TRADEMARKS AND UNFAIR COMPETITION LAW AND POLICY

Sixth Edition

SPRING 2024 Update

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PART III – SCOPE AND ENFORCEMENT OF TRADEMARK RIGHTS

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.

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

G.B.D.
M.D.J.
M.P.McK

I

FOUNDATIONS AND PURPOSES OF TRADEMARK AND UNFAIR COMPETITION LAW

1

INTRODUCTION TO TRADEMARK AND UNFAIR COMPETITION LAW

At page 35, add as Note 11:

11. *Recent controversies*. Before we tackle the rules, principles and doctrines of trademark law in detail, consider how you would assess these three recent events "ripped from the headlines" in light of the nature and purposes of trademark law discussed in Chapter 1.

* Taco John's, a fast food Mexican restaurant chain with locations in 23 U.S. states, has since 1989 owned a federal registration (for all states other than New Jersey, a concept which we will explain later) for the mark TACO TUESDAY for restaurant services. In 2023, Taco Bell (a rival chain) started a campaign (along with basketball legend, LeBron James) to "liberate Taco Tuesday" by *inter alia* canceling the federal registration. Who should be able to use the term "Taco Tuesday" and how? Take a look at Taco Bell's FAQ page: https://www.tacobell.com/freeing-taco-tuesday.

* Wrigley makes and sells multi-colored fruit-flavored SKITTLES candies and owns a registration for SKITTLES for those products. It has long used the slogan "Taste the Rainbow" in connection with the sale of SKITTLES. Terphogz is the seller of cannabis-related merchandise under the name ZKITTLEZ, and it uses the slogans "Taste the Z Train" and "Taste the Strain Bro" in connection with the sale of its products. Should Terphogz be able to use these marks and slogans?

* Twitter, Inc. is/was one of the world's leading social media apps. For many years, it has owned a federal registration in a blue and white logo consisting of a small bird "tweeting". Here it is:

In late July, Twitter CEO Elon Musk decided that the Twitter logo should be changed to an X (reflecting the name of the parent company that now owns Twitter). After a call for renderings, he picked the following as the new logo for Twitter.

If you had been able to advise Musk before he made the decision, what might you have told him? If you could speak to him now, with the decision made, what might you tell him? (Please be polite; remember, you are a professional).

Creation of Trademark Rights

II

DISTINCTIVENESS

2

At page 98, add the following as Note 9:

9. *Disemvoweled marks.* If a shoe manufacturer tried to register the mark SNKRS for sneakers, how would you assess the distinctiveness of that mark?

At page 100, add to Problem 2-2:

(17) **TACO TUESDAY** for restaurant services.

At page 107, insert the following case after *Lululemon*:

THE PENNSYLVANIA STATE UNIVERSITY v. VINTAGE BRAND, LLC
614 F.Supp.3d 101 (M.D. Pa. 2022)

BRANN, Chief Judge:

In June 2021, The Pennsylvania State University sued Vintage Brand, LLC, an online retailer of goods bearing screen-printed, and often retro, logos and images. Penn State contends that this practice violates federal and state trademark and unfair competition laws. Vintage Brand, however, denies these charges and asserts four counterclaims attacking the validity of Penn State's marks—emphasizing that while it sold goods with Penn State's marks, these images and logos are in the public domain and not subject to further protection under trademark law. Penn State now seeks to dismiss Vintage Brand's fourth counterclaim, where the Company contends that three of the University's marks should be canceled because they are ornamental and fail to function as trademarks.

While this case touches on broad and substantial questions about collegiate merchandising rights under trademark and unfair competition law, the fate of Penn State's motion turns on a far narrower question: Under the Lanham Act, does a symbol identify the source of the goods if it merely creates an association between it and the trademark holder?

Because the Court finds that it does not, Penn State's motion to dismiss is denied.

I. FACTS ALLEGED IN THE COMPLAINT

For today's motion, the Court need not delve deeper than the allegations about the three marks. First among them is the University's 1984 registration of the text "PENN STATE." The University holds this registration across a host of goods, including everything from apparel, banners, and flasks to USB flash drives, manual toothbrushes, and salt and pepper shakers. Second is the image of the so-called "Pozniak Lion," [depicted below] which Vintage Brand contends was used as a school logo until it was phased out in 1987.

Penn State registered this mark in 2017 for use on metal novelty license plates and apparel. And third is the image of the Penn State seal [depicted below].

Similarly registered in 2017, this mark—which displays the Pennsylvania Coat of Arms ringed by the University's name and date of founding—covers various apparel and drink-related goods, such as decanters, coasters, and ceramic mugs.

For each, Vintage Brand alleges the same deficiencies. The Company pleads that they are "used as mere decoration, printed in large font and in a prominent location, and [do] not serve to identify Penn State as the source or origin of the goods"; that "[o]n information and belief, consumers perceive ... [the marks] to be merely a decorative feature of the goods and not an indication of the source of the goods"; and finally that their "overall commercial impression ... is purely ornamental or merely a decorative feature[,] ... [and they] do not identify and distinguish Penn State's goods from those of others and, therefore, do not function as a trademark ...."

III. ANALYSIS

Under the Lanham Act, a trademark can be obtained for "any word, name, symbol, or device, or any combination thereof ... used by a person ... to identify and distinguish his or her goods ...." When a trademark fails to fulfill this purpose, it is subject to cancellation.[17] Because Penn State has registered these three marks with the United States Patent and Trademark Office Vintage Brand must show that they are invalid.

Vintage Brand attempts to do so here through an ornamentality challenge. A registration fails on this ground when its overall commercial impression is "solely as attractive ornamentation" and not "also as a symbol that identifies and distinguishes a single source."[19] In assessing aesthetic ornamentation, the first half of this conjunctive requirement, courts have considered the symbol's "size, location[,] and dominance," and whether it is accompanied by a ™ or ®.[20] Sitting at the non-ornamental end of this continuum are the small symbols affixed to the tag of a shirt or stamped on the bottom of a mug. While on the ornamental side stand the large, dominant, and centrally located symbols, such as shirts with text emblazoned across the chest or a coaster with a mascot featured across the top. By both allegation and appearance, Penn State's marks fall into the latter.

But this finding does not settle the matter. The ornamentality requirement is conjunctive; that "a design is pleasing to the eye and serves a decorative purpose does not mean that the design cannot also serve a trademark purpose."[22] The Court must also consider whether the marks "identify and distinguish" the goods. This requirement, which invokes the Lanham Act's definition of a trademark, broadens the analysis to the fundamental trademark question: does the mark serve a source identifying function?[23] And here, the parties' understanding of the law diverges.

Vintage Brand contends that consumers believe that the essence of these marks is to signal their support for the University, not that the University has produced, approved, or guaranteed the quality of the item. So in its view, the marks do not "identify and distinguish" Penn State as the source of the goods. Penn State, on the other hand, contends that "it would be unimaginable that using PENN STATE, the University,

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[17] Given the parties' focus on merchandise-related registration categories, I assume that Vintage Brand's ornamentality challenge is "as applied," and thus an effort to deny protection in these narrow categories, rather than an effort to cancel the marks as a whole. See also Int'l Order of Job's Daughters v. Lindeburg & Co., 633 F.2d 912, 918–20 (9th Cir. 1980) (considering an as-applied functionality defense to a trademark-infringement claim).

[19] J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 7:81 (5th ed., June 2022) (McCarthy on Trademarks and Unfair Competition); see [] Bobosky v. Adidas AG, 843 F. Supp. 2d 1134, 1145 (D. Or. 2011). For the purposes of today's motion. I have proceeded using the standard described in McCarthy on Trademarks and Unfair Competition. I will note, however, that Vintage Brand contends that the seemingly more lenient Third Circuit standard for trade dress claims should be imported instead. Doc. 39 at 8 (quoting Duraco Prods., Inc. v. Joy Plastic Enterps., Ltd., 40 F.3d 1431, 1449–50 (3d Cir. 1994)) ("[T]he configuration for which protection is sought must not appear to the consumer as a mere component, or the essence, of the product gestalt, but rather must appear as something attached (in a conceptual sense) to function in actuality as a source designator—it must appear to the consumer to act as an independent signifier of origin rather than as a component of the good.").

[20] Bobosky, 843 F. Supp. 2d at 1145.

[22] McCarthy on Trademarks and Unfair Competition § 7:24.

[23] Id. § 7:81 ("The 'merely ornamental' rule is simply a facet of the basic trademark factual question: is the disputed feature in fact perceived by customers as a trademark or not?").

or the Pozniak Lion Logo on a good, no matter how prominently, could be perceived by the consuming public as anything other than an identification of Penn State as the source or second source of the good." These arguments are nothing new. They have been raised across a host of decisions that assess whether a symbol is eligible for trademark protection to begin with (the so-called "eligibility" cases) or whether another entity's use of a trademark symbol constitutes infringement (the so-called "infringement" cases).[26] And while these cases' terminologies and postures vary, they center on a common question: should trademark holders—particularly those in the business of education, research, and New Year's Six appearances—have an exclusive right to control merchandise bearing their marks when consumers are purchasing the products not for their guaranteed quality, but to signal their support for or affiliation with the trademark holder?

Perhaps it should come as no surprise that our modern trademark regime has struggled with this question. [The court noted the expansion of trademark law to protect mark owners against the use of similar marks outside of their core business provided consumers would presume some form of affiliation or sponsorship (which we will discuss in detail in Chapter 7 of this casebook), and suggested that efforts to control the use of marks on merchandise beginning in the 1970s represented yet another attempt to expand the protections provided to sellers under the law]. For universities, this trademark use diverged from traditional areas of trademark protection, such as Penn State preventing an unaffiliated educational institution from using its name. In this hypothetical, a consumer might reasonably believe that they are enrolling in a Penn State affiliate. But university-trademarked apparel and merchandise present a different case; the mark itself is the product.

From the outset views diverged on whether, given this overriding non-trademark function, the marks still identified the entity as the source or sponsor of the goods. Some, notably the United States Court of Appeals for the Fifth Circuit *in Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Manufacturing (Boston Hockey)*[33] and the Trademark Trial and Appeals Board in *In re Olin Corp.*,[34] found that the marks inherently do. The Fifth Circuit drew this conclusion from the fact that consumers only purchase the merchandise because of the mental association it creates between the trademark and trademark holder. The question as they saw it was answered by sole reference to whichever party's toil generated the sale, with no need to undertake a fact-intensive inquiry into whether consumers believed the trademark holder had manufactured or sponsored the product. The Trademark Trial and Appeals Board, on the other hand, reasoned from the negative. It found that a mark—like that of New York University's—

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[26] Determining whether distinct tests interlock or pass by one another can pose difficulties. But here, where Vintage Brand is using the exact trademarked symbols in a market that Penn State is also engaged in, there appears to be little difference between the cases undertaking an infringement analysis (through the likelihood of confusion) and an eligibility analysis (whether the mark identifies the source of the goods). Indeed, the cross-pollination of these cases appears to be common practice. E.g., Univ. Book Store v. Bd. of Regents of the Univ. of Wisconsin Sys., 33 U.S.P.Q. 1385, 1994 WL 747886, at *22 (Trademark Tr. & App. Bd. June 22, 1994) (citing Boston Pro. Hockey Ass'n v. Dallas Cap & Emblem Mfg., 510 F.2d 1004 (5th Cir. 1975)) and In re Olin Corp., 181 U.S.P.Q. 182, 1973 WL 19761, at *1–2 (Trademark Tr. & App. Bd. Nov. 19, 1973). It's also worth noting the obvious: no court can find infringement for a plaintiff on a Rule 12 motion. Still, infringement claims are generally considered using a multifactor fact-intensive inquiry. . . . But if a court weighing similar facts in the infringement context disposes of the traditional inquiry and enters an automatic finding of likely confusion, e.g., Boston Pro. Hockey Ass'n v. Dallas Cap & Emblem Mfg. Inc., 510 F.2d 1004, 1012 (5th Cir. 1975), it suggests that the issue, in the eligibility context, could be disposed of on the pleadings, as any claim that there's no source identification would be rendered implausible.

[33] 510 F.2d 1004, 1011–12 (5th Cir. 1975), cert. denied, 423 U.S. 868 (1975).

[34] 1973 WL 19761.

"inherently .... advise[s] the purchaser [that] the university is the secondary source of that shirt" because "[i]t is not imaginable that Columbia University will be the source of an N.Y.U. T-Shirt." This per se approach (as I'll call it) is forwarded by Penn State here; and, if adopted, it would entitle the University to its motion to dismiss as there can be no doubt that Vintage Brand's customers are buying its Penn State products because of the associations they create with the University.

That said, still more have rejected this per se approach—even if they ultimately found that a bona fide mark had been infringed.[39] Instead, as these courts have emphasized, trademark law requires more than a mental association between the trademark and trademark holder. As they see it, the consumer must instead believe that the trademark indicates that the trademark holder is the source, sponsor, or is otherwise affiliated with the good—a question of fact. Vintage Brand contends that the Court must minimally follow this approach (though it also suggests the marks may inherently not serve a source identifying function . . .), thus allowing its claim to move past the motion to dismiss.

This dispute has arisen in this Court, however, because many courts have still not squarely addressed the question. And that list includes the Supreme Court and the United States Court of Appeals for the Third Circuit. . .

Although . . . this issue [is] unresolved at the national and circuit levels—I see a clear loser: the per se approach forwarded by Penn State in its motion to dismiss. My reasoning is twofold. First, in the infringement context, efforts to walk back *Boston Hockey* began not long after the decision came down. .

Second, I find the analysis offered by the Trademark Trial and Appeals Board in its eligibility cases unconvincing. In the university context, these revolve around *In re Olin Corp*. There, in explaining why a New York University-branded shirt would identify the university as the sponsor or authorizer, the Board reasoned, "[i]t is not imaginable that Columbia University will be the source of an N.Y.U. T-shirt." But this play on an intercollegiate rivalry distracts from an error in reasoning: you cannot determine whether consumers believe an entity is the source or secondary source of a good by crossing out one entity that consumers obviously believe is not. The conclusion that purchasers will think that N.Y.U. sponsored or authorized the shirt does not necessarily follow from the statement that no purchaser will think that Columbia University is the source. There's a gulf of other possibilities.

The Court accordingly sees no reason to perpetuate or resuscitate this per se approach. Whether consumers believe that a university is the source, sponsor, or authorizer of merchandise bearing its marks should—minimally—turn on just that: what the consumers believe. And for that reason, Penn State's motion to dismiss is denied.

[39] See . . . Int'l Ord. of Job's Daughters v. Lindeburg & Co., 633 F.2d 912, 918 (9th Cir. 1981), cert. denied, 452 U.S. 941 (1981); . . . Nat'l Football League Props., Inc. v. Wichita Falls Sportswear, Inc., 532 F. Supp. 651, 659–61 (W.D. Wash. 1982); see also . . . McCarthy on Trademarks and Unfair Competition § 7:24 ("whether an ornamental design also serves as a trademark requires a highly fact-dependent analysis and a close examination of the probable impression made on the buying public").

At page 108, add as Notes 4-5:

4. *Scope and conceptualization of the mere ornamentality rule?* Is the mere ornamentality rule applicable to all types of trademark subject matter? Do you think the outcome on the mere ornamentality challenge will be the same for all three of Penn State's trademarks (e.g., the word marks vs. designs)? To what extent does the mere ornamentality issue duplicate (or overlap with) the question of distinctiveness? If the court eventually finds the mark PENN STATE to be merely ornamental, what relief do you think will be granted? (We will discuss the question of cancelation of trademark registrations in Chapter 5). How do you think that what the court decides on validity will affect Penn State's ability to enforce any remaining trademark rights? (We will discuss scope of rights in Chapter 7). How did the court in *Penn State* use enforcement or infringement case law to inform its validity analysis?

5. *Source-identification and association*. The *Penn State* court concludes that a symbol does not "identify the source of the goods if it merely creates an association between it and the trademark holder." Does that proposition fit with the statutory definition of "trademark" or with the functions of trademarks as understood in the case law discussed to date in this Chapter? *See* Mark P. McKenna, *Trademark Use and the Problem of Source*, 2009 U. ILL. L. REV. 773, 800 (arguing that "[a] non-trademark use—one that does not indicate source, sponsorship, or affiliation—is not merely unlikely to cause confusion; it is conceptually incapable of causing the type of confusion that is actionable under the Lanham Act"). To make the exercise more concrete, what is the consumer understanding engendered by the use of the term COKE for soft drinks? Which parts of that understanding represent "trademark meaning"? Then ask the same questions about the use of the term KIM KARDASHIAN for perfume. (We understand that "with gardenia and jasmine, it smells as rich and sophisticated as perfumes triple the price").

At page 123, add the following case before Notes and Questions:

IN RE LIZZO LLC
23 USPQ2d 139 (TTAB 2023)

CATALDO, Administrative Trademark Judge:

Applicant, Lizzo LLC, seeks registration on the Principal Register of 100% THAT BITCH (in standard characters), as a mark identifying the following goods in International Class 25: "Clothing, namely, shirts, jackets, jerseys, beanies, baseball hats, headwear, shorts, tank tops, sweatshirts, long sleeve shirts, hooded sweatshirts, hooded shirts, bandannas, wristbands as clothing, headbands, shoes and sleepwear;" and "Clothing, namely, t-shirts."

The Trademark Examining Attorney refused registration in each application of 100% THAT BITCH under Trademark Act Sections 1, 2, and 45, for failure to function as a mark on the basis that 100% THAT BITCH "is a commonplace expression widely used by a variety of sources to convey an ordinary, familiar, well-recognized sentiment."

In response to the initial refusal, Applicant explained that it is the trademark holding company of the popular singer and performer known as Lizzo, and that the proposed mark was inspired by a lyric in one of Lizzo's songs entitled "Truth Hurts." Applicant claimed that Lizzo adopted and has used the proposed mark in connection with her musical-artist related goods and services, including clothing, and the proposed mark is definitively associated with her.

Unpersuaded by Applicant's arguments, the Examining Attorney made the refusals final, after which Applicant appealed and requested reconsideration. . .

We reverse the refusals to register.

I. Applicable Law

A. Statutory Definition of a Trademark

When a proposed mark fails to meet the statutory definition of a trademark, it is ineligible for registration. Sections 1, 2 and 45 of the Trademark Act provide the statutory basis for refusal to register subject matter that fails to function as a trademark. Specifically:

> Sections 1 and 2 provide for the application and registration on the Principal Register of "trademark[s] by which the goods of the applicant may be distinguished from the goods of others"; and
>
> Section 45 defines a "trademark" in pertinent part, as "any word, name, symbol, or device, or any combination thereof . . . used by a person, or . . . which a person has a bona fide intention to use in commerce ... to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others, and to indicate the source of the goods, even if that source is unknown."

The Office thus "is statutorily constrained to register matter on the Principal Register if and only if it functions as a mark." In re Brunetti, 2022 USPQ2d 764, at *9 (TTAB 2022); *see also* In re Vox Populi Registry, Ltd., 25 F.4th 1348, 2022 USPQ2d 115, at *2 (Fed. Cir. 2022) ("Under the Lanham Act, 'no service mark by which the services of the applicant may be distinguished from the services of others shall be refused registration on the principal register on account of its nature' subject to certain exceptions. 15 U.S.C. §§ 1052-53. One of these exceptions is that a service or trademark must function to 'identify and distinguish the services of one person ... from the services of others and to indicate the source of the services.' 15 U.S.C. §1127.") (cleaned up); In re Standard Oil Co., 125 USPQ 227, 228 (CCPA 1960) ("The Trademark Act is not an act to register words but to register trademarks. Before there can be registrability, there must be a trademark ...."); [cit]. "Matter that does not operate to indicate the source or origin of the identified goods or services and distinguish them from those of others does not meet the statutory definition of a trademark and may not be registered ...." In re Greenwood, 2020 USPQ2d 11439, at *2 (TTAB 2020) . . .

B. Failure to Function

"Not every designation adopted with the intention that it perform a trademark function necessarily accomplishes that purpose." In re Brunetti, 2022 USPQ2d 764, at *10; . . . D.C. One Wholesaler, Inc. v. Chien, 120 USPQ2d 1710, 1713 (TTAB 2016) (granting petition to cancel registration on the

Supplemental Register where “the marketplace is awash in products that display the term.”); see also Roux Labs., Inc. v. Clairol, Inc., 166 USPQ 34, 39 (CCPA 1970) (“The mere fact that a combination of words or a slogan [such as HAIR COLOR SO NATURAL ONLY HER HAIRDRESSER KNOWS FOR SURE] is adopted and used by a manufacturer with the intent [that it function as a trademark] does not necessarily mean that the slogan accomplishes that purpose in reality.”) . . .

“An applicant’s proposed mark must, by definition, ‘identify and distinguish his or her goods ... from those manufactured or sold by others and ... indicate the source of the goods, even if that source is unknown.”‘ Univ. of Ky. V. 40-0, LLC, 2021 USPQ2d 253, at *24 (TTAB 2021) (quoting Trademark Act Section 45). “Hence, a proposed trademark is registrable only if it functions as an identifier of the source of the applicant’s goods or services.” Id. . .

“In analyzing whether a proposed mark functions as a source identifier,” the Board focuses on “consumer perception,” Vox Populi, 2022 USPQ2d 115, at *2, just as it does in other contexts. . . cf. U.S. Patent and Trademark Office v. Booking.com B.V., 2020 USPQ2d 10729, at *5 (2020) (emphasizing “the Lanham Act’s focus on consumer perception” in a case concerning whether a proposed mark is generic).

The Board and its reviewing courts long have held that slogans, phrases or terms that consumers perceive as “merely informational in nature . . . are not registrable.” In re Brunetti, 2022 USPQ2d 764, at *11 . . . “Matter may be merely informational and fail to function as a trademark if it is a common term or phrase that consumers of the goods or services identified in the application are accustomed to seeing used by various sources to convey ordinary, familiar, or generally understood concepts or sentiments. Such widely used messages will be understood as merely conveying the ordinary concept or sentiment normally associated with them, rather than serving any source-indicating function.” *Id.* at *12; *see also* In re Greenwood, 2020 USPQ2d 11439, at *6 (“The more commonly a phrase is used, the less likely that the public will use it to identify only one source and the less likely that it will be recognized by purchasers as a trademark.”).

“‘[W]e look to [any] ... evidence of record showing how the designation is actually used in the marketplace”‘ in evaluating consumer perception. In re Tex. With Love, 2020 USPQ2d 11290, at *2 (quoting In re Eagle Crest, 96 USPQ2d at 1229, and noting at *7 that “widespread use of a term or phrase may be enough to render it incapable of functioning as a trademark, regardless of the type of message.”). “Where the evidence suggests that the ordinary consumer would take the words at their ordinary meaning rather than read into them some special meaning distinguishing the goods and services from similar goods and services of others, then the words fail to function as a mark.” In re Ocean Tech., Inc., 2019 USPQ2d 450686, at *3 (TTAB 2019) . . .

II. Arguments and Evidence of Record

A. The Examining Attorney’s Arguments and Evidence

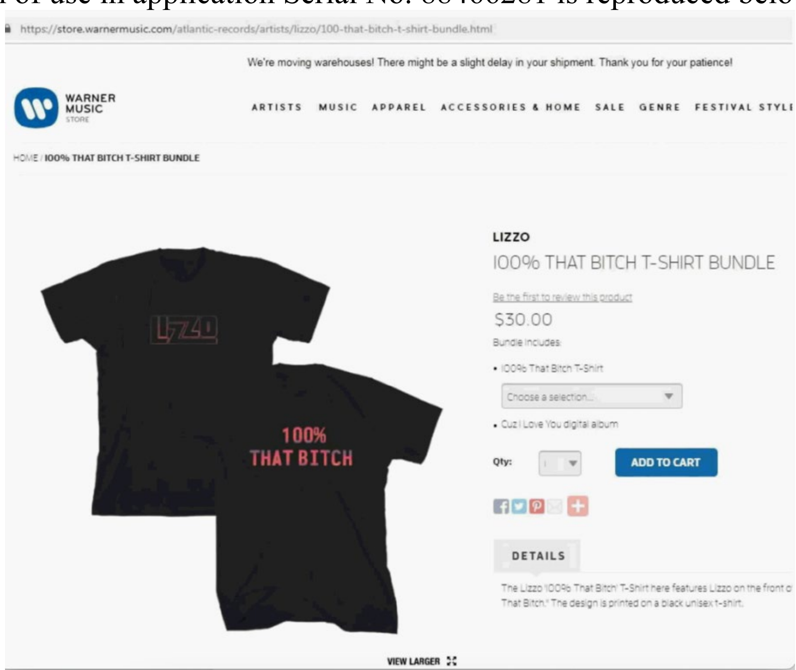
The Examining Attorney argues: “the evidence of record indicates that consumers will not view applicant’s mark as a trademark indicating the source of the clothing only sold by applicant, but instead as a message of self-confidence and female empowerment used by many different entities in a variety of settings.”

The Examining Attorney specifies: "In the context of clothing, where the evidence shows that the wording in the mark is commonly used in an informational and ornamental manner on clothing and other retail items produced and sold by others, the mark is likely to be seen for the meaning of its wording and not as a source indicator." . . .

Lizzo, herself, stated that the lyrics originated after seeing an internet meme containing the phrase "I just took a DNA Test, turns out I'm 100% that bitch," which she later adopted and placed into her song "Truth Hurts." Specifically, Lizzo is quoted that after seeing the meme containing the phrase it made her feel empowered, i.e., the phrase "made [her] feel like 100% that bitch." By applicant's own acknowledgment, she adopted these lyrics because of the message of female empowerment, and the party claiming prior use of the full lyric was given a co-ownership to the copyright of the lyrics. Accordingly, the phrase 100% THAT BITCH, as used by applicant, originated from as a derivation of the popular phrase "that bitch," which was widely shared throughout social media by internet users.

The Examining Attorney concludes: "evidence that consumers may associate the phrase with the famous singer/song because it was a lyric in the singer's song does not entitle the applicant as a singer-songwriter to appropriate for itself exclusive use of the phrase."

Applicant's specimen of use in application Serial No. 88466281 is reproduced below.[12]



[12] We note this specimen shows the proposed mark used in a merely ornamental manner on the identified goods. However, the Examining Attorney found the mark also used as a trademark on an acceptable website display associated with the goods. Thus, whether the specimen merely shows the mark in an ornamental manner is not at issue in this case.

The Examining Attorney introduced into the record a page from the Urban Dictionary (urbandictionary.com) with the following entry for 100% THAT BITCH, explaining the message conveyed by the term:


TOP DEFINITION

100% that bitch

Noun. Slang. A woman whom EVERYONE wants to be. Everyone is extremely jealous of her.

Bro Imma mess with a thot. Dude! Don't! Why not? She'll fuck you up! I'm not scared! Bro! You don't understand! Understand what? She's 100% that bitch!

by B-rizzle June 12, 2019

[T]he Examining Attorney further introduced internet articles discussing Lizzo's admission that she did not originate the expression "I just took a DNA test, turns out I'm 100% that bitch," but rather adopted it from a 2017 Twitter meme.

[The Examining Attorney also introduced twelve screenshots from Etsy and other third-party online retail outlets, offering various shirts and hats featuring the wording 100% THAT BITCH alone or in context, as well as screen shots from third-party commercial web pages showing the wording 100% THAT BITCH appearing, most often in an ornamental manner, on a variety of goods, including various items of clothing, key chains, mugs, stickers, bandanas for dogs, lip balm, wall art, patches, drinking glasses and balloons. The term also appears in connection with third-party entertainment and retail services. Finally, the Examining Attorney introduced "internet evidence showing additional widespread use of 100% THAT BITCH in an ornamental manner on clothing and related items, further establishing that the mark is likely to be seen for the meaning of its wording and not as a source indicator."]

B. Applicant's Arguments and Evidence

[Applicant argued that the evidence failed to show a commonplace use of the wording "100% That Bitch" by the public or that the public is exposed to the phrase (*other than in relation to Applicant*) in a widespread manner that would cause it to fail to be a strong-identifier of Applicant's clothing goods. Rather, the evidence relied upon by the Examining Attorney proves that 100% THAT BITCH identifies Lizzo as the source of goods, which is the sole reason why those attempting to trade off of Lizzo's fame, notoriety and good will have elected to use the term in order to sell unauthorized merchandise, that often not only includes the identical mark 100% THAT BITCH, but also often relies upon other unauthorized references to Lizzo (including her name, song titles, etc.). Applicant also submitted copies of its companion applications Serial Nos. 88466246 and 88466307, also for the mark 100% THAT BITCH (in standard characters) identifying various entertainment services and musical sound recordings, that are not subject to the failure to function refusal.]

To support its argument that it is "common practice for well-known musical artists to adopt trademarks . . . that were inspired by the titles or lyrics of their songs," Applicant introduced third-party registrations for marks consisting of lines from popular song lyrics used to identify various goods and services including clothing items. [These included (in standard characters): LOOK WHAT YOU MADE ME DO for clothing, and READY FOR IT? For clothing; RIGHT NOW for protective covers for mobile phones; and CALL ME MAYBE for clothing. These are owned by the holding companies for Taylor Swift and Carly Rae Jepsen.]

III. Analysis of the Refusal

A. Overview and legal background

As discussed above, proposed marks that are perceived as commonplace expressions fail to function as a mark to indicate source under Trademark Act Sections 1, 2 and 45 and thus are not registrable. See, e.g., D.C. One Wholesaler, 120 USPQ2d at 1716 (I ♥ DC for bags, clothing, plush toys); In re AOP LLC, 107 USPQ2d 1644, 1655 (TTAB 2013) (AOP for wine); In re Eagle Crest, 96 USPQ2d at 1229 (ONCE A MARINE, ALWAYS A MARINE for clothing); . . . In re Volvo Cars of N. Am. Inc., 46 USPQ2d 1455, 1460-61 (TTAB 1998) (DRIVE SAFELY for automobiles); In re Manco Inc., 24 USPQ2d 1938, 1942 (TTAB 1992) (THINK GREEN and design for weather stripping and paper products); In re Remington Prods., Inc., 3 USPQ2d 1714, 1715 (TTAB 1987) (PROUDLY MADE IN USA for electric shavers); In re Tilcon Warren, Inc., 221 USPQ 86 (TTAB 1984) (WATCH THAT CHILD for construction material); In re Schwauss, 217 USPQ 361, 362 (TTAB 1983) (FRAGILE for labels and bumper stickers); cf. In re Boston Beer Co., 198 F.3d 1370, 53 USPQ2d 1056, 1058 (Fed. Cir. 1999) ("The proposed mark [THE BEST BEER IN AMERICA] is a common, laudatory advertising phrase which is ... so highly laudatory and descriptive of the qualities of its product that the slogan *does not and could not* function as a trademark to distinguish Boston Beer's goods and serve as an indication of origin.") (emphasis added).

In each of these cases, the Board or Federal Circuit affirmed the examining attorney's refusal of registration under Sections 1, 2 and 45 (and Section 3 where the proposed mark identified services) for failure of the designation to function as a mark, on the basis that the proposed mark consisted of merely informational matter or a commonplace expression that would not be perceived by consumers as identifying and distinguishing the source of the enumerated goods or services. See generally TMEP 1202.04 (July 2022) and authorities cited therein.

That is in essence the basis of the Examining Attorney's refusal here: that 100% THAT BITCH is a common expression that will not be perceived by consumers as a trademark under Sections 1, 2 and 45 of the Trademark Act. . . .

B. Analysis of the evidence and arguments

. . . Prominent ornamental use of a proposed mark, as shown in the examples of record, "is probative in determining whether a term or phrase would be perceived in the marketplace as a trademark or as a widely used message." In re Mayweather Promotions, LLC, 2020 USPQ2d 11298, at *4; In re Hulting, 107 USPQ2d 1175, 1179 (TTAB 2013) (prominent ornamental use tends to be "more consistent with the conveying of an informational message than signifying a brand or an indicator of source."). See also D.C. One Wholesaler, 120 USPQ2d at 1716 (prominent ornamental display of I ♥ DC "itself is an important component of the product and customers purchase the product precisely because it is ornamented with a display of the term in an informational manner, not associated with a particular source").

Here, the evidence of record shows 100% THAT BITCH appearing predominantly in an ornamental manner on various goods including clothing, key chains, mugs, stickers, wall art, patches, drinking glasses and balloons as well as entertainment and retail services. Significantly, much of this evidence references Lizzo, her music and song lyrics from the single "Truth Hurts." The remainder of the evidence displays 100% THAT BITCH used in context in internet articles discussing Lizzo, her song "Truth Hurts," and the origin of the song lyric comprising the mark at issue. This lessens the weight we otherwise may have accorded the ornamental nature of those uses in showing that the phrase fails to function as a trademark.

We note further that ornamental use by others is only one type of evidence that may be relevant to consumer perception. In re Hulting, 107 USPQ2d at 1178 (citing In re Lululemon Athletica Can. Inc., 105 USPQ2d 1684, 1689 (TTAB 2013)). Also pertinent is the nature of the message conveyed by the proposed mark. While an expression need not convey a specific type of message to be inherently incapable of functioning as a mark, see In re Tex. With Love, 2020 USPQ2d 11290, at *7 ("[W]idespread use of a term or phrase may be enough to render it incapable of functioning as a trademark, regardless of the type of message."), familiar every day expressions and slogans used to convey social, political, patriotic, religious, and laudatory concepts are more likely to be perceived as imparting information than signifying source. In re Hulting, 107 USPQ2d at 1179 ("[A]s the record reflects, consumers would not view the proposed mark as an indicator of the source of applicant's goods due to the nature of the political message conveyed."); In re Eagle Crest, 96 USPQ2d at 1229 ("no dispute that the phrase ONCE A MARINE, ALWAYS A MARINE is an old and familiar Marine expression that should remain free for all to use"); In re Volvo Cars, 46 USPQ2d at 1460 (finding that the commonly used safety admonition DRIVE SAFELY "should remain in the public domain."); In re Manco, 24 USPQ2d at 1942 (finding THINK GREEN "broadly conveys the ecological concerns of the expanding environmental movement" and this message "would be impressed upon purchasers and prospective customers for applicant's goods"); In re Remington Prods., 3 USPQ2d at 1715 (PROUDLY MADE IN USA not registrable for electric shavers because it would be perceived as expressing a preference for American-made products rather than as a source identifier); Tilcon Warren, 221 USPQ at 88 (finding WATCH THAT CHILD for construction materials merely informational because it merely expresses a general concern for child safety).

In contrast to the preceding cited cases, the evidence here does not demonstrate that Applicant's proposed mark is used in general parlance or that it conveys a common social, political, patriotic, religious or other informational message such as DRIVE SAFELY, THINK GREEN or WATCH THAT CHILD. Applicant and the Examining Attorney agree that the proposed mark conveys a feeling of female strength, empowerment and independence. But more importantly, considering the entirety of the record, we find that most consumers would perceive 100% THAT BITCH used on the goods in the application as associated with Lizzo rather than as a commonplace expression.

We have recognized that "widespread use of a term or phrase may be enough to render it incapable of functioning as a trademark, regardless of the type of message." [cit]. Expressions in ubiquitous use are unlikely to be perceived as source identifiers. For example, in *D.C. One Wholesaler* the Board found that I ♥ DC failed to function as a mark because the market was “awash” in merchandise prominently bearing I ♥ DC as an ornamental feature of the goods sold over a long period of time and by a large number of merchandisers. Similarly, in *Eagle Crest*, a Google search retrieved nearly three million hits for the slogan ONCE A MARINE ALWAYS A MARINE. And in *Volvo Cars,* the applied-for-phrase DRIVE SAFELY was “uttered on a daily basis, almost automatically with no thought, to others as they drive off in an automobile.” 46 USPQ2d at 1460-61.

By contrast, the evidence in these appeals establishes that in 2017, the musical artist Lizzo encountered “I just took a DNA test, turns out I’m 100% that bitch” as a Twitter meme from the same year. The message in the meme resonated with her, and she used the meme as a lyric in her 2017 song “Truth Hurts,” which went on to become a Billboard Number 1 hit single. Lizzo did not originate the expression she encountered as a Twitter meme, and subsequently granted a writing credit for her song “Truth Hurts” to its originator. [cit]. Nonetheless, lyrics from songs are more likely to be attributed to the artists who sing, rap or otherwise utter them, rather than the songwriters, who may be different individuals receiving varying degrees of writing credit. The evidence of record here indicates that Lizzo and her hit song “Truth Hurts” popularized the lyric and elevated 100% THAT BITCH from what may have been a lesser known phrase (the evidence of record only points to use of that phrase from the 2017 meme onward) to more memorable status.

All of the evidence of record regarding third-party use of 100% THAT BITCH is from 2017 or later. . . [M]uch of the evidence of third-party use specifically seeks to associate the goods emblazoned with 100% THAT BITCH with Lizzo, her music and the lyrics from “Truth Hurts.” In addition, evidence of record indicates that third-party retailers responding to takedown notices from Applicant’s counsel recognize that 100% THAT BITCH is associated with Lizzo and her music.

C. Ultimate determination

[T]he Examining Attorney asserted that the evidence here shows that “consumers may associate the phrase with the famous singer/song because it was a lyric in the singer’s song,” but that “does not entitle the applicant as a singer-songwriter to appropriate for itself exclusive use of the phrase.” We find the totality of the evidence of record does more than that. It undercuts a finding that 100% THAT BITCH is a commonplace expression, so widely used by third parties that consumers would not perceive it as indicating the source of the goods identified thereby. Specifically, the evidence here does not show that consumers recognize 100% THAT BITCH merely as a lyric in one of Lizzo’s popular songs. Rather, we find that the evidence of record shows that consumers encountering 100% THAT BITCH on the specific types of clothing identified in the application—even when offered by third parties—associate the term with Lizzo and her music. We acknowledge that to some degree consumers and potential consumers have been exposed to use of the proposed mark 100% THAT BITCH in a non-source-identifying (i.e., ornamental) manner on the same and similar goods to those of Applicant. We find, however, that that circumstance is outweighed by references in most of those uses to Lizzo and/or her music.

We emphasize that on this record we find much less persuasive Applicant’s evidence of the registration by the USPTO of different expressions using different wording (e.g., LOOK WHAT YOU MADE ME

DO) by other musical artists. The registrability of different lyrics and slogans identified by Applicant, based on the evidentiary records in those applications, has little bearing on the question of whether 100% THAT BITCH is registrable for the goods identified here. . . At best, this evidence merely reflects that there is no per se legal rule against phrases that are song lyrics serving as trademarks in some circumstances.

IV. Conclusion

The record as a whole does not establish that the proposed mark is a common expression in such widespread use that it fails to function as a mark for the goods identified in this application.

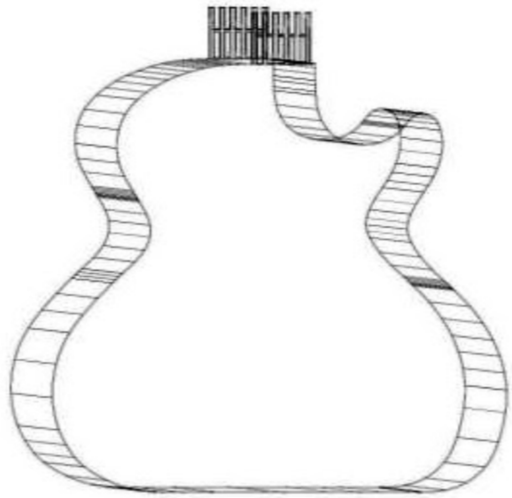
The refusals to register are reversed.

At page 124, add as Note 4:

4. *Failure to function's role*. In recent years, the PTO has rejected numerous applications on the ground that the subject matter for which registration is sought "failed to function as a mark." *See generally* Alexandra Roberts, *Trademark Failure to Function*, 104 IOWA L. REV. 1977 (2019). As you can see from the cases above, the "failure to function" language seeps into analysis of mere ornamentality objections, and it is also invoked in so-called "informational use" cases. For example, as noted in *Vox Populi* and *Lizzo,* the Board upheld the refusal to register "I ♥ DC" for bags, clothing, and plush toys because "the nature of the phrase will be perceived as informational" and "the ubiquity of the phrase . . . on apparel and other souvenirs of many makers has given it a significance as an expression of enthusiasm". *See D.C. One Wholesaler, Inc. v. Chien*, 120 U.S.P.Q.2d (BL) 1710, 1716 (T.T.A.B. 2016). There is no statutory provision authorizing denials of registration on the ground of mere ornamentation or "failure to function" in *haec verbis*. But both grounds appear in the TMEP. Are these grounds for refusal simply applications of the distinctiveness requirement? Would you support a separate statutory basis for such denials *beyond* distinctiveness? Why might that be important? Why might it be problematic? Review Section 2(f): can a failure to function rejection be overcome by proof of secondary meaning?

At page 161, add as Note 9:

9. *Tertium quids*. In a recent case, the Board found a "three-dimensional building in the shape of a guitar" (pictured below) to be a *tertium quid* that was inherently distinctive for hotel, restaurant and bar services under *Seabrook*. *See In re Seminole Tribe of Florida*, 2023 U.S.P.Q.2d 631 (TTAB 2023).



Do you agree that *Seabrook* is (or should be) the test for assessing the distinctiveness of such subject-matter? If it is, would you make the same decision in *Seminole Tribe* as did the Board?

FUNCTIONALITY

3

At page 231, replace the *Ezaki Glico* opinion with the following opinion (which is the revised *Ezaki Glico* opinion issued by the Court, and which contains an extra three paragraphs):

EZAKI GLICO KABUSHIKI KAISHA v. LOTTE INT'L AM. CORP.

986 F.3d 250 (3d Cir. 2021)

BIBAS, Circuit Judge:

This is a tale of more than just desserts. Decades ago, Ezaki Glico invented Pocky, a chocolate-covered cookie stick. Pocky was very popular. And its success drew imitators, including Lotte's Pepero. Ezaki Glico now sues Lotte for trade-dress infringement.

The District Court granted Lotte summary judgment, finding that because Pocky's design is functional, Ezaki Glico has no trade-dress protection. We agree. Trade dress is limited to designs that identify a product's source. It does not safeguard designs that are functional—that is, useful. Patent law protects useful inventions, but trademark law does not. We will thus affirm.

I. BACKGROUND

A. A COOKIE IS BORN: EZAKI GLICO'S POCKY

Ezaki Glico is a Japanese confectionery company. For more than half a century, it has made and sold Pocky: a product line of thin, stick-shaped cookies (what the British call biscuits). These cookies are partly coated with chocolate or a flavored cream; some have crushed almonds too. The end of each is left partly uncoated to serve as a handle. Ezaki Glico makes Pocky in both a standard and an "Ultra Slim" size.

In 1978, Ezaki Glico started selling Pocky in the United States through its wholly owned subsidiary here. Since then, it has tried to fend off competitors by registering U.S. trademarks and patents. It has two Pocky product configurations registered as trade dresses.

Ezaki Glico also has a utility patent for a "Stick Shaped Snack and Method for Producing the Same." The first thirteen claims in the patent describe methods for making a stick-shaped snack. The final claim covers "[a] stick-shaped snack made by the method of claim 1." The width of that stick-shaped snack matches that of Pocky Ultra Slim.

