

Number _____

**In the
Supreme Court of the United
States**

THOMAS MCCLARY, *et al.*,

Petitioners,

v.

COMMODORES ENTERTAINMENT CORP.,

Respondent.

**On Petition for a Writ of Certiorari to the United
States Court of Appeals for the Eleventh Circuit**

PETITION FOR A WRIT OF CERTIORARI

Kevin John Mirch
Mirch Law Firm, LLP
750 B Street Suite 2500
San Diego, Ca 92101
(619) 501-6220

Attorney for Petitioner

QUESTIONS PRESENTED FOR REVIEW

1. What defines the “substantial effect on United States commerce”, that grants U.S. court’s jurisdiction to expand the Lanham Act to extraterritorial conduct under *Steele v. Bulova Watch Co., Inc.*, 344 U.S. 280 (1952)?
2. Does a corporation have standing to enforce a trademark without evidence of a valid transfer from individual owners of the common law mark?

LIST OF ALL PARTIES

The Petitioners and Defendants below, are Thomas McClary (“McClary”) and Fifth Avenue Entertainment, LLC (“Fifth Avenue”). The Respondent and Plaintiff below, Commodores Entertainment Corporation (“CEC”), is as listed on the cover page of this Petition.

CORPORATE DISCLOSURE STATEMENT

The Petitioners in this lawsuit, who have been listed above in the “List of All Parties” Section, are an individual (McClary) and a corporate entity (Fifth Avenue). Fifth Avenue is a limited liability company formed under the laws of the State of Florida, whose members are McClary and his wife, Beryl Thompson-McClary.

The following attorneys have represented the Petitioners before the U.S. District Court for the Middle District of Florida: Marie C. Mirch, Esq. (*Pro Hac Vice*) of the Mirch Law Firm, LLP, San Diego, California, Gregory Pierce Gadson, Esq. (*Pro Hac Vice*) of Indianapolis, Indiana, and Beryl Thompson-McClary, Esq. of Orlando, Florida.

The following attorneys have represented the Petitioners before the U.S. Court of Appeals for the Eleventh Circuit: Marie C. Mirch, Esq. of the Mirch Law Firm, LLP, 750 B. St., Suite 2500, San Diego, CA 92101, and Dorothy F. Easley, Esq., of Easley Appellate Practice, PLLC, 1200 Brickell Ave., Suite 1950, Miami, FL 33131.

TABLE OF CONTENTS

QUESTIONS PRESENTED FOR REVIEW	i
LIST OF ALL PARTIES	ii
CORPORATE DISCLOSURE STATEMENT	ii
PETITION FOR WRIT OF CERTIORARI	1
OPINIONS BELOW	2
STATEMENT OF JURISDICTIONAL BASIS	3
RELEVANT CONSTITUTIONAL AND STATUTORY PROVISIONS	4
STATEMENT OF THE CASE	5
ARGUMENTS: WHY THE WRIT SHOULD BE GRANTED	10

- A. Congress and the U.S. courts have failed to define any elements to extend the protection of the Lanham Act to extraterritorial conduct. Therefore, the district court exceeded its jurisdiction by issuing a world-wide injunction banning the use of a

domestic trademark in foreign territories
10

B. Plaintiff Commodores Entertainment Corporation lacks standing to enforce the trademarks.

10

1. General Extraterritorial Application of the Lanham Act

10

2. International Convention for the Protection of Intellectual Property (Paris Union)

11

3. Lanham Act

11

4. *Steele v. Bulova Watch Co., Inc.*

12

5. Circuit conflict on Bulova's "substantial effect"

13

6. Petitioner's use of a U.S. trademark abroad does not have a "substantial effect" on U.S. commerce

14

7. The 11th Circuit opinion is not supported by law

19

8. CommodoresEntertainment Corporation does not have standing to enforce “The Commodores” mark	22
CONCLUSION	24
CERTIFICATE OF COMPLIANCE	26

TABLE OF APPENDICES

Appendix A
(Court of Appeals Opinion filed January 9, 2018)
.....A4

Appendix B
(order granting Judgment as a matter of law dated
August 24, 2016)
.....A98

Appendix C
(order on motion for temporary restraining order and
preliminary injunction October 15, 2016)
.....A 112

Appendix D
(order on clarification of scope of injunction December
30, 2014
.....).A 133

Appendix E
(Court of Appeals order denying petition for rehearing
and rehearing en banc April 4, 2018)
.....A 140

Appendix F transcript of jury trial district court ruling
on plaintiff’s motion for judgment as a matter of law
.....A 143

