finding by the Ninth Circuit, which considered the close similarity between the following representative pieces “of considerable importance to the likelihood of confusion analysis, given that ‘the greater the similarity between the two marks at issue, the greater the likelihood of confusion,’” *id.* at 1218 (quoting *adidas Am., Inc. v. Skechers USA, Inc.*, 890 F.3d 747, 755 (9th Cir. 2018)):



Indeed, the court noted, the similarity at issue was so pronounced that “[s]everal witnesses—all of whom were professionals in the high-end furniture business—could not distinguish [between the parties’ furniture], indicating that ordinary consumers would also

face the same difficulty.” *Id.* at 1218–19. Beyond that, the district court had “correctly highlighted” the overlapping marketing channels used by the parties and accorded proper weight to the defendants’ intentional copying, of which the Ninth Circuit noted that “the copying in this case is so blatant that it is hard to imagine any other reason for it than [the defendants’] desire to take advantage of [the plaintiff’s] good will.” *Id.* at 1219. Even if evidence of actual confusion among consumers (as opposed to retailers) was absent from the trial record, the district court’s finding of infringement was not clearly erroneous because “the failure to prove instances of actual confusion is not dispositive against a trademark plaintiff, because actual confusion is hard to prove; difficulties in gathering evidence of actual confusion make its absence generally unnoteworthy.” *Id.* (quoting *Perfumebay.com, Inc. v. eBay, Inc.*, 506 F.3d 1165, 1176 (9th Cir. 2007)).

- c. Having affirmed a finding of nonfunctionality for the registered configuration of a food mixer sold by a plaintiff, shown below on the far left, the Fifth Circuit declined to disturb a concomitant finding on a preliminary injunction motion of confusing similarity between it and the designs shown below in the center and far right:



See Whirlpool Corp. v. Shenzhen Sanlida Elec. Tech. Co., 80 F.4th 536, 541 (5th Cir. 2023), *cert. denied*, 144 S. Ct. 807 (2024). As the court read the preliminary injunction record, “the allegedly infringing mixers have similar slopes and geometries, are sold to similar purchasers (namely, they are sold for personal, rather than commercial, use), and are marketed in the same or similar channels (specifically, online retailers).” *Id.* at 545. It continued with the following observation:

It is true, as [the defendant] notes, that other factors may support that there is no confusion—for instance, [the defendant’s] mixers have other distinguishable features, like additional knobs or visible branding. Nevertheless, that there is a debate as to how to weigh the elements is not enough for us to find clear error in the district court’s determination that this factor ultimately went in [the plaintiff’s] favor.

Id.

2. Opinions Finding Confusion Unlikely

- a. In affirming the denial of a preliminary injunction motion, the Seventh Circuit was unimpressed by a USPTO examining attorney's determination of likely confusion. *See Grubhub Inc. v. Relish Labs LLC*, 80 F.4th 835 (7th Cir. 2023), *petition for cert. filed*, No. 23-757 (U.S. Jan. 12, 2024). It did so in a case in which the plaintiff asserted rights to a portfolio of marks for the creation and delivery of meal kits, including the following marks:



Id. at 842. For its part, the defendant used the following mark in connection with an online food-ordering and delivery marketplace:



Id. at 843. Although the USPTO had rejected an application by a predecessor of the defendant to register the stylized house-and-cutlery design component of the defendant's mark based on a perceived likelihood of confusion between it and the plaintiff's prior-registered marks, the Seventh Circuit declined to give that determination dispositive weight in the mark-similarity inquiry. Not only had the applied-for mark in question not included the verbal component of the defendant's mark, but

there was no conclusive determination as to the registrability of the mark. [The defendant's predecessor] chose to abandon its application shortly after the USPTO issued its office action. [The plaintiff] points to no case law, and we are aware of none, that imposes an adverse inference or presumption of similarity where a party voluntarily abandons its trademark application following an unfavorable preliminary USPTO determination. And . . . USPTO determinations are often of limited value in the in-

fringement analysis when they lack the benefit of the fuller record developed before the district court, such as evidence about the way marks are actually used in the marketplace. This is not to say that USPTO preliminary determinations are never useful, but the district court’s decision to accord [the refusal] little weight in this case was not clearly erroneous.

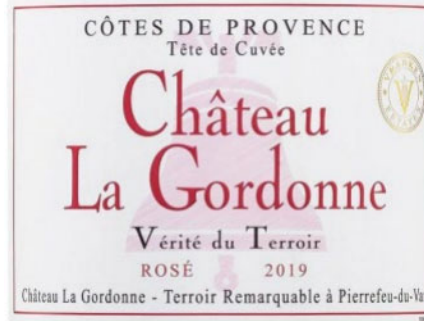
Id. at 850 (citations omitted).

- b. Unusually, three opinions in the registration context led to findings that confusion was unlikely based largely on dissimilarities between the marks at issue.
 - i. The first opinion was all the more unusual because the Trademark Trial and Appeal Board uncharacteristically resolved a claim of likely confusion by granting a defense motion for summary judgment. *See Monster Energy Co. v. Critical Role LLC*, 2023 U.S.P.Q.2d 1382 (T.T.A.B. 2023). It did so in a case in which the opposer’s prior-registered mark, shown below on the left was used in connection with various goods and services, including clothing, stickers, and drinks, and the applicant’s application to register the mark on the right covered, among other things, stickers and beverageware:



Id. at *4. According to the Board, “[e]ven considering all other relevant [likelihood-of-confusion] factors in Opposer’s favor, we find that Applicant’s mark is so dissimilar to Opposer’s pleaded marks that this factor outweighs the other factors and is dispositive in our likelihood of confusion analysis.” *Id.*

- ii. Even more remarkably, the Federal Circuit affirmed the Board’s dismissal of the allegation that the VÉRITÉ mark was so distinguishable from the following composite mark that the notice of opposition in which that allegation appeared failed to state a claim:



See Jackson Family Farms, LLC v. Grands Domaines du Littoral, No. 2023-1675, 2023 WL 8429827, at *1 (Fed. Cir. Dec. 5, 2023). That result held despite the fact that both parties' marks were used in connection with wine.

- iii. Although not similarly affirming a finding of unlikely confusion as a matter of law, the Federal Circuit also leaned heavily on dissimilarities between the following marks, despite being used in connection with competitive goods:



RANGER TREK



See Trek Bicycle Corp. v. Isaacs, No. 2022-1434, 2023 WL 7649542, at *1 (Fed. Cir. Nov. 15, 2023). According to its review of the trial record, “[b]ecause ‘RANGER’ is the lead word in the RANGER TREK marks, the Board reasonably found that ‘RANGER’ was ‘more dominant’ over ‘TREK,’ which weighed against a likelihood of confusion.” *Id.* at *3.

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

- a. In vacating a finding of likely confusion by the Trademark Trial and Appeal Board in an opposition, the Federal Circuit took issue with the Board’s treatment of third-party registrations proffered by the applicant, in the process taking a different approach than that suggested by its past opinions. *See Spireon, Inc. v. Flex Ltd.*, 71 F.4th 1355 (Fed. Cir. 2023). Although third-party registrations of similar marks have long been accepted as evidence of the *conceptual* weakness of plaintiffs’ marks, the Board and the Federal Cir-

cuit alike have usually required defendants to prove that the underlying marks are used in commerce when defendants seek to use the registrations as proof of *commercial* weakness. Faced with a defendant's proffer of third-party registrations covering allegedly identical marks, the court held that:

While the applicant has a burden of producing evidence of relevant registrations, it may be that where the applicant has introduced evidence of third-party registrations, the burden should rest on the opposer to establish non-use rather than on applicants to establish use of those third-party registrations. In other words, absent proof of non-use, use could be assumed. . . .

Whether this is consistent with the overall burden of proof is an issue that we have not directly addressed We need not decide the broader question of which party bears the burden of establishing non-use as a general matter. This case presents the far narrower question of whether the burden of showing non-use of identical marks for identical goods rests with the opposer. We think it necessarily does. Otherwise, the opposer would be able to dismiss the commercial significance of previously registered identical marks for identical goods where the opposer's own mark should perhaps have not been granted registration in the first place.

Id. at 1365 (footnote omitted).

- b. The factual nature of the likelihood-of-confusion inquiry in the Eleventh Circuit led an Alabama federal district court to deny a defense motion for summary judgment in a case between two providers of insurance products. *See Alfa Corp. v. Alpha Warranty Servs., Inc.*, No. 2:20CV553-MHT, 2023 WL 6276338 (M.D. Ala. Sept. 26, 2023). The plaintiff bringing that case used the ALFA INSURANCE, ALFA FINANCIAL, and ALFA CARES marks for various insurance products, including automobile insurance in the states of Alabama, Mississippi, and Georgia, while the defendant sold vehicle service contracts to pay for the cost of repairs stemming from covered mechanical breakdowns in automobiles under the ALPHA WARRANTY SERVICES mark. Both parties owned federal registrations of their marks, with the defendant having removed "insurance services" from an application to register its mark after receiving a demand letter from the plaintiff. In denying the defendant's motion for nonliability as a matter of law, the court credited the plaintiff's argument that "[t]he written word 'Alfa' is a

fanciful or arbitrary mark, which is the strongest type of mark. It is a ‘made up’ word that has no logical relationship to insurance or financial services, *id.* at *5; it also agreed that the incontestability of the plaintiff’s marks enhanced their strength. *Id.* (“[E]ven if a mark is merely descriptive, it is presumed ‘relatively strong’ if it has incontestable status.”). That the lead elements of the parties’ marks were homophones resulted in the mark-similarity factor in the usual multifactored analysis to favor the plaintiff as well, *id.* at *6, *8, as did evidence in the summary judgment record of similarities in the products offered by the parties, *id.* at *9, their targeted customers, *id.*, and the defendant’s possible willful blindness in allegedly failing to conduct an availability search before adopting its mark. *Id.* *11. Even if the plaintiff had failed to proffer evidence of actual confusion, *id.*, and even if there was no overlap between the parties’ marketing strategies, *id.* at *10, enough factual disputes existed to render a grant of the defendant’s motion inappropriate. *Id.* at *12.

- c. The Sixth Circuit also declined to resolve the question of likely confusion as a matter of law. *See DayCab Co. v. Prairie Tech., LLC*, 67 F.4th 837 (6th Cir. 2023). The case appealed to that court was between manufacturers of kits used to convert the cabs of tractor-trailer trucks; the plaintiff claimed that the appearances of cabs converted through the use of its kits constituted trade dress that the defendants had infringed. The district court found the plaintiff’s claimed trade dress functional as a matter of law, and, in response to the plaintiff’s appeal of that disposition, the defendants argued, *inter alia*, that the court of appeals could affirm in light of the absence of likely confusion, even if the district court had declined to address the issue. The Sixth Circuit refused that invitation based in part on testimony in the summary judgment record by both parties that they were themselves unable to distinguish between cabs created by their respective kits. Of greater significance, that record also contained testimony that the plaintiff had received “numerous inquiries” from consumers seeking to purchase kits sold under the defendants’ mark. *Id.* at 852. Although the court agreed with the defendants that consumers of the parties’ relatively expensive kits were sophisticated, that consideration was not so compelling as to require a judgment as to render confusion unlikely as a matter of law. *Id.*

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 claim of passing off under Indiana common law failed at the pleadings stage. See *Gabet v. Amazon.com Inc.*, No. 122CV02246JPHMKK, 2023 WL 6142756 (S.D. Ind. Sept. 19, 2023). It was grounded in the theory that Amazon had allowed sales on its online platform of goods bearing marks confusingly similar to those of the plaintiffs. The court granted Amazon’s motion to dismiss with the following explanation:

A “passing off” theory applies when “the defendant intentionally deceives a consumer by falsely representing his goods as those of a different producer.” Plaintiffs, however, have not alleged that Amazon held out any product as an actual . . . product [of the plaintiffs]—much less that Amazon did so “intentionally.” Instead, they merely invoke the term “passing off,” which is not enough to state a plausible claim.

Id. at *5 (citations omitted) (quoting *Heckler v. Koch, Inc.*, 1:11-cv-01108-SEB-TAB, 2013 WL 12291720, at *11 (S.D. Ind. Sept. 27, 2013)).

2. Consistent with the Supreme Court’s holding in *Dastar*, a North Carolina federal district court dismissed for failure to state a claim a complaint accusing a defendant of reverse passing off through its having constructed homes based on the plaintiff’s technical drawings without disclosing the plaintiff as the origin of the homes. See *Design Gaps, Inc. v. Hall*, No. 3:23-CV-186-MOC, 2023 WL 8103156, at *7 (W.D.N.C. Nov. 21, 2023) (“Here, as in *Dastar*, [the plaintiff’s] Lanham Claim is based on its theory that Defendants failed to attribute Plaintiffs as the ‘origin’ of goods Defendants allegedly copied.”).
3. When a defendant allegedly copied a plaintiff’s “dissolvable frac plugs” and then presented the copies as its own plugs, the plaintiff filed suit, asserting, among other things, reverse passing off. See *KLX Energy Servs. LLC v. Magnesium Mach., LLC*, No. CIV-20-1129-F, 2023 WL 6324374 (W.D. Okla. Sept. 28, 2023). The court made short work of that accusation, holding on a defense motion for summary judgment that *Dastar* precluded liability for reverse passing off. *Id.* at *15.

C. Proving Actual and Likely Dilution

1. Proving Eligibility for Dilution Protection

- a. Some marks were found famous under the restrictive standard set forth in Section 43(c)(2)(a) of the Lanham Act, 15 U.S.C. § 1125(c)(2)(A) (2018).

- i. Those included the TEMU mark, which one court generously found famous for an online shopping platform, albeit in a case in which the defendants failed to appear and contest that finding on a motion for a default judgment. See *Whaleco Inc. v. Temureviewer.com*, No. CV-23-02451-PHX-MTL, 2024 WL 1533489, at *9 (D. Ariz. Apr. 9, 2024).
 - ii. Another plaintiff got luckier still, establishing as a matter of law that its TACO JOHN mark was famous for restaurant services. See *Taco John's Int'l, Inc. v. Taco Chon Mexican Grill LLC*, No. CV 22-1050 (JRT/LIB), 2023 WL 5756847, at *11 (D. Minn. Sept. 6, 2023).
 - iii. In a far more defensible outcome, a New York federal district court credited allegations that various TOYS R US marks were famous for the sale of toys, albeit in the context of a motion for a default judgment. See *TRU Kids Inc. v. Zaza R Us*, No. 23 CV 2260 (OEM)(LB), 2023 WL 9232949, at *3–4 (E.D.N.Y. Dec. 11, 2023).
- b. Nevertheless, other marks fell short of the high bar for mark fame.
- i. For example, one plaintiff failed to make it out of the gate after a court found its allegations of fame for the MOTUL mark for motor oil so sufficient as to merit dismissal as a matter of law for failure to state a claim. See *Motul S.A. v. USA Wholesale Lubricant, Inc.*, No. 4:22-CV-04841-JSW, 2023 WL 5061945, at *10 (N.D. Cal. Aug. 8, 2023).
 - ii. So too did another plaintiff fail to survive a motion to dismiss its claim of likely dilution under Nevada law. See *EV-IG, LLC v. Natures Nutra Co.*, No. 223CV833JCMBNW, 2023 WL 4934339 (D. Nev. Aug. 2, 2023). That plaintiff's complaint was doubly deficient: Not only did its averment of mark fame rest on twenty years' use and nothing more, but it also failed to aver the existence of fame prior to the defendant's use. *Id.* at *5.
 - iii. Likewise, another plaintiff's claim that the FITBEAST mark was famous for "hand grip strengtheners" also fell victim to a successful motion to dismiss for failure to state a claim. See *MaiBo v. WhaleCo, Inc.*, No. 23 C 2793, 2024 WL 1859730, at *4 (N.D. Ill. Apr. 29, 2024).
 - iv. Finally, one mark that by all rights should have been found famous—YETI for insulated coolers—fell short based on

its owner’s failure to aver the existence of fame prior to the defendant’s first use of its mark. *See Yeti Coolers, LLC v. Mercatalyst, Inc.*, No. 1:22-CV-01337-DAE, 2024 WL 1216726, at *5 (W.D. Tex. Mar. 21, 2024) (“[The magistrate] found that YETI does not allege that [the defendant] began using the YETI mark after it became famous. Because it has not satisfied the second element, YETI has not stated a sufficient claim for trademark dilution . . .”).

2. Proving Liability

- a. The Supreme Court took up, and at least partially resolved, the appropriate test for liability under dilution-based challenges to allegedly humorous uses of plaintiffs’ marks. *See Jack Daniel’s Props., Inc. v. VIP Prods. LLC*, 599 U.S. 140 (2023).
 - i. In that case, a claim of likely dilution by tarnishment under Section 43(c) initially failed as a matter of law after the Ninth Circuit concluded that the counterclaim defendant’s use qualified for the noncommercial use “exclusion” from liability recognized by Section 43(c)(3)(C), 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 scatological imitations of the counterclaim plaintiff’s marks and trade dress. Critically, the district court found on summary judgment that the counterclaim defendant’s imitations of the counterclaim plaintiff’s marks and trade dress were in the nature of trademark uses. *VIP Prods., LLC v. Jack Daniel’s Props., Inc.*, No. CV-14-2057-PHX-SMM, 2016 WL 5408313, at *5 (D. Ariz. Sept. 27, 2016) (“*VIP I*”), *later proceedings*, 291 F. Supp. 3d 891 (D. Ariz. 2018) (“*VIP IP*”), *reversed in part and vacated in part*, 953 F.3d 1170 (9th Cir. 2020) (*VIP Prods. IIP*), *cert. denied*, 141 S. Ct. 1054 (2021), *on remand*, No. CV-14-02057-PHX-SMM, 2021 WL 5710730 (D. Ariz. Oct. 8, 2021) (“*VIP Prods. IV*”), *aff’d*, No. 21-16969, 2022 WL 1654040 (9th Cir. Mar. 18, 2022) (“*VIP Prods. V*”), *vacated*, 599 U.S. 140 (2023). In other words, the district court found it undisputed that the counterclaim defendant was using its imitations of the plaintiff’s marks and trade dress as indicators of the source of its own goods. Following a bench trial, the district court concluded that the defendants’ uses were likely to cause dilution under a tarnishment theory. *See VIP Prods.*, 291 F. Supp. 3d at 904–05.
 - ii. The counterclaim defendant’s luck changed on appeal, at least initially. 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 Ninth Circuit 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.” *VIP Prods. III*, 953 F.3d at 1176 (first quoting *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1017 (9th Cir. 2004); and then quoting *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. III*, 953 F.3d at 1176.

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

Whether humorous use of another’s mark as one’s own on a commercial product is “noncommercial” under 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.

Petition at (I), *Jack Daniel’s Props., Inc. v. VIP Prods. LLC*, 599 U.S. 140 (2023) (No. 22-148), 2020 WL 5632652, at *(I).

- iv. The Court answered that question in the negative, citing as the primary basis of its decision another exclusion from liability established by Section 43(c)(3)(A)(ii) of the Act, 15 U.S.C. § 1125(c)(A)(ii). That exclusion covers:

Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person’s own goods or services, including use in connection with . . . identifying and parodying, criticizing, or commenting upon

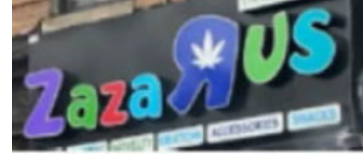
the famous mark owner or the goods or services of the famous mark owner.