B. A NEW COOKIE COMES TO TOWN: LOTTE'S PEPERO

Imitation is the sincerest form of flattery, and others have noted Pocky's appeal. Starting in 1983, another confectionery company called Lotte started making Pepero. These snacks are also stick-shaped cookies (biscuits) partly coated in chocolate or a flavored cream, and some have crushed almonds too. It looks remarkably like Pocky. Here are the two products side by side:

Lotte and its U.S. subsidiary have been selling Pepero in the United States for more than three decades.

C. EZAKI GLICO'S TRADE-DRESS SUIT

From 1993 to 1995, Ezaki Glico sent letters to Lotte, notifying Lotte of its registered trade dress and asking it to cease and desist selling Pepero in the United States. Lotte assured Ezaki Glico that it would stop until they resolved their dispute. But Lotte resumed selling Pepero. For the next two decades, Ezaki Glico took no further action.

In 2015, Ezaki Glico sued Lotte in federal court for selling Pepero. Under federal law, Ezaki Glico alleged trademark infringement and unfair competition, in violation of the Lanham [Act]. Under New Jersey law, it alleged trademark infringement and unfair competition, in violation of both the common law and the New Jersey Fair Trade Act.

After discovery, the District Court granted summary judgment for Lotte, holding that because Pocky's product configuration is functional, it is not protected as trade dress.

Ezaki Glico now appeals. . . .

II. TRADE-DRESS LAW DOES NOT PROTECT PRODUCT DESIGNS THAT ARE USEFUL

Under the statute, the key issue is whether Pocky's trade dress is functional. Lotte says that it is; Ezaki Glico says no. Ezaki Glico equates "functional" with "essential." But that test is too narrow. It misreads the Lanham Act's text and its relationship with the Patent Act. Under both the statute and the caselaw, a feature's particular design is functional if it is useful. And there are several ways to show functionality.

A. Patent Law Protects Useful Designs, While Trademark Law Does Not

Copying is usually legal. It is part of market competition. As a rule, unless a patent, copyright, or the like protects an item, competitors are free to copy it. TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 29 (2001).

The Constitution does authorize Congress to grant exclusive patents and copyrights "[t]o promote the Progress of Science and useful Arts," but only "for limited Times." U.S. Const. art. I, § 8, cl. 8. Utility patents promote "Science and useful Arts" by protecting inventions that are "new and useful." 35 U.S.C. § 101. Design patents protect "any new, original and ornamental design." Id. § 171(a). In keeping with the Constitution's time limit, utility patents last for twenty years, and design patents last for only fifteen years. . . If there is no patent, or once a patent expires, competitors are free to copy "publicly known design and utilitarian ideas." Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 152 (1989) . . . This way, sellers can compete and build on one another's innovations. That competition improves quality and lowers consumers' costs.

By contrast, trademark law protects not inventions or designs per se, but branding. A trademark is a "word, name, symbol, or device ... used by a person [ ] ... to identify and distinguish his or her goods ... from those manufactured or sold by others and to indicate the source of the goods." 15 U.S.C. § 1127. Trademark law can protect a product's "trade dress[,] [which] is the overall look of a product or business." . . . That includes not only a product's packaging but also its design, such as its size, shape, and color.

We are careful to keep trademark law in its lane. Trade dress, like trademark law generally, is limited to protecting the owner's goodwill and preventing consumers from being confused about the source of a product. . . . We must not overextend it to protect all of a product's features, because "product design almost invariably serves purposes other than source identification." TrafFix, 532 U.S. at 29 (quoting Wal-Mart, 529 U.S. at 213). "Trade dress protection ... is not intended to create patent-like rights in innovative aspects of product design." [cit]. If it did, it could override restrictions on what is patentable and for how long. [cit]. After all, trademarks have no time limit.

The functionality doctrine keeps trademarks from usurping the place of patents. The Patent and Trademark Office cannot register any mark that "comprises any matter that, as a whole, is functional." 15 U.S.C. § 1052(e)(5). Even after a mark is registered, it is a defense to infringement "[t]hat the mark is functional." Id. § 1115(b)(8); see also id. § 1125(a)(3) (providing that the holder of an unregistered mark must prove that the mark "is not functional"). Thus, even if copying would confuse consumers about a product's source, competitors may copy unpatented functional designs.

B. Functional Designs Need Not Be Essential, Just Useful

The core dispute here is how to define "functional." Ezaki Glico reads it narrowly, equating it with "essential." But that is not what the word means.

Since the Lanham Act does not define functionality, we start with its ordinary meaning. A feature's design is functional if it is "designed or developed chiefly from the point of view of use: UTILITARIAN." Functional (def. 2a), Webster's Third New International Dictionary (1966). So something is functional as long as it is "practical, utilitarian"—in a word, useful. Functional (def. 2d), Oxford English Dictionary (2d ed. 1989). The word requires nothing more.

Reading functionality as usefulness explains how the Lanham Act fits with the Patent Act. Utility patents, not trademarks, protect inventions or designs that are "new and useful." 35 U.S.C. § 101. If the Lanham Act protected designs that were useful but not essential, as Ezaki Glico claims, it would invade the Patent Act's domain. Because the Lanham Act excludes useful designs, the two statutes rule different realms.

Precedent also supports defining functional as useful. In *Qualitex*, the Supreme Court described the functionality doctrine as protecting competition by keeping a producer from perpetually "control[ling] a useful product feature." In *TrafFix*, the Court described functionality as depending on whether "the feature in question is shown as a useful part of the invention." It contrasted functional features disclosed in a utility patent with "arbitrary, incidental, or ornamental aspects" that "do not serve a purpose within the terms of the utility patent." And in Wal-Mart, the Court contrasted designs that only "identify the source" with those that "render the product itself more useful or more appealing." 529 U.S. at 213. "[M]ore useful or more appealing" is a far cry from essential.

Conversely, a design is not functional if all it does is identify its maker. "Proof of nonfunctionality generally requires a showing that the element of the product serves no purpose other than identification." Keene Corp. v. Paraflex Indus., Inc., 653 F.2d 822, 826 (3d Cir. 1981) (quoting SK&F, Co. v. Premo Pharm. Labs., Inc., 625 F.2d 1055, 1063 (3d Cir. 1980)). But if a design gives a product an edge in usefulness, then it is functional.

Ezaki Glico resists this reading by focusing on one phrase from Qualitex. The heart of its claim is the first sentence of its argument: "A product's configuration is functional for purposes of trade dress protection only 'if it is *essential* to the use or purpose of the article or if it affects the cost or quality of the article.'" Appellants' Br. 22 (quoting Qualitex, 514 U.S. at 165, and adding the emphasis). But the word "only" is nowhere on the page it cites. Though Ezaki Glico's forceful brief repeats "essential" more than four dozen times and structures its case around that touchstone, the authority does not support its drumbeat.

On the contrary, the Supreme Court recognizes several ways to show that a product feature is functional. One way is indeed to show that a feature "is essential to the use or purpose of the article." *Qualitex*, 514 U.S. at 165 (quoting Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 850 n.10 (1982)). Another is if "it affects the cost or quality of the article." Id. (Ezaki Glico keeps skipping over this part of the test.) At least in some cases, a feature is functional and unprotected if the "exclusive use of [the feature] would put competitors at a significant non-reputation-related disadvantage." *TrafFix*, 532 U.S. at 32 (quoting *Qualitex*, 514 U.S. at 165). All of these are different ways of showing usefulness. (Though this last inquiry is especially apt for proving aesthetic functionality, the Court has not specifically limited it to that context. See *TrafFix*, 532 U.S. at 33.) On the other hand, a feature is "not functional" if, for instance, "it is merely an ornamental, incidental, or arbitrary aspect of the device." *Id.* at 30.

We analyze functionality not at the level of the entire product or type of feature, but at the level of the particular design chosen for feature(s). Just "because an *article* is useful for some purpose," it does not follow that "all *design features* of that article must be 'functional.'" 1 McCarthy § 7:70 (emphases added). The question is not whether the product or feature is useful, but whether "the particular shape and form" chosen for that feature is. Id.

For instance, though ironing-board pads need "to use some color ... to avoid noticeable stains," there is no functional reason to use green-gold in particular. Qualitex, 514 U.S. at 166. Though French press coffeemakers need some handle, there is no functional reason to design the particular handle in the shape of a "C." Bodum USA, Inc. v. A Top New Casting Inc., 927 F.3d 486, 492–93 (7th Cir. 2019) (also noting that the design sacrificed ergonomics). And though armchairs need some armrest, there is no functional reason to design the particular armrest as a trapezoid. Blumenthal Distrib., Inc. v. Herman Miller, Inc., 963 F.3d 859, 867–68 (9th Cir. 2020) (also noting that the design sacrificed comfort). Ironing-board colors, coffee-pot handles, and armrests are all generally useful. But the particular designs chosen in those cases offered no edge in usefulness.

Also, a combination of functional and non-functional features can be protected as trade dress, so long as the non-functional features help make the overall design distinctive and identify its source. [cit].

But a product's design, including its shape, is often useful and thus functional. For example, when Nabisco sued Kellogg for making its shredded wheat pillow-shaped, just like Nabisco's, the Supreme Court rejected the unfair-competition claim. The pillow shape is functional because using another shape would increase shredded wheat's cost and lower its quality. Kellogg Co. v. Nat'l Biscuit Co., 305 U.S. 111, 122 (1938) . . . And if an inventor created a new light-bulb shape that improved illumination, he could not trademark that shape. Qualitex, 514 U.S. at 165. That would be true even if consumers associated the bulb shape with its inventor, because trademarking it would "frustrat[e] competitors' legitimate efforts to produce an equivalent illumination-enhancing bulb." Id. So long as the design improves cost, quality, or the like, it cannot be protected as trade dress. The shape need only be useful, not essential. Conversely, a distinctive logo, pattern, or other arbitrary shape or style may be non-functional and protectable as a trade dress.

As the leading trademark treatise concurs, "functional" means useful. "To boil it down to a phrase: something is 'functional' if it works better in this shape." 1 McCarthy § 7:63. That includes features that make a product cheaper or easier to make or use. Id. Because the functionality bar is supposed to keep "trade dress from creating 'back-door patents,' .... the test of what is 'functional' should be very similar to that of patent law." Id. § 7:67.

C. Evidence of Functionality

There are several ways to prove functionality. First, evidence can directly show that a feature or design makes a product work better. *See Am. Greetings*, 807 F.2d at 1142 (treating as functional "tummy graphics" on teddy bears because they signal each bear's personality). Second, it is "strong evidence" of functionality that a product's marketer touts a feature's usefulness. Id. at 1142–43. Third, "[a] utility patent is strong evidence that the features therein claimed are functional." *TrafFix,* 532 U.S. at 29. Fourth, if there are only a few ways to design a product, the design is functional. *Keene*, 653 F.2d at 827. But the converse is not necessarily true: the existence of other workable designs is relevant evidence but not independently enough to make a design non-functional. Id.; 1 McCarthy § 7:75 (interpreting TrafFix, 532 U.S. at 33–34).

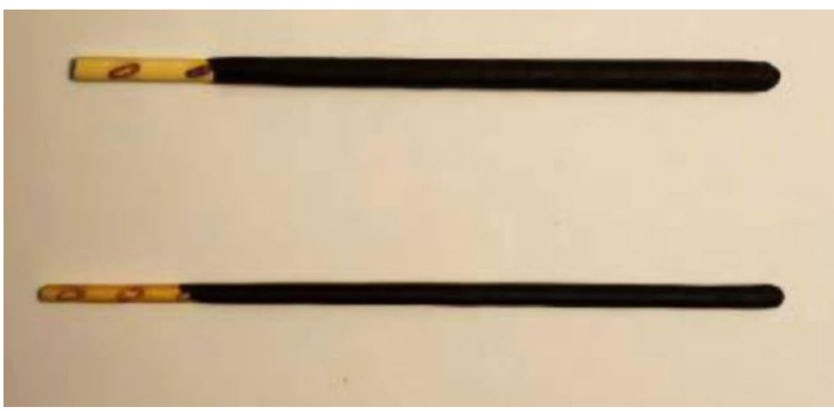
Our list is not exhaustive; there may be other considerations. The Federal Circuit and other sister circuits also use similar inquiries. See, e.g., Georgia-Pac. Consumer Prods. LP v. Kimberly-Clark Corp., 647 F.3d 723, 727–28 (7th Cir. 2011); Disc Golf Ass'n, Inc. v. Champion Discs, Inc., 158 F.3d 1002, 1006 (9th Cir. 1998); In re Morton-Norwich Prods., Inc., 671 F.2d 1332, 1340–41 (C.C.P.A. 1982) (predecessor to the Federal Circuit).

With these definitions and inquiries in mind, we can now apply them to this case.

III. POCKY'S TRADE DRESS IS FUNCTIONAL

To decide whether a trade dress is functional, we look at the usefulness of the exact feature or set of features claimed by the trade dress. See Am. Greetings, 807 F.2d at 1141. Ezaki Glico has two registered Pocky trade dresses, both broad. The first "comprises an elongated rod comprising biscuit or the like, partially covered with chocolate." The second consists of the same sort of snack, along with almonds on top of the chocolate or cream.

In a picture, Ezaki Glico's trade dresses include all cookies like these:



The trade dresses are presumptively valid because they are registered and incontestable. See 15 U.S.C. § 1115. So Lotte bears the burden of proving that they are functional. Id. §§ 1115(a), (b)(8).

Ezaki Glico argues that none of these features is essential to make the snack easy to eat. But that is the wrong test. Lotte has shown that Pocky's design is useful and thus functional.

A. POCKY'S DESIGN MAKES IT WORK BETTER AS A SNACK

Every feature of Pocky's registration relates to the practical functions of holding, eating, sharing, or packing the snack. Consider each stick's uncoated handle. Ezaki Glico's internal documents show that it wanted to make a snack that people could eat without getting chocolate on their hands. Pocky was born when Ezaki Glico found that it could coat just part of a cookie stick, leaving people an uncoated place to hold it. So it designed Pocky's handle to be useful.

The same is true of Pocky's stick shape. As Ezaki Glico recognizes, the stick shape makes it "easy to hold, so it c[an] be shared with others to enjoy as a snack." It also lets people eat the cookie without having to open their mouths wide. And the thin, compact shape lets Ezaki Glico pack many sticks in each box, enough to share with friends.

Viewed as a whole, Pocky's trade dress is functional. The claimed features are not arbitrary or ornamental flourishes that serve only to identify Ezaki Glico as the source. The design makes Pocky more useful as a snack, and its advantages make Pocky more appealing to consumers for reasons well beyond reputation. See Kellogg, 305 U.S. at 120. As Ezaki Glico's own documents acknowledge, "Pocky provides a functional value [Enjoy chocolate lightly]."

B. Ezaki Glico Promotes Pocky's Utilitarian Advantages

There is plenty of evidence that Ezaki Glico promotes Pocky's "convenient design." Its ads tout all the useful features described above. It advertises "the no mess handle of the Pocky stick," which "mak[es] it easier for multi-tasking without getting chocolate on your hands." It also describes Pocky as "[p]ortable," since "one compact, easy-to-carry package holds plentiful amounts of Pocky." "With plenty of sticks in each package, Pocky lends itself to sharing anytime, anywhere, and with anyone." These promotions confirm that Pocky's design is functional.

C. There Are Alternative Designs, But That Does Not Make Pocky's Design Non-Functional

Lotte could have shaped its Pepero differently. Ezaki Glico offers nine examples of partly-chocolate-coated snacks that do not look like Pocky. That is hardly dispositive. As we noted in *Keene*, even when there are alternatives, the evidence can still show that a product design is functional. That is true here. Every aspect of Pocky is useful. The nine other designs do not make it less so.

D. Ezaki Glico's Utility Patent For A Manufacturing Method Is Irrelevant

Finally, Lotte argues that Ezaki Glico's utility patent for a "Stick Shaped Snack and Method for Producing the Same" proves functionality. It does not.

As *TrafFix* explained, "[a] utility patent is strong evidence that the features therein claimed are functional." 532 U.S. at 29. This is because patented items must be "useful." 35 U.S.C. § 101. If a patentee relied on a product's feature to show that the product was patentable, that reliance is good evidence that the feature is useful. As *TrafFix* put it, the question is whether the "central advance" of the utility patent is also "the essential feature of the trade dress" that the owners want to protect. 532 U.S. at 30. So Ezaki Glico's utility patent would be strong evidence of functionality if the features it claimed overlapped with its trade dress. But they do not.

The trade dress that Ezaki Glico defends is a stick-shaped snack that is partly coated with chocolate or cream. Yet those features are not the "central advance" of its utility patent. Instead, the patent's innovation is a better method for making the snack's stick shape. The method is useful for making the shape whether or not the shape itself is useful for anything. Thus, the patent's mention of the shape says nothing about whether the shape is functional.

The District Court erroneously considered the utility patent. But that error was immaterial. Even setting that aside, many other factors show that Pocky's trade dress is functional and so not protectable. Thus, the District Court properly granted summary judgment for Lotte. We need not reach other possible grounds for affirmance.

* * * * *

Though Ezaki Glico created Pocky, it cannot use trade dress protection to keep competitors from copying it. The Lanham Act protects features that serve only to identify their source. It does not cover functional (that is, useful) features. That is the domain of patents, not trademarks. There is no real dispute that Pocky's design is useful, so the trade dress is not protectable. We will thus affirm. That's the way the cookie crumbles.

At page 237, insert the following opinion before the Notes and Questions:

PIM BRANDS INC. v. HARIBO OF AMERICA INC.
81 F.4th 317 (3d. Cir. 2023)

BIBAS, Circuit Judge:

Hot summer days call for a slice of watermelon: a juicy, red wedge with a green-and-white rind. Some candy companies evoke this image by using colors alone, making their candies red, white, and green. But the watermelon effect is significantly stronger if the red-white-and-green candy is shaped like a wedge. Because the tricolored shape is recognizable as watermelon flavored, the whole appearance is useful. So a candy-maker cannot block competitors from using the combined shape and colors by trademarking that combination. We will thus affirm the District Court's grant of summary judgment.

I. COMPETING CANDIES: WATERMELON WEDGES

PIM makes candies. Two decades ago, it rolled out a new chewy candy: Sour Jacks Wedges. The original version is water-melon flavored. Its colors match its flavor: a green layer topped by a thin white band and then a larger red section. And the candy is shaped like a wedge. PIM advertised the candy as "The Ultimate Shape of Sour" and told consumers to "Respect the Wedge" and to keep "Livin' on the Wedge."

Once the new candy had been on the market for more than a decade, PIM tried to trademark just "the shape of a wedge for candy." The Patent and Trademark Office rejected it, requiring the company to add colors. PIM obliged, registering a trademark in "the shape of a wedge for candy, with an upper green section with white speckles, followed by a narrow middle white section and followed by a lower red section with white speckles." Its trademark looks like this:

It is this trademark—the watermelon-colored wedge—that is at issue.

PIM later started making Sour Jacks Wedges in other flavors. Each has a color to match its fruity flavor, like green for green apple or yellow for lemonade. But all are in the same wedge shape. . .

Haribo also makes candies. It recently introduced its own chewy watermelon candy. Its version is an elongated water-melon wedge. Like PIM's, Haribo's candy is red, white, and green. Haribo says it designed the candy's shape and colors to match its flavor: watermelon.

PIM thinks Haribo's design copies its own. So it sued for trademark and trade-dress infringement under the Lanham Act and for unfair competition under New Jersey common law. Haribo countered that PIM's trade dress was functional (and unprotectable for other reasons not before us on appeal), so it asked the court to cancel PIM's trademark. But because PIM's mark is registered, it is presumptively valid. So Haribo bore the burden of proving that it is functional.

The District Court held that Haribo had borne that burden and granted it summary judgment on functionality. Because PIM's combination of colors and shape helps identify the candy's watermelon flavor, the court reasoned, it is functional and so not protectable as trade dress.

PIM now appeals. It criticizes the District Court for not focusing on the wedge shape in isolation from the colors. It admits that the candy's color is functional because it identifies the flavor. But it argues that the wedge shape separately identifies the brand. . .

II. PIM'S WEDGE SHAPE, TOGETHER WITH ITS COLORS, USEFULLY SIGNALS THE CANDY'S WATERMELON FLAVOR

A. Trademark Law Does Not Protect Useful Designs

A design is functional if it is useful for anything beyond branding. Trademarks protect buyers and sellers by flagging the goods' source. Trade dress, a subset of trademark, protects distinctive choices (like size, shape, and color) that make up "the overall look of a product." . . . Unlike utility patents, which protect useful designs, trademarks protect features that are arbitrary, ornamental, or the like. . . So a trademark can be cancelled if it "comprises any matter that, as a whole, is functional." 15 U.S.C. § 1052(e)(5); see also § 1064(3). To be functional, the trade dress as a whole "need only be useful, not essential." Ezaki Glico, 986 F.3d at 258. If it is functional, competitors may copy it freely.

Functionality is not a high bar. Trade dress is limited to design choices that serve only to brand a product. If a design choice "would put competitors at a significant non-reputation-related disadvantage," then it is functional. Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 165 (1995). Even if the design chosen both promotes a brand and also "makes a product work better," it is functional and unprotectable. Ezaki Glico, 986 F.3d at 258. "So long as the design improves cost, quality, or the like, it cannot be protected as trade dress." Id.

If design choices serve the same function, we consider them together. PIM asks us to look at the wedge shape in isolation. It suggests that under *Ezaki Glico*, we must analyze each feature of the trade dress independently to figure out whether each is "[it]sel[f] nonfunctional or help[s] make the overall design distinctive." But that claim overreads *Ezaki Glico*.

That case dealt with a different kind of confectionery controversy. Ezaki Glico shaped its cookies into sticks and coated them partly with chocolate. It claimed that combined design as a trade dress. But the stick shape let it fit more cookies into each package. And dipping only part of the stick in chocolate helped people eat it without getting chocolate on their hands. Ezaki Glico claimed as much in its ads. Because each element of the claimed trade dress served a function (or in that case, two separate functions), the whole trade dress was functional.

Sometimes, as in *Ezaki Glico*, design choices for features serve discrete functions. But here, we have two features (shape and color) whose designs serve a single function—identifying the flavor. So this case answers a follow-up question: When a trade dress has an identifiable function, do we need to analyze each feature separately to see if it independently contributes to that function? No.

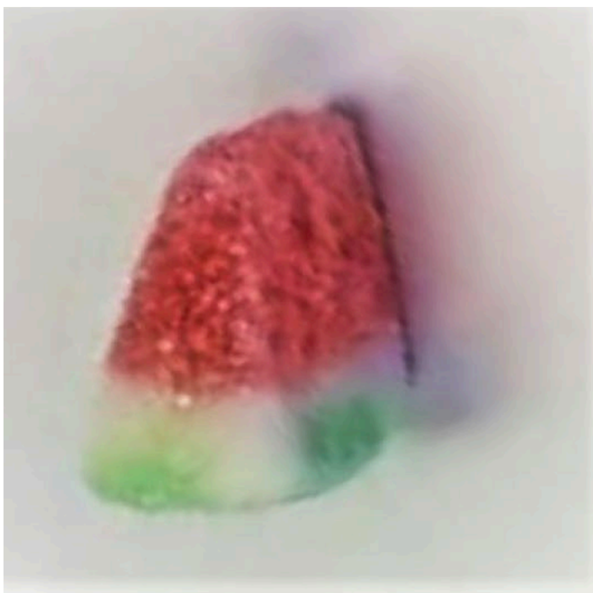
Rather than divide and conquer, when features' designs together serve a function, we look at those designs together. As we noted in *Ezaki Glico* itself, we analyze functionality "at the level of the particular design chosen for feature(s)." When a product's overall look serves some function, we ask whether that function is served by the whole or by some discrete part of the trade dress. The trademark statute also supports this idea, stating that trademark protection is not available for a mark "that, *as a whole*, is functional." 15 U.S.C. § 1052(e)(5) (emphasis added). So if the whole trade dress serves a single function, and each feature's design contributes to that same function, then the whole trade dress is functional.

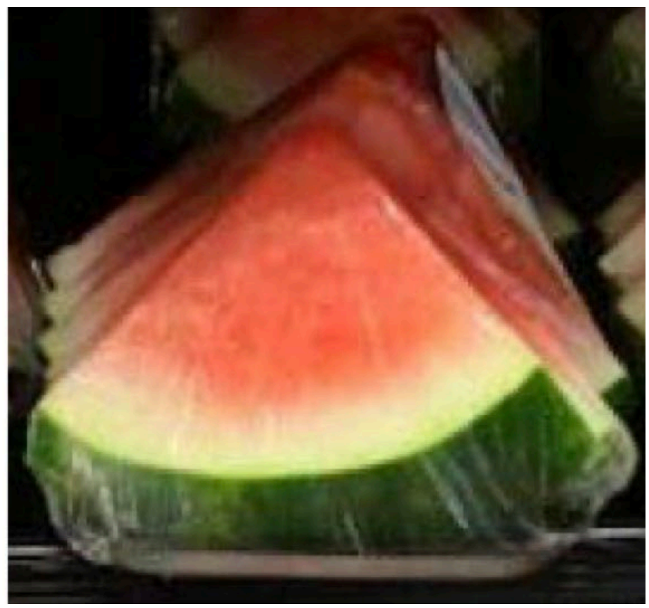
As the parties agreed at oral argument, if a product's picture is enough evidence of its usefulness, the judge's common-sense assessment of functionality may suffice. They are right. Because the functionality bar is low, all the design need do is give the product a significant competitive edge beyond identifying its source. See Qualitex, 514 U.S. at 164, 169. And not all consumers have to see the trade dress as serving a function beyond identifying the product's source. It is enough that all reasonable jurors would conclude that a significant number of consumers would see it that way. That is true here.

B. The Watermelon-Colored Wedge Shape Serves a Function: Identifying Its Flavor

The parties agree that the candy's color scheme is functional because it helps to identify its watermelon flavor. We agree. Communicating the candy's flavor is a legally recognizable function. And the candy's colors serve that function: they are oriented like the fruit's colors and evoke the fruit.

The question is whether the candy's colors alone signal its flavor or whether the colors and shape combined further that function. Though PIM disagrees, we think the two work together. On this issue, the parties' photos are worth a thousand words of briefing. Here is PIM's candy side by side with real watermelon slices:





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

PIM objects that the District Court focused on the candy's colors at the expense of its shape. Not so. The court rightly analyzed the trade dress as a whole and whether any part of it only advanced the brand. It even included a footnote about the shape itself. The court was right not to divorce shape from color. The two work together to resemble watermelon. PIM may have worked to build a brand around the shape. But the wedge comes to us dressed in red, white, and green, and that wedge looks like a watermelon.

As PIM notes, the shape and colors do not match exactly: The bottom could be more curved and have a thinner band of darker green. The wedge could be wider. The point could be sharper and a deeper red. There could be black seeds. But as PIM itself put it, because this candy is an impulse buy, it "do[es]n't need to be the Mona Lisa." Oral Arg. 13:15–19. To identify its flavor, the candy's trade dress need not exactly copy watermelon, but just evoke it.

And the shape contributes to the overall effect. Some shapes for watermelon candies, such as sharks, ropes, and ribbons, detract from (or at least add no information beyond) the colors. But the wedge shape contributes to the function. The colors alone could leave some ambiguity: Is it watermelon or strawberry? With the wedge shape, all ambiguity is gone—this candy is a wedge of watermelon.

In that vein, the wedge might or might not identify the flavor on its own or with other color schemes. That trade dress is not before us; the watermelon-colored wedge is. The registered trademark at issue defines the mark by both colors and shape. So does PIM's complaint. Plus, when we look at the pictured candies, our eyes are drawn immediately to both their colors and their shape. We think of a slice of watermelon based on both its color scheme and its shape. And in this color scheme, the candy looks like a watermelon wedge. So we hold that the trade dress presented as a whole, colors and shape together, makes the watermelon candy more identifiable as a slice of watermelon. That is function enough.

* * * * *

PIM may have created the wedge shape to distinguish its product from the rest of the market. But in doing so, it made a candy reminiscent of a juicy watermelon wedge. That resemblance makes the whole trade dress of the red-white-and-green wedge functional when applied to a watermelon candy. So PIM cannot use its trademark to shut down Haribo's competing candy. We will affirm the judgment of the District Court . . .

USE

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At page 270, insert the following case before Problem 4-1:

BLUE BELL, INC. v. FARAH M'FING CO., INC.,
508 F.2d 1260 (5th Cir. 1975)

GEWIN, Circuit Judge:

In the spring and summer of 1973 two prominent manufacturers of men's clothing created identical trademarks for goods substantially identical in appearance. Though the record offers no indication of bad faith in the design and adoption of the labels, both Farah Manufacturing Company (Farah) and Blue Bell, Inc. (Blue Bell) devised the mark 'Time Out' for new lines of men's slacks and shirts. Both parties market their goods on a national scale, so they agree that joint utilization of the same trademark would confuse the buying public. Thus, the only question presented for our review is which party established prior use of the mark in trade. A response to that seemingly innocuous inquiry, however, requires us to define the chameleonic term 'use' as it has developed in trademark law.[1]

After a full development of the facts in the district court both parties moved for summary judgment. The motion of Farah was granted and that of Blue Bell denied. It is not claimed that summary judgment procedure was inappropriate; the controversy presented relates to the application of the proper legal principles to undisputed facts. A permanent injunction was granted in favor of Farah but no damages were awarded, and Blue Bell was allowed to fill all orders for garments bearing the Time Out label received by it as of the close of business on December 5, 1973. For the reasons hereinafter stated we affirm.

Farah conceived of the Time Out mark on May 16, after screening several possible titles for its new stretch menswear. Two days later the firm adopted an hourglass logo and authorized an extensive advertising campaign bearing the new insignia. Farah presented its fall line of clothing, including Time Out slacks, to sales personnel on June 5. In the meantime, patent counsel had given clearance for use of the mark after scrutiny of current federal registrations then on file. One of Farah's top executives demonstrated samples of the Time Out garments to large customers in Washington, D.C. and New York, though labels were not attached to the slacks at that time. Tags containing the new design were completed June 27. With favorable evaluations of marketing potential from all sides, Farah sent one pair of slacks bearing the Time Out mark

[1] Compare Western Stove Co. v. George D. Roper Corp., 82 F.Supp. 206 (S.D.Cal.1949) (first commercial sale controls, despite opposing party's conception and advertisement of the mark) with Chas. Pfizer & Co. v. R. J. Moran Co., 125 U.S.P.Q. 201 (1960) (prior commercial sale is not determinative; drug manufacturer who first conceived of the mark and appended it to drugs for experimental purposes has rights superior to drug producer who initially placed goods on the market).

to each of its twelve regional sales managers on July 3. Sales personnel paid for the pants, and the garments became their property in case of loss.

Following the July 3 shipment, regional managers showed the goods to customers the following week. Farah received several orders and production began. Further shipments of sample garments were mailed to the rest of the sales force on July 11 and 14. Merchandising efforts were fully operative by the end of the month. The first shipments to customers, however, occurred in September.

Blue Bell, on the other hand, was concerned with creating an entire new division of men's clothing, as an avenue to reaching the 'upstairs' market. Though initially to be housed at the Hicks-Ponder plant in EL Paso, the new division would eventually enjoy separate headquarters. On June 18 Blue Bell management arrived at the name Time Out to identify both its new division and its new line of men's sportswear. Like Farah, it received clearance for use of the mark from counsel. Like Farah, it inaugurated an advertising campaign. Unlike Farah, however, Blue Bell did not ship a dozen marked articles of the new line to its sales personnel. Instead, Blue Bell authorized the manufacture of several hundred labels bearing the words Time Out and its logo shaped like a referee's hands forming a T. When the labels were completed on June 29, the head of the embryonic division flew them to EL Paso. He instructed shipping personnel to affix the new Time Out labels to slacks that already bore the 'Mr. Hicks' trademark. The new tags, of varying sizes and colors, were randomly attached to the left hip pocket button of slacks and the left hip pocket of jeans. Thus, although no change occurred in the design or manufacture of the pants, on July 5 several hundred pair left EL Paso with two tags.

Blue Bell made intermittent shipments of the doubly-labeled slacks thereafter, though the out-of-state customers who received the goods had ordered clothing of the Mr. Hicks variety. Production of the new Time Out merchandise began in the latter part of August, and Blue Bell held a sales meeting to present its fall designs from September 4-6. Sales personnel solicited numerous orders, though shipments of the garments were not scheduled until October.

By the end of October Farah had received orders for 204,403 items of Time Out sportswear, representing a retail sales value of over \$2,750,000. Blue Bell had received orders for 154,200 garments valued at over \$900,000.[2] Both parties had commenced extensive advertising campaigns for their respective Time Out sportswear.

Soon after discovering the similarity of their marks, Blue Bell sued Farah for common law trademark infringement and unfair competition, seeking to enjoin use of the Time Out trademark on men's clothing. Farah counter-claimed for similar injunctive relief. The district court found that Farah's July 3 shipment and sale constituted a valid use in trade, while Blue Bell's July 5 shipment was a mere 'token' use insufficient at law to create trademark rights.[3] While we affirm the result reached by the trial court as to

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[2] The documents do not disclose whether this valuation represents the retail or wholesale price.

[3] Specifically, the district court made the following factual determinations:

> c. On July 3, 1973, Defendant, Farah Manufacturing Company, Inc., made interstate shipment of men's slacks bearing 'TIME OUT' labels, and the shipment on such date was a good faith step in a continuous and uninterrupted program of marketing of 'TIME OUT' slacks. The shipment of July 3, 1973, was to Farah's regional sales managers also

Farah's priority of use, the legal grounds upon which we base our decision are somewhat different from those undergirding the district court's judgment.

Federal jurisdiction is predicated upon diversity of citizenship, since neither party has registered the mark pursuant to the Lanham Act. Given the operative facts surrounding manufacture and shipment from EL Paso, the parties agree the Texas law of trademarks controls. In 1967 the state legislature enacted a Trademark Statute. Section 16.02 of the Act explains that a mark is 'used' when it is affixed to the goods and 'the goods are sold, displayed for sale, or otherwise publicly distributed.' Thus the question whether Blue Bell or Farah established priority of trademark use depends upon interpretation of the cited provision. Unfortunately, there are no Texas cases construing 16.02. This court must therefore determine what principles the highest state court would utilize in deciding such a question. In view of the statute's stated purpose to preserve common law rights, we conclude the Texas Supreme Court would apply the statutory provision in light of general principles of trademark law.

A trademark is a symbol (word, name, device or combination thereof) adopted and used by a merchant to identify his goods and distinguish them from articles produced by others. Lanham Act, 15 U.S.C. 1127; Clairol, Inc. v. Gillette Co., 270 F.Supp. 371 (E.D.N.Y.1967); see Vernon's Tex.Code Ann., Bus. & Comm. 16.01(5) (1968). Ownership of a mark requires a combination of both appropriation and use in trade, United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90 (1918). Thus, neither conception of the

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> employed by Farah Sales Corporation, a wholly owned subsidiary of Farah Manufacturing Company, Inc. The garments shipped were sold to and paid for by the regional sales managers. The shipment was made to enable sales personnel to exhibit the labeled garments to customers to solicit orders. The garments shipped were exhibited to customers and orders were solicited and obtained therefor. As a result of such shipment and marketing program, orders for Farah's TIME OUT slacks were received in substantial volume such that prior to submission hereof, Farah had received orders from retail stores for some 204,403 units of TIME OUT garments, representing retail sales value of some $2,751,935.00.
>
> d. The plaintiff, Blue Bell, Inc., sought to establish a new TIME OUT division within the company and to this end incorporated a new corporation under the name TIME OUT, INC. At the time of Plaintiff's claimed first use of the trademark on July 5, 1973, the new corporation had not been formed and there was no established business in the new division nor did Plaintiff have any established line of garments known or identified as TIME OUT garments. In an effort to reserve the trademark 'TIME OUT' for a contemplated new line of garments and/or for a contemplated new division within the company, Plaintiff randomly tagged and shipped with a supplemental 'TIME OUT' label, garments manufactured by its HICKS-PONDER division, which garments had been ordered, shipped and sold bearing the 'MR. HICKS' trademark.

The trial court reached the following conclusions of law:

> 4. Defendant Farah's shipment of TIME OUT labeled garments in interstate commerce on July 3, 1973, was a good faith step in a continuous and uninterrupted program of placing labeled goods on the market and soliciting orders therefor, and constituted a valid first use of the trademark. Such actions on the part of the Defendant Farah constituted use of the mark within the meaning of Art. 16.02, Business and Commerce Code of the State of Texas, in that TIME OUT labels were placed on tags or labels affixed to the goods and the goods were sold, displayed for sale, and otherwise publicly distributed in the state. Such use preceded any use of the trademark by Plaintiff Blue Bell.
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> 5. Plaintiff Blue Bell's shipment of 'MR. HICKS' garments carrying a supplemental 'TIME OUT' label on July 5, 1973, was an attempt to reserve the trademark for a line of garments or line of business not yet established or existing. Such shipment was a token use insufficient in law to give Plaintiff prior rights to the trademark. Moreover, Plaintiff's claimed first use on such date came after Defendant's first use of the trademark.

mark, . . . nor advertising alone establishes trademark rights at common law.[7] . . . Rather, ownership of a trademark accrues when goods bearing the mark are placed on the market. . .

The exclusive right to a trademark belongs to one who first uses it in connection with specified goods. [cit]. Such use need not have gained wide public recognition, [cit], and even a single use in trade may sustain trademark rights if followed by continuous commercial utilization. . .

The initial question presented for review is whether Farah's sale and shipment of slacks to twelve regional managers constitutes a valid first use of the Time Out mark. Blue Bell claims the July 3 sale was merely an internal transaction insufficiently public to secure trademark ownership. After consideration of pertinent authorities, we agree.

Secret, undisclosed internal shipments are generally inadequate to support the denomination 'use.' Trademark claims based upon shipments from a producer's plant to its sales office, and vice versa, have often been disallowed. [cit]. Though none of the cited cases dealt with sales to intra-corporate personnel, we perceive that fact to be a distinction without a difference. The sales were not made to customers, but served as an accounting device to charge the salesmen with their cost in case of loss. The fact that some sales managers actively solicited accounts bolsters the good faith of Farah's intended use, but does not meet out essential objection: that the 'sales' were not made to the public.

The primary, perhaps singular purpose of a trademark is to provide a means for the consumer to separate or distinguish one manufacturer's goods from those of another. Personnel within a corporation can identify an item by style number or other unique code. A trademark aids the public in selecting particular goods.

As stated by the First Circuit:

> But to hold that a sale or sales are the sine qua non of a use sufficient to amount to an appropriation would be to read an unwarranted limitation into the statute, for so construed registration would have to be denied to any manufacturer who adopted a mark to distinguish or identify his product, and perhaps applied it thereon for years, if he should in practice lease his goods rather than sell them, as many manufacturers of machinery do. It seems to us that although evidence of sales is highly persuasive, the question of use adequate to establish appropriation remains one to be decided on the facts of each case, and that evidence showing, first, adoption, and, second, use in a way sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark, is competent to establish ownership.

New England Duplicating Co. v. Mendes, 190 F.2d 415, 418 (1st Cir. 1951).

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[7] We intimate no view as to whether the Texas statute's definition of use embracing 'display for sale' would change the common law rule. Vernon's Tex.Code Ann., Bus. & Comm. 16.02 (1968).

Similarly, the Trademark Trial and Appeal Board has reasoned:

> To acquire trademark rights there has to be an 'open' use, that is to say, a use has to be made to the relevant class of purchasers or prospective purchasers since a trademark is intended to identify goods and distinguish those goods from those manufactured or sold by others. There was no such 'open' use rather the use can be said to be an 'internal' use, which cannot give rise to trademark rights.

Sterling Drug, Inc. v. Knoll A. G. Chemische Fabriken, at 631.

Farah nonetheless contends that a recent decision of the Board so undermines all prior cases relating to internal use that they should be ignored. In Standard Pressed Steel Co. v. Midwest Chrome Process Co., 183 U.S.P.Q. 758 (TTAB 1974) the agency held that internal shipment of marked goods from a producer's manufacturing plant to its sales office constitutes a valid 'use in commerce' for registration purposes.

An axiom of trademark law has been that the right to register a mark is conditioned upon its actual use in trade. [cit]. Theoretically, then, common law use in trade should precede the use in commerce upon which Lanham Act registration is predicated. Arguably, since only a trademark owner can apply for registration, any activity adequate to create registrable rights must perforce also create trademark rights. A close examination of the Board's decision, however, dispels so mechanical a view. The tribunal took meticulous care to point out that its conclusion related solely to registration use rather than ownership use.

It has been recognized and especially so in the last few years that, in view of the expenditures involved in introducing a new product on the market generally and the attendant risk involved therein prior to the screening process involved in resorting to the federal registration system and in the absence of an 'intent to use' statute, a token sale or a single shipment in commerce may be sufficient to support an application to register a trademark in the Patent Office notwithstanding that the evidence may not show what disposition was made of the product so shipped. That is, the fact that a sale or a shipment of goods bearing a trademark was designed primarily to lay a foundation for the filing of an application for registration does not, per se, invalidate any such application or subsequent registration issued thereon. Inasmuch as it is our belief that a most liberal policy should be followed in a situation of this kind (in which dispute as to priority of used and ownership of a mark is not involved), applicant's initial shipment of fasteners, although an intra-company transaction in that it was to a company sales representative, was a bona fide shipment. Standard Pressed Steel Co. v. Midwest Chrome Process Co., supra at 764-65.

Priority of use and ownership of the Time Out mark are the only issues before this court. The language fashioned by the Board clearly indicates a desire to leave the common law of trademark ownership intact. The decision may demonstrate a reversal of the presumption that ownership rights precede registration rights, but it does not affect our analysis of common law use in trade. Farah had undertaken substantial preliminary steps toward marketing the Time Out garments, but it did not establish ownership of the mark by means of the July 3 shipment to its sales managers. The gist of trademark rights is actual use in trade. [cit]. Though technically a 'sale', the July 3 shipment was not 'publicly distributed' within the purview of the Texas statute.

Blue Bell's July 5 shipment similarly failed to satisfy the prerequisites of a bona fide use in trade. Elementary tenets of trademark law require that labels or designs be affixed to the merchandise actually intended to bear the mark in commercial transactions. Persha v. Armour & Co., 239 F.2d 628 (5th Cir. 1957). Furthermore, courts have recognized that the usefulness of a mark derives not only from its capacity to identify a certain manufacturer, but also from its ability to differentiate between different classes of goods produced by a single manufacturer. Western Stove Co. v. George D. Roper Corp., 82 F.Supp. 206 (S.D.Cal.1949). Here customers had ordered slacks of the Mr. Hicks species, and Mr. Hicks was the fanciful mark distinguishing these slacks from all others. Blue Bell intended to use the Time Out mark on an entirely new line of men's sportswear, unique in style and cut, though none of the garments had yet been produced.

While goods may be identified by more than one trademark, the use of each mark must be bona fide. See, e.g., Old Dutch Foods, Inc. v. Dan Dee Pretzel & Potato Chip Co., 477 F.2d 150 (6th Cir. 1973) (continuous utilization of the second mark for over thirty years). Mere adoption of a mark without bona fide use, in an attempt to reserve it for the future, will not create trademark rights. []. In the instant case Blue Bell's attachment of a secondary label to an older line of goods manifests a bad faith attempt to reserve a mark. We cannot countenance such activities as a valid use in trade. Blue Bell therefore did not acquire trademark rights by virtue of its July 5 shipment.