TABLE OF CITED AUTHORITIES

Supreme Court Cases

<i>Blackmer v. United States</i> , [284 U.S. 421], 437	12
<i>International Shoe Co. v. Washington</i> , 326 U.S. 310 (1945)	12
<i>Steele v. Bulova Watch Co.</i> , 344 U.S. 280 (1952)	6, 12-14, 18,19,21,24

Circuit Court Cases

<i>Am. Rice, Inc. v. Ark. Rice Growers Coop, Ass'n</i> , 701 F.2d 408 (5 th Cir. 1983)	15
<i>Commodores Entm't Corp. v. McClary</i> , 879 F.3d 1114, (11 th Cir. 2018)	2
<i>Commodores Entm't Corp. v. McClary</i> , 648 Fed. Appx. 771, (11 th Cir. 2016)	2
<i>Crystal Entm't & Filmworks, Inc. v Jurado</i>	23
<i>Int'l Café, S.A.L. v. Hard Rock Café Int'l (U.S.A.), Inc.</i> , 252 F.3d 1274, 1278 (11 th Cir. 2001)	19
<i>Love v. Associated Newspapers, Ltd.</i> , 611 F.3d 601, 606, (9 th Cir. 2010)	15-18

<i>Nintendo of Am., Inc. v. Aeropower Co.</i> , 34 F.3d 246, 250-251 (4 th Cir. 1994)	15
<i>Ocean Garden, Inc. v. Marktrade Co.</i> , 953 F.2d 500, 503 (9 th Cir. 1991)	17
<i>Planetary Motion, Inc. v. Techsplosion. Inc.</i> 261 FA.3d 1188 (11 th Cir.2001)	22
<i>Reebok Intern'l, Ltd. v. Marnatech Enters., Inc.</i> , 970 F.2d 552 (9 th Cir. 1992)	15,17
<i>RObi v. Reed</i> , 173 F.3d 736 (9 th Cir 1999)	23
<i>Star-Kist Foods, Inc. v. P.J. Rhodes & Co.</i> , 769 F.2d 1393, 1395 (9 th Cir. 1985)	16
<i>Sterling Drug, Inc. v. Bayer AG</i> , 14 F.3d 733, 746 (2d Cir. 1994)	15
<i>Timberlane Lumber Co. v. Bank of Am. Nat'l Trust & Sav. Ass'n</i> , 549 F.2d 597 (9 th Cir. 1976), <i>superseded by statute</i> , 15 U.S.C. § 6a).	16
<i>Vanity Fair Mills, Inc. v. T Eaton Co., Ltd.</i> , 234 F.2d 633 (2 nd Cir.) <i>cert denied</i> , 352 U.S. 871 (1956)	12-15, 18
<i>Wells Fargo Express Co</i> , 556 F.2d 406 (9 th Cir. 1997)	15

District Court Cases

<i>Commodores Entm't Corp. v. McClary</i> , 2016 U.S. Dist. LEXIS 113557	2
<i>Commodores Entm't Corp. v. McClary</i> , 2014 U.S. Dist. LEXIS 192186	2
<i>Commodores Entm't Corp. v. McClary</i> , 2014 U.S. Dist. LEXIS 147021, 2014 WL 5285980	2

Constitutional Provisions

Const. Art. 1, §8, cl. 3	3
--------------------------	---

Other Statutes

15 U.S.C. §1114	10
15 U.S.C. §1127	10
28 U.S.C. §1254(1)	16

Foreign Authorities

European Council Reg. No. 207/2009, Art. 45	20
---	----

Number _____

**In the
Supreme Court of the United
States**

THOMAS MCCLARY, *et al.*,

Petitioners,

v.

COMMODORES ENTERTAINMENT CORP.,

Respondent.

**On Petition for a Writ of Certiorari to the United
States Court of Appeals for the Eleventh Circuit**

PETITION FOR A WRIT OF CERTIORARI

The Petitioners hereby respectfully petition this Honorable Court for a writ of certiorari to review the Judgment of the United States Court of Appeals for the Eleventh Circuit in this case.

OPINIONS BELOW

Commodores Entm't Corp. v. McClary, 879 F.3d 1114, (11th Cir. 2018)

Commodores Entm't Corp. v. McClary, 648 Fed. Appx. 771, (11th Cir. 2016)

Commodores Entm't Corp. v. McClary, 2016 U.S. Dist. LEXIS 113557

Commodores Entm't Corp. v. McClary, 2014 U.S. Dist. LEXIS 192186

Commodores Entm't Corp. v. McClary, 2014 U.S. Dist. LEXIS 147021, 2014 WL 5285980

STATEMENT OF JURISDICTIONAL BASES

The Petitioners seek to invoke this Court's jurisdiction, and respectfully aver that jurisdiction in this matter is proper generally pursuant to Article III of the United States Constitution, and specifically pursuant to 28 U.S.C. § 1254(1).