Id. Reviewing the exclusion’s language and purpose, the Court held that “[t]he problem with the Ninth Circuit’s approach is that it reverses that statutorily directed result, as this case illustrates.” *Jack Daniel’s*, 599 U.S. at 162. It continued in a holding that merits reproduction at length:

Given the fair-use provision’s carve-out, parody (and criticism and commentary, humorous or otherwise) is exempt from liability only if not used to designate source. Whereas on the Ninth Circuit’s view, parody (and so forth) is exempt always—regardless [of] whether it designates source. The expansive view of the “noncommercial use” exclusion effectively nullifies Congress’s express limit on the fair-use exclusion for parody, etc. Just consider how the Ninth Circuit’s construction played out here. The District Court had rightly concluded that because VIP used the challenged marks as source identifiers, it could not benefit from the fair-use exclusion for parody. The Ninth Circuit took no issue with that ruling. But it shielded [the counterclaim defendant’s] parodic uses anyway. In doing so, the court negated Congress’s judgment about when—and when not—parody (and criticism and commentary) is excluded from dilution liability.

Id. Thus, “the noncommercial exclusion does not shield parody or other commentary when [a defendant’s] use of a mark is . . . source-identifying.” *Id.* at 163.

- b. Not surprisingly, one court had little difficulty entering a default judgment of likely dilution by tarnishment in a case in which the plaintiff owned the mark shown below on the left for toy sales, and the defendant used the mark shown below on the right for cannabis sales:



See TRU Kids Inc. v. Zaza R Us, No. 23 CV 2260 (OEM)(LB), 2023 WL 9232949, at *2 (E.D.N.Y. Dec. 11, 2023). As the court observed while holding that the plaintiff’s complaint adequately stated a claim of likely dilution through tarnishment, “Plaintiff ‘dedicates immeasurable efforts and resources to ensure that [the Toys R Us] brand maintains a fun, safe, kid-friendly image.’ [Defendant] connects Toys R Us with drug use—a far from kid-friendly association.” *Id.* at *5 (first alteration in original). It then reached the same conclusion with respect to the plaintiff’s claim of likely dilution by blurring. *See id.* at *5-6. Without referencing the Supreme Court’s treatment of the claim of parody at issue in *Jack Daniel’s*, the court concluded with respect to that cause of action that “[w]hile the Zaza R Us logo may have been designed in jest to parody a beloved children’s toy store, defendant “may not invoke parody as a talisman to defeat liability under the Lanham Act.”” *Id.* at *6 (quoting *Schieffelin & Co. v. Jack Co. of Boca*, 850 F. Supp. 232, 248 (S.D.N.Y. 1994)).

- c. The theory that the parties’ marks must be substantially similar to support a finding of likely dilution under federal law has been soundly discredited since the passage of the Trademark Dilution Revision Act in 2006. *See, e.g., Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 633 F.3d 1158, 1171 (9th Cir. 2011) (“Congress did not require an association arising from the ‘substantial’ similarity, ‘identity’ or ‘near identity’ of the two marks. The word chosen by Congress, ‘similarity,’ sets forth a less demanding standard than that employed by many courts under [prior law].”); *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 588 F.3d 97, 108 (2d Cir. 2009) (“Although ‘similarity’ is an integral element in the definition of ‘blurring,’ we find it significant that the federal dilution statute does not use the words ‘very’ or ‘substantial’ in connection with the similarity factor to be considered in examining a federal dilution claim.”). Nevertheless, that did not prevent a Pennsylvania federal district court from resurrecting the theory and granting a defense motion for summary judgment under it. *See Pennsylvania State Univ. v. Vintage Brand, LLC*, No. 4:21-CV-01091, 2024 WL 456139, (M.D. Pa. Feb. 6, 2024), *clarified on denial of reconsideration*, No. 4:21-CV-01091, 2024 WL 1416505 (M.D. Pa. Apr. 2, 2024).

D. Proving Counterfeiting

1. The relationship between a mere infringing copy of a plaintiff's mark, on the one hand, and the trafficking in goods bearing a counterfeit imitation of that mark, on the other hand, came into play in an appeal from the post-trial overturning of a jury finding of liability for counterfeiting. *See Y.Y.G.M. SA v. Redbubble, Inc.*, 75 F.4th 995 (9th Cir. 2023). The plaintiff in that proceeding challenged the sales bearing copies of its registered mark on goods the district court deemed distinguishable from those the plaintiff itself sold, even though the goods at issue fell into the same general categories, namely, stickers, hats, and T-shirts. In concluding that the district court had erred in overturning the jury's verdict, the appellate court held that "[t]here may be times the mark itself is so strong in the marketplace that the use of an identical mark by itself may cause consumer confusion, even if other aspects of the products are different." *Id.* at 1084 (alteration in original) (quoting *Arcona, Inc. v. Farmacy Beauty, LLC*, 976 F.3d 1074, 1080 n.4 (9th Cir. 2020)). Not only had the district court therefore committed reversible error by failing to consider the strength and distinctiveness of the plaintiff's mark in its likelihood-of-confusion evaluation, its requirement that the plaintiff demonstrate the defendant's sale of exact reproductions of its goods also reflected a misunderstanding of the relevant test for liability: "The question is not, as the district court concluded, whether products are 'stitch-for-stitch' copies; it is whether, based on the record, confusion could have resulted because the products on [the defendant's] website bearing the [plaintiff's] [m]ark are the kinds of trademarked goods [the plaintiff] sells." *Id.* at 1004.
2. In granting a defense motion for summary judgment, a Pennsylvania federal district court strongly suggested that a cause of action for counterfeiting will not lie if the plaintiff's rights rest on the use of its registered marks by licensees. *See Pennsylvania State Univ. v. Vintage Brand, LLC*, No. 4:21-CV-01091, 2024 WL 456139, (M.D. Pa. Feb. 6, 2024), *clarified on denial of reconsideration*, No. 4:21-CV-01091, 2024 WL 1416505 (M.D. Pa. Apr. 2, 2024). According to the court, "counterfeiting occurs only where the substantially identical mark is used to pass off the infringer's product as the original, rather than merely presented in a manner likely to confuse some consumers as to the origin or sponsorship of the infringer's product." *Id.* at *30 (quoting *Ill. Tool Works Inc. v. J-B Weld Co.*, 469 F. Supp. 3d 4, 10 (D. Conn. 2020)). This meant that a claim of counterfeiting based on the theory that the defendant's imitations of the plaintiff's marks created a likelihood of confusion concerning the plaintiff's possible sponsorship of the defendant could not stand, especially in light of the defendant's point-of-sale identification of itself as the origin of its goods. *Id.* at *30–31.

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. Actions under the ACPA rarely result in reported opinions from state courts of last resort, but the Supreme Court of Nebraska had the opportunity to address a cause of action for cybersquatting brought by a financial institution operating under the claimed CHARTER WEST BANK mark. *See Charter W. Bank v. Riddle*, 989 N.W.2d 428 (Neb. 2023).
 - a. The defendants were disgruntled former husband-and-wife customers of the bank, who, having sued the plaintiff in connection with a mortgage gone wrong, registered the www.charterwestbank.com domain name. The husband then threatened to use the domain name to post negative information about the plaintiff online before informing the bank that the domain name was for sale; according to the plaintiff, the defendants' asking price was \$1 million.
 - b. Although the plaintiff prevailed under the ACPA on a preliminary injunction motion and at trial, its victory met with misfortune on appeal. The appellate court confirmed that state and federal courts have concurrent jurisdiction over ACPA claims, *id.* at 436, as well as that the unregistered status of the plaintiff's mark did not preclude a successful action to enforce the rights to it, *id.* at 437, but the court otherwise declined to affirm the plaintiff's victory. The problem, it held, was the distinctiveness—more specifically, the lack thereof—of the plaintiff's mark. Not only was the mark not inherently distinctive, but there was no evidence in the record of acquired distinctiveness; moreover, the same was true for any claim of mark fame the plaintiff might advance. The defendants therefore were entitled to a reversal of the finding of liability against them and a vacatur of the trial court's injunction. *Id.* at 441.
2. Although a defendant's registration of multiple domain names incorporating a plaintiff's mark can be evidence of a bad faith intent to profit within the meaning of the ACPA, one court confirmed that a finding of liability may lie even if only one domain name is at issue. *See Kelly Toys Holdings*,

LLC v. Guangzhou Lianqi Tech. Co., No. 21CIV8111ASGWG, 2024 WL 1360919, at *7 (S.D.N.Y. Apr. 1, 2024), *report and recommendation adopted*, No. 21CV8111ASGWG, 2024 WL 1908435 (S.D.N.Y. May 1, 2024).

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., Campfield v. Safelite Grp., Inc.*, 91 F.4th 401, 411 (6th Cir. 2024); *Vitamins Online, Inc. v. Heartwise, Inc.*, 71 F.4th 1222, 1233 (10th Cir. 2023); *Enigma Software Grp. USA, LLC v. Malwarebytes, Inc.*, 69 F.4th 665, 671 (9th Cir.), *cert. denied*, 141 S. Ct. 13 (2023); *Earth, Wind & Fire IP, LLC v. Substantial Music Grp.*, No. 23-20884-CIV, 2024 WL 1025265, at *6 (S.D. Fla. Mar. 4, 2024).
- B. Courts generally tied the prerequisite of actual or likely deception to the type of falsity demonstrated by plaintiffs.
1. If the challenged advertising was not literally false, extrinsic proof of actual or likely deception was required. *See, e.g., NYU Langone Health Sys. v. Northwell Health, Inc.*, No. 23-CV-5032 (VEC), 2024 WL 898941, at *5 (S.D.N.Y. Mar. 1, 2024) (“Upon sufficient allegations that a statement is literally false, consumer deception is presumed.”); *CDC Newburgh Inc. v. STM Bags, LLC*, No. 22-CV-1597 (NSR), 2023 WL 6066136, at *16 (S.D.N.Y. Sept. 18, 2023) (“When a court finds that an advertisement is literally false, it is unnecessary to rely on extrinsic evidence of consumer deception or confusion.”); *CaredDx, Inc. v. Natera, Inc.*, No. CV 19-662-CFC, 2023 WL 4561059, at *2 (D. Del. July 17, 2023) (“[I]f a plaintiff alleges that an advertisement is misleading—as opposed to unambiguous and literally false—then the plaintiff must prove customer deception in order to establish liability under the Lanham Act.”).
 2. In contrast, a finding of literal falsity created a presumption of actual or likely deception. *See, e.g., SouthState Bank, N.A. v. Qoins Techs., Inc.*, No. 1:22-CV-5020-MHC, 2024 WL 911075, at *11 (N.D. Ga. Mar. 1, 2024) (“If the court deems an advertisement to be literally false, then the movant is not required to present evidence of consumer deception.” (*quoting Osmose, Inc. v. Viance, LLC*, 612 F.3d 1298, 1319 (11th Cir. 2010)); *Industria De Alimentos Zenu S.A.S. v. Latinfood U.S. Corp.*, 679 F. Supp. 3d 53, 89–90 (D.N.J. 2023) (“[A]ctual deception or a tendency to deceive is presumed if a plaintiff proves that an advertisement is unambiguous and liter-

ally false.” (quoting *Pernod Ricard USA, LLC v. Bacardi U.S.A., Inc.*, 653 F.3d 241, 248 (3d Cir. 2011)), *appeal docketed*, No. 23-2357 (3d Cir. Aug. 7, 2023).

C. Although mere opinions are not actionable, the Ninth Circuit reversed a district court’s determination on a motion to dismiss that a defendant’s descriptions of a competitor’s software as “malicious” and a “threat” to customers’ computers fell into that category. *See Enigma Software Grp. USA, LLC v. Malwarebytes, Inc.*, 69 F.4th 665, 668–69 (9th Cir.), *cert. denied*, 141 S. Ct. 13 (2023).

1. The plaintiff’s victory on appeal turned on its successful reliance on the nature of the cybersecurity business in which the defendant was engaged. According to the court:

[The defendant’s] designations employ terminology that is substantively meaningful and verifiable in the cybersecurity context. . . . As [the plaintiff] points out, its products either contain malicious files and threaten the security of users’ computers, or they do not. These statements are not the type of general, subjective claims typically deemed non-actionable opinions.

Id. at 672.

2. The court elaborated on that point in the following explanation:

Although “malicious” and “threatening” are “adjectives [that] admit of numerous interpretations,” “[t]he context . . . is paramount” because “the reasonable interpretation of a word can change depending on the context in which it appears.” [The defendant’s] anti-malware program specifically labeled [the plaintiff’s] software as “malicious” and a “threat,” which a reasonable person would plausibly interpret as the identification of malware. Because whether software qualifies as malware is largely a question of objective fact, at least when that designation is given by a cybersecurity company in the business of identifying malware for its customers, [the plaintiff] plausibly alleged that [the defendant’s] statements are factual assertions.

Id. (second, fifth, and sixth alterations in original) (footnote in original) (first quoting *Partington v. Bugliosi*, 56 F.3d 1147, 1158 (9th Cir. 1995); and then quoting *Knieval v. ESPN*, 393 F.3d 1068, 1075 (9th Cir. 2005)). Because “[malware] necessarily implies that someone created software with the intent to gain unauthorized access to a computer for some nefarious purpose,” *id.* at 673, the

complaint sufficiently identified potentially identifiable statements by the defendant to state a cause of action.

D. A Tenth Circuit opinion demonstrated the difficulty of appealing adverse findings of fact in false advertising litigation. See *Vitamins Online, Inc. v. Heartwise, Inc.*, 71 F.4th 1222 (10th Cir. 2023).

1. That document originated in a dispute in which the plaintiff, a manufacturer of dietary supplements, successfully accused a competitor of misrepresenting various aspects of its own weight-loss supplements. Those misrepresentations included inaccurate claims that the supplements contained particular ingredients (found by the district court to be literally false and false by implication), that each ingredient it used was verified for purity through in-house testing (literally false), that it had implemented FDA-compliant manufacturing protocols (literally false), and that FDA officials regularly inspected its facilities (literally false). Moreover, the district court also found that the defendant had encouraged its employees to manipulate online reviews in ways leading to increased sales by the defendant at the plaintiff's expense.
2. On appeal, the defendant argued that certain of its claims were accurate while ignoring the district court's findings with respect to the others. With respect to the ingredient-based claims at stake, it asserted that some of its goods were accurately described, but, as the court of appeals noted, that contention did not contradict the district court's findings that at least some of the goods were not so described. The court was equally unconvinced by the defendant's identification of scientific studies putatively establishing the effectiveness of the ingredients claimed to have been in the defendant's supplements, which it regarded as irrelevant in light of the absence of those ingredients from defendant's supplements. *Id.* at 1237.
3. The court then turned its attention to the manipulation of online reviews by the defendant's employees. Some of that manipulation consisted of block voting on the helpfulness of reviews of the defendant's goods left by consumers, with favorable reviews receiving inflated "helpful" votes and unfavorable reviews receiving "unhelpful" votes. The defendant challenged the district court's findings of literal falsity related to the inflated votes with the argument that the plaintiff had failed to identify any review that was itself false and also had failed to establish that the votes by the defendant's employees were false. Accusing the defendant of missing the point, the court held that the issue was not the falsity of the reviews themselves but instead the misleading impression that unbiased consumers had favorable reviews helpful and unfavorable reviews unhelpful. Consequently, the court concluded, "it was not clearly erroneous for the district court to find that [the defendant's employees'] block voting misled customers, given that customers were likely under the misimpression that it was unbiased consumers—rather than [the defendant's] employees—who found

good reviews of [the defendant’s] products to be helpful and bad reviews unhelpful.” *Id.* at 1238.

4. Finally, the court affirmed the district court’s finding of liability with respect to another aspect of the defendant’s manipulation of product reviews, which was its offering of free products to reviewers. The district court found that the defendant had falsely advertised that it did not engage in that particular practice. The defendant challenged the resulting finding of literal falsity by arguing that its gifts were not contingent on the content of reviews, but the court rejected that contention. Citing expert witness testimony proffered by the plaintiff, it held that:

[The defendant’s] actions misled consumers about the number of reviews from unbiased customers and the true ratio of putative unbiased positive to negative reviews. . . . [O]ne expert explained that consumers assume reviews are “credible and objective” and that the reviewers do not gain anything from leaving a review “other than the satisfaction of letting [people] know.” And, importantly, the expert concluded that the act of offering a product in exchange for a review is likely to skew the positive results of the review. Thus, there was evidence that the act of giving free products in exchange for reviews will mislead other consumers about the objectivity of the reviewers, and so it was not clearly erroneous for the district court to conclude that these actions were likely to mislead customers.

Id. (citations omitted).

- E. Three federal appellate opinions reached varying outcomes where the prerequisite of damage and causation for a finding of false advertising was concerned.
 1. Objecting to the unauthorized use of their images to promote strip clubs, a group of past and present professional models asserted causes of action for, among other things, false advertising under Section 43(a). *See Souza v. Exotic Island Enters.*, 68 F.4th 99 (2d Cir. 2023). In response to discovery requests bearing on the work they allegedly had lost, however, they failed to identify any specific opportunities, and that failure came back to haunt them when the district court granted the defendants’ motion for summary judgment. The Second Circuit affirmed that disposition, holding that “if Plaintiffs are in direct competition with Defendants, and if Defendants’ false advertising implicated Plaintiffs in some way, then injury and proximate cause are presumed. If not, both must be affirmatively shown.” *Id.* at 119. That the parties were not in direct competition (and a presumption of injury therefore inappropriate) was established by the plaintiffs’ claims, which the court read as objecting to the suggestion they were “even associated with Defendants’ marketplace.” *Id.* Moreover, the plaintiffs’ dis-

covery responses precluded them from establishing injury as a factual matter:

[E]ven if it is true, as Plaintiffs aver, that this ignorance is to some degree attributable to the customary industry practice not to tell a model why they did not receive a job offer, Plaintiffs have made no attempt to present other evidence conceivably available to people in their position. For example, they admit that there is nothing in the record to suggest that anyone who might have been expected to hire Plaintiffs ever saw the posts in question, or was likely to see the posts, or ever mentioned the posts. There is no temporal evidence correlating downturns in Plaintiffs' careers with the appearance of the posts. There is no expert opinion testimony, let alone expert empirical analysis, illustrating the effect of this kind of R-rated association on a typical model's career – much less on these particular models' careers. There is, in short, nothing that could permit a reasonable juror to find that the posts proximately caused actual or likely “economic or reputational” injury here.

Id. at 120 (quoting *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118, 134 (2014)). The district court therefore had correctly disposed of the plaintiffs' false advertising claims on summary judgment for want of the required injury.

2. The Tenth Circuit affirmed a district court's recognition of a presumption of injury for two years of the defendant's misconduct in a lawsuit between competing manufacturers of weight-loss nutritional supplements. *See Vitamins Online, Inc. v. Heartwise, Inc.*, 71 F.4th 1222 (10th Cir. 2023). The key to the correctness of that recognition was the fact that, during the years in question, “the markets at issue were essentially two[-]seller markets.” *Id.* at 1238. As the court explained:

[O]nce a plaintiff has proven that the defendant has falsely and materially inflated the value of its product (or deflated the value of the plaintiff's product), and that the plaintiff and defendant are the only two significant participants in a market or submarket, courts may presume that the defendant has caused the plaintiff to suffer an injury. This presumption follows from basic logic: if A and B are the only two products occupying a market or submarket, and if the producer of product B fraudulently represents its product as better than A, then it can be presumed that at least some consumers will choose product B over A in reliance on that false advertising, thereby depriving the producer of A of some sales.