We thus hold that neither Farah's July 3 shipment nor Blue Bell's July 5 shipment sufficed to create rights in the Time Out mark. Based on a desire to secure ownership of the mark and superiority over a competitor, both claims of alleged use were chronologically premature. Essentially, they took a time out to litigate their differences too early in the game. The question thus becomes whether we should continue to stop the clock for a remand or make a final call from the appellate bench. While a remand to the district court for further factual development would not be improper in these circumstances, we believe the interests of judicial economy and the parties' desire to terminate the litigation demand that we decide, if possible, which manufacturer first used the mark in trade.

Careful examination of the record discloses that Farah shipped its first order of Time Out clothing to customers in September of 1973. Blue Bell, approximately one month behind its competitor at other relevant stages of development, did not mail its Time Out garments until at least October. Though sales to customers are not the sine qua non of trademark use, see *New England Duplicating Co. v. Mendes*, supra, they are determinative in the instant case. These sales constituted the first point at which the public had a chance to associate Time Out with a particular line of sportswear. Therefore, Farah established priority of trademark use; it is entitled to a decree permanently enjoining Blue Bell from utilization of the Time Out trademark on men's garments.

The judgment of the trial court is affirmed.

Insert at page 294 before heading "C":

BERTINI v. APPLE INC.
63 F.4th 1373 (Fed. Cir. 2023)

MOORE, Chief Judge:

Charles Bertini appeals from a final decision of the Trademark Trial and Appeal Board dismissing his opposition to Apple Inc.'s application to register the mark APPLE MUSIC. For the following reasons, we reverse.

BACKGROUND

Apple filed Trademark Application No. 86/659,444 to register the standard character mark APPLE MUSIC for several services in International Class 41, including, inter alia, production and distribution of sound recordings and arranging, organizing, conducting, and presenting live musical performances. Bertini, a professional jazz musician, filed a notice of opposition to Apple's application. Bertini has used the mark APPLE JAZZ in connection with festivals and concerts since June 13, 1985. In the mid-1990s, Bertini began using APPLE JAZZ to issue and distribute sound recordings under his record label. Bertini opposed Apple's registration of APPLE MUSIC on the ground that it would likely cause confusion with Bertini's common law trademark APPLE JAZZ. See 15 U.S.C. § 1052(d). . .

Apple began using the mark APPLE MUSIC on June 8, 2015, when it launched its music streaming service, nearly thirty years after Bertini's 1985 priority date. Apple argued, however, it was entitled to an earlier priority date of August 1968 based on trademark rights it purchased from Apple Corps, the Beatles' record company. Apple purchased Apple Corps' Registration No. 2034964 in 2007. The '964 registration covers the mark APPLE for "[g]ramophone records featuring music" and "audio compact discs featuring music" and claims a date of first use of August 1968.

[The parties agreed there was a likelihood consumers would confuse Bertini's use of APPLE JAZZ with Apple's use of APPLE MUSIC. The only issue was priority of use. The Board found Apple was entitled to tack its 2015 use of APPLE MUSIC onto Apple Corps' 1968 use of APPLE and thus had priority over Bertini. The Board accordingly dismissed Bertini's opposition. Bertini appealed].

DISCUSSION

II.

Trademark rights arise from the use of a mark in commerce. [cit]. The party who first uses a distinctive mark in connection with particular goods or services has priority over other users. [cit]. "Recognizing that trademark users ought to be permitted to make certain modifications to their marks over time without losing priority," trademark owners may, in limited circumstances, "clothe a new mark with the priority position of an older mark." [Hana Fin., Inc. v. Hana Bank, 574 U.S. 418, 419-20 (2015)]. This doctrine is known as "tacking." [cit]. . .

III.

This case raises a question of first impression regarding the appropriate tacking standard in the registration context: whether a trademark applicant can establish priority for every good or service in its application merely because it has priority through tacking in a single good or service listed in its application. We hold it cannot. Bertini argues the Board erred by only considering whether Apple can tack its use of APPLE MUSIC for production and distribution of sound recordings—one of several services listed in Apple's application. Apple responds that its application should be granted as to all listed goods or services if it can establish priority through tacking in any one of those goods or services. We do not agree.

Apple seeks to register its APPLE MUSIC mark for 15 broad categories of services, from the production and distribution of sound recordings, to presenting live musical performances, to providing websites featuring entertainment and sports information. Apple attempts to claim priority for all of these services by tacking onto Apple Corps' 1968 use of APPLE for gramophone records. The Board found Apple was entitled to tack its use of APPLE MUSIC for production and distribution of sound recordings onto Apple Corps' 1968 use of APPLE for gramophone records and thus may claim priority for all of the services listed in its application. [cit]. It made no findings regarding the other services listed in the application.

The Board legally erred by permitting Apple to claim absolute priority for all of the services listed in its application based on a showing of priority for one service listed in the application. Tacking a mark for one good or service does not grant priority for every other good or service in the trademark application. . . A trademark owner must show tacking is available for each good or service for which it claims priority on that ground.

In holding otherwise, the Board conflated the tacking standard with the standard for oppositions under 15 U.S.C. § 1052(d). . . . An opposer can block a trademark application in full by proving priority of use and likelihood of confusion for any of the services listed in the trademark application. Tuxedo Monopoly, Inc. v. Gen. Mills Fun Grp., Inc., 648 F.2d 1335, 1336 (CCPA 1981) (affirming Board decision sustaining opposition where opposer showed the applicant's use of the mark on T-shirts would likely cause confusion with opposer's mark, where the registration included T-shirts, dresses, skirts, coats, scarves, etc.) . . . The reverse is not true. The trademark applicant cannot establish absolute priority for the full application simply by proving priority of use for a single service listed in the application.

To sustain his opposition, Bertini therefore only needs to show he has priority of use of APPLE JAZZ for any service listed in Apple's application. Bertini's use of APPLE JAZZ overlaps with two of the services in Apple's application: production and distribution of sound recordings; and arranging, organizing, conducting, and presenting live musical performances. The Board improperly focused only on Apple's ability to tack its use of APPLE MUSIC for production and distribution of sound recordings and did not consider live musical performances. Even assuming Apple is entitled to tack its use of APPLE MUSIC for production and distribution of sound recordings onto Apple Corps' 1968 use of APPLE for gramophone records, this does not give Apple priority as of 1968 for live musical performances. Nor does it give Apple a 1968 priority date for the laundry list of other services in its application.[2]

The Board found, and Apple does not dispute, that Bertini may claim priority of use of APPLE JAZZ in connection with "[a]rranging, organizing, conducting, and presenting concerts [and] live musical performances" as early as June 13, 1985. To defeat Bertini's showing of priority, Apple must at minimum show it is entitled to tack its use of APPLE MUSIC for live musical performances[3] onto Apple Corps' use of APPLE for gramophone records.

This raises a question regarding the scope of the tacking inquiry. Trademark rights arise from the use of the mark in connection with particular goods or services. See B & B Hardware, Inc. v. Hargis Indus., Inc., 575 U.S. 138, 142 (2015) . . . We therefore cannot evaluate whether two marks create the same commercial impression without considering the goods or services on which the marks are used. Our tacking cases have focused on whether a trademark owner can tack two different marks which have been used for the same goods or services. We have not addressed the appropriate standard for tacking uses on different goods or services.

The Board has held tacking requires the new and old goods or services be "substantially identical." [cit]. Both parties urge us to apply this standard. We agree the goods or services must be substantially identical for tacking to apply. This standard does not require complete identity of the goods or services. Such a rule would fail to account for technological innovation which impacts how products evolve over time. For example, music recording formats have changed over time as technology has improved—from gramophone records, to cassettes, to compact discs. A trademark owner should not lose priority simply because it updates the medium through which it distributes musical recordings, so long as consumers would associate these various music formats as emanating from the same source. See Marlyn Nutraceuticals, Inc. v. Mucos Pharma GmbH & Co., 571 F.3d 873, 878 (9th Cir. 2009) ("Trademark owners are permitted to make small changes to their products without abandoning their marks."); 3 McCarthy on Trademarks and Unfair Competition § 17:24 (5th ed.) ("[N]ormal product changes do not disturb the priority of a trademark owner."). To do so would discourage brand innovation.

Goods and services are substantially identical for purposes of tacking where the new goods or services are within the normal evolution of the previous line of goods or services. This inquiry depends, at least in part, on whether consumers would generally expect the new goods or services to emanate from the same source as the previous goods or services. See J. Wiss & Sons Co. v. W. E. Bassett Co., 462 F.2d 567, 569–70 (CCPA 1972) (determining trademark applicant could not tack its use of TRIMLINE for hair cutting shears onto its prior use of QUICK-TRIM for grass shears because hair cutting shears are not in the normal expansion from grass shears); see also 4 McCarthy on Trademarks and Unfair Competition § 24:21 (5th ed.) ("When the issue is not enjoining an intervening user, but priority and registration rights of one of the

[2] There is a question as to whether Apple—to successfully defeat Bertini's opposition—must establish that the full scope of the goods and services listed in its current application is entitled to tacking, or whether simply tacking just to the services overlapping with Bertini's use of APPLE JAZZ is sufficient. We need not decide that question because, here, it is enough to conclude that Apple, as explained *infra*, is unable to tack back for live musical performances.

[3] In determining tacking in an opposition, we look to the full scope of goods and services described in the application, rather than the goods and services actually used by the applicant. [cit].

parties to an inter partes proceeding, the issue is whether customers are likely to link a mark in its expansion market with the original, senior usage.”).

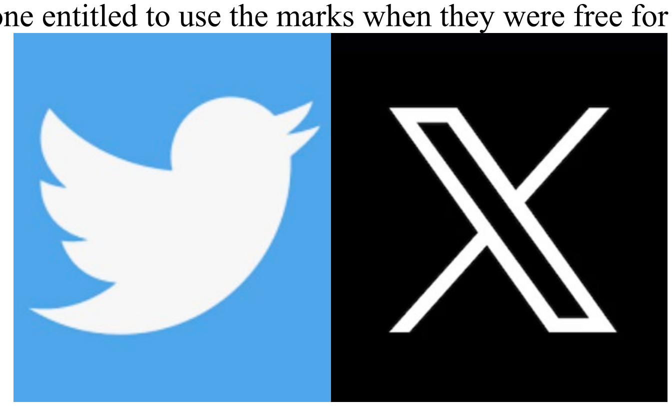
To establish tacking, Apple must therefore show live musical performances are substantially identical to gramophone records. There is no need to vacate and remand for the Board to make a finding on this issue in the first instance. No reasonable person could conclude, based on the record before us, that gramophone records and live musical performances are substantially identical. Nothing in the record supports a finding that consumers would think Apple’s live musical performances are within the normal product evolution of Apple Corps’ gramophone records.

Accordingly, Apple is not entitled to tack its use of APPLE MUSIC for live musical performances onto Apple Corps’ 1968 use of APPLE for gramophone records. Because Apple began using the mark APPLE MUSIC in 2015, Bertini has priority of use for APPLE JAZZ as to live musical performances. We therefore reverse the Board’s dismissal of Bertini’s opposition to Apple’s application to register APPLE MUSIC.[4]

[The Court reversed the Board’s dismissal of Bertini’s opposition].

At page 343, add as new Note 14:

14. *Twitter and X.* In July 2023, the CEO of Twitter, Inc., owner and operated of the social media app TWITTER, announced that it was discontinuing use of its well-known blue and white bird logo (see below). Overnight, all uses of the bird logo on the app were changed to a logo based upon the Roman character X (see below). As a result, Twitter users saw the X icon on their phones instead of the Bird logo. Moreover, the “Twitter” and “bird logo” signage at the Twitter headquarters in San Francisco was removed and replaced by the X icon. When would you advise a client seeking to use the bird logo or TWITTER name that they could start doing so? Might you be able to take any steps now to ensure that your client would be the one entitled to use the marks when they were free for use?



[4] We do not and need not consider whether the propriety of tacking here, an inquiry that considers the “origin-indicating significance” of marks, [cit], is affected by the fact that Apple (the computer company) is not the same company as Apple Corps (the Beatles’ record label).

REGISTRATION

5

At page 382, add the following to the end of the paragraph on disclaimer practice:

See also In re Charger Ventures, LLC, 64 F.4th 1375, 1382 (Fed. Cir. 2023) (explaining that the court follows this rule because "the public is unaware of what words have been disclaimed").

At page 384, delete the discussion of the TTAB's *Chutter* decision.

At page 400, add the following new note:

6. *Challenges where registration's incontestable status was achieved fraudulently.* Lanham Act Section 14(3) specifies that a third party can seek cancellation of a registration at any time if the registration was "obtained" fraudulently. Suppose that a party holds an incontestable registration, having filed the requisite Section 15 declaration attesting that the registration is not involved in any pending PTO or court proceeding. Later, the declaration is challenged as false on the ground that the registration was in fact involved in pending proceedings at the time of the declaration. Should a third party be permitted to seek cancellation of the registration? *Great Concepts, LLC v. Chutter, Inc.*, 84 F.4th 1014, 1022 (Fed. Cir. 2023) (no, in a 2-1 decision; the act of achieving incontestable status is not an act of "obtaining" a registration, nor does it fit into any of the other bases for cancellation specified in Section 14(3)). The decision overturned several decades of TTAB practice, a fact highlighted by the dissent. *Id.* at 1029-30 (Reyna, J., dissenting). The majority also relied on Section 33(b)(1), which states that in an infringement action involving an incontestable registration, the alleged infringer may challenge the registration's status as conclusive evidence of validity if the "registration *or* the incontestable right to use the mark was obtained fraudulently." (emphasis supplied). According to the majority, this provision, by allowing for a court to eliminate a registration's incontestable status in litigation where incontestability was achieved through fraud, also implied that the PTO was not authorized under Section 14(3) to *cancel* a registration where incontestability was achieved through fraud. *Id.* at 1021-22. Perhaps a simpler textual argument would be that Section 33(b)(1) shows that Congress knows how to craft language addressing fraudulent Section 15 declarations and did not include such language in Section 14(3).

At page 421, add the following Note 11:

11. *Erik Brunetti returns.* Perhaps emboldened by his victory in the FUCT case, Brunetti filed applications to register the mark FUCK for phone cases, jewelry, bags, and retail store services. The PTO rejected the applications on the ground that the mark fails to function as a mark. *In re Brunetti*, 2022 U.S.P.Q.2d 764 (TTAB 2022). Would you uphold this rejection? Should the same rationale apply in the FUCT case?

At pages 449-50, add the following to Problem 5-5:

(18) **PURPLE RAIN** for dietary supplements. The owners of the rights in the name, image and likeness of the recording artist Prince oppose the application, offering evidence that "Purple Rain" is the title of Prince's "most iconic" album, and the title of a motion picture scored by and starring Prince. The applicant has no connection with the recording artist.

At pages 448-49, add the following to the end of Note 7:

The Supreme Court granted certiorari and heard oral argument in November 2023. *See Vidal v. Elster*, No. 22-704.

III

SCOPE AND ENFORCEMENT OF TRADEMARK RIGHTS

GEOGRAPHIC LIMITS ON TRADEMARK RIGHTS

6

At page 507, insert the following case after *Bayer v. Belmora*:

MEENAXI ENTERS. v. COCA-COLA CO.
38 F.4th 1067 (Fed. Cir. 2022)

DYK, Circuit Judge:

The Coca-Cola Company ("Coca-Cola") distributes a Thums Up cola and Limca lemon-lime soda in India and other foreign markets. Meenaxi Enterprise, Inc. ("Meenaxi") has distributed a Thums Up cola and a Limca lemon-lime soda in the United States since 2008 and registered the THUMS UP and LIMCA marks in the United States in 2012. Coca-Cola brought cancellation proceedings under § 14(3) of the Lanham Act, asserting that Meenaxi was using the marks to misrepresent the source of its goods. The Trademark Trial and Appeal Board ("Board") held in Coca-Cola's favor and cancelled Meenaxi's marks. Meenaxi appeals. Because we conclude that Coca-Cola has not established a statutory cause of action based on lost sales or reputational injury, we reverse.

BACKGROUND

I

Coca-Cola began operating in India in 1950. Parle (Exports), Limited of Bombay, India ("Parle") introduced the Thums Up cola in India in 1977 and the Limca lemon-lime soft drink in India in 1971. Coca-Cola purchased Parle in 1993 and acquired Parle's Indian registrations of the THUMS UP and LIMCA marks. Coca-Cola's beverages are available in over 2.6 million retail outlets throughout India. Thums Up cola is also sold in Bangladesh, Oman, Singapore, and the United Arab Emirates, and Limca soda is also sold in Angola, Nigeria, Sri Lanka, Bhutan, Oman, Singapore, and the United Arab Emirates. The Indian High Court of Delhi found in 2014 that the THUMS UP mark was "famous" and "well known" in India, and previously found in 2011 that the LIMCA mark was "well known" in India.

Coca-Cola claims that its Thums Up and Limca beverages have been imported and sold in the United States by third parties who purchased the products in India since at least 2005. [Coca-Cola officials submitted affidavits, stating that] authentic "Thums Up and Limca products are resold by third parties in Indian grocery stores, restaurants, and other retail outlets in the U.S." . . . Based primarily on these affidavits . . . the Board found that there is "an interest in [Coca-Cola's] goods in the United States by Indian grocers, restaurants and other retail outlets."

Meenaxi has been selling beverages to Indian grocers in the United States since 2008 using the THUMS UP and LIMCA marks. Prior to beginning use of the marks in 2008, Meenaxi claims to have searched for the mark in the U.S. Patent and Trademark Office ("USPTO") database and in several Indian grocers in the United States. The USPTO search revealed an application for the THUMS UP mark was abandoned in 1987 and a registration for the LIMCA mark expired in 1996. [In 2012, Meenaxi successfully registered the THUMS UP and LIMCA as standard character marks for soft drinks with the USPTO].

II

On March 8, 2016, Coca-Cola brought a claim under § 14(3) of the Lanham Act to cancel Meenaxi's registrations for misrepresentation of source. . .

The Board first addressed Coca-Cola's statutory entitlement to bring a cancellation claim before reaching the merits. Under the statute, Coca-Cola was required to establish that it "believes that [it] is or will be damaged . . . by the registration of [the] mark." Under the Supreme Court's decision in *Lexmark International, Inc. v. Static Control Components, Inc.*, 572 U.S. 118 (2014), entitlement to a statutory cause of action under the Lanham Act requires demonstrating (1) an interest falling within the zone of interests protected by the Lanham Act and (2) an injury proximately caused by a violation of the Act.

Considering the zone-of-interest prong of the statutory entitlement inquiry, the Board found that Coca-Cola owns registrations for the THUMS UP and LIMCA marks in India and other countries and that these marks are well known in India, command a substantial market share in India, and are imported and sold in the United States by others. The Board further found that "the reputation of [Coca-Cola's] THUMS UP and LIMCA beverages would extend to the United States, at least among the significant population of Indian-American consumers." This was so because Coca-Cola's THUMS UP and LIMCA marks "likely would be familiar to much of the substantial Indian-American population in the United States." The Board relied on evidence that the Indian-American population in the United States was over 2.6 million in 2010 and had climbed to over 3.8 million by 2015.

Considering the proximate damage prong of the statutory entitlement inquiry, the Board found that Coca-Cola "reasonably believe[d] in damage proximately caused by the continued registration by [Meenaxi] of THUMS UP and LIMCA," as Meenaxi's use of the THUMS UP and LIMCA marks could cause a harm "stemming from the upset expectations of consumers." The Board also noted that Meenaxi had used its registrations to block importation of Coca-Cola's Thums Up and Limca beverages by third parties. Thus, based on these findings and the Fourth Circuit's decision in *Belmora LLC v. Bayer Consumer Care AG,* 819 F.3d 697 (4th Cir. 2016), the Board found the zone-of-interest and damage prongs of Lexmark met.

On the merits, the Board reiterated that Coca-Cola's THUMS UP and LIMCA marks had reputations that would be familiar to Indian Americans in the United States. [And the Board explained that Meenaxi had "admitted knowledge of Coca-Cola's marks" having been used in India]. The Board [also] found that

Meenaxi had intentionally adopted logos and a slogan that were exact or nearly exact replicas of those used by Coca-Cola and only changed the logos once Coca-Cola objected.[1]

Relying on these underlying findings, the Board held that Meenaxi was attempting "to dupe consumers in the United States who were familiar with [Coca-Cola's] THUMS UP cola from India into believing that [Meenaxi's] THUMS UP cola was the same drink," and that these efforts to deceive satisfied the misrepresentation of source claim. On June 28, 2021, the Board cancelled the '597 and '598 Registrations. [Meenaxi appeals.]

DISCUSSION

I

As a threshold matter, we must address whether Coca-Cola has a statutory cause of action to challenge Meenaxi's trademark registrations for the THUMS UP and LIMCA marks. . . . In *Lexmark*, the Supreme Court held that such causes of action "extend[] only to plaintiffs whose interests 'fall within the zone of interests protected by the law invoked.'" 572 U.S. at 129 . . .That in turn requires an allegation of "injury to a commercial interest in reputation or sales." While the zone-of-interest "test is not especially demanding,". . . it nonetheless imposes a critical requirement.

Lexmark involved activities solely within the United States. In that case, Static Control produced components that remanufacturers could use to refurbish used toner cartridges for Lexmark printers. Lexmark allegedly sent letters to most remanufacturers claiming that "it was illegal to use Static Control's products to refurbish [certain of Lexmark's toner] cartridges," which was an alleged misrepresentation of the legal status of Static Control's products under § 43(a) of the Lanham Act. The Court held that Static Control's injury flowing from Lexmark's claims about its products, including "lost sales and damage to its business reputation," were "injuries to precisely the sorts of commercial interests the [Lanham] Act protects" in the Court's zone-of-interest analysis.

The language in § 43(a) at issue in *Lexmark*—establishing entitlement to a cause of action for "any person who believes that he or she is or is likely to be damaged" by prohibited conduct—is very similar to the language of § 14(3) that applies here.[3] Given the similar statutory language, we have held that the same requirements as to the injury apply to § 14(3) of the Lanham Act as to § 43(a). Here, as in [Corcamore, LLC v. SFM, LLC, 978 F.3d 1298, 1305 (Fed. Cir. 2020)], "[w]e . . . hold that the *Lexmark* zone-of-interests and proximate-causation requirements control the statutory cause of action analysis under § 1064." 978 F.3d at 1305.

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[1] The Board also found that Coca-Cola's THUMS UP and LIMCA marks were not the only Indian brands Meenaxi reproduced in the United States as a part of its business model of copying popular Indian brands and products to sell them to Indian-American consumers. Other Meenaxi marks have been challenged in Board proceedings, which have resulted in cancellation or abandonment.

[3] [S]ection 43(a) is meant "to protect consumers from deception caused by both trademark infringement and false advertising." 5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 27:25 (5th ed. 2021). Section 14(3) concerns similar conduct—deception through misrepresentation of source—but it describes a narrower cause of action for cancelling the registration of a mark being used to misrepresent the source of the goods.

Meenaxi argues that Coca-Cola lacks any cause of action under the Lanham Act because of the territoriality principle. Meenaxi is correct that the territoriality principle is well-established in trademark law. . . [W]hile the territoriality principle with respect to use of marks in different sections of the United States [such as endorsed by the Supreme Court in *United Drug*] has been changed by the Lanham Act, the territoriality principle still applies with respect to use of marks in different countries.[5] With respect to international usage, a trademark right generally extends only to countries in which the mark is used.

We recognized the territoriality principle in *Person's,* [where this Court held that] reliance by Person's on its foreign use in Japan could not support its priority claim because foreign use had "no effect on U.S. commerce and cannot form the basis for a holding that [Person's] has priority here."[6]

II

The principle that trademark rights are geographically limited does not govern here. Coca-Cola does not claim to have U.S. trademark rights to the THUMS UP or LIMCA brands. Rather it argues that § 14(3), like § 43(a) of the Lanham Act (at issue in *Lexmark*), is not limited to the protection of trademark rights. In this respect, we agree with Coca-Cola.

In *Dastar Corp. v. Twentieth Century Fox Film Corp.,* 539 U.S. 23, 28-29 (2003), the Supreme Court explained, "While much of the Lanham Act addresses the registration, use, and infringement of trademarks and related marks, § 43(a), is one of the few provisions that goes beyond trademark protection." Both § 43(a) and § 14(3) extend to the improper use of marks that cause commercial injury even if the injured party is not itself a trademark holder. The Fourth Circuit clarified in *Belmora* that both § 43(a) and § 14(3) extend beyond trademark protection, as the "the plain language of § 43(a) does not require that a plaintiff possess or have used a trademark in U.S. commerce as an element of the cause of action." In this respect, the court noted the similar basis and interests of § 14(3) and § 43(a) claims: "To determine if a petitioner falls within the protected zone of interests, we note that § 14(3) pertains to the same conduct targeted by § 43(a) false association actions—using marks so as to misrepresent the source of goods."

It remains unclear the extent to which the territoriality principle applies to aspects of the Lanham Act in § 14(3) and § 43(a) that are not concerned with the protection of trademark rights. While *Belmora* suggests that the Lanham Act applies to foreign commerce and, accordingly, that commercial injury to a company's sales in a foreign country qualifies as damage for purposes of § 14(3) and § 43(a), this view has been much

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[5] . . . *See* McCarthy on Trademarks, § 26:32 ("[R]egistration under the federal act of 1905, for purposes of territorial protection, did not confer any greater rights than exist at common law, under the *TEA ROSE-Rectanus* doctrine. However, the 1946 federal Lanham Act changed all this."); *id.* § 26:52 ("Many cases of infringements of federally unregistered marks are asserted in federal court under Lanham Act § 43(a). In such cases, territorial rights should be determined by reference to federal common law. Federal common law on territorial rights is undoubtedly the rule of the *Tea Rose-Rectanus* cases and their progeny.").

[6] In Empresa Cubana Del Tabaco v. General Cigar Co., 753 F.3d 1270, 1275 (Fed. Cir. 2014), we held a foreign brand (Cubatabaco) had "a legitimate commercial interest in the COHIBA mark" but only because Cubatabaco's pending application had "been refused registration based on a likelihood of confusion with a registered mark," and that was "sufficient to show that the petitioner seeking to cancel the registered mark is the type of party Congress authorized under 15 U.S.C. § 1064."

criticized in the academic literature.[7] Apart from *Belmora*, there is limited authority that directly addresses whether claims under § 14(3) or § 43(a) may be based on lost sales or reputational injury occurring solely outside the United States.[8] In any event, the extent to which the Lanham Act applies to activities outside the United States is not a question implicated here. Coca-Cola bases its claim entirely on alleged injury occurring in the United States.

In this respect, Meenaxi contends that Coca-Cola lacks a statutory cause of action under *Lexmark* because, as a result of Meenaxi's activity, (1) there were no lost sales in the United States and (2) there was no reputational injury in the United States.

A

As to lost sales, we agree with Meenaxi. Coca-Cola does not identify any lost sales in the United States but instead relies on testimony . . . that "THUMS UP-branded and LIMCA-branded products are resold in Indian grocery stores around the world, including in the U.S.," and . . . that third-parties import "authentic Thums Up and Limca beverage products from countries outside of the U.S. for subsequent resale in the U.S." As additional support, Coca-Cola provided evidence showing one instance of importation, websites of past and present sellers of the Thums Up and Limca beverages, and availability on Amazon. But these sales generated by third parties who are not authorized U.S. distributors do nothing to establish lost sales by Coca-Cola in the United States.

In terms of Coca-Cola's own activity, Coca-Cola presented no evidence that it sells the Limca soda in the United States.[10] As to Thums Up, Coca-Cola established only that Thums Up cola is "available for purchase as an individual beverage or as part of a tasting tray" at "World of Coca-Cola" and "Coca-Cola Store" locations in Atlanta and Orlando. Coca-Cola did not quantify the amount of Thums Up cola it distributes at World of Coca-Cola and does not claim that it is more than de minimis. Nor did Coca-Cola show that it has lost any U.S. sales as a result of Meenaxi's activities. Coca-Cola did present statements regarding future plans to market Thums Up and Limca beverages more broadly in the United States, but

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[7] *See* McCarthy on Trademarks § 29:1 (stating the "Belmora decision ignored the territoriality principle"); Connie D.P. Nichols, *Article 6bis of the Paris Convention for Well-Known Marks: Does it Require Use or a Likelihood of Consumer Confusion for Protection? Did Belmora LLC v. Bayer Consumer Care AG. Resolve This Question?,* 30 Ind. Int'l & Comp. L. Rev. 235, 248 (2020) (stating the *Belmora* decision "starkly breaks from the principles of territoriality and unfair competition cases"); Christine H. Farley, *No Trademark, No Problem*, 23 B.U. J. Sci. & Tech. L. 304, 313 (2017) (stating the *Belmora* decision "failed to acknowledge that its ruling challenged fundamental principles of trademark law"); Mark P. McKenna & Shelby Niemann, *2016 Trademark Year in Review,* 92 Notre Dame L. Rev. Online 112, 122 (2016) (stating the *Belmora* decision "is especially notable . . . [in] its failure to recognize the implications of its decision for the territoriality of trademark rights"").

[8] *See Punchgini*, 428 F.3d at 171 (considering argument that defendant's Bukhara Grill in New York would cause reputational injury by discouraging disappointed customers from visiting the plaintiff's Bukhara restaurants in India); Int'l Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Estrangers a Monaco, 329 F.3d 359, 366 (4th Cir. 2003) (finding that the unregistered "Casino de Monte Carlo" service mark was "used in commerce because United States citizens purchase casino services sold [in Monaco] by a subject of a foreign nation," that those "purchases constitute trade with a foreign nation that Congress may regulate under the Commerce Clause," and that the casino's promotions in the United States use the mark in "advertising of [these] services . . . rendered in commerce"); Havana Club Holding, S.A. v. Galleon S.A., 203 F.3d 116, 131-32 (2d Cir. 2000) (addressing argument that commercial injury was based on lost sales in Cuba but upholding finding that evidence did not demonstrate the likelihood of such lost sales).

[10] The Board referenced [evidence] that imports of Coca-Cola's Thums Up and Limca beverages were blocked by U.S. Customs. But these imports were by third parties, not by Coca-Cola itself.

nebulous future plans for U.S. sales cannot be the basis for a Lanham Act claim. [*See* Brooklyn Brewery Corp. v. Brooklyn Brew Shop, 17 F.4th 129, 139 (Fed. Cir. 2021)] (finding that "hypothetical future possible injury is insufficient to establish Article III standing" where the plaintiff "did not provide any details of a concrete plan for . . . expansion of its business") . . . Coca-Cola did not establish damage from lost sales.

B

This leads us to the question of reputational injury. Courts disagree regarding whether famous marks are entitled to protection from reputational injury in the United States even though the marks were used solely outside of this country. *See* Grupo Gigante S.A. de C.V. v. Dallo & Co., 391 F.3d 1088, 1094 (9th Cir. 2004) (recognizing exception to territoriality principle for famous marks); *see also Person's*, 900 F.2d at 1570 (recognizing some case law related to a famous-mark exception). *But see Punchgini*, 482 F.3d at 163-65 (rejecting exception for famous marks). But Coca-Cola does not rely on a famous-marks exception. It maintains only that it experienced reputational injury in the United States because (1) members of the Indian-American community in the United States were aware of the THUMS UP and LIMCA marks and (2) Meenaxi traded on Coca-Cola's goodwill with Indian-American consumers in those marks by misleading them into thinking that Meenaxi's beverages were the same as those sold by Coca-Cola in India. The Board agreed: "The evidentiary record . . . also shows that the reputation of [Coca-Cola's] THUMS UP and LIMCA beverages would extend to the United States, at least among the significant population of Indian-American consumers."

Coca-Cola failed to explain how its supposed reputational injury adversely affected its commercial interests other than to speculate that a consumer dissatisfied with Meenaxi's products might blame Coca-Cola. The Supreme Court in *Lexmark* explained that a cognizable "economic and reputational injury" generally "occurs when deception of consumers causes them to withhold trade from the plaintiff." The authorities on which *Lexmark* relied (authorities contemporaneous with the passage of the Lanham Act), explained that the tort of passing off "imposes liability upon one who diverts custom from another to himself by fraudulent misrepresentation" and thus "divert[s] to the actor the benefit of a reputation associated with the other." Restatement (First) of Torts ch. 35, intro. note (1938); *see also* Edward S. Rogers, *Book Review: The Law of Unfair Competition and Trade Marks*, 39 Yale L. J. 297, 299 (1929) ("The right of a business man is to have full benefit of the reputation he has established, a part of which is the trade that, without interference, would normally flow to him . . ."). As we have discussed earlier, Coca-Cola alleges no lost U.S. sales as a result of the claimed reputational injury in the Indian-American community.

We need not decide what other types of U.S. commercial injury to reputation among U.S. consumers would be sufficient to establish a Lanham Act cause of action because substantial evidence does not support the Board's finding that the Indian-American community is aware of the THUMS UP and LIMCA marks.

The Board's findings are primarily related to Coca-Cola's activity and reputation in India,[11] but that does not establish reputation within the Indian-American community in the United States. Here, for U.S. reputational injury, Coca-Cola relies on the Board's finding that the reputation of the THUMS UP and LIMCA marks "would extend to the United States, at least among the significant population of Indian-American consumers." Substantial evidence does not support that finding.

The Board's conclusion that reputation of the THUMS UP and LIMCA marks would extend to the millions of Indian Americans appears to rest in part on an assumption that Indian Americans would necessarily be aware of the marks' reputations in India. There is no basis to assume that an American of Indian descent is aware of brands in India. The Board did not consider what portion of Indian Americans had spent time in India, *i.e.,* how many had visited India or lived in India. The Board's conclusion relies at least in part on stereotyped speculation.

The limited U.S. sales of Coca-Cola's Indian product by third parties are not sufficient to establish that the product had a reputation in the United States, nor did the Board find that they did. Coca-Cola has not presented any survey evidence showing awareness of either mark in the United States. Instead, to show U.S. reputation, Coca-Cola submitted affidavits [by Coca-Cola officials] stating their "understanding" that the THUMS UP and LIMCA branded beverages were "extremely popular and well-received by consumers in the U.S." But . . . the failure to provide any basis for their statements of understanding deprives this testimony of evidentiary weight.

At oral argument, counsel for Coca-Cola admitted that Meenaxi's admission of a single instance of U.S. consumer awareness was the only evidence in the record showing U.S. consumer awareness of Coca-Cola's THUMS UP mark. That evidence consists of an admission by Meenaxi's corporate witness that Meenaxi had received a U.S. customer comment recognizing the THUMS UP mark, but not the LIMCA mark, as one he or she had seen in India. This is plainly insufficient. In a related context in *Person's*, the awareness of a U.S. citizen as a result of travel to Japan was not sufficient to establish awareness by U.S. consumers generally.

Finally, the Board relied on the evidence that Meenaxi copied Coca-Cola's marks and slogan for products in the U.S. as evidence of awareness of the marks by U.S. consumers. On appeal, Coca-Cola does not rely on this finding to establish a U.S. reputation. Nor could it. The copying of a U.S. mark has been held to support a finding of secondary meaning [cit.], or likelihood of confusion [cit.], in the United States. But Coca-Cola has cited no cases holding that copying of a foreign mark is evidence of U.S. reputation, and our decision in *Person's* held the contrary.

We hold that substantial evidence does not support the Board's finding that the reputations of Coca-Cola's THUMS UP and LIMCA marks extend to the United States. Without such evidence, Coca-Cola has not established reputational injury in the United States, or a cause of action under § 14(3) of the Lanham Act.

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[11] For example, the Board noted that the Indian High Court of Delhi had determined that both the THUMS UP and LIMCA marks were "well known" in India. The Board also noted that Coca-Cola "commands a substantial market share for such goods in India" and that it "sells and promotes THUMS UP and LIMCA sodas outside of India, in numerous other countries." And Meenaxi admitted in response to an interrogatory that it was aware that "THUMS UP was used in India by an Indian company" in the 1970s . . . But this evidence demonstrates only the reputation of the marks in India and other foreign countries.

CONCLUSION

The Board's decision cancelling the [registrations] cannot stand because Coca-Cola has not established that it has a cause of action under § 14(3) of the Lanham Act.

REYNA, Circuit Judge, concurring:

I concur with the majority's decision to reverse [cancellation of the registrations]. I agree that Coca-Cola failed to establish statutory standing to bring its petition for cancellation under § 14(3) of the Lanham Act. I also agree with my colleagues that the Board's findings regarding the recognition of Coca-Cola's Indian trademarks among U.S. consumers are unsupported by substantial evidence, though I believe that issue was waived by Coca-Cola.

I write separately to express my belief that this case is governed by the territoriality principle. The majority bases its decision exclusively on two factual inquiries—(1) whether Coca-Cola proved lost sales in the United States, and (2) whether Coca-Cola proved reputational injury among U.S. consumers. In my view, these inquiries are directly reflective of the territoriality principle and the well-known mark exception.

I

I agree that Coca-Cola failed to establish use of its Indian trademarks in the United States. . . . I therefore conclude that, under the territoriality principle, Coca-Cola failed to show the requisite damage to establish statutory standing to bring its petition. . .

The territoriality principle reflects the limits of Congress's constitutional lawmaking authority to enact the Lanham Act—here, the Commerce Clause. . . In *Person's*, we recognized that foreign use of a Japanese trademark "has no effect on U.S. commerce and cannot form the basis for a holding that [the foreign producer] has priority here" in the United States. . . This principle extends to all cancellation provisions in the Lanham Act, which necessarily implicate Congress' authority to govern the registration of U.S. trademarks.

[T]he injury requirement for establishing statutory standing to bring a cancellation under § 14(3)—belief that one is or will be damaged—is not subject to a different territoriality principle than the rest of § 14. Rather, our precedent and fundamental principles of constitutional law compel the conclusion that damage to a foreign trademark right (i.e., damage to the commercial goodwill associated with foreign use of a mark) cannot constitute "damage[]" for purposes of 15 U.S.C. § 1064, even though it may be a cognizable injury-in-fact and even if the petition is brought under subsection (3). *See Lexmark Int'l, Inc. v. Static Control Components, Inc.,* 572 U.S. 118, 131-32 (2014) (explaining that not every cognizable injury-in-fact results in statutory standing under the Lanham Act). As a default rule, the Lanham Act does not reach so far as to vindicate that extraterritorial injury.

On that basis, I concur with the majority's conclusion that Coca-Cola failed to establish statutory standing to bring its petition for cancellation. As the majority acknowledges, Coca-Cola failed to establish any damage to goodwill associated with its use of the marks in U.S. commerce. And to the extent Coca-Cola relies on damage to its foreign trademark rights to establish statutory standing, the territoriality principle mandates that such an injury does not fall within the "zone of interests" that Congress intended to protect by enacting § 14 of the Lanham Act.

II

I also agree with the majority's conclusion that Coca-Cola failed to show statutory standing because it failed to prove damage to its reputation among U.S. consumers. I note, however, that this issue goes to the application of the "well-known mark" exception to the territoriality rule—an issue that, as I noted above, was waived by Coca-Cola.

There is a distinction in the case law regarding how the territoriality principle limits the reach of the Lanham Act, depending on where the parties are situated. For instance, when a domestic party seeks to assert rights against activity occurring abroad, courts may apply the Lanham Act extraterritorially if the accused activity substantially affects U.S. commerce. See, e.g., Steele v. Bulova Watch Co., 334 U.S. 280 (1952); . . . Sterling Drug, Inc. v. Bayer AG, 14 F.3d 733 (2d Cir. 1994); McBee v. Delica Co., Ltd., 417 F.3d 107 (1st Cir. 2005). But when a foreign party seeks to assert foreign rights against activity in the United States, as is the case here, the territoriality principle precludes recovery via the Lanham Act for reasons already discussed.[1]

Because the presumption against extraterritoriality can sometimes lead to seemingly harsh or unfair results, the Ninth Circuit adopted an exception to the rule for foreign marks that are well-known among U.S. consumers. *See Grupo Gigante*, 391 F.3d at 1094. The majority correctly notes that not every court accepts the well-known mark exception to the presumption against extraterritoriality. *See* ITC Ltd. v. Punchgini, Inc., 482 F.3d 135, 163-65 (2d Cir. 2007). It remains an open question whether such an exception could apply in this circuit, but the present facts are not unlike the facts from *Grupo Gigante. . .*

Here, I agree with the majority that the Board's findings regarding recognition among U.S. consumers are unsupported by substantial evidence, but I believe the issue is immaterial because Coca-Cola unambiguously disclaimed reliance on the well-known mark exception, which is essentially the same inquiry. I also note that the majority's opinion could be reasonably read to imply that Coca-Cola could have established statutory standing if it proved that U.S. consumers were aware of its Indian brands. But if that were the case, I would still reverse because the territoriality doctrine governs, and Coca-Cola waived reliance on the well-known mark exception thereto.

At page 508, replace Note 5 with the following:

5. *Application of* Belmora *in the TTAB:* Meenaxi. In footnote 7 of the majority *Meenaxi* opinion, Judge Dyk cites a number of academic critiques of *Belmora*. From the characterizations of those articles found in footnote, do you agree with the criticism that *Belmora* ignored the principle of territoriality?

[1] Indeed, even the majority implicitly acknowledges that the issue of territoriality permeates its second question of reputational injury. See Maj. Op. 18 ("As we have discussed earlier, Coca-Cola alleges *no lost U.S. sales* as a result of the claimed reputational injury in the Indian-American community." (emphasis added)).

Why is the TTAB resorting to Section 14(3) in these cases? Would it be preferable to develop a doctrine that more consciously tracked the type of infringement analysis found in *Grupo Gigante*? (Section 14(3) is rarely invoked because it requires deliberate passing off of goods as those of another.) Unlike in *Belmora*, where the petitioner acknowledged that it did not use its FLANAX mark at all in the United States, there was some evidence that the Coca-Cola Company's products were sold by third-party importers in the United States. Should this have changed the result? What did the *Meenaxi* court think on that question? On what grounds does Judge Reyna disagree with Judge Dyk?

At page 534, replace pages 534-549 (*Trader's Joe* and *Hetronic*) with the following opinion, Notes and Questions, and Problem:

ABITRON AUSTRIA GmbH v. HETRONIC INTERNATIONAL, INC.
600 U.S. 412 (2023)

ALITO, J., delivered the opinion of the Court, in which THOMAS, GORSUCH, KAVANAUGH, and JACKSON, JJ., joined. JACKSON, J., filed a concurring opinion. SOTOMAYOR, J., filed an opinion concurring in the judgment, in which ROBERTS, C. J., and KAGAN and BARRETT, JJ., joined.

Justice ALITO delivered the opinion of the Court:

This case requires us to decide the foreign reach of 15 U.S.C. § 1114(1)(a) and § 1125(a)(1), two provisions of the Lanham Act that prohibit trademark infringement. Applying the presumption against extraterritoriality, we hold that these provisions are not extraterritorial and that they extend only to claims where the claimed infringing use in commerce is domestic.

