

**TRADEMARKS AND UNFAIR
COMPETITION
LAW AND POLICY**

Fifth Edition

SPRING 2020 Update

Graeme B. Dinwoodie

Global Professor of Intellectual Property Law
IIT Chicago-Kent College of Law

Mark D. Janis

Robert A. Lucas Chair of Law
Indiana University Maurer School of Law

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Preface

This Update contains excerpts from, and notes about, cases and other materials that have been published in the time since the casebook was published.

The purpose of the Update is to keep the casebook materials current in an era when the volume of trademark law makes for a continually moving target. In compiling the Update, we have intentionally been more inclusive in some respects than in the main casebook. We have included as full excerpts only leading cases or cases that highlight an important developing aspect of trademark and unfair competition law. However, we have also included notes about other cases (including district court cases) that, when taken with the existing casebook, are more extensive than are necessary to understand or teach the subject matter of the Trademarks course. We have done so because we believe it helpful, as part of the updating process, to provide current examples of issues raised explicitly by notes and questions in the main casebook. We hope this enhances the pedagogical value of our casebook, and provides a currency that stimulates students and instructors alike. As a result, when *we* teach from the casebook, we do not add to our existing reading assignments every last page of the Update. Instead, we are more selective. We almost always assign the cases that are excerpted in full (where indicated, in lieu of cases excerpted in the casebook). But we use the notes and questions more selectively, as more up-to-date examples that provide the basis for vibrant class discussion.

We have discontinued our past practice of providing a separate set of statutory materials. All of these are readily available online at sites that are continually updated. Thus, we have provided links to the relevant materials at <http://www.indiana.edu/~tmlaw>.

As always, we welcome your comments on the wisdom of this editorial choice, as well as on any other aspect of the casebook or the Update.

G.B.D.
M.D.J.

**FOUNDATIONS AND
PURPOSES OF
TRADEMARK AND UNFAIR
COMPETITION LAW**

I

INTRODUCTION TO TRADEMARK AND UNFAIR COMPETITION LAW

1

At p. 24, add the following to note 2:

How large a premium will consumers pay for goods that they perceive to be luxury branded? The discount shoe store PAYLESS recently conducted an experiment by opening up a fake boutique store called PALESSI at a luxury mall in Los Angeles. They offered \$20 PAYLESS products branded as PALESSI at an 1800 percent markup. And they sold! One of the “influencers” invited to the store opening paid \$645 for a pair of Payless shoes that ranged from just \$19.99-\$39.99. “Others marveled at the quality of the shoes, and were quoted as describing the Payless designs as, ‘Just stunning. Elegant, sophisticated.’ Of a faux leather sneaker, one anonymous shopper said, ‘I can tell it was made with high-quality material.’” See Holly Rhue, *How Payless Tricked Influencers Into Paying \$600+ for Their \$20 Shoes*, Elle Magazine Nov. 30, 2018, at <https://www.elle.com/fashion/accessories/a25361265/payless-trick-fake-luxury-shoe-store-pallessi/>

At p. 38, add the following to second paragraph of note 8:

One other consideration that might influence an applicant’s strategy is whether applicants who appeal to the District Court can be required to pay “[a]ll the expenses of the proceedings”—including attorneys’ fees—incurred by the PTO in defending the Board’s decision, regardless of the outcome. See *NantKwest Inc. v. Iancu*, 898 F.3d 1177 (Fed. Cir. 2018) (en banc) (not allowing attorneys’ fees in patent case involving analogous provision); compare *Shammas v. Focarino*, 784 F.3d 219, 222–27 (4th Cir. 2015) (allowing PTO attorneys’ fees in appeal from TTAB); *Booking.com B.V. v. Iancu*, 915 F.3d 171 (4th Cir. 2019) (affirming award of expenses including PTO’s fees). On December 11, 2019, the U.S. Supreme Court unanimously held that USPTO attorney time is not an “expense of the proceedings” in civil actions against the PTO Director in the United States District Court for the Eastern District of Virginia under Section 145 of the Patent Act, reasoning that Section 145’s text does not overcome the American Rule’s presumption against fee shifting. See *Peter v. NantKwest, Inc.*, Slip Op. No. 18–801, 589 U. S. ____ (2019).

CREATION OF TRADEMARK RIGHTS

II

At p. 52, add the following as new note 10:

10. Composite marks. The inquiry isn't as simple as the *Abercombie & Fitch* case makes it sound. Consider a seemingly trivial variation: instead of the single term SAFARI, suppose that the mark is a composite of two or more terms. In considering such a mark, the so-called anti-dissection principle requires that we consider the mark as a whole and resist "dissecting" the mark into isolated elements. What is the basis for such a rule? How would you classify RICE THINS for rice cakes? See *Real Foods Pty. Ltd. v. Frito-Lay N.A., Inc.*, 906 F.3d 965 (Fed. Cir. 2018). Note that despite the ultimate focus on the mark as a whole, courts and the PTO are permitted to weigh the individual components as part of the process of assessing the entire mark.

At p. 63, add the following to note 11:

cf. Converse v. ITC, 909 F.3d 1110, 1122 (Fed. Cir. 2018) ([S]urveys are sometimes difficult to use as evidence of historic secondary meaning. This is because "[t]he relevant consumer population for assessing consumer attitudes at a point in the past is a group of consumers at that point in the past" and "[a] contemporaneous survey commissioned for litigation obviously cannot access such a pool of respondents." Thus, the ITC should only give such survey evidence "weight appropriate to the extent that it sheds light on consumer perceptions in the past").

In *Converse v. ITC*, 909 F.3d 1110 (Fed. Cir. 2018), the Court of Appeals for the Federal Circuit endorsed the preference of the *New Colt* court for more recent evidence when the secondary meaning question comes up in the infringement context. Thus, the court commented:

Next, we address the significance of the trademark owner's and third parties' prior uses of the mark. We conclude that the ITC relied too heavily on prior uses long predating the first infringing uses and the date of registration. The secondary meaning analysis primarily seeks to determine what is in the minds of consumers as of the relevant date, and [assessment of the length, degree and exclusivity of use] must be applied with this purpose in view. The most relevant evidence will be the trademark owner's and third parties' use in the recent period before first use or infringement.

The Lanham Act itself sheds light on what constitutes the most relevant period. Section 2(f) provides that in assessing secondary meaning "The Director [of the

PTO] may accept as prima facie evidence that a mark has become distinctive, as used on or in connection with the applicant's goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce *for the five years before the date on which the claim of distinctiveness is made.*" 15 U.S.C. § 1052(f) (emphasis added).

A somewhat different, ten-year rule had previously been enacted in 1905. Describing marks subject to that 1905 law, the Supreme Court noted, "Their exclusive use as trademarks for the stated period was deemed, in the judgment of Congress, a sufficient assurance that they had acquired a secondary meaning as the designation of the origin or ownership of the merchandise to which they were affixed." *Thaddeus Davids Co. v. Davids*, 233 U.S. 461, 470 (1914).

Today's five-year rule was enacted in substantially its present form in 1946. Remarking on the shift from ten to five years and relying on *Davids*, the Eighth Circuit found "it must follow that Congress in establishing the new and different prerequisite of five years ... now deems that period of such use adequate." *Curtis-Stephens-Embry Co. v. Pro-Tek-Toe Skate Stop Co.*, 199 F.2d 407, 413 (8th Cir. 1952).

To be sure, section 2(f) sets up an evidentiary rule for the Director rather than courts. But the Supreme Court has noted "that the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable" in other trademark proceedings, such as suits seeking to enforce unregistered marks under 15 U.S.C. § 1125(a). [cit]. And several other courts of appeals, drawing on section 2(f), have found five years' substantially exclusive and continuous use to weigh strongly in favor of a finding of secondary meaning. [cit].

We agree with those circuits that recognize the importance of looking to this five-year period. While section 2(f) cannot be read as limiting the inquiry to the five years before the relevant date, it can and should be read as suggesting that this period is the most relevant. As a result, in evaluating [the length, degree and exclusivity of use], the ITC should rely principally on uses within the last five years. The critical issue for this factor is whether prior uses impacted the perceptions of the consuming public as of the relevant date. [cit]. Consumers are more likely to remember and be impacted in their perceptions by third-party uses within five years and less likely with respect to older uses. We recently applied similar, common-sense reasoning in the trademark opposition context, finding that survey results were probative, at best, of the public's perception five years after the survey was conducted. *Royal Crown Co. v. Coca-Cola Co.*, 892 F.3d 1358, 1370 (Fed. Cir. 2018).

Therefore, uses older than five years should only be considered relevant if there is evidence that such uses were likely to have impacted consumers' perceptions of the mark as of the relevant date. For example, this might be the case where a particular advertising campaign has been in use for longer than five years. . .

Id. at 1120-1121.

The *Converse* court also addressed the relevance of one further item of evidence, which will be germane only when the plaintiff's mark is registered. As we will see in Chapter 5, registration of a mark affords its owner a presumption that the mark is valid, including that it has acquired secondary meaning (at least where the mark was registered on that basis). Given that, in an infringement action, a plaintiff must show that its non-inherently distinctive mark had acquired secondary meaning prior to the defendant's first use, what weight should a court assessing secondary meaning afford a registration that post-dates the defendant's use? *See Converse v. ITC*, 909 F.3d 1110 (Fed. Cir. 2018) (holding that the plaintiff could not rely on the

presumption to show secondary meaning prior to the sate of registration and that the multiyear gap between defendant’s use and the registration meant that the registration was not even probative of secondary meaning at that earlier date). Should the later registration be given any weight in any circumstances? *See Converse v. ITC*, 909 F.3d 1110, 1131-32 (Fed. Cir. 2018) (O’Malley J., concurring in part and dissenting in part).

At p. 70, replace the District Court opinion in *Booking.com* with the following appellate decision:

**BOOKING.COM B.V. v. UNITED STATES PATENT &
TRADEMARK OFFICE**

*915 F.3d 171 (4th Cir. 2019),
cert. granted --- S.Ct. ---, 2019 WL 5850636 (Nov. 8, 2019)*

DUNCAN, Circuit Judge:

II.

Booking.com operates a website on which customers can book travel and hotel accommodations. It has used the name BOOKING.COM since at least 2006. In 2011 and 2012, Booking.com filed four trademark applications for the use of BOOKING.COM as a word mark and for stylized versions of the mark with the USPTO. Booking.com sought registration for, inter alia, Class 43 services, which include online hotel reservation services.

The USPTO examiner rejected Booking.com’s applications, finding that the marks were not protectable because BOOKING.COM was generic as applied to the relevant services. In the alternative, the USPTO concluded that the marks were merely descriptive and that Booking.com had failed to establish that they had acquired secondary meaning as required for trademark protection. After the examiner denied Booking.com’s motion for reconsideration, Booking.com appealed to the Trademark Trial and Appeal Board (the “TTAB”).

The TTAB affirmed the USPTO’s four refusals of registration in three separate opinions. These opinions all concluded that BOOKING.COM was a generic term for the services offered, and therefore ineligible for trademark protection, because “booking” generically refers to “a reservation or arrangement to buy a travel ticket or stay in a hotel room” or “the act of reserving such travel or accommodation”; “.com” indicates a commercial website; and consumers would understand the resulting composite BOOKING.COM to primarily refer to an online reservation service for travel, tours, and lodging, which are the services proposed in Booking.com’s

applications. In the alternative, the TTAB concluded that BOOKING.COM is merely descriptive of Booking.com's services and that Booking.com had failed to demonstrate that the mark had acquired secondary meaning, as required for trademark protection.

Booking.com appealed the TTAB's decisions by filing this civil action under 15 U.S.C. § 1071(b) against the USPTO and the USPTO's director in the Eastern District of Virginia in April 2016. It argued that BOOKING.COM was a descriptive or suggestive mark eligible for protection. In support of its argument, Booking.com submitted new evidence to the district court. This evidence included a "Teflon survey," [see Casebook, page 96 Note 8] indicating that 74.8% of consumers recognized BOOKING.COM as a brand rather than a generic service.

The district court held that although "booking" was a generic term for the services identified, BOOKING.COM as a whole was nevertheless a descriptive mark. The district court further determined that Booking.com had met its burden of demonstrating that the proposed mark had acquired secondary meaning, and therefore was protectable, as to the hotel reservation services described in Class 43. The court therefore partially granted Booking.com's motion for summary judgment, ordering the USPTO to register two of the marks and remanded for further administrative proceedings as to the other two. . . .

III.

[W]e hold that the district court, in weighing the evidence before it, did not err in finding that the USPTO failed to satisfy its burden of proving that the relevant public understood BOOKING.COM, taken as a whole, to refer to general online hotel reservation services rather than Booking.com the company. Because the USPTO concedes that, if the mark is descriptive, it is protectable, this ends our inquiry. In affirming the district court's finding, we reject the USPTO's contention that adding the top-level domain (a "TLD") .com to a generic second-level domain (an "SLD") like booking can never yield a non-generic mark.

[The Court, noting that genericness is a question of fact to which as the trier of fact is accorded great deference, concluded that the district court did not err in finding that the evidence weighed in favor of finding BOOKING.COM to be descriptive, rather than generic, mark.]

The USPTO nevertheless contends that adding the top-level domain ".com" to a generic second-level domain like "booking" is necessarily generic, and that the district court therefore erred in finding that BOOKING.COM was non-

generic. The USPTO advances two theories as reasons for adopting a per se rule against protecting terms like BOOKING.COM. For the reasons that follow, we decline to adopt such an approach under either theory.

First, the USPTO relies on an 1888 Supreme Court case to argue that, as a matter of law, adding .com to a generic SLD like booking can never be nongeneric. In *Goodyear’s Rubber Mfg. Co. v. Goodyear Rubber Co.*, 128 U.S. 598, 602–03 (1888), the Court held that the addition of commercial indicators such as “Company” to terms that merely describe classes of goods could not be trademarked, like “Grain Company” or, as the Dissent provides, “The Grocery Store.” According to the USPTO, “.com” is analytically indistinct from “company,” as it is a generic identifier for an entity operating a commercial website, and therefore its addition to a generic term can never be protected. [The Court rejected this argument given that the *Goodyear* case was decided before the Lanham Act and before the current statutory test for genericness was enacted].

Second, the USPTO argues that the proposed mark is per se generic because it is nothing more than the sum of its component parts. It contends that “booking” is a generic term for hotel reservation services, that “.com” is generic for an online company, and that when combined the resulting composite is generic for the online booking services at issue here because a member of the relevant public would understand BOOKING.COM to name an online booking website. Therefore, the USPTO contends, BOOKING.COM is generic. We disagree that it is necessarily so.

We begin by discussing the genericness inquiry as it applies to compound terms. When confronted with a compound term like PRETZEL CRISPS, courts may consider as a first step the meaning of each of the term’s component marks; but . . . the ultimate inquiry examines what the public primarily perceives the term as a whole to refer to . . .

Where the proposed mark is a composite that includes .com, we clarify that, contrary to the district court’s suggestion, .com does not itself have source-identifying significance when added to an SLD like booking.⁹ See, e.g., *In re Hotels.com*, 573 F.3d at 1304 (explaining that the generic term “hotels” did not

⁹ The district court concluded that a TLD like .com generally has source-identifying significance when added to an SLD like booking, and that a mark composed of a generic SLD like booking together with a TLD is usually a descriptive mark eligible for protection upon a showing of secondary meaning. We decline to adopt a rule that goes so far. Such a rule would effectively make any domain name distinctive, which oversteps the focus of our trademark jurisprudence on a mark’s primary significance to the public. However, because we find other evidentiary bases to affirm the district court, as discussed supra, our rejection of this approach does not alter the outcome of our inquiry.

lose its generic character by placement in the domain name HOTELS.COM); McCarthy on Trademarks, § 7:17.50 (explaining that a TLD like .com “has no source indicating significance and cannot serve any trademark purpose”). Merely appending .com to an SLD does not render the resulting domain name non-generic because the inquiry is whether the public primarily understands the term as a whole to refer to the source or the proffered service.¹⁰

For the same reason, neither is it the case, as the USPTO would have it, that assuming booking and .com are each generic terms according to their respective dictionary definitions, and that together they describe the service provided, this necessarily ends the genericness inquiry. . .

We therefore decline to adopt a per se rule and conclude that when “.com” is combined with an SLD, even a generic SLD, the resulting composite may be non-generic where evidence demonstrates that the mark’s primary significance to the public as a whole is the source, not the product.

This approach comports with that taken by our sister circuits, who have similarly declined to adopt a per se rule against protecting domain names, even where they are formed by combining generic terms with TLDs. See, e.g., *Advertise.com Inc.*, 616 F.3d at 978–79; *In re Steelbuilding.com*, 415 F.3d 1293, 1299 (Fed. Cir. 2005). These courts have left open the possibility that in “rare circumstances” a TLD may render a term sufficiently distinctive to be protected as a trademark. See *In re Steelbuilding.com*, 415 F.3d at 1299.

Tellingly, even where courts have found that the individual components of a domain name mark are independently generic, and that when added together the resulting composite merely describes the genus of the service provided, courts still considered other evidence such as consumer surveys in determining whether the mark was generic. For instance, in determining whether *ADVERTISING.COM* was generic, the Ninth Circuit explained that even though both “advertising” and “.com” were generic, and that *ADVERTISING.COM* conveyed only the genus of the services offered, it was possible “that consumer surveys or other evidence might ultimately demonstrate that [the] mark is valid and protectable.” *Advertise.com, Inc.*, 616 F.3d at 982 (emphasis added); see *In re Hotels.com*, 573 F.3d at 1304–05 (considering a consumer survey regarding the public’s understanding of *HOTELS.COM* even though it determined that “hotels” and “.com” were independently generic and that the combination did not produce new

¹⁰ Because we do not adopt the district court’s approach to the addition of TLDs to SLDs, we need not address the USPTO’s contention that the district court impermissibly relied on *BOOKING.COM*’s functional role as a web address to establish non-genericness, where functional features are precluded from trademark protection.

meaning). While these courts have generally found the resulting composite of adding “.com” to certain SLDs to be generic,¹² they have nonetheless acknowledged that on rare occasions such marks may be non-generic. Here, the district court did not err in determining that this case presents one such rare occasion where the record evidence supported a finding that the USPTO failed to meet its burden of proving that the public primarily understood BOOKING.COM to refer to the genus of online hotel reservation services, rather than the company or brand itself.

We are not unsympathetic to the USPTO’s concerns that granting trademark protection over BOOKING.COM may prevent other companies from using the mark. [cit]. However, these concerns are assuaged by two considerations. First, because trademarks only protect the relevant service—here, the district court granted protection as to hotel reservation services but not travel agency services—protection over BOOKING.COM would not necessarily preclude another company from using, for example, carbooking.com or flightbooking.com.¹³ Second, the purported overbreadth of the mark can be addressed in proceedings regarding the scope of the trademark’s protection. To enforce a mark, a plaintiff must prove in a trademark infringement suit that there is a “likelihood of confusion”—that is, whether “the defendant’s actual practice is likely to produce confusion in the minds of consumers about the origin of the goods or services in question.” [cit] . . . Given that domain names are unique by nature and that the public may understand a domain name as indicating a single site, it may be more difficult for domain name plaintiffs to demonstrate a likelihood of confusion.

In sum, adding “.com” to an SLD can result in a non-generic, descriptive mark upon a showing of primary significance to the relevant public. This is one such case.

¹² See, e.g., *In re Hotels.com*, 573 F.3d at 1304 (HOTELS.COM); *In re 1800Mattress.com IP, LLC*, 586 F.3d at 1364 (MATRESS.COM); *In re Reed Elsevier Props., Inc.*, 482 F.3d at 1378 (LAWYERS.COM). We note, however, that on appeal from the TTAB, the Federal Circuit applies a more deferential standard of review—reviewing factual findings for substantial evidence—than that applied by the district court, which reviews the TTAB’s decision *de novo*. See *Shammas v. Focarino*, 784 F.3d 219, 225 (4th Cir. 2015). Given this deferential standard of review, the Federal Circuit may affirm a genericness holding where the district court, reviewing the extant evidence and any new evidence *de novo*, may have reached a different conclusion.

¹³ As the district court noted, WORKOUT.COM, ENTERTAINMENT.COM, and WEATHER.COM are registered marks that have not precluded domain names such as MIRACLEWORKOUT.COM, WWW.GOLIVE-ENTERTAINMENT.COM, and CAMPERSWEATHER.COM.

WYNN, Circuit Judge, concurring in part and dissenting in part:

This case addresses a problem that Booking.com chose to bring upon itself. Because trademark law does not protect generic terms, an online business, like Booking.com, has two options in choosing its domain name. On the one hand, it can choose to operate under a generic domain that describes the nature of the services it offers, and thereby attract the wealth of customers who simply search the web for that service. However, in electing that benefit, the entity accepts a trade-off. It must forego the ability to exclude competitors from using close variants of its domain name. On the other hand, the entity can choose to operate under a non-generic domain name—and thereby potentially limit, at least before it has built consumer awareness of its branding, the universe of potential customers who will find its business. Trademark law affords an entity that selects this latter option a special benefit. It can bar competitors from trading on any goodwill and recognition it generates in its domain name.

Booking.com chose the former approach—to operate under a generic domain name and forego the ability to exclude competitors from using close variants of its domain name. But in the face of recognizing that “booking” is a generic term, the district court creatively decided that combining the generic term “booking” with the generic top-level domain “.com” rendered it non-generic. In doing so, the district court’s judgment—which the majority opinion concedes was grounded in legal error, but nonetheless declines to set aside—allows Booking.com to have its cake and eat it too. Booking.com gets to operate under a domain that merely describes the nature of its business and exclude its competitors from doing the same.

Booking.com maintains that such a result is warranted to prevent “unscrupulous competitors [from] prey[ing] on its millions of loyal consumers. But to the extent Booking.com fears that its competitors are using the terms “booking” and “.com” in ways that might confuse its customers, “this is the peril of attempting to build a brand around a generic term.” [cit]. Accordingly, although I agree with much of the analysis in the majority opinion,² I part ways with my colleagues’ decision to nevertheless affirm the district court’s judgment that BOOKING.COM is a protectable trademark.

² I agree with much of the analysis in the majority opinion. The majority opinion is correct that in determining whether a proposed trademark is a generic term not subject to protection, courts must “look to the proposed mark as a whole.” Accordingly, I join my colleagues and our sister circuits in declining “to adopt a per se rule against protecting domain names, even where they are formed by combining generic terms with [Top Level Domains]. Also like my colleagues, I believe that on only “rare occasion[s]” should the combination of a generic Secondary Level Domain and a Top Level Domain result in a protectable trademark. . .

That decision rests upon my colleagues' determination that the district court's factual findings pertaining to genericness should be "accorded great deference," regarding whether a proposed mark is generic. . . which is a question of fact generally subject to clear error review. But "we owe no deference to the district court's findings if they are derived as a result of the court's misapplication of the law."

Here, . . . the district court concluded that, as a matter of law, "the combination of a generic [Secondary Level Domain] and a [Top Level Domain]" is presumptively descriptive and protectable upon a showing of acquired distinctiveness.

Notably, in adopting this presumption, the district court expressly rejected the approach taken by the Federal Circuit in cases, like the instant case, involving a proposed trademark that combines a generic Secondary Level Domain with a Top Level Domain. The majority opinion rejects that legal presumption but nevertheless defers to the district court's factual finding that BOOKING.COM is descriptive, and therefore protectable, on the theory that that finding was not tainted by the district court's legal error. But a close examination of the district court's opinion reveals that the district court's legal error did play a role in the court's ultimate determination that BOOKING.COM is descriptive.

In particular, because the district court presumed that "the combination of a generic [Secondary Level Domain] and a [Top Level Domain]" is descriptive, it subjected the registrant to a less onerous evidentiary burden for establishing descriptiveness than the law demands. This is evident for two reasons.

First, the district court's ultimate determination—that the proposed mark BOOKING.COM is descriptive—conflicts with the determination that every other court has reached in cases, like the instant case, involving the registration or enforcement of a proposed mark composed of a generic Secondary Level Domain and a Top Level Domain. . .

A second indication that the district court's incorrect legal framework tainted its ultimate determination that BOOKING.COM is protectable is that BOOKING.COM is not like the types of marks courts have recognized as among the "rare" occasions when adding a generic Secondary Level Domain to a Top Level Domain does not create a generic mark. . . .

As an example of the "rare circumstance" in which a Top Level Domain could provide additional non-functional information, the Federal Circuit considered the possibility of a brick-and-mortar company that sold tennis equipment and operated under the name "tennis.net." In *re* Oppedahl &

Larson, LLP, 373 F.3d 1171, 1175 (Fed. Cir. 2004). The court noted the “witty double entendre related to tennis nets” created by the combination of “tennis” and “.net” rendered such a usage distinguishable from a standard proposed mark combining a generic Secondary Level Domain with a Top Level Domain.

Following *Oppedahl’s* reasoning, if we were presented with a situation in which the “.com” was used in a way that played upon or expanded the meaning of its ordinary use as a Top Level Domain, registration might be appropriate. For instance, a website cataloguing and discussing romantic comedy movies of the 1980s, 1990s, and 2000s called “rom.com” might expand upon the ordinary meaning of the Top Level Domain, as it would both describe the commercial nature of the website, as well as convey the subject matter of the website.

The tennis.net and rom.com examples are readily distinguishable from the instant case. The district court did not find—nor has Booking.com ever argued—that the combination of “booking”—a generic term—and “.com” amounts to a “witty double entendre” that expands the ordinary meanings of the proposed mark’s component parts. Rather, BOOKING.COM is a run-of-the-mill combination of a generic term with a Top Level Domain that creates a composite mark concerning the subject or business encompassed by the generic term—precisely the type of mark that the courts in *Hotels.com*, *Reed Elsevier Properties*, *1800Mattress.com*, and *Advertise.com* found did not amount to the “rare circumstance” that warranted affording the domain name trademark protection. . .

The district court’s incorrect legal test—the application of which my colleagues leave in place—upsets the careful balance the law has struck between assisting consumers to identify the source of goods and preserving the linguistic commons. Presumptively allowing protection of domain names composed of a generic Secondary Level Domain and Top Level Domain conflicts with the law’s longstanding refusal to permit registration of generic terms as trademarks.

Fundamentally, the proscription against allowing generic terms to be trademarked stems from considerations regarding the monopolization of language. To permit generic terms to be trademarked “would grant the owner of the mark a monopoly, since a competitor could not describe his goods as what they are.” . . .

Importantly, the law forbids trademarking generic terms, even when a putative mark holder engages in successful efforts to establish consumer recognition of an otherwise generic term. . . Therefore, even advertising, repeated use, and consumer association will not warrant affording trademark protection to a generic term. . .

The policy considerations underlying trademark law’s refusal to protect generic terms apply regardless of whether the putative mark holder is a traditional brick-and-mortar business or located in cyberspace. As the PTO argues, a grocery business called The Grocery Store would—and should—never receive trademark protection because the name is generic—regardless of whether consumers associated the name with a particular entity. However, under the district court’s erroneous approach—the consequences of which the majority leaves in place—if enough consumers recognized an online grocery business called “grocerystore.com,” that business would be entitled to trademark protection. There is no basis in law or policy for drawing such a distinction. Just as competing brick-and-mortar grocery stores need to make use of the term “grocery” to inform customers of the nature of their businesses, so too do competing internet grocery providers need to make use of the term “grocery” in their domain names. . . .