Id. at 1240 (citations omitted). “This is still true,” the court concluded, “even if there are a few other insignificant market participants, so long as the plaintiff and defendant are the only *significant* actors in the market, since the defendant will still presumably receive most of the diverted sales.” *Id.*

3. Finally, the Sixth Circuit vacated the grant of a damage-and-causation-based defense motion for summary judgment in a case brought by a supplier of a proprietary bonding resin used to repair windshield cracks against a provider of windshield repair and replacement services. *See Campfield v. Safelite Grp.*, 91 F.4th 401 (6th Cir. 2024). Reviewing the summary judgment record, the court identified several items in it from which a reasonable jury could conclude that the defendants’ alleged representations to end consumers that the plaintiff’s resin was ineffective had damaged the plaintiff. One was affidavit testimony from the plaintiff’s commercial customers of their experiences with end consumers who had been exposed to the defendants’ representations and needed to be convinced that the plaintiff’s resin was safe and effective. The court was also swayed by the plaintiff’s experience in New Zealand, where the plaintiff’s sales increased once misleading statements regarding its resin were removed from the market. Finally, it credited survey evidence proffered by the plaintiff to the effect that “24.5% to 30.6% of respondents who replaced windshields would have had them repaired but-for [the defendants’] allegedly false statements.” *Id.* at 412. There thus was a material factual dispute regarding damage and causation requiring resolution at trial. *Id.* at 413.

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

- A. The Second Circuit’s practice of equating the test for false endorsement under Section 43(a) with that for likely confusion continued to pose a significant obstacle to plaintiffs, especially, if recent opinions from that court are any indication, for professional models challenging unauthorized uses of their names and images to promote strip clubs. The latest example of that phenomenon came in a dispute in which the defendants had posted photographs of the plaintiffs on various social media. *See Souza v. Exotic Island Enters.*, 68 F.4th 99 (2d Cir. 2023). Most of the plaintiffs no longer worked as models, none lived in New York (where the action originated), and none could identify in discovery any work lost because of the defendants’ actions.
 1. On the parties’ cross-motions for summary judgment, the district court granted that of the defendants, and the Second Circuit affirmed. Although the plaintiffs complained on appeal that the district court had treated their (relatively low) recognizability as the “‘bottom line’ barometer” for the strength of their images, *id.* at 110, the court declined to depart from its past authority mandating such an approach. *Id.* at 110–11 (citing *Electra v.*

59 *Murray Enters.*, 987 F.3d 233 (2d Cir.), *cert. denied*, 142 S. Ct. 563 (2021)). In particular, it rejected the plaintiffs’ claim that, because their personas were inherently strong, it was unnecessary for them to make showings of commercial strength. According to the court:

The concept of inherent distinctiveness is simple enough to apply where, say, one restaurant sues another for coopting its “festive” dining setup, “decorated with artifacts, bright colors, paintings and murals,” . . . or even when the subject matter is human *names* It is more awkward to apply when it effectively interrogates how much one human being does, or does not, physically resemble another. And that includes, as this case vividly illustrates, inquiries concerning the extent to which one unnamed model, whose face may or may not be shown, and who may appear to be of a certain race, ethnicity, body type, physical stature, etc., resembles another.

Id. at 111–12 (quoting *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 765 (1992)) (citations omitted).

2. “[U]nlike a conventional adopted mark,” the court continued, “an endorser’s face and body fall nowhere on the familiar spectrum from ‘arbitrary’ to ‘generic’; their identity inherently is their mark.” *Id.* at 112. Moreover:

[W]here any face or figure regarded as ‘attractive,’ will do, notwithstanding the anonymity of the actual person whose face or figure is depicted (and the negligible endorsement value derived from that actual person’s connection to the product being sold), the unauthorized use of that person’s image may invade rights granted by other statutes or common law sources, but creates no risk of consumer confusion as conceived under the Lanham Act.

Id. (citations omitted) (footnote omitted).

3. The lack of recognizability of their “marks” was not the plaintiffs’ only problem, however. On the contrary, the court faulted the plaintiffs for failing to adduce evidence of actual confusion beyond excluded results from a survey, *id.* at 113–15, and held that the district court had not erred in rejecting the plaintiffs’ allegations of bad faith. *Id.* at 115. The district court’s failure to consider the remaining likelihood-of-confusion factors was a source of concern—a “costly and avoidable remand,” *id.* at 116 (quoting *Nat. Organics, Inc. v. Nutraceutical Corp.*, 426 F.3d 576, 580 (2d Cir. 2005)), was the usual result “where a district court has punted on factors that it deems irrelevant for reasons that we cannot discern,” *id.*—that failure was not fatal to its dismissal as a matter of law of the plaintiffs’

claims. That was especially true because the plaintiffs did not themselves seek a vacatur and remand but instead agreed with the defendants that the case was susceptible to resolution as a matter of law. *Id.* at 117.

- B. Nevertheless, in a different case arising from closely similar facts, the plaintiffs' claims survived the defendants' motion for summary judgment after the court found a factual dispute over the strength of the plaintiffs' mark. *See Johnson v. J.P. Parking, Inc.*, No. 422CV00146SMRHCA, 2024 WL 676770, at *13 (S.D. Iowa Feb. 20, 2024). Chief among the evidence and testimony in the summary judgment record on the issue were the plaintiffs' showings of their social media presence, earnings, and portfolios, as well as favorable survey evidence. *Id.* at *14.
- C. As have others before it, a New York federal district court confirmed that plaintiffs not residing in New York cannot avail themselves of that state's statutory cause of action for right of publicity violations. *See Drob Collectibles, LLC v. Leaf Trading Cards, LLC*, No. 23-CV-63 (GHW) (JW), 2024 WL 897952, at *5 (S.D.N.Y. Feb. 15, 2024), *report and recommendation adopted*, No. 1:23-CV-00063-GHW-JW, 2024 WL 895315 (S.D.N.Y. Mar. 1, 2024).
- D. When a group of defendants produced and aired a television show concerning alleged paranormal activity in a building in which a married couple had once lived, the wife sought to recover under a right of publicity cause of action for the show's unflattering portrayal of her late husband. *See Reg'l Prime Television v. South*, No. SC-2023-0132, 2024 WL 997698 (Ala. Mar. 8, 2024). A jury returned a verdict in favor of the late husband's estate and awarded both compensatory and punitive damages, but that outcome failed to survive the defendants' appeal to the Supreme Court of Alabama. That court noted that the state statutory cause of action, *see* ALA. CODE § 6-5-772, was unavailable if the use of a plaintiff's identity occurred in the context of an artistic work and the plaintiff failed to prove that the use "is such a replica as to constitute a copy of the person's indicia of identity for the purposes of trade." *Reg'l Prime Television v. South*, 2024 WL 997698, at *11 (quoting ALA. CODE § 6-5-773). As that court viewed the trial record, the defendants had not used the late husband's name or photograph in any advertisements airing during the program, had not used those elements of his persona in advertising their own services, and had neither solicited advertisers by referring to him nor made any monetary benefit from the references to him in the show. Under those circumstances, those references were not for the purposes of trade, which meant that the defendants were entitled to prevail as a matter of law. *Id.* at *12.

V. DEFENSES

A. Legal Defenses

1. Abandonment

Under Section 45 of the Lanham Act, 15 U.S.C. § 1127 (2018), 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. In a cancellation action, the Trademark Trial and Appeal Board offered the following explanation of the prima facie evidence test for abandonment represented by three years’ continuous nonuse under Section 45:

If a petitioner can show three consecutive years of nonuse, it establishes a prima facie showing of abandonment, creating a rebuttable presumption that use of the mark was discontinued with intent not to resume use. The burden of production (*i.e.*, going forward) then shifts to the respondent to produce evidence that it either used the mark or that it intended to resume use. The burden of persuasion remains with the petitioner, the party attempting to prove abandonment by a preponderance of the evidence. If [a] [p]etitioner does not prove three consecutive years of nonuse, it must prove both elements without the aid of a presumption—that is, that [a] [r]espondent discontinued use of its mark with intent not to resume such use.

Adamson Sys. Eng’g, Inc. v. Peavey Elecs. Corp., 2023 U.S.P.Q.2d 1293, at *7 (T.T.A.B. 2023). In applications of that test, bona fide continuing sales under a challenged mark usually will preclude a finding of abandonment, even if those sales are in an apparent terminal decline. Nevertheless, the Board concluded that the evidence of sales proffered by the mark owner before it failed to make the grade because that evidence reflected a “purposeful drawing-down of domestic . . . sales,” *id.* at *12, that had resulted sales of one unit in some years and none in others. The Board then rejected the mark owner’s back-up reliance on international shipments of Chinese-manufactured goods from a warehouse in that country to non-United States buy-

ers as “not constitut[ing] use in commerce within the meaning of the Trademark Act.” *Id.*

- ii. Consistent with controlling Eleventh Circuit authority, a Florida federal district court observed that a party claiming abandonment through nonuse bears “a stringent, heavy, or strict burden of proof.” *Open Sea Distribution Corp. v. Artemis Distribution, LLC*, No. 3:20-CV-1440-TJC-PDB, 2023 WL 8651255, at *19 (M.D. Fla. Sept. 19, 2023) (quoting *Cumulus Media, Inc. v. Clear Channel Commc’ns, Inc.*, 304 F.3d 1167, 1175 (11th Cir. 2002))

b. Abandonment Through Naked Licensing

- i. Disputes over alleged naked licenses often turn on the issue of whether there was a license in the first instance. That issue is often resolved in favor of the party disputing the license’s existence, but, in *Blue Mountain Holdings Ltd. v. Bliss Nutraceuticals, LLC*, No. 22-13441, 2023 WL 5164472 (11th Cir. Aug. 11, 2023) (per curiam) (unpublished), the Eleventh Circuit affirmed a finding that a transaction between the parties was license despite being styled a sale. That was in part because the transaction documents: (1) precluded the putative purchaser from registering the disputed mark in its own name or assigning or licensing it; (2) manufacturing, distributing, or selling products under the mark except through approved entities; (3) recognized the putative seller’s continuing “ownership interest” in the mark and its ability to protect it; and (4) required the putative purchaser to cease or modify its usage of the mark if the putative seller suspect harm to the mark or noncompliance with the transaction document. *Id.* at *1. Affirming the district court’s finding that the transaction at issue was a license instead of a sale, the court then declined to distinguish the concomitant finding that the putative seller—really a licensor—had failed to exercise any control over the putative purchaser’s use of the disputed mark. The result was a naked license. *Id.* at *2.
- ii. In contrast, the same court rejected a claim of a naked license in a different case based in part on the lack of record evidence and testimony and based in part on the doctrine of licensee estoppel. *See Nakava LLC v. S. Pac. Elixir Co.*, No. 22-13567, 2023 WL 4364502 (11th Cir. July 6, 2023) (per curiam) (unpublished). As the court explained, “‘a licensee is estopped to contest the validity of the licensor’s title during the course of the licensing arrangement.’ That is, ‘a

former trademark licensee’ . . . may challenge the title of the licensor . . . ‘on facts which arose after the contract has expired,’ but not on facts before expiration.” *Id.* at *4 (footnote omitted) (quoting *Pro. Golfers Ass’n of Am. v. Bankers Life & Cas. Co.*, 514 F.2d 665, 671 (5th Cir. 1975)). En route to that conclusion, the court rejected the defendant’s “unsupported and undeveloped argument that only an express license can estop a naked license defense. [The defendant] cites no law — and we found none — holding as much.” *Id.* at *4.

2. Descriptive Fair Use

- a. Findings of descriptive fair use rarely occur at the pleadings stage, but one court granted a motion to dismiss for failure to state a claim grounded in the defense. *See Skydiving Sch., Inc. v. GoJump Am., LLC*, No. 23-CV-00292-DKW-WRP, 2023 WL 8113870 (D. Haw. Nov. 22, 2023). The plaintiff in the case before that court owned a federal registration of the SKYDIVE HAWAII mark for parachutes and “[a]ll purpose sport bags; all-purpose athletic bags; all-purpose carrying bags; athletic bags; carry-all bags; sport bags; travel bags,” which it alleged was infringed by the defendants’ use in their advertising of such phrases as “skydiving in Hawaii,” “skydiving over Hawaii,” “skydive Hawaii with GoJump,” “Oceanview Skydiving in Hawaii,” “Skydiving Over Hawaii,” “Skydive Hawaii with GoJump,” “Skydive over Hawaii – GoJump,” “GoJump Hawaii Skydive – Hawaii Skydive,” “Skydiving in Hawaii,” “Hawaii Skydiving,” and “Pacific Skydiving Center Hawaii.” *Id.* at *1, *3. Armed with survey evidence showing a net confusion rate of 15.6% among respondents, the plaintiff ambitiously moved the court for a preliminary injunction, only to have the court both deny that motion and find as a matter of law that the defendants’ uses qualified as protected descriptive fair uses. As a threshold matter, the court noted that “[t]he problem with [the plaintiff’s] efforts, however, are that they seek to monopolize the two words, ‘skydive’ and ‘skydiving’ that most efficiently and accurately describe the service the parties provide, while also taking control of the most obvious word, Hawai’i, to describe the location of those services.” *Id.* at *5 (footnote omitted). Things did not get any better for the plaintiff from there, with the court concluding with respect to the first of the defense’s three prerequisites that “review of the alleged infringing uses of ‘Skydive Hawaii’, ‘skydiving’, and ‘Hawaii’ reflect that they are not being used in their trademark sense.” *Id.* at *6. Addressing the second, it then found that “[t]it is perhaps difficult to conjure up a more descriptively pure use of the terms: the service being provided is skydiving in Hawaii and that is precisely how the . . . Defendants allegedly described it.” *Id.* at *7.

Finally, it rejected the plaintiff’s argument that the defendants’ bad faith was reflected in their failure to use “the solitary alternative word for ‘Hawaii’—‘Waialua’—with the observation that “it is simply not plausible that the . . . Defendants chose the word ‘Hawaii’ instead of ‘Waialua’ in order to capitalize on [the plaintiff’s] good will, rather than because, for potential skydiving customers, ‘Hawaii’ is a far better-known location than ‘Waialua.’” *Id.* Dismissal of the plaintiff’s complaint as a matter of law followed.

- b. In contrast, another court declined to dismiss an assertion of descriptive fair use as a defense at the pleadings stage, citing the “fact-based inquiry” required by its three requirements. *See Hadek Protective Sys. B.V. v. Ergon Asphalt & Emulsions, Inc.*, No. CV 2:22-01421, 2023 WL 7002567, at *3 (W.D. Pa. Oct. 24, 2023)

3. Nominative Fair Use

- a. Having once performed “for a few years” with the noted musical group Earth, Wind & Fire, a guitarist joined another band that operated under the names “Earth Wind & Fire Legacy Reunion” and “The Legacy Reunion of Earth, Wind & Fire” before responding to a demand letter by changing its name to “Legacy Reunion of Earth Wind & Fire Alumni”; choosing to live dangerously, the new band also employed a logo similar to that of Earth, Wind & Fire. *See Earth, Wind & Fire IP, LLC v. Substantial Music Grp.*, No. 23-20884-CIV, 2024 WL 1025265 (S.D. Fla. Mar. 4, 2024). In the lawsuit that followed, the musician and his new colleagues argued in a summary judgment motion that those uses constituted nominative fair ones of the mark and logo of his former employer. Lacking clear guidance from the Eleventh Circuit, the Florida federal district court to which the case was assigned referred to the Ninth Circuit’s *New Kids on the Block* test for nominative fair use, which turned on the following considerations:

First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.

Id. at *2 (quoting *New Kids on the Block v. News Am. Publ’g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992)). It determined from the summary judgment record that not only were the defendants *not* enti-

tled to prevail as a matter of law but Earth, Wind & Fire *was*. Although the first two factors favored the defendants, the third did not:

Defendants’ usage of “Legacy Reunion of Earth Wind & Fire” lacks clear disclaimer or limiting language about who is performing. While there is no explicit claim of sponsorship . . . , the silence here is not . . . meaningful . . . Further, as Plaintiff persuasively noted, Defendants combined the advertising with text that discusses the Earth Wind & Fire’s legacy. The website states that the band “dominated the 70’s with their monster grooves and high energy, danceable hits, garnering 20 Grammy Award nominations and a Hall of Fame Induction along the way.” It further states that “[t]he style and sounds of the greatest hit recordings by Earth, Wind & Fire were built by founder Maurice White and the contributions of a stellar collective of some of the best musicians in the world throughout the decades.”

Id. at *4. “Regardless of if Defendants’ musicians were technically sidemen or members,” the court continued, “the advertisement and marketing were still deceptive and misleading as to whether the main (or most prominently known) members of the band would be performing. The use of the word ‘alumni’ is not enough to dispel the notion that Defendants’ band is not sponsored [by Plaintiff].” *Id.*

- b. Consistent with the approach taken by the Ninth Circuit for some time now, *see, e.g., Playboy Enters. v. Welles*, 279 F.3d 796, 802 (9th Cir. 2002), a Nevada federal district court confirmed that a defendant using a plaintiff’s stylized mark is in a poor position to argue that it has made only so much of that mark as necessary. *See Axon Enters., Inc. v. Luxury Home Buyers, LLC*, No. 220CV01344JADVCF, 2023 WL 4636917 (D. Nev. July 19, 2023). Specifically, it denied a defense motion for summary judgment for that reason. *Id.* at *6.

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 plain-

tiff's part; and (2) prejudice to the defendant. *See, e.g., DayCab Co. v. Prairie Tech., LLC*, 67 F.4th 837, 854 (6th Cir. 2023); *Axon Enters. v. Luxury Home Buyers, LLC*, No. 220CV01344JADVCF, 2023 WL 4636917, at *16 (D. Nev. July 19, 2023).

- ii. Others, however, adopted a three-part test, which required a party raising a laches defense to prove: (1) a delay in asserting a right or a claim; (2) that the delay was not excusable; and (3) that there was undue prejudice to the party against whom the claim is asserted. *See, e.g., Earth, Wind & Fire IP, LLC v. Substantial Music Grp.*, No. 23-20884-CIV, 2024 WL 1025265, at *5 (S.D. Fla. Mar. 4, 2024); *Alfa Corp. v. Alpha Warranty Servs., Inc.*, No. 2:20CV553-MHT, 2023 WL 6276338, at *13 (M.D. Ala. Sept. 26, 2023).
- 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., DayCab Co. v. Prairie Tech., LLC*, 67 F.4th 837, 854 (6th Cir. 2023) (one year under Tennessee law); *Earth, Wind & Fire IP, LLC v. Substantial Music Grp.*, No. 23-20884-CIV, 2024 WL 1025265, at *5 (S.D. Fla. Mar. 4, 2024) (four years under Florida law); *see also Alfa Corp. v. Alpha Warranty Servs., Inc.*, No. 2:20CV553-MHT, 2023 WL 6276338, at *13 (M.D. Ala. Sept. 26, 2023) (declining to resolve issue, but “assum[ing], for purposes of [the defendants’ motion for summary judgment] only, that the one-year statute of limitations applies”).
- c. Of course, even if triggered by a delay of an appropriate length, such a presumption can be rebutted by the plaintiff. A leading strategy for doing so is to claim that the defendant’s unlawful conduct has progressively encroached on the plaintiff’s rights. According to the Sixth Circuit:

Progressive encroachment is relevant in assessing whether laches or acquiescence may be used to bar a plaintiff’s trademark claim; it applies in cases where the defendant has engaged in some infringing use of its trademark—at least enough of an infringing use so that it may attempt to avail itself of a laches or acquiescence defense—but the plaintiff does not bring suit right away because the nature of

defendant's infringement is such that the plaintiff's claim has yet to ripen into one sufficiently colorable to justify litigation.