I

This case concerns a trademark dispute between a United States company (Hetronic International, Inc.) and six foreign parties (five companies and one individual (collectively Abitron)). Hetronic manufactures radio remote controls for construction equipment. It sells and services these products, which employ "a distinctive black-and-yellow color scheme to distinguish them from those of its competitors," in more than 45 countries. . .

Abitron originally operated as a licensed distributor for Hetronic, but it later concluded that it held the rights to much of Hetronic's intellectual property, including the marks on the products at issue in this suit. After reverse engineering Hetronic's products, Abitron began to sell Hetronic-branded products that incorporated parts sourced from third parties. Abitron mostly sold its products in Europe, but it also made some direct sales into the United States.

Hetronic sued Abitron in the Western District of Oklahoma for, as relevant here, trademark violations under two related provisions of the Lanham Act. First, it invoked § 1114(1)(a), which prohibits the unauthorized "use in commerce [of] any reproduction ... of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services" when "such use is likely to cause confusion." Hetronic also invoked § 1125(a)(1), which prohibits the "us[e] in commerce" of a protected mark, whether registered or not, that "is likely to cause confusion." Hetronic sought damages under these provisions for Abitron's infringing acts worldwide.

Throughout the proceedings below, Abitron argued that Hetronic sought an impermissible extraterritorial application of the Lanham Act. But the District Court rejected this argument, and a jury later awarded Hetronic approximately $96 million in damages related to Abitron's global employment of Hetronic's marks. This amount thus included damages from Abitron's direct sales to consumers in the United States, its foreign sales of products for which the foreign buyers designated the United States as the ultimate destination, and its foreign sales of products that did not end up in the United States. The District Court later entered a permanent injunction preventing Abitron from using the marks anywhere in the world. On appeal, the Tenth Circuit narrowed the injunction to cover only certain countries but otherwise affirmed the judgment. It concluded that the Lanham Act extended to "all of [Abitron's] foreign infringing conduct" because the "impacts within the United States [were] of a sufficient character and magnitude as would give the United States a reasonably strong interest in the litigation."

We granted certiorari to resolve a Circuit split over the extraterritorial reach of the Lanham Act.

II

A

"It is a 'longstanding principle of American law "that legislation of Congress, unless a contrary intent appears, is meant to apply only within the territorial jurisdiction of the United States."'" Morrison v. National Australia Bank Ltd., 561 U.S. 247, 255 (2010). We have repeatedly explained that this principle, which we call the presumption against extraterritoriality, refers to a "presumption against application to conduct in the territory of another sovereign." Kiobel v. Royal Dutch Petroleum Co., 569 U.S. 108, 119 (2013) (citing *Morrison*). In other words, exclusively "'[f]oreign conduct is generally the domain of foreign law.'" Microsoft Corp. v. AT&T Corp., 550 U.S. 437, 455 (2007) (alteration omitted). The presumption "serves to avoid the international discord that can result when U.S. law is applied to conduct in foreign countries" and reflects the "'commonsense notion that Congress generally legislates with domestic concerns in mind.'" RJR Nabisco, Inc. v. European Community, 579 U.S. 325, 335–336 (2016).

Applying the presumption against extraterritoriality involves "a two-step framework." *Id*., at 337. At step one, we determine whether a provision is extraterritorial, and that determination turns on whether "Congress has affirmatively and unmistakably instructed that" the provision at issue should "apply to foreign conduct." Id., at 335, 337 [cit]. If Congress has provided an unmistakable instruction that the provision is extraterritorial, then claims alleging exclusively foreign conduct may proceed, subject to "the limits Congress has (or has not) imposed on the statute's foreign application." *RJR Nabisco*, 579 U.S. at 337–338.

If a provision is not extraterritorial, we move to step two, which resolves whether the suit seeks a (permissible) domestic or (impermissible) foreign application of the provision. To make that determination, courts must start by identifying the "'focus' of congressional concern" underlying the provision at issue. *Id.*, at 336. "The focus of a statute is 'the object of its solicitude,' which can include the conduct it 'seeks to "regulate,"' as well as the parties and interests it "'seeks to 'protect' or 'vindicate.'" WesternGeco LLC v. ION Geophysical Corp., 138 S.Ct. 2129, 2136 (2018) (alterations omitted).

Step two does not end with identifying statutory focus. We have repeatedly and explicitly held that courts must "identif[y] 'the statute's "focus" *and* as[k] whether the *conduct relevant to that focus* occurred in United States territory." 138 S.Ct. at 2136 (emphasis added); [cit]. Thus, to prove that a claim involves a domestic application of a statute, "plaintiffs must establish that 'the *conduct relevant to the statute's focus* occurred in the United States.'" Nestlé USA, Inc. v. Doe, 141 S.Ct. 1931, 1936 (2021) (emphasis added); *see, e.g.*, *WesternGeco*, 138 S.Ct. at 2137–2138 (holding that a claim was a domestic application of the Patent Act because the infringing acts—the conduct relevant to the focus of the provisions at issue—were committed in the United States) . . .

Step two is designed to apply the presumption against extraterritoriality to claims that involve both domestic and foreign activity, separating the activity that matters from the activity that does not. After all, we have long recognized that the presumption would be meaningless if any domestic conduct could defeat it. [cit]. Thus, "'[i]f the conduct relevant to the statute's focus occurred in the United States, then the case involves a permissible domestic application' of the statute, 'even if other conduct occurred abroad.'" *WesternGeco*, 138 S.Ct., at 2137 [citations omitted]. And "if the relevant conduct occurred in another country, 'then the case involves an impermissible extraterritorial application regardless of any other conduct that occurred in U.S. territory.'" *WesternGeco*, 138 S.Ct., at 2137 (*quoting RJR Nabisco*, 579 U.S. at 337). Of course, if all the conduct "'regarding [the] violations 'took place outside the United States,'" then courts do "not need to determine ... the statute's 'focus'" at all. [cit]. In that circumstance, there would be no domestic conduct that could be relevant to any focus, so the focus test has no filtering role to play. [cit].

B

With this well-established framework in mind, the first question is whether the relevant provisions of the Lanham Act, see §§ 1114(1)(a), 1125(a)(1), provide "a clear, affirmative indication" that they apply extraterritorially, *RJR Nabisco*, 579 U.S. at 337.[3] They do not.

It is a "rare statute that clearly evidences extraterritorial effect despite lacking an express statement of extraterritoriality." Id., at 340 . . .

Here, neither provision at issue provides an express statement of extraterritorial application or any other clear indication that it is one of the "rare" provisions that nonetheless applies abroad. Both simply prohibit the use "in commerce," under congressionally prescribed conditions, of protected trademarks when that use "is likely to cause confusion." §§ 1114(1)(a), 1125(a)(1).

Hetronic acknowledges that neither provision on its own signals extraterritorial application, but it argues that the requisite indication can be found in the Lanham Act's definition of "commerce," which applies to both provisions. Under that definition, "'commerce' means all commerce which may lawfully be regulated by Congress." § 1127. Hetronic offers two reasons why this definition is sufficient to rebut the presumption against extraterritoriality. First, it argues that the language naturally leads to this result

[3] Our cases sometimes refer to whether the "statute" applies extraterritorially, but the two-step analysis applies at the level of the particular provision implicated. . .

because Congress can lawfully regulate foreign conduct under the Foreign Commerce Clause. Second, it contends that extraterritoriality is confirmed by the fact that this definition is unique in the U.S. Code and thus differs from what it describes as "boilerplate" definitions of "'commerce'" in other statutes.

Neither reason is sufficient. When applying the presumption, "'we have repeatedly held that even statutes ... that expressly refer to "foreign commerce"'" when defining "commerce" are not extraterritorial. *Morrison*, 561 U.S. at 262–263 . . . This conclusion dooms Hetronic's argument. If an express statutory reference to "foreign commerce" is not enough to rebut the presumption, the same must be true of a definition of "commerce" that refers to Congress's authority to regulate foreign commerce. That result does not change simply because the provision refers to "all" commerce Congress can regulate. See *Kiobel*, 569 U.S. at 118 . . . ("[I]t is well established that generic terms like 'any' or 'every' do not rebut the presumption against extraterritoriality"). And the mere fact that the Lanham Act contains a substantively similar definition that departs from the so-called "boilerplate" definitions used in other statutes cannot justify a different conclusion either.

C.

Because § 1114(1)(a) and § 1125(a)(1) are not extraterritorial, we must consider when claims involve "domestic" applications of these provisions. As discussed above, the proper test requires determining the provision's focus and then ascertaining whether Hetronic can "establish that 'the conduct relevant to [that] focus occurred in the United States.'" *Nestlé*, 141 S.Ct., at 1936.

Much of the parties' dispute in this case misses this critical point and centers on the "focus" of the relevant provisions without regard to the "conduct relevant to that focus." *WesternGeco*, 138 S.Ct., at 2136. Abitron contends that § 1114(1)(a) and § 1125(a)(1) focus on preventing infringing use of trademarks, while Hetronic argues that they focus both on protecting the goodwill of mark owners and on preventing consumer confusion. The United States as amicus curiae argues that the provisions focus on only likely consumer confusion.

The parties all seek support for their positions in *Steele v. Bulova Watch Co*., 344 U.S. 280 (1952), but that decision is of little assistance here. There, we considered a suit alleging that the defendant, through activity in both the United States and Mexico, had violated the Lanham Act by producing and selling watches stamped with a trademark that was protected in the United States. Although we allowed the claim to proceed, our analysis understandably did not follow the two-step framework that we would develop decades later. Our decision was instead narrow and factbound. It rested on the judgment that "the facts in the record ... when viewed as a whole" were sufficient to rebut the presumption against extraterritoriality. *Id*., at 285. In reaching this conclusion, we repeatedly emphasized both that the defendant committed "essential steps" in the course of his infringing conduct in the United States and that his conduct was likely to and did cause consumer confusion in the United States.[4] *Id*., at 286–287; *accord, e.g., id*., at 286 ("His operations and their effects were not confined within the territorial limits of a foreign nation"); *id*., at 288 ("[P]etitioner by his 'own deliberate acts, here and elsewhere, brought about forbidden results within the United States'" (alteration omitted)). Because *Steele* implicated both domestic conduct and a likelihood

[4] For example, we noted that the trademark owner's "Texas sales representative received numerous complaints from [American] retail jewelers ... whose customers brought in for repair defective" branded watches. . . .

of domestic confusion, it does not tell us which one determines the domestic applications of § 1114(1)(a) and § 1125(a)(1).

With *Steele* put aside, then, we think the parties' particular debate over the "focus" of § 1114(1)(a) and § 1125(a)(1) in the abstract does not exhaust the relevant inquiry. The ultimate question regarding permissible domestic application turns on the location of the conduct relevant to the focus. *See, e.g., RJR Nabisco*, 579 U.S. at 337. And the conduct relevant to any focus the parties have proffered is infringing use in commerce, as the Act defines it.

This conclusion follows from the text and context of § 1114(1)(a) and § 1125(a)(1). Both provisions prohibit the unauthorized use "in commerce" of a protected trademark when, among other things, that use "is likely to cause confusion." §§ 1114(1)(a), 1125(a)(1). In other words, Congress proscribed the use of a mark in commerce under certain conditions. This conduct, to be sure, must create a sufficient risk of confusion, but confusion is not a separate requirement; rather, it is simply a necessary characteristic of an offending use.[5] Because Congress has premised liability on a specific action (a particular sort of use in commerce), that specific action would be the conduct relevant to any focus on offer today. *See, e.g., WesternGeco,*138 S.Ct., at 2137–2138.

In sum, as this case comes to us, "use in commerce" is the conduct relevant to any potential focus of § 1114(1)(a) and § 1125(a)(1) because Congress deemed a violation of either provision to occur each time a mark is used in commerce in the way Congress described, with no need for any actual confusion. Under step two of our extraterritoriality standard, then, "use in commerce" provides the dividing line between foreign and domestic applications of these Lanham Act provisions.

III

Resisting this straightforward application of our precedent, Justice SOTOMAYOR concludes that step two of our extraterritoriality framework turns solely on whether "the object of the statute's focus is found in, or occurs in, the United States." Applied to the Lanham Act, the upshot of this focus-only standard is that any claim involving a likelihood of consumer confusion in the United States would be a "domestic" application of the Act. This approach is wrong, and it would give the Lanham Act an untenably broad reach that undermines our extraterritoriality framework.

A.

To justify looking only to a provision's "focus," Justice SOTOMAYOR maintains that "an application of a statute" can still be domestic "when foreign conduct is implicated." If this assertion simply means that a permissible domestic application can occur even when some foreign "activity is involved in the case," *Morrison*, 561 U.S. at 266, then it is true but misses the point. When a claim involves both domestic and

[5] Both provisions "refer to a 'likelihood' of harm, rather than a completed harm." [cit]. In other words, "actual confusion is not necessary in order to prove infringement." [cit]. Instead, the provisions treat confusion as a means to limit liability to only certain "bona fide use[s] of a mark in the ordinary course of trade." 15 U.S.C. § 1127 (defining "use in commerce"); see Patent and Trademark Office v. Booking.com B. V., 140 S.Ct. 2298, 2307 (2020) ("[A] competitor's use does not infringe a mark [under § 1114(1)(a) and § 1125(a)(1)] unless it is likely to confuse consumers").

foreign activity, the question is whether "'the conduct relevant to the statute's focus occurred in the United States.'" *Nestlé*, 141 S.Ct., at 1936. If that "'conduct ... occurred in the United States, then the case involves a permissible domestic application' of the statute 'even if other conduct occurred abroad.'" WesternGeco, 138 S.Ct., at 2137. But "if the conduct relevant to the focus occurred in a foreign country, then the case involves an impermissible extraterritorial application regardless of any other conduct that occurred in U.S. territory." [cit].

These holdings were not, as Justice SOTOMAYOR suggests, premised on this Court's "first conclud[ing] (or assum[ing] without deciding) that the focus of the provision at issue was conduct." They were unambiguously part of this Court's articulation of the two-step framework, and, in each case, these holdings came before we began analyzing the focus of the provisions at issue. For this reason, none of our cases has ever held that statutory focus was dispositive at step two of our framework. To the contrary, we have acknowledged that courts do "not need to determine [a] statute's 'focus'" when all conduct regarding the violations "'took place outside the United States.'" [cit]. That conclusion, as well as the decisions applying it, are inexplicable under a focus-only standard.

Beyond straying from established precedent, a focus-only approach would create headaches for lower courts required to grapple with this new approach. For statutes (like this one) regulating conduct, the location of the conduct relevant to the focus provides a clear signal at both steps of our two-step framework. Under Justice SOTOMAYOR's standard, by contrast, litigants and lower courts are told that the step-two inquiry turns on the "'focus'" alone, which (as we have said) "can be 'conduct,' 'parties,' or 'interests' that Congress sought to protect or regulate." *See WesternGeco*, 138 S.Ct., at 2137. As a result, almost any claim involving exclusively foreign conduct could be repackaged as a "domestic application." And almost any claim under a non-extraterritorial provision could be defeated by labeling it a "foreign application," even if the conduct at issue was exclusively domestic. This is far from the measure of certainty that the presumption against extraterritoriality is designed to provide.

B

Justice SOTOMAYOR's expansive understanding of the Lanham Act's domestic applications threatens to negate the presumption against extraterritoriality. In *Morrison*, we warned that "the presumption against extraterritorial application would be a craven watchdog indeed if it retreated to its kennel whenever some domestic activity is involved in the case." 561 U.S. at 266. If a claim under the Act involves a domestic application whenever particular "'effects are likely to occur in the United States,'" the watchdog is nothing more than a muzzled Chihuahua. Under such a test, it would not even be necessary that "some" domestic activity be involved. It would be enough for there to be merely a likelihood of an effect in this country. Applying that standard here would require even less connection to the United States than some explicitly extraterritorial statutes, which must have, at a minimum, actual domestic effects to be invoked. See, e.g., Hartford Fire Ins. Co. v. California, 509 U.S. 764, 796 (1993) (holding that the extraterritorial provision at issue "applies to foreign conduct that was meant to produce and did in fact produce some substantial effect in the United States").

This approach threatens "'international discord.'" Kiobel, 569 U.S. at 115. In nearly all countries, including the United States, trademark law is territorial—i.e., "a trademark is recognized as having a separate existence in each sovereign territory in which it is registered or legally recognized as a mark."

[cit]. Thus, each country is empowered to grant trademark rights and police infringement within its borders. [cit].

This principle has long been enshrined in international law. [Justice Alito cited the Paris Convention and the Madrid Protocol]. The Lanham Act, which is designed to implement "treaties and conventions respecting trademarks," § 1127, incorporates this territorial premise, mandating that registration of a foreign trademark in the United States "shall be independent of the registration in the country of origin" and that the rights of that mark in the United States are governed by domestic law, § 1126(f).

Because of the territorial nature of trademarks, the "probability of incompatibility with the applicable laws of other counties is so obvious that if Congress intended such foreign application 'it would have addressed the subject of conflicts with foreign laws and procedures.'" *Morrison*, 561 U.S. at 269. The use of a mark—even confined to one country—will often have effects that radiate to any number of countries. And when determining exactly what form of abstract consumer confusion is sufficient in a given case, the Judiciary would be thrust into the unappetizing task of "navigating foreign policy disputes belong[ing] to the political branches." [ci]t]. If enough countries took this approach, the trademark system would collapse.

This tension has not been lost on other sovereign nations. The European Commission gravely warns this Court against applying the Lanham Act "to *acts of infringement* occurring ... in the European Union" and outside of the United States. Brief for European Commission on Behalf of the European Union as Amicus Curiae 4 (emphasis added). To "police allegations of infringement occurring in Germany," it continues, would be an "unseemly" act of "meddling in extraterritorial affairs," given "international treaty obligations that equally bind the United States." As the Commission and other foreign amici recognize, the "system only works if all participating states respect their obligations, including the limits on their power." Id., at 29; see also, e.g., Brief for German Law Professors as Amici Curiae 12 . . . It thus bears repeating our longstanding admonition that "United States law governs domestically but does not rule the world." *Microsoft Corp.,* 550 U.S. at 454.

IV

In sum, we hold that § 1114(1)(a) and § 1125(a)(1) are not extraterritorial and that the infringing "use in commerce" of a trademark provides the dividing line between foreign and domestic applications of these provisions. Under the Act, the "term 'use in commerce' means the bona fide use of a mark in the ordinary course of trade," where the mark serves to "identify and distinguish [the mark user's] goods ... and to indicate the source of the goods." § 1127.[6] Because the proceedings below were not in accord with this understanding of extraterritoriality, we vacate the judgment of the Court of Appeals and remand the case for further proceedings consistent with this opinion.

[6] Justice JACKSON has proposed a further elaboration of "use in commerce," see post (concurring opinion), but we have no occasion to address the precise contours of that phrase here.

Justice JACKSON, concurring:

I agree with the Court that 15 U.S.C. § 1114(1)(a) and § 1125(a)(1) do not apply extraterritorially. I also agree that the "'use in commerce' of a trademark" that both statutory sections describe "provides the dividing line between foreign and domestic applications" of these provisions. The Court has no need to elaborate today upon what it means to "use [a trademark] in commerce," § 1127, nor need it discuss how that meaning guides the permissible-domestic-application question in a particular case. I write separately to address those points.

It is clear beyond cavil that what makes a trademark a trademark under the Lanham Act is its source-identifying function. See Jack Daniel's Properties, Inc. v. VIP Products LLC, 143 S.Ct. 1578, 1583 (2023) [cit]. That is, under the Act, a trademark is "any word, name, symbol, or device, or any combination thereof," that "a person" "use[s]" or "inten[ds] to use" "to identify and distinguish his or her goods ... from those manufactured or sold by others and to indicate the source of the goods." § 1127 . . . Sections 1114(1)(a) and 1125(a)(1) permit a mark owner to sue someone who is "us[ing that] mark in commerce" in a way "'likely to cause confusion, or to cause mistake, or to deceive.'" [cit].

Critically, the Act defines "'use in commerce'" as "the bona fide use of a mark in the ordinary course of trade." § 1127. And, in light of the core source-identifying function of marks, Congress's statutory scheme embodies a distinction between trademark uses (use of a symbol or equivalent "'to identify or brand [a defendant's] goods or services'") and "'non-trademark uses'" (use of a symbol—even the same one—"in a 'non-source-identifying way'"). *Jack Daniel's*, 143 S.Ct., at 1589–1590. This all points to something key about what it means to use a trademark in the sense Congress prohibited—i.e., in a way likely to commit the "cardinal sin" of "confus[ing] consumers about source." *Id.* at 1589.

Simply put, a "use in commerce" does not cease at the place the mark is first affixed, or where the item to which it is affixed is first sold. Rather, it can occur wherever the mark serves its source-identifying function. So, even after a trademark begins to be "use[d] in commerce" (say, when goods on which it is placed are sold), that trademark is also "use[d] in commerce" wherever and whenever those goods are in commerce, because as long as they are, the trademark "identif[ies] and distinguish[es] ... the source of the goods." § 1127. Such a use is not free-floating; the trademark is being used by the "person" who put that trademark on the goods "to identify and distinguish" them in commerce and "indicate the[ir] source." Ibid. This is the "use in commerce" to which § 1114(1)(a) and § 1125(a)(1) refer.

Because it is "use in commerce"—as Congress has defined it—that "provides the dividing line between foreign and domestic applications of" these provisions, the permissible-domestic-application inquiry ought to be straightforward. If a marked good is in domestic commerce, and the mark is serving a source-identifying function in the way Congress described, § 1114(1)(a) and § 1125(a)(1) may reach the "person," § 1127, who is "us[ing that m]ark as a trademark," *Jack Daniel's*, 143 S.Ct., at 1589. But if the mark is not serving that function in domestic commerce, then the conduct Congress cared about is not occurring domestically, and these provisions' purely domestic sweep cannot touch that person.

Consider an example. Imagine that a German company begins making and selling handbags in Germany marked "Coache" (the owner's family name). Next, imagine that American students buy the bags while on spring break overseas, and upon their return home employ those bags to carry personal items. Imagine finally that a representative of Coach (the United States company) sees the students with the bags and persuades Coach to sue the German company for Lanham Act infringement, fearing that the "Coache" mark will cause consumer confusion. Absent additional facts, such a claim seeks an impermissibly extraterritorial application of the Act. The mark affixed to the students' bags is not being "use[d] in commerce" domestically as the Act understands that phrase: to serve a source-identifying function "in the ordinary course of trade," § 1127.

Now change the facts in just one respect: The American students tire of the bags six weeks after returning home, and resell them in this country, confusing consumers and damaging Coach's brand. Now, the marked bags are in domestic commerce; the marks that the German company affixed to them overseas continue "to identify and distinguish" the goods from others in the (now domestic) marketplace and to "indicate the source of the goods." Ibid. So the German company continues to "use [the mark] in commerce" within the meaning of the Act, thus triggering potential liability under § 1114(1)(a) and § 1125(a)(1). This result makes eminent sense given the source-identifying function of a trademark.

In brief, once the marks on its bags are serving their core source-identifying function in commerce in the United States, this German company is doing—domestically—exactly what Congress sought to proscribe. Accordingly, the German company may be subject to liability for this domestic conduct—i.e., it cannot successfully obtain dismissal of the lawsuit on extraterritoriality grounds—even though it never sold the bags in, or directly into, the United States.[2]

Guided by this understanding of "use in commerce," I join the Court's opinion in full.

Justice SOTOMAYOR, with whom THE CHIEF JUSTICE, Justice KAGAN, and Justice BARRETT join, concurring in the judgment:

Sections 32(1)(a) and 43(a)(1)(A) of the Lanham Act prohibit trademark infringement and unfair competition activities that are "likely to cause confusion, or to cause mistake, or to deceive." The issue in this case is whether, and to what extent, these provisions apply to activities that occur in a foreign country. I agree with the majority's conclusion that the decision below must be vacated. I disagree, however, with the extraterritoriality framework that the Court adopts today. In my view, §§ 32(1)(a) and 43(a)(1)(A) of the Lanham Act extends to activities carried out abroad when there is a likelihood of consumer confusion in the United States.

I

This Court previously considered the extraterritoriality of the Lanham Act in *Steele v. Bulova Watch Co.*, 344 U.S. 280 (1952). There, the Court applied the Lanham Act to trademark infringement and unfair

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[2] I will not attempt to discuss every way in which a marked item might be "in commerce" such that the trademark is being used "in the ordinary course of trade" domestically. § 1127. But, in the internet age, one could imagine a mark serving its critical source-identifying function in domestic commerce even absent the domestic physical presence of the items whose source it identifies. *See, e.g.*, 5 J. McCarthy, Trademarks and Unfair Competition § 29:56 (5th ed. Supp. 2023) ("The use of an infringing mark as part of an Internet site available for use in the United States may constitute an infringement of the mark in the United States"); 4 *id.*, § 25:54.50 ("When an alleged infringing mark is used on the internet, the use is clearly a 'use in commerce'") . . .

competition activities that occurred abroad but confused consumers in the United States. Because the Court decided *Steele* 70 years ago, it had no occasion to apply the two-step framework that the Court has since developed for evaluating the extraterritorial reach of a statute. A proper application of that framework, however, leads to a result consistent with *Steele*: Although there is no clear indication that the Lanham Act provisions at issue rebut the presumption against extraterritoriality at step one, a domestic application of the statute can implicate foreign conduct at step two, so long as the plaintiff proves a likelihood of consumer confusion domestically.

A

In *Steele*, the Bulova Watch Company, Inc., a New York corporation that marketed watches under the registered U.S. mark "Bulova," sued Sidney Steele, a U.S. citizen and resident of Texas with a watch business in Mexico City. Upon discovering that the mark "Bulova" was not registered in Mexico, Steele obtained the Mexican registration of the mark, assembled watches in Mexico using component parts he had procured from the United States and Switzerland, and "stamped his watches with 'Bulova' and sold them as such." [cit]. As a result, "spurious 'Bulovas' filtered through the Mexican border into this country," causing a Bulova Watch Company's sales representative in the United States to "receiv[e] numerous complaints from retail jewelers in the Mexican border area [of Texas] whose customers brought in for repair defective 'Bulovas' which upon inspection often turned out not to be products of that company." [cit]. Steele "committed no illegal acts within the United States." 73 S.Ct. 252.

The Court held that, because Steele's "operations and their effects were not confined within the territorial limits of a foreign nation," the Lanham Act applied to Steele's activities. Id., at 286. The Court emphasized that Steele's conduct had the potential to "reflect adversely on Bulova Watch Company's trade reputation" in the United States. *Ibid.* By contrast, the fact that Steele "affixed the mark 'Bulova' in Mexico City rather than here" was not "material." *Id*., at 287.

Following *Steele*, the Courts of Appeals developed various tests, modeled after Steele's facts, to address the Lanham Act's extraterritorial reach. This Court also subsequently adopted a two-step framework for determining when a statute can apply extraterritorially to foreign conduct. That framework implements "a canon of statutory construction known as the presumption against extraterritoriality." [cit]. The presumption reflects the "longstanding principle of American law that legislation of Congress, unless a contrary intent appears, is meant to apply only within the territorial jurisdiction of the United States." Morrison v. National Australia Bank Ltd., 561 U.S. 247, 255 (2010) (internal quotation marks omitted). That is, courts presume that, "in general, 'United States law governs domestically but does not rule the world.'" *RJR Nabisco*, 579 U.S. at 335 (quoting Microsoft Corp. v. AT&T Corp., 550 U.S. 437, 454 (2007)).

Under this framework, the Court first asks "whether the presumption against extraterritoriality has been rebutted" by "a clear, affirmative indication that [the statute] applies extraterritorially." *RJR Nabisco*, 579 U.S. at 337. If the presumption is not rebutted at that first step, the Court then proceeds to determine at step two "whether the case involves a domestic application of the statute." *Ibid.* To determine whether a domestic application exists, the Court must ascertain the statute's "focus," i.e., "the objec[t] of the statute's solicitude." Morrison, 561 U.S. at 266–267.

As I explain below, although I agree with the result the Court reaches with respect to the first step, I disagree with its analysis at step two.

[2]

The Court's inquiry at step two centers on the "focus" of the statutory provisions. Like the Court's analysis at step one, this inquiry is contextual; the Court "do[es] not analyze the provision at issue in a vacuum." WesternGeco LLC v. ION Geophysical Corp., 138 S.Ct. 2129, 2137 (2018). Rather, the Court looks at the provision "in concert" with other relevant provisions and considers "how the statute has actually been applied." The aim of determining the statutory focus is to assess what constitutes a domestic application of the statute. An application is domestic when the object of the statute's focus is found in, or occurs in, the United States. *See, e.g., Morrison*, 561 U.S. at 266–267, 273 (where the "focus of the Exchange Act" is "purchases and sales of securities," there is no domestic application of the statute when those purchases and securities "occurred outside the United States," regardless of "the place where the deception originated").

The parties offer different interpretations of the focus of §§ 32(1)(a) and 43(a)(1)(A). Petitioners argue that the focus of the statute is the "use" of the mark "in commerce." Under petitioners' theory, the Lanham Act does not reach any infringing products sold abroad; instead, the defendant must sell the products directly into the United States. Respondent, by contrast, argues that the Act has two distinct focuses: protecting mark owners from reputational harm and protecting consumers from confusion. Under respondent's view, reputational harm to the mark owner "is not necessarily tied to the locus of [consumer] confusion or the locus of the [defendant's] conduct." Instead, respondent asserts, harm to a mark owner's reputation "is felt where [the mark owner] resides." The Government, as amicus curiae supporting neither party, offers a middle ground. In its view, the focus of the statute is consumer confusion. Accordingly, "[w]here such effects are likely to occur in the United States, application of Sections 32(1)(a) and 43(a)(1)(A) is a permissible domestic application of the Act, even if the defendant's own conduct occurred elsewhere."

I agree with the Government's position. Sections 32(1)(a) and 43(a)(1)(A) of the Act prohibit specific types of "use[s] in commerce": uses that are "likely to cause confusion, or to cause mistake, or to deceive." The statute thus makes clear that prohibiting the use in commerce is "merely the means by which the statute achieves its end" of protecting consumers from confusion. *WesternGeco LLC*, 138 S.Ct., at 2138. Stated differently, "a competitor's use does not infringe a mark unless it is likely to confuse consumers." Patent and Trademark Office v. Booking.com B.V., 140 S.Ct. 2298, 2307 (2020) . . . Because the statute's focus is protection against consumer confusion, the statute covers foreign infringement activities if there is a likelihood of consumer confusion in the United States and all other conditions for liability are established. . .

Treating consumer confusion as the focus of the Act is consistent with *Steele*, which focused on the domestic "effects" of the defendant's foreign conduct. 344 U.S. at 286. *Steele* emphasized that, although the defendant did not affix the mark or sell the products in the United States, "spurious 'Bulovas' filtered through the Mexican border into this country," causing consumer confusion here. *Id.,* at 285–287. These domestic effects, the Court reasoned, could "reflect adversely on Bulova Watch Company's trade reputation" in the United States. *Id.*, at 286. In other words, consistent with the statutory text, *Steele* focused on the impact of the defendant's foreign conduct on the consumer market in the United States (in accord with the Government's view here), not the location of the original sale of the infringing product or the location of the trademark owner's business (contrary to petitioners' and respondent's views here).

The Court's precedent also supports the view that an application of a statute can be considered domestic even when foreign conduct is implicated. . . Under *Morrison*, a domestic application of § 10(b) [of the Securities Exchange Act of 1934] covers misrepresentations made abroad, so long as the deceptive conduct bears the requisite connection to the statute's focus: the domestic purchase or sale of a security. Similarly, under §§ 32(1)(a) and 43(a)(1)(A) of the Lanham Act, uses of a mark in commerce are actionable when they cause a likelihood of consumer confusion in the United States, even when the conduct originates abroad.

II

The Court agrees with petitioners' bottom line that the Lanham Act requires a domestic "use in commerce." According to the majority, the "'use in commerce' provides the dividing line between foreign and domestic applications of these Lanham Act provisions." Yet the majority does not actually take a stance on the focus of the Act or apply this Court's settled law. Instead, to reach its conclusion, the majority transforms the Court's extraterritoriality framework into a myopic conduct-only test.

Specifically, instead of discerning the statute's focus and assessing whether that focus is found domestically, as the Court's precedents command, the majority now requires a third step: an assessment of whether the "conduct relevant to the focus" occurred domestically, even when the focus of the statute is not conduct. Making matters even more confusing, the majority skips over the middle step of this new framework, concluding that it is unnecessary to discern the focus of the Lanham Act because "the conduct relevant to any potential focus" that "the parties have proffered" must be "use in commerce," since that is conduct mentioned in the statute. Ibid.[3] In other words, under the Court's unprecedented three-step framework, no statute can reach relevant conduct abroad, no matter the true object of the statute's solicitude.

The Court's novel approach transforms the traditional inquiry at step two into a conduct-only test, in direct conflict with this Court's jurisprudence. The Court has expressly recognized that a statute's "focus" can be "conduct," "parties," or "interests" that Congress sought to protect or regulate. *WesternGeco LLC*, 138 S.Ct., at 2138. . . After all, not every federal statute subject to an extraterritoriality analysis "directly regulate[s] conduct." *Kiobel*, 569 U.S. at 116. . .

The Court [] repeatedly quotes from cases where the Court has said that a domestic application requires that "the conduct relevant to the statute's focus occurred in the United States." In those cases, however, the Court first concluded (or assumed without deciding) that the focus of the provision at issue was conduct, and only then proceeded to consider whether the relevant conduct occurred domestically. In *WesternGeco*, for example, the Court considered the extraterritorial application of § 271(f)(2) of the Patent

[3] Even more confusing still, "use in commerce" is all that matters under the majority's conduct-only analysis even though other conduct is also listed as actionable in at least one of the provisions at issue. 15 U.S.C. § 1114(1)(a) ("the sale, offering for sale, distribution, or advertising of any goods or services").

Act, which formed "the basis for [the plaintiff 's] infringement claim." The "focus" of that provision, the Court concluded, is the "act of 'suppl[ying] in or from the United States,'" so the conduct "relevant to that focus" was the defendant's "domestic act of supplying the components that infringed [the plaintiff 's] patents." 138 S.Ct., at 2137–2138 . . . In other words, the Court looked to whether the focus of the statute at issue occurred domestically. . .

The Court's transformative approach thwarts Congress' ability to regulate important "interests" or "parties" that Congress has the power to regulate. *WesternGeco LLC*, 138 S.Ct., at 2137. Some statutes may have a statutory focus that is not strictly conduct and that implicates some conduct abroad. *Cf., e.g.,* F. Hoffmann-La Roche Ltd v. Empagran S. A., 542 U.S. 155, 165 (2004) (recognizing the long-established view that U.S. antitrust laws "reflect a legislative effort to redress domestic antitrust injury that foreign anticompetitive conduct has caused" (emphasis deleted)). Under the Court's new categorical rule, those statutes may not cover relevant conduct occurring abroad, even if that conduct impacts domestic interests that Congress sought to protect. At bottom, by reframing the inquiry at step two as a conduct-only test, the Court's new rule frustrates a key function of the presumption against extraterritoriality: to discern congressional meaning and "preserv[e] a stable background against which Congress can legislate with predictable effects" to protect domestic interests, *Morrison*, 561 U.S. at 261 including those of U.S. trademark owners and consumers.

The Court's analysis is also inconsistent with *Steele*. According to the Court, "Steele implicated both domestic conduct and a likelihood of domestic confusion," so it offers no guidance in resolving this case. No court of appeals has read *Steele* that way, and for good reason: *Steele* clearly recognized that infringing acts consummated abroad fall under the purview of the Lanham Act when they generate consumer confusion in the United States.[5] Finding Steele "of little assistance" to its blinkered approach, the majority reduces Steele to a "narrow" case with no application beyond its facts. *Steele* is no such thing. It addressed the weighty question whether the Lanham Act "extend[s] beyond the boundaries of the United States," 344 U.S. at 285, and has guided the lower courts' extraterritoriality analysis for more than 70 years. The Court should not "put aside" the Court's precedent merely because it is convenient to do so.

Because the Court cannot ground its holding in precedent, it turns to abstract policy considerations. According to the majority, the focus of the Lanham Act cannot center on consumer confusion, despite *Steele* and the statute's clear textual clues, because any focus other than conduct is too uncertain and "would create headaches for lower courts." The Court's conclusion, however, is based on the incorrect assumption that "merely a likelihood of an effect in this country" would be sufficient to hold a defendant liable under the Act. . . What the Lanham Act requires is a likelihood of confusion in the United States, not some abstract and undefined "effect." The likelihood-of-confusion test comes straight from the statute's text. As petitioners and the Court acknowledge, it is at the very core of the inquiry under §§ 32(1)(a) and 43(a)(1)(A). Assessing likelihood of confusion may require a nuanced test, but it is the test that Congress chose and that courts already apply.

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[5] It is true that *Steele* involved domestic conduct insofar as the defendant exported watch parts from the United States into Mexico in preparing to affix the infringing mark abroad. Yet the act of exporting those watch parts with no affixed mark did not, without more, constitute an "illegal ac[t] within the United States." In contrast, the defendant committed infringing acts abroad: "[I]n Mexico City [he] stamped his watches with 'Bulova' and sold them as such." The Court also did not hold that domestic exportation of unmarked product parts is necessary for the Lanham Act to cover foreign sales.

In addition, any plaintiff would need to do more than point to mere likelihood of confusion; as with any cause of action, the plaintiff must establish all necessary elements for recovery. For example, although "use in commerce" is not the statute's focus, the statute still requires that the plaintiff establish a "use in commerce." §§ 1114(1)(a), 1125(a)(1)(A). As *Steele* shows, because "commerce" includes all commerce that Congress has the power to regulate, § 1127, some foreign sales can fall under the statute's reach. See also RJR Nabisco, 579 U.S. at 344 (the term "'foreign commerce'" does not "mean literally all commerce occurring abroad," but it includes "commerce directly involving the United States," including "commerce between the United States and a foreign country").[6] Plaintiffs must also generally show, for example, that their "injuries are proximately caused by violations of the statute." Lexmark Int'l, Inc. v. Static Control Components, Inc., 572 U.S. 118, 132 (2014). The Court is thus mistaken that "abstract consumer confusion is sufficient" to recover under the Lanham Act.

The Court also incorrectly concludes that a test that focuses on domestic consumer confusion conflicts with the territoriality principle of trademark law. That principle recognizes that a trademark has separate legal existence in each country where the mark "is registered or legally recognized." 5 McCarthy § 29:1, at 29–5; see Ingenohl v. Olsen & Co., 273 U.S. 541, 544 (1927) (noting that a trademark secured in one country "depend[s] for its protection" there and "confer[s] no rights" elsewhere). Thus, to obtain the benefits that flow from trademark rights, such as the "right to a non-confused public," the plaintiff must secure those rights in the country where it wants protection. [cit].

A focus on consumer confusion in the United States is consistent with that international system. That focus properly cabins the Act's reach to foreign conduct that results in infringing products causing consumer confusion domestically while "leaving to foreign jurisdictions the authority to remedy confusion within their territories." United States Brief 25–26; see Brief for European Commission on Behalf of the European Union as Amicus Curiae 6 ("The test for infringement in the European Union, including in Germany, like the United States, assesses whether there is a likelihood of consumer confusion"). In other words, applying the Lanham Act to domestic consumer confusion promotes the benefits of U.S. trademark rights in the territory of the United States.

The Court's approach, by contrast, would absolve from liability those defendants who sell infringing products abroad that reach the United States and confuse consumers here. That resulting consumer confusion in the United States, however, falls squarely within the scope of the interests that the Lanham Act seeks to protect.[7]

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[6] Here, there is no dispute that the Lanham Act covers the products that petitioners sold directly into the United States. The dispute centers on products that petitioners sold abroad to foreign buyers. For a portion of those products, the foreign buyer designated the United States as the location where the products were intended to be used. Like the watches in *Steele*, those products thus "ended up in the United States."

[7] In today's increasingly global marketplace, where goods travel through different countries, multinational brands have an online presence, and trademarks are not protected uniformly around the world, limiting the Lanham Act to purely domestic activities leaves U.S. trademark owners without adequate protection. *Cf. McBee*, 417 F.3d at 119 (noting that "global piracy of American goods is a major problem for American companies," and absent some enforcement over foreign activities, "there is a risk" that "violators will either take advantage of international coordination problems or hide in countries without efficacious ... trademark laws, thereby avoiding legal authority"). To be sure, the Court today does not address whether a defendant

The Court's arguments about the impending "international discord" that will result from the Government's approach are simply overblown. There is no evidence that *Steele*, which is consistent with a focus on domestic consumer confusion, has created any international tension since it was decided more than 70 years ago. Moreover, as even petitioners acknowledge, purely foreign sales with no connection to the United States are unlikely to confuse consumers domestically. Foreign companies with purely foreign operations also have at their disposal important defenses grounded in due process and international comity principles, including the ability to dismiss a case in the United States for lack of personal jurisdiction or on the ground of forum non conveniens. [cit].[8]

Finally, the Court relies upon the amicus brief filed by the European Commission in support of its concern about the risk of international "tension" that the Government's position supposedly creates. The European Commission filed its brief in support of neither party, however, in line with the Solicitor General's view that a focus on consumer confusion provides a more balanced approach that respects international relations while protecting against trademark infringement domestically. No "sovereign nation" filed its brief in support of petitioners' (and the Court's) restricted view of step two of the extraterritoriality analysis. And there is no "tension" in any event. What the European Commission "warns this Court against," is adopting respondent's sweeping view that all foreign uses that confuse consumers abroad fall under the scope of the Act. . .

The Lanham Act covers petitioners' activities abroad so long as respondent can show that those activities are "likely to cause confusion, or to cause mistake, or to deceive" in the United States and can prove all elements necessary to establish liability under the Act. 15 U.S.C. §§ 1114(1)(a), 1125(a)(1)(A). Because the courts below did not apply that test, I agree vacatur and remand is required. The Court's opinion, however, instructs the Court on remand to apply a test that is not supported by either the Lanham Act or this Court's traditional two-step extraterritoriality framework. I therefore concur only in the judgment.[9]

NOTES AND QUESTIONS

1. *The lineup in* Abitron**.** Justice Sotomayor (for herself and 3 other justices) concur in the *Abitron* judgement but not in Justice Alito's opinion for the Court (which is joined by 4 justices, including Justice Jackson)? In what respects do Justice Alito and Sotomayor disagree? Which approach is most persuasive? Justice Jackson concurs in the Court's opinion, but no other justice joins her separate

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operating abroad who sells goods that reach the United States can be held liable under the Lanham Act pursuant to contributory liability principles. See Tr. of Oral Arg. 7–8, 20–21. Still, today's decision significantly waters down protections for U.S. trademark owners. It is now up to Congress to correct the Court's limited reading of the Act.

[8] The Court incorrectly suggests that the Government's position will sweep in foreign defendants with only a minimal connection to the United States. In this case, for example, the District Court concluded that personal jurisdiction was proper based on a forum selection clause in the parties' distribution agreement, which named Oklahoma as the forum of choice, and because petitioners purposefully directed their activities at the United States. The Tenth Circuit affirmed that determination, which petitioners do not challenge before this Court.