It is particularly important that we ensure that the district court’s ultimate finding that BOOKING.COM is descriptive, and therefore protectable, was not tainted by its erroneous legal test because, as the PTO argues, trademark registration will provide Booking.com with a weapon to freeze out potential competitors. . . .

I believe that this Court’s affirmance of the district court’s judgment—even as it rejects the district court’s legal analysis—unjustifiably empowers Booking.com to monopolize language, thereby enclosing the linguistic commons and adversely affecting competitors in precisely the manner that trademark law seeks to forestall. Put simply, the majority opinion’s judgment will directly disadvantage Booking.com’s competitors by taking away their ability to use the term “booking” in their own website domain names. Indeed, any competitors that attempt to use the term “booking” will face the risk of a costly, protracted, and uncertain infringement lawsuit.

Booking.com and the majority opinion assert that the potential harm to competitors—and therefore consumers—is minimal because: (1) the doctrine of descriptive fair use will prevent Booking.com from monopolizing the term; (2) the protection of BOOKING.COM extends only to hotel reservations, not to other reservation services; and (3) domain names are unique. I find none of these assertions persuasive. . . .

[Judge Wynn explained that for several reasons he feared that the doctrine of descriptive fair use, covered in Chapter 9 of the casebook, would provide Booking.com’s competitors cold comfort.]

My colleagues in the majority also emphasize that the district court awarded Booking.com protection for the mark only for Class 43 hotel services, not Class 39 travel agency services, meaning that “protection over BOOKING.COM would not *necessarily* preclude another company from using, for example, carbooking.com or flightbooking.com.” (emphasis added). But even assuming my colleagues’ optimism that Booking.com could not preclude competitors from using domain names containing the word “booking” is well-founded—a decidedly uncertain question—I see no reason why Booking.com should be entitled to monopolize the generic term “booking” in the online hotel reservation industry by precluding competitors from using domain names like hotelbooking.com or ehotelbooking.com,⁵ which likewise describe such competitors’ services “as what they are.” Put simply, there is no reason why monopolization of language should be allowed in the internet domain name context for any class of services when trademark law has consistently maintained that generic terms such as “booking” should be available in the public linguistic commons for all competitors to use.

Finally, . . . [e]ven accepting my colleagues’ assumption that Booking.com will have difficulty proving likelihood of confusion—again, an uncertain question—affording protection to BOOKING.COM would still likely chill competition in the online booking space. Put simply, putative competitors may—and likely will—choose not to operate under domain names that include the word “booking”—even if that term best describes the service they offer—because they do not want to incur the expense and risk of defending an infringement action.

In sum, the district court’s opinion reveals that its incorrect understanding of the governing legal framework likely tainted its finding that BOOKING.COM is distinctive, and therefore protectable. Because the district court’s erroneous legal test factored into its ultimate factual determination as to descriptiveness, I cannot concur in my colleagues’ decision to affirm the district court’s judgment. Accordingly, with great respect for my good colleagues in the majority, I dissent.

At p. 80, add the following to note 1:

On November 8, 2019, the United States Supreme Court granted the petition for writ of certiorari on the question “whether the addition by an online business of a generic top-level domain (.com) to an otherwise generic term can

⁵ Several hotel booking websites have domain names combining, in various ways, “booking” with “.com,” including “bookingcenter.com,” “ebookers.com,” “bookingwhiz.com,” “hotelbooking.com,” “bookit.com,” and “bookingbuddy.com.”

create a protectable trademark”? How should the Supreme Court answer that question?

At p. 80, add the following to note 3:

In *Booking.com*, the Court of Appeals affirmed the decision of Judge Brinkema. See *Booking.com B.V. v. Matal*, 278 F.Supp.3d 891 (E.D. Va. 2017). But because the PTO conceded on appeal that, if the mark was descriptive, it was protectable, the court did not address Judge Brinkema’s analysis of secondary meaning. In her opinion, Judge Brinkema addressed the types of evidence that might support a finding of secondary meaning:

With respect to advertising, plaintiff has submitted evidence of the number of visual impressions of BOOKING.COM by consumers. Although the secondary meaning test refers to “advertising expenditures,” the Court is satisfied that the number of visual impressions is equally, if not more, probative of secondary meaning because it more closely approximates the number of consumers who have been exposed to a brand. Plaintiff aired BOOKING.COM branded television commercials that received 1.3 billion visual impressions from U.S. customers in 2015 and 1.1 billion impressions in 2016. Its internet advertisements during these years received 212 million and 1.34 billion visual impressions from U.S. customers, respectively. And its 2015 movie theater advertisements received approximately 40 million visual impressions from U.S. customers. This is compelling evidence of plaintiff’s advertising efforts and is considerably more wide-reaching than the evidence used to satisfy the first factor in other Fourth Circuit cases. See *Resorts of Pinehurst, Inc. v. Pinehurst Nat’l Corp.*, 148 F.3d 417, 421-22 (4th Cir. 1998) (finding that the markholder had made “considerable advertising efforts and expenditure of money toward developing a reputation and goodwill” for its mark through a “nationwide marketing campaign” that involved “placing advertisements in numerous national golf publications such as *Golf* and *Golf Digest* magazines” and aggressively “seeking out major professional golf tournaments”). . . .

The third factor, record of sales success, is also well-established. Plaintiff’s public filings reflect that its U.S. customers conduct billions of dollars’ worth of transactions each year, and, as of 2013, plaintiff’s total transaction value, both in the United States and abroad, was over \$8 billion, which is substantially higher than the sales success in other cases where courts in this Circuit have found secondary meaning. See, e.g., *Worsham Sprinkler Co. v. Wes Worsham Fire Prot., LLC*, 419 F. Supp. 2d 861, 869-72 (E.D. Va. 2006) (citing annual revenues averaging \$18-20 million); *IDV N. Am., Inc.*, 26 F. Supp. 2d at 823 (finding that BAILEYS liqueurs’ \$1 billion in sales over the course of a decade supported a finding of secondary meaning). In addition, plaintiff’s mobile app, which can be used to search for hotels and make reservations, was downloaded approximately 1 million times in 2014, 1.9 million times in 2015, and 2.5 million times in 2016, which offers additional,

circumstantial evidence of sales success and consumer brand recognition. . .

With respect to the sixth factor, length and exclusivity of use, . . . [t]here is no evidence in the record that “any other party offering travel agency services refers to itself as a ‘Booking.com.’” [D]efendants point to fifteen third-party websites that include “booking.com” or “bookings.com,” and one might argue that this is evidence that plaintiff has not enjoyed exclusive use. This argument fails because the mere existence of a registered domain name or even a website does not equate to its use as a “mark.” “[A] domain name does not become a trademark or service mark unless it is also used to identify and distinguish the source of goods or services.” [cit.] Out of the millions of domain names, only a fraction play the role of a mark. Indeed, the websites associated with the domain names cited by the defendants identify their services not by reference to their domain name but by phrases such as “Dream Vacation Booking” and “Vacation Home Booking.” Further, . . . these websites are not actually referring to themselves as “booking.coms,” therefore they are not using the term either descriptively or as a mark.

Finally, plaintiff has adduced evidence of its substantial social media following. As of 2016, over 5 million consumers had “liked” BOOKING.COM on Facebook and over 100,000 “followed” BOOKING.COM on Twitter. Although this evidence does not directly relate to any of the Perini factors, those factors are non-exhaustive, and, just as unsolicited media coverage offers circumstantial evidence of consumer awareness of a brand, the size of a producer’s social media following is indicative of the number of consumers who are familiar with a brand, interested in receiving additional information about it, and presumably tend to feel goodwill toward the producer.

In the face of this evidence, defendants argue that “although [p]laintiff has provided documents related to its commercial success, they do not demonstrate actual market recognition of ‘booking.com’ as a source indicator.” This argument ignores the direct evidence of consumer understanding established by plaintiff’s Teflon survey and appears to challenge the very nature of the secondary meaning test, which acknowledges that five of the six factors — advertising expenditures, sales success, media coverage, attempts to plagiarize, and exclusivity of use — are all circumstantial evidence. Professor McCarthy acknowledges direct evidence “is not a requirement and secondary meaning can be, and most often is, proven by circumstantial evidence.” [cit.] In addition, it defies logic to suggest that billions of consumer impressions through advertising, billions of dollars in sales, and over 1,000 newspaper articles have no bearing on whether consumers understand BOOKING.COM to be a source of reservation services.

Do you agree with this analysis?

At p. 80, add the following add the following as new note 4:

4. *Hashtag marks.* In the last couple of years, there has been a spike in efforts to register trademarks that consist of a hashtag followed by a product name or promotional phrase. To what extent does the addition of a hashtag affect the distinctiveness of a claimed mark? See *In re i.am.symbolic, llc*, 127 U.S.P.Q.2d (BNA) 1627 (TTAB 2018) (involving mark #WILLPOWER for clothing; ruling that the addition of the hashtag symbol generally adds “little or no source-indicating distinctiveness to a mark”) (citing TMEP 1202.18); see also Problem 2-3(19).

At p. 140, add the following to note 5:

In assessing exclusivity of use in a trade dress case, the Federal Circuit has held that only third party uses that are “substantially similar” to the claimed mark are relevant. See *Converse v. ITC*, 909 F.3d 1110 (Fed. Cir. 2018).

At p. 141, add the following to note 2 after Tenth Circuit quote in last paragraph on p. 141:

Cf. In re Forney Indus., Inc., 127 U.S.P.Q.2d (BNA) 1787 (TTAB 2018) (color mark consisting of multiple colors applied to packaging cannot qualify as inherently distinctive; it should be treated as a “color” mark rather than a packaging mark).

At p. 158, add the following as new note 4:

4. *Smell marks.* For an example of a recently registered olfactory mark, see Registration No. 5467089 (registered May 2018) (registering “a scent of a sweet, slightly musky, vanilla fragrance, with slight overtones of cherry, combined with the smell of a salted, wheat-based dough” for “toy modeling compounds.”) Can you identify the source of the product from this description? The scent has apparently been used on the product since 1956.

At p. 171, add the following to note 3:

In *American Society for Testing and Materials v. Public.Resource.Org, Inc.*, 896 F.3d 437 (D.C. Cir. 2018), the plaintiffs (including ASTM) were standard-developing organizations (SDOs) who published thousands of technical standards (for such things as “best practices as electrical installations” or the

“power source needed for a cargo tank’s liquid overfill protection system”). Many of these standards are incorporated into laws by federal, state and local governments, often simply by reference rather than repetition. The SDOs brought an action against Public.Resource.org (PRO), a non-profit organization with a self-proclaimed mission to “make the law and other governmental materials more widely available.” PRO purchased copies of the SDO standards, scanned them into a digital file, attached explanatory cover sheets, and posted the documents to a public web site. In some cases, PRO would modify a file so that the text could more easily be enlarged, searched and read with text-to-speech software. The plaintiffs claimed both copyright and trademark infringement, and the district court granted summary judgment to the plaintiffs on both claims. The Court of Appeals vacated the trial court’s injunction because of legal errors and remanded to the trial court to develop a fuller factual record. However, the appellate hinted that the defendant’s fair use defense would likely defeat any copyright claim. On the trademark analysis, the Court of Appeals also remanded because of errors in the lower court’s treatment of the nominative fair use defense (discussed *infra* in Chapter 9). However, the defendants had argued that *Dastar* precluded any trademark claim in any event, because any such claim would circumvent the limitations of the Copyright Act. The Court of Appeals disagreed:

Were PRO accused of reproducing identical copies of ASTM’s standards, and assuming that ASTM lacked an enforceable copyright to those standards, ASTM’s trademark claim might well have been precluded under *Dastar*. Here, however, PRO is not accused of faithfully copying ASTM’s work without attribution but instead of “creat[ing] reproductions through scanning and re-typing, with resultant errors and differences,” to which it affixes ASTM’s marks. Consumers who download copies of the standards from PRO’s website may not only be misled into thinking that ASTM produced the digital files but also may attribute any errors to ASTM. This risks precisely the sort of confusion as to “the producer of the tangible product sold in the marketplace” that the Supreme Court in *Dastar* deemed a cognizable injury under the Lanham Act. . .

Given that ASTM alleges that PRO is distributing meaningfully inferior versions of the technical standards under ASTM’s trademark and given trademark law’s concern for “discourag[ing] those who hope to sell inferior products by capitalizing on a consumer’s inability quickly to evaluate the quality of an item offered for sale,” *Qualitex*, 514 U.S. at 164. *Dastar* does not bar ASTM’s trademark claims.

Am. Soc’y for Testing & Materials, et al. v. Public.Resource.Org, Inc., 896 F.3d 437, 455 (D.C. Cir. 2018). Is the Court of Appeals correct that *Dastar* only precludes claims based upon “instances of virtually identical copies”? *See id.* Do the policy concerns of trademark law require relief on these facts? Are the policy concerns that underlay *Dastar* implicated by these facts? What should be the result if you answer both these questions affirmatively?

At p. 171, add the following to note 4:

In *Bretford*, noted above, the defendant competitor's use of the plaintiff manufacturer's (allegedly source-identifying) table legs on a sample table shown to potential customer did not constitute reverse passing off. Under *Dastar*, the table's "origin" was the defendant, no matter who made any component or subassembly. *Bretford Mfg., Inc. v. Smith Sys. Mfg. Corp.*, 419 F.3d 576, 581 (7th Cir. 2005). Likewise, in *Kehoe Component Sales Inc. v. Best Lighting Products, Inc.*, 796 F.3d 576 (6th Cir. 2015), the defendant supplier/manufacturer was not liable for reverse passing off when it used molds that it used to produce lighting goods for one customer in order to produce additional lighting products that it sold to the public in competition with the customer. Again, under *Dastar* the supplier/manufacturer *was* the origin of the additional lighting products that it produced and sold. Presumably, the same result would apply if the supplier/manufacturer used the molds for another customer to sell goods in competition with the first customer rather than the supplier/manufacturer doing so itself: the second customer would be the "origin" of the additional goods and thus protected by *Dastar*. But what if that second customer had made false statements to the supplier/manufacturer regarding the ultimate destination of the additional goods (in particular, whether they were to fulfil an order for a partner of the first customer which did not in fact exist)? Does that affect the applicability of *Dastar*? Should it affect the viability of an action under Section 43(a)? See *OTR Wheel Eng'g, Inc. v. W. Worldwide Servs., Inc.*, 897 F.3d 1008, 1017 (9th Cir. 2018).

At end of p. 217, insert the following case after *Jay Franco*:

BODUM USA, INC. v. A TOP NEW CASTING INC.

927 F.3d 486 (7th Cir. 2019)

FLAUM, Circuit Judge:

Bodum USA, Inc. (“Bodum”) produces and sells what design magazines and art museums have recognized as an iconically designed houseware product—the Chambord French press coffeemaker. Bodum sued A Top New Casting, Inc. (“A Top”) for selling a French press that Bodum claimed infringes on its unregistered trade dress in the Chambord. After a five-day trial, a jury returned a verdict in favor of Bodum, finding that A Top had willfully infringed on Bodum’s trade dress in the Chambord and awarding Bodum \$2 million in damages. The district court denied A Top’s post-trial motion for judgment as a matter of law, in which A Top argued that Bodum failed to prove the Chambord design was nonfunctional. A Top also moved for a new trial because the court excluded evidence of various utility patents covering French press coffeemakers; the district court denied this motion as well. We affirm.

I. Background

Plaintiff-appellee Bodum has been selling French press coffeemakers since the 1970s. A French press is a nonelectric coffeemaker consisting of a cylindrical carafe and a plunger attached to a filter screen. The user adds boiling water to coffee grounds in the carafe and, after the grounds have steeped, presses the filter down slowly through the carafe to separate the used grounds from the brewed coffee.

Bodum began distributing the Chambord, its flagship French press, in 1983. The Chambord’s design originated in France in the 1930s and is based on the towers of the Chambord Chateau, a castle in France’s Loire Valley. Its features include a metal cage with a band around the top of the carafe, metal pillars ending in four curved feet, a C-shaped handle, and a domed lid topped with a spherical knob. Bodum’s Chambord French press is pictured below:



[In] 2014, defendant-appellant A Top began selling a competing French press coffeemaker called the SterlingPro exclusively through Amazon. The SterlingPro is similar in appearance to the Chambord, with the same metal cage, metal pillars ending in curved feet, C-shaped handle, and domed lid topped with a spherical knob. The two coffeemakers are pictured side-by-side below, with the Chambord on the left and the SterlingPro on the right:



[Bodum filed a complaint against A Top in the Northern District of Illinois bringing claims for trade dress infringement inter alia under Section 43(a) of the Lanham Act]. A Top moved for summary judgment on Bodum's claims twice, but the district court denied these motions and the case proceeded to a jury trial.

The jury returned a verdict in Bodum's favor, finding that A Top willfully infringed on Bodum's Chambord trade dress and awarding Bodum \$2 million in damages. A Top timely moved for judgment as a matter of law under Federal Rule of Civil Procedure 50 and for a new trial under Rule 59. As relevant here, A Top claimed that it was entitled to judgment as a matter of law because Bodum had failed to prove its Chambord trade dress elements were nonfunctional. And A Top said it was at least entitled to a new trial because the district court erred in excluding evidence under Rule 403 of utility patents that, it said, disclosed the Chambord's trade dress features (demonstrating the functionality of those features). The district court denied both motions on June 6, 2018.

On August 21, 2018, the district court granted Bodum's motion for enhanced damages, awarding prejudgment interest and doubling the damages award to \$4 million, and it denied Bodum's motion for attorney's fees. Further, the court granted Bodum's request for a permanent injunction to prevent A

Top from continuing to sell its infringing SterlingPro products. The district court entered final judgment on August 23, and A Top timely appealed.

II. Discussion

A Top pursues two arguments on appeal. First, A Top says that it is entitled to judgment as a matter of law because Bodum did not meet its burden of demonstrating that the elements of the claimed Chambord trade dress were nonfunctional (as required for it to be enforceable under the Lanham Act). Second, A Top claims that it is entitled to a new trial because the district court improperly excluded several utility patents from evidence under Rule 403.

A. Functionality of the Chambord Trade Dress

We review *de novo* the denial of a Rule 50 motion for judgment as a matter of law. [cit]. “Because a jury has rendered a verdict, we view the evidence in the light most favorable to that verdict.” [cit]. In our review, we do not make credibility determinations or reweigh the evidence; we need only determine that there is more than “a mere scintilla of evidence” to support the verdict. [cit]. . . .

[On] appeal, A Top does not dispute that the SterlingPro copies the Chambord. Instead, A Top only challenges Bodum’s proof on the functionality of its claimed trade dress.

Trademark protection for trade dress, unlike patent and copyright protection, has no time limit; the Act therefore does not protect features that are necessary for the use of a product, so as to prevent one competitor from maintaining a “perpetual and exclusive right to a useful product feature.” [cit]. The Supreme Court has explained that “‘a product feature is functional,’ and cannot serve as a trademark, ‘if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.’” *Qualitex*, 514 U.S. at 165 (quoting *Inwood Labs.*) Even if a claimed trade dress does not satisfy this first test, “it can still be functional if it is a ‘competitive necessity,’ that is, if its exclusive use ‘would put competitors at a significant non-reputation-related disadvantage.’” [quoting *TraFix*].

In deciding whether a trade dress element is functional, we consider several factors:

- (1) the existence of a utility patent, expired or unexpired, that involves or describes the functionality of an item’s design element;
- (2) the utilitarian properties of the item’s unpatented design elements;
- (3) advertising of the item that touts the utilitarian advantages of the

item's design elements; (4) the dearth of, or difficulty in creating, alternative designs for the item's purpose; (5) the effect of the design feature on an item's quality or cost.

Ga.–Pac. Consumer Prods. LP v. Kimberly–Clark Corp., 647 F.3d 723, 727–28 (7th Cir. 2011) (citation omitted). No one factor is dispositive. *See id.* at 728–31 . . .; Valu Eng'g, Inc. v. Rexnord Corp., 278 F.3d 1268, 1274–75 (Fed. Cir. 2002).

Bodum claims trade dress protection in the overall appearance of the Chambord and identifies the following specific elements as contributing to that distinctive look: the metal band surrounding the carafe that forms support feet and the handle attachment, the domed lid, the rounded knob atop the plunger, and the C-shaped handle. [cit]. Bodum does not claim a trade dress in the cylindrical carafe or the plunger, as it acknowledges those elements are functional for a French press coffeemaker.

A Top argues Bodum failed to establish that the claimed Chambord features are not essential to its use and that these features do not affect the coffeemaker's cost or quality. However, in its argument, A Top consistently elides the distinction between a product's "function" in the everyday meaning of the term and "functional" as a term of art used in trade dress law. Bodum does not claim that any French press coffeemaker with a handle, a domed top, or metal around the carafe infringes on its trade dress. Rather, it is the overall appearance of A Top's SterlingPro, which has the *same* shaped handle, the *same* domed lid, the *same* shaped feet, the *same* rounded knob, and the *same* shaped metal frame as the Chambord, that Bodum objects to. Thus, to establish it has a valid trade dress, Bodum did not have to prove that something like a handle does not serve any function. It merely needed to prove that preventing competitors from copying the Chambord's particular design would not significantly disadvantage them from producing a competitive and cost-efficient French press coffeemaker.

When properly framed in this manner, Bodum presented sufficient evidence for a reasonable jury to conclude that the Chambord's overall look was nonfunctional. First, regarding the utilitarian properties of the Chambord's design elements, Bodum's functionality expert Robert Anders testified about their *nonutilitarian* nature. He testified that the only functional parts of the Chambord—the parts that are necessary to make French press coffee—are the plunger and cylindrical shape of the carafe. In contrast, Mr. Anders did not believe the particular C-shape of the Chambord's handle worked better than an alternatively shaped handle and, in fact, testified that he thought the C-shape was "not as ergonomically designed as it could be." Mr. Anders further testified that the dome-shaped lid was an "arbitrary design"

because the lid “could be of any shape” in order to work, and the metal frame is “absolutely not” necessary for the Chambord to make French press coffee.

A Top’s expert, Peter Bressler, agreed. He “didn’t see particularly great advantage in the design of the handle, but [he] saw an advantage in having a handle.” Whether it is more advantageous for a French press to have *a handle*, however, is not the pertinent inquiry; the question is whether there is an advantage to having *this designed handle*, to which Mr. Bressler agreed there is not.²

Next, A Top argues that Bodum admitted the Chambord design was functional in its advertising and thus failed to meet its burden of proving nonfunctionality. . . . Indeed, Joergen Bodum, CEO of Bodum’s parent company, testified regarding Chambord advertisements describing the product as “functional” and about an interview he gave in which he described Bodum’s products as “function-driven.” However, he also explained that these references to functionality were not invoking the term’s legal definition but were merely intended to convey that Bodum’s products work. In fact, Bodum’s advertising for the Chambord never claimed any of its design features worked better than other options—for example, it never claimed the handle is an ergonomic shape nor that its four curved feet provide stability. Rather, the advertising focused on the classic look of the Chambord design. Thus, a reasonable jury could weigh this evidence against a finding of functionality in the legal trade dress sense.

Additionally, Bodum introduced a plethora of evidence regarding the availability of alternative designs, which supported the Chambord’s lack of functionality. It introduced as trial exhibits competing manufacturers’ French presses featuring different design elements, including those made of different materials, with differently shaped handles, lids, plunger knobs, and frames, those that do not have transparent carafes or do not have feet, and those with differently shaped external structures surrounding the cylindrical carafe. More importantly, Bodum introduced evidence that both it and A Top sell French presses with alternative designs and made of different materials. Thus, there was ample evidence before the jury in Bodum’s favor on this factor.

² A Top points to two changes Bodum made to the Chambord in response to safety issues the United States Consumer Product Safety Commission raised—reducing the size of the knob and redesigning the lid to fit deeper into the carafe—as evidence the knob and lid are functional. However, Bodum could have reduced the size of the knob and made it a flat disk or redesigned the deep-fitting lid to be flat instead of domed while still remedying these safety concerns. There is no evidence that the appearance of the features as redesigned are necessary for a competitive product, from a use (or cost) perspective.

Finally, we must consider the cost or quality advantage test of functionality. [cit]. Again, Bodum presented sufficient evidence from which a jury could conclude that the Chambord's design conferred no cost or quality advantage that made it functional. Bodum's expert, Mr. Anders, testified the Chambord design was "complex" and that there are "simpler ways of doing this." He explained the more complex the structure, the more expensive the product is to manufacture, so he disagreed with A Top's expert that the Chambord was the least expensive method to manufacture a French press. Mr. Anders also explained that plastic is generally cheaper to use than metal in manufacturing, so plastic-framed French presses would be cheaper to manufacture than the metal-framed Chambord.

Joergen Bodum further supported Mr. Anders's opinion in his testimony regarding the many different French presses Bodum produces. For example, Bodum's "Bistro" French press does not have a metal frame, a domed lid, or a C-shaped handle. Mr. Bodum testified that the Bistro is less expensive to produce ("maybe less than half of what it costs to make a Chambord") and less time-consuming to produce because it requires less material than the Chambord. Although the Bistro was a successful first product for the company, Mr. Bodum testified he decided to produce the Chambord, a more complex and expensive product, in addition to the Bistro because he was interested in its iconic French design. Mr. Bodum also discussed the manufacturing costs to produce Bodum's various French press coffeemakers. He explained that the Chambord is neither the cheapest nor the most expensive French press Bodum sells. Thus, Mr. Bodum's testimony supported that the Chambord's overall design conferred no particular cost advantage that made it functional.⁴

Indeed, Jian Liang, A Top's CEO, testified that A Top produces another French press with a plastic frame that is less expensive than the metal SterlingPro. This testimony further demonstrates that the Chambord's design does not provide a cost advantage. Contrary to A Top's argument, Bodum provided evidence sufficient for the jury to conclude that the Chambord's

⁴ A Top relies on *Apple Inc. v. Samsung Electronics Co.*, 786 F.3d 983 (Fed. Cir. 2015), *rev'd and remanded on other grounds*, 137 S. Ct. 429 (2016), to argue that Bodum's evidence regarding the relative costs of the materials used to make the Chambord is irrelevant and, therefore, that Bodum introduced nothing to show the Chambord is nonfunctional under the cost advantage test. *Apple*, a Federal Circuit case applying Ninth Circuit law, is not controlling here, but in any event, it is distinguishable. In *Apple*, the plaintiff argued that its unregistered trade dress in its product did not result from a comparatively simple manufacturing process. The Federal Circuit, however, noted that the difficulties plaintiff encountered in its manufacturing process resulted from its choice to use certain materials to improve the durability (i.e., the function) of its product. Thus, this evidence did not address any cost advantages or disadvantages of plaintiff's design. Here, however, Bodum introduced evidence that French presses can still function when made out of other materials, like plastic, and that the metal and glass used for the Chambord design do not confer any particular cost or quality advantage for the product.

appearance is costlier to manufacture than to design around, which supports that the Chambord trade dress is not functional. See *Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277, 297–98 (7th Cir. 1998).