DayCab Co. v. Prairie Tech., LLC, 67 F.4th 837, 855 (6th Cir. 2023) (quoting *Kellogg Co. v. Exxon Corp.*, 209 F.3d 562, 572 (6th Cir. 2000)). In the case producing that restatement, the district court had found the plaintiff's claimed trade dress functional on a defense motion for summary judgment and therefore had not addressed the defendants' laches defense; with the Sixth Circuit vacating the finding of trade dress invalidity as a matter of law, the defendants asked that court to reach a finding of laches on appeal. Slow to anger, the plaintiff had waited seven years after initially learning of the defendants' conduct before sending the defendants an unanswered demand letter, after which the plaintiff took another nine months to file suit. To explain this long-standing inaction, the plaintiff asserted that the defendants' initial imitations of its claimed trade dress had been "few and far between" and "did not initially make a significant impact on [the plaintiff's] sales." *Id.* The defendants responded by advising the court that neither their allegedly infringing trade dress nor their advertising practices had changed over time. Although the defendants urged the court to resolve their defense as a matter of law on appeal, the court declined to do so, choosing instead to remand the matter so the district court could address the issue in the first instance. Moreover, in an ominous warning to the defendants that "even if the laches issue is ultimately resolved in favor of Defendants, that resolution will not fully resolve the merits of this action because laches 'bars damages that occurred before the filing date of the lawsuit' but does not prevent a plaintiff from obtaining injunctive relief or post-filing damages." *Id.* at 856 (quoting *Nartron Corp. v. STMicroelectronics, Inc.*, 305 F.3d 397, 412 (6th Cir. 2002)).

2. Acquiescence

- a. Consistent with the usual requirements for the defense, one court held that "[a]cquiescence" requires that "(1) the plaintiff actively represented it would not assert a right or claim; (2) the delay between the active representation and assertion of the right or claim was not excusable; and (3) the delay caused the defendant undue prejudice." *Earth, Wind & Fire IP, LLC v. Substantial Music Grp.*, No. 23-20884-CIV, 2024 WL 1025265, at *4 (S.D. Fla. Mar. 4, 2024) (quoting *Univ. of Ala. Bd. of Trustees v. New Life Art, Inc.*, 683 F.3d 1266, 1281 (11th Cir. 2012)). It did so in a case in which the plaintiff challenged, among other things, the defendants' use of a logo similar to that of the plaintiff to promote their musical performances. In the course of pre-lawsuit negotiations, a representa-

tive of the plaintiff wrote to the defendants that “I explained that while I was not in position to agree that the matter was resolved, the attached proposed logo [*i.e.*, the one at issue] was preferred over the current logo that is being used to promote upcoming concerts.” *Id.* at *5. The defendants argued that that communication satisfied the first requirement for a finding of acquiescence, but the court disagreed, holding instead that “saying that something is ‘headed in the right direction’ is not an assurance to not assert trademark rights. While active consent does not require an explicit promise not to sue, the record lacks evidence showing that Plaintiff actively represented it would not assert this infringement claim.” *Id.* at *5. With the summary judgment record additionally establishing that the defendants had responded to the plaintiff’s demands by discontinuing their offending uses for over two years and that the plaintiff’s challenge to the defendants’ resumption of those uses was not inexcusably tardy, the defendants’ claim of acquiescence was meritless as a matter of law. *Id.*

- b. Unusually, one court held that “[t]he party asserting the defense of estoppel by acquiescence bears the burden of proof by clear and convincing evidence.” *Est. of Bisignano by & through Huntsman v. Exile Brewing Co.*, No. 422CV00121SHLSBJ, 2023 WL 7167889, at *21 (S.D. Iowa Sept. 26, 2023).

3. Unclean Hands

- a. One court held that “[t]o make out an unclean hands defense, a trademark defendant must demonstrate that the plaintiff’s conduct is inequitable and that the conduct relates to the subject matter of its claims. To show that a trademark plaintiff’s conduct is inequitable, defendant must show that plaintiff used the trademark to deceive consumers.” *JUUL Labs, Inc. v. Chou*, No. CV 21-3056 DSF (PDX), 2023 WL 3886046, at *15 (C.D. Cal. June 8, 2023) (quoting *Japan Telecom, Inc. v. Japan Telecom Am., Inc.*, 287 F.3d 866, 870 (9th Cir. 2002)).
- b. Having prevailed in a jury trial on its infringement cause of action, one plaintiff defeated a post-trial attack on its victory grounded in the theory that what the court deemed “minor misstatements” by its witnesses. *See Hermes Int’l v. Rothschild*, 678 F. Supp. 3d 475, 493–94 (S.D.N.Y. 2023), *appeal docketed*, No. 23-1081 (2d Cir. July 24, 2023). Although the defendant accused the witnesses of disingenuous and perjurious conduct, the court found those accusations to “rest wholly on speculation and conjecture, rather than concrete evidence.” *Id.* at 494.

VI. REMEDIES

A. Injunctive Relief

1. A showing of irreparable harm is a prerequisite for any kind of injunctive relief, but the Trademark Modernization Act amended Section 34(a) of the Lanham Act, 15 U.S.C. § 1116(a) (Supp. III 2021), expressly to recognize a presumption of that harm upon proof of violations of the Act. That amendment took center stage in two opinions in particular.

a. In *Y.Y.G.M. SA v. Redbubble, Inc.*, 75 F.4th 995 (9th Cir. 2023), the Ninth Circuit vacated a district court’s finding that the plaintiff’s delay in challenging the defendants’ conduct rebutted the presumption and therefore defeated the plaintiff’s entitlement to a permanent injunction. According to the appellate tribunal:

[D]elay is but a single factor to consider in evaluating irreparable injury; courts are “loath to withhold relief solely on that ground.” A successful trademark plaintiff “is entitled to effective relief; and any doubt in respect of the extent thereof must be resolved in its favor as the innocent producer and against the [infringer], which has shown by its conduct that it is not to be trusted.”

Id. at 1006 (second alteration in original) (first quoting *Arc of Cal. v. Douglas*, 757 F.3d 975, 990 (9th Cir. 2014); and then quoting *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526, 532 (1924)). In remanding the matter, it faulted the district court for failing to “explain how a delay has equal bearing in the permanent injunction context (where the injunction protects established rights that a jury found were violated) rather than the preliminary injunction context (where the injunction preserves the status quo pending litigation).” *Id.* at 1006.

b. Although the Third Circuit has held that Section 34(a)’s presumption of irreparable harm shifts only the burden of production (and not the burden of proof) to defendants, *see Nichino Am., Inc. v. Valent U.S.A. LLC*, 44 F.4th 180, 185 (3d Cir. 2022), a New York federal district court rejected that conclusion. *See Hermès Int’l v. Rothschild*, 678 F. Supp. 3d 475 (S.D.N.Y. 2023), *appeal docketed*, No. 23-1081 (2d Cir. July 24, 2023). “This,” the latter court explained, “is because language from the statute’s legislative history and a careful consideration of the context in which the statute was enacted both strongly suggest that Congress chose to place the burden of persuasion on the proven infringer.” *Id.* at 489. Having held that resort to the legislative history was appropriate in light

because of the court’s conclusion that “presumption” as used by Section 34(a) was ambiguous, the court determined that that history established congressional disapproval of courts’ abrogation of the presumption of irreparable harm following the Supreme Court’s decision in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006). It explained that:

Given that *eBay* had invalidated the Federal Circuit’s presumption “that courts will issue permanent injunctions against patent infringement absent exceptional circumstances” — a presumption that clearly modified the burden of persuasion, not just the burden of proof — the fact that Congress expressly aimed to reverse *eBay*’s ruling in the trademark context makes it reasonably clear that Congress intended the TMA presumption to apply with respect to the burden of persuasion, and not just the burden of production.

Hermès, 678 F. Supp. 3d at 489. In any case, the court determined from the trial record that, even if the revised Section 34(a) worked only a shift in the burden of production, the defendant had failed to meet “the modest showing required to overcome that presumption,” especially in light of “the high likelihood [that] ongoing confusion generated by [the defendant’s] continued use of the [plaintiff’s] mark would strip [the plaintiff] of the ability to leverage the ‘goodwill and reputation’ of its marks to launch its own profitable . . . project [in competition with that of the defendant].” *Id.*

2. Having been found liable for false advertising following a jury trial, one defendant successfully convinced a Utah federal district court not to enter a permanent injunction based on the arguments that an ordered disgorgement of profits and the discontinuation of some of its challenged misconduct precluded the plaintiff from establishing sufficient irreparable harm to support a permanent injunction. See *Vitamins Online, Inc. v. Heartwise, Inc.*, 71 F.4th 1222 (10th Cir. 2023). On the plaintiff’s appeal, the Tenth Circuit identified multiple flaws in the district court’s rationale, one of which was that the defendant’s representations of discontinuance did not cover all of the defendant’s false statements. Another was that “the only evidence in the record indicating that [the defendant] has stopped [its misconduct] is the testimony of its founder, who the district court concluded was ‘not a credible witness,’ ‘not reliable,’ and had previously made misrepresentations about [the misconduct].” *Id.* at 1246. Finally, the appellate observed, “[e]ven [the defendant] had voluntarily stopped manipulating reviews, voluntary cessation does not normally moot a request for injunctive relief. The voluntary cessation exception to mootness applies only if the defendant can meet a “formidable burden” to show that the “allegedly

wrongful behavior could not reasonably be expected to recur.” *Id.* (quoting *Prison Legal News v. Fed. Bureau of Prisons*, 944 F.3d 868, 881 (10th Cir. 2019)). It therefore remanded the matter to the district court to reconsider the issue of the plaintiff’s entitlement to permanent injunctive relief. *Id.* at 1247.

3. Trial courts finding defendants liable for infringement and other species of unfair competition have wide discretion in fashioning the equitable remedy of injunctive relief. Trial courts finding defendants liable for infringement and other species of unfair competition have wide discretion in fashioning the equitable remedy of injunctive relief. Thus, for example, the Second Circuit held that a New York federal district court had not abused its discretion in ordering a defendant to hold in escrow all revenues received from sales found to infringe the plaintiffs’ rights. *See Vans, Inc. v. MSCHF Prod. Studio, Inc.*, 88 F.4th 125 (per curiam). In his appeal from that decision, the defendant argued that the district court properly should have required it only to escrow its net profits, instead of its gross revenues, but it advanced that argument unsuccessfully. According to the Second Circuit,

[i]n assessing profits, the plaintiff is required to prove the defendant’s sales only; the defendant must prove all elements of cost or deduction claimed. And, this Court has held that “district courts have the authority to issue a pre-judgment asset restraint injunction in favor of plaintiffs seeking an accounting against allegedly infringing defendants in Lanham Act cases.”

Id. at 142–43 (quoting *Gucci Am., Inc. v. Weixing Li*, 768 F.3d 122, 132 (2d Cir. 2014)).

B. Monetary Relief

1. Actual Damages

- a. The Ninth Circuit proved receptive to an ambitious claim of actual damages. *See Jason Scott Collection, Inc. v. Trendily Furniture, LLC*, 68 F.4th 1203 (9th Cir. 2023), *cert. denied*, 144 S. Ct. 550 (2024).
 - i. The litigation leading to that outcome was a trade dress dispute in which the plaintiff learned of the lead defendant’s identity from a purchaser of both parties’ goods who considered the defendants’ goods knockoffs but who wished to remain confidential; indeed, that purchaser threatened to withhold future purchases from the plaintiff if his identity were disclosed. When that disclosure occurred,

the purchaser made good on his threat, leading to lost revenue for the plaintiff, for which the plaintiff successfully convinced the district court to order reimbursement as actual damages.

- ii. On appeal, the defendants argued that the lost revenue at issue was not foreseeable, especially because the plaintiff had made the decision to disclose the purchaser's identity as part of its case on the merits. The Ninth Circuit was unmoved, and it affirmed the district court's award of damages because "[d]amaged business relationships are a reasonably foreseeable consequence of trademark infringement." *Id.* at 1221. It then continued:

Here, [the purchaser] disclosed [the lead defendant's] identity . . . on the condition that his own identity would not be revealed to avoid harming his own business relationships in the high-end furniture market. Earning a reputation as a "snitch" could reasonably have harmed [the purchaser's] ability to work with certain suppliers. . . . [The purchaser] was not disclosed as the source until it was necessitated by the litigation—his identity was relevant as to how he recognized the [defendants'] furniture knock-offs, the discovery of the infringement, and the likelihood of confusion even seasoned retailers had as to the products' source. Thus, [the plaintiff] was required to reveal [the purchaser's] identity as an integral part of his claim against [the defendants]. And, since the litigation, [the plaintiff] has lost all of [the purchaser's] business. [The plaintiff] had rarely lost customers over the course of its history, which increases the likelihood that the infringement was the cause of the lost business.

Id. In light of the broad discretion enjoyed by district courts when entering monetary relief, and "the plausible causal relationship" between the defendants' actions and the loss of the purchaser's business, it concluded, "the district court did not abuse its wide discretion when it found that [the plaintiff] suffered a compensable harm." *Id.* at 1222.

- b. In one of the larger verdicts in recent memory, the plaintiff in a dispute between two breweries successfully defended a jury’s award of \$56 million in compensatory damages. *See Stone Brewing Co. v. MillerCoors LLC*, No. 318CV00331BENMDD, 2023 WL 6450199 (S.D. Cal. Sept. 28, 2023). Although the components of that award were apparently impossible to determine from the jury instructions, the plaintiff proffered evidence supporting its claim to three categories of recovery: (1) its past lost profits; (2) its future lost profits; and (3) money to fund a corrective advertising campaign. In the aggregate, the requested award in all three categories came to \$216.15 million, which meant the jury had awarded “roughly 25%” of the damages sought by the plaintiff. The court declined the defendant’s invitation to overturn the verdict or, in the alternative, to order a new trial, especially because the defendant did not put alternative numbers before the jury for its consideration. *Id.* at *10.

2. Statutory Damages

- a. As have others before it, one court held that there is “no duty to mitigate where the plaintiff seeks statutory damages rather than actual damages.” *JUUL Labs, Inc. v. Chou*, No. CV 21-3056 DSF (PDX), 2023 WL 3886046, at *14 (C.D. Cal. June 8, 2023).
- b. The Ninth Circuit rejected one prevailing plaintiff’s bid to recover statutory damages and prejudgment interest on them:

Allowing prejudgment interest on statutory damages may inflate them to amounts disproportionate to what Congress thought fit to remedy those harms. Given the lack of textual authority and the potential to upset the balance Congress struck in setting the statutory amounts, we hold that prejudgment interest is not allowed under § [Section 35(c)].

Y.Y.G.M. SA v. Redbubble, Inc., 75 F.4th 995, 1008 (9th Cir. 2023).

3. Accountings of Profits

- a. The Fourth Circuit affirmed an accounting of an infringing defendant’s profits through an application of a six-factor test, which included: “(1) whether the defendant had the intent to confuse or deceive, (2) whether sales have been diverted, (3) the adequacy of other remedies, (4) any unreasonable delay by the plaintiff in asserting his rights, (5) the public interest in making the misconduct

unprofitable, and (6) whether it is a case of palming off.” *Dewberry Engineers Inc. v. Dewberry Grp.*, 77 F.4th 265, 289 (4th Cir. 2023) (quoting *Synergistic Int’l, LLC v. Korman*, 470 F.3d 162, 175 (4th Cir. 2006)), *petition for cert. filed*, No. 23-900 (U.S. Feb. 21, 2024). In addition to those factors, it also considered the damage allegedly caused by the defendant’s infringement, *id.* at 290, something that might ordinarily come into play in a calculation of the plaintiff’s actual damages. The result was the disgorgement of \$42,975,725.60, a figure that reflected a 20% reduction in what the district court found were the defendant’s actual profits.

- b. Although the Eighth Circuit has in the past suggested that a showing of actual damages is not a prerequisite for an accounting, *see Bishop v. Equinox Int’l Corp.*, 154 F.3d 1220, 1223 (10th Cir. 1998), it clarified its earlier case law in an appeal from a district court’s denial of that remedy. *See Vitamins Online, Inc. v. Heartwise, Inc.*, 71 F.4th 1222 (10th Cir. 2023). Rather than the existence or absence of actual damages serving a gatekeeping function, “actual damages remain ‘an important factor in determining whether an award of profits is appropriate.’” *Id.* at 1226 (quoting *Bishop*, 154 F.3d at 1223). Nevertheless, “courts must also consider equitable factors when determining whether an award of profits is appropriate, like a defendant’s willfulness or bad faith.” *Id.* This meant the district court was permitted to consider the prevailing plaintiff’s actual injury when determining the propriety of an accounting in the first instance, as well as the amount of the defendant’s profits properly disgorged. In the final analysis, therefore, “although the district court retained discretion to award profits even if [the plaintiff] could not show actual damages for the relevant time period, it also retained discretion to deny profits for this period if the equitable balancing did not support an award of profits.” *Id.* at 1244.
- c. Section 35(a) of the Act provides that “[i]n assessing profits the plaintiff shall be required to prove [the] defendant’s sales only; [the] defendant must prove all elements of cost or deduction claimed. 15 U.S.C. § 1117(a) (2018). Disputes over the burden-shifting effect of this language typically focus on the apportionment of a defendant’s revenues into those from infringing sources and noninfringing sources, *see, e.g., WMS Gaming Inc. v. WPC Prods. Ltd.*, 542 F.3d 601 (7th Cir. 2008), but a Tenth Circuit opinion addressed the question of whether Section 35(a) imposes temporal limitations on the accounting inquiry. *See Vitamins Online, Inc. v. Heartwise, Inc.*, 71 F.4th 1222 (10th Cir. 2023). It did so in an appeal from a district court’s decision to restrict an accounting to a two-year period. In affirming, the court rejected the plaintiff’s apparent argument that the defendant necessarily had the burden to

prove its false advertising was limited to that period. It explained that “[Section 35(a)] . . . requires a plaintiff to ‘show some connection between the identified ‘sales’ and the alleged infringement.’” *Id.* at 1244 (quoting *Max Rack, Inc. v. Core Health & Fitness, LLC*, 40 F.4th 454, 472 (6th Cir. 2022), *reh’g denied*, No. 20-3598, 2022 WL 3237492 (6th Cir. Aug. 10, 2022)). In particular, “[the statute] does not presumptively entitle [the plaintiff] to *all* [the defendant’s] sales proceeds no matter how temporally disconnected from the false advertising injury.” *Id.*

- d. A New York federal district court concluded that a second accounting of profits was appropriate in a case in which the defendant continued his infringing conduct after the beginning of a jury trial—only with a new disclaimer of affiliation between him the plaintiffs. *See Hermès Intl v. Rothschild*, 678 F. Supp. 3d 475 (S.D.N.Y. 2023), *appeal docketed*, No. 23-1081 (2d Cir. July 24, 2023). Following a verdict in the plaintiffs’ favor, the court held that disgorgement of the defendant’s profits on a post-trial (as well as a pretrial) basis was appropriate despite the defendant’s argument that his latter-day disclaimer precluded a finding that his continued misconduct was willful. As it noted, the jury had found the defendant’s misappropriation of the plaintiffs’ marks, and not just his promotional strategies, explicitly misleading; moreover, it had rejected his disclaimer defense on the merits. With the factors of unavailability of other remedies and the degree of certainty that the defendant had benefitted from misconduct also favoring disgorgement of the defendant’s post-trial profits, the court held the plaintiffs entitled to that remedy. *Id.* at 495–96.

