

No. _____

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

—◆—

ARCONA, INC., a California corporation,

Petitioner,

v.

FARMACY BEAUTY, LLC,
a New Jersey limited liability company, et al.,

Respondents.

—◆—

**On Petition For Writ Of Certiorari
To The United States Court Of Appeals
For The Ninth Circuit**

—◆—

PETITION FOR WRIT OF CERTIORARI

—◆—

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QUESTIONS PRESENTED

The Lanham Act defines “counterfeit” as “a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.” (15 U.S.C. § 1127.) “The key question presented,” as the Ninth Circuit succinctly framed it below, “is whether a trademark counterfeiting claim requires a likelihood of confusion.” App. 2. The Ninth Circuit concluded, “[w]e hold that the plain language of the statute requires a likelihood of confusion for a counterfeit claim.” (*Id.*)

The questions presented are as follows:

1. Whether trademark counterfeiting occurs when the *identical* trademark recited in the federal trademark registration is used on the *identical* type of goods recited in the federal trademark registration in spite of the counterfeiting’s attempt to avoid liability by changing the appearance of the packaging.
2. Whether the Supreme Court should resolve the split in the circuits that was created when the Ninth Circuit in this case rejected the presumption of counterfeiting when a counterfeiter uses the *identical* trademark recited in the federal trademark registration on the *identical* type of goods recited in the federal trademark registration.
3. When the statutory requirements for counterfeiting of a registered *word* mark

QUESTIONS PRESENTED—Continued

has been met by showing that an accused mark is “spurious” because it is (a) “identical with, or substantially indistinguishable from” the registered mark and (b) applied to the same goods listed in the trademark registration, whether the Ninth Circuit’s extra-textual requirement that counterfeiting also requires a likelihood of confusion between the counterfeit *product* and the genuine *product* is a misconstruction of the statute.

PARTIES TO THE PROCEEDING

Arcona, Inc. (“Arcona”), a California corporation, is the Petitioner here and was Plaintiff-Appellant below.

Farmacy Beauty, LLC, David C. Chung, and Mark Veeder (collectively, “Farmacy”) are Respondents here and were Defendants-Appellees below.

CORPORATE DISCLOSURE STATEMENT

Petitioner Arcona, Inc. certifies that it has no parent corporation, and no publicly held company owns 10% or more of its stock.

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PETITION FOR WRIT OF CERTIORARI

Arcona respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit in this case.

**OPINIONS BELOW**

The opinion of the United States Court of Appeals for the Ninth Circuit is reported at 976 F.3d 1074. App. 1. The opinion of the United States District Court for the Central District of California is unreported and is available at 2019 WL 1260625. App. 16.

**JURISDICTION**

The judgment of the Court of Appeals was entered on October 1, 2020. App. 1. A petition for rehearing was denied on November 9, 2020. App. 28. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

**STATUTORY PROVISIONS INVOLVED**

15 U.S.C. § 1114 provides in relevant part:

- (1) Any person who shall, without the consent of the registrant—
 - (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in

connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; . . .

shall be liable in a civil action by the registrant for the remedies hereinafter provided. . . .

App. 29: 15 U.S.C. § 1114.

The term “counterfeit” is defined in 15 U.S.C. § 1127:

A “counterfeit” is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.

App. 30: 15 U.S.C. § 1127.



STATEMENT OF THE CASE

Since the passage of the Lanham Act in 1946, the term “counterfeit” has always been defined by Congress as “a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.” 15 U.S.C. § 1127. Though Congress provided a clear and concise definition of “counterfeit,” over the years lower courts have gradually strayed further and further away from the statutory language, eroding the bright-line statutory test for counterfeiting by conflating it with garden-variety trademark infringement.

This petition seeks to restore the test for counterfeiting to its proper statutory foundation.

A. Factual and Procedural Background

Arcona, founded in 1989, is a leading brand of skin care products. On March 24, 2015, the United States Patent and Trademark Office (USPTO) granted U.S. Trademark Registration No. 4,706,079 for the word mark EYE DEW for cosmetic eye creams to Arcona. App. 40. The registration provides that “the mark consists of standard characters without claim to any particular font, style, size, or color.” *Id.*

Less than five months later, Farmacy began selling eye creams using an identical EYE DEW word mark. App. 4. Arcona brought a complaint alleging, *inter alia*, that Farmacy counterfeited the EYE DEW mark. *Id.*

The district court granted summary judgment for Farmacy on the counterfeiting claim because it found that “[v]isually, the products’ *packaging* is not identical or substantially indistinguishable.” App. 23 (emphasis added). Based on a comparison of the respective packaging, the district court found “it implausible that a consumer viewing Defendants’ EYE DEW *product* would be tricked into believing that the product is actually one of Plaintiff’s EYE DEW *products*.” App. 23-24 (emphasis added).

