

**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**

BRIEF IN OPPOSITION

COLIN W. FRASER
GREENBERG TRAURIG, LLP
18565 Jamboree Road, Suite 500
Irvine, CA 92612

JAMES L. RYERSON
GREENBERG TRAURIG, LLP
500 Campus Drive, Suite 400
Florham Park, NJ 07932

ELLIOT H. SCHERKER
Counsel of Record
GREENBERG TRAURIG, P.A.
Wells Fargo Center, Suite 4400
333 S.E. 2nd Avenue
Miami, FL 33131
305.579.0500
Scherkere@gtlaw.com

*Counsel for Respondents
Farmacy Beauty, LLC,
David C. Chung, & Mark Veeder*

QUESTIONS PRESENTED

1. Whether the Ninth Circuit Court of Appeals correctly held that “‘likely to cause confusion’ is a requirement for a counterfeiting claim.” (App. 7).

2. Whether the Ninth Circuit Court of Appeals correctly refused to presume a likelihood of consumer confusion where the plaintiff’s product and the accused product “look nothing like each other,” there was “no evidence that [the defendant] intentionally copied [plaintiff’s] mark,” and the prominent presence of defendant’s house mark on the accused product rendered it “implausible that a consumer would be deceived.” (App. 2, 13, 14).

CORPORATE DISCLOSURE

Respondents are Farmacy Beauty, LLC, David C. Chung, and Mark Veeder. There are no parent corporations or publicly held companies owning 10% or more of Respondent's stock.

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INTRODUCTION

A picture is worth a thousand words, but, in this case, it may be worth several thousand more. Petitioner Arcona Inc. (“Arcona”) uses 6,801 words to argue that the lower courts erred in dismissing Arcona’s trademark counterfeiting claim, but Arcona’s petition tellingly lacks even a single photograph of its product or the accused product.

As depicted below, the accused product, an eye cream sold by Respondent Farmacy Beauty, LLC (“Farmacy”), prominently indicates that Farmacy (and not Arcona) is the source of the product:





(App. 4, 18). The lower courts correctly held that the accused product's prominent use of the FARMACY house mark, its featured description of Farmacy as a company, and its "size, color, shape and all other attributes" connecting the accused product to Farmacy precluded a likelihood of confusion by any reasonable consumer as to the source of the accused product. (App. 13). This precluded liability because a likelihood of confusion is a necessary element of trademark infringement, as well as counterfeiting, which "is merely 'the hard core' or 'first degree' of trademark infringement." (App. 9 (internal quotation marks omitted)).

Arcona contends that in evaluating civil liability for trademark counterfeiting, the accused mark must be evaluated in a vacuum, rather than as consumers encounter the accused product in the marketplace, even if that means ignoring indicia on the product that would prevent a consumer from being confused as to the source of the goods. Not surprisingly, that position lacks support in the statutory text or trademark jurisprudence. Accordingly, the United States Court of Appeals for the Ninth Circuit correctly found that 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).

Contrary to the arguments in the petition, the Ninth Circuit’s unremarkable decision neither establishes a new test for trademark counterfeiting nor creates a circuit split. In contrast, Arcona seeks to lower the bar for counterfeiting, a heightened form of trademark infringement for which enhanced remedies may be awarded, such that liability may be established in situations where, as here, consumers would not be confused as to the source of the product and there would be no liability for simple trademark infringement. The Court should decline Arcona’s invitation to rewrite the Lanham Act in this manner.



STATEMENT OF THE CASE

This petition challenges an Opinion of the United States Court of Appeals for the Ninth Circuit affirming

an Order of the United States District Court for the Central District of California, which granted summary judgment in favor of Farmacy on Arcona's trademark counterfeiting claim. (App. 15). The pertinent facts are summarized in Ninth Circuit's decision, which this brief quotes below. (*See* App. 1-15).