The Eleventh Circuit's panel decision was rendered on January 9, 2018. The Petitioners timely sought both panel and *en banc* rehearings, which were denied on April 4, 2018.

RELEVANT CONSTITUTIONAL AND STATUTORY PROVISIONS

Const. Art. 1, §8, cl. 3

15 U.S.C. §1114 (Lanham Act)

STATEMENT OF THE CASE

The current dispute is between the Plaintiff, Commodores Entertainment Corporation (“CEC”), a domestic for-profit corporation organized under the laws of the State of Nevada, a corporation, and the Defendants, Thomas McClary (“McClary”) and Fifth Avenue Entertainment, LLC (“Fifth Avenue”), a limited liability company organized under the laws of the State of Florida. McClary is the founder of the world-famous musical group, The Commodores.

It is important to note that the current dispute is not a conventional dispute for trademark rights between competing band members, but rather a dispute between a corporation that claims to have rights in “The Commodores” trademarks established (at least with respect to the band in question) in 1968, well before CEC’s creation in 1978, and band founder and member Thomas McClary. This is important to the correct legal and factual analysis for the case.

Thomas McClary co-founded The Commodores, an extremely successful popular, rhythm-and-blues, funk, and soul music band, in 1968 along with

Lionel Richie, and the band began using the name “Commodores” shortly after its formation. The Commodores would go on to record and perform numerous well-known songs, including 1970s hits such as “Brickhouse,” “Easy,” “Three Times a Lady,” and “Too Hot To Trot,” to name just a few. The “original members” of the group as constituted during the beginning of its recording and commercial success were Lionel Richie, Thomas McClary, Walter Orange, Ronald LaPreard, the late Milan Williams, and William King (collectively, “the original members”). The original members owned the common law trademarks “The Commodores” and “Commodores”.

The original members entered into several agreements including partnership agreements of limited duration with themselves. Relevant partnership agreements included, *inter alia*, provisions granting the use of the name “Commodores” to the partnerships without transferring any ownership rights in any trademarks for the duration. Beginning in 1971, the original members entered into a series of recording contracts with Motown Records for Motown to distribute and sell sound recordings, providing licensing of the name “Commodores” without transferring ownership of trademark rights. Sound recordings of The Commodores under the Motown label began in 1974 and continue to be distributed and sold to this day.

In 1978 the Commodores and their manager Benny Ashburn formed and became equal one-seventh shareholders in the Respondent Commodores Entertainment Corporation for purposes unrelated to the music business. Meanwhile, Vanderbilt University has and continues to use “Commodores” in

connection with live musical performances prior to the formation of The Commodores.

The Commodores original members began to cease regular performing together as a group in 1982. Original Commodores members William King and Walter Orange have continued to perform with a band using “The Commodores” trademark in the United States, (Commodores band).

In 1999 and 2000, original Commodores member William King, acting as President of CEC, filed four applications with the U.S. Patent and Trademark Office that matured into four U.S. Trademark Registration Numbers 2424686, 2424689, 2490360, and 2497958 for the marks “COMMODORES (and design),” “THE COMMODORES,” “COMMODORES (and design),” and “THE COMMODORES,” two of which covered live performances (International Class 041) and two of which covered sound recordings (International Class 009).

The Respondent CEC has no apparent current commercial activities outside of the U.S., nor apparently any foreign trademark registrations other than Canada (again, the current dispute does not involve any current incarnation of the Commodores band). CEC and the Commodores band are separate entities, and CEC does not own any portion of The Commodores band.

Petitioner and Commodore founder Thomas McClary resumed live musical performances under the name “The Commodores featuring Thomas McClary”. McClary and his band performed once in West Hampton, N, Y, in 2014.

CEC initiated the current lawsuit in 2014 against McClary and Fifth Avenue Entertainment, LLC (“Fifth Avenue”), a management company which McClary partially owns, for trademark infringement and related claims. On October 15, 2014, the District court issued a Preliminary Injunction enjoining the Defendants “from using any of the Marks at issue in a manner other than fair use, including performing under the name ‘The Commodores featuring Thomas McClary’ or ‘The 2014 Commodores.’” (Doc. 56, p. 11.). The Plaintiff later filed a Motion for Clarification on December 23, 2014 requesting that the scope of the preliminary injunction be extended to apply worldwide and prevent the Defendants from using the trademarks in question anywhere in the world.

