

No. 20-

IN THE
Supreme Court of the United States

HERMAN MILLER, INC.,

Petitioner,

v.

BLUMENTHAL DISTRIBUTING, INC.
D/B/A OFFICE STAR,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED
STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

Where the appellate court in this action substituted its own findings of fact in place of a jury verdict; and where it is undisputed that the jury was properly and precisely instructed as to the applicable law; and where the jury verdict was sustained by the district court after post-trial motions, should this Court enter an order granting, vacating and remanding in view of the identical or nearly identical question raised in the case already pending in this Court in *Google, LLC v. Oracle America, Inc.*, No. 18-956 where the appellate court likewise displaced the jury's factual findings.

RULE 29.6 STATEMENT

Herman Miller, Inc. is a publicly held corporation, with no parent or other corporation holding more than 10% of its issued shares.

RELATED CASES

Blumenthal Distributing, Inc. v. Herman Miller, Inc., Nos. 18-56471 and 18-56493 in the Ninth Circuit. Judgment entered June 25, 2020. Rehearing denied August 4, 2020.

Blumenthal Distributing, Inc. v. Herman Miller, Inc., No. 5:14-cv-01926-JAK-SP in the Central District of California. Judgment entered August 1, 2017.

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OPINIONS BELOW

The opinion of the Court of Appeals (Appendix A) is reported at *Blumenthal Distributing, Inc. v. Herman Miller, Inc.*, 963 F.3d 859 (9th Cir. 2020). The order of the Court of Appeals denying Herman Miller’s motion for rehearing *en banc* (Appendix E) is not reported. The opinion of the district court denying Blumenthal Distributing Inc.’s motion for JMOL (Appendix B) is reported at 2017 WL 3271706 (C.D.Cal. Aug. 1, 2017). The magistrate judge’s report and recommendation awarding attorneys’ fees (Appendix D) is not reported, nor is the district court’s memorandum opinion confirming the magistrate judge’s recommendation awarding attorneys’ fees. (Appendix C.)

JURISDICTION

The judgment of the Court of Appeals was entered on June 25, 2020. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1). The Court of Appeals also denied Herman Miller’s request for rehearing *en banc* on August 4, 2020, and Herman Miller’s petition is therefore filed pursuant to the Court’s March 19, 2020 Order extending deadlines as a result of health concerns relating to COVID-19.

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

15 U.S.C. § 1052(c)(2) provides the following predicate definition of “fame” for purposes of proving a “famous” trademark has been diluted:

(A) For purposes of paragraph (1), a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:

(i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.

(ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.

(iii) The extent of actual recognition of the mark.

(iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

The United States Constitution, Amendment VII, provides:

In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.

INTRODUCTION

Petitioner, Herman Miller, Inc. (“Herman Miller”), seeks review of the June 25, 2020 Ninth Circuit Panel ruling in this case. In a 2-1 decision, the Panel in relevant part reversed the District Court’s Final Judgment and underlying jury verdict in favor of Herman Miller that the well-known Eames Aluminum Group (“Eames”) chair design is “famous” within the meaning of the Lanham Act anti-dilution statute, 15 U.S.C. § 1125(c). The jury’s finding of fame had supported a further finding that the chairs sold by Plaintiff-Appellant Blumenthal Distributing, Inc. (d/b/a Office Star, “OSP”) not only infringed but also diluted Herman Miller’s trade dress rights, warranting a separate award of damages in addition to the damages for infringement. The Ninth Circuit affirmed the jury verdict of trademark infringement, but in its 2-1 decision, which included a dissent properly setting forth the deferential standard appropriate for jury findings of fact, the Panel overturned the jury verdict of fame and dilution. The Ninth Circuit on August 4, 2020 denied Herman Miller’s petition for rehearing *en banc*.