On appeal, the Ninth Circuit affirmed the district court’s grant of summary judgment in favor of

Farmacy. App. 2. Noting “[i]t appears that our court has not yet expressly held that a counterfeiting claim requires a likelihood of confusion,” the Ninth Circuit concluded, “[w]e hold that the plain language of the statute requires a likelihood of confusion for a counterfeit claim.” App. 8-10. In doing so, the Ninth Circuit stated a new test for counterfeiting where, “**even assuming the marks are identical**, . . . a court **must** review **the product as a whole** in determining whether an allegedly counterfeit product will likely cause confusion.” App. 11 (emphasis added). The Ninth Circuit found that “even if [Farmacy’s EYE DEW] mark is a counterfeit, no reasonable juror would find a likelihood of consumer confusion.” App. 8, fn. 3.

Arcona petitioned for rehearing and rehearing *en banc*, which were denied. App. 28.

B. What Should be the Test for Counterfeiting?

The text is the law.¹ The test for counterfeiting must be based on and bound by the statutory definition of “counterfeit.” As the statute defines “counterfeit” to be a “spurious mark” (15 U.S.C. § 1127), any use in commerce of a spurious mark “in connection with the sale, offering for sale, distribution, or advertising of any goods . . .” (15 U.S.C. § 1114) violates the statute. The counterfeiting provision of § 1114 is circumscribed

¹ Antonin Scalia, Common-Law Courts in a Civil-Law System: The Role of United States Federal Courts in Interpreting the Constitution and Laws, in *A Matter of Interpretation: Federal Courts and the Law* 3, 22 (Amy Gutmann ed., 1997).

by the definition of “counterfeit” in § 1127. Hence, the counterfeiting provision can and should be read logically by inserting the definition of “counterfeit” in place of the term “counterfeit”:

(a) use in commerce any . . . [***spurious mark which is identical with, or substantially indistinguishable from, a registered mark***] . . . in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; . . .

shall be liable in a civil action . . .

(15 U.S.C. § 1114 and § 1127 (emphasis added).) Therefore, the statutory test for counterfeiting is simple: It is a direct comparison of the *spurious mark* with the *registered mark* to determine if the commercial use of the spurious mark “is likely to cause confusion” *between the marks*.

Departing from the statute, the Ninth Circuit announced a new test for counterfeiting where, even if the statutory definition for counterfeiting is met by showing that the spurious and registered marks are exactly or virtually the same, that is no longer enough to establish counterfeiting. The Ninth Circuit rewrote the counterfeiting test to now require not only that the *marks* be identical or substantially indistinguishable, but the *products as a whole* must also be confusingly similar. The only way to determine if whole products are confusingly similar is to compare trade dress

features that have nothing to do with the word mark as claimed in the registration.

The Ninth Circuit’s confusion-of-the-products-as-a-whole test for word mark counterfeiting is contrary to the statute in both letter and spirit. The statutory definition of “counterfeit” in § 1127 never mentions “products” nor “likelihood of confusion” between products. Nor does § 1114. Section 1114 only requires a likelihood of confusion between the marks, not the products. When two marks are “identical” or “substantially indistinguishable,” such confusion—whether as to source, or affiliation, sponsorship, connection—is inevitable. By rewriting the statute to require a likelihood of confusion between the *products as a whole* for counterfeiting, the Ninth Circuit has changed the narrowly-focused mark-to-mark test dictated by the statute into a judicially invented broad product-to-product confusion test. This change has no basis in the text of the statute.

This product-to-product confusion test for counterfeiting is also contrary to the spirit of the statute. The purpose of the counterfeiting provision is to curb counterfeiting by giving more, not less, protection to trademark owners against counterfeiting,² which Congress

² As Congress stated, one of the purposes of the 1984 Counterfeiting Act was to provide “*trademark owners* with essential tools for combatting this insidious and rapidly growing form of commercial fraud.” S. Rep. 98-526, 1, 1984 U.S.C.C.A.N. 3627, 3627 (emphasis added). This is manifest in the heightened civil remedies for counterfeiting, which are not available for trademark infringement. (15 U.S.C. § 1117.)

has noted is a rampant multi-billion-dollar problem.³ By weakening the protection for trademark owners, the Ninth Circuit’s decision, if left to stand, will have serious practical implications in the marketplace. Foremost, it will lead to more counterfeiting because counterfeiters will know they can copy a registered word mark exactly, use it on competing goods, yet still avoid liability for counterfeiting by simply using different packaging. That is what happened here. Arcona registered EYE DEW for its eye creams. Farmacy copied Arcona’s registered EYE DEW mark and used it on Farmacy’s competing eye creams. Yet, Farmacy was able to avoid counterfeiting liability by using packaging that looks different from Arcona’s packaging.