Overall, looking at the evidence in the light most favorable to the verdict, Bodum presented sufficient evidence for the jury to have found Bodum’s claimed trade dress was nonfunctional. We cannot say the jury was irrational to reach this conclusion, so we affirm the denial of A Top’s motion for judgment as a matter of law.

B. Exclusion of Utility Patents Evidence

A Top also appeals a related issue—the district court’s decision to exclude evidence of various utility patents, which A Top contends demonstrate the functionality of the claimed Chambord trade dress features. . . .

As noted above, courts consider “the existence of a utility patent, expired or unexpired, that involves or describes the functionality of an item’s design element” in considering whether a claimed trade dress is functional. As the Supreme Court has explained, a utility patent is “strong evidence that the features therein claimed are functional.” *TrafFix Devices*, 532 U.S. at 29. In other words, “if the ‘central advance’ claimed in the utility patent matches the ‘essential feature’ of the trademark, there is strong evidence that the design is functional.” *Ga.–Pac. Consumer Prods.*, 647 F.3d at 728 (quoting *TrafFix Devices*, 532 U.S. at 30).

[The Court reviewed trial testimony, during which evidence of utility patents came up on direct examination and cross-examination of Mr. Anders. Bodum’s counsel objected to the admission of the patents as evidence. The court provisionally admitted the patents for Bodum’s redirect examination of Mr. Anders and then heard arguments on the objection. The district court excluded them from evidence.] The court explained it did not matter that the patents were for other parties’ products but it did matter whether the features Bodum claimed as part of its trade dress were disclosed in the patents. The court asked A Top to point to language in any of the patents it sought to admit that claimed as part of the patent “any of the features that [Bodum] says are part of its trade dress.” A Top could not, however, find any such language. . . . [A] Top was unable to point to a single patent that claimed a domed lid, a C-shaped handle, feet on the bottom of the carafe, or a metallic castle-shaped cage—the design elements Bodum claims as its trade dress.

The district court reviewed the jury instruction on whether a patent discloses the “practical advantages” of the design and explained that *TrafFix Devices* requires that the patent somewhere (not necessarily in the claims

portion of the patent) claim the trade dress features in some “significant way.” Here, none of the patents did so. Though some of the French presses in the patent pictures had a handle, feet, or something on top of the plunger, the court did not think that “bears on the question of whether it’s functional as ... trade dress law defines that term.” . . .

The district court did not abuse its discretion in excluding this evidence. The patents A Top sought to introduce do not claim any of the features that comprise the claimed Chambord trade dress. *See TrafFix Devices*, 532 U.S. at 29 (utility patents are evidence “that the features *therein claimed* are functional” (emphasis added)). That the patents disclose a plunger and cylindrical carafe are irrelevant because Bodum does not claim those elements as part of its trade dress. And the pictures in the patents showing French presses with handles, domed lids, or knobs are irrelevant to the legal question of functionality because the patents do not claim any of those features as part of the patented invention. Permitting the jury to view and consider the patents would cause confusion as to the appropriate inquiry for functionality.

A Top also claims that whether a patent discloses a feature’s utility is a question of fact for the jury and, as such, the district court erred in excluding the patents from the jury’s consideration. In *Thomas & Betts*, we explained that a “utility patent must be examined in detail to determine whether or not the disclosed configuration is really primarily functional or just incidentally appears in the disclosure of a patent.” 138 F.3d at 300 (quoting J. Thomas McCarthy, 1 McCarthy on Trademarks and Unfair Competition § 6:10 (4th ed. 1996)). There, the district court determined at summary judgment that because the claimed feature was part of a patent and did not appear incidentally, it was primarily a functional feature. On appeal, we determined that this conclusion “necessitated a weighing of the evidence,” so a jury should have had the opportunity to decide how much weight to give the patent considering all the other evidence presented on the functionality issue. The district court’s decision here is consistent with *Thomas & Betts*. The court excluded the evidence under Rule 403, an evidentiary rule that tasks the judge with balancing the exclusion of relevant evidence with the risk of harm from admission. The district court did not decide the functionality question; it determined that the patent evidence, while relevant to the question of functionality, posed too significant a risk of jury confusion (an issue not raised by the patent evidence in *Thomas & Betts*).

This is not one of those extreme cases in which we second-guess the trial judge’s weighing of the probative value of the evidence with the potential for jury confusion on a Rule 403 issue. We affirm the court’s denial of A Top’s motion for a new trial.

At p. 240, insert after *Abercrombie & Fitch*:

LEAPERS, INC v. SMTS, LLC
879 F.3d 731 (6th Cir. 2018)

CLAY, CIRCUIT JUDGE:

[Plaintiff Leapers, Inc. makes adjustable rifle scopes. Several portions of Plaintiff's products are textured with so-called "knurling," which allows users to grip the products more easily and to make fine-tuned adjustments. Knurling can be found on a wide variety of everyday items such as door handles, coin edges, and bottle lids. Plaintiff asserts that it uses a unique knurling pattern that is distinctly "ornamental" and by which consumers recognize Plaintiff as the source of the product. Plaintiff filed suit against Defendant seeking monetary and injunctive relief for trade dress infringement of Plaintiff's rifle scope knurling design. Defendant filed for summary judgment on the basis that Plaintiff would not be able to prove two essential elements of its trade dress claim, namely nonfunctionality and secondary meaning. The district court granted Defendant's motion for summary judgment. The plaintiff appealed.]

[T]he burden of proving nonfunctionality is unusual because it requires a party to introduce affirmative evidence that a quality is not present—to introduce "evidence of an absence" rather than merely an absence of evidence. Evidence that a product design is purely "ornamental, incidental, or arbitrary" can be evidence of an absence of functionality. See *TraFFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 30 (2001).

Evidence of aesthetic intent—that the product was designed for an aesthetic purpose—tends to show that a product's design is purely ornamental, incidental, or arbitrary. Intent, however, is not conclusive; not every design created for an aesthetic purpose will turn out to be nonfunctional. Indeed, a design might turn out to have functional value despite any original aesthetic intent if the design becomes "essential to the use or purpose of the article" or if it turns out to "affect[] the cost or quality of the article." [cit] . . . Thus, proof of aesthetic intent alone cannot establish nonfunctionality due to the possibility of incidental functionality.

Aesthetic intent alone is also insufficient because some products function based on their aesthetic properties through so-called "aesthetic functionality." See [*Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, Inc.*, 280 F.3d 619, 642 (6th Cir. 2002)]. A design has aesthetic functionality when it communicates the use, purpose, cost, or quality of the product in a way that competitors cannot avoid replicating without incurring costs "not to copy but

to design around.” *See id.* at 642–43 (quoting *W.T. Rogers Co. v. Keene*, 778 F.2d 334, 340 (7th Cir. 1985)). But “there are few aesthetic designs that are so fundamental to an industry that competitors cannot fairly compete without free use of [them].” 1 McCarthy on Trademarks and Unfair Competition § 7:81 (5th ed.). Thus, a party’s initial burden to show that a design lacks aesthetic functionality is not substantial; the plaintiff need only show that the design is not a competitive necessity such that “exclusive use ... would put competitors at a significant non-reputation related disadvantage.” *See TrafFix*, 532 U.S. at 32–33.

In *Abercrombie*, . . . [a]lthough there was no indication that the use of such designs affected the clothing’s fit, comfort, or durability, the plaintiff conceded that consumers’ aesthetic tastes drove the market for its clothing. Indeed, the plaintiff said that its design was expressive with regard to the quality of the clothing, “convey[ing] the reliability of the ... brand” both in stores and when worn. This evidence, along with the sheer breadth of the plaintiff’s purported trade dress, indicated that exclusive use of the design would leave competitors at a significant, non-reputation related disadvantage in the market for “reliable rugged and/or athletic casual clothing drawn from a consistent texture, design, and color palette.” Lacking any evidence to the contrary, this Court concluded that the design had aesthetic functionality.

By contrast, the plaintiff automobile manufacturer in *General Motors Corp. v. Lanard Toys, Inc.* succeeded in its claim that the defendant, a toy car manufacturer, infringed its trade dress by copying the aesthetic design of its Humvee vehicle. 468 F.3d 405, 416–17 (6th Cir. 2006). A witness for the plaintiff testified that the Humvee’s design was motivated purely by aesthetics and not by function. The plaintiff’s purported trade dress consisted of a specific grille design, a slanted and raised hood, a two-panel windshield, rectangular doors, and squared edges. These features were expressive; they communicated the use and purpose of the Humvee as a strong, hardwearing vehicle. Although this suggested the possibility of aesthetic function, the plaintiff also introduced evidence that the market for the Humvee was not driven by aesthetics, meaning that exclusive use of its design would not significantly impact competition. Specifically, the plaintiff showed that the Humvee was designed to meet military specifications, none of which described the aesthetic design elements at issue. Additionally, the plaintiff emphasized the narrow definition of its design, which would allow competitors to create a wide range of strong, hardwearing designs without incurring costs “not to copy but to design around” the Humvee’s design. Based on this evidence, we concluded that the plaintiff had met its burden to show that its design was purely ornamental and therefore nonfunctional.

...

In this case, Plaintiff admits that knurling is a functional component of a rifle scope. Plaintiff argues, however, that it applies a purely ornamental design to the knurling on its rifle scopes and that this design—not knurling generally—constitutes its trade dress. A knurling pattern can be purely ornamental, at least as a hypothetical matter; a unique knurling pattern—perhaps in the shape of a company’s name or logo—could have no impact on the knurling’s functionality. [cit]. As long as the pattern is not “essential to the use or purpose” of a rifle scope and does not “affect[] the cost or quality” of a rifle scope, the knurling design confers no incidental functionality. And as long as the knurling design does not have an aesthetic function such that “exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage,” the design also lacks aesthetic function and can be protected as trade dress—just like the unique color of a dry cleaning pad, [cit], the unique aesthetic of a Humvee. [cit].

A jury could reasonably conclude that Plaintiff’s knurling design is purely ornamental and therefore nonfunctional. Plaintiff introduced various testimonies to demonstrate that Plaintiff is unaware of any functional benefit of its design and that Plaintiff chose the design for a purely aesthetic purpose: to make the scopes “stand out from the competition.” If the jury finds these testimonies credible, it could conclude that Plaintiff did not achieve functionality where none was intended—so long as Plaintiff adequately rebuts the possibilities of incidental functionality and aesthetic functionality.

Plaintiff also provided evidence negating incidental functionality. Plaintiff showed that its competitors apply knurling to their rifle scopes’ adjustment knobs in a wide variety of patterns, many of which are more effective than Plaintiff’s design at making the knobs’ adjustment surfaces graspable. In other words, Plaintiff adorns its products with a knurling pattern that is not particularly effective at achieving knurling’s primary purpose. A jury could therefore conclude that Plaintiff’s design does not represent a technological advancement, even by accident, and that its claim need not be “channel[ed] ... from the realm of trademark to that of patent.” [cit].

Finally, Plaintiff introduced evidence that its design lacks aesthetic functionality. The record indicates that competition in the rifle scope industry is not based on the visual appeal of knurling or of adjustment knobs more generally; instead, rifle scope manufacturers design their knobs “in ways that allow them to be better gripped to perform the function of adjustment.” Even so, Defendant argues that the range of available knurling designs is limited by functional requirements, especially the requirement of making the surface of an adjustment knob more graspable without compromising the structural integrity of the knob. If the range of available designs is truly constrained, any claim of trade dress protection must fail due to competitive necessity. But

Plaintiff introduced its own expert report, which states that the elements of its design are not dictated by functional requirements. Although this conclusory assertion on its own would not be enough to withstand summary judgment, the report also incorporates pictures of numerous knurling designs that are currently used in the market. These images cast doubt on Defendant's assertion of a design constraint and would allow a jury to find that the variety of knurling patterns that can be applied to an adjustment knob is effectively unlimited, much like the variety of colors that that can be applied to a dry cleaning pad. [cit]. Finding no "scarcity" or "depletion" of available designs, the jury could then conclude that exclusive use of Plaintiff's design would not put competitors at a significant, non-reputation related disadvantage. [cit].

....

From this evidence, a jury could properly conclude that Plaintiff's design is purely ornamental and therefore nonfunctional. The district court therefore erred when it granted summary judgment to Defendant on the basis of nonfunctionality. . . The district court was correct that knurling is "inalterably functional" in that it allows a rifle scope user to "grasp or grip a thing more securely." However, Plaintiff does not assert that its trade dress consists of knurling; rather, Plaintiff alleges that its trade dress consists of a unique design that is printed into knurling. Thus, the nonfunctionality inquiry in this case must focus on the design of Plaintiff's knurling and not on knurling in general. The district court erred by failing to make this distinction during summary judgment.

[The court also held that the district court did not properly resolve the issue of secondary meaning and thus remanded so that the district court can offer a definitive ruling on whether Plaintiff has created a genuine issue regarding whether its design has established a secondary meaning.]

At p. 275, after the *Sones* and TMEP cites, add the following:

A website specimen failed to satisfy the third element where it only indicated how consumers could obtain more information to make a purchase (e.g. by a phone call). See *In re Siny Corp.*, 920 F.3d 1331 (Fed. Cir. 2019). The mark owner argued that the goods (fabric used in making apparel and the like) were industrial materials and that sales transactions ordinarily would require buyers to have individualized phone discussions with the mark owner's sales personnel. But the evidence showed that this still left virtually all important aspects of the transaction to be determined outside the website, such that the site could not be equated to a point-of-sale display associated with the goods.

At p. 277, after the TMEP cite, add the following:

See also *In re Wal-Mart Stores, Inc.*, 2019 WL 193990 (TTAB Jan. 11, 2019) (alleged mark INVESTING IN AMERICAN JOBS for retail services fails to function as a mark; it would be perceived primarily as an informational statement of support for American-made goods). Wal-Mart's specimen of use (a "shelf-talker" positioned in proximity to retail goods in its stores) is shown below:



The prevalence of failure-to-function rejections appears to be rising. For additional examples, see, e.g., *In re Gillard*, Serial No. 87469115 (TTAB Jan. 11, 2019) (non-precedential) (finding that the term #COVFEEFE for apparel failed to function as a mark; it would instead be perceived as a reference to a tweet by the President that included the nonsense word in the phrase “negative press covfefe”); *In re DePorter*, 2019 WL 460492 (TTAB Jan. 29, 2019) (finding that the term #MAGICNUMBER108 failed to function as a mark for t-shirts).



The graphic is a representation of longtime Chicago Cubs play-by-play broadcaster Harry Caray. “Magic number 108” is understood as a reference to the 108-year interval between World Series victories for the Chicago Cubs—and also a reference to larger cosmic forces thought to explain that drought, all interconnected through the number 108. If none of this makes sense to you, you clearly haven’t spent enough time hanging around Wrigley Field.

At p. 277, add the following before the heading “Priority of Use,”:

The TTAB affirmed a failure-to-function rejection in *In re Peace Love World Live, LLC*, 127 U.S.P.Q.2d (BNA) 1400 (TTAB 2018), involving the use of I LOVE YOU in connection with the bracelet shown below:



According to the TTAB, in assessing whether a mark fails to function because it is ornamental, the Board may consider whether the mark is a common expression, and may take into account the size, location, dominance and significance of the mark, as well as the nature of any third-party uses. Here, the TTAB considered the mark to be a “common expression of endearment” and it was “essentially the bracelet itself,” suggesting that consumers would not perceive it as a source-identifier. In addition, because many third parties used the phrase to adorn jewelry (and even bracelets), it was likely that consumers had become accustomed to perceiving the phrase as part of an item’s ornamentation, not as a source identifier. Do you agree? Does this clarify or further obscure the doctrinal roots of the “failure-to-function” rubric?

At p. 279, add the following to the end of note 2:

Oregon Brewing Company (OBC) sells beer under the mark ROGUE. Starting in 1989, OBC also used ROGUE on various types of apparel (t-shirts, caps, etc.). Initially OBC sold these goods primarily in OBC’s brewpubs and on its website. In the 1990s, OBC began selling the goods through third-party retailers, and, in 2011, through department and clothing-only stores. Excelled sells apparel. In 2000, it began using ROGUE on leather coats. In 2009, it began to use ROGUE for apparel of the type sold by OBC, selling the apparel through department stores and clothing-only stores. The uses by both parties apparently were nationwide. How should priority be analyzed? Should OBC have priority as the first adopter and user, or should Excelled have priority as the first to adopt and use the mark through department and clothing-only store sales? See *Excelled Sheepskin & Leather Coat Corp. v. Oregon Brewing Co.*, 897 F.3d 413 (2d Cir. 2018) (awarding priority to OBC). The case involved numerous additional complications—both parties held federal registrations; the parties had entered into a consent agreement

(discussed in more depth in Chapter 6); and there were allegations of laches and fraudulent procurement.

At p. 280, in Problem 4-4, add the following before the heading “Background Readings”:

For additional practice in applying the tacking rules, assess whether you would permit tacking in the following examples.

DUNKIN’ DONUTS for retail sales of coffee and donuts, changed to DUNKIN’ for the same services, (as of January 2019). *See Erin Corbett, Did Millennials Kill Dunkin’ Donuts? The Coffee Chain Gets a Name Change, <http://fortune.com/2018/09/25/dunkin-donuts-name-change-millennials/>.*

IHOP for restaurant services, changed to IHOB (for restaurant services) as a media stunt to promote the fact that the restaurants served burgers (hence, the “b”) not just pancakes, then changed back to IHOP (for the same services). The mark owner announced on twitter (on June 4, 2018), that “For 60 pancakin’ years, we’ve been IHOP. Now, we’re flippin’ our name to IHOb. Find out what it could b on 6.11.18. #IHOb”. The following logo accompanied the tweet:



Then, on July 9, 2018, the mark owner tweeted: “We’re giving away 60¢ short stacks on July 17 from 7a-7p for IHOP’s 60th birthday. That’s right, IHOP! We’d never turn our back on pancakes (except for that time we faked it to promote our new burgers).” That tweet was accompanied by the mark owner’s old (and new again?) logo:



At p. 307, add the following to the end of Problem 4-5(1):

See also Commodores Ent. Corp. v. McClary, 879 F.3d 1114 (11th Cir. 2018) (ownership of mark THE COMMODORES for a musical group was held by the original group members and remained with the original group when one of the original members, McClary, left to pursue a solo career).

At p. 341, add the following as new note 7:

7. Terminating a trademark license in bankruptcy. Bankruptcy law allows debtors to “reject” certain executory contracts as part of the bankruptcy restructuring. How should this affect intellectual property licenses granted by the debtor? In *Lubrizol Enters., Inc. v. Richmond Metal Finishers, Inc.*, 756 F.2d 1043 (4th Cir. 1985), the Fourth Circuit held that a debtor-licensor’s rejection terminates the license, forcing the licensee to stop using the licensed intellectual property (leaving the licensee with only a damages claim for the value of the license). In 1987, Congress legislatively overruled *Lubrizol* as applied to patent, copyright, and trade secret licenses, but did not expressly include trademark licenses in the relevant provision. 11 U.S.C. § 365(n). In *Sunbeam Prods., Inc. v. Chicago Mfg., LLC*, 686 F.3d 372 (7th Cir. 2012), involving a trademark license, the Seventh Circuit rejected the *Lubrizol* approach, ruling that the debtor-licensor’s rejection amounts to a breach, not a termination, such that the licensee’s right to continue using the mark (and its obligations to continue royalty payments and maintain quality control) persisted. Subsequently, the First Circuit applied the *Lubrizol* approach to a trademark license. *See In re Tempnology, LLC*, 879 F.3d 389 (1st Cir. 2018). The Supreme Court resolved the split in favor of the Seventh Circuit’s approach, ruling that the licensee can continue to perform under the license. *Mission Prod. Holdings, Inc. v. Tempnology, LLC*, 139 S.Ct. 1652 (2019) (asserting that the licensor cannot rescind the already-conveyed license, even though the licensor may be able to stop performing other unfulfilled obligations under the license agreement). As a matter of trademark policy, which

approach is preferable? Does the Court's approach best protect investments that the licensee reasonably made in reliance on the license (investments that may be substantial)? Would a contrary approach merely result in licensees insisting on lower royalties in the initial license negotiations?

At p. 354, after the *Dial-A-Mattress* cite, add the following:

Some courts frame this rule as a presumption that trademarks and all associated goodwill accompany the sale of an entire business. To determine whether the presumption has been overcome, these courts call for a showing that “(1) the contract expressly reserves some right and interest in the trademark, and (2) the seller retains some of the business’s goodwill.” *Uptown Grill, LLC v. Camellia Grill Holdings, Inc.*, 920 F.3d 243, 248-49 (5th Cir. 2019) (proceeding to conclude that no language in the sales agreement provided any basis for overcoming the presumption).

At p. 361, add the following to the end of the carryover paragraph:

In addition, in response to a perception that applications originating from some foreign countries routinely included dubious evidence of use, the PTO amended its rules of practice to require foreign applicants and registrants to be represented by an attorney who is licensed to practice in the United States. See Requirement of U.S. Licensed Attorney for Foreign Trademark Applicants and Registrants, 84 Fed. Reg. 31498 (July 2, 2019) (amending 37 C.F.R. 2.11).

At p. 366, add the following to the Section on *Cancellation*:

Can a cancellation petitioner wait until one day prior to the expiry of the five-year period to file a petition? *See infra*, Chapter 12 Update (discussing treatment of laches in *Pinkette*).

At p. 367, add the following to the end of the Section on *Appeals from the TTAB*:

Lanham Act 21 (b)(3) states that in civil actions against the Director, the party bringing the civil action will bear “all the expenses of the proceeding,” irrespective of the outcome. Should “expenses” include the attorney’s fees – specifically, the fees of lawyers and paralegals employed by the USPTO? *See, e.g., Booking.com B.V. v. Iancu*, 915 F.3d 171 (4th Cir. 2019) (affirming award of expenses including PTO’s fees); *but see Peter v. Nantkwest, Inc.*, Slip Op. No. 18-801, 589 U.S. – (2019) (holding that “expenses” in the corresponding provision in the patent statute—35 U.S.C. § 145—did not allow recovery of salaries of USPTO lawyers or paralegals).

At p. 390, delete *In re Brunetti* and substitute the following:

IANCU v. BRUNETTI
139 S.Ct. 2294 (2019)

Justice KAGAN delivered the opinion of the Court.

Two Terms ago, in *Matal v. Tam*, this Court invalidated the Lanham Act’s bar on the registration of “disparag[ing]” trademarks. Although split between two non-majority opinions, all Members of the Court agreed that the provision violated the First Amendment because it discriminated on the basis of viewpoint. Today we consider a First Amendment challenge to a neighboring provision of the Act, prohibiting the registration of “immoral[] or scandalous” trademarks. *Ibid.* We hold that this provision infringes the First Amendment for the same reason: It too disfavors certain ideas.

I

Respondent Erik Brunetti is an artist and entrepreneur who founded a clothing line that uses the trademark FUCT. According to Brunetti, the mark (which functions as the clothing’s brand name) is pronounced as four letters, one after the other: F-U-C-T. But you might read it differently and, if so, you would hardly be alone. See Tr. of Oral Arg. 5 (describing the brand name as “the equivalent of [the] past participle form of a well-known word of profanity”). That common perception caused difficulties for Brunetti when he tried to register his mark with the U. S. Patent and Trademark Office (PTO).

...

This case involves another of the Lanham Act’s prohibitions on registration—one applying to marks that “[c]onsist[] of or comprise[] immoral[] or scandalous matter.” § 1052(a). The PTO applies that bar as a “unitary provision,” rather than treating the two adjectives in it separately. *In re Brunetti*, 877 F.3d 1330, 1336 (C.A. Fed. 2017). To determine whether a mark fits in the category, the PTO asks whether a “substantial composite of the general public” would find the mark “shocking to the sense of truth, decency, or propriety”; “giving offense to the conscience or moral feelings”; “calling out for condemnation”; “disgraceful”; “offensive”; “disreputable”; or “vulgar.” 877 F.3d at 1336 (internal quotation marks omitted).

Both a PTO examining attorney and the PTO’s Trademark Trial and Appeal Board decided that Brunetti’s mark flunked that test. The attorney

determined that FUCT was “a total vulgar” and “therefore[] unregistrable.” On review, the Board stated that the mark was “highly offensive” and “vulgar,” and that it had “decidedly negative sexual connotations.” As part of its review, the Board also considered evidence of how Brunetti used the mark. It found that Brunetti’s website and products contained imagery, near the mark, of “extreme nihilism” and “anti-social” behavior. In that context, the Board thought, the mark communicated “misogyny, depravity, [and] violence.” The Board concluded: “Whether one considers [the mark] as a sexual term, or finds that [Brunetti] has used [the mark] in the context of extreme misogyny, nihilism or violence, we have no question but that [the term is] extremely offensive.”

Brunetti then brought a facial challenge to the “immoral or scandalous” bar in the Court of Appeals for the Federal Circuit. That court found the prohibition to violate the First Amendment. As usual when a lower court has invalidated a federal statute, we granted certiorari. . .

II

. . . [In *Tam*,] all the Justices agreed on two propositions. First, if a trademark registration bar is viewpoint-based, it is unconstitutional. See 137 S.Ct., at 1751, 1762–1763 (opinion of ALITO, J.); 137 S.Ct., at 1751, 1753 (opinion of Kennedy, J.). And second, the disparagement bar was viewpoint-based. See 137 S.Ct., at 1751, 1762–1763 (opinion of ALITO, J.); 137 S.Ct., at 1751–1753 (opinion of Kennedy, J.)

The Justices thus found common ground in a core postulate of free speech law: The government may not discriminate against speech based on the ideas or opinions it conveys. [cit.] [Justice Kennedy explained that the disparagement bar was discriminatory because allowed a trademark owner to register a mark if it was “positive” about a person, but not if it was “derogatory,” whereas Justice Alito focused on the fact that the statute purported to deny registration to marks whose disparaging message was “offensive.”] Slightly different explanations, then, but a shared conclusion: Viewpoint discrimination doomed the disparagement bar.

If the “immoral or scandalous” bar similarly discriminates on the basis of viewpoint, it must also collide with our First Amendment doctrine. The Government does not argue otherwise. In briefs and oral argument, the Government offers a theory for upholding the bar if it is viewpoint-neutral (essentially, that the bar would then be a reasonable condition on a government benefit). But the Government agrees that under *Tam* it may not “deny registration based on the views expressed” by a mark. “As the Court’s

Tam decision establishes,” the Government says, “the criteria for federal trademark registration” must be “viewpoint-neutral to survive Free Speech Clause review.” So the key question becomes: Is the “immoral or scandalous” criterion in the Lanham Act viewpoint-neutral or viewpoint-based?