"In 2014, [Defendant-Respondent] Farmacy Beauty began developing a line of skincare products, including an eye cream." (App. 3). "Farmacy named the eye cream 'EYE DEW' after a copywriter said that the name was likely available based on 'an initial online search and uspto.gov trademark lookup.'" (*Id.*). "In 2015, Farmacy began selling EYE DEW in the United States at Sephora." (*Id.* at 4). As depicted in the pictures above, Farmacy's eye cream is described on its packaging as "FARMACY EYE DEW total eye cream with echinacea greenenvy™ activated by cichoric acid." (App. 4, 18). The packaging includes the "Farmacy house mark on both its jar and outer box" as well as, among other things, "(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." (*Id.* at 4, 13).

Arcona sells its own line of skincare products (pictured below).



(App. 2-3). “Apart from th[e] term [‘EYE DEW,’] these two companies’ beauty products look nothing like each other, as their respective packaging features different shapes, design schemes, text, and colors.” (App. 2). “In March 2015, [Plaintiff-Petitioner] Arcona, Inc. registered the trademark ‘EYE DEW’ for its skincare products.” (App. 2).

“In August 2016, Arcona sent Farmacy a cease-and-desist letter informing Farmacy of its ‘EYE DEW’ trademark and demanding that Farmacy stop selling its product.” (App. 4). “The record suggests that Farmacy had never heard of Arcona and was surprised to receive the letter.” (*Id.*). After the parties unsuccessfully tried to resolve the matter, Arcona sued Farmacy,

asserting a claim of trademark counterfeiting, among other claims (*Id.*).

The district court granted summary judgment in favor of Farmacy, finding “it implausible that a consumer viewing [Farmacy’s] EYE DEW product would be tricked into believing that the product is actually one of [Arcona’s] EYE DEW products.” (App. 23-24).

As noted in the Petition, “[t]he key question” presented on appeal was “whether a trademark counterfeiting claim requires a likelihood of confusion.” (Petition at *i* (quoting App. 2)). The Ninth Circuit answered that question in the affirmative, holding that 15 U.S.C. § 1114 “addresses both trademark infringement and counterfeit claims” (App. 8) and “[t]he plain language of the statute . . . shows that ‘likely to cause confusion’ is a requirement for a counterfeiting claim.” (App. 7). The Ninth Circuit noted, “a counterfeit claim is merely ‘the hard core or first degree of trademark infringement,’ and there is nothing in the statutory language of Section 1114 that suggests that a counterfeit claim should be construed differently from an infringement claim.” (App. 9, internal quotation marks excluded).

The Ninth Circuit also refused to “presume confusion here because the products are not identical” and instructed that courts “must review the product as a whole in determining whether an allegedly counterfeit product will likely cause confusion.” (App. 11). The Court explained that 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).

Finally, the Ninth Circuit found that “[s]ummary judgment was proper because there is no genuine dispute of material fact about the likelihood of consumer confusion.” (App. 12). In arriving at that holding, the court found: (1) it “implausible that a consumer would be deceived” as to the source of the accused product because it prominently featured Farmacy’s house mark (App. 13); (2) “other companies use the phrase ‘EYE DEW’ in the beauty industry . . . underscor[ing] that the ‘EYE DEW’ mark is not so unique or strong” (App. 14); and (3) “Farmacy’s dissimilar packaging and rampant use of its housemark ‘flatly belies’” any notion that Farmacy copied the registered mark (App. 14-15).

After issuing its decision, the Ninth Circuit denied Arcona’s petitions for rehearing and rehearing *en banc*. (App. 28).



REASONS FOR DENYING THE PETITION

I. The Ninth Circuit Correctly Held That A Civil Claim For Counterfeiting Requires That Use Of The Counterfeit Mark Must Be Likely To Cause Confusion, To Cause Mistake, Or To Deceive.

Section 1114 of the Lanham Act, which establishes the trademark counterfeiting cause of action, provides that “[a]ny person who shall, without the consent of the registrant . . . 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.” 15. U.S.C. § 1114(1) (emphasis added). The Ninth Circuit correctly held that the “plain language of the statute requires a likelihood of confusion for a counterfeit claim.” (App. 2; *see also* App. 7).