Despite the test for fame being specifically prescribed by the Statute, and despite OSP having made no objection on appeal to the jury instruction that expressly and exactly incorporated this statutory test, quoted above, the majority reversed the jury verdict on this fact-intensive question, and further made incorrect assumptions as to the factual record when it adopted a test for fame that a mark must be a “household *name*” (emphasis added). This test is not found in the unambiguous statutory language or the concededly correct jury instruction, and it fails to account for the critical difference between trade *names*, household or otherwise, and trade

dress (*i.e.*, product designs) at issue in this case. For the same reasons articulated in the dissent, and as further set forth below, the Panel erred as a matter of law in disregarding the jury verdict and replacing it with its own factual findings.¹

In the recent case, *Google, LLC v. Oracle America, Inc.*, No. 18-956, this Court specifically requested briefing on the virtually identical issue present here, to assess the implications of the Seventh Amendment, if any, on the standard of review there applied when the Court of Appeals for the Federal Circuit in that case overturned a jury finding of fair use under the Copyright Act of Oracle’s Java code. Precisely as in *Google, LLC* (indeed to paraphrase its supplemental letter-brief), “[OSP] moved for judgment as a matter of law (JMOL) under Federal Rule of Civil Procedure 50. The district judge denied that motion in a detailed opinion that applied a well-settled standard of review: It construed the evidence in support of the verdict and concluded that a reasonable jury, after weighing all that evidence and applying the court’s instructions, could find [fame].” (Google Letter Br. at 1.) And also as in *Google, LLC*, as shown by the dissent, “[t]he [Ninth] Circuit [majority] wrongly applied a dramatically less deferential standard of review.” (*Id.*) Going even further than the appellate court in *Google LLC*, the Ninth Circuit also made incorrect factual assumptions whether third parties had made use of Herman Miller’s design.

¹ Ironically, while the Panel’s decision on other aspects of the appeal recognized the importance of trade dress protection for iconic product designs under the framework Congress adopted and this Court repeatedly has upheld, the majority’s decision on fame of the Eames chair design has the likely effect of precluding protection for many of the most celebrated American industrial designs in history under the anti-dilution statute for the simple reason they are not “names” at all.

This Court in *Google LLC* deemed the issue of protecting the jury's function under the Seventh Amendment sufficiently important to request briefing on the issue. This case may present an even clearer instance for protecting the jury function because the jury was instructed to follow the precise test established by Congress, whereas the fair use precedents in *Google, LLC* are less sharply defined. Moreover, magnifying the factual error of the majority decision is that, to the extent it recognized that there are factual differences between trademarks and trade dress, the Panel simply speculated that consumers might not associate the shape of the Eames design with a single source. (963 F.3d at 871, fn. 4.) In fact, OSP presented no evidence of any third-party use of the design. Hence, the jury had no basis to make the assumption cited in the majority decision.

It has not been in doubt for over half a century that a claim for damages under the Lanham Act entails a right to a jury trial. *Dairy Queen, Inc. v. Wood*, 369 U.S. 469 (1962). Because the forthcoming decision in *Google, LLC* will likely be dispositive of the question raised here, a GVR order is appropriate. The standard for a GVR is more liberal than the Rule 10 standard for plenary review. A GVR is ordinarily appropriate when there is “a reasonable probability that the decision below rests upon a premise that the lower court would reject if given the opportunity for further consideration, and where it appears that such a redetermination may determine the ultimate outcome of the litigation.” *Lawrence v. Chater*, 516 U.S. 163, 167 (1996) (per curiam); *see also Flowers v. Mississippi*, 136 S. Ct. 2157, 2157 (2016) (Alito, J., dissenting from decision to GVR) (a GVR is appropriate when the Court concludes

“that the lower court should give further thought to its decision in light of an opinion of this Court that (1) came after the decision under review and (2) changed or clarified the governing legal principles in a way that could possibly alter the decision of the lower court”).

The “largest category of ‘GVRs’ that now exists” comprises cases “in which an intervening event (ordinarily a post-judgment decision of this Court) has cast doubt on the judgment rendered by a lower federal court or a state court concerning a federal question.” *Stutson v. United States*, 516 U.S. 193, 180 (1996) (Scalia, J., dissenting) (citations omitted). In fact, the Court has “sometimes GVR’d in light of decisions that preceded the decision vacated” by a number of months. *Webster v. Cooper*, 130 S. Ct. 456 (Mem), 456-57 (2009) (Scalia, J., dissenting) (citation omitted); *Robinson v. Story*, 105 S. Ct. 583 (Mem) (1984) (GVR for further consideration in light of a decision of this Court rendered almost three months before the court of appeals made its decision).

I. STATEMENT OF THE CASE

Below are sample images of the Eames chairs. (9th Cir. Dkt. 25, Supplemental Excerpts of Record [“SER”] 1530-1547.)