Counterfeiters should not be allowed to copy a registered mark by arguing that consumers are not confused just because the trade dress of the counterfeit product is different from the trade dress of the genuine product. The copying of a registered *mark* still harms the trademark owner even when there is no confusion as to the *product* as a whole. Indeed, the reality is that consumers often know the difference between a

³ In amending the Lanham Act in 1984 to strengthen protection against counterfeiting, Congress noted the “growing problem of commercial counterfeiting” which had resulted in “legitimate businesses suffer[ing] the losses of billions of dollars every year to counterfeiters.” *A Bill to Amend Title 18 of the United States Code to Strengthen the Laws Against the Counterfeiting of Trademarks, and for Other Purposes: Hearing on S. 2428 Before the S. Comm. on the Judiciary*, 97th Cong. 34-35 (1982).

counterfeit product and an authentic product. Some consumers may even seek out counterfeits because they are cheaper than the genuine article. But a trademark owner who has invested in cultivating the mark is still hurt by a competitor copying the mark even if that competitor does not copy the trade dress of the product.

The test for counterfeiting should not be confused with the test for trademark infringement because counterfeiting is a special case of the most egregious form of trademark infringement for which Congress saw fit to provide its own test. Under the Ninth Circuit's confusion-of-the-products-as-a-whole standard, counterfeiters who use the identical mark for the same goods in the federal trademark registration mark can have their case dismissed on summary judgment as happened here if they simply use their own trade dress. They are able to make the registered trademark their own for the identical goods by using their own trade dress as the defendant did here by using EYE DEW for eye creams as recited in the registration, but with different packing.

No court has adopted a product-to-product confusion test for word mark counterfeiting. The Ninth Circuit appears to stand alone among the circuits in requiring a likelihood of confusion between the products as a whole for counterfeiting. Courts in other circuits—including the Fourth, Fifth, Sixth and Eleventh Circuits—have consistently applied a mark-to-mark comparison, not a product-to-product comparison, in counterfeiting cases. *See, e.g., Polo Fashions, Inc. v.*

Craftex, Inc., 816 F.2d 145, 148 (4th Cir. 1987); *Choice Hotels Int’l, Inc. v. Patel*, 940 F. Supp. 2d 532, 540 (S.D. Tex. 2013); *Gen. Motors Corp. v. Autovation Techs., Inc.*, 317 F. Supp. 2d 756, 761 (E.D. Mich. 2004).

In fact, the majority of courts adopt a presumption of confusion when an accused mark has been shown to be “spurious” and used on related goods. This is because when two marks are exactly, or virtually, the same and used on competing products, confusion follows as a matter of course. The Ninth Circuit splits from these other circuits in limiting the presumption of confusion to what is commonly known as “stitch-for-stitch” copying. Confusion cannot be presumed, the Ninth Circuit says, even when the marks are the same if “the products are not identical.” App. 11. In other words, the Ninth Circuit requires “stitch-for-stitch” copying of *both marks and products* to justify a presumption of confusion. No other circuit has taken such an extreme position.

This case thus presents a question of paramount importance for review: What is the test for counterfeiting? It is a question that has divided the courts of appeals. And it is one which has profound real-world implications across all markets where counterfeiting, as Congress has noted, is a multi-billion-dollar problem. The occasion for review of this question is ripe as the Court has never addressed the test for counterfeiting in the Lanham Act. This case is ideal for review of this question because the facts of the case are

straightforward and undisputed. The Court should grant the petition.



REASONS FOR GRANTING THE PETITION

The Ninth Circuit below held that counterfeiting requires a likelihood of confusion because:

. . . 15 U.S.C. § 1114 establishes the cause of action for, among other things, counterfeiting and states that “[a]ny person who . . . use[s] in commerce any reproduction, *counterfeit*, copy, or colorable imitation of a registered mark . . . which such use is *likely to cause confusion*, or to cause mistake, or to deceive . . . shall be liable in a civil action by the registrant for the remedies hereinafter provided.” 15 U.S.C. § 1114(1)(a) (emphasis added). The plain language of the statute thus shows that “likely to cause confusion” is a requirement for a counterfeiting claim.

App. 6-7 (emphasis in original). Accordingly, the Ninth Circuit went on to dictate that “a court must review ***the product as a whole*** in determining whether an allegedly counterfeit ***product*** will likely cause confusion.” App. 11 (emphasis added).

The Court should grant certiorari for the following reasons.

A. The Textual Underpinnings of the Statutory Test for Counterfeiting Test

As the late Justice Antonin Scalia has taught, “if the language of a statute is clear, that language must be given effect.” *I.N.S. v. Cardoza-Fonseca*, 480 U.S. 421, 452-53, 107 S. Ct. 1207, 1224, 94 L. Ed. 2d 434 (1987). Here, the Lanham Act is crystal clear on the requirements for counterfeiting. No court is free to rewrite the statute to add additional requirements not put in the statute by Congress.