On December 30, 2014 the District court granted the Motion for Clarification, principally citing *Steele v. Bulova Watch Co.*, 344 U.S. 280 (1952). With respect to the *Steele* requirement that an exercise of extraterritorial jurisdiction required a showing that foreign activities must have an effect on U.S. Commerce, the order of the district court cited only previously-filed affidavits that were submitted in connection with the Plaintiff’s Motion for Temporary Restraining Order as the basis. The District Court’s rationale was as follows:

In finding that the injunction has extraterritorial application, the Court considered, *inter alia*, the following factors: (1) McClary is a U.S. citizen and Fifth Avenue Entertainment is a U.S. corporation (Doc. 33-1, pp. 1–2); (2) McClary’s booking agent operated from

the United States (Doc. 116-1, p. 3); (3) the customer confusion by Defendants' use of the Marks is not limited to the U.K. or Switzerland (*see* Docs. 7-1, 8-1 (explaining that customers and venues are confused in the United States)); (4) the Marks are not registered in the U.K. or Switzerland or in any other foreign country (*see* Docs. 33-9–33-13; and (5) use of the Marks in foreign territories will have a negative impact on Plaintiff, a U.S. corporation (*see* Docs. 7-1, 8-1, 33-14). Combined, these factors have enough of an effect within the U.S. to give the Court subject matter jurisdiction to enforce the injunction abroad.

No hearing was ever conducted, nor live testimony submitted prior to the District court's December 30, 2014 decision. Apparently, the decision in question relied heavily on a previously-submitted Affidavit by an American booking agent which only conclusively stated that:

9. "The Commodores featuring Thomas McClary" by this new band that is not affiliated with The Commodores will have a negative impact on The Commodores due to the lower price level of the bookings and performances being offered by Defendants with the belief that such lower price is for the Grammy award winning Commodores down in the market. 10. Moreover, any bad re-

views or negative word of mouth regarding the newly formed band “The Commodores featuring Thomas McClary” will unfairly be associated with the Grammy award winning Commodores and will be spread in the industry to other producers and consumers of their services having a chilling effect on their bookings and marketability for celebrity events and concerns.

Since the beginning of the current lawsuit Fifth Avenue has filed for Community Trade Mark registrations in the European Union to which CEC (and not The Commodores band) has opposed, despite having no commercial activity in the E.U. The decision on the Community Trade Mark registrations is currently on appeal in the E.U.

Phase I of the trial with a jury present occurred beginning July 25, 2016. On July 25, 2016 at the close of the Defendants presentation of evidence (July 28, 2016) the Defendants made an oral Motion to Dismiss for failure the Plaintiff to join original member Ronald LaPread since portions of the trial were in the nature of an *in rem* proceeding that would determine the rights to the “Commodore” common law and registration trademark rights without LaPread’s participation. LaPread had previously submitted an affidavit declaring that he never had assigned or transferred any of his common law trademark rights to CEC, and this was not refuted by CEC. The Trial Judge denied the Defendants’ motion.

Immediately following the Defendants' failed motion, the Plaintiff CEC made an oral motion for Judgment as a Matter of Law ("JMOL") to find all trademark rights in question in CEC and dismissing all the defenses under consideration during Phase I. This time the Trial Judge granted the motion over the Defendants' objection. The Trial Judge did not take the matter under advisement before ruling, but immediately granted the motion accompanied by a few remarks attempting to justify the JMOL.

The Petitioners unsuccessfully appealed the District court rulings to the U.S. Court of Appeals for the Eleventh Circuit.

ARGUMENTS: WHY THE WRIT SHOULD BE GRANTED

- A. Congress and the U.S. courts have failed to define any elements to extend the protection of the Lanham Act to extraterritorial conduct. Therefore, the district court exceeded its jurisdiction by issuing a worldwide injunction banning the use of a domestic trademark in foreign territories

- B. Plaintiff Commodores Entertainment Corporation lacks standing to enforce the trademarks

1. General Extraterritorial Application of the Lanham Act

Congress has not defined the extraterritorial limits of the Lanham Act. 15 U.S.C. §1114 (1)(a) gives protection to the holder of a registered trademark from another's use "in commerce" that is "likely to cause confusion or mistake or deceive purchasers as to the source of origin" of the others goods or services. The Act prohibits the use of infringing marks "in commerce," 15 U.S.C. § 1114(1), and defines commerce to "mean [] all commerce which may be lawfully regulated by Congress." *Id.* 15 U.S.C. § 1127. While Congress has the power to regulate" commerce with foreign Nations and among the several States" (Const. Art. 1, §8, cl. 3), such power does not extend to conduct that does not have a substantial effect on commerce in the United States. *Vanity*

Fair Mills, Inc. v. T Eaton Co., Ltd., 234 F.2d 633 (2nd Cir.) *cert denied*, 352 U.S. 871 (1956).