It is viewpoint-based. The meanings of “immoral” and “scandalous” are not mysterious, but resort to some dictionaries still helps to lay bare the problem. When is expressive material “immoral”? According to a standard definition, when it is “inconsistent with rectitude, purity, or good morals”; “wicked”; or “vicious.” Webster’s New International Dictionary 1246 (2d ed. 1949). Or again, when it is “opposed to or violating morality”; or “morally evil.” Shorter Oxford English Dictionary 961 (3d ed. 1947). So the Lanham Act permits registration of marks that champion society’s sense of rectitude and morality, but not marks that denigrate those concepts. And when is such material “scandalous”? Says a typical definition, when it “giv[es] offense to the conscience or moral feelings”; “excite[s] reprobation”; or “call[s] out condemnation.” Webster’s New International Dictionary, at 2229. Or again, when it is “shocking to the sense of truth, decency, or propriety”; “disgraceful”; “offensive”; or “disreputable.” Funk & Wagnalls New Standard Dictionary 2186 (1944). So the Lanham Act allows registration of marks when their messages accord with, but not when their messages defy, society’s sense of decency or propriety. Put the pair of overlapping terms together and the statute, on its face, distinguishes between two opposed sets of ideas: those aligned with conventional moral standards and those hostile to them; those inducing societal nods of approval and those provoking offense and condemnation. The statute favors the former, and disfavors the latter. “Love rules”? “Always be good”? Registration follows. “Hate rules”? “Always be cruel”? Not according to the Lanham Act’s “immoral or scandalous” bar.

The facial viewpoint bias in the law results in viewpoint-discriminatory application. Recall that the PTO itself describes the “immoral or scandalous” criterion using much the same language as in the dictionary definitions recited above. The PTO, for example, asks whether the public would view the mark as “shocking to the sense of truth, decency, or propriety”; “calling out for condemnation”; “offensive”; or “disreputable.” Using those guideposts, the PTO has refused to register marks communicating “immoral” or “scandalous” views about (among other things) drug use, religion, and terrorism. But all the while, it has approved registration of marks expressing more accepted views on the same topics. . .

Here are some samples. The PTO rejected marks conveying approval of drug use (YOU CAN’T SPELL HEALTHCARE WITHOUT THC for pain-relief medication, MARIJUANA COLA and KO KANE for beverages) because it is scandalous to “inappropriately glamoriz[e] drug abuse.” PTO, Office Action of

Aug. 28, 2010, Serial No. 85038867; see Office Action of Dec. 24, 2009, Serial No. 77833964; Office Action of Nov. 17, 2009, Serial No. 77671304. But at the same time, the PTO registered marks with such sayings as D.A.R.E. TO RESIST DRUGS AND VIOLENCE and SAY NO TO DRUGS—REALITY IS THE BEST TRIP IN LIFE. See PTO, Reg. No. 2975163 (July 26, 2005); Reg. No. 2966019 (July 12, 2005). Similarly, the PTO disapproved registration for the mark BONG HITS 4 JESUS because it “suggests that people should engage in an illegal activity [in connection with] worship” and because “Christians would be morally outraged by a statement that connects Jesus Christ with illegal drug use.” Office Action of Mar. 15, 2008, Serial No. 77305946. And the PTO refused to register trademarks associating religious references with products (AGNUS DEI for safes and MADONNA for wine) because they would be “offensive to most individuals of the Christian faith” and “shocking to the sense of propriety.” *Ex parte Summit Brass & Bronze Works*, 59 U.S.P.Q. 22, 23 (Dec. Com. Pat. 1943); *In re Riverbank Canning Co.*, 95 F.2d 327, 329 (CCPA 1938). But once again, the PTO approved marks—PRAISE THE LORD for a game and JESUS DIED FOR YOU on clothing—whose message suggested religious faith rather than blasphemy or irreverence. See Reg. No. 5265121 (Aug. 15, 2017); Reg. No. 3187985 (Dec. 19, 2006). Finally, the PTO rejected marks reflecting support for al-Qaeda (BABY AL QAEDA and AL-QAEDA on t-shirts) “because the bombing of civilians and other terrorist acts are shocking to the sense of decency and call out for condemnation.” Office Action of Nov. 22, 2004, Serial No. 78444968; see Office Action of Feb. 23, 2005, Serial No. 78400213. Yet it approved registration of a mark with the words WAR ON TERROR MEMORIAL. Reg. No. 5495362 (Jun. 19, 2018). Of course, all these decisions are understandable. The rejected marks express opinions that are, at the least, offensive to many Americans. But as the Court made clear in *Tam*, a law disfavoring “ideas that offend” discriminates based on viewpoint, in violation of the First Amendment. 137 S.Ct., at 1751 (opinion of ALITO, J.); see 137 S.Ct., at 1762–1763; 137 S.Ct., at 1751–1752 (opinion of Kennedy, J.)

How, then, can the Government claim that the “immoral or scandalous” bar is viewpoint-neutral? The Government basically asks us to treat decisions like those described above as PTO examiners’ mistakes. Still more, the Government tells us to ignore how the Lanham Act’s language, on its face, disfavors some ideas. In urging that course, the Government does not dispute that the statutory language—and words used to define it—have just that effect. At oral argument, the Government conceded: “[I]f you just looked at the words like ‘shocking’ and ‘offensive’ on their face and gave them their ordinary meanings[,] they could easily encompass material that was shocking [or offensive] because it expressed an outrageous point of view or a point of view that most members” of society reject. But no matter, says the Government, because the statute is “susceptible of” a limiting construction that would remove this viewpoint bias. The Government’s idea, abstractly phrased, is to

narrow the statutory bar to “marks that are offensive [or] shocking to a substantial segment of the public because of their *mode* of expression, independent of any views that they may express.” More concretely, the Government explains that this reinterpretation would mostly restrict the PTO to refusing marks that are “vulgar”—meaning “lewd,” “sexually explicit or profane.” Such a reconfigured bar, the Government says, would not turn on viewpoint, and so we could uphold it.

But we cannot accept the Government’s proposal, because the statute says something markedly different. This Court, of course, may interpret “ambiguous statutory language” to “avoid serious constitutional doubts.” *FCC v. Fox Television Stations, Inc.*, 556 U.S. 502, 516 (2009). But that canon of construction applies only when ambiguity exists. “We will not rewrite a law to conform it to constitutional requirements.” *United States v. Stevens*, 559 U.S. 460, 481 (2010) (internal quotation marks and alteration omitted). So even assuming the Government’s reading would eliminate First Amendment problems, we may adopt it only if we can see it in the statutory language. And we cannot. The “immoral or scandalous” bar stretches far beyond the Government’s proposed construction. The statute as written does not draw the line at lewd, sexually explicit, or profane marks. Nor does it refer only to marks whose “mode of expression,” independent of viewpoint, is particularly offensive. It covers the universe of immoral or scandalous—or (to use some PTO synonyms) offensive or disreputable—material. Whether or not lewd or profane. Whether the scandal and immorality comes from mode or instead from viewpoint. To cut the statute off where the Government urges is not to interpret the statute Congress enacted, but to fashion a new one.*

And once the “immoral or scandalous” bar is interpreted fairly, it must be invalidated. The Government just barely argues otherwise. In the last paragraph of its brief, the Government gestures toward the idea that the provision is salvageable by virtue of its constitutionally permissible applications (in the Government’s view, its applications to lewd, sexually explicit, or profane marks). In other words, the Government invokes our First

* We reject the dissent’s statutory surgery for the same reason. Although conceding that the term “immoral” cannot be saved, the dissent thinks that the term “scandalous” can be read as the Government proposes. But that term is not “ambiguous,” as the dissent argues; it is just broad. Remember that the dictionaries define it to mean offensive, disreputable, exciting reprobation, and so forth. Even if hived off from “immoral” marks, the category of scandalous marks thus includes *both* marks that offend by the ideas they convey *and* marks that offend by their mode of expression. And its coverage of the former means that it discriminates based on viewpoint. We say nothing at all about a statute that covers only the latter—or, in the Government’s more concrete description, a statute limited to lewd, sexually explicit, and profane marks. Nor do we say anything about how to evaluate viewpoint-neutral restrictions on trademark registration, because the “scandalous” bar (whether or not attached to the “immoral” bar) is not one.

Amendment overbreadth doctrine, and asks us to uphold the statute against facial attack because its unconstitutional applications are not “substantial” relative to “the statute’s plainly legitimate sweep.” *Stevens*, 559 U.S. at 473 (internal quotation marks omitted). But to begin with, this Court has never applied that kind of analysis to a viewpoint-discriminatory law. In *Tam*, for example, we did not pause to consider whether the disparagement clause might admit some permissible applications (say, to certain libelous speech) before striking it down. The Court’s finding of viewpoint bias ended the matter. And similarly, it seems unlikely we would compare permissible and impermissible applications if Congress outright banned “offensive” (or to use some other examples, “divisive” or “subversive”) speech. Once we have found that a law “aim[s] at the suppression of” views, why would it matter that Congress could have captured some of the same speech through a viewpoint-neutral statute? *Tam*, 137 S.Ct., at 1761 (opinion of Kennedy, J.). But in any event, the “immoral or scandalous” bar is substantially overbroad. There are a great many immoral and scandalous ideas in the world (even more than there are swearwords), and the Lanham Act covers them all. It therefore violates the First Amendment.

[*Affirmed.*]

Justice ALITO, concurring.

For the reasons explained in the opinion of the Court, the provision of the Lanham Act at issue in this case violates the Free Speech Clause of the First Amendment because it discriminates on the basis of viewpoint and cannot be fixed without rewriting the statute. Viewpoint discrimination is poison to a free society. But in many countries with constitutions or legal traditions that claim to protect freedom of speech, serious viewpoint discrimination is now tolerated, and such discrimination has become increasingly prevalent in this country. At a time when free speech is under attack, it is especially important for this Court to remain firm on the principle that the First Amendment does not tolerate viewpoint discrimination. We reaffirm that principle today.

Our decision is not based on moral relativism but on the recognition that a law banning speech deemed by government officials to be “immoral” or “scandalous” can easily be exploited for illegitimate ends. Our decision does not prevent Congress from adopting a more carefully focused statute that precludes the registration of marks containing vulgar terms that play no real part in the expression of ideas. The particular mark in question in this case could be denied registration under such a statute. The term suggested by that mark is not needed to express any idea and, in fact, as commonly used today, generally signifies nothing except emotion and a severely limited vocabulary.

The registration of such marks serves only to further coarsen our popular culture. But we are not legislators and cannot substitute a new statute for the one now in force.

Chief Justice ROBERTS, concurring in part and dissenting in part.

. . . I agree with the majority that the “immoral” portion of the provision is not susceptible of a narrowing construction that would eliminate its viewpoint bias. As Justice SOTOMAYOR explains, however, the “scandalous” portion of the provision is susceptible of such a narrowing construction. Standing alone, the term “scandalous” need not be understood to reach marks that offend because of the ideas they convey; it can be read more narrowly to bar only marks that offend because of their mode of expression—marks that are obscene, vulgar, or profane. That is how the PTO now understands the term, in light of our decision in *Matal v. Tam*, 137 S.Ct. 1744. I agree with Justice SOTOMAYOR that such a narrowing construction is appropriate in this context.

I also agree that, regardless of how exactly the trademark registration system is best conceived under our precedents—a question we left open in *Tam*—refusing registration to obscene, vulgar, or profane marks does not offend the First Amendment. Whether such marks can be registered does not affect the extent to which their owners may use them in commerce to identify goods. No speech is being restricted; no one is being punished. The owners of such marks are merely denied certain additional benefits associated with federal trademark registration. The Government, meanwhile, has an interest in not associating itself with trademarks whose content is obscene, vulgar, or profane. The First Amendment protects the freedom of speech; it does not require the Government to give aid and comfort to those using obscene, vulgar, and profane modes of expression. For those reasons, I concur in part and dissent in part.

[Justice BREYER’s opinion, concurring in part and dissenting in part, has been omitted.]

Justice SOTOMAYOR, with whom Justice BREYER joins, concurring in part and dissenting in part.

The Court’s decision today will beget unfortunate results. With the Lanham Act’s scandalous-marks provision, 15 U.S.C. § 1052(a), struck down as unconstitutional viewpoint discrimination, the Government will have no

statutory basis to refuse (and thus no choice but to begin) registering marks containing the most vulgar, profane, or obscene words and images imaginable.

The coming rush to register such trademarks—and the Government’s immediate powerlessness to say no—is eminently avoidable. Rather than read the relevant text as the majority does, it is equally possible to read that provision’s bar on the registration of “scandalous” marks to address only obscenity, vulgarity, and profanity. Such a narrowing construction would save that duly enacted legislative text by rendering it a reasonable, viewpoint-neutral restriction on speech that is permissible in the context of a beneficial governmental initiative like the trademark-registration system. I would apply that narrowing construction to the term “scandalous” and accordingly reject petitioner Erik Brunetti’s facial challenge.

I

...

A

[The term “scandalous” is ambiguous. It can mean “immoral,” which may indicate viewpoint discrimination, but it can alternatively mean “indecent” or “generally offensive,” which might also indicate viewpoint discrimination, but could indicate a mode of expression rather than its content.]

Here, Congress used not only the word “scandalous,” but also the words “immoral” and “disparage,” in the same block of statutory text—each as a separate feature that could render a mark unregistrable. See § 1052(a). . . With marks that are offensive because they are disparaging and marks that are offensive because they are immoral already covered, what work did Congress intend for “scandalous” to do? A logical answer is that Congress meant for “scandalous” to target a third and distinct type of offensiveness: offensiveness in the mode of communication rather than the idea. The other two words cover marks that are offensive because of the ideas they express; the “scandalous” clause covers marks that are offensive because of the mode of expression, apart from any particular message or idea.

To be sure, there are situations in which it makes sense to treat adjoining words as expressing the same or highly similar concepts (even at the risk of some redundancy). . . But that is not the approach that Congress appears to have intended here. For example, “scandalous” does not serve as a broader catchall at the end of a list of similar words that all point in one direction. [cit.] Nor is “scandalous” simply grouped among a number of closely related terms that help define its meaning. [cit.]

The text of § 1052, instead, is a grab bag: It bars the registration of marks featuring “immoral, deceptive, or scandalous matter,” as well as, *inter alia*, disparaging marks, flags, insignias, mislabeled wines, and deceased Presidents. See §§ 1052(a)–(e). This is not, in other words, a situation in which Congress was simply being “verbos[e] and proli[x],” *Bruesewitz v. Wyeth LLC*, 562 U.S. 223, 236 (2011), using two synonyms in rapid-fire succession when one would have done fine. Instead, “scandalous” and “immoral” are separated by an unrelated word (“deceptive”) and mixed in with a lengthy series of other, unrelated concepts. The two therefore need not be interpreted as mutually reinforcing under the Court’s precedents. [cit.]

For that reason, while the majority offers a reasonable reading of “scandalous,” it also unnecessarily and ill-advisedly collapses the words “scandalous” and “immoral.” Instead, it should treat them as each holding a distinct, nonredundant meaning, with “immoral” covering marks that are offensive because they transgress social norms, and “scandalous” covering marks that are offensive because of the mode in which they are expressed.

What would it mean for “scandalous” in § 1052(a) to cover only offensive modes of expression? The most obvious ways—indeed, perhaps the only conceivable ways—in which a trademark can be expressed in a shocking or offensive manner are when the speaker employs obscenity, vulgarity, or profanity. Obscenity has long been defined by this Court’s decision in *Miller v. California*, 413 U.S. 15 (1973). As for what constitutes “scandalous” vulgarity or profanity, I do not offer a list, but I do interpret the term to allow the PTO to restrict (and potentially promulgate guidance to clarify) the small group of lewd words or “swear” words that cause a visceral reaction, that are not commonly used around children, and that are prohibited in comparable settings. Everyone can think of a small number of words (including the apparent homonym of Brunetti’s mark) that would, however, plainly qualify.⁵

...

[Justice Sotomayor proceeded to explain why the term “scandalous” in Section 2(a) “is a viewpoint-neutral form of content discrimination that is permissible in the kind of discretionary governmental program or limited forum typified by the trademark-registration system,” even if it would be impermissible some other contexts, such as a criminal prosecution. The

⁵ There is at least one particularly egregious racial epithet that would fit this description as well. While *Matal v. Tam*, 137 S.Ct. 1744 (2017), removed a statutory basis to deny the registration of racial epithets in general, the Government represented at oral argument that it is holding in abeyance trademark applications that use that particular epithet. As a result of today’s ruling, the Government will now presumably be compelled to register marks containing that epithet as well rather than treating it as a “scandalous” form of profanity under § 1052(a).

trademark registration system qualified as a discretionary governmental program or a limited forum because registration, while it is “a helpful system” conferring benefits on registrants, still is one “that the Government is under no obligation to establish and that is collateral to the existence and use of trademarks themselves. There is no evidence that speech or commerce would be endangered if the Government were not to provide it at all.” Justice Sotomayor summarized her analysis as follows:

[T]he federal system of trademark registration. . . is, in essence, an opportunity to include one’s trademark on a list and thereby secure the ancillary benefits that come with registration. Just as in the limited-forum and government-program cases, some speakers benefit, but no speakers are harmed. Brunetti, for example, can use, own, and enforce his mark regardless of whether it has been registered. Whether he may register his mark can therefore turn on reasonable, viewpoint-neutral content regulations.¹²

Justice Sotomayor then argued that a bar on scandalous marks qualified as reasonable in view of the government’s interest in “refraining from lending its ancillary support” to such marks. While there was no evidence that the public actually associated the scandalous marks with the Federal Government, the Government still had to be involved “in promoting a particular mark,” given that registration requires the Government “to publish the mark, as well as to take steps to combat international infringement.”]

At pp. 399-401, substitute the following for the existing Notes and Questions:

NOTES AND QUESTIONS

1. *What governmental interest?* Why did the Lanham Act bar scandalous or disparaging marks from registration? To avoid the impression that the government endorses such marks? To avoid consuming PTO time in examining such marks? To protect consumers from being exposed to such marks? To discourage producers from investing in goodwill associated with such marks? Could a registration bar ever accomplish any of these goals? If not, then was such a bar good trademark policy, quite apart from First Amendment considerations?

¹² Though I do not address the constitutionality of provisions not before the Court, I note as well that the “scandalous” bar in § 1052(a) is hardly the only provision in § 1052 that could be characterized as content discriminatory. See, e.g., § 1052(b) (no flags or insignias); § 1052(c) (no unapproved markers of deceased U. S. Presidents during the lives of their spouses).

2. *What speech is restricted?* What exactly does a registration bar preclude? For example, if Tam were barred from registering THE SLANTS for his band, would Tam have to change the band's name? Would Tam be barred from asserting unregistered rights under Section 43(a) to exclude others from selling unauthorized SLANTS merchandise? Or does the bar merely deny Tam the benefits of registration? If only the last of these is true, does the bar amount to a substantial burden on speech? *Tam* discusses registration benefits in rather glowing terms. Does that surprise you? In the cases that you have read thus far in this casebook, to what extent do courts focus on the existence and benefits of registration in fashioning rules?

3. *Trademark registration as government speech, a government subsidy, or a government program.* In *Tam*, the Court concludes that the act of registering a trademark is not government speech, because trademarks are not traditionally used to convey government messages; trademark registrations are not closely identified in the public mind with the government; and the government does not maintain direct control of the messages conveyed via registered trademarks. Does the Court correctly characterize the trademark registration scheme? Are you persuaded by the Court's distinction between trademark registration and specialty license plates (which were at issue in the *Walker* case, and deemed to be government speech)? The Court also rules that trademark registration is not a form of government subsidy, nor it is akin a government program in which some content-based restrictions are allowed. Had the Court ruled otherwise on any of these arguments, the disparagement bar would have received no First Amendment scrutiny or only rational basis review. If you think, based on the preceding notes, that the government interest here is not especially strong and the restriction on speech is something more than trivial, you may understand why part of the PTO's strategy involved pressing the government speech/government subsidy/government program arguments.

4. *Trademark registration as commercial speech?* The Court in *Tam* avoids determining whether trademark registration is commercial speech (triggering relaxed First Amendment scrutiny in which a speech restriction must be "narrowly drawn" to serve a "substantial interest" under the *Central Hudson* test) or expressive speech (triggering heightened First Amendment scrutiny to the extent that the government seeks to regulate the content of that expression to suppress particular viewpoints). The Court concludes that the disparagement restriction would not survive even relaxed scrutiny. Do you agree with the Court's assessment of the interests being served and the scope of the restriction on speech? Or should the Court have applied its framework for viewpoint discriminatory speech?

5. *Brunetti as the echo of Tam?* Is it fair to characterize Justice Kagan’s opinion for the Court in *Brunetti* as arguing that *Brunetti* is simply the echo of *Tam*? Put another way, has Justice Kagan persuaded you that the “immoral or scandalous” bar is viewpoint discriminatory? Or do you align with the view expressed in the other excerpted opinions that Congress could regulate “scandalous” marks without offense to the Free Speech Clause even if it could not regulate “immoral” marks?

6. *Justice Breyer’s proportionality test.* In an opinion concurring in part and dissenting in part (omitted from the excerpt above), Justice Breyer argued that the Court’s speech-related categories (“commercial speech,” “viewpoint discrimination,” etc.) should be treated as “rules of thumb,” with the analysis focusing on whether the regulation at issue created speech-related harm out of proportion to its justifications. Justice Breyer’s premise was that the Lanham Act did not fit easily into any of the Court’s existing speech-related categories, making speech-related trademark cases a prime example of the need for a proportionality test. Based on *Tam* and *Brunetti*, do you agree with Justice Breyer’s premise? How would you apply Justice Breyer’s test here? What is the degree of speech-related harm? How strong are the regulatory objectives? Who are the relevant stakeholders whose interests need to be considered in Justice Breyer’s proportionality analysis as applied here—applicants? Consumers? Competitors? The PTO?

7. *Effect on Other Lanham Act Provisions.* Are any of the other Section 2 bars arguably unconstitutional in view of *Tam* and *Brunetti*? For example, if a mark is denied registration because it is merely descriptive, is that a restriction on expressive content raising First Amendment speech implications? Or is it a restriction that targets whether the mark is a source identifier, and therefore “separate and distinct” from content-based restrictions, as Justice Kennedy asserts in his concurrence in *Tam*? What about other Lanham Act provisions? For example, Section 43(c) prohibits dilution by tarnishment, as we will discuss in Chapter 8. Does it comport with the First Amendment? (Note that at one point *Brunetti* was apparently selling FUCT-branded apparel in which “FUCT” was rendered in a blue oval, in script resembling that used in the FORD logo. See <https://www.grailed.com/drycleanonly/fuct-history>. Facts such as those have commonly triggered tarnishment allegations.) The fair use doctrines discussed in Chapter 9 are often intertwined with First Amendment considerations. Are *Tam* or *Brunetti* therefore also relevant to the scope of fair use doctrines?

8. *Effect on Unregistered Rights.* In footnote 1 of the *Tam* opinion, the Court declined to decide whether the Section 2 bars would also apply to assertions of unregistered rights under Section 43(a). A lower court ruled that the Section 2 bars does extend to actions to enforce unregistered rights under

Section 43(a). *Renna v. County of Union, N.J.*, 88 F.Supp.3d 310 (D.N.J. 2014) (Section 2(b) bar against registering official seals should be extended to Section 43(a) action). And dicta in *Two Pesos* suggested that the Section 2 bars are “for the most part applicable” in Section 43(a) actions, as the Court pointed out in *Tam* footnote 1. Should courts adopt the *Two Pesos* dictum? Should it extend to all of the Section 2 bars?

9. *Tam and Brunetti from the Perspective of Trademark Policy.* Would it be wise trademark policy to deny registrations for disparaging or scandalous matter (if it could be done constitutionally)? Is the PTO equipped to administer such prohibitions? Is the cost of administration worth the benefit? Does registration in fact amount to a government imprimatur?

10. *A registry of non-marks?* Scholars overseas have proposed creating a registry for terms and symbols that should be per se denied protection as marks. Such “non-marks” could include those having a “potential for commercial exploitation as an icon of hatred, genocide or other consensually identified destructive social value.” See Jeremy Phillips & Ilanah Simon, *No Marks for Hitler: A Radical Reappraisal of Trade Mark Use and Political Sensitivity*, [2004] EUR. INTELL. PROP. REV. 327 (setting forth the proposal); Caspar P.L. van Woensel, *Fuhrer Wines at Your Local Store: Legal Means Against Commercial Exploitation of Intolerable Portrayals*, [2005] EUR. INTELL. PROP. REV. 37 (criticizing the proposal and offering other avenues of relief). The debate was sparked by Italian vintner Lunardelli’s sales of FUHRER wine (depicting Adolph Hitler and including phrases associated with Nazism, like SIEG HEIL). Is there a way to structure a registry of non-marks in the U.S. that would survive First Amendment scrutiny after *Tam* and *Brunetti*?

11. *A comparative reference.* A German film producer sought to register the mark FACK JU GOHTE at the European Union Intellectual Property Office (EUIPO) for a variety of goods and services. (For the monolingual, “Fack ju” means F--- you. “Gohte” is a reference to the writer Johann Wolfgang von Goethe.) The EUIPO rejected the application on the ground that the mark was “contrary to public policy or to accepted principles of morality,” a ground of rejection recognized in the European Union Trade Mark Regulation. The reviewing court upheld EUIPO’s determination, and the case is now pending before the Court of Justice of the European Union. See Case T-67/17, *Constantin Film Produktion v. EUIPO*. In July 2019, the Advocate General issued an opinion urging the Court to annul the rejection, on the ground that the EUIPO failed to consider the mark in its social context when assessing whether the mark conformed to accepted principles of morality. FACK JU GOTHE was the title of the applicant’s popular film, and the film title had evidently created little or no controversy. While many observers had been

assumed that freedom of expression had less salience in European trademark law than in U.S. law, the Advocate General's opinion, if followed by the Court, may signal a new trend.

At p. 423, add the following to the end of note 1:

For an example of a successful showing of secondary meaning regarding a mark that was argued to be primarily merely a surname, see *Schlafly v. Saint Louis Brewery, LLC*, 909 F.3d 420 (Fed. Cir. 2018) (affirming the TTAB's denial of an opposition brought by Phyllis Schlafly, once a prominent conservative activist who was deceased at the time of the appeal, and Dr. Bruce Schlafly, a physician). After you read the next case, consider whether the opposers would have had better luck invoking other Section 2 bars.

At p. 429, add the following to Problem 5-5(17) after the Federal Circuit cite:

Teresa H. Earnhardt v. Kerry Earnhardt, Inc., Nos. 91205331 and 91205338 (Nov. 19, 2018) (decision of the TTAB on remand from the Federal Circuit) (not precedential).

**SCOPE AND
ENFORCEMENT OF
TRADEMARK RIGHTS**

III

GEOGRAPHIC LIMITS ON TRADEMARK RIGHTS

6

At p. 437, add the following to note 4:

The Ninth Circuit has concluded that “the better view is that there is no good faith if the junior user had knowledge of the senior user's prior use.” *Stone Creek, Inc. v. Omnia Italian Design, Inc.*, 875 F.3d 426, 437 (9th Cir. 2017), *cert. denied*, 138 S. Ct. 1984 (2018).

At p. 456, add the following to note 4 after the *Quicksilver* cite:

; *see also* *Fabric, Inc. v. JFTCO, Inc.*, __ F.3d __, 2019 WL 669085 at *6 (7th Cir. Dec. 9, 2019) (upholding a jury verdict that the alleged infringer had failed to establish a defense of prior use under Lanham Act § 33(b)(5) because a reasonable jury could have found that the alleged prior use was not “continuous” and that the quantity of use in the region at issue, which may have been as low as a single sale, was insufficient to identify the mark with the prior user).