1. Congress Laid the Foundation for Counterfeiting in § 1127 by Defining “Counterfeit” and “Colorable Imitation” Very Differently

In the Lanham Act, Congress defined “counterfeit” specifically to distinguish it from trademark infringement. Whereas counterfeiting involves a “spurious mark,” trademark infringement involves “colorable imitation.” In contrast to the definition of a “counterfeit” as being “identical with, or substantially indistinguishable from, a registered mark,” the statute defines “colorable imitation” to be “any mark which so resembles a registered mark as to be likely to cause confusion or mistake or to deceive.” App. 33. A “spurious mark” is not merely a “colorable imitation” of the registered mark, but rather essentially a carbon copy of it.

Hence, the statutory test for trademark infringement requires a likelihood of confusion because that is how “colorable imitation” is defined in § 1127. But

the statutory test for counterfeiting requires the marks to be “identical” or “substantially indistinguishable” because that is how a “counterfeit” is defined in § 1127.

2. The Statutory Mark-to-Mark Comparison Test

Based on the definition of “counterfeit” in § 1127, the statutory test for counterfeiting is simply a comparison of the spurious mark with the registered mark *as set forth in the registration* to determine if they are identical or substantially indistinguishable. This is a pure mark-to-mark comparison.

This spurious-mark-to-registered-mark comparison makes sense because the statute defines “counterfeit” in terms of the mark as registered, not the associated goods or services. Congress has said that **“conduct regulated by the Lanham Act relates to ‘marks’ rather than ‘goods or services.’”** (Joint Statement at H12076, reprinted in 7 McCarthy at App. A8-3 to A8-4 (emphasis added)).⁴

For word marks, a mark-to-mark comparison is simple and straightforward because the word(s) of the

⁴ Section 1127 states: “The intent of this chapter is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of *marks* in such commerce; to protect registered marks used in such commerce . . . to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks. . . .” (15 U.S.C. § 1127 (emphasis added).)

marks can be compared based on their sight, sound, and meaning. *See, e.g., AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 351 (9th Cir. 1979) (noting marks should be compared based on their sight, sound, and meaning). Here, for instance, the analysis is exceedingly simple: since Arcona’s registration is for the standard characters EYE DEW, the proper counterfeiting analysis is to compare Arcona’s EYE DEW with Farmacy’s EYE DEW based on the sight, sound, and meaning of their standard characters. There is no dispute that Farmacy’s EYE DEW is *identical* to Arcona’s EYE DEW.

Since Farmacy’s EYE DEW is spurious, its use in commerce in connection with the sale of eye creams is a violation under § 1114. That should be the end of the counterfeiting analysis. *Conroy v. Aniskoff*, 507 U.S. 511, 518-19, 113 S. Ct. 1562, 1567, 123 L. Ed. 2d 229 (1993) (Where “[t]he statutory command . . . is unambiguous, unequivocal, and unlimited . . . discussion of that point is where the remainder of the analysis should [] end[.]” (internal quotations and citations omitted)); *see also Stone Creek, Inc. v. Omnia Italian Design, Inc.*, 875 F.3d 426, 432 (9th Cir. 2017), *cert. denied*, *Omnia Italian Design, Inc. v. Stone Creek, Inc.*, 138 S. Ct. 1984, 201 L. Ed. 2d 248 (2018) (“our precedent’s conclusion that identical marks paired with identical goods can be case-dispositive . . .”).

To the extent § 1114 requires that “such use is likely to cause confusion” between the marks, when two marks are “identical” or “substantially indistinguishable,” confusion follows as a matter of course. *See*,

e.g., *Opticians Ass’n of Am. v. Indep. Opticians of Am.*, 920 F.2d 187, 195 (3d Cir. 1990), *holding modified by Reilly v. City of Harrisburg*, 858 F.3d 173 (3d Cir. 2017) (“[L]ikelihood of **confusion is inevitable, when**, as in this case, **the identical mark is used** concurrently by unrelated entities.” (emphasis added) (citing 2 McCarthy, § 23:3 (“Cases where a defendant uses an identical mark on competitive goods hardly ever find their way into the appellate reports. **Such cases are ‘open and shut’**. . . .”) (emphasis added))).

Yet, the Ninth Circuit no longer adheres to the statutory test for counterfeiting by conducting a spurious-mark-to-registered-mark comparison.

B. Courts Have Transformed the Counterfeiting Test from a Strict Statutory Test to a Loose Court-Created Test

Over the years, courts have strayed from the statutory language, changing the test for counterfeiting from a literal comparison of the “spurious mark” with the “registered mark” *as registered* to a loose “market-place comparison” of the marks *as they are encountered in the marketplace*. See, *e.g.*, *Lindy Pen Co. v. Bic Pen Corp.*, 725 F.2d 1240, 1245 (9th Cir. 1984) (examining “the way the marks are encountered in the marketplace . . .”).