The Ninth Circuit’s unremarkable holding does not depart from prior decisions of that court or any of the other courts of appeals. Federal courts of appeals uniformly and consistently hold that a likelihood of confusion is an element of counterfeiting. *See, e.g., Springboards to Educ., Inc. v. Houston Indep. Sch. Dist.*, 912 F.3d 805, 818 (5th Cir. 2019) (“Likelihood of confusion is also an element of counterfeiting.”); *Kelly-Brown v. Winfrey*, 717 F.3d 295, 315 (2d Cir. 2013) (dismissing counterfeiting claim after describing the marks and concluding that consumers would not be confused); *State of Idaho Potato Com’n v. G&T Terminal Packaging, Inc.*, 425 F.3d 708, 721 (9th Cir. 2005) (“The issue of whether [defendant’s] behavior constituted counterfeiting therefore turns on whether its use of [plaintiff’s] certification mark was likely to cause confusion.”); *Westinghouse Elec. Corp. v. Gen. Cir. Breaker & Elec. Supply Inc.*, 106 F.3d 894, 899 (9th Cir. 1997) (“[T]he important test [for counterfeiting] is whether the practice of the defendant is likely to cause

confusion, not whether the defendant duplicated the plaintiff's mark."); *Levi Strauss & Co. v. Shilon*, 121 F.3d 1309, 1312 (9th Cir. 1997) (noting that a counterfeit product is likely to "cause confusion, or to cause mistake or to deceive"). Indeed, despite contesting the "likelihood of confusion" requirement below, Arcona now concedes in its Petition that "the statutory test for counterfeiting" requires that the commercial use of the accused mark must be likely to cause confusion. (Petition at 5).

II. The Ninth Circuit Correctly Held That The Accused Product Was Not Likely To Cause Consumer Confusion.

A. The Ninth Circuit's Holding That The Accused Mark Must Be Evaluated As Encountered In The Marketplace, Rather Than In Isolation, Adheres To The Text Of The Lanham Act And Trademark Jurisprudence.

The Ninth Circuit correctly rejected Arcona's contention that the likelihood of confusion requirement should be evaluated by comparing the accused mark to the registered mark in isolation (Arcona's so-called "mark-to-mark test").

Section 1114 prohibits unauthorized use of a "counterfeit" or "colorable imitation" of a registered mark when "such use is likely to cause confusion, or to cause mistake, or to deceive" consumers. 15. U.S.C. § 1114(1). Consistent with the statutory language

aimed at preventing consumer confusion, the courts of appeals have uniformly held that accused marks must be evaluated in the context in which they are encountered in the marketplace, taking into account the product labeling as a whole or other factors that could cause (or prevent) confusion among prospective purchasers. *See, e.g., Sorensen v. WD-40 Co.*, 792 F.3d 712, 727 (7th Cir. 2015) (“[T]he similarity of the marks analysis does not focus on the appearance of the trademarks in isolation; rather, it looks at the labelling as a whole.”); *A & H Sportswear, Inc. v. Victoria’s Secret Stores, Inc.*, 237 F.3d 198, 216 (3d Cir. 2000) (the test for similarity of the marks is “whether the labels create the same overall impression when viewed separately”); *Gruner + Jahr USA Pub., a Div. of Gruner + Jahr Printing & Pub. Co. v. Meredith Corp.*, 991 F.2d 1072, 1078 (2d Cir. 1993) (“In assessing similarity, courts look to the overall impression created by the logos and the context in which they are found and consider the totality of factors that could cause confusion among prospective purchasers.”); *Homeowners Grp., Inc. v. Home Mktg. Specialists, Inc.*, 931 F.2d 1100, 1109 (6th Cir. 1991) (“[M]arks must be viewed in their entirety and in context.”); *Lindy Pen Co. Inc. v. Bic Pen Corp.*, 725 F.2d 1240, 1245 (9th Cir. 1984) (“The two marks viewed in isolation are indeed identical, but their similarity must be considered in light of the way the marks are encountered in the marketplace and the circumstances surrounding the purchase of the [products].”).