4. Attorneys’ Fees

- a. Having been hit with a successful fee petition arising from their intentional copying of an entire line of a competitor’s furniture, a trio of defendants made things worse for themselves by appealing to that award to the Ninth Circuit. *See Jason Scott Collection, Inc. v. Trendily Furniture, LLC*, 68 F.4th 1203 (9th Cir. 2023), *cert. denied*, 144 S. Ct. 550 (2024). Applying the now-familiar *Octane Fitness* test for identifying exceptional cases within the meaning of Section 35(a), *See Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 (2014), the court led off its analysis with the observation that:

A court determines if a case is exceptional by considering the “totality of the circumstances” and evaluating whether the case is “one that stands out from others with respect to the substantive strength of the party’s litigating position (considering both

the governing law and facts of the case) or the unreasonable manner in which the case was litigated” based on a preponderance of the evidence.

Jason Scott Collection, 68 F.4th at 1223 (quoting *SunEarth, Inc. v. Sun Earth Solar Power Co.*, 839 F.3d 1179, 1180 (9th Cir. 2016) (en banc) (per curiam)). The court then surveyed the misconduct by the defendants that had led the district court to find the dispute an exceptional case, which included: (1) the defendants’ intentional copying of the plaintiff’s designs; (2) their failure to comply with the plaintiff’s cease-and-desist letters; (3) their resistance to a preliminary injunction entered by the district court; and (4) their reports to the plaintiff’s retailers that they had copied the plaintiff’s designs and intended to continue doing so. *Id.* at 1223. Not only did those actions warrant an affirmance of the district court’s fee award, but “[g]enerally, a party that is entitled to an award of attorneys’ fees in the district court is also entitled to an award of attorneys’ fees on appeal.” *Id.* at 1224 (quoting *Voice v. Stormans Inc.*, 757 F.3d 1015, 1016 (9th Cir. 2014)).

- b. In a false advertising action, the Tenth Circuit also affirmed a fee award to a prevailing plaintiff based on a combination of the defendant’s misconduct producing the litigation and its obstructionism during the proceedings before the district court. *See Vitamins Online, Inc. v. Heartwise, Inc.*, 71 F.4th 1222 (10th Cir. 2023). With respect to the former circumstance, the trial record contained evidence and testimony of the defendant’s knowledge that numerous representations on the labels of its weight-loss supplements were false. *Id.* at 1246. And, with respect to the latter, the defendant had both failed to preserve relevant evidence (which led the district court to deliver an adverse-inference jury instruction, *id.* at 1245, and otherwise abused the discovery process. *Id.* (“[T]he district court cited numerous examples of discovery abuse, including [the defendant’s] failure to preserve evidence, [the defendant’s] failure to produce key emails and documents, third-party productions of detrimental emails and documents that [the defendant] failed to produce, and representations to the court by [the defendant] that an electronic source would not contain relevant information when in fact it did.”). The district court therefore had not abused its discretion by ordering reimbursement of the plaintiff’s fees.

VII. CONSTITUTIONAL ISSUES

A. The First Amendment

1. The test for liability first set forth in *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), has played an increasingly significant role in trademark-based challenges to the titles and content of creative or expressive works since its articulation. Although applications of that test vary from court to court, the test generally requires plaintiffs to demonstrate that challenged imitations of the plaintiff’s mark either have no artistic relevance to the underlying creative work or, if they do have any artistic relevance, they are explicitly misleading. *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. Whatever the precise formulation of *Rogers*, however, the Supreme Court sharply limited its application in *Jack Daniel’s Props., Inc. v. VIP Prods. LLC*, 599 U.S. 140 (2023).
 - i. The victim of that holding was the Ninth Circuit’s rule that *Rogers* protects not only the titles and contents of creative works but the trademarks and service marks under which they are sold. See, e.g., *Punchbowl, Inc. v. AJ Press, LLC*, 52 F.4th 1091, 1099 (9th Cir. 2022) (“[A]ttempting to distinguish between a brand and the body and titles of individual articles fails to appreciate the expressive connection between the publication’s title and brand and the reporting that appears under that heading. . . . Just because a mark is used as a brand . . . does not mean the use of the name is beyond *Rogers*’s coverage.”), *opinion withdrawn*, 78 F.4th 1158 (9th Cir. 2023), *later opinion*, 90 F.4th 1022 (9th Cir. 2024).
 - ii. In the litigation leading to the abrogation of the Ninth Circuit rule, the Ninth Circuit vacated a finding of infringement in a declaratory judgment action in which the producer of JACK DANIEL’S-branded whiskey asserted counterclaims challenging the imitation of its mark and trade dress by the manufacturer of novelty pet products, including dog

chews. For comparison, the parties' products are shown here:



- iii. Critical to the outcome of the case, the district court found on summary judgment that “the First Amendment affords no protection to [the counterclaim defendant] because it is trademark law that regulates misleading commercial speech where another’s trademark is used for source identification in a way likely to cause consumer confusion.” *VIP Prods., LLC v. Jack Daniel’s Prods., Inc.*, No. CV-14-2057-PHX-SMM, 2016 WL 5408313, at *5 (D. Ariz. Sept. 27, 2016) (“*VIP I*”), later proceedings, 291 F. Supp. 3d 891 (D. Ariz. 2018) (“*VIP II*”), reversed in part and vacated in part, 953 F.3d 1170 (9th Cir. 2020) (*VIP Prods. III*), cert. denied, 141 S. Ct. 1054 (2021), on remand, No. CV-14-02057-PHX-SMM, 2021 WL 5710730 (D. Ariz. Oct. 8, 2021) (“*VIP Prods. IV*”), aff’d, No. 21-16969, 2022 WL 1654040 (9th Cir. Mar. 18, 2022) (“*VIP Prods. V*”), vacated, 599 U.S. 140 (2023) (“*Jack Daniel’s*”). In other words, the district court found it undisputed that the counterclaim defendant was using its imitations of the plaintiff’s marks and trade dress as its own marks and trade dress. Having reached that conclusion, the district court eschewed the *Rogers* framework in favor of a straightforward multifaceted likelihood-of-confusion analysis that produced a finding of infringement following a bench trial. See *VIP Prods. II*, 291 F. Supp. 3d at 911.
- iv. 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 protec-

tion of *Rogers*. See *VIP Prods. III*, 953 F.3d 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.

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

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.

Petition for Writ of Certiorari at (I), *Jack Daniel’s Prods., Inc. v. VIP Prods. LLC*, 599 U.S. 140 (2023) (No. 22-148), 2020 WL 5632652, at *(I).

- vi. In answering that question, the Court vacated the Ninth Circuit opinion by holding that the trademark nature of the counterclaim defendant’s uses disqualified those uses from the protection of *Rogers*:

Without deciding whether *Rogers* has merit in other contexts, we hold that it does not when an alleged infringer uses a trademark in the way the Lanham Act most cares about: as a designation of source for the infringer’s own goods. [The counterclaim defendant] used the marks derived from [the counterclaim plaintiff] in that way, so the infringement claim here rises or falls on likelihood of confusion. But that inquiry is not blind to the expressive aspect of the [the counterclaim defendant’s] toy that the Ninth Circuit highlighted. Beyond source designation, [the counterclaim defendant] uses the marks at issue in an effort to “parody” or “make fun” of [the counterclaim plaintiff]. And that kind of message matters in assessing confusion because consumers

are not so likely to think that the maker of a mocked product is itself doing the mocking.

Jack Daniel's, 599 U.S. at 153. The court further explained that:

[T]he *Rogers* test has applied only to cases involving “non-trademark uses”—or otherwise said, cases in which “the defendant has used the mark” at issue in a “non-source-identifying way.” The test has not insulated from ordinary trademark scrutiny the use of trademarks as trademarks, “to identify or brand [a defendant’s] goods or services.”

Id. at 155-56 (second alteration in original) (first quoting Stacy Dogan & Mark Lemley, *Grounding Trademark Law Through Trademark Use*, 92 IOWA L. REV. 1669, 1684 (2007); and then quoting *id.* at 1683). Thus, “the First Amendment does not demand a threshold inquiry like the *Rogers* test. When a mark is used as a mark (except, potentially, in rare situations), the likelihood-of-confusion inquiry does enough work to account for the interest in free expression.” *Id.* at 159.

- vii. Nevertheless, the Court took pains to emphasize that the unavailability of *Rogers* in cases arising from defendants’ uses of marks *as* marks does not mean that findings of liability should be automatic; rather, “a trademark’s expressive message—particularly a parodic one, as [the counterclaim defendant] asserts—may properly figure in assessing the likelihood of confusion.” *Jack Daniel's*, 599 U.S. at 161. “Yet,” it continued, “to succeed, the parody must also create contrasts, so that its message of ridicule or pointed humor comes clear. And once that is done (if that is done), a parody is not often likely to create confusion. Self-deprecation is one thing; self-mockery far less ordinary.” *Id.* It therefore concluded that “although [the counterclaim defendant’s] effort to ridicule [the counterclaim plaintiff] does not justify use of the *Rogers* test, it may make a difference in the standard trademark analysis. Consistent with our ordinary practice, we remand that issue to the courts below.” *Id.*
- viii. Although the Supreme Court also reversed the Ninth Circuit’s dismissal of Jack Daniel’s claim for likely dilution by tarnishment, it did so purely as a matter of statutory inter-

pretation; in other words, no First Amendment considerations came into play. *Id.* at 161–62. On remand, however, [the counterclaim defendant] successfully invoked Rule 5.1 of the Federal Rules of Civil Procedure, FED. R. CIV. P. 5.1, which requires district courts to certify to the Attorney General of the United States any constitutional challenges to federal statutes and allow the United States to intervene if it so chooses. On April 14, 2024, the district court therefore certified to the Attorney General the following question:

Does the Lanham Act provision authorizing injunctive relief in cases of trademark dilution by tarnishment, 15 U.S.C. § 1125(c)(2)(C), violate the First Amendment to the United States Constitution because its reliance on whether the trademark use “harms the reputation of the famous mark” constitutes impermissible viewpoint discrimination?

VIP Prods. LLC v. Jack Daniel’s Prods. Inc., No. CV-14-02057-PHX-SMM, slip op. at 4 (D. Ariz. Apr. 10, 2014). In doing so, the court acknowledged Jack Daniel’s argument that the counterclaim defendant had waived its constitutional argument by failing to raise it earlier in the litigation, noting that it was making “no finding at this time as to whether VIP has waived its constitutional challenge. While [Jack Daniel’s] waiver argument could ultimately be determinative as to whether this Court reaches [the counterclaim defendant’s] constitutional challenge, this is not the appropriate juncture for the Court to consider it.” *Id.* at 3. Whether the parties’ dispute is an appropriate vehicle for an application of the content discrimination vs. viewpoint discrimination framework to claims of likely dilution by tarnishment therefore remains to be seen, as does the outcome of such an application.

- b. With *Jack Daniel’s* having abrogated its past case law with respect to the scope of *Rogers*, the Ninth Circuit grudgingly acknowledged the Supreme Court’s action in *Punchbowl, Inc. v. AJ Press, LLC*, 90 F.4th 1022 (9th Cir. 2024), a case in which it previously had held *Rogers* applicable to trademark uses. The plaintiff’s mark in that litigation was PUNCHBOWL for online invitations and greeting cards, while the defendant used PUNCHBOWL NEWS for an online news publication:



Although the defendant gamely argued that in cases in which the defendant’s trademark use was not intended as a parody of the plaintiff’s mark, the court rejected that contention. *See id.* at 1031 (“It is clear from the foregoing discussion that Jack Daniel’s altered the law that governed us when we decided [the case earlier]. To the point that our precedents previously held that *Rogers* applies when an expressive mark is used as a mark—and that the only threshold for applying *Rogers* was an attempt to apply the Lanham Act to something expressive—the Supreme Court has now made clear that this is incorrect. In that specific respect, our prior precedents are no longer good law.”). Nevertheless, in remanding the action to the district court, it strongly suggested that the expressive nature of the defendant’s publication should weigh against a finding of liability:

[T]he expressive nature of [the defendant’s] use of the Punchbowl Mark and the fact that “punchbowl” is a common word will certainly be relevant in the likelihood-of-confusion analysis. . . . When companies operating in different spaces use the same common words as trademarks with different expressive connotations, it reduces the likelihood of confusion.

Id. at 1032 (citations omitted).

- c. Seven months after its issuance, *Jack Daniel’s* led the Second Circuit to affirm the entry of preliminary injunctive relief in a case in which the plaintiffs filed suit to protect the marks and trade dress of their OLD SKOOL-branded shoes against self-styled “exceedingly wavy” parodies marketed by the defendant. *See Vans, Inc. v. MSCHF Prod. Studio, Inc.*, 88 F.4th 125, 131–32 (per curiam). According to the defendant, its shoes and packaging constituted an “exceedingly wavy” parody of the plaintiff’s marks and trade dress. *Id.* at 128.
 - i. The defendant’s claim of parody did not impress the district court, which held the *Rogers* test inapplicable and found confusion likely under an application of the multifactor test for infringement. On appeal, the Second Circuit held that the district court had not abused its discretion in granting the plaintiff’s preliminary injunction motion. To begin with, although the defendant included its own branding on

the label and heel of its sneakers, it did so in a way and in a location evoking that of the plaintiffs. Moreover, unlike the counterclaim defendant in *Jack Daniel's*, the defendant did not include a disclaimer of affiliation on its products. So too did the defendant admit to “start[ing]” with the plaintiffs’ marks when designing its putative commentary on contemporary consumer culture, which the court viewed as evidence that the defendant sought to benefit from the plaintiff’s goodwill. *Id.* at 130. All in all, the record demonstrated that “[the defendant] used [the plaintiffs’] trademarks—particularly [their] red and white logo—to brand its own products, which constitutes ‘quintessential “trade-mark use”’ subject to the Lanham Act.” *Id.* at 138–39 (quoting *Jack Daniel's*, 599 U.S. at 155). Consequently, “[n]otwithstanding [its shoes’ and packaging’s] expressive content, [the defendant] used [the plaintiffs’] trademarks in a source-identifying manner.” *Id.* at 139.

ii. Having thus disposed of the defendant’s invocation of *Rogers*, the court then affirmed the district court’s finding of likely confusion without reference to the First Amendment. *Id.* at 139–42. As it explained, “if a parodic use of protected marks and trade dress leaves confusion as to the source of a product, the parody has not ‘succeeded’ for purposes of the Lanham Act, and the infringement is unlawful.” *Id.* at 142.

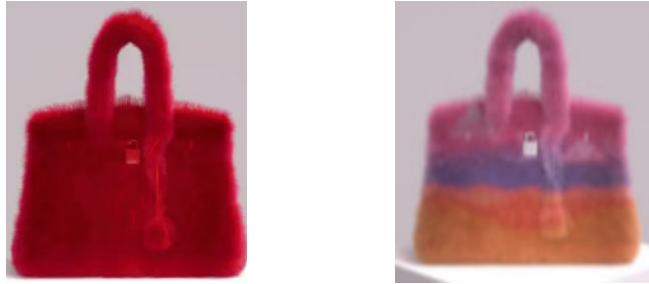
d. A rare victory for a plaintiff under a *Rogers*-based analysis following a jury trial came in a case arising in the context of non-fungible tokens. See *Hermès Int’l v. Rothschild*, 678 F. Supp. 3d 475 (S.D.N.Y. 2023), *appeal docketed*, No. 23-1081 (2d Cir. July 24, 2023).

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 META-BIRKINS mark, but he did not actually use that term when selling his NFTs; instead, he assigned each a number. Following the denial of *Rogers*-based defense motions to dismiss and for summary judgment and before the Supreme Court's decision in *Jack Daniel's*, a jury found infringement.

- ii. The defendant attacked the jury's verdict in a post-trial motion seeking either judgment as a matter of law in his favor or a new trial. One basis of that motion was that the jury instructions suggested that the defendant bore the burden under *Rogers* to demonstrate its entitlement to the First Amendment's protection; that claim fell short in light of an instruction to the contrary included at the insistence of defense counsel. *Id.* at 482–83. Moreover, the court held, because it had instructed the jury that the explicitly misleading prong of *Rogers* required a demonstration of an intent to confuse by the defendant, the disputed instruction arguably favored the defendant. *Id.* at 484–85. “It remains only to add,” the court concluded, “that if the jury found — as they did here — that [the defendant] did use [the [plaintiff's] marks with an intent to deceive, any claim he might have to First Amendment protection was waived. For nothing could be better established than that the First Amendment does not eliminate liability for intentional fraud.” *Id.* at 485.
- iii. The court also rejected the defendant's attack on the sufficiency of the plaintiff's evidence that the defendant's conduct was explicitly misleading. It did so in part by citing the similarities between the parties' respective goods, “the distinctive place in American cultural life” occupied by the plaintiff's goods, the likelihood of the plaintiff entering the NFT space, and evidence of actual confusion proffered by the plaintiff. *Id.* That evidence comprised the results of a

survey conducted by an expert retained by the plaintiff and a showing that “several fashion magazines” had mistaken the defendant’s NFTs as originating with the plaintiff. *Id.* (Although the court did not address the plaintiff’s survey evidence at length, an earlier opinion denying the parties’ cross-motions for summary judgment credited the survey results for establishing a 18.7% net confusion rate among respondents. *See Hermès Int’l v. Rothschild*, 654 F. Supp. 3d 268, 282 (S.D.N.Y. 2023)).