At p. 456, add the following to the end of note 4:

In equating the common law “good faith” standard with “knowledge” the Ninth Circuit, the Ninth Circuit relied in part on the language of the Lanham Act. *See Stone Creek, Inc. v. Omnia Italian Design, Inc.*, 875 F.3d 426, 439 (9th Cir. 2017) (“the Lanham Act displaces the *Tea Rose–Rectanus* defense by charging later users with knowledge of a mark listed on the federal register. If constructive notice is sufficient to defeat good faith, it follows that actual notice should be enough too”), *cert. denied*, 138 S. Ct. 1984 (2018). Might there be a reason why the common law defense might differ from that available against the owner of a federal registration?

At p. 489, add the following to note 5:

The correct cite is *Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. De C.V.*, 69 F. Supp. 3d 175 (D.D.C. 2014). Although the District Court in the 2014 *Paleteria La Michoacana* decision assessed the assertion of well-

known mark status under the *Grupo Gigante* standard (and found no basis for finding the mark in question to be well-known), after *Belmora*, in later iterations of the *Paeteria La Michoacana* litigation the Court of Appeals for the D.C. Circuit framed its analysis by reference to the *Lexmark* standard. See *Paeteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. De C.V.*, 2018 WL 3894587 (D.C. Cir. Aug. 10, 2018). However, the Court of Appeals was not required to pass on *Belmora*'s reading of Section 43(a)(1)(A) as available even absent the plaintiff foreign company's prior use in the United States because the plaintiff had not established injury." See *Paeteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. De C.V.*, 2018 WL 3894587, at *9 (D.C. Cir. Aug. 10, 2018).

At p. 490, add the following as new note 10:

4. *Further proceedings in Belmora.* In September 2018, the District Court for the Eastern District of Virginia affirmed the decision of the Trademark Trial and Appeal Board to cancel the *Belmora* registration under Section 14(3), and dismissed all the other claims and counterclaims advanced by the parties. See *Belmora, LLC v. Bayer Consumer Care AG*, 338 F. Supp. 3d 477 (E.D. Va. 2018). An appeal remains pending to the Fourth Circuit.

At p. 496, add the following case after *International Bancorp*:

DIRECT NICHE, LLC v. VIA VAREJO S/A
898 F.3d 1144 (11th Cir. 2018)

HOWARD, District Judge (sitting by designation):

[Direct Niche, LLC brought an action against Via Varejo S/A under Section 32(2)(D)(v) of the Lanham Act, part of the Anticybersquatting Consumer Protection Act (the ACPA) and a cause of action discussed below in Chapter 8; see casebook pages 753-762). To defeat that claim, Via Varejo was required to show that it owned U.S. trademark rights in the term CASA BAHIA. The district court found that Via Varejo had used the CASAS BAHIA mark in commerce in a manner sufficient to establish ownership rights, and thus denied Direct Niche's claim under Section 32(2)(D)(v). Direct Niche appealed.]

BACKGROUND

Via Varejo is a Brazilian corporation with its principal place of business in São Paulo, Brazil. Via Varejo is the parent company of the Casas Bahia chain of retail stores. Casas Bahia is a multi-billion dollar retail brand with around

22,000 employees and over 750 stores throughout Brazil. Via Varejo owns a trademark portfolio for its Casas Bahia mark, including about forty trademarks in countries around the world. At the time of the bench trial, Via Varejo had pending applications for three Casas Bahia service marks in the United States. Via Varejo uses the Casas Bahia name to sell electronics, furniture, appliances, and other consumer goods. In addition to brick-and-mortar stores, Via Varejo has utilized the Casas Bahia brand in e-commerce since 2009, operating under the domain name casasbahia.com.br (the Casas Bahia Website). Via Varejo does not operate any physical Casas Bahia stores in the United States and does not ship goods ordered online to the United States, although millions of Internet Protocol (IP) addresses located in the United States access the Casas Bahia Website every year.

In addition to the sale of products to consumers, Via Varejo also generates income from the Casas Bahia Website through the sale of advertising space to third-parties, including U.S. companies. Via Varejo does this in three ways: (1) preferred product placement, (2) a banner advertising program, and (3) its marketplace seller program. First, through preferred product placement, Via Varejo provides featured displays of a third-party supplier's products on the Casas Bahia Website in exchange for payment or a discount off the cost of the products purchased from the supplier. When a supplier transacts for preferred product placement, its products are displayed on the Casas Bahia Website for an agreed-upon period of time in a more prominent position with distinctive formatting, separate from the regular list of items for sale. Via Varejo and U.S. companies such as Intel, Microsoft, Black & Decker, Hewlett Packard, and Dell, have directly transacted for preferred product placement on the Casas Bahia Website dating as far back as 2009.

Second, Via Varejo provides third parties, including U.S.-based advertisers, the opportunity to purchase advertising space on the Casas Bahia Website through its banner ad program. Via Varejo has engaged in the banner ad program since 2013. Through this program, Via Varejo sells space on the Casas Bahia Website to ad brokers such as Google, and Google populates the space with the banner advertisements of third parties. The banner ad program allows Via Varejo to monetize the traffic coming to the Casas Bahia Website (as only one in one hundred visitors makes a purchase), which provides a significant additional source of revenue for the company. And third, Via Varejo's marketplace seller program allows third-party vendors to display and independently sell their products on the Casas Bahia Website. Via Varejo first engaged U.S. vendors in its marketplace seller program in 2016.

[Direct Niche is a limited liability company in Minnesota whose sole business is the acquisition of Internet domain names. Direct Niche monetizes the domain names it owns through resale, or by "parking" advertisements on

the domain (i.e., allows third-party companies with the exclusive right to “park” pay-per-click or other revenue-generating advertisements under the domain name, in return for which that Direct Niche receives a portion of the profits from the advertisements). Any traffic to these domain names stems from the prior use of the domain name by a different owner, which often is, or was, a real business. On June 15, 2015, Direct Niche registered the domain name *casasbahia.com* (the Domain). After Via Varejo succeeded in an action under the Uniform Dispute Resolution Policy (UDRP) challenging Direct Niche’s registration of the Domain, Direct Niche brought a declaratory judgment action to establish that it had not violated the ACPA. The district court found that Via Varejo had appropriated ownership rights to the Casas Bahia mark in the United States because it used the mark in commerce to provide advertising services for others, and based on these findings (and others), the district court entered final judgment in favor of Via Varejo. On appeal, Direct Niche challenged only the district court’s determination that Via Varejo used the Casas Bahia service mark in the United States.]

DISCUSSION

The issue on appeal is whether Via Varejo owns the Casas Bahia service mark in the United States. Appropriation of service mark ownership rights under common law requires “actual prior use in commerce.” See *Planetary Motion, Inc. v. Techsplosion, Inc.*, 261 F.3d 1188, 1193 (11th Cir. 2001). . .

To determine whether a party has proved “use in commerce” sufficient to establish ownership, this Court has consistently applied the two-part test set forth in *Planetary Motion*:

“[E]vidence showing, first, adoption, and, second, use in a way sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark, is competent to establish ownership, even without evidence of actual sales.”

Id. at 1195 (alteration in original). . .

To the extent Direct Niche challenges the district court’s finding that Via Varejo used the mark in commerce in a manner sufficiently public to establish ownership, this is a factual determination, reviewed for clear error. [cit]. Use adequate to establish appropriation of service mark rights is decided on the facts of each case, upon consideration of the “totality of the circumstances.” See *Planetary Motion, Inc.*, 261 F.3d at 1195; [cit]. This requires an inquiry into the “activities surrounding the prior use of the mark” to determine whether public association or notice is present. See *Planetary Motion, Inc.*, 261 F.3d at

1195. “The typical evidence of use in commerce is the sale of goods bearing the mark,” however, “in the absence of actual sales, advertising, publicity, and solicitation can sufficiently meet the public identification prong of the test.” [cit]. And, while secret or de minimis uses are generally inadequate, “use of a mark ‘need not have gained wide public recognition’” to warrant protection. Planetary Motion, Inc., 261 F.3d at 1196.

The district court found that Via Varejo used the Casas Bahia service mark in commerce in the United States. The court based its finding on evidence that Via Varejo contracts with U.S. companies to provide advertising of their goods on the Casas Bahia Website, both through preferred product placement and the banner ad program.⁴ These advertising services are rendered on the Casas Bahia Website in conjunction with the Casas Bahia mark. Moreover, Via Varejo’s marketing director testified to his personal knowledge that the Casas Bahia Website receives millions of visits every year from IP addresses located in the United States. The district court’s conclusion that this evidence demonstrates sufficient public use in commerce to establish ownership of the mark is not clearly erroneous. Accordingly, we affirm.

At p. 497, add the following as new note 5:

5. Direct Niche *and purely domestic case law*. Is the analysis of the Eleventh Circuit consistent with the treatment of “use in commerce” in the domestic context, as seen in Chapter 4? What are the consequences of the decision on the ownership of U.S. trademark rights? If you needed to diminish the significance of *Direct Niche*, how would you do so?

⁴ The district court also relied on Via Varejo’s marketplace seller program. However, Via Varejo did not engage U.S. vendors in its marketplace seller program until 2016, after Direct Niche first registered the Domain. As such, Direct Niche contends that the district court should not have relied on this evidence. We need not address the issue because even without consideration of the marketplace seller program, the evidence demonstrates sufficient use in commerce.

At p. 524, add the following to note 4:

If a Scottish pizza restaurant used a mark for its pizzeria in Edinburgh, Scotland, that is confusingly similar to a prior mark used by the plaintiff for pizza restaurant services in the United States, should the allegation that U.S. tourists and students visit Edinburgh be sufficient to make out sufficient effect on U.S. commerce? *See IMAPizza, LLC v. At Pizza Ltd.*, 334 F. Supp. 3d 95, 123 (D.D.C. 2018) (“if that were enough to state a claim, then the Lanham Act would extend to all commercial conduct occurring anywhere in the world that American tourists visit in significant numbers”).

CONFUSION-BASED TRADEMARK LIABILITY THEORIES

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At p. 555, note 3, add the following to the end of the note:

See also VersaTop Support Sys., LLC v. Georgia Expo, Inc., 921 F.3d 1364 (Fed. Cir. 2019) (asserting that the Lanham Act definition of use in commerce “does not apply to trademark infringement,” consulting the legislative history). The court was applying Ninth Circuit law.

At p. 556, note 8, after the *Network Automation* cite, add the following:

See also Springboards to Education, Inc. v. Houston Indep. School Dist., 912 F.3d 805 (5th Cir. 2019) (rejecting the lower court’s determination of no actionable use, but affirming on the alternative ground of no likelihood of confusion, on summary judgment).

At p. 563, after the *Hornady* cite, add the following:

Compare *Alliance for Good Government v. Coalition for Better Government*, 901 F.3d 498, 513 (5th Cir. 2018) (upholding a grant of summary judgment of infringement, commenting that summary judgment was permissible even if not every confusion factor pointed in favor of the mark owner). The parties’ logos are shown below. According to the court, while there was no evidence of actual confusion, the respective logos of the parties were strikingly similar and were both used for similar services (promoting political candidates in New Orleans and, in the mark owner’s case, elsewhere in Louisiana), and the alleged infringer’s intent to trade off the mark owner’s goodwill could be inferred from the striking similarity of the logos. *Id.* at 512-13.



See also Affliction Holdings, LLC v. Utah Vap Or Smoke, LLC, 935 F.3d 1112 (10th Cir. 2019) (ruling that the visual similarity of plaintiff's and defendant's respective logos, plus strength of plaintiff's mark, together sufficed to justify a finding of likelihood of confusion without regard to the other confusion factors). The plaintiff's logo is shown below, followed by the defendant's two logos.



At p. 582, add the following to the end of note 1:

How would you apply these ideas to determine whether the use of FEYONCÉ for clothing is likely to be confused with BEYONCÉ for clothing (the latter mark owned by the famous recording artist Beyonce Knowles-Carter)? Should the similarity-of-marks determination turn on whether FEYONCÉ is perceived as a play on the word fiancé? *See Knowles-Carter v. Feyonce, Inc.*, 347 F. Supp. 3d 217 (S.D.N.Y. 2018) (denying plaintiff’s motion for summary judgment). Suppose that in a prior case, a court had found the mark TRIAGRA similar to VIAGRA (both used for erectile dysfunction treatments). *See Pfizer, Inc. v. Y2K Shipping & Trading, Inc.*, 2004 WL 896952 (E.D.N.Y. Mar. 26, 2004). Is *Pfizer* distinguishable? On what basis?

At p. 592, add the following to the end of note 9:

In some multifactor tests, such as the Federal Circuit’s *DuPont* test, “the number and nature of similar marks in use on similar goods” is a separate factor that may be used to constrain scope. Suppose that a mark owner seeks to register GREATER OMAHA PROVIDING THE HIGHEST QUALITY BEEF for meat products sold to wholesalers, and the application is opposed by the owner of registrations for OMAHA STEAKS for retail meat sales. The evidence shows that third parties have used OMAHA in connection with popcorn, wine, “oriental foods,” and alcoholic beverages. Is that evidence irrelevant to the scope of the parties’ marks, because the products are not closely related to

those of the parties? Or is that evidence relevant to show that consumers would perceive “Omaha” in any of the marks (including the parties’ marks), as a mere geographic designation adding little or nothing to the scope of those marks? (Note that in this context – an opposition proceeding – the applicant might prefer narrower scope, while the opposition petitioner might prefer broader scope.) See *Omaha Steaks Int’l, Inc. v. Greater Omaha Packing Co., Inc.*, 908 F.3d 1315 (Fed. Cir. 2018) (concluding that the TTAB had erred in relying on the third-party usage evidence).

At p. 613, after the *Coach* cite, add the following:

The Federal Circuit continues to grapple with these questions. Regarding mark similarity, in a cancellation proceeding, the Federal Circuit determined that the two logo marks below were similar. Even though the green-and-white color scheme was claimed to be part of the mark in the registration documents for the WU DANG logo, color was not claimed as to the TAI CHI man logo, meaning that the TAI CHI man logo could be presented in any color scheme, including green-and-white:



Zheng Cai v. Diamond Hong, Inc., 901 F.3d 1367 (Fed. Cir. 2018) (affirming the TTAB’s decision that the WU DANG mark should be cancelled under Section 2(d) in view of the TAI CHI man mark).

In *In re Detroit Athletic Co.*, 903 F.3d 1297 (Fed. Cir. 2018), the court ruled that the similarity-of-goods/services factor (*DuPont* factor no. 2) and the channels-of-trade factor (*DuPont* factor no. 3) should be assessed by reference to the respective registrations. *Id.* at 1307 (“The relevant inquiry in an ex parte proceeding focuses on the goods and services *described in the application and registration*, and *not* on real-world conditions. *See In re i.am.symbolic, llc*, 866 F.3d 1315, 1325 (Fed. Cir. 2017).”); *id.* at 1308 (The third *DuPont* factor—like the second factor—must be evaluated with an eye toward the channels specified in the application and registration, not those as they exist in the real world.”). *See also In re i.am.symbolic, llc*, 127 U.S.P.Q.2d (BNA) 1627 (TTAB 2018) (same). However, it was irrelevant that one party’s registration described services in one classification while the other party’s registration described goods in another classification, because the classification scheme was solely for the convenience of PTO administration. *In re i.am.symbolic*, 866 F.3d at 1308.

At p. 613, after the *Juice Generation* cite, add the following:

The Federal Circuit’s *DuPont* factors test for likelihood of confusion includes thirteen factors. The Federal Circuit appears to insist that the PTO expressly account for any of the factors on which evidence was presented, or risk reversal. *In re Guild Mortgage Co.*, 912 F.3d 1376 (Fed. Cir. 2019) (concluding that the TTAB had failed to consider factor 8, “the length of time during and conditions under which there has been concurrent use without evidence of actual confusion,” even though the mark owner had submitted an affidavit alleging that the two businesses had long operated concurrently in the same geographic market with no reports of actual confusion). Would you expect the same rule to be followed for confusion determinations in litigation? If not, is there some reason for treating the Section 2(d) context as exceptional?

At p. 615, after the *B&B 2015* cite, add the following:

On remand, the court had concluded that when B&B achieved incontestable status for its mark, this was a change in factual circumstance that prevented the application of issue preclusion. However, when Hargis demonstrated that B&B had committed fraud in achieving incontestable status, that status was lost, and the application of issue preclusion again became appropriate. *See B&B Hardware, Inc. v. Hargis Indus., Inc.*, 912 F.3d 445 (8th Cir. 2018).

At p. 615, after Problem 7-7, add the following:

**PROBLEM 7-7A: EFFECT OF ITC CONFUSION
DETERMINATIONS IN SUBSEQUENT LITIGATION**

The International Trade Commission has jurisdiction over certain matters regarding infringing imports, which can include imports that infringe U.S. trademarks. When the Commission (a quasi-judicial independent agency) makes a confusion determination, should that determination have issue preclusive effect in co-pending district court litigation? The Fourth and Second Circuits held that Commission decisions could have preclusive effect. See *Baltimore Luggage Co. v. Samsonite Corp.*, 977 F.2d 571 (4th Cir. 1992); *Union Manufacturing Co. v. Han Baek Trading Co.*, 763 F.2d 42 (2d Cir. 1985) (observing that the pertinent legislative history specified no preclusive effect for patent issues but was silent as to other types of issues, and inferring that Congress intended to leave open the possibility of preclusive effect as to those issues). The Federal Circuit disagreed. See *Swagway, LLC v. Int’l Trade Comm’n*, 923 F.3d 1349 (Fed. Cir. 2019) (trademark decisions of the International Trade Commission do not have preclusive effect in co-pending district court actions). However, the Federal Circuit then withdrew and modified its decision, eliminating its remarks about preclusive effect and resolving the case on other grounds. *Swagway, LLC v. Int’l Trade Comm’n*, 934 F.3d 1332 (Fed. Cir. 2019). What are the best policy arguments for and against preclusive effect in this context?

At p. 622, add the following to the end of note 3:

You may also wish to consider *Yellowfin Yachts, Inc. v. Barker Boatworks, LLC*, 898 F.3d 1279 (11th Cir. 2018). There, the court posited that the relevant consumer was a sophisticated potential purchaser of a particular type of boat in a niche market. Such a discerning consumer, the court reasoned, would not be likely to be confused post-sale by seeing the defendant’s boat, especially in view of the presence of the defendant’s “prominent and distinct logo, differing hull, and other dissimilar features.” *Id.* at 1297. Did the court miss the point of the post-sale confusion inquiry by limiting it to potential purchasers rather than any member of the public? Did the court err in relying on the presence of the logo, at least without additional evidence that the relevant observer would have seen the logo? The court’s opinion included the following photographs of the parties’ boats (YELLOWFIN on the top; BARKER on the bottom). The respective logos are in a similar location near the stern of both boats.

At p. 645, add the following to the end of note 4:



But see Sterling Jewelers, Inc. v. Artistry Ltd., 896 F.3d 752 (6th Cir. 2018), involving a less-well-known mark owner (Artistry Ltd.) using ARTISTRY for high-end jewelry sales to retailers, and a better-known alleged infringer (Sterling) using ARTISTRY in connection with sales of diamonds through its large chain of retail stores in malls (operating as KAY JEWELERS and JARED). Affirming a summary judgment of no infringement, the Sixth Circuit critiqued Artistry Ltd. for having a weak mark. But the court (and perhaps the parties) proceeded seemingly heedless of the fact that Artistry Ltd.’s best claim was presumably reverse confusion.

At p. 660, after the *Coach* cite, add the following to note 6:

In *Luxottica Group, S.P.A. v. Airport Mini Mall, LLC*, 932 F.3d 1303 (11th Cir. 2019), the court commented in dicta that

The defendants err. . . in asserting that *Tiffany* narrowed the sources of a defendant’s actual or constructive knowledge to just one: notice by the trademark holders [that a particular seller is directly infringing]. *Tiffany* did not categorically shift the burden onto trademark holders to provide notice to defendants; it simply clarified that certain facts of the case—a marketplace of 100 million listings and eBay’s inability to inspect goods in person and lack of expertise to distinguish Tiffany from non-Tiffany jewelry—made it unlikely that eBay could identify the infringing vendors on its own, without help from Tiffany. [cit.] In arguing that it was Luxottica’s burden to notify the defendants of the [direct infringers’] identities, the defendants fail to acknowledge that actual or constructive knowledge of the direct infringers’ identities could arise from many sources, including steps the defendants could have taken to investigate alleged direct infringement at the Mall after being put on notice by Luxottica that unnamed [sellers] may have been selling counterfeit Luxottica products.

Id. at 1314 (proceeding to note that the facts established that the Mall operator had “at least constructive knowledge of specific instances” of direct infringement, given that law enforcement authorities had conducted a 14-plus-hour raid for counterfeits and the Mall operator had the ability to visually inspect the approximately 130 sellers’ booths).

At p. 661, add the following to note 8 after the *Habeeba*’s cite:

See also Luxottica Group, S.P.A. v. Airport Mini Mall, LLC, 932 F.3d 1303 (11th Cir. 2019) (assuming, without deciding, that the *Inwood* standard could apply in the landlord/tenant context).

NON-CONFUSION-BASED TRADEMARK LIABILITY THEORIES

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At p. 671, after the *Nailtiques* cite, add the following to note 5:

See also Mark A. Lemley, *Fame, Parody, and Policing in Trademark Law*, 2019 MICH. ST. L. REV. 1, 20 (Appendix A) (listing marks found famous and not famous under the 1995 and 2006 provisions, respectively). The list of marks held famous includes, among many others, CARTIER, FORD, and NIKE, but also INTERMATIC (all under the 1995 provisions) and NIKE (again), VIAGRA, and THE OTHER WHITE MEAT (all under the 2006 provisions). The list of marks held not famous includes, again among others, TREK, COLUMBIA, and BONGO (under the 1995 provisions), and APP STORE, the color magenta (T-Mobile), and the University of Texas longhorn logo (under the 2006 provisions). Do these results align with your intuitions? Would you need to know the associated products or services in each instance to evaluate fame?

At p. 699, at the end of the carryover paragraph, add the following:

The TTAB has also ruled that “in addition to proving that its mark became famous prior to the date when the defendant first used the challenged mark, a plaintiff asserting dilution must also prove that its mark remains famous at the time of [the opposition or cancellation proceeding].” *TiVo Brands LLC v. Tivoli, LLC*, 2018 WL 6921323, at *13 (TTAB Dec. 31, 2018).

PERMISSIBLE USES OF ANOTHER’S TRADEMARK

At p. 787, at the end of note 2, add the following:

See also SportFuel, Inc. v. PepsiCo., Inc., 932 F.3d 589 (7th Cir. 2019) (upholding grant of summary judgment in favor of the defendant on descriptive fair use without expressly analyzing the confusion factors).

At p. 787, add the following to the end of note 4:

According to a panel of the Court of Appeals for the Sixth Circuit:

In our circuit, plaintiffs carry a threshold burden to show that the defendant is using a mark “in a [‘trademark’ way]” that “identifies the source of their goods.” *Interactive Prods. Corp. v. a2z Mobile Office Sols., Inc.*, 326 F.3d 687, 695 (6th Cir. 2003); [cit.] . . . Only if the plaintiff clears this threshold test do we proceed to the conventional likelihood-of-confusion analysis and fair use defense, among other defenses.

As [the mark owner] points out, our threshold test has drawn criticism. *Kelly–Brown v. Winfrey*, 717 F.3d 295, 305–08 (2d Cir. 2013); *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 168–70 (4th Cir. 2012). “The Sixth Circuit’s test,” in the words of the Second Circuit, “would lead to the dismissal of [] claims without addressing what is beyond doubt the central question in considering consumer confusion: whether consumers were actually confused by the allegedly infringing product.” *Kelly–Brown*, 717 F.3d at 307. And the leading trademark treatise notes the Sixth Circuit’s “eccentric and peculiar view is erroneous because it finds no support either in the Lanham Act or in precedent.” 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 23:11.50 (5th ed. 2018).

The critics may have a point, but they exaggerate the consequences of our approach. The trademark use test resembles in nearly every particular the fair use defense that we just applied. There is little daylight between the “non-trademark use” the Circuit test requires and the “descriptive use” that the statute requires. So it will often be the case that a claim that fails our threshold trademark use test will also be vulnerable to a fair use defense. . . . Even so, we must acknowledge that fact patterns might arise where our test might make a difference and where we might wish to reconsider whether our test respects the language of the statute. Recall that our test creates a threshold burden on the *plaintiff*, all before it must show consumer confusion. Under the Lanham Act, the plaintiff need only demonstrate confusion to make a presumptive case of infringement. The *defendant* meanwhile can always prove fair use as an affirmative defense. One concern, then, is that our test effectively shifts the burden of statutory fair

use from the defendant to the plaintiff. The other concern is that the fair use test under the Lanham Act not only asks how the defendant used the mark; it also asks whether the defendant used the mark “fairly and in good faith.” 15 U.S.C. § 1115(b)(4). Our test thus not only shifts the burden on the fair use defense; it also truncates it.

Sazerac Brands, LLC v. Peristyle, LLC, 892 F.3d 853, 859-60 (6th Cir. 2018). Observing that the trial court had concluded that the mark owner had failed to show actionable trademark use, the Sixth Circuit affirmed—but on the ground that the alleged infringer’s use was a fair use, “a defense that overlaps with many of the concerns identified in our threshold trademark use inquiry,” the Sixth Circuit remarked. *Id.* at 860. Is the Sixth Circuit’s reasoning sound?

At p. 787, add the following new note:

4A. Element (1) – effect of house mark. In *SportFuel, Inc. v. PepsiCo., Inc.*, 932 F.3d 589 (7th Cir. 2019), Gatorade (a subsidiary of PepsiCo.) used the phrase “Gatorade The Sports Fuel Company” in connection with its GATORADE sports drink, as shown in the following samples:



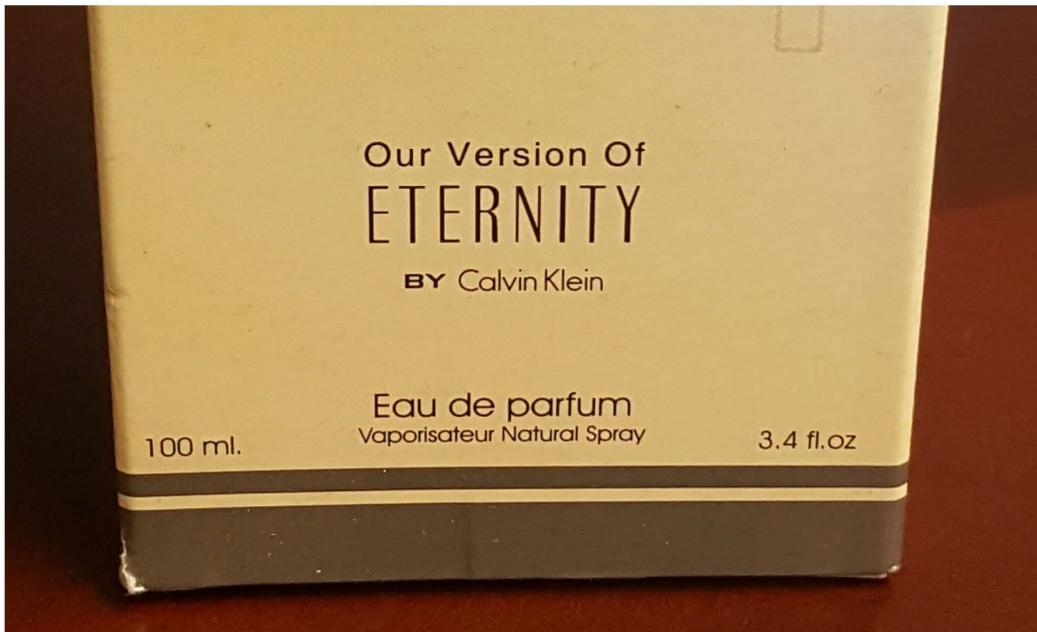


In 2016, Gatorade had registered “Gatorade The Sports Fuel Company,” disclaiming “The Sports Fuel Company” after the PTO had asserted that the phrase was descriptive of sports drinks.