The Ninth Circuit has called this approach—evaluating the accused mark as it appears to a reasonable

consumer in the marketplace—an “axiom” of trademark analysis. *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 144 (9th Cir. 2002) (finding that “Entrepreneur Illustrated” was not sufficiently similar to the term “Entrepreneur” for trademark infringement); see also *GoTo.com, Inc. v. Walt Disney*, 202 F.3d 1199, 1206 (9th Cir. 2000) (“We have developed certain detailed axioms to guide this comparison: first, the marks must be considered in their entirety and as they appear in the marketplace”).

In evaluating accused marks in their entirety, the courts of appeals also have uniformly considered the presence of a house mark on the accused product and its effect on the likelihood of consumer confusion. See, e.g., *Water Pik, Inc. v. Med-Sys, Inc.*, 726 F.3d 1136, 1157 (10th Cir. 2013) (“Conflicting marks must be compared in their entirety, including any ‘house mark’ which one party may append to its mark.”); *AutoZone, Inc. v. Tandy Corp.*, 373 F.3d 786, 796-797 (6th Cir. 2004) (“The use of a challenged junior mark together with a house mark or house tradename can distinguish the challenged junior mark from the senior mark and make confusion less likely.”); *Nabisco, Inc. v. Warner-Lambert Co.*, 220 F.3d 43, 46 (2d Cir. 2000) (“[Defendant]’s prominent use of its well-known house brand therefore significantly reduces, if not altogether eliminates, the likelihood that consumers will be confused as to the source of the parties’ products.”); *Luigino’s, Inc. v. Stouffer Corp.*, 170 F.3d 827, 831 (8th Cir. 1999) (“[T]he prominent display of the house marks convey[s] perceptible distinctions between the products.”);

Pignons S.A. de Mecanique de Precision v. Polaroid Corp., 657 F.2d 482, 487 (1st Cir. 1981) (“[O]therwise similar marks are not likely to be confused where used in conjunction with the clearly displayed name and/or logo of the manufacturer.”); *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 351 (9th Cir. 1979) (“[U]se of a housemark can reduce the likelihood of confusion.”), *abrogated in part on other grounds by Mattel, Inc. v. Walking Mtn. Prods.*, 353 F.3d 792, 810 (9th Cir. 2003).

In short, the Ninth Circuit did not create a new “confusion-of-the-products-as-a-whole test,” as Arcona contends. (Petition at 6). Instead, the Ninth Circuit adhered to the text of Section 1114, which looks at whether use of a mark on goods or services (not in isolation) causes confusion, and followed decades of trademark jurisprudence, in holding that an accused mark must be evaluated in context when assessing whether its use on the accused goods or services is likely to cause consumer confusion.

Arcona’s entire petition rests upon the false premise that marks should be compared in a vacuum, ignoring the context in which they appear. That position lacks support in both the statutory text and trademark jurisprudence.¹ It is also at odds with the legislative history of the Trademark Counterfeiting Act of 1984, which instructs that parties can avoid counterfeiting liability by engaging in efforts “to prevent consumer

¹ Arcona fails to cite a single case supporting the proposition that courts should ignore house marks, disclaimers, and other source identifiers on the accused product packaging, and instead evaluate marks in a vacuum.

deception” such as by “conspicuously label[ing] goods and related material so as to alert the public to the fact that the goods or services are not offered by the owner of the registered trademark.” Joint Statement on Trademark Counterfeiting Legislation, 130 Cong. Rec. H12077 (daily ed. Oct. 10, 1984).

Arcona’s position further ignores marketplace realities. If the accused product packaging clearly informs a consumer as to the source of the goods, it is not likely the consumer will mistakenly believe the goods originated from another source. As the Ninth Circuit correctly held, “[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).