- e. Although *Punchbowl* and *Vans* yielded victories for plaintiffs—at least in the short term where *Punchbowl* is concerned—the Central District of California has served up a reminder that such an outcome is not inevitable, even when *Rogers* does not apply. In *Davis v. Amazon.com, Inc.*, No. 221CV02090JVSJDEX, 2023 WL 8113299 (C.D. Cal. Nov. 2, 2023), *appeal docketed*, No. 23-3968 (9th Cir. Dec. 6, 2023), the plaintiffs challenged the use of *Gringo* as the title of a film featuring “a fictionalized account of an American who . . . is on the run after being set-up by his ‘friends’ for distributing marijuana.” *Id.* at *2. Based on the lead plaintiff’s prior use of *Gringo: My Life on the Edge as an International Fugitive* as the title of a book with an allegedly similar plot, the plaintiffs claimed likely confusion between the two titles and successfully convinced the court that the defendants’ use was in the nature of a source identifier. *Id.* at *5–6. Despite the plaintiffs’ threshold victory on that issue, their complaint ultimately fell short on a motion to dismiss for failure to state a claim because it did not adequately allege likely confusion under the standard multifactor test. In particular, its averments established that the common word “gringo” was not a conceptually strong mark, that the parties’ titles were dissimilar when compared in their entirety, that the marketing channels were distinguishable, and that consumers of the two works exercised at least some degree of care. The plaintiffs may have adequately alleged their title’s commercial strength, as well as the defendants’ bad faith and the competitive proximity of the parties’ goods and services, but those considerations did not defeat the motion to dismiss. *Id.* at *10.
- f. Despite that outcome, however, a different post-*Jack Daniel’s* application of *Rogers* in the context of a motion to dismiss produced a more typical result. *See JTH Tax LLC v. AMC Networks Inc.*, No. 22 CIV. 6526 (PGG), 2023 WL 6215299 (S.D.N.Y. Sept. 25, 2023). That application arose in an action brought by the owner of the LIBERTY TAX SERVICE mark for tax services, including the variation on that mark shown below on the left, against the producers of the *Better Call Saul* television series based on the appear-

ance in the series of a fictional business operating under the SWEET LIBERTY TAX SERVICES mark:



Id. at *2. Employing the Second Circuit’s version of the *Rogers* test, which requires a “particularly compelling” showing of likely confusion for a defendant’s use to qualify as explicitly misleading, *id.* at *5 (quoting *Twin Peaks Prods., Inc. v. Publications Int’l, Ltd.*, 996 F.2d 1366, 1379 (2d Cir. 1993)), the court found that the plaintiff had failed to aver facts that might satisfy that showing. *Id.* at *11–15. It therefore dismissed the complaint for failure to state a claim.

- g. Consistent with that outcome, a California federal district court granted a motion to dismiss for failure to state a claim in *Hara v. Netflix, Inc.* No. 2:23-CV-03456-RGK-AS, 2023 WL 6812769 (C.D. Cal. Aug. 23, 2023). The plaintiff in that case, a well-known Hollywood drag queen, challenged the defendants’ alleged animated depiction of her “in a show featuring LGBTQ+ characters that takes place in West Hollywood,” as well as in an advertisement for that show. *Id.* at *3. In granting the defendants’ *Rogers*-based motion to dismiss, the court first found that the defendants’ use of the plaintiff’s appearance was artistically relevant to the show, forcing the plaintiff to rely upon *Rogers*’s second prong. *Id.* Then, with respect to that prong, the court held that “[t]he mere appearance of a name or likeness in an expressive work is not sufficient to render it misleading. Instead, to be liable for misappropriation under the Lanham Act, a defendant must make ‘an explicit indication, overt claim, or explicit misstatement’ to mislead.” *Id.* at *4 (citation omitted) (quoting *Brown v. Elec. Arts, Inc.*, 724 F.3d 1235, 1245 (9th Cir. 2013)). The court did, however, grant the plaintiff leave to replead her federal false endorsement cause of action under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), to address the deficiencies of its complaint under *Rogers*’s second prong. 2023 WL 6812769, at *4.

2. The *Rogers* framework was not the only First Amendment-related issue to attract Supreme Court attention. In *Matal v. Tam*, 582 U.S. 218 (2017), and *Iancu v. Brunetti*, 139 S. Ct. 2294 (2019), the Court invalidated the then-extant prohibitions on the registration of potentially disparaging marks (in *Tam*) and immoral or scandalous marks (in *Brunetti*) in Section

2(a) of the Act, 15 U.S.C. § 1052(a) (2018), as viewpoint-discriminatory prohibitions on free speech. Those decisions cast a long shadow in a successful challenge to Section 2(c) of the Act, which mandates the refusal of any application to register a mark that “[c]onsists of or comprises a name . . . identifying a particular living individual” without the individual’s written consent. *Id.* § 1052(c). The successful challenger had applied to register TRUMP TOO SMALL as a mark for various types of shirts; as the Federal Circuit explained, “the phrase he sought to trademark [sic] invokes a memorable exchange between President Trump and Senator Marco Rubio from a 2016 presidential primary debate, and aims to ‘convey[] that some features of President Trump and his policies are diminutive.’” *See In re Elster*, 26 F.4th 132 (Fed. Cir. 2022), *cert. granted sub nom. Vidal v. Elster*, 143 S. Ct. 2579 (2023). Unlike the applicants in *Tam* and *Brunetti*, however, he did not assert that Section 2(c) had a viewpoint-discriminatory effect but still argued it impermissibly discriminated on the basis of content.

- a. In defending Section 2(c) against the applicant’s First Amendment-based appeal of the USPTO’s refusal of his application, the USPTO unconvincingly grasped at straws found in opinions other than that of the Court itself in *Tam* and *Brunetti*, beginning with the theory that federal registration constitutes a legitimate subsidy under Congress’s plenary power under the Constitution’s Taxing and Spending Clause. U.S. CONST. art. 3, § 1. The court found that theory wanting, holding instead that:

[E]ven if a trademark [registration] were a government subsidy, this is not a situation in which First Amendment requirements are inapplicable. [The applicant’s] mark is speech by a private party in a context in which controversial speech is part-and-parcel of the traditional trademark function, as the Supreme Court decisions in *Tam* and *Brunetti* attest. Under such circumstances, the effect of the restrictions imposed with the subsidy must be tested by the First Amendment.

Elster, 26 F.4th at 1332.

- b. The court next disposed of the USPTO’s argument that Section 2(c)’s prohibition against registration was comparable to speech restrictions in a limited public forum. As it saw things, “this is not a case in which the government has restricted speech on its own property to certain groups or subjects, a fact distinguishing it from nearly all of the Supreme Court’s limited public forum cases.” *Id.* at 1333. In particular, “[w]hile a limited public forum need not be a physical place—it can be ‘metaphysical’—. . . when the Supreme

Court has analyzed speech restrictions in metaphysical forums, such restrictions were always ‘tethered to government properties’ where the effects were later felt.” *Id.* But, the court held, “[n]o similar situation exists for the trademark registration program because ‘refusals chill speech anywhere from the Internet to the grocery store.’” *Id.* (quoting *In re Brunetti*, 877 F.3d 1330, 1348 (Fed. Cir. 2017), *aff’d sub nom. Iancu v. Brunetti*, 139 S. Ct. 2294 (2019)). This meant that “[t]he speech here is entitled to First Amendment protection beyond protection against viewpoint discrimination” such as that at issue in *Tam* and *Brunetti*. *Id.*

- c. Having thus agreed with the applicant that Section 2(c) was at least content discriminatory, the court held that “[w]hatever the standard for First Amendment review of viewpoint-neutral, content-based restrictions in the trademark area, whether strict scrutiny or intermediate scrutiny, there must be at least a substantial government interest in the restriction.” *Id.* at 1333. According to the USPTO, there were two such substantial interests, which were the protection of the former president’s state-law rights of privacy and publicity. Addressing the former right, the court held there could be no “no plausible claim” that the former president enjoyed a right of privacy “protecting him from criticism in the absence of actual malice—the publication of false information ‘with knowledge of its falsity or in reckless disregard of the truth.’” *Id.* at 1335 (quoting *Time, Inc. v. Hill*, 385 U.S. 374, 388 (1967)). With the USPTO unable to identify supporting judicial authority (or even scholarship) recognizing such an interest, and in the absence of claim of actual malice on the applicant’s part, Section 2(c)’s prohibition on registration could not rest on a right-of-privacy foundation. The USPTO’s asserted interest in protecting the former president’s right of publicity required a “more complex” analysis, but it also fell short of the mark: Although the government might have the ability under *San Francisco Arts & Athletics, Inc. v. United States Olympic Committee*, 483 U.S. 522 (1987), to regulate conduct potentially lessening the distinctiveness and value of another’s mark, even in the absence of likely confusion, “[n]o similar claim is made here that President Trump’s name is being misappropriated in a manner that exploits his commercial interests or dilutes the commercial value of his name, an existing trademark, or some other form of intellectual property.” *Elster*, 26 F.4th at 1336. Moreover, and in any case, “[t]he right of publicity does not support a government restriction on the use of a mark because the mark is critical of a public official without his or her consent.” *Id.* at 1337. Section 2(c) therefore was unconstitutional on at least an as-applied basis “under any conceivable standard of review.” *Id.* at 1339.

- d. Agreeing to review the Federal Circuit’s invalidation of Section 2(c), the Supreme Court granted the government’s petition for a writ of certiorari, which presented the following question: “Whether the refusal to register a mark under [15 U.S.C.] Section 1052(c) violates the Free Speech Clause of the First Amendment when the mark contains criticism of a government official or public figure.” Petition for Writ of Certiorari at (I), *Vidal v. Elster*, No. 22-704 (U.S. Jan. 23, 2023).
- e. If, as *Tam*, *Brunetti*, and *Elster* (at least so far) hold, applications of the content discrimination vs. viewpoint discrimination framework can invalidate prohibitions on registration, a Federal Circuit opinion placed limits on that practice where the extrastatutory failure-to-function ground for refusal is concerned. See *In re GO & Associates*, 90 F.4th 1354 (Fed. Cir. 2024).
 - i. That opinion in arose from an unsuccessful application to register EVERYBODY VS RACISM for tote bags, various articles of clothing, and “[p]romoting public awareness of the need for racial reconciliation and encouraging people to know their neighbor and then affect change in their own sphere of influence.” *Id.* at 1335. Citing “dozens of examples of the mark being used in informational (rather than source-identifying) ways,” including uses “by referees in the National Basketball Association; in titles of rap songs, podcasts, church sermons, and YouTube videos; and on various articles of clothing,” the USPTO examining attorney assigned to the application refused registration after concluding that the applied-for mark failed to function as a source identifier for the applicant’s goods and services because it comprised informational matter. The Trademark Trial and Appeal Board affirmed after determining that the record “show[ed] wide use of the proposed mark in a non-trademark manner to consistently convey an informational, anti-racist message to the public.” *In re Go & Assocs.*, No. 88944728, 2022 WL 1421542, at *7 (T.T.A.B. Apr. 20, 2022), *aff’d*, 90 F.4th 1354 (Fed. Cir. 2024).
 - ii. Although certain of the Board’s precedential opinions over the past year have overturned failure-to-function refusals to register claimed marks, the applicant apparently did not invoke those as its primary line of attack. It instead asserted that “[p]er se refusals based on the Informational Matter Doctrine are unconstitutional” because they “involve[] content-based discrimination that is not justified by either a compelling or substantial government interest.” 90 F.4th at

1357–58 (alterations in original). The Federal Circuit was unmoved:

[The applicant’s] constitutional argument is based on a faulty premise: that the [USPTO’s] application of the so-called “Informational Matter Doctrine” results in the *per se* refusal of any mark that contains informational matter, regardless whether or not consumers perceive the mark as source-identifying. That is not true. Indeed, one can immediately envision many marks . . . that contain informational matter (e.g., widely used slogans), but nevertheless function as source identifiers.

Id. at 1358. Noting that “[t]he fundamental purpose of a trademark or service mark is to identify and distinguish the source of a particular good or service,” *Id.* (internal quotation marks omitted), the court further observed that the registration of a mark used by the public in such a way preventing its attribution to a single source would undermine trademark law in its entirety. Of equal importance, it would render the public “no longer free to express common sentiments without the threat of paying a licensing fee to someone who sees an opportunity to co-opt a political message.” *Id.* “Contrary to [the applicant’s] position,” the court concluded, “nothing in the Lanham Act or the PTO’s so-called ‘Informational Matter Doctrine’ prohibits registration of a mark containing informational matter, so long as the mark also functions to identify a single commercial source.” *Id.* Because the factual record demonstrated that the applied-for mark failed to perform that function, the applicant’s constitutional challenge failed.

3. A final notable opinion to address First Amendment-related issues in the context of a trademark dispute arose from the licensing policies of the United States Department of Defense. *See Shields of Strength v. U.S. Dep’t of Def.*, 672 F. Supp. 3d 256 (E.D. Tex. 2023). The plaintiff made and sold goods that feature Christian symbols, quote Bible verses, or draw on the Bible as inspiration for encouraging words and phrases, including the following dog tags:



Id. at 266. Denied licenses to use marks belonging to the United States Navy, the plaintiff filed suit on the theory that the denial of the licenses violated its First Amendment rights; it also sought a preliminary injunction requiring the Department of Defense to grant the licenses. Not surprisingly, the DoD moved to dismiss on the theory that its licensing policies constituted government speech, but the court denied that motion after crediting the plaintiff’s allegations that “the DoD has not used the particular medium at issue, licensing trademarks to speak to the public.” *Id.* at 277. The court noted, however, that the plaintiff would ultimately “face[] a higher bar in proving that the military has surrendered any institutional voice in trademark licensing.” *Id.* at 275.

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 controlling Ninth Circuit authority, a California federal district court held that “a claim for disgorgement of profits under . . . is equitable, not legal and, thus, does not invoke the right to a jury trial.” *Yuga Labs, Inc. v. Ripps*, No. CV 22-4355-JFW(JEMX), 2023 WL 7089922, at *10 (C.D. Cal. Oct. 25, 2023).
2. An Illinois federal district court reached the same conclusion. *See Curry v. Revolution Lab’ys, LLC*, No. 17 C 2283, 2023 WL 5509337, at *8 (N.D. Ill. Aug. 25, 2023), *appeal docketed*, No. 23-2850 (7th Cir. Sept. 22, 2023). Thus, having previously referred the issues of the plaintiff’s entitlement to an accounting and the quantum of that remedy to a jury, it ultimately treated the resulting verdicts as advisory. *Id.*
3. In contrast, a Pennsylvania federal district court confirmed that claims for awards of actual damages did create a right to a jury trial under the Seventh Amendment. *See AFAB Indus. Serv., Inc. v. Pac-W. Distrib. NV LLC*, No. CV 19-0566, 2023 WL 6989885, at *3 (E.D. Pa. Oct. 23, 2023) (“The

Seventh Amendment jury right attaches to claims for actual damages in trademark infringement cases.”).

VIII. PROCEDURAL ISSUES

A. Extraterritoriality

1. In *Abitron Austria GmbH v. Hetronic Int’l, Inc.*, 600 U.S. 412 (2023), the Supreme Court adopted a restrictive rule governing extraterritorial applications of the federal Lanham Act. In doing so, the Court rejected the prevailing view among the federal circuit courts of appeals that the Act’s text rebuts the general presumption against extraterritorial applications of federal law. Instead, it applied a two-step test consistent with the one it has applied in other contexts to hold that: (1) Congress did not affirmatively and unmistakably provide that the Act applies to foreign conduct; and (2) the focus of at least some of the alleged infringement in the case may not have been in the United States. On a going-forward basis, therefore, the Lanham Act’s private causes of action will apply only to claims with such a focus, which likely means as a practical matter that a defendant outside the United States accused of infringement under the Act must have used its mark in commerce domestically for a finding of liability to attach to that use.
 - a. *Abitron* arose from litigation in which a prevailing plaintiff successfully secured an accounting of profits arising from the defendants’ sales in Europe of goods bearing infringing marks and trade dress. See *Hetronic Int’l, Inc. v. Hetronic Germany GmbH*, 10 F.4th 1016 (10th Cir. 2021), *vacated and remanded sub nom. Abitron Austria GmbH v. Hetronic Int’l, Inc.*, 600 U.S. 412 (2023). In that decision, the Supreme Court addressed and resolved some business left unfinished after its opinion seventy-one years ago in *Steele v. Bulova Watch Co.*, 344 U.S. 280 (1952). In *Steele*, the Court recognized a general presumption against extraterritorial applications of United States law. See *id.* at 285 (“This Court has often stated that the legislation of Congress will not extend beyond the boundaries of the United States unless a contrary legislative intent appears.”). At the same time, however, it affirmed a holding that a United States citizen and domiciliary who operated a business in Mexico selling watches bearing spurious copies of the plaintiff’s BULOVA mark that made their way into the United States and were presented to the plaintiff’s agents for repairs could be found liable for infringement. According to the Court in that case:

In the light of the broad jurisdictional grant in the Lanham Act, we deem its scope to encompass petitioner’s activities here. His operations and their ef-

facts 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 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 gravitated toward *Vanity Fair* as well, although the former 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 required 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 adopted its own tripartite test, which allowed liability for extraterritorial activities if: (1) those activities had “some” effect on “American foreign commerce”; (2) that effect was sufficiently cognizable to injure the plaintiff; and (3) “the interests of and links to American foreign commerce were sufficiently strong in relation to those of other nations to justify an assertion of extraterritorial authority.” *Trader Joe’s Co. v. Hallatt*, 835 F.3d 960, 969 (9th Cir. 2016) (alteration in original). Finally, the First Circuit applied the antitrust-based *McBee* test, pursuant to which: (1) the Lanham Act would 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 was not a United States citizen, the Lanham Act applied “only if the complained-of activities have a substantial effect on [U.S.] commerce, viewed in light of the purposes of the Lanham Act.” *Id.*

- c. In a decision ultimately producing Supreme Court review of the issue, the Tenth Circuit picked that of the First Circuit, but with what it described as “one caveat.” *Hetronic*, 10 F.4th at 1036. 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.

- d. The court then applied its new test to hold that the Act indeed reached the conduct of the defendants before it. Those defendants, none of which was a United States citizen or domiciliary, had for nearly a decade manufactured radio remote controls for heavy-duty construction equipment bearing the plaintiff’s marks and trade dress, examples of which appear below:



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. *Id.* at 1023. They then continued to manufacture and sell goods bearing the marks outside the United States, the similarity of which to the plaintiff's goods was apparent:



The defendants continued their sales of the offending goods 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.

- e. 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 ex-

tratorritorially here to reach all of Defendants’ foreign infringing conduct.

Id. at 1045–46. The court therefore affirmed an accounting of profits decided upon by a jury, which included those made on the entirety of the defendants’ sales. It did so despite evidence and testimony in the trial record that ninety-seven percent of those sales were to European customers, with only three percent of sales going directly to the United States.

- f. The Supreme Court then granted the defendants’ petition for a writ of certiorari, which presented a single question. That question was “[w]hether the court of appeals erred in applying the Lanham Act extraterritorially to petitioners’ foreign sales, including purely foreign sales that never reached the United States or confused U.S. consumers.” Petition for Writ of Certiorari at (I), *Abitron Austria GmbH v. Hetronic Int’l, Inc.*, 600 U.S. 412 (2023) (No. 21-1043), 2022 WL 253018, at *(I). In answering that question, the Court first took on the general consensus among the federal courts of appeals that Congress had rebutted the presumption against territoriality when passing the Lanham Act by referring to its post-*Steele* decisions in *Morrison v. National Australia Bank Ltd.*, 561 U.S. 247 (2010), *RJR Nabisco, Inc. v. European Community*, 579 U.S. 325 (2016), *WesternGeco LLC v. ION Geophysical Corp.*, 138 S. Ct. 2129 (2018), and *Nestlé USA, Inc. v. Doe*, 141 S. Ct. 1931 (2021). Those decisions, it held, established a two-step test for the liability of foreign actors under federal law, the first of which was to determine “whether ‘Congress has affirmatively and unmistakably instructed that’ the provision at issue should ‘apply to foreign conduct.’” *Abitron*, 600 U.S. at 417–18 (quoting *RJR Nabisco*, 579 U.S. at 335, 337). The second step was more complex:

If a provision is not extraterritorial, we move to step two, which resolves whether the suit seeks a (permissible) domestic or (impermissible) foreign application of the provision. To make that determination, courts must start by identifying the “focus of congressional concern” underlying the provision at issue. . . .