1. A Marketplace Comparison Is a Mark-to-Mark Comparison Based on How Marks Appear on Products

In transforming the literal mark-to-mark comparison into an expanded “marketplace comparison,” courts have shifted the analytical focus from comparing the spurious mark with the registered mark *based on what is claimed in the registration* to comparing the marks as *they appear on products in the marketplace*. See, e.g., *The Sports Auth., Inc. v. Prime Hosp. Corp.*, 89 F.3d 955, 962 (2d Cir. 1996) (“In deciding whether the marks are similar as used, we do not look just at the typewritten and aural similarity of the marks, but how they are presented in the marketplace.”); cf. *United States v. Guerra*, 293 F.3d 1279, 1288 (11th Cir. 2002) (“There is no support for the proposition that in all cases, the trier of fact must determine indistinguishability based on the marks as affixed to the actual goods.”).

In a marketplace comparison, the focus is expanded to examine the marks as they appear on products to consumers, giving little regard to what is claimed in the registration. Courts typically examine characteristics such as the font, style, size, or color of the marks as they appear on products. See, e.g., *Medici Classics Prods., LLC v. Medici Grp., LLC*, 683 F. Supp. 2d 304, 311 (S.D.N.Y. 2010) (Notwithstanding plaintiff’s argument that its registered trademark is for “Medici Classics Productions” “without claim to any particular font, style, size or color,” this inquiry requires looking not “just at the typewritten and aural

similarity of the marks, but how they are presented in the marketplace.” (internal citations omitted)).⁵

Here, Arcona’s registration for EYE DEW consists of standard characters “without claim to any particular font, style, size, or color” (App. 40). When Farmacy’s EYE DEW and Arcona’s EYE DEW are compared as they appear on products, they are still “substantially indistinguishable” because those text characteristics are essentially the same.⁶ Farmacy would be liable for counterfeiting under a marketplace comparison test.

What is important to understand is that, though a marketplace comparison goes outside the four corners of the registration by looking at the visual characteristics of the marks as they appear to consumers, even in such a real-world analysis *the focus is still on the marks* because that is mandated by the statute. *See, e.g., GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1206 (9th Cir. 2000) (it is the “*marks* [that] must be considered in their entirety and as they appear in the marketplace” (emphasis added)).

⁵ *See also Monster Energy Co. v. BeastUp LLC*, 395 F. Supp. 3d 1334, 1357 (E.D. Cal. 2019) (“When viewed in the context in which they appear in the marketplace, the marks contain noticeable and distinct differences in their display of the term “BEAST,” capitalization, fonts, color scheme, design elements, orientation and location on the can and prominence.”).

⁶ Neither the district court nor the Court of Appeals below found any substantial differences between Farmacy’s EYE DEW and Arcona’s EYE DEW based on their typeface, font, size, capitalization and color.

2. The Ninth Circuit Changed the Mark-to-Mark Comparison Test into a Product-to-Product Comparison Test

The Ninth Circuit has now moved well beyond any traditional marketplace comparison by taking the focus off the registered mark and shifting it to the trade dress of the product, even when the trade dress is not the subject of the counterfeiting claim. The confusion-of-the-products-as-a-whole test is not a child borne of the statute. It is a court-created creature.

The Ninth Circuit admits as much, explaining why it adopted such a loose test:

This court has never adopted the rigid approach advanced by *Arcona*. To the contrary, this court noted that even “where there is precise identity of a complainant’s and an alleged infringer’s mark, there may be no consumer confusion”. . . . A court should not myopically focus on only the alleged counterfeit marks to the exclusion of the entire product or even common sense.

App. 12. It is not myopic to focus closely on the marks because that is what is required by the statute. It is not contrary to common sense to hew faithfully to the statutory text.

Unmoored from the statute and liberated from the constraints of the text, the Ninth Circuit’s analysis becomes a free-floating comparison of the products, in which almost any trade dress feature can be considered, instead of remaining tightly focused on a

comparison of the marks as dictated by the statute. For instance, though Arcona’s EYE DEW registration makes no claim to packaging, the Ninth Circuit went so far as to consider Farmacy’s claim that its eye cream features the ingredient “echinacea greenenvy” as part of its trade dress:

... Farmacy’s packaging looks distinct from Arcona’s because it features (i) multiple pictures of the Echinacea green envy plant used in the product, (ii) a picture of the farmers, and (iii) a description of the company.

App. 13. None of these trade dress features are relevant to Arcona’s EYE DEW mark as registered. If a counterfeiter can merely add its own pictures to the packaging to avoid liability for copying of a registered word mark, then no mark is safe from copying. Counterfeiters could make *Estée Lauder* eye cream or *Lancôme* eye cream by putting pictures of an echinacea greenenvy plant on the packaging as was the excuse here. To protect consumers and trademark owners, it is necessary to protect marks as they are registered.

The bizarre result of the Ninth Circuit’s analysis is that there is no counterfeiting “even assuming the marks are identical” (App. 11), which does not make sense. The very bizarreness of this result shows that a product-to-product comparison cannot be the proper test for word mark counterfeiting. The correct comparison for word mark counterfeiting has to be strictly between the “spurious mark” compared to the “registered mark” because that is what the statute requires. The statute does *not* define a counterfeit as a *spurious*

product compared to the trademark owner’s unregistered trade dress in combination with its trademark.