In addition to asserting claims of trade dress infringement (likelihood of confusion) against OSP (on which Herman Miller prevailed), Herman Miller also asserted a claim for dilution. A dilution claim provides a remedy even in the absence of consumer confusion, such as when consumers may be aware they are buying a knock-off, but the proliferation of the knock-offs ultimately undermines the brand. *See Visa Int'l Serv. Ass'n v. JSL Corp.*, 610 F.3d 1088, 1090 (9th Cir. 2010).

The unrebutted evidence at trial showed that the Eames chairs are icons of American design. Designed in the 1950s by the celebrated husband and wife industrial designers Charles and Ray Eames, the Eames chairs have been sold continuously in the United States and around the world by Herman Miller for sixty-two years. (SER 71-78.) Contrary to the Panel's assumption, there was absolutely no evidence presented to the jury of third-party use that might have limited the exclusive association of the design with Herman Miller.

The unrebutted record further showed the unusual history of these designs that have made them icons of popular culture. Expert furniture historian, John Berry, demonstrated without contradictory evidence that the design is unique, historically significant, and has been inducted into numerous art museums, including the Museum of Modern Art and the Los Angeles County Museum of Art. (SER 68-80). The Eames design is also ubiquitous in movies, television shows (conspicuously in the popular series *Mad Men*, viewed by millions), and publications. (SER 93, 156-158, 160-166, 485-487, 1347-49; 9th Cir. Dkt. 18-1, Excerpts of Record ["ER"] 517-522, 679.)

Although the iconic status of the designs far transcends sales numbers alone, the source of that recognition includes Herman Miller's sales of 340,000 units from 1991-2015, and its marketing expenditures of approximately \$6.6 million from 2004-2015 (SER 1549-1551, 1558, 1559), with similar metrics stretching back to the 1950s. (SER 134; 136-137.) Testimony as to marketing and public awareness was also unrebutted (SER 140-188), as is the fact that the chairs are ubiquitous in American conference rooms, hotels, and public spaces. (SER 146-147.)

OSP introduced no contrary evidence and, despite the Panel's assumption, no evidence of third-party chair designs that might diminish the exclusive association of the Eames design with a single source. OSP's own seating designer admitted that Eames is famous. (SER 277-278.) One of OSP's business partners commented that "[r]ight now if someone is sitting in an office chair, they are either sitting in a Herman Miller Aeron chair or an Eames chair, which is what your chairs look like" – a premise OSP accepted. (SER 1409-1410.)

It is also undisputed that the Eames chairs have been widely seen by virtue of having served as communal seating and been featured in popular culture for decades. Any one chair sold by Herman Miller has been seen (or sat in) by countless thousands of people, exponentially increasing their exposure across the entire U.S. population. *The trial evidence indeed supported the likely inference that, sixty-two years after its introduction, virtually any American who has ever visited office buildings or watched television or movies will in fact have seen the Eames chairs - probably many times.*

At trial, Jury Instruction 30 (SER 1759) directed the Jury to assess fame by

applying the same test prescribed by the statute, 15 U.S.C. § 1125(c):

(A) For purposes of paragraph [15 U.S.C. § 1125(c)(1)], a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:

(i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.

(ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.

(iii) The extent of actual recognition of the mark.

(iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

Applying this statutory test, the Jury found that the Eames designs are famous; that they had been diluted, and that Herman Miller's damages from the violation was \$5.1 million (an amount later remitted to \$3 million). Below are example images of OSP's accused knock-offs. (ER 470-80.)



OSP moved after trial under Fed. R. Civ. P. 50(b) to set aside the dilution verdict for insufficient evidence of fame, but the District Court denied that motion (instead only ordering a damages remittitur to \$3 million). (ER 25-74.)

On appeal, **OSP did not challenge the jury instruction** (*see* Dkt. 17), and in arguing only insufficient evidence, did not suggest the statutory language was ambiguous or required interpretation. Instead, OSP largely rested its argument on the lack of a consumer survey and ignored extensive evidence of how widely seen the Eames chairs have been for decades. (Dkt. 17 at 55-56.)

In deciding the various issues on appeal (of which dilution was only one) the Ninth Circuit Panel upheld the Jury's verdict that OSP had infringed (*i.e.*, created a likelihood of confusion with) the Eames trade dress. However, in a 2-1 vote with a 5-page dissent, the Panel ruled that there was insufficient evidence of fame to support the Jury's verdict on dilution. For the same reasons articulated in the dissent, and those articulated below, the Panel erred as a matter of law in disregarding the jury verdict and replacing it with its own factual findings.