Here, a proper analysis of the accused mark in context confirms the absence of *three* necessary elements for counterfeiting liability. First, Farmacy’s use of the name “FARMACY EYE DEW total eye cream with echinacea greenenvy™ activated by cichoric acid” (App. 4, 18) is not identical with, or substantially indistinguishable from the registered mark, EYE DEW, as required to meet the definition of “counterfeit” under 15 U.S.C. § 1127.² Second, the accused mark was not a “spurious mark”—i.e., “fake” or “inauthentic”—as

² Arcona’s contention that “[t]here is no dispute that Farmacy’s EYE DEW is *identical* to Arcona’s EYE DEW” is false. (Petition at 13 (emphasis in original). Nor did the Ninth Circuit find the marks were identical. (See App. 11 (“[E]ven assuming the marks are identical, there may be no presumption of consumer confusion if the products themselves are not identical.”) (emphasis added)).

required to meet the definition of counterfeit under Section 1127. *See United States v. Cone*, 714 F.3d 197, 207 (4th Cir. 2013) (“The statute provides no further definition of what constitutes a ‘spurious’ mark; however, we recently relied on the definition provided by *Black’s Law Dictionary* to define the term as ‘deceptively suggesting an erroneous origin; fake.’”); *United States v. Petrosian*, 126 F.3d 1232, 1234 (9th Cir. 1997) (“A ‘spurious’ mark is one that is false or inauthentic.”).³ Finally, as the Ninth Circuit held, the prominent display of the FARMACY house mark and other source identifiers linking the accused product to Farmacy rendered it “implausible a consumer would be deceived.” (App. 13).

**B. The Ninth Circuit’s Refusal To Presume
A Likelihood Of Confusion In This Case
Did Not Create A Circuit Split.**

Recognizing that it cannot prevail based upon a substantive analysis of the likelihood of consumer confusion, Arcona argues that the Ninth Circuit erred by not presuming consumer confusion in this case. (Petition at 21-23). Arcona does not (and cannot) point to any language in the Lanham Act requiring courts to presume consumer confusion in any circumstance, much less in circumstances where the accused product is prominently adorned with source identifiers making clear that the product originated from the accused

³ The Ninth Circuit expressly declined to address the “spurious” mark requirement. (App. 8, n.3).

infringer. Nor does the Ninth Circuit’s decision create a circuit split.

Indeed, the decisions *Arcona* relies upon all involved instances where the defendant *intentionally copied* the plaintiff’s mark. See *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 160 n.5 (4th Cir. 2012) (“reject[ing] Rosetta Stone’s contention that it is entitled to a presumption of confusion” given the “‘presumption arises only when the copier *inten[ds] to exploit the good will* created by an already registered trademark’”) (emphasis in original); *Polo Fashions, Inc. v. Craftex, Inc.*, 816 F.2d 145, 148 (4th Cir. 1987) (presuming confusion where defendant intentionally copied plaintiff’s polo-player logo on knitted shirts “in an apparent attempt to capitalize upon the popularity of, and demand for, [plaintiff’s] product”); *Opticians Ass’n of Am. v. Indep. Opticians of Am.*, 920 F.2d 187, 195 (3d Cir. 1990) (finding “likelihood of confusion [was] inevitable” where former members of plaintiff, a guild of opticians, formed their own guild and continued to use plaintiff’s marks).⁴ Other circuits have held similarly. See

⁴ The district court decisions *Arcona* relies upon neither create nor reflect a circuit split. *Div N’ Surf, Inc. v. Answelowitz*, 834 F. Supp. 379, 382 (M.D. Fla. 1993) (presuming confusion where “defendant ordered his employees to duplicate plaintiffs’ protected logos so that defendant could apply the logos to [the accused products] and sell the [products] to the public as if the logos were genuine”); *Gen. Motors Corp. v. Autovation Tech., Inc.*, 317 F. Supp. 2d 756, 761 (E.D. Mich. 2004) (recognizing that “a likelihood of confusion is presumed when a defendant intentionally copies a trademark design with the intent to derive a benefit from the reputation of another”); *Choice Hotels Intern., Inc. v. Patel*, 940 F. Supp. 2d 532, 540-541 (S.D. Tex. Apr. 16, 2013) (“[I]f the