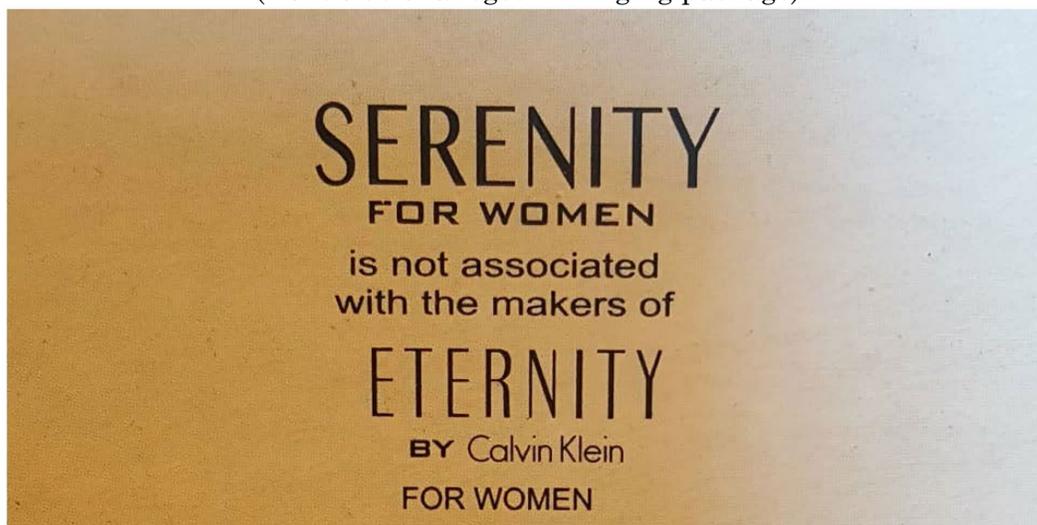
SportFuel sued Gatorade for trademark infringement. SportFuel owns two relevant registrations that predate Gatorade’s 2016 registration (an incontestable registration of SPORTFUEL for nutrition information, and another registration of SPORTFUEL for sports drinks). Does Gatorade’s use of “The Sports Fuel Company” in proximity to its house mark help or hurt its case under element (1) of the descriptive fair use test? What, if anything, is the relevance of Gatorade’s registration? Does it matter to your analysis that in a prior case involving the slogan “Gatorade is THIRST AID,” the court determined that “Thirst Aid” *was* being used as a mark? *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.3d 947 (7th Cir. 1992). If you would need to know additional facts to answer this question, which facts?

At p. 795, add the following to the end of note 1:

How far should the general principle of the *Chanel* case extend? As a policy matter, if a fragrance manufacturer sells the fragrance product shown below, should the manufacturer be able to claim the benefit of the *Chanel* case to withstand a trademark claim from Calvin Klein?



(front side of alleged infringing package)



(back side of alleged infringing package)

See *Coty Inc. v. Excell Brands, LLC*, 277 F.Supp.3d 425 (S.D.N.Y. 2017) (distinguishing *Chanel*). You may wish to revisit this example after you have studied the materials on nominative fair use.

At p. 814, add the following to the end of note 2:

See also *American Society for Testing and Materials v. Public.Resource.Org, Inc.*, 896 F.3d 437 (D.C. Cir. 2018) (acknowledging the split of authority over the nominative fair use test but declining to take a position.)

At p. 814, add the following to the end of note 3:

For a case in which the court seemed to have no significant trouble with this threshold inquiry, see *Applied Underwriters, Inc. v. Lichtenegger*, 913 F.3d 884 (9th Cir. 2019) (upholding Rule 12(b)(6) dismissal on nominative fair use grounds).

At p. 815, add the following new note:

7. *Nominative fair use and hashtags.* Suppose that a firm produces advertisements that use its competitor's marks in hashtags. Will this ordinarily constitute nominative fair use? The answer may turn on exactly how the hashtags appear. For example, Align produces a dental imaging device (the ITERO scanner) and orthodontics devices (the INVISALIGN aligner, for example). Strauss sells dental instruments, including the MAGICSLLEEVE product, which evidently could be substituted for the sleeve on Align's ITERO scanners. Some of Strauss's advertisements touting the MAGICSLLEEVE product include a list of hashtags, among them #invisalign and #itero, interspersed with hashtags relating to Strauss's product (e.g., #scannersleeve), dentistry (#dentist), and attractive teeth (#straightmiles). Do the uses of hashtags corresponding to Align's marks go beyond what is reasonably necessary to identify Strauss's product? Do the uses imply an association with Strauss? See *Align Technology, Inc. v. Strauss Diamond Instruments, Inc.*, 2019 WL 1586776 (N.D. Cal. Apr. 12, 2019).

At p. 857, add the following to the end of note 8:

Does the Fourth Circuit's conclusion—that parody can be a factor to be considered in a dilution-by-blurring analysis—also apply to dilution by tarnishment? The statutory definition of dilution by blurring allows courts to

consider “all relevant factors,” but the statutory definition of dilution by tarnishment does not include this language. Does that matter? How would you address a dilution by tarnishment allegation brought by the owner of the JACK DANIEL’S mark and trade dress used in connection with whiskey, against a producer of a line of SILLY SQUEAKERS dog chew toys (why always dog chew toys? We don’t know.), one of which is labelled “Bad Spaniels,” as shown below:



The back label of the product includes language disclaiming any affiliation with “Jack Daniel [sic] Distillery.” See *VIP Products, LLC v. Jack Daniel’s Properties*, 291 F.Supp.3d 891 (D.Ariz. 2018) (finding both likelihood of confusion and likelihood of dilution by tarnishment).

At p. 870, after note 7, add the following new case:

GORDON v. DRAPE CREATIVE, INC.
909 F.3d 257 (9th Cir. 2018)

BYBEE, Circuit Judge:*

Plaintiff Christopher Gordon is the creator of a popular YouTube video known for its catchphrases “Honey Badger Don’t Care” and “Honey Badger Don’t Give a S---.” Gordon has trademarked the former phrase for various classes of goods, including greeting cards. Defendants Drape Creative, Inc. (“DCI”), and Papyrus-Recycled Greetings, Inc. (“PRG”), designed and produced greeting cards using both phrases with slight variations. Gordon brought this suit for trademark infringement, and the district court granted summary judgment for defendants, holding that Gordon’s claims were barred by the test set forth in *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989).

We use the *Rogers* test to balance the competing interests at stake when a trademark owner claims that an expressive work infringes on its trademark rights. The test construes the Lanham Act to apply to expressive works “only where the public interest in avoiding consumer confusion outweighs the public interest in free expression.” *Id.* at 999. “[T]hat balance will normally not support application of the Act, unless the [use of the mark] has no artistic relevance to the underlying work whatsoever, or ... explicitly misleads [consumers] as to the source or the content of the work.” *Id.*

The *Rogers* test is not an automatic safe harbor for any minimally expressive work that copies someone else’s mark. Although on every prior occasion in which we have applied the test, we have found that it barred an infringement claim as a matter of law, this case presents a triable issue of fact. Defendants have not used Gordon’s mark in the creation of a song, photograph, video game, or television show, but have largely just pasted Gordon’s mark into their greeting cards. A jury could determine that this use of Gordon’s mark is explicitly misleading as to the source or content of the cards. We therefore reverse the district court’s grant of summary judgment and remand for further proceedings on Gordon’s claims.

* In a panel opinion, the Ninth Circuit had reversed the trial court’s grant of summary judgment for the defendant, holding that there was a triable issue of fact regarding the first prong of the *Rogers v. Grimaldi* test (artistic relevance). See *Gordon v. Drape Creative, Inc.*, 897 F.3d 1184 (9th Cir. 2018). The Ninth Circuit subsequently granted a petition for panel rehearing, withdrew the original panel opinion, and substituted this opinion.

I

Plaintiff Christopher Gordon is a comedian, writer, and actor, who commonly uses the name “Randall” as an alias on social media. Defendant DCI is a greeting-card design studio. DCI works exclusively with American Greetings Corporation and its subsidiaries, which include the other defendant in this case, PRG. PRG is a greeting-card manufacturer and distributor.

A

In January 2011, under the name Randall, Gordon posted a video on YouTube titled *The Crazy Nastyass Honey Badger*, featuring National Geographic footage of a honey badger overlaid with Gordon’s narration. In the video, Gordon repeats variations of the phrases “Honey Badger Don’t Care” and “Honey Badger Don’t Give a S---,” as a honey badger hunts and eats its prey. The parties refer to these phrases as “HBDC” and “HBDGS,” and we adopt their convention.

Gordon’s video quickly generated millions of views on YouTube and became the subject of numerous pop-culture references in television shows, magazines, and social media. As early as February 2011, Gordon began producing and selling goods with the HBDC or HBDGS phrases, such as books, wall calendars, t-shirts, costumes, plush toys, mouse pads, mugs, and decals. Some of the items were sold online; others were sold through national retailers such as Wal-Mart, Target, Urban Outfitters, and Hot Topic. In June 2011, Gordon copyrighted his video’s narration under the title *Honey Badger Don’t Care*, and in October 2011, he began filing trademark applications for the HBDC phrase for various classes of goods. The Patent and Trademark Office (“PTO”) eventually registered “Honey Badger Don’t Care” for International Classes 9 (audio books, etc.), 16 (greeting cards, etc.), 21 (mugs), 25 (clothing), and 28 (Christmas decorations, dolls, etc.). However, Gordon never registered the HBDGS phrase for any class of goods.

At the peak of his popularity, Gordon promoted his brand on television and radio shows and in interviews with national publications such as *Forbes*, *The Wall Street Journal*, and *The Huffington Post*. His brand was further boosted by celebrities like Taylor Swift and Anderson Cooper quoting his video and by LSU football players tagging their teammate, Heisman Trophy finalist Tyrann Mathieu, with the moniker “Honey Badger” for his aggressive defensive play. In November 2011, *Advertising Age* referred to Gordon’s brand as one of “America’s Hottest Brands” in an article titled “Hot Brand? Honey Badger Don’t Care.”

B

In January 2012, Gordon hired Paul Leonhardt to serve as his licensing agent. Soon thereafter, Leonhardt contacted Janice Ross at American Greetings—the parent company of defendant PRG—to discuss licensing honey-badger themed greeting cards. Leonhardt and Ross had multiple email exchanges and conversations over several weeks. Ross at one point expressed some interest in a licensing agreement, stating: “I think it’s a really fun and irreverent property and would love to see if there’s an opportunity on one of our distribution platforms. But in order to do that, I need to get some key colleagues of mine on board the Crazy Honey Badger Bandwagon.” Nevertheless, neither American Greetings nor defendants ever signed a licensing agreement with Gordon.

Leonhardt did eventually secure several licensing deals for Gordon. Between May and October 2012, Gordon’s company—Randall’s Honey Badger, LLC (“RHB”)—entered into licensing agreements with Zazzle, Inc., and The Duck Company for various honey-badger themed products, including greeting cards. RHB also entered into licensing agreements with other companies for honey-badger costumes, toys, t-shirts, sweatshirts, posters, and decals, among other things. HBDC and HBDGS were the two most common phrases used on these licensed products. For example, two of Zazzle’s best-selling honey-badger greeting cards stated on their front covers “Honey Badger Don’t Care About Your Birthday.”

At the same time that Gordon was negotiating licensing agreements with Zazzle and Duck, defendants began developing their own line of unlicensed honey-badger greeting cards. Beginning in June 2012, defendants sold seven different greeting cards using the HBDC or HBDGS phrases with small variations:

- The fronts of two “Election Cards” showed a picture of a honey badger wearing a patriotic hat and stated “The Election’s Coming.” The inside of one card said “Me and Honey Badger don’t give a \$#%@! Happy Birthday,” and the inside of the other said “Honey Badger and me just don’t care. Happy Birthday.”
- The fronts of two “Birthday Cards” featured different pictures of a honey badger and stated either “It’s Your Birthday!” or “Honey Badger Heard It’s Your Birthday.” The inside of both cards said “Honey Badger Don’t Give a S---.”
- The fronts of two “Halloween Cards” showed a picture of a honey badger next to a jack-o-lantern and stated “Halloween is Here.” The inside of the cards said either “Honey Badger don’t give a \$#*%!” or “Honey

Badger don't give a s---."

- A "Critter Card" employed a Twitter-style format showing a series of messages from "Honey Badger@don'tgiveas---." The front stated "Just killed a cobra. Don't give a s---"; "Just ate a scorpion. Don't give a s---"; and "Rolling in fire ants. Don't give a s---." The inside said "Your Birthday's here ... I give a s---."

The back cover of each card displayed the mark for "Recycled Paper Greetings" and listed the websites www.DCISudios.com and www.prgreetings.com. DCI's President testified that he drafted all of the cards in question but could not recall what inspired the cards' designs. He claimed to have never heard of a video involving a honey badger.

In June 2015, Gordon filed this suit against DCI and PRG, alleging trademark infringement under the Lanham Act, among other claims. The district court granted summary judgment for defendants, holding that defendants' greeting cards were expressive works, and applying the *Rogers* test to bar all of Gordon's claims. Gordon timely appealed.

II

...

In general, we apply a "likelihood-of-confusion test" to claims brought under the Lanham Act. *Twentieth Century Fox Television v. Empire Distrib., Inc.*, 875 F.3d 1192, 1196 (9th Cir. 2017); *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 806–07 (9th Cir. 2003). . . Ordinarily, this test "strikes a comfortable balance" between the Lanham Act and the First Amendment. *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 900 (9th Cir. 2002).

That said, where artistic expression is at issue, we have expressed concern that "the traditional test fails to account for the full weight of the public's interest in free expression." *Id.* The owner of a trademark "does not have the right to control public discourse" by enforcing his mark. *Id.* We have adopted the Second Circuit's *Rogers* test to strike an appropriate balance between First Amendment interests in protecting artistic expression and the Lanham Act's purposes to secure trademarks rights. Under *Rogers*, we read the Act "to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression." *Id.* at 901 (quoting *Rogers*, 875 F.2d at 999). More concretely, we apply the Act to an expressive work only if the defendant's use of the mark (1) is not artistically relevant to the work or (2) explicitly misleads consumers as to the source or the content of the work. *See id.* at 902. Effectively, *Rogers* employs the First Amendment as a rule of

construction to avoid conflict between the Constitution and the Lanham Act.

We pause here to clarify the burden of proof under the *Rogers* test. The *Rogers* test requires the defendant to make a threshold legal showing that its allegedly infringing use is part of an expressive work protected by the First Amendment. If the defendant successfully makes that threshold showing, then the plaintiff claiming trademark infringement bears a heightened burden—the plaintiff must satisfy not only the likelihood-of-confusion test but also at least one of *Rogers*’s two prongs. *Cf. Makaeff v. Trump Univ., LLC*, 715 F.3d 254, 261 (9th Cir. 2013) (if a defendant meets its “initial burden” of showing a First Amendment interest, then a public-figure plaintiff claiming defamation must meet a “heightened standard of proof” requiring a showing of “actual malice”). That is, when the defendant demonstrates that First Amendment interests are at stake, the plaintiff claiming infringement must show (1) that it has a valid, protectable trademark, and (2) that the mark is either not artistically relevant to the underlying work *or* explicitly misleading as to the source or content of the work. 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.⁷

“Summary judgment may properly be entered only against a party who has failed to make a showing sufficient to establish a genuine dispute as to the existence of an element essential to his case and upon which the party will bear the burden of proof at trial.” *Easley v. City of Riverside*, 890 F.3d 851, 859 (9th Cir. 2018). When, as here, the defendant moves for summary judgment and has demonstrated that its use of the plaintiff’s mark is part of an expressive work, the burden shifts to the plaintiff to raise a genuine dispute as to at least one of *Rogers*’s two prongs. In other words, to evade summary judgment, the plaintiff must show a triable issue of fact as to whether the mark is artistically relevant to the underlying work or explicitly misleads consumers as to the source or content of the work.

III

Before applying the *Rogers* test to the instant case, we briefly review the

⁷ We have been careful not to “conflate[] the [‘explicitly misleading’] prong of the *Rogers* test with the general *Sleekcraft* likelihood-of-confusion test,” *Twentieth Century Fox*, 875 F.3d at 1199, but it bears noting that *Twentieth Century Fox* made this distinction to ensure that the likelihood-of-confusion test did not dilute *Rogers*’s explicitly misleading prong. Other circuits have noted that *Rogers*’s second prong is essentially a more exacting version of the likelihood-of-confusion test. *See Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 665 (5th Cir. 2000); *Twin Peaks Prods., Inc. v. Publ’ns Int’l, Ltd.*, 996 F.2d 1366, 1379 (2d Cir. 1993). A plaintiff who satisfies the “explicitly misleading” portion of *Rogers* should therefore have little difficulty showing a likelihood of confusion.

test’s origin in the Second Circuit and development in our court. We have applied the *Rogers* test on five separate occasions, and each time we have concluded that it barred the trademark-infringement claim as a matter of law. Three of those cases, like *Rogers*, involved the use of a trademark in the title of an expressive work. Two cases involved trademarks in video games and extended the *Rogers* test to the use of a trademark in the body of an expressive work.

A

The *Rogers* case concerned the movie *Ginger and Fred*, a story of two fictional Italian cabaret performers who imitated the famed Hollywood duo of Ginger Rogers and Fred Astaire. Rogers sued the film’s producers under the Lanham Act, alleging that the film’s title gave the false impression that the film—created and directed by well-known filmmaker Federico Fellini—was about her or sponsored by her. The district court, however, granted summary judgment for the defendant film producers.

On appeal, the Second Circuit recognized that, “[t]hough First Amendment concerns do not insulate titles of artistic works from all Lanham Act claims, such concerns must nonetheless inform our consideration of the scope of the Act as applied to claims involving such titles.” [875 F.2d at 998]. The court said it would construe the Lanham Act “to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression.” *Id.* at 999. Refining its inquiry, the court further held that, “[i]n the context of allegedly misleading titles using a celebrity’s name, that balance will normally not support application of the Act unless [1] the title has no artistic relevance to the underlying work whatsoever, or, [2] if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work.” *Id.*

With respect to artistic relevance, the Second Circuit found that the names “Ginger” and “Fred” were “not arbitrarily chosen just to exploit the publicity value of their real life counterparts” but had “genuine relevance to the film’s story.” *Id.* at 1001. The film’s title was “truthful as to its content” and conveyed “an ironic meaning that [was] relevant to the film’s content.” *Id.* On the second prong of its inquiry, the court held that the title was not explicitly misleading because it “contain[ed] no explicit indication that Rogers endorsed the film or had a role in producing it.” *Id.* Any risk that the title would mislead consumers was “outweighed by the danger that suppressing an artistically relevant though ambiguous title will unduly restrict expression.” *Id.* The Second Circuit therefore affirmed summary judgment for the defendant film producers.

B

We first employed the *Rogers* test in *MCA Records*, 296 F.3d 894, which concerned the song “Barbie Girl” by the Danish band Aqua. The song—which lampooned the values and lifestyle that the songwriter associated with Barbie dolls—involved one band member impersonating Barbie and singing in a high-pitched, doll-like voice. *Id.* at 899. Mattel, the manufacturer of Barbie dolls, sued the producers and distributors of “Barbie Girl” for infringement under the Lanham Act, and the district court granted summary judgment for the defendants. *Id.* Applying the *Rogers* test, we affirmed. *Id.* at 902. We held that the use of the Barbie mark in the song’s title was artistically relevant to the underlying work because the song was “about Barbie and the values Aqua claims she represents.” *Id.* In addition, the song “[d]id not, explicitly or otherwise, suggest that it was produced by Mattel.” *Id.* “The *only* indication that Mattel might be associated with the song [was] the use of Barbie in the title,” and if the use of the mark alone were enough to satisfy *Rogers*’s second prong, “it would render *Rogers* a nullity.” *Id.* Because the Barbie mark was artistically relevant to the song and not explicitly misleading, we concluded that the band could not be held liable for infringement.

We applied the *Rogers* test to another suit involving Barbie in *Walking Mountain*, 353 F.3d 792. There, photographer Thomas Forsythe developed a series of photographs titled “Food Chain Barbie” depicting Barbie dolls or parts of Barbie dolls in absurd positions, often involving kitchen appliances. *Id.* at 796. Forsythe described the photographs as critiquing “the objectification of women associated with [Barbie].” *Id.* Mattel claimed that the photos infringed its trademark and trade dress, but we affirmed summary judgment for Forsythe because “[a]pplication of the *Rogers* test here leads to the same result as it did in *MCA*.” *Id.* at 807. Forsythe’s use of the Barbie mark was artistically relevant to his work because his photographs depicted Barbie and targeted the doll with a parodic message. *Id.* Moreover, apart from Forsythe’s use of the mark, there was no indication that Mattel in any way created or sponsored the photographs. *Id.*

Most recently, we applied the *Rogers* test in *Twentieth Century Fox*, 875 F.3d 1192. Twentieth Century Fox produced the television show *Empire*, which revolved around a fictional hip-hop record label named “Empire Enterprises.” Empire Distribution, an actual hip-hop record label, sent Twentieth Century Fox a cease-and-desist letter, and Twentieth Century Fox sued for a declaratory judgment that its show did not violate Empire’s trademark rights. *Id.* In affirming summary judgment for Twentieth Century Fox, we rejected Empire’s argument that “the *Rogers* test includes a threshold requirement that a mark have attained a meaning beyond its source-identifying function.” *Id.* at 1197. Whether a mark conveys a meaning beyond identifying a product’s

source is not a threshold requirement but only a relevant consideration: “trademarks that transcend their identifying purpose are more likely to be used in artistically relevant ways,” but such transcendence is not necessary to trigger First Amendment protection. *Id.* at 1198 (quotation marks and citation omitted).

We concluded that Empire could not satisfy *Rogers*’s first prong because Twentieth Century Fox “used the common English word ‘Empire’ for artistically relevant reasons,” namely, that the show’s setting was New York (the Empire State) and its subject matter was an entertainment conglomerate (a figurative empire). Finally, we resisted Empire’s efforts to conflate the likelihood-of-confusion test with *Rogers*’s second prong. To satisfy that prong, it is not enough to show that “the defendant’s use of the mark would confuse consumers as to the source, sponsorship or content of the work”; rather, the plaintiff must show that the defendant’s use “*explicitly* misl[ed] consumers.” Because Twentieth Century Fox’s *Empire* show contained “no overt claims or explicit references to Empire Distribution,” we found that Empire could not satisfy *Rogers*’s second prong. Empire’s inability to satisfy either of *Rogers*’s two prongs meant that it could not prevail on its infringement claim.

C

We first extended the *Rogers* test beyond a title in *E.S.S. Entertainment 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095, 1099 (9th Cir. 2008). In that case, defendant Rockstar Games manufactured and distributed the video game *Grand Theft Auto: San Andreas*, which took place in a fictionalized version of Los Angeles. One of the game’s neighborhoods—East Los Santos—“lampooned the seedy underbelly” of East Los Angeles by mimicking its businesses and architecture. The fictional East Los Santos included a virtual strip club called the “Pig Pen.” ESS Entertainment 2000, which operates the Play Pen Gentlemen’s Club in the real East Los Angeles, claimed that Rockstar’s depiction of the Pig Pen infringed its trademark and trade dress.

We recognized that the *Rogers* test was developed in a case involving a title, and adopted by our court in a similar case, but we could find “no principled reason why it ought not also apply to the use of a trademark in the body of the work.” *Id.* at 1099. With respect to *Rogers*’s first prong, we explained that “[t]he level of relevance merely must be above zero” and the Pig Pen met this threshold by being relevant to Rockstar’s artistic goal of creating “a cartoon-style parody of East Los Angeles.” *Id.* at 1100. On the second prong, we concluded that the game did not explicitly mislead as to the source of the mark and would not “confuse its players into thinking that the Play Pen is somehow behind the Pig Pen or that it sponsors Rockstar’s product. ... A reasonable consumer would not think a company that owns one strip club in East Los

Angeles ... also produces a technologically sophisticated video game.” *Id.* at 1100–01. Because ESS Entertainment 2000 could not demonstrate either of *Rogers’s* two prongs, we affirmed summary judgment for Rockstar.

Another video-game case dealt with the *Madden NFL* series produced by Electronic Arts, Inc. (“EA”). *Brown v. Elec. Arts, Inc.*, 724 F.3d 1235 (9th Cir. 2013). Legendary football player Jim Brown alleged that EA violated § 43(a) of the Lanham Act by using his likeness in its games. *Id.* at 1238–39. The district court granted EA’s motion to dismiss, and we affirmed. *Id.* at 1239. We reiterated *E.S.S.’s* holding that the level of artistic relevance under *Rogers’s* first prong need only exceed zero and found it was “obvious that Brown’s likeness ha[d] at least some artistic relevance to EA’s work.” *Id.* at 1243. We also found that Brown had not alleged facts that would satisfy *Rogers’s* second prong: “EA did not produce a game called *Jim Brown Presents Pinball* with no relation to Jim Brown or football beyond the title; it produced a football game featuring likenesses of thousands of current and former NFL players, including Brown.” *Id.* at 1244. We asked “whether the use of Brown’s likeness would confuse *Madden NFL* players into thinking that Brown is somehow behind the games or that he sponsors EA’s product,” and held that it would not. *Id.* at 1245–47 (alterations omitted). As in *E.S.S.*, the plaintiff could not satisfy either of *Rogers’s* two prongs, and judgment for the defendant was proper.

IV

In each of the cases coming before our court, the evidence was such that no reasonable jury could have found for the plaintiff on either prong of the *Rogers* test, and we therefore concluded that the plaintiff’s Lanham Act claim failed as a matter of law. This case, however, demonstrates *Rogers’s* outer limits. Although defendants’ greeting cards are expressive works to which *Rogers* applies, there remains a genuine issue of material fact as to *Rogers’s* second prong—i.e., whether defendants’ use of Gordon’s mark in their greeting cards is explicitly misleading.