2. International Convention for the Protection of Intellectual Property (Paris Union)

A party owning U.S. trademark rights seeking to restrain conduct occurring outside of the United States implies the extraterritorial application of the International Convention for the Protection of Intellectual Property (Paris Union) and/or the Lanham Act to protect U.S. rights. While no special legislation in the United States was necessary to make the International Convention effective in the U.S., the Convention did not create private rights under *American law* for conduct occurring in other countries. *Id.* The Convention is premised upon the principle that each nation's laws shall have only territorial application". *Id.* The International Convention provides a U.S. trademark holder protection only to the extent that the foreign nation's laws recognize the Convention creating private rights under its laws. *Id.*

The International Convention does not grant CEC a private right of action to protect the trademark internationally. Therefore, the courts have looked to the Lanham Act for extraterritorial application of trademark protection.

3. Lanham Act

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. *Blackmer v. United States*, [284 U.S. 421], 437, “The Lanham Act itself gives almost no indication in the extent to which Congress intended to exercise its power in this area”. *Vanity Fair, supra*. Therefore, the authority of the Lanham Act’s extraterritorial reach has developed through decisions of this Court, e.g. *Steele v. Bulova Watch Co., Inc.*, 344 U.S. 280 (1952), and the Circuit Courts. Unfortunately, now 65 years after *Bulova* the law is still unclear.

4. *Steele v. Bulova Watch Co., Inc*

This Court applied the Lanham Act to extra-territorial conduct in *Steele v. Bulova Watch Co.* but has not defined a precise test to determine its reach. In *Steele v. Bulova Watch Co.* this Court held the federal district court had jurisdiction to prevent the defendant’s use of the trademark in Mexico through application of three factors: (1) the defendant’s conduct had a substantial effect on United States commerce; (2) the defendant was a United States citizen and the United States has a broad power to regulate the conduct of its citizens in foreign countries; and (3) there was no conflict with the trademark rights established under the foreign law. *Id.*

The 1952 *Steele* case was certainly not a radical departure from the jurisprudence of its time, nor should it be seen as radical today. In many ways, *Steele* is a continuation of the “minimum contacts” basis of jurisdiction in the realm of the Lanham Act and trademarks established in the seminal 1945 case of *International Shoe Co. v. Washington*, 326 U.S. 310 (1945), which is prominently featured in first-

year law school civil procedure classes, and its progeny. Synthesizing the two cases and similar cases, the basis for asserting jurisdiction over a person where that person has activities or imputed activities outside of the jurisdiction which are the subject of proscription in the jurisdiction is substantial impact in the jurisdiction. Thus, products manufactured outside of the jurisdiction but introduced into the stream of commerce of the jurisdiction subject the one introducing the products into the stream of commerce to liability when the products cause harm in the jurisdiction.

Likewise, when there are certain minimum contacts within the United States by a defendant, products and services imputed to the defendant that occur outside of the U.S. may nonetheless subject the defendant liability for trademark infringement under the Lanham Act where there is a substantial impact such as confusion of end consumers about the origin of the goods or services. *Steele* therefore understandably requires that for the extraordinary exercise of extraterritorial jurisdiction (including a worldwide injunction) where the subject activities occur outside of the U.S., a court must find that the defendant is a U.S. citizen, that the foreign activities have an impact (subsequently interpreted by Circuits to be “substantial” and the like), and that imposing the worldwide injunction will not interfere with the sovereignty of foreign nations.

In the present case, the decision in the district court, affirmed by the 11th Circuit Court of Appeals, relied on *Steele v. Bulova Watch* to justify imposing a permanent world-wide injunction against

Petitioner, when only one factor was present - Petitioner is a citizen of the United States. That factor alone, absent a “substantial” effect on United States commerce, cannot support the injunction outside the territories of the United States and Canada which are the only nations where Respondent holds trademark registrations. Respondent presented no evidence that Petitioner’s use of the mark outside of the United States or Canada had, or would have, a “substantial effect” on United States commerce.