Yellowfin Yachts, Inc. v. Barker Boatworks, LLC, 898 F.3d 1279, 1293 (11th Cir. 2018) (“[W]hen a defendant copies a design intending to cause confusion, a tenable inference may be drawn that this will cause confusion in fact.”); *Harlequin Enterprises Ltd. v. Gulf & W. Corp.*, 644 F.2d 946, 949 (2d Cir. 1981) (“Evidence of conscious imitation is pertinent because the law presumes that an intended similarity is likely to cause confusion.”). But “[a]bsent proof of intentional copying,” courts do not presume confusion, and instead “look to other evidence of the likelihood of public confusion.” *20th Century Wear, Inc. v. Sanmark-Stardust, Inc.*, 815 F.2d 8, 11 (2d Cir. 1987).⁵

mark was adopted with the intent of deriving benefit from the reputation of (the plaintiff,) that fact alone may be sufficient to justify the inference that there is confusing similarity.”).

⁵ The courts of appeals have routinely not presumed confusion and, indeed, have rejected trademark infringement and counterfeiting claims involving identical or similar word marks where the products’ overall appearance dispels any likelihood of confusion. *See, e.g., Lindy Pen Co.*, 725 F.2d at 1245 (finding no infringement where both parties used the same word mark (Auditor’s) on the same goods (pens), stating: “the pens dissimilar appearance, the dominance of the company marks and logos on the pens themselves and on all packaging and promotional material, and the dissimilar and distinctive packaging and advertisement designs overcome the similarity of the marks considered in isolation”); *Kelly-Brown*, 717 F.3d at 314-315 (rejecting claim that Oprah Winfrey’s use of the phrase “Own Your Power” on her magazine and promotional materials constituted counterfeiting of plaintiff’s registered mark, “Own Your Power,” because “consumers interact with a magazine and website visually, and would recognize the differences between Kelly-Brown’s mark and defendants’ representations of the words ‘Own Your Power’ from a cursory visual inspection”); *M2 Software, Inc. v. Madacy Entm’t*,

Arcona’s reliance on *Brookfield Communication, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036 (9th Cir. 1999), is also misplaced. (Petition at 22). *Brookfield*, which did not involve counterfeiting allegations, did not presume confusion and instead found that “[e]ven where there is precise identity of a complainant’s and an alleged infringer’s mark, there may be no consumer confusion—and thus no trademark infringement—if the alleged infringer is in a different geographic area.” *Id.* at 1054.

The Ninth Circuit correctly found that the presumption does not apply *here* because “there is no evidence that Farmacy’s use of the mark ‘EYE DEW’ was intentional” and Farmacy’s “rampant use of its housemark ‘flatly belie[s] any such notion.’” (App. 14-15).

Against this backdrop, Arcona’s suggestion that the Ninth Circuit’s decision will encourage counterfeiting and leave no mark “safe from copying” lacks merit. (Petition at 18; *see also id.* at 7, 27-28). The differences between the parties’ packaging in this case is not “trivial” (Petition at 27); the “packaging, size, color, shape and all other attributes . . . are not remotely similar.” (App. 13). Adoption of Arcona’s test, on the other hand, would result in a finding of counterfeiting where, as here, a party inadvertently adopts a descriptive term on its packaging (App. 14) and no reasonable consumer

421 F.3d 1073, 1082 (9th Cir. 2005) (holding defendants’ use of the phrase “M2 Entertainment” did not infringe plaintiff’s mark “M2” in part because “the trademark is not judged by an examination of its parts,” but rather by considering them “in their entirety and as they appear in the marketplace”).

would plausibly be confused as to the source of the accused product (App 13).



CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted,

COLIN W. FRASER
GREENBERG TRAURIG, LLP
18565 Jamboree Road, Suite 500
Irvine, CA 92612

JAMES L. RYERSON
GREENBERG TRAURIG, LLP
500 Campus Drive, Suite 400
Florham Park, NJ 07932

ELLIOT H. SCHERKER
Counsel of Record
GREENBERG TRAURIG, P.A.
Wells Fargo Center, Suite 4400
333 S.E. 2nd Avenue
Miami, FL 33131
305.579.0500
Scherkere@gtlaw.com

Counsel for Respondents
Farmacy Beauty, LLC,
David C. Chung, & Mark Veeder