A

As a threshold matter, we have little difficulty determining that defendants have met their initial burden of demonstrating that their greeting cards are expressive works protected under the First Amendment. As we have previously observed, “[a greeting] card certainly evinces ‘[a]n intent to convey a particularized message ..., and in the surrounding circumstances the likelihood was great that the message would be understood by those who viewed it.’” *Hilton v. Hallmark Cards*, 599 F.3d 894, 904 (9th Cir. 2010) (quoting *Spence v. Washington*, 418 U.S. 405, 410–11 (1974) (per curiam)); see also *Roth Greeting Cards v. United Card Co.*, 429 F.2d 1106, 1110 (9th Cir. 1970) (plaintiff’s

greeting cards, considered as a whole, “represent[ed] a tangible expression of an idea” and hence were copyrightable). Each of defendants’ cards relies on graphics and text to convey a humorous message through the juxtaposition of an event of some significance—a birthday, Halloween, an election—with the honey badger’s aggressive assertion of apathy. Although the cards may not share the creative artistry of Charles Schulz or Sandra Boynton, the First Amendment protects expressive works “[e]ven if [they are] not the expressive equal of *Anna Karenina* or *Citizen Kane*.” *Brown*, 724 F.3d at 1241. Because defendants have met their initial burden, the burden shifts to Gordon to raise a triable issue of fact as to at least one of *Rogers*’s two prongs.

B

Rogers’s first prong requires proof that defendants’ use of Gordon’s mark was not “artistically relevant” to defendants’ greeting cards. We have said that “the level of artistic relevance of the trademark or other identifying material to the work merely must be above zero.” *Id.* at 1243 (internal alterations omitted) (quoting *E.S.S.*, 547 F.3d at 1100). Indeed, “even the slightest artistic relevance” will suffice; courts and juries should not have to engage in extensive “artistic analysis.” *Id.* at 1243, 1245; see *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251 (1903) (“It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits.”).

Gordon’s mark is certainly relevant to defendants’ greeting cards; the phrase is the punchline on which the cards’ humor turns. In six of the seven cards, the front cover sets up an expectation that an event will be treated as important, and the inside of the card dispels that expectation with either the HBDC or HBDGS phrase. The last card, the “Critter Card,” operates in reverse: the front cover uses variations of the HBDGS phrase to establish an apathetic tone, while the inside conveys that the card’s sender actually cares about the recipient’s birthday. We thus conclude that Gordon has not raised a triable issue of fact with respect to *Rogers*’s “artistic relevance” prong.

C

Even if the use of the mark is artistically relevant to the work, the creator of the work can be liable under the Lanham Act if the creator’s use of the mark is “explicitly misleading as to source or content.” *Rogers*, 875 F.2d at 999. “This second prong of the *Rogers* test ‘points directly at the purpose of trademark law, namely to avoid confusion in the marketplace by allowing a trademark owner to prevent others from duping consumers into buying a product they mistakenly believe is sponsored [or created] by the trademark owner.’” *Brown*, 724 F.3d at 1245 (quoting *E.S.S.*, 547 F.3d at 1100). The “key here [is] that the

creator must *explicitly* mislead consumers,” and we accordingly focus on “the nature of the [junior user’s] behavior” rather than on “the impact of the use.” *Id.* at 1245–46.

In applying this prong, however, we must remain mindful of the purpose of the *Rogers* test, which is to balance “the public interest in avoiding consumer confusion” against “the public interest in free expression.” *Rogers*, 875 F.2d at 999. This is not a mechanical test—“all of the relevant facts and circumstances” must be considered. *Id.* at 1000 n.6. We therefore reject the district court’s rigid requirement that, to be explicitly misleading, the defendant must make an “affirmative statement of the plaintiff’s sponsorship or endorsement.” Such a statement may be sufficient to show that the use of a mark is explicitly misleading, but it is not a prerequisite. *See* [J. Thomas McCarthy, *McCarthy On Trademarks & Unfair Competition* § 10:17.10 (5th ed.) (“McCarthy”)] (noting that *Rogers*’s second prong does not hinge on the junior user “falsely assert[ing] that there is an affiliation”). In some instances, the use of a mark alone may explicitly mislead consumers about a product’s source if consumers would ordinarily identify the source by the mark itself. If an artist pastes Disney’s trademark at the bottom corner of a painting that depicts Mickey Mouse, the use of Disney’s mark, while arguably relevant to the subject of the painting, could explicitly mislead consumers that Disney created or authorized the painting, even if those words do not appear alongside the mark itself.

To be sure, we have repeatedly observed that “the mere use of a trademark alone cannot suffice to make such use explicitly misleading.” *E.S.S.*, 547 F.3d at 1100 (citing *MCA Records*, 296 F.3d at 902). But each time we have made this observation, it was clear that consumers would not view the mark alone as identifying the source of the artistic work. No one would think that a song or a photograph titled “Barbie” was created by Mattel, because consumers “do not expect [titles] to identify” the “origin” of the work. *MCA Records*, 296 F.3d at 902. Nor would anyone “think a company that owns one strip club in East Los Angeles ... also produces a technologically sophisticated video game.” *E.S.S.*, 547 F.3d at 1100–01. But this reasoning does not extend to instances in which consumers *would* expect the use of a mark alone to identify the source.

A more relevant consideration is the degree to which the junior user uses the mark in the same way as the senior user. In the cases in which we have applied the *Rogers* test, the junior user has employed the mark in a different context—often in an entirely different market—than the senior user. In *MCA Records* and *Walking Mountain*, for example, Mattel’s Barbie mark was used in a song and a series of photos. In *E.S.S.*, the mark of a strip club was used in a video game. And in *Twentieth Century Fox*, the mark of a record label was used in a television show. In each of these cases, the senior user and junior user used the mark in different ways. This disparate use of the mark was at

most “only suggestive” of the product’s source and therefore did not outweigh the junior user’s First Amendment interests. *Rogers*, 875 F.2d at 1000.

But had the junior user in these cases used the mark in the same way as the senior user—had Twentieth Century Fox titled its new show *Law & Order: Special Hip-Hop Unit*¹⁰—such identical usage could reflect the type of “explicitly misleading description” of source that *Rogers* condemns. 875 F.2d at 999–1000. *Rogers* itself makes this point by noting that “misleading titles that are confusingly similar to other titles” can be explicitly misleading, regardless of artistic relevance. *Id.* at 999 n.5 (emphasis added). Indeed, the potential for explicitly misleading usage is especially strong when the senior user and the junior user both use the mark in similar artistic expressions. Were we to reflexively apply *Rogers*’s second prong in this circumstance, an artist who uses a trademark to identify the source of his or her product would be at a significant disadvantage in warding off infringement by another artist, merely because the product being created by the other artist is also “art.” That would turn trademark law on its head.

A second consideration relevant to the “explicitly misleading” inquiry is the extent to which the junior user has added his or her own expressive content to the work beyond the mark itself. As *Rogers* explains, the concern that consumers will not be “misled as to the source of [a] product” is generally allayed when the mark is used as only one component of a junior user’s larger expressive creation, such that the use of the mark at most “implicitly suggest[s]” that the product is associated with the mark’s owner. *Id.* at 998–99; see *McCarthy* § 31:144.50 (“[T]he deception or confusion must be relatively obvious and express, not subtle and implied.”). But using a mark as the centerpiece of an expressive work itself, unadorned with any artistic contribution by the junior user, may reflect nothing more than an effort to “induce the sale of goods or services” by confusion or “lessen[] the distinctiveness and thus the commercial value of” a competitor’s mark. *S.F. Arts & Athletics, Inc. v. U.S. Olympic Comm.*, 483 U.S. 522, 539 (1987).

Our cases support this approach. In cases involving the use of a mark in the title of an expressive work—such as the title of a movie (*Rogers*), a song (*MCA Records*), a photograph (*Walking Mountain*), or a television show (*Twentieth Century Fox*)—the mark obviously served as only one “element of the [work] and the [junior user’s] artistic expressions.” *Rogers*, 875 F.2d at 1001. Likewise, in the cases extending *Rogers* to instances in which a mark was incorporated into the body of an expressive work, we made clear that the mark served as only one component of the larger expressive work. In *E.S.S.*, the use of the Pig Pen strip club was “quite incidental to the overall story” of

¹⁰ *Cf. Law & Order: Special Victims Unit* (NBC Universal).

the video game, such that it was not the game’s “main selling point.” 547 F.3d at 1100–01. And in *Brown*, Jim Brown was one of “thousands of current and former NFL players” appearing in the game, and nothing on the face of the game explicitly engendered consumer misunderstanding. 724 F.3d at 1244–46. Indeed, EA altered Brown’s likeness in certain versions of the game, an artistic spin that “made consumers *less* likely to believe that Brown was involved.” *Id.* at 1246–47.

In this case, we cannot decide as a matter of law that defendants’ use of Gordon’s mark was not explicitly misleading. There is at least a triable issue of fact as to whether defendants simply used Gordon’s mark with minimal artistic expression of their own, and used it in the same way that Gordon was using it—to identify the source of humorous greeting cards in which the bottom line is “Honey Badger don’t care.” Gordon has introduced evidence that he sold greeting cards and other merchandise with his mark; that in at least some of defendants’ cards, Gordon’s mark was used without any other text; and that defendants used the mark knowing that consumers rely on marks on the inside of cards to identify their source. Gordon’s evidence is not bulletproof; for example, defendants’ cards generally use a slight variation of the HBDGS phrase, and they list defendants’ website on the back cover. But a jury could conclude that defendants’ use of Gordon’s mark on one or more of their cards is “explicitly misleading as to [their] source.” *Rogers*, 875 F.2d at 999.

Because we resolve the first *Rogers* prong against Gordon as a matter of law, a jury may find for Gordon only if he proves by a preponderance of the evidence that defendants’ use of his mark is explicitly misleading as to the source or content of the cards.

[*Reversed and remanded.*]

NOTES AND QUESTIONS

1. *The power of Rogers v. Grimaldi.* The preceding cases make clear that the *Rogers v. Grimaldi* test has emerged as the leading test for a wide variety of expressive uses. Does *Gordon* raise a question about the wisdom of relying on *Rogers*, or does it reinforce the proposition that *Rogers* should be the all-purpose test? One district court judge took on these (and related) questions in a jurisdiction (the Tenth Circuit) where *Rogers* had not definitively been adopted. *Stouffer v. National Geographic Partners, LLC*, 400 F.Supp.3d 1161, 1177-1180 (D. Colo. 2019). The court posed a set of rhetorical questions:

First, does the Lanham Act need a limiting construction to protect First Amendment interests? On this, the Court agrees with *Rogers* that the answer is “yes.” The traditional multi-factor

likelihood-of-confusion test takes no account for First Amendment interests at all, yet the First Amendment requires that there be some leeway—in other words, that even demonstrable likelihood of confusion be tolerated to some extent, so as not to chill protected expression. [cit.]

Second, must the First Amendment-based limiting construction on the Lanham Act lead to a test that a court may apply before trial, as opposed to first adjudicating the case under the traditional likelihood-of-confusion factors and only reaching the First Amendment question if such confusion is found? The Court concludes that the answer is “yes, ideally,” with the “ideally” qualification reflecting the need to balance the parties’ interests. The First Amendment requires that likelihood of confusion be tolerated in some circumstances, but if the test is too simple and mechanical, it creates the risk that senior users of a mark end up with essentially no protection every time the junior user claims an artistic use. On the other hand, the traditional likelihood-of-confusion test often creates a fact question that cannot be resolved without a trial. [cit.] If a junior user must wait that long to find out if the First Amendment protects his or her use of the mark, it might unduly chill expression. It might also provide an incentive for a senior user to bring a so-called “SLAPP,” or strategic lawsuit against public participation, in the guise of a trademark dispute. Thus, the First Amendment-based limiting construction on the Lanham Act should provide a test that can be applied as early as possible in the lawsuit, to the extent consistent with both parties’ interests.

Third, is the *Rogers* test the right test? This Court has the luxury of thirty years of court decisions applying *Rogers*, demonstrating its strengths and weaknesses. The *Parks* and *Gordon* decisions, in particular, convince the Court that *Rogers* should not be adopted as-is.

In every other decision the Court has reviewed besides *Parks*, *Rogers*’s first prong—minimal artistic relevance—is treated as an objective question of law. But *Parks* treated it as a question of fact because discovery supposedly showed that the lyric, “move to the back of the bus,” had no genuine connection to Rosa Parks. It is not clear to this Court that the title “Rosa Parks” has *zero* artistic relevance to a song that repeats the phrase multiple times, “move to the back of bus.” [cit.] In this Court’s opinion, the Sixth Circuit’s analysis was motivated by the fact that the artistic purpose one might glean, objectively speaking, was subjectively *irrelevant* to the song’s creators. This raised the strong suspicion that the title “Rosa Parks” was chosen entirely for its attention-grabbing value, not with any artistic motive. But the *Rogers* test forced the Sixth Circuit

to hang its hat on the minimal artistic relevance prong because the explicitly misleading prong could not apply. That analysis, on its own terms, presents a square-peg/round-hole problem, but this Court is not similarly constrained by *Rogers*. And in that light, the Court agrees with the Sixth Circuit's broader implicit point, namely, that there must be some way of addressing instances where there appears to be a demonstrable lack of artistic motive.

The Court views the Ninth Circuit's *Gordon* decision similarly. *Gordon* is analytically messy and divorces “explicitly misleading” from its plain meaning— converting it into a mere label applied to uses of a mark that satisfy the first *Rogers* inquiry but not the second. But *Gordon*, like *Parks*, was constrained by precedent while trying to prevent what it suspected to be an abuse of *Rogers*. *Gordon* therefore makes its point through an awkward attempt to avoid looking like it is overruling what it does not have the power to overrule. But *Gordon*'s underlying point is a good one: it seems intuitively incorrect that the junior user may *always* lawfully use the senior user's mark where there is minimal artistic relevance, objectively speaking, and a lack of any overtly misleading claim about source, sponsorship, etc. *Gordon* is also correct at least to *suspect* non-artistic motives where the junior user uses the mark in the same channels, and in basically the same way, as the senior user. [cit.]

Id. at 1177-79.

Having offered these critiques, the court proceeded to devise adaptations to the *Rogers* test:

In the Court's view, then, the *Rogers* test needs adapting to the legitimate considerations brought out in subsequent cases. Thus adapted, the Court believes that the appropriate question to ask is: Did the junior user have a genuine artistic motive for using the senior user's mark or other Lanham Act-protected property right? Among the relevant questions a court may ask when discerning the junior user's motives include the following:

- Do the senior and junior users use the mark to identify the same kind, or a similar kind, of goods or services? This factor is akin to the fourth [factor in the Tenth Circuit's likelihood of confusion test], “the relation in use and the manner of marketing between the goods or services marketed by the competing parties.”

- To what extent has the junior user “added his or her own expressive content to the work beyond the mark itself.” *Gordon*, 909 F.3d at 270; *cf. Hart v. Elec. Arts, Inc.*, 717 F.3d 141, 158–70 (3d Cir.

2013) (discussing in detail the “transformative use” test used to weigh First Amendment interests in state-law right of publicity cases).

- Does the timing of the junior user’s use in any way suggest a motive to capitalize on popularity of the senior user’s mark? *Cf. Gordon*, 909 F.3d at 262.

- In what way is the mark artistically related to the underlying work, service, or product? *Cf. Rogers*, 875 F.2d at 1001.

- Has the junior user made any statement to the public, or engaged in any conduct known to the public, that suggests a non-artistic motive? This would include “explicitly misleading” statements, as defined before *Gordon*, but is not confined to that definition.

- Has the junior user made any statement *in private*, or engaged in any conduct *in private*, that suggests a non-artistic motive? *Cf. Parks*, 329 F.3d at 452–53.

Notably, artistic relevance to the underlying work, service, or product is only a factor to consider here, not a threshold inquiry. In the Court’s view, at least two problems arise from declaring “minimal artistic relevance” to be a threshold determination.

First, it can create an unwarranted distinction depending on how abstract the underlying work is. If a jazz trio writes a wordless piece titled “Rosa Parks,” how does one judge the artistic relevance of that title? Is the title obviously irrelevant (because there are no words in which to ground a finding of relevance) or is it at least arguably relevant (because there are no words through which to confirm a finding of irrelevance)? If it is arguably relevant, what do the arguments turn on? Is one style of jazz more reminiscent of Rosa Parks than another? As these rhetorical questions illustrate, “artistic relevance” sometimes raises more problems than it resolves.

Second, incongruity, irrelevance, and randomness can themselves be artistic choices. Imagine that the jazz trio names a suite of new pieces after toothpaste brands that a member of the trio encountered one day at the grocery store. It is difficult to say that the trio’s choice to associate itself with the randomly mundane can never have artistic or expressive value. Thus, “artistic relevance” is one factor to consider when evaluating whether the junior user acted on a genuine artistic motive or, in contrast, on a desire to profit from the senior user’s goodwill.

Although the foregoing test is framed in terms of the junior user’s state of mind, the Court further holds that, to adequately protect First Amendment interests, the objective facts may sometimes excuse further inquiry into the junior user’s subjective motives. Take Fellini’s *Ginger and Fred*. The title has obvious artistic relevance to the story of the film, which is almost entirely Fellini’s original expressive content, and there was no evidence of misleading

marketing of the film. Also, as far as the *Rogers* opinion reveals, there was no evidence of a competing product or service with which the film might conflict, nor that Fellini was attempting to ride any wave of popularity. It would thus be appropriate to hold that *even if* it had been proven that Fellini's true motivation all along was a desire to tap into Ginger Rogers's fame, the title is protected by the First Amendment. In other words, all else being equal, it should be a rare case in which a junior user with a “pure heart” receives First Amendment protection but a junior user with a “black heart” does not. The First Amendment places the thumb on the scale of expressive use, even if at the expense of sometimes allowing junior users with subjectively “unartistic” motives to avoid Lanham Act liability.

If the test prescribed above favors the senior user, the parties would go on to the traditional likelihood-of-confusion factors. But if the test favors the junior user, the inquiry ends—there can be no Lanham Act liability.¹¹

Id. at 1179-80. Do you agree with the proposed adaptation of *Rogers*? Does the quest to unearth the “genuine artistic motive” strike you as more workable than the existing *Rogers* inquiries? If you applied the court’s test to other cases involving alleged expressive use, would the outcome change?

2. “*Explicitly*” misleading, revisited. Does the *Gordon* opinion ignore the requirement that the alleged infringer’s use be “explicitly” misleading? Is the adverb “explicitly” included in the test to facilitate summary judgment grants? Review the questions raised in the casebook at page 869 note 4. Would you answer those questions differently after reading *Gordon*? How do you think *Gordon* affects settlement strategy in expressive use cases (if at all)?

3. *Ultimate outcome*. If you were advising either of the parties in the *Gordon* case, what would be your assessment whether the jury would find that the alleged infringer’s use was explicitly misleading?

¹¹ The Court recognizes that some cases treat the *Rogers* test, if satisfied by the junior user, as a particularly weighty additional factor in the likelihood-of-confusion analysis, not a replacement for such analysis. [cit.] The Court disagrees with this approach as ultimately unworkable in practice.

FALSE ADVERTISING

At p. 887, at the end of note 4, add the following:

Consider another example. Review the advertisement below, and formulate the best arguments that the photos and the text in the above advertisement are either literally false, or literally true but misleading. Assume that woodpeckers really do make holes in board siding of the sort shown on the left (manufactured by Louisiana-Pacific). The photo is of an actual hole, but it has been digitally retouched to make the hole appear deeper, and a woodpecker has been superimposed. (Professor Janis hastens to point out that the superimposed woodpecker appears to be a pileated woodpecker—likely a male, given the red cheek stripe. The pileated is an exceptionally large bird (ordinarily a foot and a half or more in length, with a two-foot wingspan) requiring a hole so deep that it would probably penetrate the inner walls of the structure. So, in Professor Janis’s amateur opinion, the photo looks pretty absurd on its face.) Assume that the evidence shows that “termites and other pests” don’t cause structural damage to the Louisiana-Pacific siding, although they may “graze” on it, causing some aesthetic damage.

Regarding your arguments on the photograph alone, what do you think of the following assertion?

The Lanham Act doesn’t require advertisers to lie in wait, cameras in hand, for an actual woodpecker to drum away at a house’s siding. Reasonable consumers know that marketing involves some level of exaggeration, and some amount of digital retouching to tell a story. . . [N]o reasonable consumer would expect that Hardie caught a woodpecker *in flagrante delicto*.

Louisiana-Pacific Corp. v. James Hardie Building Prods., Inc., 928 F.3d 514 (6th Cir. 2019).

ENGINEERED WOOD SIDING	VS	JAMES HARDIE SIDING
<p data-bbox="381 445 568 487">PESTS LOVE IT</p> <p data-bbox="381 520 787 613">Subject to damage caused by woodpeckers, termites and other pests that can harm wood.</p> 		<p data-bbox="909 445 1112 487">WAY TOO TOUGH</p> <p data-bbox="909 520 1323 583">Our fiber cement holds no appeal for woodpeckers, termites and other pests.</p> 

At p. 905, add a new note 8A:

8A. Damages—disgorgement of defendant’s profits. The Lanham Act authorizes damages awards in the form of disgorgement of defendant’s profits. Lanham Act § 35(a). In assessing disgorgement of profits as a remedy for false advertising, the Fifth Circuit firstly uses a “non-mandatory and non-exclusive” factors test to determine whether the equities favor a disgorgement award, and secondly asks whether the defendant’s profits are attributable to the false advertising. See *Retractable Techs., Inc. v. Becton Dickinson & Co.*, 919 F.3d 869 (5th Cir. 2019) (upholding the refusal to grant a disgorgement remedy because the lower court’s analysis of the factors was not an abuse of discretion). The factors that the Fifth Circuit uses in infringement cases are:

- (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.

Pebble Beach Co. v. Tour 18 1 Ltd., 155 F.3d 526, 554 (5th Cir. 1998); see also *Retractable Techs.*, 919 F.3d at 876 n. 27 (extending these factors to false

advertising cases). Should the “palming off” factor be relevant at all in false advertising cases? *See id.* at 881 (suggesting that the absence of palming off should not weigh heavily against disgorgement if the plaintiff has otherwise shown concrete harm, such as by showing diverted sales). Does the diversion of sales factor overlap with the separate second inquiry into attribution?

The “diversion” factor plays an important role in establishing the *plaintiff’s* entitlement to profits. In many cases, disgorgement will not be equitable where few or no sales were ever diverted from the plaintiff to the defendant, because disgorgement in such contexts would grant the plaintiff an unjustified “windfall.” The “attribution” requirement ensures that once the district court has determined disgorgement is equitable, a *defendant* will only be forced to disgorge profits attributable to the Lanham Act violation. It signifies that, while these inquiries will often overlap, they are not coextensive.

Id. at 879 (footnotes omitted) (noting evidence that the false advertiser had “benefited from its false advertising by commanding premium pricing—generating increased profits for [itself] without necessarily diverting sales from [the plaintiff].”)

At p. 910, add the following to the end of Problem 10-5:

See also High-Tech Pharms., Inc. v. HBS Int’l Corp., 910 F.3d 1186 (11th Cir. 2018) (false advertising claim arising from defendant’s labelling for its sports-nutrition supplement not barred by existence of FDA regulation; court’s false advertising determination would not require it to question the FDA’s regulatory determination).

TRADE IDENTITY RIGHTS IN ONE’S PERSONA: ENDORSEMENT, ATTRIBUTION, AND PUBLICITY

11

At p. 923, after the Rothman book cite, add the following:

For a series of essays from prominent scholars commenting on the book, see 42 Colum. J.L. & Arts 277 et seq. (2019).

At p. 924, at the end of the paragraph numbered (7), add the following:

(Are we just making this stuff up? Well, not entirely. *See* Demetrios Sanders, *Larry Bird Museum Unveiled*, MyWabashValley.Com (Oct. 21, 2018) (reporting on plans for a Larry Bird Museum in Terre Haute, Indiana, where Bird attended college)).

At p. 968, add the following to the end of note 6, and insert the following new case:

On appeal, the Court of Appeals for the Seventh Circuit certified the right-of-publicity question to the Indiana Supreme Court. That Court delivered the following opinion.

DANIELS v. FANDUEL, INC.
109 N.E.3d 390 (Ind. 2018)

DAVID, Justice:

Indiana’s right of publicity statute provides, “a person may not use an aspect of a personality’s right of publicity for a commercial purpose... without having obtained previous written consent.” Ind. Code § 32-36-1-8(a). Pursuant to Indiana Appellate Rule 64, our Court accepted a certified question from the United States Court of Appeals for the Seventh Circuit, which asked:

Whether online fantasy-sports operators that condition entry on payment, and distribute cash prizes, need the consent of players whose names, pictures, and statistics are used in the contests, in advertising the contests, or both.

In short, we answer this question narrowly and find online fantasy sports operators that condition entry to contests on payment and distribute cash prizes do not violate the Indiana right of publicity statute when those organizations use the names, pictures, and statistics of players without their consent because the use falls within the meaning of “material that has newsworthy value,” an exception under the statute.

Facts and Procedural History

Plaintiff-Appellants Akeem Daniels, Cameron Stingily, and Nicholas Stoner were collegiate student-athletes at various times between 2014-2016. The players’ on-field performances were collected as numerical statistics and published by various fantasy sports website operators including Defendants-Appellees DraftKings, Inc. and FanDuel, Inc. Consumers wishing to use Defendants’ products could pay a fee to access detailed information such as Plaintiffs’ names, images, and statistics, assess the athletes’ weekly performances, and assemble a virtual team of real-life athletes to compete against other users’ teams on the Defendants’ websites.

To participate in Defendants’ fantasy sports competitions, consumers were required to follow certain rules imposed by the Defendants. For example, Defendants assigned a fictional dollar value to each Plaintiff based on the player’s statistics and overall performance. To prevent a consumer from assembling a team composed only of the league’s best players, each consumer’s fantasy team was subjected to an overall salary cap. Each athlete’s performance on the field translated to a point value determined by Defendants. At the end of a designated period, consumers were eligible to win cash prizes based on the points accumulated by their fantasy sports team.

Plaintiffs filed a class action complaint against Defendants in Marion County alleging that Defendants “used their names and likenesses in operating and promoting online fantasy sports contests without Plaintiffs’ consent, and that doing so was a violation of their right of publicity under Indiana law.” Defendants removed the case to the U.S. District Court for the Southern District of Indiana and moved to dismiss, arguing that Plaintiffs failed to state a claim upon which relief could be granted because the use of Plaintiffs’ names and statistics fell under certain statutory exceptions to the right of publicity. The District Court dismissed the suit, finding no violation of Plaintiffs’ right of publicity because the use of their likenesses was in material

that had newsworthy value and was a matter of public interest under the exceptions in Indiana Code section 32-36-1-1(c). Plaintiffs appealed to the Seventh Circuit Court of Appeals, which certified a question of Indiana law to this Court.

Discussion

The parties in this case ask us to consider a wide range of issues touching on the right of publicity and its implications in our State. We recognize at the onset that our decision will carry considerable weight not only with respect to these parties, but for other potential right of publicity litigants in our state courts. We also understand that certain factual determinations and allegations remain unresolved and are squarely within the jurisdiction of our federal colleagues. We therefore proceed cautiously, maintaining a narrow focus on the question before us.

To maintain this narrow focus, we begin with a brief overview of the statutory scheme for the right of publicity. We then examine in detail the “newsworthy value” exception to the statute, finding that certain principles of statutory construction inform our reading of that exception. Through this lens, we next analyze the spectrum of “material that has newsworthy value” to evaluate the parties’ arguments. The conclusions we draw from this analysis lead to the ultimate result that the use of players’ names, pictures, and statistics in fantasy sports contests do not violate the right of publicity in Indiana.