[9] The jury returned a verdict for respondent on all counts in the complaint, including the breach of contract and tort claims under state law, and awarded respondent more than $115 million in damages. The Court's decision today on the claims under the Lanham Act does not affect the relief granted on other claims, which petitioners do not challenge before this Court.

concurring opinion. What does her opinion add to the other opinions, and to what extent does it align with positions staked out by Justice Alito and Justice Sotomayor?

2. *Remand.* How would you decide the *Abitron* case on remand?

3. *Pre-two step caselaw*. As Justice Alito notes in *Abitron*, *Steele* (and much lower court case law influenced by *Steele*) did not seek to analyze the extraterritoriality question using the framework later developed by the Court in *Morrison* and *RJR Nabisco* (among other non-trademark cases). How would you decide *Vanity Fair, Sterling Drug*, and *McBee* in the wake of *Abitron*?

4. Steele *as a guide.* Is *Steele* still good law? Are any aspects of *Steele* clearly now irrelevant? Justice Alito does not engage in detail with *Steele* but suggests its outcome was consistent with his approach; Justice Sotomayor believes *Steele* supports her view. What role might *Steele* play in understanding how to apply *Abitron*?

5. *Different starting point: congressional intent*. The *Abitron* Court is unanimous that Sections 32 and 43(a) of the Lanham Act lack "a clear, affirmative indication" that they apply extraterritorially. In this regard, the Court departed from even those appellate courts that *had* sought to apply the *Morrison* framework. Those courts had found congressional intent for some extraterritorial application and had thus approached the territorial scope of the statute by trying to discern the *limits* that Congress had (or had not) imposed on the statute's foreign application. This was what the Tenth Circuit had done in *Abitron* itself (where it had aligned itself quite closely with the *McBee* court). And in *Trader Joe's Co. v. Hallatt*, 835 F.3d 960 (9th Cir. 2016), the Ninth Circuit had grappled with the same question by applying the three-part test first applied to the Sherman Act in *Timberlane Lumber Co. v. Bank of America National Trust & Savings Ass'n*, 549 F.2d 597 (9th Cir. 1976). Under that test, the Lanham Act would apply extraterritorially if: "(1) the alleged violations create some effect on American foreign commerce; (2) the effect is sufficiently great to present a cognizable injury to the plaintiffs under the Lanham Act; and (3) the interests of and links to American foreign commerce [are] sufficiently strong in relation to those of other nations to justify an assertion of extraterritorial authority. To what extent (if any) would you expect reasoning in those decisions to help inform application of *Abitron*)?

6. *Justice Jackson's hypothetical***.** In Justice Jackson's hypothetical in *Abitron*, who (if anyone) is using the mark in commerce (a) when the students simply bring their COACHE bags back to the United States, and (b) when the students resell their bags in the United States? Note that we will consider the defense of first sale (which furthers free alienability of legally acquired property) in Chapter 9, and (secondary) liability for the use of marks by others in Chapter 7.

PROBLEM 6-1A: TRADERS JOE'S

Trader Joe's is a well-known American grocery store that sells specialty goods at reasonable prices from its distinctive, South Pacific-themed stores. It is headquartered in California, but it operates hundreds of stores throughout the United States, including more than a dozen stores in Washington. About eighty percent of the goods Trader Joe's sells in its stores are Trader Joe's-branded products that are available only at Trader Joe's. Trader Joe's does not franchise its intellectual property or license others to sell its products. Trader Joe's maintains strict quality control standards when transporting and storing perishable goods to protect the safety of its customers and to ensure that Trader Joe's stores sell only fresh, high-quality goods. Trader Joe's has rejected offers from third parties to enter into franchise agreements, in part because of the difficulty of "ensuring that these third parties will ship, handle, and store food products pursuant to Trader Joe's exacting standards." Trader Joe's does not operate outside of the United States, but Canadian consumers regularly travel across the border to shop at Trader Joe's stores located in northern Washington. Trader Joe’s owns several federally registered and common-law trademarks associated with its stores and products.

Michael Hallatt is a Canadian citizen United States Lawful Permanent Resident, an immigration status that enables him to live and work legally in the United States. Hallatt purchased Trader Joe’s-branded goods in Washington state, transports them to Canada, and resells them at substantially inflated prices to Canadian customers in a store (called PIRATE JOE’S) he designed to mimic a Trader Joe’s store. Hallatt has spent more than $350,000 purchasing Trader Joe’s products to resell in Canada.

Hallat advertises his wares with Trader Joe’s trademarks, operates a website accessible from the United States, displays an exterior sign at Pirate Joe’s that uses a font similar to the trademarked “Trader Joe’s” insignia, and designed the Pirate Joe’s store to mimic Trader Joe’s trade dress. Hallatt sells perishable goods at Pirate Joe’s that he does not transport or store in a manner consistent with the strict quality control standards used by Trader Joe’s. Trader Joe’s has received at least one complaint from a consumer who became sick after eating a Trader Joe’s-branded product she purchased from Pirate Joe’s.

Trader Joe’s told Hallatt that it does not sanction his activity and demanded that he stop reselling Trader Joe’s products from Pirate Joe’s. Hallatt refused. Trader Joe’s declined to serve Hallatt as a customer, but Hallatt began donning disguises to shop at Trader Joe’s without detection and driving “to Seattle, Portland, and even California to purchase TRADER JOE’S-branded products and evade Trader Joe’s refusal to sell to them.”

Does the Lanham Act apply after *Abitron*? Prior to *Abitron*, the Court of Appeals for the Ninth Circuit concluded that the Lanham Act applied to Hallatt’s conduct. *See* Trader Joe’s Co. v. Hallatt, 835 F.3d 960 (9th Cir. 2016).

CONFUSION-BASED TRADEMARK LIABILITY THEORIES

7

At page 581, add the following Note 13:

13. *Renewed interest in trademark use?* Recall from Chapter 6 that the Supreme Court's analysis of extraterritoriality in *Abitron* parsed the phrase "use in commerce" in Sections 32 and 43(a)—but the Court did not cite *Rescuecom* or refer to the actionable use debate. Does this suggest that the Court was unaware of this line of cases, or that the Court simply considered them unimportant for purposes of resolving the extraterritoriality issue? In answering, you may find it relevant that the court decided another trademark case, *Jack Daniel's*, in the same term, and did allude to the role of "trademark use" in confining the scope of the expressive use defense (although again without citing *Rescuecom*). *Jack Daniel's* is excerpted in this Update (Chapter 9).

At pp. 613-14, Problem 7-3, add the following:

(6) Bliss Collection LLC and Latham Companies, LLC are rival children's clothing manufacturers who sell clothes using the logos shown below (Bliss Collection's on the left, Latham's on the right):

***bella bliss's* b & Design Mark**	**Little English's Le Logo**

***bella bliss's* b & Design Mark**	**Little English's Script Logo**

How much weight would you give to the following arguments in favor of mark similarity?

- in the Little English logo, the letter "e" is tucked into the uppercase "L" in a manner that tracks the shape of Bliss's logo
- in the Little English logo, the words "little English" appear underneath the "Le" graphic just as the words "bella bliss" appear under the "b" graphic

See *Bliss Collection, LLC v. Latham Cos., LLC*, 82 F.4th 499 (6th Cir. 2023) (reversing grant of 12(b)(6) dismissal of infringement claims concerning logos).

At page 615, insert the following text and case before the Notes and Questions: Strength Factor

As you consider the Notes and Questions below on the "Strength Factor", bear in mind this recent opinion of the Second Circuit.

RISEANDSHINE CORP. v. PEPSICO, INC.
41 F.4th 112 (2d Cir. 2022)

LEVAL, Circuit Judge:

[F]ounded in 2014, Plaintiff [RiseandShine Corporation ("Rise Brewing")] launched its first cans of nitro-brewed coffee in 2016. It now sells these canned beverages nationwide in major stores, such as Walmart, Publix, and Kroger. Plaintiff uses "RISE" as a mark referring to its product and has registered "RISE BREWING CO." as a word mark, Reg. No. 5,168,377, and its RISE BREWING CO. logo as a design mark, Reg. No. 5,333,635, shown below.

Plaintiff displays this design mark on every can. The mark consists of the word "RISE" in large, red, regular capital letters in simple, unadorned, sans-serif font on a horizontal line, set against a light background with thin yellow lines radiating from the word "RISE," mimicking rays of sunshine. The words "Brewing Co." appear below "RISE" in a much smaller, similar, simple font on a horizontal line. This design takes up approximately the top third of the 7-ounce can, as shown below. The lower part of the can is in a uniform color, with "NITRO COLD BREW COFFEE" in the same simple typeface on a horizontal line.

In March 2021, Defendant launched its MTN DEW RISE ENERGY product [a fruit-flavored canned energy drink.] MTN DEW RISE ENERGY came in a variety of sweet, fruity flavors, such as Pomegranate Blue Burst, Tropical Sunrise, and Strawberry Melon Spark. The 16-ounce cans were sold in over 170,000 retailers across the country, including convenience stores, gas stations, and drug stores.

Defendant's packaging, as depicted below, features a variety of bright colors corresponding to its various flavors. The word "RISE" appears on the top third of the cans in a large, stylized jagged font in ornate letters displayed in an arc, followed by the word "ENERGY" running vertically up its side in a much smaller font. The MTN DEW house mark, consisting of the words "MTN DEW," slants diagonally toward the upper right above the word "RISE." Below "RISE" is a stylized lion logo composed of geometric shards.

[Rise Brewing sued, seeking a preliminary injunction.]

DISCUSSION

[T]he district court found that Plaintiff had met its burden of showing a sufficient likelihood of success on the merits to warrant a preliminary injunction. We disagree and find that the district court erred in its evaluation of what is often the most important factor—the strength of Plaintiff's mark—as well as in its finding of similarity in the appearance of the products.

A. Strength of the Mark

In considering the first factor, the strength of the plaintiff's mark, the district court found that it slightly favored Plaintiff. We disagree. The district court failed to recognize the inherent weakness of Plaintiff's mark. Its determination that this factor favored Plaintiff was affected by that failure, as was its ultimate conclusion that Plaintiff was likely to succeed on the merits. …

We turn first to inherent [i.e., conceptual] strength. Inherent strength or weakness of a mark is frequently an important factor because strong marks command a wider scope of protection than weak marks. The trademark law allows every marketer to identify itself as a product's source by use of a distinctive mark, which will allow the public to recognize it as the source of the product, rewarding the marketer if it has earned a good public reputation and punishing it if the public's prior experience has been disappointing. In this manner, the trademark law serves the purposes of both marketers and the consuming public. So long as marketers select words or signs that have no logical relationship to the products or services on which they are used, there will never be a shortage of marks. Trademark law favors the use of marks that are arbitrary or fanciful in relation to the products on which they are used. This is because such distinctive marks make it easier for the public to avoid confusion and because allowing the owner a broad exclusivity for such a mark detracts little from free expression, as other marketers of similar products have no justified interest in using such words to identify their products. See discussion at Pierre N. Leval, *Trademark: Champion of Free Speech*, 27 COLUM. J.L. & ARTS 187, 194 (2004). In contrast, trademark law offers a much narrower scope of protection to marketers who seek to bar others from using words that describe or suggest the products or the virtues of their products. See Virgin Enterprises Ltd. v. Nawab, 335 F.3d 141, 147-48 (2d Cir. 2003) ("[A]s a matter of policy, the trademark law accords broader protection to marks that serve exclusively as identifiers and lesser protection where a grant of exclusiveness would tend to diminish the access of others to the full range of discourse relating to their goods.").
…
The district court determined that Plaintiff's mark was "suggestive," noting that the word "Rise" "evokes images of morning, which 'suggest[s] a quality or qualities of the product through the use of imagination, thought, and perception.'" (quoting Star Indus., Inc. v. Bacardi & Co., 412 F.3d 373, 385 (2d Cir. 2005)). We find no error in the district court's determination that Rise Brewing's mark is "suggestive." But labeling a mark as "suggestive" is not the end of the inquiry.

"[A] finding of suggestiveness does not guarantee a determination that the mark is a strong one." [W.W.W. Pharm. Co., Inc. v. Gillette Co., 984 F.2d 567, 572 (2d Cir. 1993).] Because suggestive marks, by their nature, seek to suggest the qualities of the product, it can be difficult to distinguish weak suggestive marks from descriptive ones. Like descriptive marks, instead of focusing on the favored goal of source identification, suggestive marks aim to secure the exclusive right to an advertising message that is built into the trademark. See Leval, Trademark: Champion of Free Speech at 193. The district court failed to note that the strong logical associations between "Rise" and coffee represent weakness and place the mark at the low end of the spectrum of suggestive marks. See, e.g., Star Indus., 412 F.3d at 385 ("Star's mark is suggestive, but just barely.").

This mistake constituted legal error…[1]

In its ordinary usage, "Rise" suggests waking up and "rising" from bed. Rising is generally associated with the morning, a time when many crave a cup of coffee, relying on its caffeine to jumpstart their energy for the day. The intended and achieved reference of the RISE mark is illustrated by Plaintiff's company name—RiseandShine—something that a morning cup of coffee helps us to do. The proposition that one isn't fully awake until one has had one's morning coffee is a cliché.

The word "Rise" may also refer directly to energy itself; after consuming caffeine, one's energy levels can be expected to "rise." The trademark law does not favor giving one marketer an exclusive right to prevent others from using such valuable marketing terms in their own marketing campaigns. When a mark so clearly evokes the claimed virtues of the product it references, that mark, although perhaps muscular as a marketing tool, is weak under the trademark law. See Star Indus., 412 F.3d at 385; [cit.]. The close associations between the word "Rise" and coffee constituted a weakness of the mark under the trademark law, which reduced, rather than advanced, Plaintiff's likelihood of success on the merits. Because the word "Rise" is so tightly linked with the perceived virtues of coffee, the mark is inherently weak and commands a narrow scope of protection.

Although the suggestive category is higher than the descriptive category because a descriptive association between mark and product is more direct than a suggestive association, it does not necessarily follow that every suggestive mark is stronger than every descriptive mark. If the suggestion conveyed by a suggestive mark conjures up an essential or important aspect of the product, while the description conveyed by a descriptive mark refers to a relatively trivial or insignificant aspect of the product, the particular suggestive mark could be deemed weaker than the descriptive. Coffee's capacity to wake one up and lift one's energy, which is what the "RISE" mark suggests, is such an important part of the perceived virtue of coffee in the eyes of the consuming public as to render this suggestive mark decidedly weak.

A survey of the use of the term "Rise" in the beverage market further underlines the weakness of the mark. [The court noted that PepsiCo had presented evidence of "over 100 uses of the term "Rise" in connection with coffee, tea, bottled beverages, energy drinks, soft drinks, drinkable health supplements, cafes, yogurts, and granolas." Rise Brewing had "itself acknowledged this crowded field" when applying to register its mark RISE COFFEE CO. for coffee products, arguing that the presence of multiple Rise-related

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[1] If a marketer chose "Toothpaste" as a mark for a toothpaste and sought to prevent other toothpaste makers from use of the word "toothpaste," the factfinder would not have discretion to find that the plaintiff's mark was anything other than generic and unprotected. By the same token, if the marketer took the mark "Green Hippopotamus" for its toothpaste, factfinders would not be at liberty to find that such a mark was anything other than arbitrary or fanciful, belonging in the highest rung entitled to the strongest protection. Between descriptive and suggestive marks, there may be some room for difference of opinion; nonetheless, the discretion allowed to a factfinder in finding inherent strength is minimal at best. [cit.] If the toothpaste mark was "Pure White" or "Fresh Breath," the descriptive or suggestive relationship of such marks to the product are so clear that it would be error for the factfinder to place such marks in either the highest (arbitrary or fanciful) category or the lowest generic category.

marks for coffee showed that consumers did not give significant weight to the term and that therefore there should be room for many registrants to co-exist using Rise-related marks for coffee products without engendering confusion. Subsequently, Rise Brewing amended the mark to RISE BREWING CO., and the PTO agreed to register it.]

Now, having registered its trademark, Plaintiff argues that there is no such room for multiple "Rise" marks to coexist peacefully, even outside the coffee sector. That is not persuasive. If there was room for Plaintiff's use of "Rise" in the already crowded coffee field, there would also be room for Defendant's, especially on a product that is distinct from coffee. Trademark law does not offer robust protection to those who demand the exclusive right to use words that describe or suggest a product or its virtues. Given the inherent weakness of "Rise" for coffee, the first factor does not favor Plaintiff.

…

Although we "generally do not treat any one Polaroid factor as dispositive in the likelihood of confusion inquiry," Nabisco, Inc. v. Warner-Lambert Co., 220 F.3d 43, 46 (2d Cir. 2000), "the evaluation of the Polaroid factors is not a mechanical process where the party with the greatest number of factors weighing in its favor wins," Paddington Corp. v. Attiki Importers & Distributors, Inc., 996 F.2d 577, 584 (2d Cir. 1993) (internal quotation marks omitted). Weak marks are entitled to only an "extremely narrow scope" of protection, "unless a convincing combination of other Polaroid factors militates strongly in favor of likelihood of confusion." [cit.]. No such circumstances exist here.

[The court vacated the grant of the preliminary injunction.]

At pages 616-17, add the following to the end of Note 3:

See also M Welles and Assoc., Inc. v. Edwell, Inc., 69 F.4th 723, 733 (10th Cir. 2023) (noting that mere awareness of another's mark should not trigger an inference of intent to deceive).

At page 635, insert the following text and case after Notes and Questions:

Read this recent case after considering the preceding Notes and Questions in the casebook. You will see that the *Penn State* court relies heavily on critiques of merchandizing rights in scholarly literature and in particular on an article, *The Merchandising Right: Fragile Theory or Fait Accompli,* published in 2005 by two leading trademark scholars, Stacey L. Dogan & Mark A. Lemley, and referenced in the concluding Note on page 635 of the Casebook.

THE PENNSYLVANIA STATE UNIVERSITY v. VINTAGE BRAND, LLC

614 F.Supp.3d 101 (M.D. Pa. 2022)

BRANN, Chief Judge:

[The fact are set out in greater detail in the excerpt from this case in Chapter 2 of this Update. Pennsylvania State University sued Vintage Brand for trademark infringement for selling goods such as sweat shirts bearing registered marks owned by Penn State (PENN STATE, the image of the "Pozniak Lion, and the image of the Penn State seal). Vintage Brand counterclaimed, arguing that the registrations should be canceled because they were merely ornamental. In denying a motion by Penn State to dismiss that counterclaim, the court discussed whether a mark owner could enforce its rights against unauthorized uses of its mark in the promotional context.]

III. ANALYSIS

[V]intage Brand contends that consumers believe that the essence of these marks is to signal their support for the University, not that the University has produced, approved, or guaranteed the quality of the item. So in its view, the marks do not "identify and distinguish" Penn State as the source of the goods. Penn State, on the other hand, contends that "it would be unimaginable that using PENN STATE, the University, or the Pozniak Lion Logo on a good, no matter how prominently, could be perceived by the consuming public as anything other than an identification of Penn State as the source or second source of the good." These arguments are nothing new. They have been raised across a host of decisions that assess whether a symbol is eligible for trademark protection to begin with (the so-called "eligibility" cases) or whether another entity's use of a trademark symbol constitutes infringement (the so-called "infringement" cases). And while these cases' terminologies and postures vary, they center on a common question: should trademark holders—particularly those in the business of education, research, and New Year's Six appearances—have an exclusive right to control merchandise bearing their marks when consumers are purchasing the products not for their guaranteed quality, but to signal their support for or affiliation with the trademark holder?

Perhaps it should come as no surprise that our modern trademark regime has struggled with this question. Trademark law has traditionally served to promote competitive markets. Indeed, protecting marks "enable[s] sellers to develop reputations for quality," while also "assur[ing] customers that products sold under the seller's brand will live up to that reputation."[28] Up until the mid-20th century, the law focused narrowly on preventing sellers from using similar marks to "pass off" their goods as those made by another. Over time, however, the law has come to include more instances when a consumer may be confused about a good's source. Owing to expansion, trademark protection is no longer limited to mere word marks; logos, packaging, and even the shape of products may now be protected. Nor is it limited to directly competing products; under current law, trademark holders can protect against the use of similar marks outside of their core business provided consumers would presume some form of affiliation or sponsorship.

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[28] Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli*, 54 Emory L.J. 461, 466 (2005) (Dogan & Lemley) . . .

Entities' efforts to control the use of their marks on merchandise beginning in the 1970s represented yet another attempt to expand the protections provided to sellers under the law. For universities, this trademark use diverged from traditional areas of trademark protection, such as Penn State preventing an unaffiliated educational institution from using its name. In this hypothetical, a consumer might reasonably believe that they are enrolling in a Penn State affiliate. But university-trademarked apparel and merchandise present a different case; the mark itself is the product.

From the outset views diverged on whether, given this overriding non-trademark function, the marks still identified the entity as the source or sponsor of the goods. Some, notably the United States Court of Appeals for the Fifth Circuit in *Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Manufacturing (Boston Hockey)* and the Trademark Trial and Appeals Board in *In re Olin Corp.*,[34] found that the marks inherently do.[35] The Fifth Circuit drew this conclusion from the fact that consumers only purchase the merchandise because of the mental association it creates between the trademark and trademark holder.[36] The question as they saw it was answered by sole reference to whichever party's toil generated the sale, with no need to undertake a fact-intensive inquiry into whether consumers believed the trademark holder had manufactured or sponsored the product. The Trademark Trial and Appeals Board, on the other hand, reasoned from the negative. It found that a mark—like that of New York University's—"inherently .... advise[s] the purchaser [that] the university is the secondary source of that shirt" because "[i]t is not imaginable that Columbia University will be the source of an N.Y.U. T-Shirt." This per se approach (as I'll call it) is forwarded by Penn State here . . .

That said, still more have rejected this per se approach—even if they ultimately found that a bona fide mark had been infringed.[39] Instead, as these courts have emphasized, trademark law requires more than a mental association between the trademark and trademark holder. As they see it, the consumer must instead believe that the trademark indicates that the trademark holder is the source, sponsor, or is otherwise affiliated with the good—a question of fact. Vintage Brand contends that the Court must minimally follow

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[34] 1973 WL 19761.

[35] [W]hile couched in a broader fact-intensive discussion of consumers' likelihood of confusion, in Univ. of Georgia Athletic Ass'n v. Laite, 756 F.2d 1535, 1545–47 (11th Cir. 1985), the court emphasized that "'confusion' need not relate to the origin of the challenged product. Rather, 'confusion' may relate to the public's knowledge that the trademark, which is 'the triggering mechanism' for the sale of the product, originates with the plaintiff." Id. at 1546 (citing Boston Professional Hockey Ass'n, 510 F.2d at 1012). I find this description of the law difficult to square with Kentucky Fried Chicken Corp. v. Diversified Packaging Corp., 549 F.2d 368, 388 (5th Cir. 1977), Supreme Assembly, Order of Rainbow for Girls v. J.H. Ray Jewelry Co., 676 F.2d 1079, 1082 (5th Cir. 1982), and Savannah Coll. of Art and Design, Inc. v. Sportswear, Inc., 872 F.3d 1256, 1264–65 (11th Cir. 2017); see also McCarthy on Trademarks and Unfair Competition § 24:10 (discussing the retreat from Boston Hockey). But minimally, the court's analysis was included as part of a broader review of the fact-intensive inquiry into consumers' likelihood of confusion . . .

[36] Boston Professional Hockey Ass'n, 510 F.2d at 1012 ("The certain knowledge of the buyer that the source and origin of the trademark symbols were in plaintiffs satisfies the requirement of the act. The argument that confusion must be as to the source of the manufacture of the emblem itself is unpersuasive, where the trademark, originated by the team, is the triggering mechanism for the sale of the emblem.").

[39] See Savannah Coll. of Art and Design, Inc., 872 F.3d at 1264–65; . . . Int'l Ord. of Job's Daughters v. Lindeburg & Co., 633 F.2d 912, 918 (9th Cir. 1981), cert. denied, 452 U.S. 941 (1981); Kentucky Fried Chicken Corp., 549 F.2d at 388; . . . Nat'l Football League Props., Inc. v. Wichita Falls Sportswear, Inc., 532 F. Supp. 651, 659–61 (W.D. Wash. 1982); . . . McCarthy on Trademarks and Unfair Competition § 7:24 ("whether an ornamental design also serves as a trademark requires a highly fact-dependent analysis and a close examination of the probable impression made on the buying public").

this approach (though it also suggests the marks may inherently not serve a source identifying function . . .) . . .

This dispute has arisen in this Court, however, because many courts have still not squarely addressed the question. And that list includes the Supreme Court and the United States Court of Appeals for the Third Circuit. For the latter, that was nearly not the case. [The Court then discussed at length the case of *Champion Products v. University of Pittsburgh* from the early 1980s, but concluded that the Third Circuit in that case "took pains to note that it was not adopting *Boston Hockey* as the law of the circuit.]

Although the deluge of cases in the 1970s and 1980s were soon reduced to a trickle—leaving this issue unresolved at the national and circuit levels—I see a clear loser: the per se approach forwarded by Penn State in its motion to dismiss. My reasoning is twofold. First, in the infringement context, efforts to walk back *Boston Hockey* began not long after the decision came down. Within two years, the Fifth Circuit sidelined the mental-associations approach, stressing that the analysis turns not on whether consumers tie the symbol to the trademark holder, but on whether they tie the product to the trademark holder. And that finding, the court emphasized, requires a fact-intensive inquiry.[67]

Second, I find the analysis offered by the Trademark Trial and Appeals Board in its eligibility cases unconvincing. In the university context, these revolve around *In re Olin Corp*. There, in explaining why a New York University-branded shirt would identify the university as the sponsor or authorizer, the Board reasoned, "[i]t is not imaginable that Columbia University will be the source of an N.Y.U. T-shirt." But this play on an intercollegiate rivalry distracts from an error in reasoning: you cannot determine whether consumers believe an entity is the source or secondary source of a good by crossing out one entity that consumers obviously believe is not. The conclusion that purchasers will think that N.Y.U. sponsored or authorized the shirt does not necessarily follow from the statement that no purchaser will think that Columbia University is the source. There's a gulf of other possibilities. . . .

Now, as either approach championed by Vintage Brand allows its case to move forward, this Court declines to choose between them at this early stage. But to ensure fulsome briefing of the issue in future proceedings and focus the parties' minds on the sort of evidence to be adduced in discovery, the Court feels compelled to offer an initial assessment.

By my categorization, the per se and fact-intensive approaches effectively present the Court with the options always and maybe to the question: do purchasers believe that the university authorized the merchandise bearing its emblems? Although Vintage Brand stakes much of its case to the maybe approach, it also contends that the answer may well be never. Its support for this proposition comes from one area

[67] [Supreme Assembly, Ord. of Rainbow for Girls, 676 F.2d at 1084, 1084 n.7] ("In *Kentucky Fried Chicken Corp. v. Diversified Packaging Corp*., 549 F.2d 368 (5th Cir. 1977), we explained that *Boston Hockey* does not always equate knowledge of a symbol's source with confusion sufficient to establish trademark infringement and we treated as a fact question ... whether in a given case knowledge of the source of the symbol supports the inference that many of the product's typical purchasers would believe that the product itself originated with or was somehow endorsed by the owner of the mark.... 'Our cases demonstrate unbroken insistence upon likelihood of confusion and by doing so they reject any notion that a trademark is an owner's "property" to be protected irrespective of its role in the operation of our markets.' "); see McCarthy on Trademarks and Unfair Competition § 24.10 ("The Fifth Circuit itself later retreated from the heresies of *Boston Hockey*" and that its "attempt to stretch trademark law failed (and rightly so) because it violated a basic rationale of trademark law.").

where, over the past two decades, the faucet has remained open: the academic literature. In the pages of law reviews, there has been sharp criticism of the creation of a broad merchandising right[70]—including from the intellectual property field's preeminent scholar. These criticisms are not rooted in the caselaw, or at least the on-point caselaw, but as I see it, they are criticisms that Penn State should be prepared to answer.

As a matter of first principle, these scholars contend that a merchandising right, with its propertizing focus, is unmoored from trademark law's "twin goals of encouraging investment in product quality and preventing consumer deception."[72] And they further assert that such a right is downright irreconcilable with these goals when consumers' confusion comes not from their belief about the source, but from their belief "that the defendant might have needed a license to use the mark." As these scholars emphasize, trademarks are not protected to dole out economic awards to the party in the case caption that is most deserving; nor are they protected to encourage entities to seek more of them. They are instead protected "to enable the public to identify easily a particular product from a particular source." This rationale separates them from patents and copyrights, which offer limited "exclusive economic rights to cure the presumed market failure that would result if copiers could replicate expressive works and inventions without the cost of their development."[75]

This is not a bad thing. It may disincentivize investment in the school's merchandising; but it does not discourage investment in the underlying product—the school's academic and athletic programs. And while it likewise will not encourage entities to seek out more trademarks, more trademarks have never been the goal of the law. In fact, more (particularly when they identify just one entity) may be worse. Additionally, as these scholars highlight, absent this market-correcting justification, awarding a right works an economic harm. If through trademark-created exclusivity an entity is free from competition, consumers suffer—on price and on preference. Indeed, T-shirts are more expensive (that licensing royalty has to come out of someone's pocketbook). And as is perhaps shown by this case, which involves a company that gained a toehold by offering gear with vintage graphics, the entity may be less incentivized to come up with creative products that meet consumer demand.

Beyond these theoretical issues, these scholars also emphasize that the Supreme Court's recent trademark decisions suggest that it may agree. One example they give is the *Dastar Corp. v. Twentieth Century Fox Film Corp.* [539 U.S. 23 (2003]. There, the Supreme Court rejected an unfair competition claim under a "reverse passing off" theory and, in doing so, emphasized the contours of the Lanham Act's "origin of goods requirement." As the Court wrote, while the words could extend to those "who commissioned or assumed responsibility for the product," they were "incapable of connoting the person or entity that originated the ideas or communications that 'goods' embody or contain" and, as a general matter, "should not be stretched to cover matters that are typically of no consequence to purchasers." In the scholars' view, these statements not only foreclose a Boston Hockey-like approach where the analysis turns on "'the ideas

[70] Dogan & Lemley; Mark A. Lemley, The Modern Lanham Act and the Death of Common Sense, 108 Yale L.J. 1687 (1999) (Lemley); see also James Boyle & Jennifer Jenkins, Mark of the Devil: The University as Brand Bully, 31 Fordham Intell. Prop. Media & Ent. L.J. 391 (2021); Jessica Litman, Breakfast with Batman: The Public Interest in the Advertising Age, 108 Yale L.J. 1717 (1999) (Litman).
[72] Lemley, at 1688.
[75] Dogan & Lemley, at 468–69.

or communications' embodied in the product," but if read broadly, "could require proof that it matters to consumers whether the trademark holder officially sponsors merchandise bearing its mark."[82]

At the very least, these scholars conclude, if there is confusion about the source, but the alleged infringer is making no claim of official sponsorship, recent Supreme Court cases suggest the remedy should be a disclaimer.[83] This is perhaps the most serious charge, given its roots in Supreme Court precedent, the weight of authority in favor of the fact-intensive approach, and the growing body of evidence in similar contexts where consumers have in fact been confused about a good's source or sponsorship.

And I'd be remiss not to mention the latter. Though the data is now decades old, early N.F.L. trademark cases saw consumer confusion rates above 50%.[84] These results are not determinative here and can certainly be quibbled with at the margin. (For instance, when Penn State is wearing its multimillion-dollar sports enterprise hat and the goods are of an N.F.L.-like ilk, consumers may well be more confused than they are when the University has its world-class research institution hat on and the goods trend more classically collegiate.)

But the case for a disclaimer rather than an injunction lies at the base, not the margin. Consumer-survey data taken at the same time as the N.F.L. cases showed widespread belief among consumers that "[n]o product can bear the name of an entertainer, cartoon character, or some other famous person unless permission is given for its use"—a belief that appears to have come from what they thought the law required. The circularity is apparent: the law only offers protection if there's belief, yet the belief comes from consumers' (mis)conception about the law. It would seem perverse to award market exclusivity based on a fake-it-until-you-make-it approach. If consumers' confusion stems from their incorrect belief that goods bearing Penn State's emblem must be licensed, shouldn't that belief be corrected, not perpetuated?

IV. CONCLUSION

Ultimately, these are legal issues to be decided another day. Still, the discussion should focus the parties' minds on the issues to briefed in future motions. And it should highlight a few essential questions that cannot, at summary judgment, be answered through mere supposition: Indeed, what percentage of consumers are confused about the source or sponsorship of Vintage Brand's products? Does this belief vary by logo or merchandise type? And does it stem from their belief that the law requires Penn State's permission?

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[82] Dogan & Lemley, at 500–01.

[83] Id. at 465 n.14, 505 (citing Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 154 (1989), Kellogg Co. v. Nat'l Biscuit Co., 305 U.S. 111, 122 (1938), TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 34–35 (2001), and Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 232 (1964)) ("If there is an identifiable product market, in the sense that the trademark holder can command an above-market price because of the feature, the Supreme Court has suggested that some remedy short of an injunction—such as a disclaimer is most appropriate to alleviate any confusion.... The Court's refusal to allow control over product markets applies even in the face of clear evidence of trademark confusion."). But see Boston Professional Hockey Ass'n, 510 F.2d at 1013 ("The exact duplication of the symbol as the team's emblem satisfying the confusion requirement of the law, words which indicate it was not authorized by the trademark owner are insufficient to remedy the illegal confusion. Only a prohibition of the unauthorized use will sufficiently remedy the wrong.").

[84] [Nat'l Football League Props., Inc. v. N.J. Giants, Inc., 637 F. Supp. 507, 515 (D.N.J. 1986); Nat'l Football League Props., Inc. v. Wichita Falls Sportswear, Inc., 532 F. Supp. 651, 661 (W.D. Wash. 1982)].

The modern collegiate trademark-and licensing-regime has grown into a multibillion-dollar industry. But that a house is large is of little matter if it's been built on sand.

At page 639, replace the paragraph citing the *Omaha Steaks* case with the following:

How should the mark strength factor work in the context of Section 2(d) confusion analyses? Consider the following example. Spireon applied to register FL FLEX for various tracking devices. Flex Ltd. opposed under Section 2(d) on the ground of a likelihood of confusion with three of Flex's registered marks, including FLEX for supply chain management services. Among other things, the parties clashed over mark strength. As the opposer, Flex Ltd. sought to show that its marks (including FLEX for supply chain management services) were strong relative to Spireon's FL FLEX mark under the relevant factor of the Federal Circuit's *Du Pont* factors test. (The factor calls for an assessment of "the number and nature of similar marks in use on similar goods," which involves inquiries into both conceptual and commercial strength, according to the Federal Circuit.) Spireon had introduced into evidence numerous third-party registrations that included the term "Flex" for various goods and services. This could benefit the applicant Spireon by demonstrating that opposer Flex Ltd.'s FLEX mark is relatively weak commercially, diminishing the likelihood that registering Spireon's FL FLEX mark would give rise to confusion among consumers. (It might also suggest that consumers give relatively less attention to the FLEX part of Spireon's mark, and more attention to the FL part, which would also diminish the likelihood of confusion between FLEX and FL FLEX.)

But to understand how consumers perceive the opposer's FLEX mark in the marketplace, the best evidence presumably would be evidence that third parties are using similar marks, not merely evidence that third parties hold registrations on similar marks. *Jack Wolfskin Ausrustung Fur Draussen GmbH & Co. KGAA v. New Millennium Sports, S.L.U.*, 797 F.3d 1363, 1373–74 (Fed. Cir. 2015) (noting that the record contained "extensive" evidence of third-party usage, which was "powerful" on the mark strength question). Should the applicant Spireon have the burden of showing that the third-party marks were in use, or should the opposer Flex Ltd. have the burden of showing that those marks were not in use? In *Spireon, Inc. v. Flex Ltd.*, -- F.4th –, 2023 WL 4166473 (Fed. Cir. Jun. 26, 2023), the Federal Circuit ruled that where the third parties had registered marks identical to opposer's marks, for goods identical to those of the opposer, the opposer should have the burden of showing that the third party's marks were not in use. Should *Spireon* affect the way courts handle evidence of third-party registrations when analyzing likelihood of confusion in connection with claims of trademark infringement? In infringement cases, the alleged infringer (not the mark owner) might introduce evidence of third-party registrations to show that the mark at issue lacks market strength, and courts have appeared to hold that such evidence is of low probative value unless the alleged infringer shows that the third-party marks are in use. *FOCA LLC v. Foremost Title & Escrow Services LLC*, 57 F.4th 939, 949-52 (11th Cir. 2023) (concluding that the mark at issue was "relatively strong" because the alleged infringer's evidence of third-party registrations was unaccompanied by evidence that the third-party marks were in use). Do you think that after *Spireon*, courts will rethink that approach and shift the burden to the mark owner to show that third-party marks were not in use?

Even when third-party marks are proven to be in use, there may be other questions about the probative value of such evidence. 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. Should one conclude that the evidence diminishes the likelihood of confusion, on the ground that consumers would perceive "Omaha" as a mere geographic designation adding little or nothing to the strength of the opposer's mark? Or should one conclude that the evidence has no effect on the strength of the opposer's mark, on the ground that the third parties' products are not closely related to those of the opposer? *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 page 665, delete *A&H Sportswear* and the Notes & Questions, and substitute the following case and Notes & Questions:

WREAL, LLC v. AMAZON.COM, INC.
38 F.4th 114 (11th Cir. 2022)

LAGOA, Circuit Judge:

This appeal asks us to address the doctrine of reverse-confusion trademark infringement. Reverse confusion is not a standalone claim in trademark law; rather, it is a theory of how trademark infringement can occur. In reverse-confusion cases, the plaintiff is usually a commercially smaller, but more senior, user of the mark at issue. The defendant tends to be a commercially larger, but more junior, user of the mark. The plaintiff thus does not argue that the defendant is using the mark to profit off plaintiff's goodwill; instead, the plaintiff brings suit because of the fear that consumers are associating the plaintiff's mark with the defendant's corporate identity. It is this false association and loss of product control that constitutes the harm in reverse-confusion cases.

In this case, the plaintiff is Wreal, LLC, a Miami-based pornography company, which has been using the mark "FyreTV" in commerce since 2008. The defendant is Amazon.com, Inc., the largest online purveyor of goods and services in the United States, which has been using the mark "Fire TV" (or "fireTV") in commerce since 2012. Wreal does not claim that Amazon, by using the "Fire TV" mark, is attempting to profit off Wreal's good name, as would be typical in a forward-confusion case. Instead, Wreal contends that Amazon's allegedly similar mark is causing consumers to associate its mark—"FyreTV"—with Amazon.

The resolution of this appeal turns on the likelihood of confusing Amazon's "Fire TV" with Wreal's "FyreTV." In forward-confusion cases, we determine likelihood of confusion by applying a well-established seven-factor test. *See Welding Servs., Inc. v. Forman*, 509 F.3d 1351, 1360 (11th Cir. 2007). Applying those seven factors, the district court found that consumers were unlikely to confuse "Fire TV" with "FyreTV" and granted summary judgment to Amazon on Wreal's trademark infringement claims.

We have not had the opportunity to delineate how this seven-factor test applies in reverse-confusion cases. As discussed below, there are several important differences in how the seven likelihood-of-confusion factors apply in reverse-confusion cases versus forward-confusion cases. When applied specifically to the issues presented here, we conclude that the district court erred in granting summary judgment and should have allowed the case to proceed to trial. We therefore reverse the district court's order.

I. FACTUAL AND PROCEDURAL BACKGROUND

A. Wreal, LLC, and FyreTV

Wreal is a "Miami-based technology company that was formed in 2006 with the goal of developing a platform for streaming [pornographic] video content over the internet." *Wreal, LLC, v. Amazon.com, Inc.* (*Wreal I*), 840 F.3d 1244, 1246 (11th Cir. 2016). In 2007, Wreal launched "FyreTV," an online streaming service that Wreal markets as the "Netflix of Porn," "The Ultimate Adult Video On Demand Experience," and a "porn pay per view service." That same year, Wreal began using in commerce the marks "FyreTV" and "FyreTV.com"—the latter of which represents the website where users can access the FyreTV service. [Wreal registered both marks in October 2008.] In order to access the FyreTV service, potential consumers must first go to FyreTV.com to sign up for an account. Once on the website, potential consumers must first verify they are at least eighteen years old and interested in viewing adult content before accessing the homepage, which displays several rows of pornographic images.

In order to make accessing its FyreTV service easier, Wreal also sells a set-top box, called the FyreBoXXX, which allows consumers to access FyreTV on their television sets. To purchase a FyreBoXXX, a potential consumer must first travel to the FyreTV.com site and set up an account. In fact, the FyreBoXXX has never been sold in any store or website save for the online store at FyreTV.com. Between October 2012 and April 2014, Wreal suspended sales of the FyreBoXXX on its website. Indeed, by the end of 2012, Wreal had suspended all forms of print, radio, trade show, and television advertising for either the FyreBoXXX or FyreTV—Wreal's only two products. As of today, Wreal advertises its products only on other adult websites.

Apart from the FyreBoXXX and FyreTV.com, Wreal's customers also have other methods available to access the FyreTV service. For example, both Apple TV and Roku—two commercial set-top boxes that offer a host of general interest channels and media— support FyreTV. Thus, after signing up for an account at FyreTV.com, Wreal's customers can watch its content from their television set through a computer, a smartphone, a FyreBoXXX, an Apple TV, or a Roku.

B. Amazon and "fireTV"

Amazon is the largest online purveyor of goods in the United States. In 2011, Amazon "started using the mark 'Fire' in connection with its Kindle tablets ... to highlight the new model's ability to stream video over the internet." In late 2012 and early 2013, Amazon was gearing up to launch several new products, including a phone, a new tablet, and a set-top box. It decided to use the "Fire" brand, as well as its housemark, "amazon," on these products, with the set-top box being called "fireTV." During its branding discussions for the set-top box, Amazon learned about Wreal and its FyreTV products, but it never contacted Wreal about the set-top box's name and decided to use the "Fire" mark without Wreal's knowledge.

Amazon launched fireTV in April 2014 with a nationwide advertising campaign covered by major magazines and television networks. The fireTV is a streaming-only set-top box; it does not contain a DVD tray and cannot play DVDs. Amazon markets the product as a set-top box for general interest content, including "instant access to Netflix, Prime Instant Video, WatchESPN," and more. It is not marketed as a device for streaming pornography. Amazon advertises the device on amazon.com, as well as on television, in print media, and using in-store displays at retailers like Best Buy and Staples. When Amazon began its search-engine-optimization efforts (to help fireTV appear on the internet), it bought ads for keywords related to fireTV, but not for FyreTV or anything related to pornography. Often—but not always—Amazon will market its "Fire" products with its housemark, "amazon." In the graphics and advertisements for the device, the device is sometimes referred to as one word, i.e., "fireTV," and sometimes it appears as two words, i.e., "Fire TV."

Amazon's fireTV does not broadcast any hardcore pornographic material. But the fireTV does have apps for Showtime and HBO GO, and both of those content providers broadcast softcore pornography as part of their after-hours programming. It is unclear, however, whether those providers had any such material on their apps that link to fireTV at the time of the lawsuit.