5. Circuit conflict on Bulova’s “substantial effect”

The circuits are divided on what comprises *Steele v. Bulova Watch Co.*’s “substantial effect” factor. The Second Circuit addressed the jurisdiction of the U.S. courts over the conduct of a Canadian company that held a valid Canadian trademark registration in *Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633 (2d Cir. 1956). The court upheld the dismissal by the district court for lack of jurisdiction over the alleged infringing conduct in Canada, because said conduct by a Canadian company with valid registration in Canada was governed by Canadian law.

Vanity Fair applied the following factors for determining whether the Lanham Act should be applied extraterritorially: (1) whether the defendant's conduct has a substantial effect on United States commerce; (2) whether the defendant is a United States citizen; (3) and whether there exists a conflict between defendant's trademark rights under foreign law and plaintiff's trademark rights under domestic

law. See *Id. at 642*. In *Vanity Fair*, because defendant was a Canadian citizen employing a trademark in Canada properly registered under Canadian law, the Court declined to give the Lanham Act extraterritorial effect. *Vanity Fair*, 234 F.2d at 642-43.

The Second Circuit has repeatedly affirmed its “substantial effect” test. See e.g. *Sterling Drug, Inc. v. Bayer AG*, 14 F.3d 733, 746 (2d Cir. 1994). The Fourth Circuit requires a “significant effect” on U.S. commerce. See *Nintendo of Am., Inc. v. Aeropower Co.*, 34 F.3d 246, 250-251 (4th Cir. 1994). The Fifth Circuit requires “some effect” on U.S. commerce. See *Am. Rice, Inc. v. Ark. Rice Growers Coop, Ass’n*, 701 F.2d 408 (5th Cir. 1983). The Ninth Circuit has applied a different test derived from antitrust law. See e.g. *Wells Fargo Express Co.*, 556 F.2d 406 (9th Cir. 1997) (rejecting the “substantial effect” test adopted by the Second Circuit and approving the “some effect” test as part of the comparable test used to determine the extraterritorial reach of antitrust laws. *Reebok Int’l Ltd. V. Marnatech Enters, Inc.*, 970 F.2d 553, 554 (9th Cir. 1992).

6. Petitioner’s use of a U.S. trademark abroad does not have a “substantial effect” on U.S. commerce

The Ninth Circuit test is the least stringent of the circuits, but it still does not settle the Lanham Act’s extraterritorial limitations. In *Love v. Associated Newspapers, Ltd.*, 611 F.3d 601, 606, (9th Cir. 2010), Mike Love, a cofounder of the Beach Boys, held the right to use the Beach Boys’ trademark in live performances. In 2004, founding member Brian Wilson, (who, like Petitioner Thomas McClary, had

written or co-written most of the groups iconic hits), mounted a tour abroad with a backup band to promote an album consisting of Wilson's solo versions of Beach Boy songs. As part of Wilson's promotion, a British newspaper the *Mail on Sunday* distributed a compact disk album. The CD's were distributed in the United Kingdom and Ireland. Approximately 425 copies of that edition of the *Mail* were distributed in the United States without the CD, including 18 in California. Love claimed that Wilson's return to touring and recording would dampen ticket sales for the live performances of his touring group in the United States. *Id* at 607.

The central issue presented to the Ninth Circuit in *Love* was whether American claims for relief can be asserted on the basis of conduct that only occurred in Great Britain. The court held that the Lanham Act could not be applied extraterritorially to encompass acts in Great Britain:

We analyze the Lanham Act's coverage of foreign activities under a three-part test originally developed in the anti-trust context. See *Star-Kist Foods, Inc. v. P.J. Rhodes & Co.*, 769 F.2d 1393, 1395 (9th Cir. 1985) (citing *Timberlane Lumber Co. v. Bank of Am. Nat'l Trust & Sav. Ass'n*, 549 F.2d 597 (9th Cir. 1976), *superseded by statute*, 15 U.S.C. § 6a). **HN10** For the [*613] Lanham Act to apply extraterritorially: (1) the alleged violations must create some effect on American foreign commerce; (2) the effect must be 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 must be sufficiently strong in relation to those of other nations to justify an assertion of extraterritorial authority. *Id.*

The first two criteria may be met even where all of the challenged transactions occurred abroad, and where "injury would seem to be limited to the deception of consumers" abroad, as long as "there is monetary injury in the United States" to an American plaintiff. See *Ocean Garden, Inc. v. Marktrade Co.*, 953 F.2d 500, 503 (9th Cir. 1991); see also *Reebok Intern'l, Ltd. v. Marnatech Enters., Inc.*, 970 F.2d 552, 554-55 (9th Cir. 1992) (the first two criterion were met where a defendant was found to have "organized and directed [the deception] from the United States" and to have known that the deceptive product "went back to the United States with regular frequency" and that sales of the "genuine" product decreased in the United States).