If Congress had intended to define “counterfeit” based on goods, then it would have explicitly done so by requiring a comparison of the appearance of the goods in the marketplace. *See, e.g., Anderson v. Evans*, 314 F.3d 1006, 1024 (9th Cir. 2002), *opinion amended on denial of reh’g*, 350 F.3d 815 (9th Cir. 2003), *opinion amended and superseded on denial of reh’g*, 371 F.3d 475 (9th Cir. 2004) (“If Congress wanted to exempt subsequent amendments, then Congress could have done so explicitly. But Congress did not do so.”). There is simply nothing in the plain language of the statute or its legislative history to suggest, much less require, a comparison of the genuine product’s trade dress with the counterfeit product’s trade dress when the trademark registration at issue makes no claim to any trade dress.

Therefore, where the accused mark is shown to meet the statutory definition of being a “spurious mark” and is used on the same goods, the trademark owner should not also have to prove that its unregistered trade dress is also likely to be confused by consumers.

C. The Ninth Circuit Splits with Other Circuits

The Ninth Circuit’s test is an abrupt break from other circuits because no other circuit has adopted a product-to-product comparison test for word mark

counterfeiting. In fact, in counterfeiting cases where an accused mark has been shown to be identical with or substantially indistinguishable from a registered mark and applied to related goods, other circuits have adopted a presumption of confusion.

1. No Other Circuit Has Adopted a Product-to-Product Comparison Test for Word Mark Counterfeiting

The Ninth Circuit remarked that “[o]ther circuits also read the statutory provisions to require a likelihood of confusion for a counterfeiting claim,” citing *Springboards to Educ., Inc. v. Houston Indep. Sch. Dist.*, 912 F.3d 805, 818 (5th Cir. 2019) and *Kelly-Brown v. Winfrey*, 717 F.3d 295, 315 (2d Cir. 2013). App. 10. This is incorrect. In both these cases, the competing marks were not identical nor substantially indistinguishable. When two marks are not identical or substantially indistinguishable, then the issue becomes one of trademark infringement where it is proper to determine the issue of likelihood of confusion. Neither the Fifth Circuit in *Springboards* nor the Second Circuit in *Kelly-Brown*, however, has done what the Ninth Circuit has done, which is to require a likelihood of confusion between the products even when the marks are identical or substantially indistinguishable.

Further, even accepting the Ninth Circuit’s statement that the statutory provisions require a likelihood of confusion for a counterfeiting claim, its product-to-product comparison test is still the wrong test. To the

extent that § 1114 requires a likelihood of confusion for a counterfeiting claim, the statute requires such confusion between the marks, not the products. Arcona is not aware of any court requiring the products to be confusingly similar when the marks themselves are exactly or virtually the same.

So while the Ninth Circuit may well be right that the statutory provisions require a likelihood of confusion for a counterfeiting claim, it is wrong in crafting a counterfeiting test that is based on a comparison of the products.

2. Other Circuits Have Adopted a Presumption of Confusion When the Marks Are the Same and Used on Related Goods

The majority of circuit courts, in fact, adopt a presumption of confusion when the marks themselves are exactly or virtually the same and used on related goods because, as the Third Circuit noted, the likelihood of confusion would be inevitable. *Opticians Ass'n of Am. v. Indep. Opticians of Am.*, *supra*, 920 F.2d at 195 (“[L]ikelihood of confusion is inevitable, when, as in this case, the identical mark is used concurrently by unrelated entities.”); *see also Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1056 (9th Cir. 1999) (“In light of the virtual identity of marks, if they were used with identical products or services, likelihood of confusion would follow as a matter of course.”). The Ninth Circuit splits from other circuits as to the presumption of confusion.

a. The Presumption of Confusion Is Based on the Competitive Relatedness of Products, Not the Similarity in their Appearance

The Ninth Circuit stated it “will not presume consumer confusion here because *the products* are not identical.” App. 11 (emphasis added). The presumption of confusion adopted by the other circuits is not based on the appearance of the products. Rather, the presumption is based on the competitive relatedness of the products.

When two marks are identical or substantially indistinguishable, a presumption of a likelihood of confusion is justified if they are used on related goods. If, on the other hand, two marks are used on unrelated goods, it is not likely enough to cause confusion to justify such a presumption, no matter how similar they look. *It is the use of the same marks on related goods that justifies the presumption of a likelihood of confusion, not the similarity of the products’ appearance.*

The relatedness of the products means the competitive relationship between the products. In *Brookfield*, the Ninth Circuit itself had explained:

Here, both companies offer products and services relating to the entertainment industry generally, and their principal lines of business both relate to movies specifically. . . . [T]he ***competitive proximity*** of their products is actually quite high . . . [because] **the products are used for similar purposes.**

174 F.3d at 1056 (emphasis added). The presumption of confusion thus depends on the competitive proximity of the products, not the similarity of their trade dress. Yet, though the Ninth Circuit acknowledged that Pharmacy’s and Arcona’s eye cream “products *do* compete in the same space and same geographic area” (App. 12-13 (emphasis added)), it nonetheless refused to “presume consumer confusion here because *the products* are not identical.” App. 11 (emphasis added).

b. The Split with Other Circuits

The Ninth Circuit’s requirement that the appearance of the products must be identical or substantially indistinguishable to apply the presumption of confusion is not in line with the adoption of the presumption in other circuits.