It is undisputed that Amazon's policies for Amazon Prime Instant Video, which is Amazon's own streaming service and streams on the fireTV, prohibit the sale and consumption of hardcore pornography on the set-top box. However, the record evidence suggests that hardcore pornographic DVDs are available for purchase on amazon.com. The record evidence also suggests that two films with highly suggestive names were available for streaming on the fireTV through Amazon Prime Instant Video, though the record does not establish whether those films would be categorized as hardcore or softcore pornography.

Moreover, Amazon does not advertise the fireTV on any pornographic websites and, as such, there is no overlap between the marketing schemes for FyreTV and fireTV. Nor does Amazon sell the fireTV on any pornographic websites. Thus, there is no overlap of the sales outlets utilized by Amazon and Wreal.

C. Evidence of Confusion

In order to prevail on its trademark claims, Wreal must show a "likelihood of confusion." We therefore summarize the record evidence relevant to this issue, as presented by Wreal at the preliminary injunction hearing and by both parties as part of their summary judgment briefing. Below are screenshots of the marks at issue as they appear in internet advertising for the set-top boxes:

As noted above, the two products are neither advertised nor sold in the same outlets. A consumer cannot buy a fireTV at the same place where he could buy a FyreTV, and vice versa. Thus, no consumer will come across the products or marks in the same location—whether over the internet or in person at a brick-and-mortar location—save for an internet search engine like google.com. Additionally, Wreal's own evidence supports the proposition that mine-run internet consumers would not confuse Amazon's amazon.com website with Wreal's FyreTV.com website.

Over the course of the litigation, both Wreal and Amazon sought to present evidence relevant to the issue of actual consumer confusion. Amazon, for its part, produced in discovery "tens of thousands" of customer service inquiries related to the fireTV. In one of those inquiries, an Amazon customer asked whether he could access adult content on the Amazon "fyreTV." Wreal points to record evidence showing a number of customer service inquiries it received in which customers asked Wreal if the FyreTV streaming service would be available on Amazon's fireTV set-top box. Significantly, Wreal also produced in discovery a tweet directed to Wreal's Twitter account in which the sender asked, "Did you guys just merge with Amazon?"

Both parties also presented expert testimony regarding the level of confusion between the marks—Wreal at the preliminary injunction hearing and Amazon at the summary judgment stage. Amazon's expert, Dr. Dan Sarel, conducted a consumer survey that showed a "confusion rate of one percent," which he described as "statistically insignificant" and "nonexistent." That conclusion was bolstered by Wreal's own expert—Dr. Thomas Maronick—who conducted his own consumer surveys in April 2014 and testified at the preliminary injunction hearing that he found "very low" levels of consumer confusion.[7]

[Wreal sued, asserting reverse confusion and seeking a preliminary injunction. The motion was denied. After discovery, Amazon moved for summary judgment, and prevailed. Wreal appealed.].

III. ANALYSIS

Wreal argues that Amazon's use of the mark fireTV infringed its trademark FyreTV under a reverse-confusion theory— the resolution of which boils down to the likelihood of confusion between the two marks. . . .

In order to resolve this appeal, we must determine how [our] seven likelihood-of-confusion factors [from *Forman*] apply in the context of reverse-confusion trademark infringement. The "paradigm case [of reverse confusion] is that of a knowing junior user with much greater economic power who saturates the market with advertising of a confusingly similar mark, overwhelming the marketplace power and value of the senior user's mark." 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 23:10 (5th ed.); *see also Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 957 (7th Cir. 1992) ("Reverse confusion occurs when a large junior user saturates the market with a trademark similar or identical to that of a smaller, senior user. In such a case, the junior user does not seek to profit from the good will associated with the senior user's mark.") Because both the harm and the theory of infringement in a reverse-confusion case differ from what is claimed in a forward-confusion case, the analysis and application of the seven likelihood-of-confusion factors differ as well.

In a reverse-confusion case, the harms that can occur are varied. For example, consumers may come to believe the smaller, senior user of the mark is itself a trademark infringer, *see Banff, Ltd. v. Federated Dep't Stores, Inc.*, 841 F.2d 486, 490 (2d Cir. 1988), or that the defendant's use of the mark diminishes the value of the plaintiff's mark as a source indicator, *see Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270, 301–02 (3d Cir. 2001). As our sister court, the Sixth Circuit has stated in a reverse confusion case:

> [t]he public comes to assume the senior user's products are really the junior user's or that the former has become somehow connected to the latter. The result is that the senior user loses the value of the trademark—its product identity, corporate identity, control over its goodwill and reputation, and ability to move into new markets.

Ameritech, Inc. v. Am. Info. Techs. Corp., 811 F.2d 960, 964 (6th Cir. 1987). In this case, Wreal contends that "Amazon's use of Wreal's mark creates a likelihood that consumers will believe that Amazon is the

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[7] Wreal complains about both studies, arguing that the Amazon study was conducted too early to be relevant to the issue of consumer confusion and that its own study was conducted for a separate purpose altogether. Absence of evidence for a proposition, however, is not affirmative evidence to the contrary. And the only survey evidence available to us is not in dispute—both surveys show that there was no consumer confusion. Nevertheless, we accord this evidence relatively little weight, as "[t]his Circuit ... has moved away from relying on survey evidence" in trademark cases. *Frehling Enters., Inc. v. Int'l Select Grp., Inc.*, 192 F.3d 1330, 1341 n.5 (11th Cir. 1999).

source of Wreal's FyreTV service."

With these principles in mind, we turn to the seven-factor test for likelihood of confusion and analyze each of the factors and their application in a reverse-confusion case. As with all species of trademark infringement, however, the "rule of reverse confusion is highly fact-specific and depends for its application on the presence of a critical mass of key facts." 4 McCarthy, *supra*, § 23:10. The seven factors used to assess likelihood of confusion—regardless of what theory of infringement is implicated—should never be applied mechanically.

A. Distinctiveness of the Mark

[The district court assessed the conceptual strength of Wreal's "FyreTV" mark and found it distinctive and strong.]. [I]n a reverse-confusion case, the plaintiff is not arguing that the defendant is attempting to profit off the plaintiff's goodwill. Rather, the plaintiff asserts that the defendant—the junior but more powerful mark user—has been able to commercially overwhelm the market and saturate the public conscience with its own use of the mark, thereby weakening and diminishing the value of the senior user's mark. *See, e.g.*, *Checkpoint Sys.*, 269 F.3d at 302–03. Thus, in this situation, the conceptual strength of the plaintiff's mark is necessarily less important to the analysis. *See Com. Nat'l Ins. Servs., Inc. v. Com. Ins. Agency, Inc.*, 214 F.3d 432, 444 (3d Cir. 2000) (noting that "it is the strength of the larger, junior user's mark which results in reverse confusion"). Accordingly, when assessing the distinctiveness of the mark in a reverse-confusion case, the district court should consider both the conceptual strength of the plaintiff's mark and the relative commercial strength of the defendant's mark. *See Visible Sys. Corp. v. Unisys Corp.*, 551 F.3d 65, 74 (1st Cir. 2008) ("In a reverse confusion case, the focus is on the relative strengths of the marks so as to gauge the ability of the junior user's mark to overcome the senior user's mark."); *Cohn v. Petsmart, Inc.*, 281 F.3d 837, 841 (9th Cir. 2002) (noting that the defendant's "extensive advertising gives it the ability to overwhelm any public recognition and goodwill that [the plaintiff] has developed in the mark"); *Walter v. Mattel, Inc.*, 210 F.3d 1108, 1111 n.2 (9th Cir. 2000) ("In a reverse confusion cases ... the inquiry focuses on the strength of the junior mark because the issue is whether the junior mark is so strong as to overtake the senior mark."); *A & H Sportswear, Inc. v. Victoria's Secret Stores, Inc.*, 237 F.3d 198, 231 (3d Cir. 2000) (noting that a plaintiff is more likely to succeed when "pitted against a defendant with a far stronger mark" in reverse confusion cases); *Checkpoint Sys.*, 269 F.3d at 303 ("But in a reverse confusion situation, the senior user's claim may be strengthened by a showing that the junior user's mark is commercially relatively strong. The greater relative strength of the junior mark allows the junior user to 'overwhelm' the marketplace, diminishing the value of the senior user's mark."); *see also* 4 McCarthy, *supra*, § 23:10 ("A reverse confusion case is proven only if the evidence shows that the junior user was able to swamp the reputation of the senior user with a relatively much larger advertising campaign.").

Here, the district court did not consider the commercial strength of Amazon's mark because it found that Wreal waived the argument by failing to raise it in its response to Amazon's motion for summary judgment and instead raised it for the first time in its objections to the magistrate judge's report and recommendation.[12] The district court erred in that finding. At the summary judgement stage, it was Amazon's burden, as the movant, to show that it was entitled to judgment as a matter of law, and the parties cannot "waive the application of the correct law or stipulate to an incorrect legal test." *Jefferson v. Sewon Am., Inc.*, 891 F.3d 911, 923 (11th Cir. 2018).

The commercial strength of Amazon's mark is manifest and appears in the record. Amazon admitted in its answer that the fireTV was launched with a major advertising campaign, was covered by major magazines and television networks, and that it was a bestseller. Amazon also admits that it advertises the fireTV in multiple brick-and-mortar locations, as well as on amazon.com, one of the most visited online shopping sites in the United States. In short, Amazon's overwhelming commercial success with the fireTV mark, coupled with the conceptual strength of Wreal's mark, pushes this factor firmly in Wreal's favor.

B. Similarity of the Marks

The similarity-of-the-marks analysis is, with one exception related to housemarks noted below, the same in both forward-confusion and reverse-confusion cases. We compare "the marks and consider [ ] the overall impressions that the marks create, including the sound, appearance, and manner in which they are used." *Frehling*, 192 F.3d at 1337. In doing so, we determine similarity based on "the total effect of the designation, rather than on a comparison of individual features." *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 260–61 (5th Cir. 1980).[13] "In evaluating the similarity of marks, we must consider the overall impression created by the marks, including a comparison of the appearance, sound and meaning of the marks, as well as the manner in which they are displayed." . . . Similarity in any of these elements—appearance, sound, connotation, and commercial impression—may be sufficient to find the marks similar. . . .

The district court concluded that the marks at issue—fireTV and FyreTV—were not similar. It reached this conclusion mainly by focusing on the fact that the marks were spelled differently and used different fonts, as well as the fact that they were used differently in commerce. The district court also noted that one of Wreal's experts, Dr. Linda Williams, testified that visitors to FyreTV.com would not confuse it with amazon.com. The inquiry under this factor, however, is the similarity of the *marks*, not the similarity of the *services* or the similarity of the *sales methods*— each of which has their own factor and should thus be considered separately.

When the focus is on the similarity of the marks themselves, the result is clear—FyreTV and fireTV are nearly identical. "Fire" is the first and only dominant word in both marks, and it is presented in a phonetically and connotatively identical fashion. It is also an abstract term, and thus the only term in either mark that gives the mark meaning. *See Palm Bay Imps., Inc. v. Veuve Clicquot Ponsardin Maison Fondee en 1772*, 396 F.3d 1369, 1372 (Fed. Cir. 2005) (finding similarity between "VEUVE ROYALE" and "VEUVE CLICQUOT" because "VEUVE ... remains a 'prominent feature' as the first word in the mark and the first word to appear on the label"); *Century 21 Real Estate Corp. v. Century Life of Am.*, 970 F.2d

[12] The district court also noted that the presence of Amazon's "amazon" housemark alongside "fireTV" in advertisements pushed the distinctiveness-of-the-mark factor further in Amazon's favor. As we discuss below, however, the presence of a housemark should be assessed in reference to the second factor in the analysis—the similarity of the marks. *See A & H Sportswear*, 237 F.3d at 229–30.

874, 876 (Fed Cir. 1992) (finding similarity between "CENTURY 21" and "CENTURY LIFE OF AMERICA" in part because "consumers must first notice th[e] identical lead word"); *see also In re Detroit Athletic Co.*, 903 F.3d 1297, 1303 (Fed. Cir. 2018) (finding "the identity of the marks' two initial words is particularly significant because consumers typically notice those words first"). By contrast, the secondary word in the marks—"TV"—is merely descriptive of or generic for the goods and services sold—i.e., streaming services. *See Frehling*, 192 F.3d at 1337 (noting that "a mark may be surrounded by additional words of lesser importance and not have its strength diluted").

Moreover, the marks need not be identical, as the "purpose in considering the similarity of marks as an indicator of likelihood of confusion is that the closer the marks are, the more likely reasonable consumers will mistake the source of the product that each mark represents." *Id.* Thus, while "Fyre" and "fire" are spelled differently, and one is capitalized, the words have the same connotation and pronunciation, and the differences in font, color, and capitalization are not dispositive.

The Ninth Circuit's decision in *Dreamwerks Production Group, Inc. v. SKG Studio*, 142 F.3d 1127, 1130 (9th Cir. 1998) is instructive on this point. In that case, the court had to assess the similarity of the marks "Dreamwerks" and "DreamWorks," which, like the marks at issue here, utilized different spellings and capitalization. The Ninth Circuit concluded that the marks were similar, noting the obvious "perfect similarity of sound" and "similarity of meaning" while determining that even the similarity of sight *also* weighed in favor of a finding of similarity, as consumers "might shrug off the difference [in spelling and capitalization] as an intentional modification." Our decision in *Frehling* is also instructive. There, we said that the marks "BELL' OGGETTI" and "Tavola Collection by OGGETTI" were similar because the presence of the dominant and protected "OGGETTI" in both was likely to be confusing. *Frehling*, 192 F.3d at 1337. Each of these conclusions applies here.

Amazon's pervasive use of its "amazon" housemark alongside "fireTV" in advertisements warrants separate discussion. In forward-confusion cases—where a commercially superior plaintiff with a strong conceptual mark sues a defendant for attempting to profit off its goodwill—the presence of a housemark is indeed likely to dispel confusion in ordinarily prudent consumers. *See, e.g.*, *Custom Mfg.*, 508 F.3d at 652 n.10. But in reverse-confusion cases, this presumption is reversed; because the harm is false association of the plaintiff's mark with the defendant's corporate identity, the defendant's use of a housemark alongside the mark is more likely to *cause* confusion. *See, e.g.*, *A & H Sportswear*, 237 F.3d at 230 (noting that there is a "possibility that the [housemark] will *aggravate*, rather than mitigate, reverse confusion, by reinforcing the association of the [trademark] exclusively with [the housemark]") (emphasis added); *Attrezzi, LLC v. Maytag Corp.*, 436 F.3d 32, 39 (1st Cir. 2006) ("Yet since the alleged harm is *reverse* confusion, to the extent [the defendant's housemark] is itself the more recognized label the linkage could actually aggravate the threat to [the plaintiff]."); *Sands*, 978 F.2d at 954 ("Clearly, then, the fact that the Gatorade trademark always appears in Quaker's 'Thirst Aid' advertisements does not preclude a finding that those advertisements also use 'Thirst Aid' as a trademark."); *Banff*, 841 F.2d at 492 (finding that use of a housemark "may actually increase the misappropriation by linking defendant's name to plaintiff's goodwill" and company); *Int'l Kennel Club of Chi., Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1088 (7th Cir. 1988) ("DCN and Mighty Star further invite us to infer that the defendants' use of its house mark '24K Polar Puff' in conjunction with the International Kennel Club name on its advertising decreases the likelihood of confusion among consumers. This argument is a smoke screen and a poor excuse for the defendants' blatant misappropriation of the plaintiff's name ...."), *abrogation recognized on other* *grounds*, *Ill. Republican Party v. Pritzker*, 973 F.3d 760, 762–63 (7th Cir. 2020); *Americana Trading Inc. v. Russ Berrie & Co.*, 966 F.2d 1284, 1288 (9th Cir. 1992) ("Indeed, use by Russ of its housemark along with Amtra's trademark may 'be an aggravation and not a justification, for it is openly trading in the name of another upon the reputation acquired by the device of the true proprietor.' " (quoting *Menendez v. Holt*, 128 U.S. 514, 521 (1888))).

Amazon's use of its housemark alongside advertisements for the "fireTV" does exactly what one might expect it to do: it causes consumers to associate Amazon with fireTV. Because this is a reverse-confusion case asserting that Amazon's use of fireTV causes consumers to associate FyreTV with Amazon instead of Wreal, Amazon's use of the housemark supports Wreal's theory of recovery. The district court erred in concluding otherwise.

In short, the parties' marks are nearly identical. Both use the same words, are pronounced the same, and have the same meaning. While they are spelled slightly differently and use different fonts, this is not enough to conclude that the marks are dissimilar. Moreover, Amazon's pervasive use of its housemark alongside "fireTV" pushes this factor even further in favor of Wreal, as it is likely to confuse consumers into believing that Amazon is the origin of the FyreTV mark. Thus, the similarity-of-the-marks factor weighs heavily in favor of Wreal.

C. Similarity of the Products

The analysis of this factor is the same regardless of the theory of confusion, and "requires a determination as to whether the products are the kind that the public attributes to a single source, not whether or not the purchasing public can readily distinguish between the products of the respective parties." *Frehling*, 192 F.3d at 1338 . . .The products at issue need only be "related in some manner and/or if the circumstances surrounding their marketing are such that they could give rise to the mistaken belief that [the goods and/or services] emanate from the same source." *Coach Servs., Inc. v. Triumph Learning LLC*, 668 F.3d 1356, 1369 (Fed. Cir. 2012) (quoting *7-Eleven Inc. v. Wechsler*, 83 U.S.P.Q.2d 1715, 1724 (T.T.A.B. 2007)). In reverse-confusion cases, it also is relevant to ask whether consumers might expect the defendant to "bridge the gap" and enter the plaintiff's market. *See Fisons Horticulture, Inc. v. Vigoro Indus., Inc.*, 30 F.3d 466, 480 (3d Cir. 1994).

Here, many pieces of record evidence are relevant to the question of whether the fireTV set-top box is similar to the FyreBoXXX. The record evidence presented in the district court established that consumers were already able to stream softcore pornography on Amazon's fireTV through content providers like HBO GO and Showtime. The record evidence also established that Amazon Prime Instant Video—Amazon's own streaming service, which, like HBO GO and Showtime, is available on the fireTV—offered consumers softcore pornography. And the record evidence also established that: (1) Amazon already offered the sale of hardcore pornographic DVDs and magazines on its related consumer website, amazon.com; (2) the parties' devices are visually similar— both are plain black set-top boxes that come with a small remote; and (3) Amazon's direct competitors in the mainstream set-top box market—Roku and Apple TV—already provided access to hardcore pornography, including FyreTV.

The question therefore is whether this record evidence would suggest to an ordinarily prudent consumer that a do-it-all giant like Amazon—which already sells a set-top box that streams softcore pornography and which competes against other set-top boxes that stream hardcore pornography—would "bridge the gap" to hardcore pornography streaming and release a set-top box that streams exclusively pornographic content. We answer that question in the affirmative. Amazon is a company that already sells hardcore pornography on its website and offers softcore pornography on its set-top box. And it competes in a market in which its direct competitors offer hardcore pornography streaming directly on their set-top boxes. Given this information, a reasonable juror could conclude that Amazon decided to "bridge the gap" and offer a standalone set-top box dedicated to streaming hardcore pornography. *See id.* The two products at issue therefore "are the kind the public attributes to a single source." *E. Remy Martin*, 756 F.2d at 1530.

Our caselaw provides ample support for this conclusion. In *E. Remy Martin*, a trademark dispute between a wine company and a liquor company, this Court concluded that cognac and brandy—the products sold by the liquor company—were distilled from wine and that, as a result, it was "quite likely that, even assuming a sophisticated consumer from the drinking world, such a consumer could easily conclude that [the liquor company] had undertaken the production and sale of wine and that its name and goodwill therefore attached to [the wine company's] product." Similarly, in *Frehling*, we concluded that the district court erred in focusing only on the differences between two furniture makers (e.g., metal vs. wood). We also concluded that "[w]hile the compositional differences matter," the focus is "on the reasonable belief of the average consumer as to what the likely source of the goods was." *Id.* In further explanation of what a single source means for purposes of the similarity-of-the-products analysis, we stated:

> In this case, it is not unreasonable to fathom that the goods emanate from the same source. Both products are furniture pieces, designed for the home, and both have the capability to house electronic equipment. In addition, both products are marketed as having an Italian design and thus a consumer could, on this basis alone, given that both marks connote furniture, attribute the products to one source given the shared Italian theme.
>
> Therefore, although the products are somewhat dissimilar in composition, function, and design, they are similar in that they are both home furnishings sold under a very similar Italian label, and hence it seems possible that a consumer could attribute both products to a single source. While this possibility is perhaps not strong enough to suggest a likelihood of consumer confusion, neither is it so remote as to raise the opposite inference—that a reasonable consumer would likely not be confused. Thus, to the extent that the district court found that this factor favored ISG significantly, we find that the attribution of such weight to this factor in ISG's favor was clearly erroneous.

Id.

Decisions from our sister circuits in reverse-confusion cases lend further support to our conclusion here. In *Attrezzi*, the First Circuit held that the products of two "small electric appliance" manufacturers were similar even though one manufacturer also used the mark on its gourmet foods and dinnerware. In *Dreamwerks*, the Ninth Circuit concluded that a movie studio and a convention holder had similar products because it would not be unreasonable for consumers to presume that the production company behind Star Trek decided to bridge the gap to convention holding and had begun to host Star Trek conventions. *See* 142 F.3d at 1131 ("[M]ovies and sci-fi merchandise are now as complementary as baseball and hot dogs. The main products sold at Dreamwerks conventions are movie and TV collectibles and memorabilia; the lectures, previews and appearances by actors which attract customers to Dreamwerks conventions are all dependent, in one way or another, on the output of entertainment giants like DreamWorks.").

Here, as in *E. Remy Martin* and *Dreamwerks*, a reasonable juror could conclude that Amazon was likely to market and sell a product like Wreal's. Indeed, to see a do-it-all giant like Amazon enter the pornographic streaming industry requires no more of an inferential leap than seeing a movie studio begin holding public conventions (as in *Dreamwerks*) or a liquor company begin selling wine (as in *E. Remy Martin*). Amazon already offers at least some softcore pornography on its streaming services and competes with other general-interest set-top boxes that offer hardcore pornography content on theirs, including the FyreTV streaming service at issue here. Amazon also sells hardcore pornographic materials on its website. It would not be unreasonable for a reasonable consumer to see FyreTV and think Amazon was the source.

Finally, we note that "the more similar the marks are, the less necessary it is that the products themselves be very similar to create confusion." *Attrezzi*, 436 F.3d at 39. Accordingly, we conclude that this factor favors Wreal.

D. Similarity of Sales Outlets and Customer Bases

As for the "similarity of sales outlets" factor, we have held:

> This factor takes into consideration where, how, and to whom the parties' products are sold. Direct competition between the parties is not required for this factor to weigh in favor of a likelihood of confusion, though evidence that the products are sold in the same stores is certainly strong. The parties' outlets and customer bases need not be identical, but some degree of overlap should be present.

Frehling, 192 F.3d at 1339 (citations omitted). The analysis of this factor is the same in forward-confusion and reverse-confusion cases.

Here, the district court concluded that the "similarity of sales outlets" factor weighs in favor of Amazon. Amazon's fireTV is available everywhere—on multiple internet sites and in brick-and-mortar locations around the world. Wreal's FyreTV, on the other hand, is available in only one place and can only be purchased one way—a consumer must make his way to FyreTV.com, navigate through an eighteen-year-olds-only banner, certify that he is interested in purchasing pornography, and find the product on the website. And crucially, Amazon's fireTV is unavailable on FyreTV.com. Both *where* the products are sold and *how* the products are sold are thus different. Only to *whom* the products are sold is arguably similar, as the record evidence shows that both companies target twenty- to fifty-year-old men with disposable income. The difference, however, is that Wreal targets only individuals who "are interested in purchasing pornography"—a uniquely identifiable subset of Amazon's customer base. *Cf. Amstar*, 615 F.2d at 262 (noting that Domino Sugar and Domino's Pizza had different sales outlets and customer bases because they were distributed through different outlets despite the fact both were "in the restaurant business"). We therefore conclude that this factor favors Amazon.

E. Similarity of Advertising

This similarity of advertising "factor looks to each party's method of advertising "[T]he standard is whether there is likely to be significant enough overlap in the readership of the publications in which the parties advertise that a possibility of confusion could result." This inquiry is the same in both forward- and reverse-confusion cases.

There is no dispute in this case that the parties advertise in completely different media. Amazon advertises the fireTV on the amazon.com homepage, on television, in print media, and on in-store displays. Wreal stopped advertising on television and in print in 2012, two years before Amazon launched the fireTV. In fact, at all times relevant to the lawsuit, Wreal advertised the FyreTV and FyreBoXXX only through pornographic websites, social media, and newsletters—i.e., only on the internet or other media dedicated to similarly prurient content.

Wreal nonetheless argues that this factor favors it because, very broadly speaking, both the fireTV and the FyreBoXXX advertise through search engines, word of mouth, and social media. But Wreal presented no record evidence of audience overlap. Nor does Wreal identify any website (outside of search engines like Google) where both the fireTV and the FyreBoXXX are advertised. As we explained in *Tana*, rejecting a similar argument: "[T]he only similarity in the advertising channels used by the two parties is their maintenance of websites on the World Wide Web. This similarity would dispel rather than cause confusion, however, because the websites are separate and distinct, suggesting two completely unrelated business entities." 611 F.3d at 778; *see also Therma-Scan, Inc. v. Thermoscan, Inc.*, 295 F.3d 623, 637 (6th Cir. 2002) (noting that the availability of information about the parties' goods on the internet does not lead to the conclusion that they use the same marketing channels).

We therefore conclude that this factor weighs heavily in Amazon's favor.

F. Amazon's Intent

In the forward-confusion context, the intent factor asks whether the "defendant adopted [the] plaintiff's mark with the intention of deriving a benefit from the plaintiff's business reputation." *Frehling*, 192 F.3d at 1340. This is because in forward-confusion cases, "customers mistakenly think that the junior user's goods or services are from the same source as or are connected with the senior user's goods or services." 4 McCarthy, *supra*, § 23:10. Without precedent pointing in any other direction, the district court understandably applied this test for intent and found that Amazon did not adopt the fireTV mark with any intent to derive a benefit from Wreal's FyreTV mark.

But reverse-confusion cases are different. In this context, the concern is that customers will "purchase the senior user's goods under the mistaken impression that they are getting the goods of the junior user." *Id.* In other words, that "the junior user's advertising and promotion so swamps the senior user's reputation in the market that customers are likely to be confused into thinking that the senior user's goods are those of the junior user." *Id.* In this case, Wreal is not suggesting that Amazon chose the fireTV mark with the intention of siphoning Wreal's goodwill; instead, Wreal claims that, by Amazon's use of the fireTV mark, Wreal has lost control over its own, more senior mark.

Courts have responded to this problem in varying ways. The Seventh Circuit, for example, has eliminated the intent element from its likelihood-of-confusion test in reverse-confusion cases. *See Sands*, 978 F.2d at 961. The Third Circuit has acknowledged that evidence of intent to infringe is not expected in reverse-confusion cases, but continues to consider such evidence if it exists. *See A & H Sportswear*, 237 F.3d at 232. And the Tenth Circuit, while similarly discounting the importance of the intent factor in reverse-confusion cases, has continued to apply it in the same manner in both forward- and reverse-confusion cases. *See Universal Money Ctrs., Inc. v. Am. Tel. & Tel. Co.*, 22 F.3d 1527, 1531–32 (10th Cir. 1994). Finally, the Ninth Circuit applies a modified version of the intent factor in reverse-confusion cases, under which indicia of intent may come from a variety of sources:

> At one extreme, intent could be shown through evidence that a defendant deliberately intended to push the plaintiff out of the market by flooding the market with advertising to create reverse confusion. Intent could also be shown by evidence that, for example, the defendant knew of the mark, should have known of the mark, intended to copy the plaintiff, failed to conduct a reasonably adequate trademark search, or otherwise culpably disregarded the risk of reverse confusion. The tenor of the intent inquiry shifts when considering reverse confusion due to the shift in the theory of confusion, but no specific type of evidence is necessary to establish intent, and the importance of intent and evidence presented will vary by case.

Marketquest Grp., Inc. v. BIC Corp., 862 F.3d 927, 934–35 (9th Cir. 2017) (citations omitted).

We agree with and adopt the Ninth Circuit's approach. Evidence of a specific intent to deceive is not a prerequisite to establish intent in reverse-confusion cases, as it is in forward-confusion cases. Indicia of intent can come from a wide variety of sources, including a more generalized intent to obtain market saturation or to proceed with the adoption of a mark in circumstances where the defendant had constructive knowledge of the plaintiff's mark. The facts of each case will vary, and district courts should accord the intent factor whatever weight it is due under the circumstances.

Here, applying this standard, the evidence of intent is strong. First, Amazon has admitted that, before launching the fireTV, it had actual knowledge of both the FyreBoXXX and Wreal's FyreTV trademark registration. *Wreal I*, 840 F.3d at 1247 ("Amazon was aware of Wreal's FyreTV mark when it launched Fire TV but did not contact Wreal before launching Fire TV."). Amazon's Vice President of Marketing further testified in his deposition that Amazon not only chose to proceed with its usage of the fireTV mark after becoming aware of the FyreTV registration, but that his "goal was customers ... if they search for Amazon Fire TV, if they search for our product I did not want them to first come across a porn site and have that experience." The district court, upon reviewing that testimony, concluded that no reasonable juror could view it and conclude that Amazon had any "bad faith (or other) intent to deceive consumers or drive Wreal out of the market." That conclusion was erroneous. The record evidence established that when Amazon launched the fireTV, it specifically tried to flood the market with advertising in an attempt to lower awareness of Wreal's similarly named mark. We take Amazon at its word, and we therefore conclude that the intent factor weighs heavily in favor of Wreal.

G. Actual Confusion

"[E]vidence of actual confusion is the best evidence of a likelihood of confusion." *Frehling* 192 F.3d at 1340. But the presence of such evidence is obviously not a prerequisite to a finding of likelihood of confusion, as it is one of seven factors considered in the likelihood-of-confusion determination. Indeed, "it is not necessary to show actual confusion. One merely has to show that the likelihood of confusion exists." *World Carpets, Inc. v. Dick Littrell's New World Carpets*, 438 F.2d 482, 489 (5th Cir. 1971). But in assessing the quantum of actual confusion required for a finding in the plaintiff's favor, even a "very little" amount of actual confusion is highly probative. *See id.*

"The strength of such evidence depends on 'the number of instances of confusion,' 'the kinds of persons confused' and the 'degree of confusion.'" [cit]. But even more important than the *number* of persons confused is the *type* of person confused; our "caselaw makes plain that the consumers of the relevant product or service, especially the mark holder's customers, turn the key." [cit]. Indeed, we have accorded "substantial weight" to any instances of "evidence that actual customers were confused by the use of a mark as opposed to other categories of people." *Aronowitz v. Health-Chem Corp.*, 513 F.3d 1229, 1240 (11th Cir. 2008) (quoting *Safeway Stores*, 675 F.2d at 1167).

In reverse-confusion cases, evidence of forward confusion will usually be probative. *See Freedom Card, Inc. v. JPMorgan Chase & Co.*, 432 F.3d 463, 473 (3d Cir. 2005). But even more relevant is direct evidence of *reverse* confusion—i.e., evidence that consumers of the plaintiff's more senior mark became confused as to its source following the launch of the defendant's more junior mark. *See Sterling Drug, Inc. v. Bayer AG*, 14 F.3d 733, 741 (2d Cir. 1994) (noting that, in a reverse-confusion claim, "the relevant issue is whether consumers mistakenly believe that the senior user's products actually originate with the junior user" and that "it is appropriate to survey the senior user's customers"). Survey evidence—while perhaps more accurately described as circumstantial evidence of confusion rather than direct evidence—is, of course, admissible.[16] But because the theory of reverse confusion depends on market saturation by the defendant's mark, a reliable survey "cannot be run in a reverse confusion case prior to the junior user's saturation of the market with its mark because, until that time, consumers have not been exposed to the relatively large advertising and promotion of the junior user that is the hallmark of a reverse confusion case." 4 McCarthy, *supra*, § 23:10.

The record evidence here contains some evidence of actual confusion. For example, Wreal introduced evidence that one of its customers asked over Twitter, "Did you guys just merge with Amazon?" And one of Amazon's customers communicated with Amazon to ask whether he could access "adult content" on his Amazon "fyre" TV. Both instances directly suggest reverse confusion; the first consumer believed Amazon had purchased Wreal's trademark, and the second consumer contacted Amazon to inquire about Wreal's product. But these are the only two true instances of confusion present in the record.

Amazon and Wreal both also introduced survey evidence regarding the rate of confusion. Dr. Thomas Maronick, who testified for Wreal at the preliminary injunction hearing, conducted a preliminary survey in April 2014 and found "very low consumer confusion" between FyreTV and fireTV. Dr. Maronick also testified that awareness of the FyreTV mark was "very low." In a similar vein, Dr. Dan Sarel, Amazon's expert, conducted a consumer survey and found a confusion rate of one percent, which he testified was "nonexistent" and "statistically insignificant."

[16] See Harvey S. Perlman, *The Restatement of the Law of Unfair Competition: A Work in Progress,* 80 Trademark Rep. 461, 472 (1990) ("Most surveys do not measure actual confusion. Surveys only give us information about a controlled and artificial world from which we are asked to draw inferences about the real world.").

We hesitate to give significant weight to either the specifically identified instances of actual confusion or the surveys. Amazon introduced evidence from an expert witness, Peter Lehman, that tended to suggest that watching pornography is an inherently shameful act, and that consumers of pornography are less likely to report their consumption than consumers of other media. With this testimony in mind, we turn first to the first two instances of actual confusion.

Our caselaw is clear that the "the quantum of evidence needed to show actual confusion is relatively small." *Jellibeans, Inc.,* 716 F.2d at 845. But our caselaw imposes no hard-and-fast rule regarding the number of instances required to prevail. "Rather, the court must evaluate the evidence of actual confusion in the light of the totality of the circumstances involved." *AmBrit*, 812 F.2d at 1543; *accord World Carpets*, 438 F.2d at 489 (5th Cir. 1971)[19] ("[R]eason tells us that while very little proof of actual confusion would be necessary to prove the likelihood of confusion, an almost overwhelming amount of proof would be necessary to refute such proof.").

Our previous decisions serve as guides. In *Safeway Stores*, when reviewing a district court's findings following a bench trial, we held that a mere two instances of confusion from relevant consumers was worthy of consideration. 675 F.2d at 1166–67, *abrogation recognized on other grounds*, *PlayNation Play Sys., Inc. v. Velex Corp.*, 924 F.3d 1159, 1166 (11th Cir. 2019). Additionally, in *Caliber Automotive*, we stated that two instances of confusion among professional buyers weighed in the plaintiff's favor at the summary judgment stage. 605 F.3d at 937–38. In contrast, in *Frehling*, when reversing the district court's entry of judgment for the defendant following a bench trial, we concluded that a single instance of actual confusion from a "professional buyer" while "sufficient to raise an inference of actual confusion" was "not sufficiently dispositive so as to favor either side in an appreciable fashion." 192 F.3d at 1341.

Perhaps most analogous are our decisions in *AmBrit* and *PlayNation*. In *AmBrit* as in this case, the relevant products (ice cream novelties there and set-top boxes, here) were sold to the general public, not professional buyers, and had a "high volume of sales" (at least, such is the case for the fireTV here). *See* 812 F.2d at 1544. The district court in *AmBrit*, after a bench trial, found that four instances of actual confusion supported a finding of actual confusion in favor of the plaintiff. *See id.* And we, reviewing for clear error, affirmed. *See id.* at 1544–45. Similarly, in *PlayNation*, the products at issue were playground equipment and pull-up bars which, like ice cream novelties and set-top boxes, are sold to the general public rather than to professional buyers. *See* 924 F.3d at 1164. Following a bench trial, the district court found that just two instances of actual confusion—in which the plaintiff's customers contacted the defendant for customer support—were sufficient to support a finding of actual confusion. *See id.* at 1167. On appeal, we affirmed the ruling. *See id.* at 1167–68.

As in *AmBrit* and *PlayNation*, the reported instances of confusion in this case are relatively few. Even after years of litigation, Wreal is able to identify only two instances of potential or actual Wreal consumers being confused as to the source of its product. But the record also contains expert testimony that consumers of pornography are less likely to report their consumption than consumers of other media. Given that we are obliged to "evaluate the evidence of actual confusion in the light of the totality of the circumstances involved," *AmBrit*, 812 F.2d at 1543, we find it appropriate here to take that expert testimony into account when considering the number of reported instances of actual confusion. Although a close call, we conclude that the two reported instances of actual confusion here are sufficient to make the issue one of triable fact and thus weighs in Wreal's favor.

Turning to the survey evidence, both parties advance a number of arguments either for or against the consideration of the surveys. But given that we conclude that the instances of actual confusion present in the record are sufficient to push this factor in Wreal's favor, we conclude that it is unnecessary to also address the issue of survey evidence especially as a plaintiff need not present survey evidence in a trademark claim in order to escape summary judgment. *See PlayNation*, 924 F.3d at 1169 ("Lack of survey evidence does not weigh against the plaintiff when determining likelihood of confusion."); *Midwestern Pet Foods, Inc. v. Societe des Produits Nestle S.A.*, 685 F.3d 1046, 1054 (Fed. Cir. 2012) ("[N]either the Board nor this court has required survey evidence in order to show a likelihood of confusion."); *Badger Meter v. Grinnell Corp.*, 13 F.3d 1145, 1153 (7th Cir. 1994) ("[Defendant] argues strenuously that [plaintiff's] failure to introduce any market survey evidence of likely consumer confusion militates against finding such a likelihood; once again, however, this goes to the weight and not to the sufficiency of the evidence."). And, as already noted above, at least in our circuit, survey evidence in trademark actions has always been viewed with a skeptical eye. *See Frehling*, 192 F.3d at 1341 n.5 ("This Circuit ... has moved away from relying on survey evidence [in trademark cases]."); *Safeway Stores*, 675 F.2d at 1167 n.10 (noting that our circuit has "followed the trend of cases in the former Fifth Circuit, in which market surveys have not fared well as evidence in trademark cases").

IV. CONCLUSION

This case addresses the application of the seven likelihood-of-confusion factors to a reverse-confusion trademark infringement case. Although some of those factors are analyzed and applied in the same way in both reverse-confusion cases and the more familiar forward-confusion cases, there are important differences in how other factors are analyzed and applied that stem from the fact that the harm and the theory of infringement differ between forward and reverse confusion.

Here, the record evidence establishes that Amazon acquired actual knowledge of Wreal's registered trademark and still launched a product line with a phonetically similar name. The two marks at issue are nearly identical, the commercial strength of Amazon's mark is consistent with Wreal's theory of recovery, the parties' services are the kind that a reasonable consumer could attribute to a single source, and the record establishes that Amazon intended to swamp the market with its advertising campaign. Furthermore, Wreal has identified two consumers who a reasonable juror could conclude were confused by Amazon's chosen mark.

As noted throughout our decision, there is no mechanical formula for applying the seven factors relating to likelihood of confusion. But when considering all seven factors as they apply to a theory of reverse confusion and taking all the circumstances of this case into account on the record before us, we conclude that they weigh heavily in favor of Wreal and that the district court erred when it entered summary judgment in Amazon's favor. We therefore reverse the district court's order. This is not to say that Amazon may not ultimately prevail on the merits; rather, it must do so before a jury.

[*Reversed and remanded.*]

NOTES AND QUESTIONS

1. *What's the harm?* If you were a judge, would you favor recognizing the reverse confusion theory if the question came to you on first impression? In thinking about this question, consider how you would characterize the harm (if any) that reverse confusion causes. Is it that purchasers are likely to assume that the senior user's product/service actually originates with the junior user, thereby undermining the senior user's investment in goodwill? Or is it that purchasers are likely to assume that the senior user is actually the later comer and potentially an infringer of the junior user's mark? Or is it something else entirely? See Anthony L. Fletcher, *The Curious Doctrine of Reverse Confusion — Getting It Right in Reverse*, 95 TRADEMARK REP. 1273, 1306 (2005) (tracing the evolution of the case law and concluding that the "most difficult, and least analyzed, issue in reverse confusion cases is relief"); *Attrezzi, LLC v. Maytag Corp.*, 436 F.3d 32 (1st Cir. 2006) (explaining sources of harm to senior mark owner caused by reverse confusion); *see also Visible Sys. Corp. v. Unisys Corp.*, 551 F.3d 65 (1st Cir. 2008) (upholding finding of reverse confusion). In *Visible Systems*, the alleged harm to Visible Systems was the incorrect perception that it had been acquired by Unisys. Visible Systems was a small software company; Unisys was a large computer manufacturer. There was evidence in the case that Visible Systems' competitors were initially other small software companies, but that over time these companies had been acquired by larger companies such as IBM. Thus, when Unisys used the mark at issue, consumers might think that Unisys had acquired Visible Systems, potentially harming Visible Systems' reputation.

2. *Alterations to the confusion analysis*. Are you persuaded by the *Wreal* court's arguments about altering the confusion analysis to make it suitable for reverse confusion cases? For another discussion of potential alterations to the test, see *Dreamwerks Prod. Grp, Inc. v. SKG Studio*, 142 F.3d 1127 (9th Cir. 1998) (noting that the strength of the junior user's mark is probative on reverse confusion, and questioning the relevance of the intent factor). For an example of a case in which the court simply followed the factors analysis without alteration, see *Harlem Wizards Entm't Basketball, Inc. v. NBA Properties, Inc.*, 952 F. Supp. 1084 (D.N.J. 1997), discussed in the introduction to this section. *See also Current Commc'ns Group LLC v. Current Media LLC*, 76 U.S.P.Q.2d (BNA) 1686, 1692 (S.D. Ohio 2005) (stating that "just labeling a case a 'reverse confusion case' does not alter the analysis significantly"). Which of these approaches best fits the reverse confusion theory?

3. *Reverse confusion and the intent factor.* In a reverse confusion case, the relevant intent is not whether the junior user intended to trade off the senior user's goodwill, but rather whether the junior user intended to overwhelm the senior user. How might a mark owner prove intent in a reverse confusion case? With the same type of evidence that would be used in a forward confusion case? In a reverse confusion case, what weight should be placed on the junior user's failure to conduct a trademark search (or to follow up on a trademark search when it identifies a senior user)? *See Fisons Horticulture, Inc. v. Vigoro Indus., Inc.*, 30 F.3d 466, 480 (3d Cir. 1994) ("The questions the district court should consider here are whether [the junior user] conducted an adequate name search for other companies marketing similar goods under trademarks including the name 'Fairway,' and whether it followed through with its investigation when it found there were such companies" as opposed to exhibiting carelessness); *cf. Star Indus., Inc. v. Bacardi & Co. Ltd.*, 412 F.3d 373, 388 n.3 (2d Cir. 2005) (the approach to intent in *Fisons* "is at odds with this circuit's precedents, which preclude finding bad faith on the basis of an inadequate trademark search, at least in the absence of evidence that the inadequate design or the failure to correct inadequacies in the search was motivated by an intent to sow consumer confusion or to exploit the good will or reputation of the senior user"), *cert. denied*, 547 U.S. 1019 (2006).