Therefore, for the Lanham Act to apply, Love must have presented evidence that the complained of actions caused him monetary injury in the United States. Love's declaration--that his ticket sales in the United States were

lower after the distribution of Good Vibrations, the release of Smile, and the U.S. tour embarked upon by Wilson--is insufficient. Even if, as Love argues, European purchasers of the Mail of Sunday would mistakenly associate the promotional CD with Love, Smile, and the official Beach Boys touring band, it is too great of a stretch to ask us, or a jury, to believe that such confusion overseas resulted in the decreased ticket sales in the United States.

Love v. Associated Newspapers, Ltd.,
supra at 612-613.

The present case before this Court is distinguishable from *Steele v. Bulova*, and *Vanity Fair*. The Plaintiff and Defendant are both U.S. citizens. They both are founding members of the famous musical groups in the United States, Wilson stopped performing for a time and Love acquired the rights to the mark for live performances in the United States. Wilson returned to recording and performing in foreign nations, the United Kingdom and Ireland. Similarly, Petitioner resumed live performances. However, unlike Wilson, Petitioner was enjoined from international use of the mark. Under the least stringent of the “substantial effect” tests, Respondent cannot establish monetary damage from Petitioner’s use of the mark abroad.

At the time the preliminary injunction was imposed Petitioner had not yet used the mark abroad. However, Petitioner had upcoming performances booked in Europe. There was no conduct which CEC could claim caused it harm. Nonetheless, the district court enjoined Petitioner from using the trademark world-wide which caused the bookings to cancel Respondent CEC attained a world-wide permanent injunction, without a shred of evidence that Petitioner's use of the Commodores mark *had or has any* effect on its U.S. sales.

7. The 11th Circuit opinion is not supported by law

The Eleventh Circuit Panel Decision appears to begin on good footing when it states:

We have considered three factors when determining the extraterritorial reach of the Lanham Act: (1) whether the defendant is a United States corporation, (2) whether “the foreign activity had substantial effects in the United States,” and (3) whether “exercising jurisdiction would not interfere with the sovereignty of another nation.” *Int'l Café, S.A.L. v. Hard Rock Café Int'l (U.S.A.), Inc.*, 252 F.3d 1274, 1278 (11th Cir. 2001) (discussing *Steele*, 344 U.S. 280).

The Defendants respectfully aver, however that the Panel Decision makes an unsupported evidentiary and logical leap when it declares:

In this case, it is undisputed that both parties are citizens of the United States. And given the actual confusion that was experienced in the United States in connection with the New York performance, it is likely that McClary's use of the marks abroad would create confusion both abroad and in the United States. McClary's group is also managed in the United States by an American citizen, and his use of the marks affects CEC, an American corporation, both at home and abroad.

As for the final factor, interference with another nation's sovereignty, the question is closer but McClary comes up short. McClary notes that his corporation, Fifth Avenue, filed for a Community Trademark (CTM) in the European Union (EU) -- the equivalent of a federally registered trademark in the United States. But McClary has offered no evidence that a CTM has been granted or issued by the Office of Harmonization in the Internal Market (OHIM), the EU's equivalent of the PTO. Rather, he notes that the OHIM denied CEC's opposition to Fifth Avenue's CTM application. However, a CTM will be granted only if there is no opposition or if the "opposition has been rejected by a definitive decision." European Council Reg. No. 207/2009, Art. 45. CEC appealed the denial of its

opposition, so the opposition has not yet been “rejected by a definitive decision.” Indeed, the EU Intellectual Property Office’s database shows that Fifth Avenue’s CTM status is “Application Opposed,” indicating that a CTM has not yet been issued. There is no record evidence that Fifth Avenue actually holds a CTM and, correspondingly, no evidence that the extraterritorial reach of the injunction infringes on a foreign nation’s sovereignty.

Commodores Entm't Corp. v. McClary, 879 F.3d 1114, (11th Cir. 2018).

Implicitly, the most important element in *Steele v. Bulova Watch Co* is the demonstration of “substantial effect” in the United States. However, there is no consensus in the courts of what constitutes a “substantial effect”. The Panel Decision provides only a perfunctory consideration of this prong, by in effect stating, if activity occurring in one state of the United States would infringe or cause confusion of a trademark in that state, it is presumed to infringe or cause confusion throughout the world.: “And given the actual confusion that was experienced in the United States in connection with the New York performance, it is likely that McClary’s use of the marks abroad would create confusion both abroad and in the United States.”