The Statute

We turn first to the right of publicity statute, including its pertinent definitions and exceptions. Since its enactment in 1994 and recodification in 2002, the statutory right of publicity in Indiana has remained largely untouched.¹ *See, e.g.*, H.E.A. 1258, 117th Gen. Assemb., 2d Reg. Sess. (Ind. 2012) (adding an exception for a personality that has commercial value solely because that personality has been charged with or convicted of a crime and clarifying the chapter’s application to rights of a deceased personality). Be that as it may, our Court has never had the opportunity to review Indiana’s right of publicity statute.

¹ Indiana is not unique in identifying a right of publicity. Other states have also recognized this right either in statute, through the common law, or both. *See, e.g.*, N.Y. Civ. Rights Law § 51, *Brown v. Ames*, 201 F.3d 654, 657-58 (5th Cir. 2000) (discussing a common law right of publicity in Texas), and *Gionfriddo v. Major League Baseball*, 94 Cal.App.4th 400 (2001) (recognizing that California’s right of publicity is both a common law and a statutory right).

In relevant part, the statute provides, “a person may not use an aspect of a personality’s right of publicity for a commercial purpose during the personality’s lifetime or for one hundred (100) years after the date of the personality’s death without having obtained previous written consent.” Ind. Code § 32-36-1-8(a). The right of publicity is defined as “a personality’s property interest in the personality’s (1) name; (2) voice; (3) signature; (4) photograph; (5) image; (6) likeness; (7) distinctive appearance; (8) gestures; or (9) mannerisms.” Ind. Code § 32-36-1-7. A person who violates this right of publicity may be liable for damages. Ind. Code § 32-36-1-10.

The legislature has codified several key exceptions to this statute, two of which were argued before our Court. The “newsworthy value” exception provides that the right of publicity does not apply to “[t]he use of a personality’s name, voice, signature, photograph, image, likeness, distinctive appearance, gestures, or mannerisms in ... [m]aterial that has political or newsworthy value.” Ind. Code. § 32-36-1-1(c)(1)(B). Another provision, the “public interest” exception, concerns the use of a personality’s right of publicity “in connection with the broadcast or reporting of an event or a topic of general or public interest.” Ind. Code § 32-36-1-1(c)(3). If the use of a personality’s right of publicity falls into either of these categories, the statute does not apply and no consent is needed for its use.

Keeping in mind our narrow approach to answering the certified question, and because we find that the use of players’ names, pictures, and statistics by fantasy sports operators falls into the “newsworthy value” exception, we decline to examine the “public interest” exception. We will, however, examine the contours of the “newsworthy value” exception to determine its scope.

The “Newsworthy Value” Exception

We turn our focus now to whether the use of the players’ names, pictures, and statistics fall within the newsworthy value exception. Because “newsworthy value” is not expressly defined in the statute, our primary goal is to determine and give effect to the intent of the legislature. [cit.] In doing so, we examine the statutory language itself to “give effect to the plain and ordinary meaning of statutory terms.” [cit.] We also presume that the legislature “intended the statutory language to be applied logically and consistently with the statute’s underlying policy and goals.” [cit.]

We begin by addressing two arguments advanced by plaintiffs in this case. First, we are not persuaded that the statutory exception for newsworthiness does not apply in the context of commercial use. The statute itself does prohibit the use of a person’s right of publicity “for a commercial purpose.” *See* Ind. Code § 32-36-1-8. The newsworthy value exception, however, removes the material

from the right of publicity's application. Ind. Code § 32-36-1-1(c). We therefore decline to read such a requirement into the otherwise facially clear language of the statute.

Second, whether Defendants are media companies or news broadcasters is immaterial in the context of the newsworthiness exception. The plain language of the statute only speaks to the use of a personality's right of publicity in "[m]aterial that has political or newsworthy value." Ind. Code § 32-36-1-1(c)(1)(B). The statute is silent on whether there are any restrictions on who publishes or uses the material. Conversely, there is a different exception that applies specifically to a "news reporting or an entertainment medium." See Ind. Code § 32-36-1-1(c)(1)(D). Given that the legislature defined² and carved out an exception that applies only to news reporting entities, we decline to place a similar restriction on the "newsworthy value" exception at issue here. If this was not the intent of the legislature at the statute's inception, it is free to revisit and redraw the exceptions.

The scope of the "newsworthy value" exception becomes considerably less clear as we consider the parties' competing interests in this case. The statute references "material that has political or newsworthy value," but provides no corresponding definitions or apparent clues as to the breadth of these ambiguously familiar terms. Ultimately, however, we think there are several compelling reasons why our Court should understand the term "newsworthy value" to incorporate fantasy sports operators' use of players' names, pictures, and statistics.

First, there is a presumption that when the legislature enacts a statute, it is aware of the common law and does not intend to make a change unless it expressly or unmistakably implies that the common law no longer controls. [cit.] Although no Indiana court has directly created a common law right of publicity in our state, we find the historical progression of this right to be particularly illuminating.

Prior to any discussion of a right of publicity, courts struggled with the inherent tension of applying the right of privacy in the context of commercial appropriation of a personality. See *O'Brien v. Pabst Sales Co.*, 124 F.2d 167, 170 (5th Cir. 1941), *reh'g denied* (declining to extend the right of privacy to an action by a TCU football player whose picture appeared in a calendar for Pabst Blue Ribbon beer because there were "no statements or representations made...

² See Ind. Code § 32-36-1-4, which defines "news reporting or an entertainment medium" as "a medium that publishes, broadcasts, or disseminates advertising in the normal course of its business, including the following: (1) Newspapers. (2) Magazines. (3) Radio and television networks and stations. (4) Cable television systems."

which were or could be either false, erroneous or damaging to plaintiff”). A decade later, the idea of the right of publicity began to gain traction independent of the right of privacy when the Second Circuit announced this new right as it applied to “prominent persons.” See *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866, 868 (2nd Cir. 1953). The court in *Haelan Laboratories* wrote:

[I]n addition to and independent of that right of privacy (which in New York derives from statute), a man has a right in the publicity value of his photograph... For it is common knowledge that many prominent persons (especially actors and ball-players) ...would feel sorely deprived if they no longer received money for authorizing advertisements, popularizing their countenances, displayed in newspapers, magazines, busses, trains, and subways.

Id. at 868. The right of publicity, however, would not gain the attention of the Supreme Court of the United States until 1977, when that Court recognized Ohio’s statutory right of publicity as a distinctly separate right from the right of privacy. *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562, 573 (1977).

The *Zacchini* decision involved a “human cannonball” act performed by Hugo Zacchini at an Ohio county fair. Members of the public were charged a fee to enter the fair and watch the performance, but a reporter at the event videotaped the act and showed the routine in its entirety on the eleven o’clock news. Zacchini sued, alleging “unlawful appropriation of [his] professional property.” The Court held that publishing the entire performance without Zacchini’s consent violated his right of publicity, finding that the economic value of the performance gave Zacchini a right to control its publicity. Important to our analysis today, however, the Court also noted, “It is evident... that petitioner’s state-law right of publicity would not serve to prevent respondent from reporting the newsworthy facts about petitioner’s act... [but] the First and Fourteenth Amendments do not immunize the media when they broadcast a performer’s entire act without his consent.” Thus, it seems to us that the Supreme Court recognized that at least some “newsworthy facts” could be published outside the scope of a personality’s right of publicity.

Closer to home in Indiana and prior to the statute’s enactment in 1994, the term “newsworthy” was understood to encompass a broad privilege that was “defined in most liberal and far reaching terms.” *Time, Inc. v. Sand Creek Partners, L.P.*, 825 F.Supp. 210, 212 (S.D. Ind. 1993) (quoting *Rogers v. Grimaldi*, 695 F.Supp. 112, 117 (S.D.N.Y. 1988)). More specifically:

The privilege of enlightening the public is by no means limited to dissemination of news in the sense of current events but extends far beyond to include all types of factual, educational and historical data, or even entertainment and amusement, concerning interesting phases of human activity in general.

Id. Considering the genesis and evolution of the right of publicity, and presuming the General Assembly was aware of the right of publicity, its origins, and the definitions available from caselaw in this area, we find that the term “newsworthy” was meant to be construed broadly.

Another compelling reason for a broad construction of the term “newsworthy” is that we follow the “familiar canon of statutory interpretation that statutes should be interpreted so as to avoid constitutional issues.” [cit.] When considering a statute through the lens of the First Amendment, one component of our typical inquiry involves whether the statute is content neutral. [cit.] As such, a broad interpretation of the term “newsworthy value” would likely avoid a First Amendment issue in parsing acceptable forms of speech. *See, e.g., Dillinger, LLC v. Electronic Arts Inc.*, 795 F.Supp.2d 829, 836 (S.D. Ind. 2011) (finding it likely that the Indiana Supreme Court would adopt a broad definition of “literary works” to include videogames to avoid constitutional issues with a narrow definition).

To bolster this point, the General Assembly has also built in exceptions for other types of material that had been given First Amendment consideration prior to the statute’s enactment in 1994. *Compare Southeastern Promotions, Ltd. v. Conrad*, 420 U.S. 546, 557 (1975) (finding “theatrical works” protected by the First Amendment), *Jenkins v. Georgia*, 418 U.S. 153, 161 (1974) (film), and *Ward v. Rock Against Racism*, 491 U.S. 781, 790 (1989) (music) with Ind. Code § 32-36-1-1(c)(1) (the right of publicity does not apply to theatrical works, musical compositions, or film). These enumerated exceptions, including “material with newsworthy value,” represent an obvious attempt to avoid constitutional issues with the statute. Against this backdrop, we find no indication within the text of the statute that the legislature intended to abrogate the expansive common law view of the term “newsworthy.”

Considering the arguments presented in this case, Defendants’ use of players’ names, images, and statistics in conducting fantasy sports competitions bears resemblance to the publication of the same information in newspapers and websites across the nation. We agree that, “it would be strange law that a person would not have a first amendment right to use information that is available to everyone.” *C.B.C. Distribution and Marketing, Inc. v. Major League Baseball*, 505 F.3d 818, 823 (8th Cir. 2007). This information is not

stripped of its newsworthy value simply because it is placed behind a paywall or used in the context of a fantasy sports game. On the contrary, fantasy sports operators use factual data combined with a significant, creative component that allows consumers to interact with the data in a unique way. Although fictional salary values are assigned to players, this does not change the function of the underlying data. It is difficult to find that the use of this otherwise publicly available information is somehow drastically different such that it should be placed outside the definition of “newsworthy.”

Use in Advertisements

We now confront whether Defendants’ use of players’ names, pictures, and statistics could constitute unauthorized advertising. At minimum, both parties would seem to agree that the statistics of college athletes are newsworthy. The public fascination with these facts and figures provides context and standards by which past, present, and future players are judged. *See generally C.B.C. Distrib.*, 505 F.3d at 823 (discussing how sports like baseball occupy a large portion of public discourse) and *CBS Interactive Inc. v. National Football League Players Ass’n*, 259 F.R.D. 398, 419 (D. Minn. 2009) (noting that, “[c]onsumers of fantasy football... like consumers of fantasy baseball, closely track player statistics”). This fascination extends to our own state where many fans of the Notre Dame Fighting Irish, Purdue Boilermakers, Indiana Hoosiers, and all other collegiate sports teams argue, debate, and commiserate over the statistical value of each player and where his or her achievements fall in the history of football or basketball. Few activities invoke such fervor among so many over so little.

At the other end of the newsworthy spectrum, we recognize that the unauthorized use of a personality to advertise or promote a product likely lies outside the scope of what is considered newsworthy. *See generally Abdul-Jabbar v. General Motors Corp.*, 85 F.3d 407, 416 (9th Cir. 1996) (holding that Kareem Abdul-Jabbar could state a claim under California’s right of publicity when GMC gained a commercial advantage in using Abdul-Jabbar’s former name in a television advertisement). The right to control one’s identity from direct appropriation would seem central to the right of publicity recognized in Indiana.³ *Cf. Cardtoons, L.C. v. Major League Baseball Players Ass’n*, 95 F.3d 959, 967-68 (10th Cir. 1996) (discussing how the right of publicity in Oklahoma involves property rights for the full commercial value of an identity).

In the context of fantasy sports, however, courts have recently concluded

³ The statute reportedly came about after concerns that profiteers were selling baseball-style cards of an AIDS victim without the consent of his surviving family. Dan Wetzel, *Law ends pirating of celebrities*, Indianapolis Star, June 25, 1994, at B1.

the risk of unauthorized advertising is minimal. *See C.B.C. Distrib.*, 505 F.3d at 824 (holding that the use of statistics and likenesses of baseball players in a fantasy sports context does not implicate a right of publicity in terms of advertising “because the fantasy baseball games depend on the inclusion of all players and thus cannot create a false impression that some particular player with ‘star power’ is endorsing CBC’s products.”); *CBS Interactive*, 259 F.R.D. at 419 (reasoning that “[n]o one seriously believes that the subjects of news reports are endorsing the company that provides the report”). We embrace this understanding and find that under similar circumstances—when informational and statistical data of college athletes is presented on a fantasy sports website—it would be difficult to draw the conclusion that the athletes are endorsing any particular product such that there has been a violation of the right of publicity. Importantly, however, this finding does not foreclose a court from closely scrutinizing the actions of a particular defendant to ensure no unauthorized endorsements are being made. At the risk of overstepping the bounds of the certified question, we defer making any factual determination on this issue to our federal colleagues.

Conclusion

We conclude that Indiana’s right of publicity statute contains an exception for material with newsworthy value that includes online fantasy sports operators’ use of college players’ names, pictures, and statistics for online fantasy contests.

NOTES AND QUESTIONS

1. *Common law vs. statutory jurisdictions.* The *FanDuel* case provides an illustration of speech-oriented statutory limitations applied to a statutory right of publicity. To what extent does the Court’s statutory analysis differ from the analysis that is undertaken in a jurisdiction where the right of publicity derives from common law? Is one approach easier to administer than the other? To what extent was it appropriate for the Indiana Supreme Court to borrow from the law of other jurisdictions to understand the scope of the newsworthiness exception?

2. *Plural exceptions.* Why does the Indiana statute have both a “newsworthy value” exception and a “public interest” exception (among others)? If the exceptions are partially overlapping, is that a problem? Should the Indiana legislature revisit and redraw the exceptions?

3. *Split of authority?* Can *FanDuel* be squared with *Hart*? If not, should the Supreme Court step in to resolve the conflict? How should the Court resolve it?

At p. 997, add the following to note 2 after the *Voice of the Arab World* cite (top of page):

Rush v. Hillside Buffalo, LLC, 314 F.Supp.3d 477 (W.D.N.Y. 2018) (applying *eBay* and noting that where plaintiff sought damages to compensate him for many of the injuries he claims he has or will suffer and has only indicated that defendants have misused his trademark for a single confined event, it was unclear why monetary damages could not be assessed based upon the number and price of the tickets and concessions sold, the number of patrons diverted from plaintiff, or any other revenue grossed as a result of this single event); *Home Comfort Heating & Air Conditioning, Inc. v. Ken Starr, Inc.*, No. 818CV00469JLSDFM, 2018 WL 3816745, at *9 (C.D. Cal. July 24, 2018) (“Plaintiff has produced evidence of actual confusion, including negative online reviews and customer complaints that were intended for Defendant. Thus, Plaintiff has “substantiate[d] the threat to [its] goodwill and reputation,” which is sufficient to establish a likelihood of irreparable harm”); *TrueNorth Companies, L.C. v. TruNorth Warranty Plans of N. Am., LLC*, 353 F. Supp. 3d 788, 802–03 (N.D. Iowa 2018) (“While TrueNorth has demonstrated some level of confusion through phone call recordings and email communications, it has not demonstrated any irreparable harm (such as loss of customers or decline in sales) based on this confusion. While TrueNorth employees have to spend time addressing confusion and explaining that TrueNorth provides insurance services and not warranty services, this type of harm can be addressed through monetary means”).

At p. 997, add the following to end of note 2:

Representatives of the International Trademark Association, the American Intellectual Property Law Association, and the Intellectual Property Owners Association wrote to Congress in September 2018 requesting legislation re-establishing a presumption of irreparable harm under the Lanham Act. Would you support the enactment of that legislation?

At p. 1000, add the following to end of note 14:

In *Pinkette Clothing, Inc. v. Cosmetic Warriors Limited*, 894 F.3d 1015 (9th Cir. 2018), the Court of Appeals for the Ninth Circuit distinguished two Supreme Court decisions—*Perella v. Metro-Goldwyn-Mayer, Inc.*, 134 S.Ct. 1962 (2014) and *SCA Hygiene Prods. v. First Quality Baby Prods.*, 137 S.Ct. 954 (2017)—in which the Court had held that laches was not available in an infringement action brought within the applicable statute of limitations found in the copyright (*Perella*) and patent (*SCA*) statutes. In contrast, the Lanham Act has no statute of limitations, and expressly provides for a laches defense to in infringement proceedings. Thus, neither Supreme Court decision would appear to limit the possibility of laches being a defense in a trademark infringement claim; indeed, the *Petrella* Court had noted the distinction. But what of cancellation claims; the cancellation provision does refer to an applicable time period. Despite that, the Ninth Circuit held that laches is available as a defense to a petition for cancellation even if that challenge is brought within the permissible cancellation period. See Casebook p. 378 (noting history of challenge to the Washington RESKINS mark); see also Casebook, pages 366-369 (discussing relevant period for assertion of particular grounds for cancellation).

At p. 1017, add the following to end of note 5:

See also *ZeniMax Media Inc. v. Oculus VR LLC*, 2018 WL 3135915, at *2 (N.D. Tex. June 27, 2018) (“The damages suffered must be proximately caused by the act of the false designation”).

At p. 1019, add the following to end of note 9:

The United States Supreme Court granted certiorari in *Romag Fasteners, Inc. v. Fossil, Inc.*, 139 S. Ct. 2778 (2019) to consider whether willful infringement is a prerequisite for an award of an infringer’s profits for a violation of Section 43(a).

At p. 1020, delete *Nightingale Home Healthcare* and replace with the following case:

LHO CHICAGO RIVER, L.L.C. v. PERILLO
942 F.3d 384 (7th Cir. 2019)

MANION, Circuit Judge:

Defendants appeal the denial of their request for Lanham Act attorney fees following the plaintiff's voluntary dismissal of its trademark infringement suit. The lone question here is whether the Supreme Court's decision in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545 (2014)—a patent case—should guide district courts faced with Lanham Act attorney fees applications. Most of our sister circuits have answered that question in the affirmative, but we have never addressed the issue. The opportunity now presents itself, and for all the reasons herein, we join our sister circuits in holding that *Octane* controls and remand for further consideration.

I. Background

LHO Chicago River, L.L.C., owns an upscale, downtown Chicago hotel that underwent a branding change in February 2014 when the establishment became “Hotel Chicago,” a signature Marriott venue. Around May 2016, Joseph Perillo and his three associated entities . . . opened their own “Hotel Chicago” only three miles from LHO's site. LHO then sued Defendants for trademark infringement and unfair competition under the Lanham Act, and for trademark infringement and deceptive trade practices under Illinois state law. The litigation dragged on for more than a year until LHO moved to voluntarily dismiss its claims, with prejudice. The district judge granted LHO's motion and entered judgment on February 21, 2018.

Defendants made a post-judgment request for attorney fees pursuant to 15 U.S.C. § 1117(a), which permits the district court to award reasonable fees to the prevailing party in “exceptional cases.” In their attorney fees briefing, the parties identified two distinct standards for determining such exceptionality: (1) this Circuit's prevailing standard, that a case is exceptional under § 1117(a) if the decision to bring the claim constitutes an “abuse of process”; and (2) the more relaxed totality-of-the-circumstances approach under the Patent Act that the Supreme Court announced in *Octane Fitness*. When Defendants moved for attorney fees, we had not yet provided guidance on *Octane*'s applicability in this context, though several of our sister circuits had extended *Octane* to the Lanham Act. It comes as no surprise then, that when the district judge ruled on Defendants' request, he acknowledged *Octane* but nevertheless adhered to

our “abuse-of-process” standard. The judge found LHO had not brought an exceptional case warranting attorney fees. Defendants appeal.

II. Discussion

The Lanham Act contains the following fee-shifting language: “The court in exceptional cases may award reasonable attorney fees to the prevailing party.” 15 U.S.C. § 1117(a). Our current standard for identifying “exceptional” trademark cases comes from *Burford v. Accounting Practice Sales, Inc.*, 786 F.3d 582, 588 (7th Cir. 2015), and *Nightingale Home Healthcare, Inc. v. Anodyne Therapy, LLC*, 626 F.3d 958, 963–66 (7th Cir. 2010). *Burford* and *Nightingale* hold a case “exceptional” under § 1117(a) if it amounts to an “abuse of process.” [cit]. An abuse of process occurs when a claim is: (1) “objectively unreasonable because it is one a rational litigant would pursue only because it would impose disproportionate costs on his opponent” (in other words, extortionate in nature); or (2) when a party brings a frivolous claim with the purpose of obtaining an advantage external to the litigation, “unrelated to obtaining a favorable judgment.” [cit].

The Patent Act contains an identical provision: “The court in exceptional cases may award reasonable attorney fees to the prevailing party.” 35 U.S.C. § 285. Addressing § 285 in 2014, the Supreme Court determined:

[A]n “exceptional” case is simply one that stands out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated. District courts may determine whether a case is “exceptional” in the case-by-case exercise of their discretion, considering the totality of the circumstances.

Octane, 572 U.S. at 554. Among the circumstances for consideration, the Court pointed to a nonexclusive set of factors it identified earlier when addressing the Copyright Act’s similar fee-shifting provision. [cit]. Those factors include “frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence.”

The Court reached this holding by construing the term “exceptional” in accordance with the word’s ordinary meaning. In particular, while highlighting the identical language shared by the Patent and Lanham Acts, the Court relied on *Noxell Corp. v. Firehouse No. 1 Bar-B-Que Rest.*, a trademark case in which the D.C. Circuit interpreted the term “exceptional” in

§ 1117(a) to mean “uncommon” or “not run-of-the-mill.” *Octane*, 572 U.S. at 554.

Octane also abrogated the Federal Circuit’s exceptionality standard contained in *Brooks Furniture Mfg., Inc. v. Dutailier Int’l., Inc.*, 393 F.3d 1378, 1381 (Fed. Cir. 2005). Under *Brooks*, a district court could find a case exceptional either where the parties had engaged in material, sanctionable litigation misconduct, or where the litigation had been both brought in bad faith and objectively baseless. The Court deemed this approach “overly rigid” because it allowed certain litigants to escape attorney fees. *Octane*, 572 U.S. at 545–55. For example, while *Brooks* permitted attorney fees against a party engaging in sanctionable litigation tactics, such a heightened level of misconduct is not always present in a substantively weak case or a case in which a litigant acts simply “unreasonably.” The same is true for *Brooks*’s second prong, which requires subjective bad faith and objective baselessness: a case that “stands out from others” with respect to the party’s legal position or strategy need not carry both traits. As *Octane* observed, again looking to *Noxell*, “a case presenting *either* subjective bad faith or exceptionally meritless claims may sufficiently set itself apart from mine-run cases to warrant a fee award.” *Id.* at 555 (emphasis added) (citing *Noxell*, 771 F.2d at 526 (“[W]e think it fair to assume that Congress did not intend rigidly to limit recovery of fees by a [Lanham Act] defendant to the rare case in which a court finds that the plaintiff acted in bad faith, vexatiously, wantonly, or for oppressive reasons.... Something less than ‘bad faith,’ we believe, suffices to mark a case as ‘exceptional.’”) (internal quotation marks and citations omitted; alteration supplied by *Octane*)).

Our *Burford/Nightingale* standard suffers from similar inflexibility. As outlined above, an abuse of process occurs only when a litigant pursues an objectively unreasonable claim to extort or inflict disproportionate costs on his opponent, or when a party brings a frivolous claim for external gain. Under either of these prongs, a fee applicant must show that his opponent acted essentially with ill motive, but this conflicts with *Octane*’s holding that “there is no precise rule or formula for making [exceptionality] determinations” 572 U.S. at 554. For example, based on our current caselaw, a party’s substantively weak position or strategy might make a case “stand out from others,” but without extortionate or external motives fueling the litigation, the case cannot be deemed exceptional under § 1117(a). We think it fair that such a scenario should not render a case unexceptional and prevent recovery of fees so automatically.

Given *Octane*’s rejection of a similarly rigid standard for an identical fee-shifting provision, and considering the Court’s reliance on trademark law therein, we agree with Defendants that *Octane*’s standard should apply in the

present context of the Lanham Act. “[F]ee-shifting statutes’ similar language is a strong indication that they are to be interpreted alike.” [cit]. Furthermore, Congress expressly referenced the Patent Act’s attorney fees provision when justifying § 1117(a)’s passage:

In appropriate circumstances, a successful party should be entitled to full compensation for the injuries sustained and expenses incurred, since these were necessitated by the acts of the opposing party. The federal patent and copyright statutes expressly provide for reasonable attorney fees, as do a number of other federal acts.

S. Rep. No. 93-1400, at 5; see also *Romag Fasteners, Inc. v. Fossil, Inc.*, 866 F.3d 1330, 1335–36 (Fed. Cir. 2017), and *Fair Wind Sailing, Inc. v. Dempster*, 764 F.3d 303, 315 (3d Cir. 2014) (both opinions recognizing the same).

LHO attempts to minimize the overlap of patent and trademark caselaw, noting that *Burford*, which postdates *Octane*, made no mention of the Supreme Court’s decision, “likely because *Octane* interpreted a different statutory provision.” True, we did not discuss *Octane* in *Burford* despite *Octane*’s earlier release, but our silence in *Burford* should not be interpreted as a rejection of *Octane*’s extension to Lanham Act fee-shifting. As pointed out correctly by Defendants, the *Burford* parties never directed us to *Octane* in any of their filings . . .

Most circuits—many of them since *Burford*—have extended *Octane* to the Lanham Act’s fee-shifting provision, relying on legislative history, the Patent Act’s identical language, and the Supreme Court’s use of trademark law in *Octane*. [cit]. These opinions both instruct and confirm our analysis here.

Therefore, we join our sister circuits and adopt *Octane*’s “exceptional case” standard as the governing framework for attorney fees requests under § 1117(a) of the Lanham Act. This does not require us to invent a new formula, as Defendants propose through their “highly likely to fail” test. Instead, we simply instruct district courts analyzing such requests to examine the “totality of the circumstances” and exercise their “equitable discretion” in light of the factors and considerations identified in *Octane* and, by reference, *Fogerty*.

III. Conclusion

Because the district judge here did not address the parties’ fee dispute under *Octane*, we Vacate the attorney fees order and Remand so he may do so.

At p. 1026, add the following to end of note 2:

As noted in *LHO Chicago River, L.L.C. v. Perillo*, 942 F.3d 384, 388 (7th Cir. 2019), excerpted above, the First, Second and Seventh Circuits have now joined the courts applying the Supreme Court holding in *Octane Fitness* to trademark cases. See *Sleepy's LLC v. Select Comfort Wholesale Corp.*, 909 F.3d 519 (2d Cir. 2018); *Scholz v. Goudreau*, 901 F.3d 37, 49 (1st Cir. 2018).