4. *Reverse confusion and the strength factor*. The *Wreal* court analyzes the mark strength factor (in Part A, under the heading "Distinctiveness") on the basis that (1) the commercial strength of the junior user's mark favors reverse confusion, and that (2) the relative conceptual strength of the senior user's mark favors reverse confusion. Do you agree with both propositions? Some cases appear to follow this approach. *See Attrezzi, LLC v. Maytag Corp.*, 436 F.3d 32 (1st Cir. 2006); *Surfvivor Media, Inc. v. Survivor Productions*, 406 F.3d 625 (9th Cir. 2005). *But see M2 Software, Inc. v. Madacy Entm't*, 421 F.3d 1073 (9th Cir. 2005) (conducting a standard mark strength analysis in a case involving claims of both forward and reverse confusion). For additional examples from the district courts illustrating variations in the mark strength analysis, see *Playmakers, LLC v. ESPN, Inc.*, 297 F. Supp. 2d 1277 (W.D. Wash. 2003) (finding that plaintiff's mark—PLAYMAKERS for a sports agency—was suggestive, and therefore conceptually "somewhat weak," and that defendant ESPN's mark—PLAYMAKERS as the title of a sports-related television series—was commercially "exceptionally strong," and concluding that the strength factor tipped slightly in plaintiff's favor), aff'd, 376 F.3d 894 (2004); *Macia v. Microsoft Corp.*, 335 F. Supp. 2d 507, 511-12 (D. Vt. 2004) (observing that the commercial strength of the senior user's mark deserves little weight in a reverse confusion case, but failing to analyze the commercial strength of the junior user's mark, where Microsoft was the junior user). *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.

5. *Reverse confusion and the actual confusion factor.* In a reverse confusion case, who precisely is the relevant consumer? The senior user's customer base? Customers of both the senior and junior users? Potential customers of both? Consider how your answers might affect the admissibility of confusion evidence. Suppose that your opponent in a trademark case conducted a survey to attempt to show reverse confusion, but the senior user's customers were not among the survey population. Would this constitute an inadmissible survey? *See Citizens Fin. Grp., Inc. v. Citizens Nat'l Bank of Evans City*, 383 F.3d 110 (3d Cir. 2004). According to *A & H*, cited in *Wreal*, a showing of actual confusion in a reverse confusion case may rest in part on evidence of forward actual confusion. The *A & H* court declined to create a "strict bar" to the use of evidence of forward actual confusion in a reverse confusion case, instead predicting that cases may well involve evidence of both forward and reverse actual confusion. Do you agree?

6. *Reverse confusion and the relevant consumer.* Ironhawk asserts rights in SMARTSYNC for software, which it currently markets only to the United States Navy. Ironhawk has sued Dropbox, asserting reverse confusion arising from the latter's use of SMART SYNC in connection with cloud computing software marketed to a large consumer base comprised of individuals and businesses. For purposes of the reverse confusion analysis, should the relevant consumer be the United States Navy, a sophisticated consumer whose purchases involve multiple levels of review? Or should it extend to private sector customers that Ironhawk hopes to develop in the future? See *Ironhawk Techs., Inc. v. Dropbox, Inc.*, 994 F.3d 1107 (9th Cir. 2021) (refusing to limit the relevant consumer solely to the Navy). In general, given the nature of reverse confusion, should the relevant consumer be defined to extend beyond the plaintiff's existing customer base?

7. *Combining forward and reverse confusion theories.* Should courts also be advised against creating any rigid division between forward and reverse confusion theories? In *Freedom Card, Inc. v. JPMorgan Chase & Co.*, 432 F.3d 463 (3d Cir. 2005), JP Morgan sought a declaration that its use of

CHASE FREEDOM CARD for credit cards did not infringe a senior user's rights in FREEDOM CARD for credit cards. After using the mark for a short time, the senior user (Urban Television Network) stopped promoting its cards in December 2001. JPMorgan began promoting the mark CHASE FREEDOM CARD in January 2003. The senior user claimed that it had planned to partner with other firms to expand efforts to market its cards, but that potential partners lost interest once JPMorgan entered the market. If you were representing the senior user, would you frame an infringement counterclaim as a claim of forward confusion? Reverse confusion? Both? In the actual case, the district court granted summary judgment of no likelihood of confusion, applying the standard multi-factor test for forward confusion, and not mentioning reverse confusion. Has the district court committed error by failing to invoke reverse confusion and failing to apply the altered multi-factor test for reverse confusion?

8. *Is reverse confusion a "likelihood of" theory?* Is reverse confusion a "likelihood of" theory, or rather a theory calling for evidence of consummated confusion? If not, then perhaps reverse confusion should be said to occur when the evidence shows that the junior user is likely to saturate the market with a similar trademark and is likely to overwhelm the senior user. Are you satisfied with this description? Is it problematic for courts to speculate about the likelihood of saturation? Or is this no more speculative than forward confusion? For a practical take on this debate, see *M2 Software, Inc. v. Madacy Entm't*, 421 F.3d 1073 (9th Cir. 2005) (analyzing whether a jury instruction on reverse confusion using the "saturate the market" language erroneously suggests that reverse confusion requires a showing of existing market saturation). If a mark owner is unable to make a plausible allegation of actual reverse confusion, should a court dismiss on the pleadings under Rule 12(b)(6)? See *Fortres Grand Corp. v. Warner Bros. Entm't Inc.*, 763 F.3d 696 (7th Cir. 2014) (upholding a motion to dismiss a reverse confusion allegation based on the lack of a plausible actual confusion allegation and an analysis of other confusion factors).

9. *Reverse confusion in the Section 2(d) context.* The Federal Circuit and TTAB have employed reverse confusion theories to sustain oppositions under Section 2(d) and to uphold the denial of registrations under Section 2(d). *See, e.g., Hilson Research Inc. v. Soc'y for Human Res. Mgmt.*, 27 U.S.P.Q.2d (BNA) 1423 (TTAB 1993) (sustaining opposition on the ground of reverse confusion); *In re Shell Oil Co.*, 992 F.2d 1204 (Fed. Cir. 1993) (affirming denial of registration on ground of reverse confusion).

10. *Reverse confusion and remedies*. Where reverse confusion is established, how should the court fashion appropriate injunctive relief? In a reverse confusion case, by definition, the mark owner is likely to have a small imprint in the market relative to the infringer. Should this mean that injunctive relief should be limited in scope? For example, where the mark owner used UBER PROMOTIONS for various services, including passenger transportation services, in the Gainesville, Florida, area, the court concluded that the mark owner was likely to succeed in establishing reverse confusion arising from the defendant's use of UBER for ride-sharing services, but granted preliminary injunctive relief that was limited in various ways, including geographically (to the county in which Gainesville was located). *Uber Promotions, Inc. v. Uber Techs., Inc.*, 162 F.Supp.3d 1253, 1281-82 (N.D. Fla. 2016). Is such a limitation consistent with sound trademark policy? Does your answer turn on the fact that the case involved in-person services?

11. *Reverse confusion: examples.* For cases finding reverse confusion, *see, e.g., Big O Tire Dealers, Inc. v. Goodyear Tire & Rubber Co.*, 561 F.2d 1365 (10th Cir. 1977) (Goodyear's use of the mark BIGFOOT is likely to cause reverse confusion with the products from the plaintiff dealer); *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947 (7th Cir. 1992) (defendant Quaker Oats' use of the mark GATORADE IS THIRST AID is likely to cause confusion with senior user's registered mark, THIRST-AID); *Banff, Ltd. v. Federated Dep't Stores, Inc.*, 841 F.2d 486 (2d Cir. 1988) (Bloomingdale's

"B Wear" women's clothing line likely to cause reverse confusion with Banff's women's apparel line called "Bee Wear"). *See also Commerce Nat'l Ins. Servs., Inc. v. Commerce Ins. Agency, Inc.*, 214 F.3d 432 (3d Cir. 2000) (use of COMMERCE by bank's insurance services division is likely to cause reverse confusion with the COMMERCE mark owned by Commerce Insurance Agency); *Dreamwerks Prod. Grp., Inc. v. SKG Studio*, 142 F.3d 1127 (9th Cir. 1998) (summary judgment for defendant is reversed and remanded because defendant studio's mark "DreamWorks" could constitute reverse confusion with plaintiff's mark "Dreamwerks" used for science fiction conventions).

For cases recognizing the reverse confusion theory but finding no reverse confusion on the facts presented, *see, e.g., Cohn v. Petsmart, Inc.*, 281 F.3d 837 (9th Cir. 2002) (pet supply store's use of the mark WHERE PETS ARE FAMILY is not likely to cause reverse confusion with a veterinarian's use of the same phrase); *MicroStrategy Inc. v. Motorola, Inc.*, 245 F.3d 335 (4th Cir. 2001) (defendant Motorola's use of mark INTELLIGENCE EVERYWHERE not likely to cause reverse confusion with software company's use of the same phrase); *Walter v. Mattel, Inc.*, 210 F.3d 1108 (9th Cir. 2000) ("Pearl Beach Barbie" is not likely to cause reverse confusion with plaintiff's mark "Pearl Beach" used in commercial illustrations for advertisements, brochures, and product packaging); *W.W.W. Pharm. Co. v. Gillette Co.*, 984 F.2d 567 (2d Cir. 1993) (plaintiff's use of SPORTSTICK for lip balm not likely to cause reverse confusion with junior user's mark RIGHT GUARD SPORT STICK); *Chattanoga Mfg, Inc. v. Nike, Inc.*, 140 F. Supp. 2d 917 (N.D. Ill. 2001) (defendant Nike's use of JORDAN for apparel line named after Michael Jordan not likely to cause reverse confusion with plaintiff's use of JORDAN for women's clothing line), aff'd as modified, 301 F.3d 789 (2002).

At pages 687-89, add the following to the end of Note 6:

According to the Ninth Circuit, the common thread in all of these cases (including, perhaps surprisingly, *Omega*) is that "willful blindness for contributory trademark liability requires the defendant to have specific knowledge of infringers or instances of infringement." *Y.Y.G.M. SA v. Redbubble, Inc.*, 2023 WL 4697350 (9th Cir. July 24, 2023). Once a defendant knows about specific instances of infringement, a defendant's bona fide efforts to stop the activity could shield the defendant from contributory liability, even if those efforts do not succeed. "What constitutes bona fide efforts will vary based on the context," the Ninth Circuit stated. *Id.* at *5 (distinguishing between what might be reasonable for a flea market operator as opposed to the operator of a vast online marketplace).

NON-CONFUSION-BASED TRADEMARK LIABILITY THEORIES

8

At Page 750, add the following to Note 6:

See also Prudential Ins. Co. of Am. v. Shenzhen Stone Network Info. Ltd., 58 F.4th 785, 797 (4th Cir. 2023) ("we join the Third and Eleventh Circuits in holding that the term 'registers' and its derivatives extend to each registration of a domain name, including the initial registration and any subsequent re-registrations.")

PERMISSIBLE USES OF ANOTHER'S TRADEMARK

9

At page 908, add the following cases and Notes and Questions after Note 4:

JACK DANIEL'S PROPERTIES, INC. v. VIP PRODUCTS LLC
143 S.Ct. 1578 (2023)

Justice KAGAN:

This case is about dog toys and whiskey, two items seldom appearing in the same sentence. Respondent VIP Products makes a squeaky, chewable dog toy designed to look like a bottle of Jack Daniel's whiskey. Though not entirely. On the toy, for example, the words "Jack Daniel's" become "Bad Spaniels." And the descriptive phrase "Old No. 7 Brand Tennessee Sour Mash Whiskey" turns into "The Old No. 2 On Your Tennessee Carpet." The jokes did not impress petitioner Jack Daniel's Properties. It owns trademarks in the distinctive Jack Daniel's bottle and in many of the words and graphics on the label. And it believed Bad Spaniels had both infringed and diluted those trademarks. Bad Spaniels had infringed the marks, the argument ran, by leading consumers to think that Jack Daniel's had created, or was otherwise responsible for, the dog toy. And Bad Spaniels had diluted the marks, the argument went on, by associating the famed whiskey with, well, dog excrement.

The Court of Appeals, in the decision we review, saw things differently. Though the federal trademark statute makes infringement turn on the likelihood of consumer confusion, the Court of Appeals never got to that issue. On the court's view, the First Amendment compels a stringent threshold test when an infringement suit challenges a so-called expressive work—here (so said the court), the Bad Spaniels toy. And that test knocked out Jack Daniel's claim, whatever the likelihood of confusion. Likewise, Jack's dilution claim failed—though on that issue the problem was statutory. The trademark law provides that the "noncommercial" use of a mark cannot count as dilution. 15 U.S.C. § 1125(c)(3)(C). The Bad Spaniels marks, the court held, fell within that exemption because the toy communicated a message—a kind of parody—about Jack Daniel's.

Today, we reject both conclusions. The infringement issue is the more substantial. In addressing it, we do not decide whether the threshold inquiry applied in the Court of Appeals is ever warranted. We hold only that it is not appropriate when the accused infringer has used a trademark to designate the source of its own goods—in other words, has used a trademark as a trademark. That kind of use falls within the heartland of trademark law, and does not receive special First Amendment protection. The dilution issue is more simply addressed. The use of a mark does not count as noncommercial just because it parodies, or otherwise comments on, another's products.

I

A

Start at square 1, with what a trademark is and does. The Lanham Act, the core federal trademark statute, defines a trademark as follows: "[A]ny word, name, symbol, or device, or any combination thereof " that a person uses "to identify and distinguish his or her goods ... from those manufactured or sold by others and to indicate the source of the goods." § 1127. The first part of that definition, identifying the kind of things covered, is broad: It encompasses words (think "Google"), graphic designs (Nike's swoosh), and so-called trade dress, the overall appearance of a product and its packaging (a Hershey's Kiss, in its silver wrapper). *See Wal-Mart Stores, Inc. v. Samara Brothers, Inc*., 529 U.S. 205, 209–210 (2000). The second part of the definition describes every trademark's "primary" function: "to identify the origin or ownership of the article to which it is affixed." *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412 (1916). Trademarks can of course do other things: catch a consumer's eye, appeal to his fancies, and convey every manner of message. But whatever else it may do, a trademark is not a trademark unless it identifies a product's source (this is a Nike) and distinguishes that source from others (not any other sneaker brand). In other words, a mark tells the public who is responsible for a product.

In serving that function, trademarks benefit consumers and producers alike. A source-identifying mark enables customers to select "the goods and services that they wish to purchase, as well as those they want to avoid." *Matal v. Tam*, 582 U.S. 218, 224 (2017). The mark "quickly and easily assures a potential customer that this item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past." *Qualitex Co. v. Jacobson Products Co.,* 514 U.S. 159, 164 (1995). And because that is so, the producer of a quality product may derive significant value from its marks. They ensure that the producer itself—and not some "imitating competitor"—will reap the financial rewards associated with the product's good reputation.

To help protect marks, the Lanham Act sets up a voluntary registration system. Any mark owner may apply to the Patent and Trademark Office to get its mark placed on a federal register. Consistent with trademark law's basic purpose, the lead criterion for registration is that the mark "in fact serve as a 'trademark' to identify and distinguish goods." 3 McCarthy § 19:10 (listing the principal register's eligibility standards). If it does, and the statute's other criteria also are met, the registering trademark owner receives certain benefits, useful in infringement litigation. See, e.g., *Iancu v. Brunetti*, 139 S.Ct. 2294, 2297 (2019) (noting that "registration constitutes 'prima facie evidence' of the mark's validity"). But the owner of even an unregistered trademark can "use [the mark] in commerce and enforce it against infringers." Ibid.

The Lanham Act also creates a federal cause of action for trademark infringement. In the typical case, the owner of a mark sues someone using a mark that closely resembles its own. The court must decide whether the defendant's use is "likely to cause confusion, or to cause mistake, or to deceive." §§ 1114(1)(A), 1125(a)(1)(A). The "keystone" in that statutory standard is "likelihood of confusion." And the single type of confusion most commonly in trademark law's sights is confusion "about the source of a product or service." *Moseley v. V Secret Catalogue, Inc*., 537 U.S. 418, 428 (2003). Confusion as to source is the bête noire of trademark law—the thing that stands directly opposed to the law's twin goals of facilitating consumers' choice and protecting producers' good will.

Finally, the Lanham Act creates a cause of action for the dilution of famous marks, which can succeed without likelihood of confusion. See § 1125(c); *Moseley*, 537 U.S., at 431. A famous mark is one "widely recognized" by the public as "designati[ng the] source" of the mark owner's goods. § 1125(c)(2)(A). Dilution of such a mark can occur "by tarnishment" (as well as by "blurring," not relevant here). § 1125(c)(1). As the statute describes the idea, an "association arising from the similarity between" two marks—one of them famous—may "harm[ ] the reputation of the famous mark," and thus make the other mark's owner liable. § 1125(c)(2)(C). But there are "[e]xclusions"—categories of activity not "actionable as dilution." § 1125(c)(3). One exclusion protects any "noncommercial use of a mark." § 1125(c)(3)(C). Another protects a "fair use" of a mark "in connection with ... parodying, criticizing, or commenting upon the famous mark owner or [its] goods." § 1125(c)(3)(A)(ii). The fair-use exclusion, though, comes with a caveat. A defendant cannot get its benefit—even if engaging in parody, criticism, or commentary—when using the similar-looking mark "as a designation of source for the [defendant's] own goods." § 1125(c)(3)(A). In other words, the exclusion does not apply if the defendant uses the similar mark as a mark.

B

A bottle of Jack Daniel's—no, Jack Daniel's Old No. 7 Tennessee Sour Mash Whiskey—boasts a fair number of trademarks. Recall what the bottle looks like (or better yet, retrieve a bottle from wherever you keep liquor; it's probably there):

"Jack Daniel's" is a registered trademark, as is "Old No. 7." So too the arched Jack Daniel's logo. And the stylized label with filigree (i.e., twirling white lines). Finally, what might be thought of as the platform for all those marks—the whiskey's distinctive square bottle—is itself registered.

VIP is a dog toy company, making and selling a product line of chewable rubber toys that it calls "Silly Squeakers." (Yes, they squeak when bitten.) Most of the toys in the line are designed to look like—and to parody—popular beverage brands. There are, to take a sampling, Dos Perros (cf. Dos Equis), Smella Arpaw (cf. Stella Artois), and Doggie Walker (cf. Johnnie Walker). VIP has registered trademarks in all those names, as in the umbrella term "Silly Squeakers."

In 2014, VIP added the Bad Spaniels toy to the line. VIP did not apply to register the name, or any other feature of, Bad Spaniels. But according to its complaint (further addressed below), VIP both "own[s]" and "use[s]" the "'Bad Spaniels' trademark and trade dress." And Bad Spaniels' trade dress, like the dress of many Silly Squeakers toys, is designed to evoke a distinctive beverage bottle-with-label. Even if you didn't already know, you'd probably not have much trouble identifying which one.

Bad Spaniels is about the same size and shape as an ordinary bottle of Jack Daniel's. The faux bottle, like the original, has a black label with stylized white text and a white filigreed border. The words "Bad Spaniels" replace "Jack Daniel's" in a like font and arch. Above the arch is an image of a spaniel. (This is a dog toy, after all.) Below the arch, "The Old No. 2 On Your Tennessee Carpet" replaces "Old No. 7 Tennessee Sour Mash Whiskey" in similar graphic form. The small print at the bottom substitutes "43% poo by vol." and "100% smelly" for "40% alc. by vol. (80 proof)."

The toy is packaged for sale with a cardboard hangtag (so it can be hung on store shelves). Here is the back of the hangtag:

At the bottom is a disclaimer: "This product is not affiliated with Jack Daniel Distillery." In the middle are some warnings and guarantees. And at the top, most relevant here, are two product logos—on the left for the Silly Squeakers line, and on the right for the Bad Spaniels toy.

Soon after Bad Spaniels hit the market, Jack Daniel's sent VIP a letter demanding that it stop selling the product. VIP responded by bringing this suit, seeking a declaratory judgment that Bad Spaniels neither infringed nor diluted Jack Daniel's trademarks. The complaint alleged, among other things, that VIP is "the owner of all rights in its 'Bad Spaniels' trademark and trade dress for its durable rubber squeaky novelty dog toy." Jack Daniel's counterclaimed under the Lanham Act for both trademark infringement and trademark dilution by tarnishment.

VIP moved for summary judgment on both claims. First, VIP argued that Jack Daniel's infringement claim failed under a threshold test derived from the First Amendment to protect "expressive works"—like (VIP said) the Bad Spaniels toy. When those works are involved, VIP contended, the so-called *Rogers* test requires dismissal of an infringement claim at the outset unless the complainant can show one of two things: that the challenged use of a mark "has no artistic relevance to the underlying work" or that it "explicitly misleads as to the source or the content of the work." *Rogers v. Grimaldi*, 875 F.2d 994, 999 (C.A.2 1989) (Newman, J.). Because Jack Daniel's could make neither showing, VIP argued, the likelihood-of-confusion issue became irrelevant. Second, VIP urged that Jack Daniel's could not succeed on a dilution claim because Bad Spaniels was a "parody[ ]" of Jack Daniel's, and therefore made "fair use" of its famous marks. § 1125(c)(3)(A)(ii).

The District Court rejected both contentions for a common reason: because VIP had used the cribbed Jack Daniel's features as trademarks—that is, to identify the source of its own products. In the court's view, when "another's trademark is used for source identification"—as the court thought was true here—the threshold *Rogers* test does not apply. Instead, the suit must address the "standard" infringement question: whether the use is "likely to cause consumer confusion." And likewise, VIP could not invoke the dilution provision's fair-use exclusion. Parodies fall within that exclusion, the court explained, only when the uses they make of famous marks do not serve as "a designation of source for the [alleged diluter's] own goods."

The case thus proceeded to a bench trial, where Jack Daniel's prevailed. The District Court found, based largely on survey evidence, that consumers were likely to be confused about the source of the Bad Spaniels toy. And the court thought that the toy, by creating "negative associations" with "canine excrement," would cause Jack Daniel's "reputational harm."

But the Court of Appeals for the Ninth Circuit reversed, ruling that the District Court had gotten the pretrial legal issues wrong. In the Ninth Circuit's view, the infringement claim was subject to the threshold *Rogers* test because Bad Spaniels is an "expressive work": Although just a dog toy, and "surely not the equivalent of the Mona Lisa," it "communicates a humorous message." The Court of Appeals therefore returned the case to the District Court to decide whether Jack Daniel's could satisfy either of *Rogers*' two prongs. And the Ninth Circuit awarded judgment on the dilution claim to VIP. The court did not address the statutory exclusion for parody and other fair use, as the District Court had. Instead, the Court of Appeals held that the exclusion for "noncommercial use" shielded VIP from liability. § 1125(c)(3)(C). The "use of a mark may be 'noncommercial,'" the court reasoned, "even if used to sell a product." And here it was so, the court found, because it "parodies" and "comments humorously" on Jack Daniel's.

On remand, the District Court found that Jack Daniel's could not satisfy either prong of *Rogers,* and so granted summary judgment to VIP on infringement. Jack Daniel's appealed, and the Ninth Circuit summarily affirmed.

We then granted certiorari to consider the Court of Appeals' rulings on both infringement and dilution.

II

Our first and more substantial question concerns Jack Daniel's infringement claim: Should the company have had to satisfy the *Rogers* threshold test before the case could proceed to the Lanham Act's likelihood-of-confusion inquiry?[4] The parties address that issue in the broadest possible way, either attacking or defending *Rogers* in all its possible applications. Today, we choose a narrower path. Without deciding whether *Rogers* has merit in other contexts, we hold that it does not when an alleged infringer uses a trademark in the way the Lanham Act most cares about: as a designation of source for the infringer's own goods. See § 1127. VIP used the marks derived from Jack Daniel's in that way, so the infringement claim here rises or falls on likelihood of confusion. But that inquiry is not blind to the expressive aspect of the Bad Spaniels toy that the Ninth Circuit highlighted. Beyond source designation, VIP uses the marks at issue in an effort to "parody" or "make fun" of Jack Daniel's. And that kind of message matters in assessing confusion because consumers are not so likely to think that the maker of a mocked product is itself doing the mocking.

[4] To be clear, when we refer to "the *Rogers* threshold test," we mean any threshold First Amendment filter.

A

To see why the *Rogers* test does not apply here, first consider the case from which it emerged. The defendants there had produced and distributed a film by Federico Fellini titled "Ginger and Fred" about two fictional Italian cabaret dancers (Pippo and Amelia) who imitated Ginger Rogers and Fred Astaire. When the film was released in the United States, Ginger Rogers objected under the Lanham Act to the use of her name. The Second Circuit rejected the claim. It reasoned that the titles of "artistic works," like the works themselves, have an "expressive element" implicating "First Amendment values." And at the same time, such names posed only a "slight risk" of confusing consumers about either "the source or the content of the work." So, the court concluded, a threshold filter was appropriate. When a title "with at least some artistic relevance" was not "explicitly misleading as to source or content," the claim could not go forward. But the court made clear that it was not announcing a general rule. In the typical case, the court thought, the name of a product was more likely to indicate its source, and to be taken by consumers in just that way.

Over the decades, the lower courts adopting *Rogers* have confined it to similar cases, in which a trademark is used not to designate a work's source, but solely to perform some other expressive function. So, for example, when the toymaker Mattel sued a band over the song "Barbie Girl"—with lyrics including "Life in plastic, it's fantastic" and "I'm a blond bimbo girl, in a fantasy world"—the Ninth Circuit applied *Rogers*. *Mattel, Inc. v. MCA Records, Inc.,* 296 F.3d 894, 901 (2002). That was because, the court reasoned, the band's use of the Barbie name was "not [as] a source identifier": The use did not "speak[ ] to [the song's] origin." *Id.,* at 900, 902; *see id.,* at 902 (a consumer would no more think that the song was "produced by Mattel" than would, "upon hearing Janis Joplin croon 'Oh Lord, won't you buy me a Mercedes Benz?,' ... suspect that she and the carmaker had entered into a joint venture"). Similarly, the Eleventh Circuit dismissed a suit under *Rogers* when a sports artist depicted the Crimson Tide's trademarked football uniforms solely to "memorialize" a notable event in "football history." *University of Ala. Bd. of Trustees v. New Life Art, Inc*., 683 F.3d 1266, 1279 (2012). And when Louis Vuitton sued because a character in the film The Hangover: Part II described his luggage as a "Louis Vuitton" (though pronouncing it Lewis), a district court dismissed the complaint under *Rogers*. See *Louis Vuitton Malletier S. A. v. Warner Bros. Entertainment Inc.,* 868 F.Supp.2d 172 (S.D.N.Y. 2012). All parties agreed that the film was not using the Louis Vuitton mark as its "own identifying trademark." When that is so, the court reasoned, "confusion will usually be unlikely," and the "interest in free expression" counsels in favor of avoiding the standard Lanham Act test.

The same courts, though, routinely conduct likelihood-of-confusion analysis, without mentioning *Rogers*, when trademarks are used as trademarks—i.e., to designate source. See, e.g., *JL Beverage Co., LLC v. Jim Beam Brands Co.,* 828 F.3d 1098, 1102–1103, 1106 (C.A.9 2016); *PlayNation Play Systems, Inc. v. Velex Corp.,* 924 F.3d 1159, 1164–1165 (C.A.11 2019). And the Second Circuit—*Rogers'* home court—has made especially clear that *Rogers* does not apply in that context. For example, that court held that an offshoot political group's use of the trademark "United We Stand America" got no *Rogers* help because the use was as a source identifier. See *United We Stand Am., Inc. v. United We Stand, Am. New York, Inc*., 128 F.3d 86, 93 (1997). True, that slogan had expressive content. But the defendant group, the court reasoned, was using it "as a mark," to suggest the "same source identification" as the original "political movement." And similarly, the Second Circuit (indeed, the judge who authored *Rogers*) rejected a motorcycle mechanic's view that his modified version of Harley Davidson's bar-and-shield logo was an expressive parody entitled to *Rogers*' protection. See *Harley-Davidson, Inc. v. Grottanelli*, 164 F.3d 806, 812–813 (1999). The court acknowledged that the mechanic's adapted logo conveyed a "somewhat humorous[ ]" message. But his use of the logo was a quintessential "trademark use": to brand his "repair and parts business"—through signage, a newsletter, and T-shirts—with images "similar" to Harley-Davidson's.

The point is that whatever you make of *Rogers*—and again, we take no position on that issue—it has always been a cabined doctrine. If we put this case to the side, the *Rogers* test has applied only to cases involving "non-trademark uses"—or otherwise said, cases in which "the defendant has used the mark" at issue in a "non-source-identifying way." S. Dogan & M. Lemley, *Grounding Trademark Law Through Trademark Use*, 92 Iowa L. Rev. 1669, 1684 (2007); see *id*., at 1683–1684, and n. 58. The test has not insulated from ordinary trademark scrutiny the use of trademarks as trademarks, "to identify or brand [a defendant's] goods or services." *Id.,* at 1683.

We offer as one last example of that limitation a case with a striking resemblance to this one. It too involved dog products, though perfumes rather than toys. Yes, the defendant sold "a line of pet perfumes whose names parody elegant brands sold for human consumption." *Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC,* 221 F.Supp.2d 410, 412 (S.D.N.Y. 2002). The product at issue was named Timmy Holedigger—which Tommy Hilfiger didn't much like. The defendant asked for application of *Rogers*. The court declined it, relying on *Harley-Davidson*. *Rogers*, the court explained, kicks in when a suit involves solely "nontrademark uses of [a] mark—that is, where the trademark is not being used to indicate the source or origin" of a product, but only to convey a different kind of message. When, instead, the use is "at least in part" for "source identification"—when the defendant may be "trading on the good will of the trademark owner to market its own goods"—*Rogers* has no proper role. And that is so, the court continued, even if the defendant is also "making an expressive comment," including a parody of a different product. The defendant is still "mak[ing] trademark use of another's mark," and must meet an infringement claim on the usual battleground of "likelihood of confusion."

That conclusion fits trademark law, and reflects its primary mission. From its definition of "trademark" onward, the Lanham Act views marks as source identifiers—as things that function to "indicate the source" of goods, and so to "distinguish" them from ones "manufactured or sold by others." § 1127. The cardinal sin under the law, as described earlier, is to undermine that function. It is to confuse consumers about source—to make (some of) them think that one producer's products are another's. And that kind of confusion is most likely to arise when someone uses another's trademark as a trademark—meaning, again, as a source identifier—rather than for some other expressive function. To adapt one of the cases noted above: Suppose a filmmaker uses a Louis Vuitton suitcase to convey something about a character (he is the kind of person who wants to be seen with the product but doesn't know how to pronounce its name). Now think about a different scenario: A luggage manufacturer uses an ever-so-slightly modified LV logo to make inroads in the suitcase market. The greater likelihood of confusion inheres in the latter use, because it is the one conveying information (or misinformation) about who is responsible for a product. That kind of use "implicate[s] the core concerns of trademark law" and creates "the paradigmatic infringement case." G. Dinwoodie & M. Janis, *Confusion Over Use: Contextualism in Trademark Law*, 92 Iowa L. Rev. 1597, 1636 (2007). So the *Rogers* test—which offers an escape from the likelihood-of-confusion inquiry and a shortcut to dismissal—has no proper application.[5]

Nor does that result change because the use of a mark has other expressive content—i.e., because it conveys some message on top of source. Here is where we most dramatically part ways with the Ninth Circuit, which thought that because Bad Spaniels "communicates a humorous message," it is automatically entitled to *Rogers*' protection. On that view, *Rogers* might take over much of the world. For trademarks are often expressive, in any number of ways. Consider how one liqueur brand's trade dress (beyond identifying source) tells a story, with a bottle in the shape of a friar's habit connoting the product's olden monastic roots:

Or take a band name that "not only identifies the band but expresses a view about social issues." *Tam*, 582 U.S. at 245 (opinion of ALITO, J.) (discussing "The Slants"). Or note how a mark can both function as a mark and have parodic content—as the court found in the Hilfiger/Holedigger litigation. The examples could go on and on. As a leading treatise puts the point, the Ninth Circuit's expansion of *Rogers* "potentially encompasses just about everything" because names, phrases, symbols, designs, and their varied combinations often "contain some 'expressive' message" unrelated to source. 6 McCarthy § 31:144.50. That message may well be relevant in assessing the likelihood of confusion between two marks, as we address below. But few cases would even get to the likelihood-of-confusion inquiry if all expressive content triggered the *Rogers* filter. In that event, the *Rogers* exception would become the general rule, in conflict with courts' longstanding view of trademark law.

The Ninth Circuit was mistaken to believe that the First Amendment demanded such a result. The court thought that trademark law would otherwise "fail[ ] to account for the full weight of the public's interest in free expression." But as the Mattel (i.e., Barbie) court noted, when a challenged trademark use functions as "source-identifying," trademark rights "play well with the First Amendment": "Whatever first

[5] That is not to say (far from it) that every infringement case involving a source-identifying use requires full-scale litigation. Some of those uses will not present any plausible likelihood of confusion—because of dissimilarity in the marks or various contextual considerations. And if, in a given case, a plaintiff fails to plausibly allege a likelihood of confusion, the district court should dismiss the complaint under Federal Rule of Civil Procedure 12(b)(6). See 6 McCarthy § 32:121.75 (providing examples).

amendment rights you may have in calling the brew you make in your bathtub 'Pepsi'" are "outweighed by the buyer's interest in not being fooled into buying it." Or in less colorful terms: "[T]o the extent a trademark is confusing" as to a product's source "the law can protect consumers and trademark owners." *Tam*, 582 U.S. at 252 (KENNEDY, J., concurring in part and concurring in judgment); see *Friedman v. Rogers*, 440 U.S. 1, 15 (1979) (rejecting a First Amendment challenge to a law restricting trade names because of the "substantial" interest in "protecting the public from [their] deceptive and misleading use"). Or yet again, in an especially clear rendering: "[T]he trademark law generally prevails over the First Amendment" when "another's trademark (or a confusingly similar mark) is used without permission" as a means of "source identification*." Yankee Publishing Inc. v. News Am. Publishing Inc.*, 809 F.Supp. 267, 276 (S.D.N.Y. 1992). So for those uses, the First Amendment does not demand a threshold inquiry like the *Rogers* test. When a mark is used as a mark (except, potentially, in rare situations), the likelihood-of-confusion inquiry does enough work to account for the interest in free expression.

B

Here, the District Court correctly held that "VIP uses its Bad Spaniels trademark and trade dress as source identifiers of its dog toy." In fact, VIP conceded that point below. In its complaint, VIP alleged that it both "own[s] and "use[s]" the "'Bad Spaniels' trademark and trade dress for its durable rubber squeaky novelty dog toy." The company thus represented in this very suit that the mark and dress, although not registered, are used to "identify and distinguish [VIP's] goods" and to "indicate [their] source." § 1127. (Registration of marks, you'll recall, is optional.)

In this Court, VIP says the complaint was a mere "form allegation"—a matter of "rote." But even if we knew what that meant, VIP has said and done more in the same direction. First, there is the way the product is marketed. On the hangtag, the Bad Spaniels logo sits opposite the concededly trademarked Silly Squeakers logo, with both appearing to serve the same source-identifying function. And second, there is VIP's practice as to other products in the Silly Squeakers line. The company has consistently argued in court that it owns, though has never registered, the trademark and trade dress in dog toys like "Jose Perro" (cf. Jose Cuervo) and "HeinieSniff 'n" (cf. Heineken). And it has chosen to register the names of still other dog toys, including Dos Perros (#6176781), Smella Arpaw (#6262975), and Doggie Walker (#6213816). Put all that together, and more than "form" or "rote" emerges: VIP's conduct is its own admission that it is using the Bad Spaniels (née Jack Daniel's) trademarks as trademarks, to identify product source.

Because that is so, the only question in this suit going forward is whether the Bad Spaniels marks are likely to cause confusion. There is no threshold test working to kick out all cases involving "expressive works." But a trademark's expressive message—particularly a parodic one, as VIP asserts—may properly figure in assessing the likelihood of confusion. See, e.g., *Louis Vuitton Malletier S. A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 265 (C.A.4 2007) (Parody "influences the way in which the [likelihood-of-confusion] factors are applied"). A parody must "conjure up" "enough of [an] original to make the object of its critical wit recognizable." *Campbell v. Acuff-Rose Music, Inc.,* 510 U.S. 569, 588 (1994) (internal quotation marks omitted). Yet to succeed, the parody must also create contrasts, so that its message of ridicule or pointed humor comes clear. And once that is done (if that is done), a parody is not often likely to create confusion. Self-deprecation is one thing; self-mockery far less ordinary. So although VIP's effort to ridicule Jack Daniel's does not justify use of the *Rogers* test, it may make a difference in the standard trademark analysis. Consistent with our ordinary practice, we remand that issue to the courts below.

III

Our second question, more easily dispatched, concerns Jack Daniel's claim of dilution by tarnishment (for the linkage of its whiskey to less savory substances). Recall that the Ninth Circuit dismissed that claim based on one of the Lanham Act's "[e]xclusions" from dilution liability—for "[a]ny noncommercial use of a mark." § 1125(c)(3)(C). On the court's view, the "use of a mark may be 'noncommercial' even if used to sell a product." And VIP's use is so, the court continued, because it "parodies" and "convey[s] a humorous message" about Jack Daniel's. We need not express a view on the first step of that reasoning because we think the second step wrong. However wide the scope of the "noncommercial use" exclusion, it cannot include, as the Ninth Circuit thought, every parody or humorous commentary.

To begin to see why, consider the scope of another of the Lanham Act's exclusions—this one for "[a]ny fair use." As described earlier, the "fair use" exclusion specifically covers uses "parodying, criticizing, or commenting upon" a famous mark owner. § 1125(c)(3)(A)(ii). But not in every circumstance. Critically, the fair-use exclusion has its own exclusion: It does not apply when the use is "as a designation of source for the person's own goods or services." § 1125(c)(3)(A). In that event, no parody, criticism, or commentary will rescue the alleged dilutor. It will be subject to liability regardless.

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

IV

Today's opinion is narrow. We do not decide whether the *Rogers* test is ever appropriate, or how far the "noncommercial use" exclusion goes. On infringement, we hold only that *Rogers* does not apply when the challenged use of a mark is as a mark. On dilution, we hold only that the noncommercial exclusion does not shield parody or other commentary when its use of a mark is similarly source-identifying. It is no coincidence that both our holdings turn on whether the use of a mark is serving a source-designation function. The Lanham Act makes that fact crucial, in its effort to ensure that consumers can tell where goods come from.

For the reasons stated, we vacate the judgment below and remand for further proceedings consistent with this opinion.

Justice SOTOMAYOR, with whom Justice ALITO joins, concurring:

I join the Court's opinion in full. I write separately to emphasize that in the context of parodies and potentially other uses implicating First Amendment concerns, courts should treat the results of surveys with particular caution. As petitioner did here, plaintiffs in trademark infringement cases often commission surveys that purport to show that consumers are likely to be confused by an allegedly infringing product. Like any other evidence, surveys should be understood as merely one piece of the multifaceted likelihood of confusion analysis. See, e.g., *Uncommon, LLC v. Spigen, Inc.,* 926 F.3d 409, 425 (C.A.7 2019). Courts should also carefully assess the methodology and representativeness of surveys, as many lower courts already do. See, e.g., *Water Pik, Inc. v. Med-Systems, Inc.,* 726 F.3d 1136, 1144–1150 (C.A.10 2013); *Starbucks Corp. v. Wolfe's Borough Coffee, Inc*., 588 F.3d 97, 117 (C.A.2 2009).

When an alleged trademark infringement involves a parody, however, there is particular risk in giving uncritical or undue weight to surveys. Survey answers may reflect a mistaken belief among some survey respondents that all parodies require permission from the owner of the parodied mark. Some of the answers to the survey in this case illustrate this potential. See App. 81–82, n. 25 ("'I'm sure the dog toy company that made this toy had to get [Jack Daniel's] permission and legal rights to essentially copy the[ir] product in dog toy form'"); ibid. ("'The bottle is mimicked after the Jack Daniel BBQ sauce. So they would hold the patent therefore you would have to ask permission to use the image'"); see also *Anheuser-Busch, Inc. v. Balducci Publications*, 28 F.3d 769, 772–773, 775 (C.A.8 1994) (describing a similar situation). Plaintiffs can point to this misunderstanding of the legal framework as evidence of consumer confusion. Cleverly designed surveys could also prompt such confusion by making consumers think about complex legal questions around permission that would not have arisen organically out in the world.

Allowing such survey results to drive the infringement analysis would risk silencing a great many parodies, even ones that by other metrics are unlikely to result in the confusion about sourcing that is the core concern of the Lanham Act. Well-heeled brands with the resources to commission surveys would be handed an effective veto over mockery. After all, "[n]o one likes to be the butt of a joke, not even a trademark." 6 J. McCarthy, Trademarks and Unfair Competition § 31:153 (5th ed. 2023). This would upset the Lanham Act's careful balancing of "the needs of merchants for identification as the provider of goods with the needs of society for free communication and discussion." P. Leval, *Trademark: Champion of Free Speech*, 27 Colum. J. L. & Arts 187, 210 (2004). Courts should thus ensure surveys do not completely displace other likelihood-of-confusion factors, which may more accurately track the experiences of actual consumers in the marketplace. Courts should also be attentive to ways in which surveys may artificially prompt such confusion about the law or fail to sufficiently control for it.

Justice GORSUCH, with whom Justice THOMAS and Justice BARRETT join, concurring:

I am pleased to join the Court's opinion. I write separately only to underscore that lower courts should handle *Rogers v. Grimaldi*, 875 F.2d 994 (C.A.2 1989), with care. Today, the Court rightly concludes that, even taken on its own terms, *Rogers* does not apply to cases like the one before us. But in doing so, we necessarily leave much about *Rogers* unaddressed. For example, it is not entirely clear where the *Rogers* test comes from—is it commanded by the First Amendment, or is it merely gloss on the Lanham Act, perhaps inspired by constitutional-avoidance doctrine? *Id.,* at 998. For another thing, it is not obvious that

Rogers is correct in all its particulars—certainly, the Solicitor General raises serious questions about the decision. All this remains for resolution another day, and lower courts should be attuned to that fact.

NOTES AND QUESTIONS

1. *Trademark use. Jack Daniel's* holds that the *Rogers* test does not apply when an alleged infringer uses a trademark "as a designation of source for the infringer's own goods." What features of VIP's use of "Bad Spaniels" convinced the Court that VIP had used that name "as a designation of source" for its own goods? How did the Court distinguish VIP's use from the uses made by the defendants in *Rogers* and the defendants in the other cases the Court described as applying *Rogers* (cases like *Mattel v. MCA Records*, *Univ. of Alabama v. New Life Art*, and *Louis Vuitton v. Warner Bros*.)? What about the uses in cases the Court describes as not applying *Rogers* and using the ordinary likelihood of confusion analysis (cases like *Harley-Davidson v. Grottanelli* and *Tommy Hilfiger v. Nature Labs*)? Is the Court's understanding of "trademark use" in *Jack Daniel's* the same as reflected in *Abitron* (*see* Update, Chapter 6), which the Court decided in the same term?