The *de novo* review of the Panel Decision therefore supplies no evidentiary basis for a conclusion that because the Defendants would perform live musical performances in Europe, for example, in

front of a separate group of potential consumers than live musical concertgoers in the United States, such foreign performances would necessarily cause confusion to potential United States' live musical concertgoers. The trial court's conclusion is no better when its Clarifying Order does much the same, nearly skipping over the most important element by relying upon a previously submitted conclusory affidavit.

The extraterritorial injunction should be seen as fatally defective for the above reasons alone, as an extraordinary exercise of jurisdiction should not be accompanied by less-than-ordinary evidentiary support. The better result, and the one proposed by the Petitioners is that before a U.S. court may prohibit a U.S. citizen from engaging in activities abroad that that might infringe U.S. trademarks if carried out in the U.S., a hearing must be conducted and admissible evidence demonstrating that the foreign activities cause substantial harm in the U.S. usually in the form of consumer confusion must be shown. This should be seen as comporting with the general notions of fairness and due process.

8. CEC does not standing to enforce "The Commodores" mark.

Ownership and priority rights to the mark at issue is the first element in a trademark infringement claim. *Planetary Motion, Inc. v. Techsplosion, Inc.*, 261 F.3d 1188, 1193 (11th Cir.2001). CEC fails on the first element of its trademark infringement claim. There was no evidence that the individual band members transferred their common law ownership of the trademarks to CEC.

The district court recognized that in cases like the present, a “case of joint endeavors” courts tend to award “trademark rights to the claimant who controls the nature and quality of the services performed under the mark”. *Crystal Entm’t & Filmworks, Inc. v. Jurado*, *supra* at 1322 citing *Robi v. Reed*, 173 F.3d 736, 740 (9th Cir. 1999 “In the context of a band, this is typically the band members who made the band famous, *Id.* See also *Bell v. Streetwise Records, Ltd.* 640 F. Supp. 575. 582 (D. Mass. 1986)(noting that the norm in the industry is that the artist or group generally owns its name” and concluding that band members, with their “distinctive personalities and style as performers” controlled the nature and thus owned the band mark)” [# 56 at p 5]. Each of the foregoing cases involved a dispute between the individual band members and a corporation or entity that claimed a right to the trademark. In every one of these cases, the individual band members prevailed over the entities’ claim to the band trademarked name.

The district court examined these cases which are similar to the present case, where there were “joint endeavors” by several claimants to the mark. In fact, the district court held that the remaining band members William King and Walter Orange controlled the sound and quality, and therefore were the rightful owners of the common law. Marks. Then, without any evidence of a transfer to the corporation, the district court held that CEC was the owner of the trademarks. Without any evidence whatsoever, the district court took an unprecedented leap and attributed the rights of the band members to the corporation, CEC.

The sole plaintiff and movant on the motion to preliminary injunction is Plaintiff CEC. Again, CEC has no standing to seek an injunction against the defendants for a mark that it does not own.

CONCLUSION

Congress has not defined the extraterritorial application of the Lanham Act to protect a United States trademark abroad. This Court set forth three factors in *Steele v. Bulova Watch Co.*, supra, but there is no statutory or judicial definition of a “substantial effect” on United States commerce. The circuit courts are inconsistent and contradictory in applying a judicially created test to establish “substantial effect”.

The only way to reconcile the conflict in the circuit courts is a ruling by this Court which defines a uniform test to satisfy the “substantial effect” on United States’ commerce. Absent a ruling by this Court, the scope extraterritorial application will remain uncertain.

Further, Commodores Entertainment Corpaction does not have standing to enforce the trademarks, and this the injunction should be set aside in the United States and abroad.

For the reasons set forth above, a writ of certiorari should be granted.

Respectfully submitted, July 3, 2018

/s/ Kevin Mirch _____
Kevin Mirch
Mirch Law Firm, LLP

CERTIFICATE OF COMPLIANCE

Case No. _____

Thomas McClary,

Fifth Avenue Entertainment, LLC.

Petitioners,

v

Commodores Entertainment Corporation, Inc.

Respondent,

As required by Supreme Court Rule 33.1(h), I certify that the petition for a writ of certiorari contains 5073 words, excluding the parts of the petition that are exempted by Supreme Court Rule 33.1(d)

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 3, 2018.

/s/ Kevin Mirch

Kevin Mirch