Step Two does not end with identifying statutory focus [T]o prove that a claim involves a domestic application of a statute, “plaintiffs must establish that the *conduct relevant to the statute’s focus* occurred in the United States.”

Id. at 418 (first quoting *RJR Nabisco*, 579 U.S. at 336; then quoting *Nestlé*, 141 S. Ct. at 1936). “Step two,” it continued, “is de-

signed to apply the presumption against extraterritoriality to claims that involve both domestic and foreign activity, separating the activity that matters from the activity that does not.” *Id.* at 419. “After all,” the Court concluded, “we have long recognized that the presumption would be meaningless if any domestic conduct could defeat it.” *Id.*

- g. In applying step one of the two-part test to the Lanham Act, the Court noted that “[i]t is a ‘rare statute that clearly evidences extraterritorial effect despite lacking an express statement of extraterritoriality.’” *Id.* at 420 (quoting *RJR Nabisco*, 579 U.S. at 337). It then held with respect to the plaintiff’s causes of action under Sections 32(1) and 43(a) of the Lanham Act, 15 U.S.C. §§ 1114, 1125(a) (2018), that:

[N]either provision at issue provides an express statement of extraterritorial application or any other clear indication that it is one of the “rare” provisions that nonetheless applies abroad. Both simply prohibit the use “in commerce,” under congressionally prescribed conditions, of protected trademarks when that use “is likely to cause confusion.”

Abitron, 600 U.S. at 420 (quoting 15 U.S.C. §§ 1115(1)(a), 1125(a)). In so concluding, the Court rejected the argument that the unique definition of “commerce” found in Section 45 of the Act—“‘commerce’ means all commerce which may be lawfully regulated by Congress,” 15 U.S.C. § 1127—necessarily entailed that the defendants’ conduct was actionable because of the effect of that conduct on the plaintiff in the United States. Instead, the Court held, not only had it in the past restricted the extraterritorial effect of statutes expressly referring to “foreign commerce” when defining “commerce,” *Abitron*, 600 U.S. at 421 (first citing *Morrison*, 561 U. S., at 262–263; then citing *RJR Nabisco*, 579 U.S. at 344), but “the mere fact that the Lanham Act contains a . . . definition that departs from the so-called ‘boilerplate’ definitions used in other statutes cannot justify a different conclusion” *Id.*

- h. That left the second part of the inquiry, namely, whether the defendants’ conduct relevant to the Lanham Act’s focus had occurred in the United States. Although the Court remanded the action for a resolution of that question in the first instance, it offered the lower courts some guidance while doing so. As a threshold matter, it held, “the *conduct* relevant to any focus the parties have proffered is infringing use in commerce, as the Act defines it.” *Id.* at 422. Then, referencing the definition of use in commerce set forth in Section 45 of the Act, it further observed that “the ‘term “use in commerce”

means the bona fide use of a mark in the ordinary course of trade,’ where the mark serves to ‘identify and distinguish [the mark user’s] goods . . . and to indicate the source of the goods.’” *Id.* at 428 (quoting 15 U.S.C. § 1127). It therefore is apparent that plaintiffs challenging alleged violations of the Lanham Act by defendants outside the United States should plan to establish that the locus of those violations lies within the United States, instead of merely relying on their alleged domestic effects.

- i. In any case, informed by the Supreme Court’s opinion, the Tenth Circuit held on remand that “the plain focus of § [32(a)(1)] and § [43(a)(1)] is to punish unauthorized commercial uses of U.S.-registered trademarks that harm American businesses and consumers by causing confusion (or a likelihood of confusion) about the true origin of a product.” *Hetronic Int’l, Inc. v. Hetronic Germany GmbH*, No. 20-6057, 2024 WL 1724995, at *6 (10th Cir. Apr. 23, 2024). It then held that:

The relevant conduct under § [32(a)(1)] and § [43(a)(1)] is the use of a trademark “in commerce” “in connection with any goods or services,” specifically “the sale, offering for sale, distribution, or advertising,” in a manner “likely to cause confusion.” Using this yardstick, we assess which of [the defendants’] allegedly infringing activities amounted to an infringing use of [the plaintiff’s] trademarks. Once we determine that [the defendants] [have] committed an infringing use, we then consider where that use occurred—domestically or overseas—before Lanham Act penalties attach.

Id. at *6. Having adopted that framework, the court addressed the defendants’ sales to purchasers in the United States and their other activities in the country, on the one hand, and their sales to purchasers outside the United States, on the other, in separate parts of its opinion.

- i. With respect to the sales made directly into the United States, the court’s analysis was straightforward. To begin with, “[t]hese sales blatantly used [the plaintiff’s] trademarks in domestic commerce, thus no ‘extraterritorial application of the Act’ was required.” *Id.* Because the finding of likely confusion following the original trial had been made by a properly instructed jury, there was no basis to overturn it as clearly erroneous. *Id.* at *7. Finally, although the defendants argued that they had made at least some of the domestic sales to affiliates of the plaintiff, who “knew

exactly where the goods came from,” the court held that the defendants had waived that argument by failing to raise it in their initial appeal. *Id.* at *8–9.

- ii. The court reached the same conclusion with respect to the activities of a distributor of the defendants’ goods in the United States. Eschewing the definition of “use in commerce” found in Section 45, it concluded that:

[Section 32(1)(a)] defines “use in commerce” as “the sale, offering for sale, distributing, or advertising of any goods or services . . . which . . . is likely to cause confusion, or to cause mistake, or to deceive.” From this, we understand [the defendants’] “use[s] in commerce” as going beyond its domestic sales to include any marketing, advertising, and distributing activities that [the defendants] undertook in the United States. A plain reading of § [32(a)(1)] and § [43(a)(1)] clearly envelops all these actions as “uses in commerce.”

Id. at *9 (second, third, and fifth alterations in original). Consequently, [the defendants’] domestic advertising, marketing, and distributing—activities that used [the plaintiff’s] trademarks without authorization and caused a likelihood of confusion among U.S. consumers—all count as infringing ‘uses in commerce’ under the Lanham Act.” *Id.* at *10.

- iii. The defendants’ luck changed, however, with respect to their sales of offending goods in Europe that wound up in the United States through downstream sales. Although the plaintiff argued that those sales were actionable because the defendants intended the goods to be resold within the United States, the court held instead that “[p]roducts bound for the United States but sold abroad cannot premise a Lanham Act claim without some domestic conduct tying the sales to an infringing use of the mark in U.S. commerce.” *Id.* at *11. It might be true that the defendants had obtained FCC licenses, repaired broken parts for goods sold in the United States, and hired a U.S.-based distributor to facilitate sales of their goods in the United States, but those activities fell within the category of “essential steps” held acceptable in *Steele* but later discredited by the Supreme Court. *Id.* at *12.

2. Despite having previously affirmed a finding of infringement by applying its version of the *Vanity Fair* test, the Eleventh Circuit responded swiftly to *Abitron* by ordering a district court to revisit a permanent injunction and an award of attorneys' fees arising from a defendant's use of an allegedly infringed mark in Europe. See *Commodores Ent. Corp. v. McClary*, No. 22-10188, 2023 WL 5664170 (11th Cir. Sept. 1, 2023) (unpublished). The court did not offer much guidance to the lower court, however, concluding that, because additional factfinding might be necessary, "the wiser course is to give the district court the first opportunity to reconsider both the extraterritorial application of the injunction and its attorney's fees determination, taking into account the Supreme Court's new case law." *Id.* at *2.
3. In contrast, and in an opinion issued less than a month after that of the Supreme Court, a Delaware federal district court declined to hold that *Abitron* barred a plaintiff from proffering evidence of the defendant's counterfeiting outside the United States as circumstantial evidence of the defendant's similar conduct in the country. See *Rockwell Automation, Inc. v. Parcop S.R.L.*, No. CV 21-1238-GBW-JLH, 2023 WL 4585952, at *3 (D. Del. July 18, 2023). Critically, however, the plaintiff disclaimed any intent to recover for the defendant's foreign sales of goods bearing counterfeit imitations of its mark. *Id.* at *2.

B. Standing

1. Although standing to assert claims of infringement under Section 32 is limited to federal registrants, the Eleventh Circuit confirmed that that rule does not apply to licensees asserting claims of unfair competition under Section 43(a). See *D.H. Pace Co. v. OGD Equip. Co.*, 78 F.4th 1286 (11th Cir. 2023).
 - a. It did so in a case in which a district court had precluded a nonexclusive licensee from proceeding with a Section 43(a) cause of action because, in that court's view, the license at issue did not expressly authorize the licensee to protect the licensed mark. In reversing, the court of appeals faulted the district court for relying on out-of-circuit opinions interpreting the requirements for standing under Section 32: "Indeed," it noted, "when discussing a nonexclusive licensee's ability to bring a claim under § 43(a), the very same cases conclude that nonexclusive licensees are free to bring suit under § 43(a)." *Id.* at 1297 (first citing *Quabaug Rubber Co. v. Fabiano Shoe Co.*, 567 F.2d 154, 159–60 (1st Cir. 1977); and then citing *Shell Co. v. Los Frailes Serv. Station, Inc.*, 596 F. Supp. 2d 193, 201–02 (D.P.R. 2008), *aff'd sub nom. Shell Co. (Puerto Rico) v. Los Frailes Serv. Station, Inc.*, 605 F.3d 10 (1st Cir. 2010)).
 - b. The court similarly rejected an alternative basis for the district court's holding, namely, the text of an earlier settlement agreement

between the defendant, on the one hand, and the plaintiff’s licensor and another licensee, on the other. That agreement contained a general release of liability for any claim that might be brought by the licensor and that licensee, but it also recited that its terms were not “binding on . . . [other] current or future licensees, *id.* at 1298”; of equal significance, another clause provided that “[f]or clarity, this limitation shall not apply to any claims of any [of the licensor’s] distributor or licensee that are based on conduct of [the defendant] that is not the subject of this Agreement.” *Id.* (emphasis omitted). “[A]pplying the plain language of the settlement agreement to this case and finding no other authority that would bar [the plaintiff] from bringing its claims,” the court held, “we conclude that the settlement agreement does not prohibit [the plaintiff] from bringing suit.” *Id.* at 1299.

2. *Lexmark International, Inc. v. Static Control Components, Inc.*, 572 U.S. 118 (2014), unambiguously holds that the Lanham Act does not recognize consumer standing, even if that consumer is a business. *See id.* at 132. Nevertheless, that lack of ambiguity did not preclude an individual opposer from claiming an entitlement to bring a statutory cause of action in *Curtin v. Trademark Holdings, Inc.*, 2023 U.S.P.Q.2d 535 (T.T.A.B. 2023), *appeal docketed*, No. 23-2140 (Fed. Cir. July 5, 2023). The opposer, a law professor, challenged an application to register the RAPUNZEL mark for dolls because she and “other consumers will be denied access to healthy marketplace competition” for “products that represent” Rapunzel if private companies are allowed “to trademark the name of a famous fairy tale character in the public domain.” *Id.* at *1. Invoking *Lexmark*’s holding that standing under the Act requires a commercial injury, the Board concluded that “[p]ut simply, the Trademark Act does not provide ‘consumer standing.’ That is, it does not entitle mere consumers to a statutory cause of action; a statutory cause of action is reserved for those with commercial interests.” *Curtin*, 2023 U.S.P.Q.2d at *4. Because the opposer’s claimed commercial injury was speculative in nature, the Board dismissed the opposition.
3. The Sixth Circuit affirmed the dismissal of a federal false advertising complaint, which was not filed by a consumer. *See Geomatrix, LLC v. NSF Int’l*, 82 F.4th 466 (6th Cir. 2023). Instead, the plaintiff filing that pleading sold a septic system described by the court as “substantially differ[ing] from those sold by its competitors.” *Id.* at 473. The gravamen of the plaintiff’s claim of false advertising was that its competitors had used various misrepresentations to convince an industry standard-setting organization not to approve the plaintiff’s system; the plaintiff also objected to the standard-setting organization’s representations to the effect that the organization provided a fair, open, and impartial process for setting standards. According to the district court and the Sixth Circuit, however, the plaintiff’s allegations failed to account for an intervening cause of its ina-

bility to sell its system in particular states, which was the need to secure approval of the system from state regulators, a need expressly acknowledged by the plaintiff's complaint:

[T]he complaint relies on the fact that [the plaintiff] could not market its products in certain states because state regulators did not approve their product. This lack of regulatory approval was the actual cause of [the plaintiff's] injuries. While [the plaintiff] contends that its injuries resulted from [a] conspiracy [between the standard-setting organization and the plaintiff's competitors] by itself, the regulators' decisions were still an intervening cause and the proximate one. Any deception on defendants' part was not the cause of consumers' decisions, for consumers were not the ones who decided to do anything. These allegations thus do not satisfy *Lexmark's* proximate-cause analysis, and [the plaintiff] thus fails to show a "plausible" claim to relief.

Id. at 484.

C. Personal Jurisdiction

1. In *Impossible Foods Inc. v. Impossible X LLC*, 80 F.4th 1079 (9th Cir. 2023), *petition for cert. filed*, No. 21-16977 (U.S. Feb. 12, 2024), the Ninth Circuit reversed a California federal district court's dismissal of a declaratory judgment action against a Texas-based defendant based in Texas for want of specific personal jurisdiction. Originally domiciled in San Diego, the defendant moved to Dallas after the plaintiff's founding in California but before the onset of hostilities between the parties. Originally domiciled in San Diego, the defendant moved to Dallas after the plaintiff's founding in California but before the onset of hostilities between the parties. In granting the defendant's motion to dismiss, the district court found that the defendant's relocation meant that the plaintiff's claims for declaratory relief could not have arisen or be related to the defendant's activities in California for purposes of the second prong of the constitutional due analysis. Not so the Ninth Circuit, however, which considered the defendant's various "trademark building activities" in California and its assertion of rights in an opposition proceeding against one of the plaintiff's applications enough to carry the day in the plaintiff's favor:

[The defendant's] brand-building activities in California since 2014 are sufficiently related to the instant trademark dispute to confer personal jurisdiction. [The Defendant] purposefully directed its activities toward California and availed itself of the privileges of conducting activities there by building its brand and working to establish trademark rights there. [The plaintiff's] declaratory judgment action

“arises out of or relates to” [the defendant’s] conduct in California because its trademark building activities form the basis of the contested trademark rights—rights which [the defendant] broadly asserted in the TTAB opposition that triggered this action. Finally, there is nothing unreasonable about requiring [the defendant] to defend a lawsuit based on its trademark building activities in the state that was its “headquarters” and [its principal’s] “home base,” and that continued to be a business destination for [the principal] and [the defendant].

Id. at 1087.

2. Another pro-plaintiff opinion from the Ninth Circuit somewhat addressed the issue in the context of a case lodged in the Northern District of California after the defendant successfully requested its transfer from the Southern District of New York. *See Enigma Software Grp. USA, LLC v. Malwarebytes, Inc.*, 69 F.4th 665 (9th Cir.), *cert. denied*, 141 S. Ct. 13 (2023). After the transfer, the plaintiff continued to press a cause of action for false advertising under New York law, *see* N.Y. GEN. BUS. LAW § 349, but the California district court dismissed it on the theory that specific personal jurisdiction over the defendant did not exist under the New York long-arm statute, N.Y. C.P.L.R. § 302. On appeal, the Ninth Circuit agreed with the district court that “[t]o apply the state law of the transferor jurisdiction in a . . . transfer case, the transferor court must have had personal jurisdiction over the defendant.” *Enigma Software Grp.*, 69 F.4th at 674. Nevertheless, it disagreed with the district court’s ultimate conclusion on the issue, citing as a basis for its reversal of the dismissal of the plaintiff’s cause of action the defendant’s operation of a website allowing New York residents to purchase its goods; not only did that conduct constitute doing business in the state within the meaning of the long-arm statute, but, because the statute was narrower than due process permitted, an exercise of personal jurisdiction was necessarily consistent with constitutional requirements. *Id.* at 675–76.

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), the Trademark Trial and Appeal Board has been called upon to address claims that applicants have pursued or maintained registrations of their marks through fraudulent filings.
 - a. The most significant opinion to address the issue came in *Great Concepts, LLC v. Chutter, Inc.*, 90 F.4th 1333 (Fed. Cir. 2024).

- i. In *Great Concepts*, the Board found in a cancellation action that a registrant had filed a fraudulent declaration of incontestability under Section 15 of the Act, 15 U.S.C. § 1065 (2018). See *Chutter, Inc. v. Great Concepts Mgmt. Grp.*, 2021 U.S.P.Q.2d 1001 (T.T.A.B. 2021), *rev'd*, 90 F.4th 1333 (Fed. Cir. 2024). The petitioner's fraud-based challenge rested on the respondent's filing of the declaration during the pendency of both the cancellation action itself and a separate counterclaim for cancellation before a district court in an infringement action between the parties; moreover, the petitioner alleged, the respondent failed to take remedial action after the matter was called to its attention.
- ii. As a threshold matter, the Board resolved an issue that case law from both it and the Federal Circuit had long left open, namely, whether reckless disregard of the truth can constitute the required intent to deceive the USPTO. The Board concluded it can:

A declarant is charged with knowing what is in the declaration being signed, and by failing to make an appropriate inquiry into the accuracy of the statements the declarant acts with a reckless disregard for the truth. . . .

To find otherwise could encourage declarants to conclude that such disregard carries no consequence and they can fail to read documents they are signing without penalty.

Id. at *19–20.

- iii. The Board then found that the conduct of the respondent's signatory satisfied the relevant standard:

Here, [the signatory] disregarded the contents of the Combined Declaration he attested to under 18 U.S.C. Section 1001, notwithstanding that at that time he did so he was not aware of the legal requirements for a Section 15 Declaration. He filed with the USPTO a Combined Declaration of Use and Incontestability, which included both the contents required for such and a supporting sworn declaration under 18 USC Section

1001, each of which contained a statement he knew was false; but he claimed he did not read the contents or supporting declaration closely enough to be aware the false statement was in the declaration. In other words, [the signatory] paid little, or no, attention to the document he was signing under oath and thereby disregarded the significance of the benefits he was obtaining for his client. By failing to ascertain and understand the import of the document he was signing, far from conscientiously fulfilling his duties as counsel, [the signatory] acted in reckless disregard for the truth; nor did he take any action to remedy the error once it was brought to his attention. [The signatory] was especially reckless because he was admittedly unfamiliar with the requirements for filing a Section 15 Declaration.

Id. at *19 (footnote omitted). Relying on its prior authority recognizing the filing of a fraudulent Section 15 declaration as a ground for cancellation, *see, e.g.*, the Board granted the petition and ordered the registration's cancellation.