2. *Non-trademark uses*. Given the Court's holding that *Rogers* does not apply when the defendant makes a trademark use, the only cases in which *Rogers* could apply would be those in which the defendant has not made a trademark use. In order for *Rogers* to be meaningful, that must mean that the Court contemplates some non-zero number of cases in which the defendant otherwise would be liable despite not making a trademark use (otherwise *Rogers* would apply only in cases in which it is not needed). What are those cases of potential liability for non-trademark use? Does it validate the approach of the Second Circuit in *Rescuecom* (which appears to suggest that trademark use is not a precondition to Lanham Act liability) or the Sixth Circuit, which continues to insist that "we first ask the gatekeeping question of whether the defendant is "using the challenged mark in a way that identifies the source of [its] goods. . . . If not, then the defendant is using the trademark in a "non-trademark way" and no trademark infringement exists. If the defendant uses the challenged mark in a "trademark way," we then weigh the . . . *Frisch* factors) to determine whether a likelihood of confusion exists." *See* Bliss Collection, LLC v. Latham Cos., LLC, 82 F.4th 499 (6th Cir. 2023).

3. *Likely confusion caused by non-trademark uses*. The Court described use "as a designation of source for the infringer's own goods" as the kind of use "the Lanham Act most cares about." What other kinds of use does the Lanham Act care about? How are those other (non-trademark) uses to be evaluated in terms of likelihood of confusion?

4. *Trademark use and likelihood of confusion*. What is the relationship between "trademark use" and likelihood of confusion? The Court suggests that "parody" might matter to liability, even for trademark uses, because "consumers are not so likely to think that the maker of a mocked product is itself doing the mocking." The Court thus seems to be contemplating that likelihood of confusion does not necessarily follow from the defendant making a trademark use. What additional information does that supply regarding how to determine whether a particular use counts as a trademark use?

VANS, INC. v. MSCHF PRODUCT STUDIO, INC.
2023 WL 8385065 (2d. Cir. Dec. 5, 2023)

PER CURIAM:

In this case, defendant-appellant MSCHF Product Studio, Inc. ("MSCHF"), created a sneaker, the Wavy

Baby, that purported to parody the Old Skool shoe, created and marketed by plaintiff-appellee Vans, Inc. (“Vans”), and thereby comment on the consumerism inherent in sneakerhead culture. MSCHF altered the features of an Old Skool sneaker by distorting Vans’ trademarks and trade dress, resulting in a shoe that was “exceedingly wavy.” After MSCHF engaged in an online marketing campaign, it sold 4,306 pairs of the Wavy Baby in one hour. Vans, unsurprisingly, was not amused.

The central issue in this case is whether and when an alleged infringer who uses another’s trademarks for parodic purposes is entitled to heightened First Amendment protections, rather than the Lanham Act’s traditional likelihood of confusion inquiry.

The Supreme Court recently addressed this issue in *Jack Daniel’s Properties, Inc. v. VIP Products LLC*, 599 U.S. 140 (2023). There, the Court held that, even if an alleged infringer used another’s trademarks for an expressive purpose, special First Amendment protections did not apply if the trademarks were used for source identification—that is, if the alleged infringer was “trading on the good will of the trademark owner to market its own goods.” *Id.* at 156 (citation omitted). Applying *Jack Daniel’s*, we conclude that no special First Amendment protections apply to insulate MSCHF against Vans’ trademark infringement claim. As to those trademark infringement claims, the district court did not err in concluding that Vans is likely to prevail on the merits. We further conclude that the district court did not err in requiring MSCHF to escrow its revenues from Wavy Baby sales, and that the district court was not required to make a bond determination because MSCHF never requested security. We therefore AFFIRM.

BACKGROUND

I. Facts

A. *Vans*

Vans is a globally known footwear and apparel company that specializes in skateboard-friendly shoes and sneakers. The company, founded in 1966, originally catered to customers in Southern California. Vans became popular among skateboarders, celebrities, and the public. One of Vans’ most recognizable products is its “Old Skool” shoe, shown below:

Vans Old Skool Shoe

The Old Skool trade dress consists of a combination of elements, including: (1) the Vans Side Stripe Mark on the upper shoe; (2) a rubberized sidewall of uniform height around the shoe’s perimeter; (3) a three-tiered or grooved sidewall; (4) a textured toe box; (5) visible stitching; and (6) the placement and proportion of each of these elements in relation to one another. Jt. App'x at 256. It also features a distinctive "waffle sole" design. The Old Skool is one of Vans' most popular shoes and sold for about $60 a pair. Most Old Skool shoes are black and white, but Vans has expanded the shoes to come in a variety of colors or color arrangements.

Vans often collaborates with artists and celebrities to design and sell special edition versions of its shoes, including the Old Skools. Beyond official collaborations, many of the rich and famous have been photographed wearing the Vans Old Skool. In short, the Old Skool is an iconic Vans sneaker, easily recognizable by both "sneakerheads" and the uninitiated. [Joint Appendix] at 273 (explaining that sneakerheads are people who collect shoes to display them, but "rarely" to wear them).

B. *MSCHF*

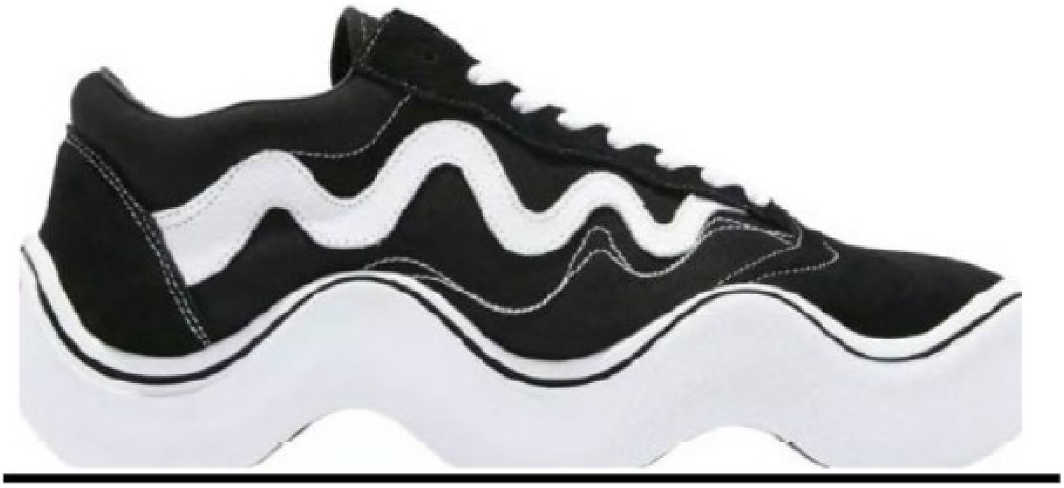
MSCHF is a Brooklyn-based art collective "known as (and for) MSCHF." MSCHF's mission is to use artwork "to start a conversation about consumer culture ... by participating in consumer culture." MSCHF recontextualizes everyday objects as a means of commenting on contemporary society. MSCHF's work has been displayed in museums, galleries, auction houses, and art shows worldwide, including Phillips Auction House, Art Basel, the Design Museum of London, and the Perrotin gallery.

MSCHF's works are often sold with "manifestos" that explain the work's commentary and are sold in "drops," or prescribed sales periods. Recent drops have critiqued music, the political system, consumerism, digital media, standardized testing, holidays, and the legal system. And often, MSCHF's "drops" will sell out in a day.

MSCHF has recently focused its artistic expression on "sneakerhead culture." Sneakers are utilitarian objects for most, but for sneakerheads, shoes are expressive, "collect[ed], trade[d], and display[ed] as a hobby." MSCHF critiques the consumerism present in sneakerhead culture, as well as sneaker companies' practice of collaborating with "anyone and everyone to make money."

C. *The Wavy Baby*

This case is about MSCHF's sneaker drop of the "Wavy Baby" shoe, depicted below:



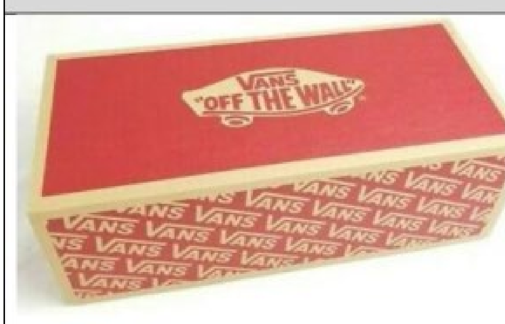
MSCHF "Wavy Baby"

MSCHF's co-Chief Creative Officer explained MSCHF's conception of the connection between Vans' Old Skool shoe and MSCHF's Wavy Baby in the following manner: "The Wavy Baby concept started with a Vans Old Skool sneaker" because no other shoe embodies the dichotomies between "niche and mass taste, functional and trendy, utilitarian and frivolous" as perfectly as the Old Skool. The Wavy Baby design process thus started with an image of a classic Vans Old Skool skate shoe. MSCHF used a digital filter tool to warp the shoe into a new image, "transform[ing] the once iconic shoe into the modern, wobbly, and unbalanced realities." One evident feature of the parody is that the distortion destroys the original premise of the Old Skool's popularity—its utility as a skateboarding shoe due to its flat sole.

Wavy Baby incorporates and distorts the Old Skool black and white color scheme, the side stripe, the perforated sole, the logo on the heel, the logo on the footbed, and the packaging. Examples of the critical similarities, and distortions, are reflected in the graphics below.

Vans' Trademarks/Trade Dress	WAVY BABY Design
	
	

Vans' Trademarks/Trade Dress	WAVY BABY Design
	
	
	
	

Vans' Trademarks/Trade Dress	WAVY BABY Design
	

Prior to the Wavy Baby's release, MSCHF engaged in a marketing campaign in collaboration with musical artist Michael Stevenson, also known as Tyga. MSCHF advertised the Wavy Baby collaboration before releasing the sneakers for sale—garnering hype and excitement through MSCHF's website, Instagram and YouTube accounts, and sneaker-focused platforms. Tyga also released a music video in which he wore the Wavy Baby shoe.

Upon learning of the impending drop of the Wavy Baby shoe, Vans sent a cease and desist letter to Tyga on April 5, 2022, and to MSCHF the following day, putting them on notice of their claim that the Wavy Baby shoes infringed their trademarks and trade dress. MSCHF, however, continued to promote the planned drop and on April 18, 2022, after this suit commenced, launched the pre-planned one-hour drop of 4,306 Wavy Baby shoes. Customers purchased the shoes only on MSCHF's proprietary app for $220.

II. District Court Proceedings

[Vans filed a complaint alleging six claims under state and federal law, including a federal claim for trademark infringement under the Lanham Act. The district court granted a preliminary injunction, concluding that Vans would likely prevail on its trademark infringement claims; it had shown that it would suffer irreparable harm without injunctive relief; and the balance of hardships and public interest supported preliminary relief. In concluding that Vans would likely prevail on the consumer confusion issue, the court considered the factors set forth in *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir. 1961). In particular, the Court concluded that MSCHF's distortion of the Old Skool marks and trade dress on the Wavy Baby shoes was not sufficient to dispel the consumer confusion arising from the similarity of the marks. It relied on evidence that various consumers "misunderstood the source of the Wavy Baby shoes as a collaboration between [Vans] and [MSCHF]," and admissions by MSCHF's own representatives that the "base" of the Wavy Baby shoe before MSCHF's transformation was the Vans Old Skool.]

Moreover, the court concluded that the market proximity of the Wavy Baby shoes and Vans' Old Skool shoes enhanced the likelihood of consumer confusion. The court rejected MSCHF's suggestion that the Wavy Baby shoes were not, like Old Skool shoes, intended to be worn but were instead "collectible work[s] of art," that were "likely to be kept in glass cases or on shelves." In rejecting MSCHF's claim, it pointed to statements of MSCHF's own representative, the quantity of shoes produced (4,306 pairs), and the fact that MSCHF held back some shoes in case the shoes shipped were the wrong size, thereby suggesting the Wavy Baby is to be worn.

The district court rejected MSCHF's contention that Wavy Baby, as a parodic work of artistic expression, was subject to special First Amendment protections rather than the traditional likelihood of confusion test. The court acknowledged that courts have "accorded considerable leeway to parodists whose expressive works aim their parodic commentary at a trademark or a trademarked product," but emphasized that they "have not hesitated to prevent a manufacturer from using an alleged parody of a competitor's mark to sell a competing product." [cit]. Moreover, the court observed that even while purporting to represent "the original," a successful parody must simultaneously convey "that it is *not* the original and is instead a parody." [cit]. The court concluded that the Wavy Baby shoes on their face did not clearly indicate to the ordinary observer that MSCHF is "not connected in any way with the owner of the target trademark." [cit].

[MSCHF appealed.]

DISCUSSION

On appeal, MSCHF argues that the district court erred in concluding that Vans was likely to succeed on the merits of its trademark infringement claim because Vans' claims are precluded by the First Amendment. For the same reason, MSCHF argues that the district court's injunction prohibiting Vans from advertising the Wavy Baby shoes amounts to an unconstitutional prior restraint of speech. . . .

II. Trademark Infringement, the First Amendment, and Wavy Baby

To evaluate whether the district court abused its discretion in concluding that Vans was likely to succeed on its infringement claims, we must first determine whether Wavy Baby is subject to trademark law's traditional likelihood of confusion analysis or whether it is an expressive work entitled to heightened First Amendment scrutiny under *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989). We begin with an overview of the two frameworks before addressing the Supreme Court's recent guidance in *Jack Daniel's*, applying the lessons of that decision to this case, and evaluating the district court's application of the *Polaroid* factors.

A. *The Lanham Act*

[MSCHF did not challenge the district court's conclusion that Vans owns valid and protectable marks in its Old Skool shoes. Thus, the focus of the appeal was on likelihood of consumer confusion, which in the Second Circuit is determined by applying the eight-factor test identified in *Polaroid*.]

B. *The* Rogers *Test*

The traditional infringement inquiry may be applied more narrowly if the allegedly infringing good or service is a work of "artistic expression." *See Rogers*, 875 F.2d at 1000. . . .

Although *Rogers* involved a dispute over a film title, lower courts adopting *Rogers* have applied its test to other kinds of works but have "confined it to similar cases, in which a trademark is used not to designate a work's source, but solely to perform some other expressive function." *Jack Daniel's*, 599 U.S. at 154. Courts in this Circuit have been careful to apply *Rogers* to a limited category of expressive works, including the title and cover of books and magazines, [cit], and the use of trademarked products in feature films and video games. [cit].

C. *Jack Daniel's*

The Supreme Court's recent decision in *Jack Daniel's* clarified when the *Rogers* test, and its heightened First Amendment protections, does *not* apply: when the allegedly infringing mark is used as a source identifier—that is, "as a designation of source for [the alleged infringer's] own goods . . .

The central question before the Supreme Court was whether the *Rogers* test should have applied to Jack Daniel's trademark infringement claims against VIP Products, where VIP Products' Bad Spaniels dog toy (the allegedly infringing product) was an expressive or parodic work.[4] Though the Court acknowledged that parodies are inherently expressive, it concluded that *Rogers* does not apply when the alleged infringer uses trademarks to designate source. . .

The Court explained that, historically, *Rogers* has been confined to cases where the trademark is not used to designate a work's source, and instead is used "*solely* to perform some other expressive function." *Id.* at 154 78 (emphasis added). In contrast, the use of another's trademark that "convey[s] information (or misinformation) about who is responsible for a product ... 'implicates the core concerns of trademark law' and creates 'the paradigmatic infringement case.'" *Id.* at 157 (alterations adopted) (citation omitted).

[B]ecause the Court concluded that VIP Products used its Bad Spaniels "trademark and trade dress as source identifiers of its dog toy," it held that *Rogers* did not apply to Jack Daniel's claims of infringement. *Id.* at 159–61 (internal citation omitted).

Far from disregarding the parodic nature of the Bad Spaniel's toy, however, the Supreme Court noted that "a trademark's expressive message—particularly a parodic one ... — may properly figure in assessing the likelihood of confusion." *Id.* at 161; *see also id.* at 159 (noting that "the likelihood-of-confusion inquiry does enough work to account for the interest in free expression"). This is because, where a message of "ridicule or pointed humor" is clear, "a parody is not often likely to create confusion" for "consumers are not so likely to think that the maker of a mocked product is itself doing the mocking." *Id.* at 161, 153; *see id.* at 161 ("[A]lthough VIP's effort to ridicule Jack Daniel's does not justify use of the *Rogers* test, it may make a difference in the standard trademark analysis.").

D. *MSCHF's Use of Vans' Marks as Source Identifiers*

The Supreme Court's decision in *Jack Daniel's* forecloses MSCHF's argument that Wavy Baby's parodic message merits higher First Amendment scrutiny under *Rogers*. As the Court held, even if a defendant uses a mark to parody the trademark holder's product, *Rogers* does not apply if the mark is used "'at least in part' for 'source identification.'" *Id.* at 156 (quoting *Tommy Hilfiger Licensing, Inc., v. Nature Labs, LLC*, 221 F. Supp. 2d 410, 414–15 (S.D.N.Y. 2002)).

Here, MSCHF used Vans' marks in much the same way that VIP Products used Jack Daniel's marks—as source identifiers. As discussed above and illustrated below, VIP Products used the Jack Daniel's bottle size, distinctive squared-off shape, and black and white stylized text to invoke an image of Jack Daniel's famous whiskey bottle.

[4] Some sister circuits have adopted the *Rogers* test. . .The Supreme Court expressly used the *Rogers* test as a proxy for *any* threshold First Amendment filter in the Lanham Act context. *Jack Daniel's*, 599 U.S. at 153 n.1.

Likewise, MSCHF's design evoked myriad elements of the Old Skool trademarks and trade dress. Among other things, MSCHF incorporates, with distortions, the Old Skool black and white color scheme, the side stripe, the perforated sole, the logo on the heel, the logo on the footbed, and the packaging. MSCHF included its own branding on the label and heel of the Wavy Baby sneaker, just as VIP Products placed its logo on the toy's hangtag. But even the design of the MSCHF logo evokes the Old Skool logo. And unlike VIP Products, MSCHF did *not* include a disclaimer disassociating it from Vans or Old Skool shoes. *See Jack Daniel's*, 599 U.S. at 150 (noting the dog toy included a disclaimer that read: "This product is not affiliated with Jack Daniel Distillery").

A trademark is used as a "source identifier" when it is used "to identify or brand a defendant's goods or services" or to indicate the "'source or origin' of a product." *Id.* at 156 (alterations adopted). MSCHF used Vans' trademarks—particularly its red and white logo—to brand its own products, which constitutes "quintessential 'trademark use'" subject to the Lanham Act. *Id.* at 155 (citation omitted); *see also Harley Davidson, Inc. v. Grottanelli*, 164 F.3d 806, 812–13 (mechanic's use of Harley-Davidson's bar and shield motif in his logo, despite the "humorous [ ]" message, was traditional trademark use subject to the likelihood of confusion analysis).

Moreover, although MSCHF did not purport to sell the Wavy Baby under the Vans brand, it admitted to "start[ing]" with Vans' marks because "[n]o other shoe embodies the dichotomies—niche and mass taste, functional and trendy, utilitarian and frivolous—as perfectly as the Old Skool." In other words, MSCHF sought to benefit from the "good will" that Vans—as the source of the Old Skool and its distinctive marks—had generated over a decades-long period. *See Jack Daniel's*, 599 U.S. at 156. Notwithstanding the Wavy Baby's expressive content, MSCHF used Vans' trademarks in a source-identifying manner. Accordingly, the district court was correct when it applied the traditional likelihood-of-confusion test instead of applying the *Rogers* test.

E. *Application of the* Polaroid *Factors*

[We] agree with the district court's assessment that Vans is likely to prevail on the issue of whether the Wavy Baby causes consumer confusion. Like the district court, we consider the factors identified in *Polaroid* in considering whether MSCHF's Wavy Baby is likely to cause consumer confusion as to the source of the shoe. . .

The strength of the marks at issue supports Vans. MSCHF expressly chose the Old Skool marks and dress because it was the "most iconic, prototypical" skate shoe there is, as conceded by MSCHF's co-Chief Creative Officer.

The similarity of the marks presents a closer question, as the marks on Wavy Baby, while derived from the Old Skool shoes, are distorted. But MSCHF's creative officer, Lukas Bentel, admitted that the Wavy Baby sneaker design intentionally evoked an image of Vans' Old Skool sneaker. *See* S. App'x at 8–9 ("Yes, [Vans Old Skools] are the anchor of the shoe ...."); *see also Harley Davidson*, 164 F.3d at 812–13 (concluding, in part, because defendant "admits that his use of [Harley Davidson's] bar-and-shield logo purposefully suggests an association with Harley," such use was impermissible under the Lanham Act. (internal quotation marks omitted)).

This admission is embodied in the Wavy Baby design: the Wavy Baby features a combination of elements (*e.g.*, a three-tiered appearance, textured toe box, visible stitching, and red tags on the back), which are placed relative to one another such that the Wavy Baby's appearance evokes Vans' Old Skool sneaker.

Plus, context matters. Though Vans has never warped its design in the same "liquified" or "microwaved" manner as MSCHF's work with the Wavy Baby,[6] Vans has previously created special editions of its Old Skool sneaker often collaborating in launching the sneakers with celebrities and high-profile brands including Marc Jacobs, Supreme, Stussy, Kenzo, The North Face, and Disney.

The admittedly mimicked features of the Wavy Baby, combined with Vans' history of collaborating with artists and other brands, support our conclusion that the "similarity" factor favors Vans.

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

Considering the Wavy Baby as a wearable sneaker, we agree with the district court that the shoes are relatively proximate. MSCHF advertised the Wavy Baby as a wearable piece of footwear in promotional social media posts and in the promotional music video featuring Tyga. Vans' own Old Skool limited releases are often sold on the same secondary platforms as those that sell Wavy Baby shoes to sneakerheads. And where the Wavy Baby sold 4,306 units as a limited-edition collaboration with Tyga at

[6] MSCHF describes the Wavy Baby as a "liquified' version of a classic skate shoe silhouette."

$220 per pair, Vans offers special editions of its Old Skool sneakers made in collaboration with celebrities or artists, sometimes selling for $180 per pair, and often selling a limited edition of 4,000 units. Because we conclude that the products are competitively proximate, we need not consider whether Vans may "bridge the gap" by developing a product in MSCHF's market.

The district court did not clearly err in finding actual evidence of consumer confusion, and we conclude as a matter of law that this factor favors Vans. The district court relied on evidence in the record that customers were actually confused. For example, it pointed to comments made on a sneaker-centric podcast with guest appearance by MSCHF's chief creative officer, Lukas Bentel. Bentel acknowledged the host's comment that "[e]veryone [the host has] spoken to about" the Wavy Baby agrees that if a person saw someone wearing Wavy Baby sneakers on the street, "they'd say they're wearing a pair of Vans.". . .

It may be true that consumers who purchase the Wavy Baby shoes directly from MSCHF and receive the accompanying "manifesto" explaining the genesis of the shoes may not be confused. But the Lanham Act protects against several categories of consumer confusion, "including *point-of-sale* confusion ... *initial interest* confusion, ... and *post-sale* confusion." *Louis Vuitton Malletier v. Burlington Coat Factory Warehouse Corp*., 426 F.3d 532, 537 n.2 (2d Cir. 2005) (emphases in original) (internal citations omitted) . . . The comments relied upon by the district court demonstrate both initial and post-sale confusion. The district court's factual finding of actual consumer confusion was not clearly erroneous, and its conclusion that this factor favors Vans was legally correct.

The district court's finding that the Wavy Baby sneakers are lower quality shoes is not clearly erroneous, though we do not embrace the district court's legal conclusion that this factor favors Vans. In comparing the quality of MSCHF's product to that of the Old Skool sneaker, the district court found "particular deficiencies" in the Wavy Baby sneakers that demonstrated a lower quality shoe. *Vans*, 602 F. Supp. 3d at 369. The Wavy Baby's stylized bottom may create instability where a skate shoe should be stable—a fact that is conceded by MSCHF. *See id.* at 368 ("[I]f you put them on and walked around, you'll see this is not the greatest foot-feeling shoe."); *see also* Jt. App'x at 286 (MSCHF acknowledging itself that "[i]t is difficult to walk in *Wavy Baby* for long distances ... and they cannot safely be worn to walk down stairs"); Jt. App'x at 362 ("[T]hey cannot be worn as an actual sneaker."); Jt. App'x at 501–02 ("We took a functional, iconic skate shoe and made it a non-functional—or at least 'non-functional' relative to the ways sneakers traditionally function."). The district court's finding that the Wavy Baby is a lower quality skate shoe is not clearly erroneous.

We are skeptical, however, that the Wavy Baby's inferior quality as a skate shoe weighs in favor of Vans. The Wavy Baby's primary purpose is to convey a message or fashion statement rather than to serve as a functional shoe. It seems unlikely that consumers would expect the Wavy Baby—a shoe with an obviously uneven sole—to be as comfortable or functional as the Old Skool. But even if the district court erred by weighing this factor in Vans' favor, this one factor does not change our conclusion that Vans is likely to prevail on the merits of its trademark infringement claim. . .

Finally, the district court was correct to conclude that sophistication of the buyers also favored Vans. MSCHF engaged in broad advertising to the "general public," and customers of sneakers are not professional buyers.[7]

The fact that the Wavy Baby was conceived as a parody does not change that assessment. The Wavy Baby is a parody, just not one entitled to protection under *Rogers*. As noted above, to succeed, a parody must create contrasts with the subject of the parody so that the "message of ridicule or pointed humor comes clear." *Jack Daniel's*, 599 U.S. at 161. If that is done, "a parody is not often likely to create confusion." *Id.* But if a parodic use of protected marks and trade dress leaves confusion as to the source of a product, the parody has not "succeeded" for purposes of the Lanham Act, and the infringement is unlawful.

For these reasons, we conclude that the Wavy Baby does create a likelihood of consumer confusion, and the district court correctly concluded that Vans is likely to prevail on the merits. It did not exceed its discretion by enjoining MSCHF's marketing and sale of the Wavy Baby.[8]

NOTES AND QUESTIONS

1. *Trademark use (again).* Do you agree with the *Vans* court's analysis of whether MSCHF's use was trademark use? Is it consistent with your understanding of the types of use that might be sufficient to acquire trademark rights (see Chapter 4)? Is it consistent with Justice Kagan's view of trademark use as outlined in *Jack Daniel's*? *Cf.* Graeme B. Dinwoodie and Mark D. Janis, *Confusion Over Use: Contextualism in Trademark Law*, 92 IOWA L. REV. 1597, 1655-67 (2007) (discussing whether a trademark use doctrine might kill product design claims).

2. Confusion analysis after *Jack Daniel's*. Does the confusion analysis of the Second Circuit in *Vans* properly reflect the observations on that subject offered by Justice Kagan in *Jack Daniel's*? *See* Graeme B. Dinwoodie, *Trademark Law as a Normative Project,* 2023 SING. J. LEG. S. 314 (2023) ("it is unclear how lower courts might adapt the confusion test to validate expressive concerns. Lower courts will be under pressure to implement the policy purposes underlying *Rogers* in the application of the confusion test to an infringement case involving a defendant's use of the plaintiff's mark as a source-identifier. The result might be a move to a far more normative assessment of likely confusion").

At page 910, add the following Problem:

PROBLEM 9-8: STARBUCKS' UNION

Starbucks owns a number of registered trademarks. Workers from the Elmwood Avenue Starbucks store in Buffalo, New York, voted to unionize in late 2021, making it the only unionized shop among the chain's 9,000 company-owned stores in the United States. After the success at Elmwood, union organizing drives

[7] The district court made no finding with respect to MSCHF's good faith and we do not rely on this factor in our own *Polaroid* analysis.

[8] MSCHF's opening brief also argues that the district court's injunction was an unconstitutional prior restraint on MSCHF's expression. Generally, if a product is found to infringe, preliminary injunctions under the Lanham Act are *not* considered prior restraints. *See Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 206 (2d Cir. 1979) (holding that an injunction pursuant to the Lanham Act was not a prior restraint because trademark infringement implicated property rights, not speech rights); . . . MSCHF's argument that the preliminary injunction was an unlawful prior restraint piggybacks on its argument that the district court's assessment of Vans' likelihood of prevailing on the merits failed to properly account for First Amendment concerns, and thus fails for the same reasons.

grew up across the United States. As of August 2023, over 8,900 workers at 356 Starbucks stores in the United States had voted to unionize, most with the "Starbucks Workers United" (SWU) union. SWU uses marks that appear quite similar to those owned by Starbucks, as shown below, causing Starbucks to file a trademark infringement lawsuit.

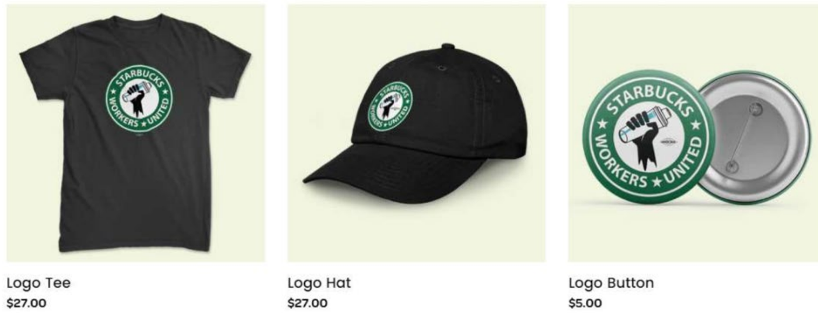
Accused Marks	**Starbucks Marks**
	Siren Logo
	40th Anniversary Siren Logo

The SWU uses its marks in a number of contexts. These include the following:

Facebook page

Twitter Account

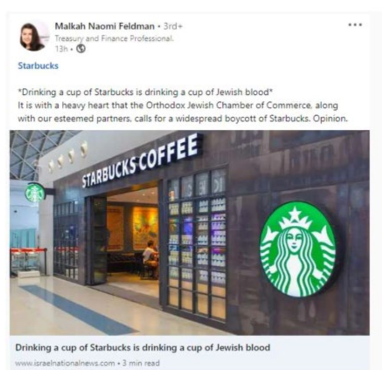
It also sells these items of merchandise.



Do you think Starbucks will prevail in its suit for trademark infringement and trademark dilution?

In October, after the beginning of the Israel-Hamas war, SWU posted this message on its Twitter/X page:

Does this change your analysis? What if the following message (and others like it) started appearing on social media?



10

FALSE ADVERTISING

At pages 914-16, Problem 10-1, add the following to the end of (2):

Suppose that a "gentleman's club" advertises via social media using images of professional models without their consent. Claiming (among other things) Lanham Act false advertising, the models argue that they have standing to bring such a claim according to *Lexmark* because they suffered the following injuries: "(1) …they may have lost out on work opportunities due to the reputational hit from being linked with a 'gentlemen's club'; and (2)…they were deprived of the revenue they would typically expect to have received directly from [the defendant gentleman's club] for an authorized use of their images." Are either of these cognizable injuries under *Lexmark*? *Souza v. Exotic Island Ents., Inc.*, 68 F.4th 99, 117-20 (2d Cir. 2023) (yes as to (1), but there was no evidence of it in this case; no as to (2)).

At page 915, add the following at the end of the carryover paragraph in Problem 10-1:

But cf. Tocmail, Inc. v. Microsoft Corp., 67 F.4th 1255, 1263-67 (11th Cir. 2023) (cybersecurity start-up with no sales revenue lacked Article III standing to sue Microsoft over advertising statements; start-up had developed no reputation and could not show that it lost any sales, and thus could not show an Article III injury-in-fact).

At page 933, add the following to the end of Note 5:

Suppose that one company flags another company's products as a "threat" and "malicious." Non-actionable statement of opinion (puffery) as a matter of law, such that a motion to dismiss should be granted? Or does your answer depend on contextual considerations such as whether the companies are competitors in the cybersecurity business, and whether in that business the terms are objectively verifiable? *Enigma Software Group USA, LLC v. Malwarebytes, Inc.*, 69 F.4th 665, 672-74 (9th Cir. 2023) (looking to the "totality of the circumstances" to assess whether the advertising statements in question were matters of mere subjective opinion, and concluding that they were not, over a dissent). If context does matter, does this mean that courts will rarely be able to dispose of false advertising claims on motions to dismiss? See *Azurity Pharms., Inc. v. Edge Pharma, LLC*, 45 F.4th 479 (1st Cir. 2023) (in a case involving competing manufacturers of the drug hydrochloride vancomycin, granting a motion to dismiss on grounds of non-actionable puffery; defendant's website described its product and declared that "commercially available options are not ideal for use in the hospital setting")

At page 942, add the following to the end of Note 6:

Suppose that plaintiff and defendant in a false advertising case are the only two sellers in the relevant market. Should the court be entitled to presume that the defendant's false statements caused injury to the plaintiff? See *Vitamins Online, Inc. v. Heartwise, Inc.*, 71 F.4th 1222 (10th Cir. 2023) (yes, relying on antitrust concepts to define the relevant market).

REMEDIES

12

At page 1039, add the following case and Note before the Notes and Questions on Other Non-Monetary Relief:

NICHINO AMERICA, INC. v. VALENT U.S.A. LLC
44 F.4th 180 (3d. Cir. 2022)

MATEY, Circuit Judge:

Whether a federal court may issue an injunction against an allegedly infringing trademark can be a bit confusing. Responding, Congress passed the Trademark Modernization Act of 2020 ("TMA"). Nichino America Inc. says the District Court misapplied the TMA when it denied its motion for a preliminary injunction against Valent USA LLC's allegedly infringing mark. Finding no reversible error in the District Court's careful application of its discretion, we will affirm. Along the way, we explain how district courts should apply the rebuttable presumption of irreparable harm created by the TMA.

I

A. The Marks

Nichino and Valent sell pesticides for farming. Since 2004, Nichino has offered a trademarked product known as "CENTAUR." Valent trademarked a competing product called "SENSTAR" in 2019, giving it a logo resembling CENTAUR's colors, fonts, and arrow artwork. Both pesticides are used in the same geographic areas against many of the same insects, and both are sold to farmers through distributors. But there are differences. SENSTAR comes as a liquid and uses a unique combination of two active chemicals. It costs $425 per gallon, and ships in cases containing four one-gallon containers. CENTAUR is manufactured as a solid and sold by the pallet, with each containing 622 pounds of pesticide packed into bags and cases, for $24 per pound. Yet the similarities were enough for Nichino to sue Valent for trademark infringement, and ask for a preliminary injunction against SENSTAR's launch. A suit that would become one of the first to apply the newly effective TMA.

B. District Court Proceedings

Nichino argued that Valent's use of the SENSTAR mark would create confusion among consumers, a necessary element in a trademark infringement claim. [cit]. Confusion, said Nichino, likely to harm its reputation and goodwill, warranting injunctive relief.[2] That is where the TMA enters, creating a rebuttable presumption of irreparable harm favoring a plaintiff who has shown a likelihood of success on the merits of an infringement claim.[3]

The District Court found Nichino narrowly demonstrated its infringement claim would likely succeed, though "there is not an abundance of evidence of likelihood of confusion" between the products. The District Court reached that conclusion by consulting the "*Lapp* factors," our nearly forty-year-old, ten-part, yet non-exhaustive inquiry that guides analysis of likely confusion. . . . Bringing us to the TMA, which the District Court applied to presume Nichino would suffer irreparable harm without an injunction. But that presumption is rebuttable, and the District Court credited Valent's evidence of a sophisticated consumer class that makes careful purchases, and noted the lack of any evidence of actual consumer confusion. Closing the circle, the District Court found Nichino failed to proffer evidence that it would likely suffer irreparable harm without immediate injunctive relief.[5] Finally, the District Court held that the balance of equities and public interest weigh against issuing a preliminary injunction.

For those reasons, the District Court denied the injunction, and Nichino appealed, challenging the Court's finding that Valent had rebutted the presumption of irreparable harm. Finding no reversible error that disturbs the District Court's conclusion, we will affirm.

II

Nichino contends that the TMA precluded the District Court's decision about irreparable harm. But the District Court admirably navigated Congress' newly minted rebuttable presumption. While our discussion builds on the District Court's insights, we arrive at the same conclusion. Valent rebutted the presumption, and Nichino did not independently show irreparable harm.

A. Federal Rule of Evidence 301 Grounds the TMA

Like all laws, the TMA does not exist in isolation. It complements existing rules and standards and is informed by their established effect. One complement, Federal Rule of Evidence 301, aids our understanding of the best ordinary meaning of the TMA. Rule 301 provides that, in all civil cases, absent specific statutory language to the contrary, "the party against whom a presumption is directed has the burden of producing evidence to rebut the presumption." Fed. R. Evid. 301. That allocation "does not shift the burden of persuasion, which remains on the party who had it originally." Id. That framework applies here because the TMA creates a rebuttable presumption without explaining how it applies. [cit].

[2] Injunctions require the familiar showing of a likelihood of success on the merits, irreparable harm that outweighs the burden on the nonmoving party, and benefit to the public interest. [cit]. These burdens are all borne by Nichino. [cit]

[3] In relevant part, the TMA states that plaintiffs seeking an injunction "shall be entitled to a rebuttable presumption of irreparable harm ... upon a finding of likelihood of success on the merits for a violation identified in this subsection in the case of a motion for a preliminary injunction or temporary restraining order." Pub. L. No. 116-260 § 226(a).

[5] Here, the District Court appropriately cited Nichino's evidence of likely consumer confusion. Evidence of consumer confusion is relevant to both likelihood of success and irreparable harm, so the evidence that plaintiffs offer to show one will often also tend to show the other. [cit].

Because Rule 301 shifts the evidentiary burden of production, but leaves the burden of persuasion unmoved, the task of courts applying the TMA is limited. Over-scrutinizing the persuasive value of evidence proffered on rebuttal would violate Rule 301 by shifting the burden of persuasion, not just the burden of production. [cit]. Instead, courts must ask only whether the rebuttal evidence is enough to allow a reasonable factfinder to conclude that irreparable harm is unlikely. With that guidance in hand, we sketch the steps for applying the TMA's rebuttable presumption.

Step 1. The TMA's rebuttable presumption requires courts considering a trademark injunction to assess the plaintiff's evidence only as it relates to a likelihood of success on the merits. Consulting the *Lapp* factors to analyze likelihood of confusion, but only to determine whether the infringement claim is likely to succeed. Anything more, including commenting on whether the proffered evidence of consumer confusion could show irreparable harm, veers impermissibly into the burden of persuasion controlled by Rule 301. If a court finds no likelihood of success on the merits, the inquiry ends and the injunction will be denied. [cit].

Step 2. If the plaintiff's evidence does establish likely trademark infringement, the TMA is triggered, and the burden of production shifts to the defendant to introduce evidence sufficient for a reasonable factfinder to conclude that the consumer confusion is unlikely to cause irreparable harm. [cit]. But note again the sequence. So far, the court has not assessed any of the evidence for likely irreparable harm. Rather, the TMA's presumption means the court assumes irreparable harm, even if the plaintiff has proffered nothing in support. The focus trains on the defendant's evidence, and whether it is sufficient to rebut the TMA's presumption. A meaningful consideration of the facts, not a box-checking review of the *Lapp* factors, is key, aimed at determining whether the defendant's offering allows a reasonable conclusion that the consumer confusion shown by the plaintiff will not cause irreparable harm.

Step 3. If a defendant successfully rebuts the TMA's presumption by making this slight evidentiary showing, the presumption has no further effect. It has done its work and simply disappears like a bursting bubble. [cit]. So the burden of production returns to the plaintiff to point to evidence that irreparable harm is likely absent an injunction. . . Here again, the evaluation outlined in *Lapp* may prove useful to assess whether consumer confusion will lead to irreparable harm.[11]

B. The District Court's Rebuttal Analysis Follows Rule 301

The District Court's finding that Valent rebutted the TMA's presumption follows the TMA and tracks Rule 301. The District Court began by using the *Lapp* factors to assess likelihood of consumer confusion to determine Nichino's likelihood of success on the merits without simultaneously considering irreparable harm. Finding that Nichino would likely succeed on the merits, the District Court properly applied the TMA by presuming irreparable harm and turning its attention to Valent's rebuttal evidence. Here, the District Court again appropriately referenced the Lapp factors for consumer confusion, described them as

[11] Contrary to Nichino's argument, § 226(b) of the TMA does not fight this reading. A "Rule of Construction," § 226(b) states the Act "shall not be construed to mean that a plaintiff seeking an injunction was not entitled to a presumption of irreparable harm before the date of enactment of this Act." Pub. L. No. 116-260 § 226(b). Read in context, that means a plaintiff is always entitled to the newly codified presumption, even if the infringing conduct predated the TMA. Nichino enjoyed that benefit here.

"closely balanced," and found that Valent had rebutted the presumption by producing evidence of a sophisticated consumer class. A framework that anticipated the steps we provide today.

Nichino is correct that the District Court erred by considering Nichino's failure to produce evidence of actual confusion at this stage, when the sole focus is whether Valent had adduced affirmative evidence that irreparable harm is unlikely. As explained, the TMA shifted the burden of production to Valent when Nichino showed likely success. And Valent cannot meet that production burden simply by pointing to Nichino's lack of evidence. Faulting Nichino improperly placed the burden of production on the plaintiff at the rebuttal stage.

But that slight error does not undermine the District Court's judgment. The Court also credited Valent's evidence that the relevant consumers are sophisticated buyers who exercise great care in purchasing pesticides. Among the facts noted by the Court: 1) the differing prices; 2) the expense of seasonal treatment; 3) regular reliance on expert recommendations; and 4) the consequences of misapplication, including crop destruction and corresponding disastrous economic consequences. All tending to heighten purchasing care, and all making it plausible to conclude that consumers will confirm their pesticide selection before staking their farms on an inadvertent purchase. As the District Court correctly held, this evidence meets the light burden of production that the TMA's presumption of irreparable harm placed on Valent.

With the presumption rebutted, the burden of evidence production returned to Nichino to show likely irreparable harm absent an injunction. The District Court found that Nichino did not, and Nichino does not argue otherwise. That makes the District Court's conclusion, and its decision to deny injunctive relief, correct, as "[a] plaintiff's failure to establish any element in its favor renders a preliminary injunction inappropriate." [cit].[14]

[Affirmed]

NOTES AND QUESTIONS

1. *Burden of persuasion?* The Third Circuit in *Nichino* held that the presumption in the Trademark Modernization Act shifted only the evidentiary burden of production to the defendant, but left the burden of persuasion with the plaintiff. However, a number of district courts in the Second Circuit have interpreted the legislative history to suggest that Congress also chose to place the burden of persuasion on the proven infringer. *See, e.g.,* Guru Teg Holding, Inc. v. Maharaja Farmers Mkt., Inc., 581 F. Supp. 3d 460 (E.D.N.Y. 2021); Hermes Int'l v. Rothschild, 2023 WL 4145518, __ F.Supp.3d __ (S.D.N.Y. June 23, 2023) ("the fact that Congress expressly aimed to reverse *eBay*'s ruling in the trademark context makes it reasonably clear that Congress intended the TMA presumption to apply with respect to the burden of persuasion, and not just the burden of production").

[14] While unnecessary to our decision, we see no error in the District Court's balancing of equities. Ample evidence supports the Court's conclusion that an injunction would cause Valent to lose significant sales while it reapplied, and awaited approval, for a new trademark. Those amounts, using Valent's pre-release projections, measured in millions of lost dollars. Nor is there error in the Court's finding that the public interest "is better served by allowing continued access to an innovative product [SENSTAR,] that can be used against all insect life stages."