For example, in the Fifth Circuit, as one district court noted, “[w]hen a defendant uses a plaintiff’s exact marks, as occurred in this case, courts within this Circuit have determined that a thorough analysis of the digits of confusion is unnecessary, and a presumption of confusion exists.” *Choice Hotels Int’l, Inc. v. Patel*, 940 F. Supp. 2d 532, 540 (S.D. Tex. 2013).⁷

⁷ Citing *Paulsson Geophysical Servs. v. Sigmar*, 529 F.3d 303, 310-11 (5th Cir. 2008) (noting that marks which are similar, rather than the same, require a greater confusion analysis); *TGI Friday’s Inc. v. Great Nw. Rests., Inc.*, 652 F. Supp. 2d 763, 767 (N.D. Tex. 2009) (concluding that likelihood of confusion is “evident” when a defendant used a plaintiff’s exact marks).

In the Sixth Circuit, “multi-factored balancing is unnecessary in cases like this one where the defendant has misappropriated precise counterfeits of the plaintiff’s trademarks on goods that compete with the trademark holder’s own goods.” *Gen. Motors Corp. v. Autovation Techs., Inc.*, 317 F. Supp. 2d 756, 761 (E.D. Mich. 2004).

District courts in the Eleventh Circuit also recognize a presumption of confusion for counterfeiting. *See, e.g., Coach, Inc. v. Becka*, No. 5:11-CV-371 MTT, 2012 WL 5398830, at *3 (M.D. Ga. Nov. 2, 2012) (“Generally, the sale or advertising of counterfeit goods causes consumer confusion and precludes the need to undertake a likelihood of confusion factor analysis.”); *Coach, Inc. v. Chung Mei Wholesale, Inc.*, No. 15-22829-CIV, 2016 WL 7470001, at *4 (S.D. Fla. June 17, 2016) (“It is true that in cases where there is no disputed issue of material fact whether the defendant’s products are identical or substantially indistinguishable to the plaintiff’s products, the court may decline to address whether the products are likely to cause consumer confusion.”); *Victoria’s Cyber Secret Ltd. P’ship v. V Secret Catalogue, Inc.*, 161 F. Supp. 2d 1339, 1351 (S.D. Fla. 2001) (“The taking of an identical copy of another’s famous and distinctive trademark for use as a domain name creates a presumption of confusion among Internet users as a matter of law.”).

Similarly, the Fourth Circuit has stated, “[w]here, as here, one produces counterfeit goods in an apparent attempt to capitalize upon the popularity of, and demand for, another’s product, there is a presumption of

a likelihood of confusion.” *Polo Fashions, Inc. v. Craftex, Inc.*, 816 F.2d 145, 148 (4th Cir. 1987); *see also Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 160 (4th Cir. 2012) (“[w]e apply such a presumption because ‘one who tries to deceive the public should hardly be allowed to prove that the public has not in fact been deceived.’”).

In stark contrast to such cases, the Ninth Circuit states that no presumption of confusion is justified even when the marks are identical and used on the same goods recited in the trademark registration if the products are not identical.

c. The Many Forms of Confusion

The Ninth Circuit’s narrowing of the presumption of confusion to identical products is wrong because it fails to take into consideration the different forms of confusion that can occur even when the products do not look alike.

Though confusion as to source is the principal kind of confusion, there are other forms of confusion, such as to affiliation, connection, or sponsorship. *See, e.g., Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 204-05 (2d Cir. 1979) (“In order to be confused, a consumer need not believe that the owner of the mark actually produced the item and placed it on the market. [internal citations omitted.] The public’s belief that the mark’s owner sponsored or

otherwise approved the use of the trademark satisfies the confusion requirement.”).⁸

When two marks are exactly or virtually the same, it is reasonable to assume there is likely to be some confusion, if not as to source, then as to affiliation, connection, or sponsorship. The Ninth Circuit itself noted in *Brookfield Comm.* the “many forms of consumer confusion” when two marks are virtually identical:

Given the virtual identity of “moviebuff.com” and “MovieBuff,” the relatedness of the products and services accompanied by those marks, . . . many forms of consumer confusion are likely to result. . . . [Consumers] may incorrectly believe that West Coast licensed “MovieBuff” from Brookfield, . . . or that Brookfield otherwise sponsored West Coast’s database. . . . Other consumers may simply believe that West Coast bought out Brookfield or that they are related companies.

174 F.3d at 1057 (internal citations omitted). Thus, where, as here, two marks are exactly the same, there is neither need nor reason to compare the products because confusion should be presumed.