- iv. On appeal, however, a split panel of the Federal Circuit reversed, holding that a fraudulent Section 15 declaration cannot serve as the basis for the cancellation of a registration under Section 14, *Great Concepts, LLC v. Chutter, Inc.*, 90 F.4th 1333 (Fed. Cir. 2024), a proposition pointed out by some commentators nearly a decade ago. *See* Theodore H. Davis Jr. & Lauren Brenner, *Allegations of Fraudulent Procurement and Maintenance of Federal Registrations Since In re Bose Corp.*, 104 TRADEMARK REP. 933, 998 & n.298 (2014). The court based its conclusion on the plain meaning of Section 14(3), which explicitly restricts the grounds upon which a registration may be challenged following the registration's fifth anniversary, allowing cancellation only

if the registered mark becomes the generic name for the goods or services . . . , or is functional, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of . . . subsection (a), (b), or (c) of section [2] for a registration under this chapter.

15 U.S.C. § 1064(3) (2018).

- v. The statute therefore allows cancellation only if *the registration itself*, and not the incontestable evidentiary presumptions secured by a Section 15 declaration, is obtained fraudulently. *See Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 195 (1985) (“[Section 14(3)] allows cancellation of an incontestable [registration] at any time . . . if it was obtained fraudulently . . .”). The Federal Circuit emphasized this reading of the statute in *Great Concepts*, noting that “fraud committed in connection with obtaining incontestable status is distinctly *not* fraud committed in connection with obtaining the registration itself.” *Great Concepts*, 90 F.4th at 1340. A Section 15 declaration is not an act in the “obtaining” of a registration because it is not a prerequisite for either the maintenance of a registration or Section 14’s statute of limitations on cancellation actions. *See id.* at 1339 (“A Section 15 declaration is in no way necessary to maintaining registration of a mark.”); *Imperial Tobacco Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575, 1579 n.6 (Fed. Cir. 1990) (“[S]ection [14] is not dependent on the filing of a declaration under § 15 which provides incontestable rights of use”); *W. Worldwide Enters. v. Qinqdao Brewery*, 17 U.S.P.Q.2d 1137, 1139 (T.T.A.B. 1990) (“[A] registration that is over five years old may be cancelled solely on the grounds set forth in Section 14[3], irrespective of whether or not the owner of the registration has filed an affidavit under Section 15.”).
- vi. After reaching that conclusion, the court also addressed a fallback argument by the petitioner, namely, that the respondent’s filing of a Section 8 declaration and a Section 15 declaration as part of a single document rendered the former declaration fraudulent. The court previously had recognized that circumstance as a ground for cancellation on the theory that maintaining a registration through a Section 8 declaration was equivalent to obtaining one in the first instance. *See Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 48 (Fed. Cir. 1986) (“Fraud in obtaining renewal of a registration amounts to fraud in obtaining a registration within the meaning of section 14[3] of the Lanham Act.”). Nevertheless, the court declined to attribute the allegedly fraudulent nature of the respondent’s Section 15 declaration to its Section 8 counterpart. Instead, it concluded, “the happenstance that [the respondent] filed a *combined* declaration, which had one portion devoted to Section 8 and another to Section 15, does not render the Section 8 portion

false or fraudulent, and neither does it make the Section 15 portion part of an effort to ‘maintain’ a registration.” *Great Concepts*, 90 F.4th at 1339.

- vii. If they do not include the cancellation of the underlying registration, what, then, are the possible negative consequences of filing a fraudulent Section 15 declaration of incontestability? For one thing, if a mark holder obtained incontestability status through fraud, Section 33(b)(1) of the Act provides for a loss of incontestable status for the mark covered by the registration rather than the registration’s cancellation. *Great Concepts*, 84 F.4th at 1020. And, for another, the Board can still deter Section 15 fraud through sanctions or even criminal prosecution against any attorney committing fraud before it. *Id.* at 1025. The Federal Circuit therefore remanded the case for an examination of the propriety of sanctions and of the issue of whether, in light of the inaccuracies in the declaration at issue, incontestability actually attached to the mark covered by the registration. *Id.* A registrant finding itself in the same position as the respondent in *Great Concepts* therefore should strongly consider petitioning the Director of the Patent and Trademark Office sooner than later to withdraw the problem declaration. *See* 37 C.F.R. §§ 2.146(a), 2.167(i); T.M.E.P. §§ 1605.03, 1704 & 1707.
- viii. Whether it does or not, *Great Concepts*’ treatment of the issue of fraudulent Section 15 declarations creates a circuit split. The Court of Appeals for the Ninth Circuit held in *Robi v. Five Platters, Inc.*, 918 F.2d 1439 (9th Cir. 1990), that “[a]ny false statements made in an incontestability affidavit may jeopardize not only the incontestability claim, but also the underlying registration” by supplying “a basis for canceling the registration itself.” *Id.* at 1444. The *Great Concepts* court acknowledged its disagreement with the Ninth Circuit but noted that *Robi* relied on the decision by the Court of Customs and Patent Appeals in *Duffy-Mott Co. v. Cumberland Packing Co.*, 424 F.2d 1095 (C.C.P.A. Cir. 1970). But the court distinguished the facts in *Duffy-Mott* and disagreed with the proposition that *Duffy-Mott* supported the Board’s authority to cancel registrations under Section 14 based on the submission of a fraudulent declaration of incontestability. *Great Concepts*, 84 F.4th at 1022–23.
- ix. Having thus answered the question of whether the filing of a fraudulent Section 15 declaration is a ground for cancellation in the first instance, the court did not address the

Board’s holding that a reckless disregard of the truth could constitute the scienter required for a showing of fraud. Because the court found that Section 14 does not permit cancellation based on a fraudulent Section 15 affidavit, the majority found that respondent could prevail even if the court assumed fraud. *Id.* at 1018 n.2. Thus, the question of whether reckless disregard for the truth in affidavits can satisfy the USPTO’s strict scienter requirement remains an open question of law.

- b. In another opinion addressing a claim of fraud on the USPTO, *Ruifei (Shenzhen) Smart Tech. Co. v. Shenzhen Chengyan Sci. & Tech. Co.*, 2023 U.S.P.Q.2d 59 (T.T.A.B. 2023), the challenged registration was caught up in a post-registration audit, in the course of which the respondent deleted many of the goods originally covered by the registration. Clearly suspecting the respondent of having made strategic deletions from the registration to moot the petitioner’s challenge, the Board issued a show-cause order requiring the respondent to explain itself if it expected not to have judgment entered against it. *Id.* at *9–10.
2. Federal district courts are split on the issue of whether Section 37 of the Lanham Act, which provides that “[i]n any action involving a registered mark the court may determine the right to registration, order the cancellation of registrations, in whole or in part, restore cancelled registrations, and otherwise rectify the register with respect to the registrations of any party to the action,” 15 U.S.C. § 1119 (2018), allows courts to intervene in the application process. The Ninth Circuit concluded that it does, holding that “[a] district court’s authority to ‘determine the right to registration’ and ‘rectify the register’ includes the power to decide disputes over trademark applications.” *BBK Tobacco & Foods LLP v. Cent. Coast Agric., Inc.*, 97 F.4th 668, 670 (9th Cir. 2024) (quoting 15 U.S.C. § 1119 (2018)). That holding depended on at least one registered mark being in play in the litigation, though: “Permitting a district court to adjudicate trademark applications when an action already involves a registered mark advances the interest of resolving all registration disputes in a single action.” *Id.* at 671.
3. Section 2(b) prohibits the registration of marks “[c]onsist[ing] of or compris[ing] the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.” 15 U.S.C. § 1052(b) (2018). In a rare application of that prohibition in the regional circuits, a Pennsylvania federal district court addressed the question of whether two registered marks, shown in the top row below, impermissibly incorporated the state of Pennsylvania’s coat of arms, shown in the bottom row:



See Pennsylvania State Univ. v. Vintage Brand, LLC, No. 4:21-CV-01091, 2024 WL 456139, at *37 (M.D. Pa. Feb. 6, 2024), *clarified on denial of reconsideration*, No. 4:21-CV-01091, 2024 WL 1416505 (M.D. Pa. Apr. 2, 2024). The court did not deliver a final answer to that question, however; instead, it denied a defense motion for summary judgment because of a factual dispute over whether the registered marks created a commercial impression distinct from that of the coat of arms. *Id.* at *37.

4. The growing acceptance of cannabis as a matter of state law met a brick wall when the Board affirmed the refusal to register the BAKKED mark and the following design for “essential oil dispenser[s], sold empty, for domestic use”:



In re Nat’l Concessions Grp. Inc., 2023 U.S.P.Q.2d 527 (T.T.A.B. 2023). According to the Board, the fact that the goods sold under the marks could be used in conjunction with tobacco products and were legal under the laws of various states did not render their distribution lawful as a matter of federal law. *Id.* at *6–8.

5. The increasingly ubiquitous extrastatutory failure-to-function ground for unregistrability continued to underlie refusals to register.

- a. In *In re GO & Assocs.*, 90 F.4th 1354 (Fed. Cir. 2024), the Federal Circuit affirmed the USPTO’s refusal to register EVERYBODY VS. RACISM for “[t]ote bags,” “T-shirts, hoodies as clothing, tops as clothing, bottoms as clothing, and head wear,” and “[p]romoting public interest and awareness of the need for racial reconciliation and encouraging people to know their neighbor and then affect change in their own sphere of influence.” *Id.* at 1355. Substantial evidence supporting the refusal included the common use of the applied-for mark in an informational and ornamental manner on goods such as those sold by the applicant, the mark’s frequent use “in opinion pieces, in music, podcasts, and YouTube videos, and by organizations (websites) that support efforts to eradicate racism,” and the inadequacy of the applicant’s specimens. *Id.* at 1357.
- b. In *In re Stallard*, 2023 U.S.P.Q.2d 1009 (T.T.A.B. 2023), the Board affirmed the refusal of the following mark—described by the applicant as “a woman video game character named Maria, with a tilted head, dark messy hair, dark eyes, thin rimmed glasses and a large toothy smile, with her eyes looking to the side and strands of her hair in front of her eyes”—for video and computer game software:



Id. at *1. As the Board saw things, the refusal of the application was not, as the applicant alleged, grounded in a bright-line policy of the USPTO to deny registration to all fictional characters. Instead, it held:

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

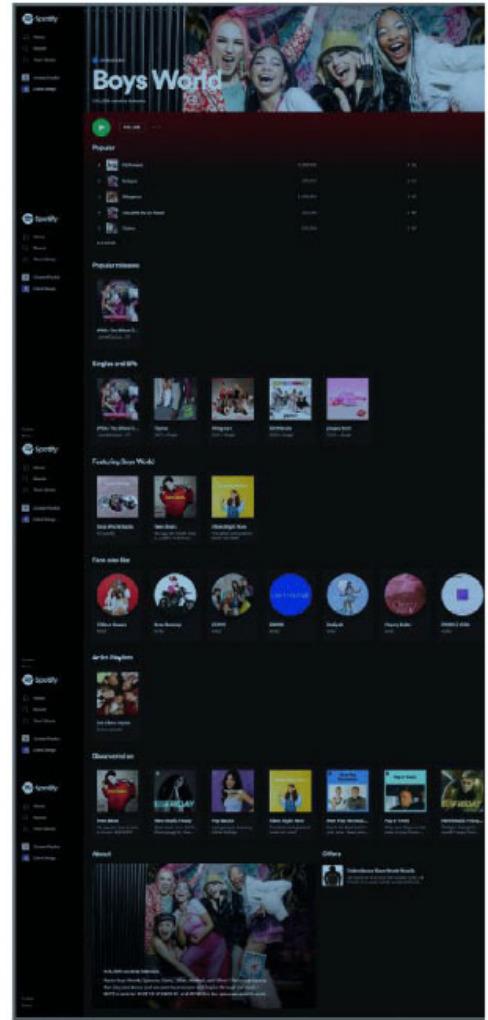
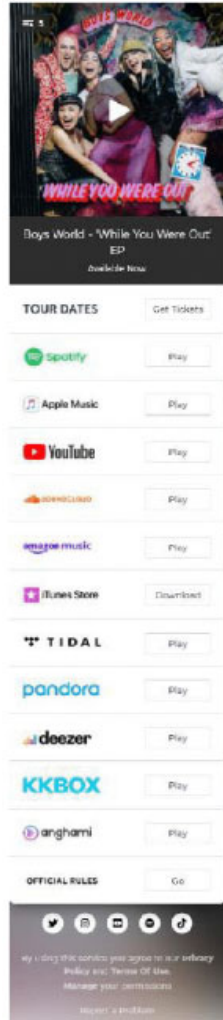
Id. at *5.

- c. Nevertheless, a few cracks began to emerge in the failure-to-function citadel.
 - i. For example, the Board took the highly unusual step of reversing a failure-to-refusal in *In re Black Card LLC*, 2023 U.S.P.Q.2d 1376 (T.T.A.B. 2023), in which it overturned a refusal to register the FOLLOW THE LEADER mark for various services. According to the examiner, the mark failed to function as one because it was a widely used commonplace expression. The Board was unconvinced:

Although the evidence made of record by the Examining Attorney shows common use of FOLLOW THE LEADER in various contexts, it does not convince us that the phrase is incapable of functioning as a source identifier in the context of the services identified in the Application. The record need not necessarily include evidence of third-party use in connection with the specific services at issue for the evidence to support the failure to function refusal. However, the evidence must indicate that, in the context of the identified services (here, credit card incentive program, credit card financial, travel information, ticket reservation, travel advisory, salon and spa reservation, and concierge services), FOLLOW THE LEADER would convey a generally understood sentiment or meaning to the consumers of these services such that they would not perceive it as signifying the source of the services.

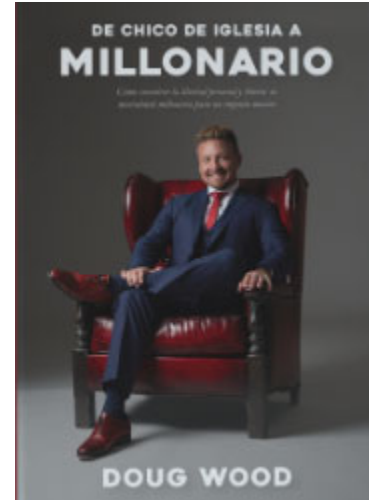
Id. at *8 (citation omitted).

- ii. The Board also reversed a refusal to register BOYS WORLD for audio recordings featuring music in *In re ZeroSix, LLC*, 2023 U.S.P.Q.2d 705 (T.T.A.B. 2023). It did so based in large part on the applicant’s submission of the following specimen, of which the Board observed, “[w]e find that Applicant’s specimen reveals both ‘promotion and recognition . . . of the type that would identify [BOYS WORLD] as the source of the series of works,’” *Id.* at *3 (second and third alterations in original) (quoting *In re First Draft Inc.*, 76 U.S.P.Q.2d 1183, 1190 (T.T.A.B. 2005)):



- iii. Finally, the USPTO entered into a settlement agreement during the pendency of a district court appeal allowing another application to move forward despite the Board’s prior affirmance, also in a precedential opinion, of a final failure-to-function refusal to register the underlying mark. *See Pound Law LLC v. Vidal*, No. 6:23-CV-61-RMN, slip op. at 3 (M.D. Fla. Sept. 11, 2023) (“Upon remand, the USPTO will take appropriate steps to approve application Serial No. 87/724,338 [to register #LAW for legal referral services] for publication forthwith.”), *remanding In re Pound Law, LLC*, 2022 U.S.P.Q.2d 1062 (T.T.A.B. 2022).

- 6. Attempting to escape a finding that his applied-for CHURCH BOY TO MILLIONAIRE mark was used as the title of a single creative work, one applicant creatively argued that the work actually appeared in two languages, English and Spanish, and therefore constituted two separate works:



See *In re Wood*, 2023 U.S.P.Q.2d 975, at *1 (T.T.A.B. 2023). According to the applicant, the inherent subjectivity of the translation process necessarily rendered the two versions of the book different. The Board rejected that argument, holding instead that:

In the absence of evidence that the books actually differ significantly in content, we are constrained to find that Applicant is selling the same book in English-language and Spanish-language versions, which is akin to selling a book in different media formats, and “[s]elling a book in different formats does not preclude a finding that the title names a single work.”

Id. at *5 (quoting *In re MCDM Prods., LLC*, 2022 U.S.P.Q.2d 227, at *9 (T.T.A.B. 2022)). Nevertheless, the Board added that “in rejecting Applicant’s categorical position, we are not holding that a translation could never result in a work that is significantly different in content from the translated work.” *Id.* at *6.

B. Procedural Issues

1. With a respondent’s registration having been automatically cancelled because of the respondent’s failure to file the declaration of ongoing use required by Section 8 of the Lanham Act, 15 U.S.C. § 1058 (2018), the Board not surprisingly dismissed a cancellation action against the registration as moot. See *Men’s Warehouse, LLC v. WKND NYC LLC*, 2024 U.S.P.Q.2d 86, at *3 (T.T.A.B. 2024).
2. In a dramatic departure from its usual practice, the Board allowed an opposer to conduct an oral deposition of two Australia-based officers of an applicant after finding the opposer had demonstrated good cause for that outcome. See *Instagram, LLC v. Instagoods Pty Ltd*, 2023 U.S.P.Q.2d 1185 (T.T.A.B. 2023). Among the considerations underlying that finding

were the fact that the witnesses were the only ones available with relevant knowledge and that, because they spoke English, there were no translation-related issues. *Id.* at *3 (“[The opposer] argues that oral depositions will permit immediate follow-up questions, spontaneity, and the ability to evaluate the witness’ demeanor and credibility, and that oral depositions will avoid answers to written questions that are carefully tailored by counsel. [The opposer] also argues that both witnesses speak English, live testimony will take less time and resources than taking the discovery depositions on written questions, and [the applicant] will not suffer financial hardship if the depositions are taken orally by remote means.”). Nevertheless, the Board cautioned that:

[I]t is [the opposer’s] responsibility to follow appropriate procedures for ensuring that its taking of the discovery depositions orally by videoconference of [the witnesses], as compelled by a foreign tribunal, complies with (1) any applicable procedural treaty requirements and (2) any limitations the Board may impose upon consideration of international comity in light of any local laws given consideration by the Board.

Id. at *5.

3. In its first opinion interpreting the ex parte mechanisms for challenging registrations authorized by the Trademark Modernization Act, the Trademark Trial and Appeal Board confirmed that “the termination of a reexamination or expungement proceeding in favor of a registrant cannot be the basis for the registrant’s assertion of claim or issue preclusion in a proceeding before the Board to cancel that registration.” *Common Sense Press Inc. v. Van Sciver*, 2023 U.S.P.Q.2d 601, at *3 (T.T.A.B. 2023).
4. The Madrid Protocol obligates the USPTO to notify WIPO’s International Bureau of an opposition to an application based on an International Registration, and the USPTO complies with that obligation by forwarding to the IB the opposer’s ESTA cover sheet; that practice precludes an opposer from adding new grounds for opposition through an amended notice. *See generally Destileria Serralles, Inc. v. K.K. Dong Co.*, 125 U.S.P.Q.2d 1463, 1466-67 (T.T.A.B. 2017). Nevertheless, in *Sterling Computers Corp. v. International Business Machines Corp.*, 2023 U.S.P.Q.2d 1113 (T.T.A.B. 2023), the Board allowed an amended notice of opposition clarifying the opposer’s common-law rights, which the Board found “coterminal” with those recited in the cover sheet. *Id.* at *4-5.