The Ninth Circuit’s confusion-of-the-products-as-a-whole test for counterfeiting cannot be reconciled with the presumption of confusion widely adopted by

⁸ See also *Amoco Oil Co. v. Rainbow Snow*, 748 F.2d 556, 558 (10th Cir. 1984) (“We agree that the Restatement factors should be considered not only in the context of confusion of source, but also in the context of confusion that results from a mistaken belief in common sponsorship or affiliation.”).

courts in other circuits. As a result, it creates a schism in the circuits that will lead to uneven and inconsistent results for litigants.

D. The Practical Implications of the Ninth Circuit's Counterfeiting Test for the Marketplace

By converting the mark-to-mark spuriousness comparison dictated by the statute into a product-to-product confusion comparison, the Ninth Circuit has created dangerous precedent for the proposition that, even if two (word) marks are identical and applied to identical goods, a counterfeiter can avoid the reach of the counterfeiting provisions by changing trade dress elements, even in trivial ways. The practical consequence of this is enormous for it will lead to more counterfeiting.

1. The Ninth Circuit's Product-to-Product Confusion Test Makes Counterfeiting of Word Marks Easier and Will Promote More Counterfeiting

Consider, as an example, the impact of the Ninth Circuit's test on an iconic mark such as "Louis Vuitton" for handbags. A counterfeiter could copy the "Louis Vuitton" name and apply it to a fake handbag by simply changing the design of the bag or even just its packaging. Under the statutory counterfeiting test as practiced in every other circuit, Louis Vuitton would be able to sustain a counterfeiting claim by showing its

name was used spuriously on the fake handbag. Under the Ninth Circuit's test, however, Louis Vuitton has to show a likelihood of confusion between the handbags based on numerous and varied unregistered elements—such as the shape, size, and colors of the handbags, not to mention the pictures on their packaging. Sustaining a counterfeiting claim becomes impossible because unscrupulous counterfeiters can simply change the packaging for the handbag enough to deny confusion between the products as a whole.

It would be especially difficult to prove a likelihood of confusion when the word mark is used on several or many different lines of products. It is not uncommon for a brand like Louis Vuitton to use the Louis Vuitton name on different lines of handbags with different packaging. Louis Vuitton, for instance, offers a plethora of handbags in different styles, characterized by different designs, colors, etc. and which come in boxes of all shapes, sizes, and colors. And the styles change from season to season. *It is only the mark as registered that remains constant.* Thus, to determine whether a word mark has been counterfeited by comparing ever-changing elements that vary from product line to product line is impracticable, if not impossible. *The counterfeiting test must be focused on the one constant: the mark as registered. The wisdom of Congress in making this the focus should be respected.*

The predictable consequence of the Ninth Circuit's confusion-of-the-products-as-a-whole test is that it will make it easier for counterfeiters to copy iconic brands

like the “Louis Vuitton” name and avoid counterfeiting liability.

2. The Counterfeiting of a Word Mark Harms the Trademark Owner Even When There Is No Likelihood of Confusion

Regardless, counterfeiters should not be allowed to profit from their counterfeiting by arguing that consumers are not confused because counterfeiting still harms the trademark owner even if there is no confusion. When a consumer buys a cheap “Louis Vuitton” handbag on a street corner in Los Angeles, the consumer no doubt knows the handbag is a fake. The consumer knows that a \$20 LV bag sold on a sidewalk in the Garment District is not a genuine \$2,000 bag sold on Rodeo Drive. But a fake handbag bearing the “Louis Vuitton” mark is no less a counterfeit just because the consumer is not confused. That sale hurts the trademark owner, Louis Vuitton, who has invested untold millions in cultivating its mark. The statute is intended to protect not only the consumer, but also the trademark owner even if the consumer is not confused.⁹

By making the counterfeiting of word marks harder to prove by requiring a likelihood of product-to-product

⁹ The trademark statute has two basic purposes: one is to protect the public from confusing products; the other is to protect the investment of “the owner of a trade-mark [who] has spent energy, time, and money in presenting to the public the product . . . from its misappropriation by pirates and cheats.” *See* S. Rep. No. 79-1333 (1946), as reprinted in 1946 U.S.C. Cong. Serv. 1274.

confusion, the Ninth Circuit defeats Congress' intent to curb counterfeiting. The test for counterfeiting should be restored to its textual foundation. The Court should provide clarity to the lower courts by making it clear that in determining counterfeiting of a word mark, a product-to-product analysis based on the overall trade dress of the products on which the marks appear is not the law. The Court should make it clear that under the plain language of the counterfeiting statute, the only proper analysis is a comparison of the accused mark to the registered mark and whether the goods are the same type of goods in the registration.



CONCLUSION

Petitioner Arcona respectfully requests that this Court grant the writ of certiorari, review this case, and reverse the Ninth Circuit Court of Appeals' decision.

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Respectfully submitted,
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