II. ARGUMENT

A. Certiorari Should Be Granted Because The Panel Erroneously Substituted Its Own Assessment of Fact For the Jury's

Consistent with this Court's precedents, the Ninth Circuit dissent correctly set forth the standard of review: A jury's verdict must be sustained unless "the evidence, construed in the light most favorable to the nonmoving party, permits only one reasonable conclusion, and that conclusion is contrary to the jury's verdict." *Harper v. City of Los Angeles*, 533 F.3d 1010, 1021 (9th Cir. 2008) (citation omitted). Only in "rare cases" may a jury's verdict be overturned under this deferential standard. *Barnard v. Theobald*, 721 F.3d 1069, 1076 (9th Cir. 2013).

As this Court has clarified, courts reviewing general verdicts must construe all the facts—including all inferences drawn from the evidence—in support of the verdict. *Reeves v. Sanderson Plumbing Prods., Inc.*, 530 U.S. 133, 150-151 (2000). The court must then affirm if a "rational trier of fact" could have reached the jury's conclusion. *Id.* at 153. By contrast, the Panel majority substituted its own inferences, and on the key distinction between trademarks and trade dress, improperly assumed there was a reason for the jury to question the exclusive association of the Eames design with a single source. 963 F.3d at 871, fn. 4. The Panel majority further departed from this Court's similar precedents that Rule 50 authorizes a court to overturn a jury verdict only if "a reasonable jury would not have a legally sufficient evidentiary basis to find for [a] party." Fed. R. Civ. P. 50(a)(1).

As emphasized by the dissent, the Ninth Circuit departed from this settled

standard of review, replacing the jury's finding under the literal language of the statute with its own subjective view. In so-doing, the Ninth Circuit undermined the fundamental rule that a reviewing court may not "reweigh the evidence and set aside the jury verdict merely because the jury could have drawn different inferences or conclusions or because [the court] fe[lt] that other results are more reasonable." *Tennant v. Peoria & P. U. Ry. Co.*, 321 U.S. 29, 35 (1944); *see also Lavender v. Kurn*, 327 U.S. 645, 653 (1946).

This case presents an issue identical to the issue already before the Court in *Google, LLC*. Indeed, as in *Google, LLC*, the Ninth Circuit failed to give due deference to the trial judge, who presided over a two-week trial and was able to assess not only the affirmative evidence presented but also the admissions of fame by OSP, the credibility of the witnesses and the absence of contrary evidence. Based on this direct knowledge, the trial judge denied OSP's JMOL motion.

The Ninth Circuit also departed from this Court's guidance that "[w]ithin the federal system, practical reasons combine with Seventh Amendment constraints to lodge in the district court, not the court of appeals, primary responsibility" for determining whether an evidentiary record supports the jury's determination. *Gasperini v. Ctr. for Humanities, Inc.*, 518 U.S. 415, 438 (1996) (addressing district court's denial of Rule 59 motion arguing that the jury's damages award was excessive as a matter of law). *Gasperini* held: "[t]rial judges have the unique opportunity to consider the evidence in the living courtroom context, while appellate judges see only the cold paper record." *Id.* (citations and internal quotation marks omitted). Both

the jury's constitutionally-prescribed role and the district judge's familiarity with the record thus warrant giving greater deference to the verdict on appeal. *Cf. Reeves*, 530 U.S. at 151-154 (reinstating jury's verdict in similar posture).² The verdict here thus should be reinstated.

This Court, in *Google, LLC*, is already considering the extent to which the Seventh Amendment prevents such an intrusion on the jury right as was effected by the Ninth Circuit in this action. As Google has there explained, the Seventh Amendment ensures that “[i]n Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.” U.S. Const. amend. VII. The phrase “rules of the common law” refers to the “common law in respect of trial by jury as these rules existed in 1791” in England. *Dimick v. Schiedt*, 293 U.S. 474, 487 (1935); *Parsons v. Bedford, Breedlove & Robeson*, 28 U.S. 433, 446, 448 (1830).

This Court has already held that a claim for damages under the Lanham Act entails a right to a jury trial. *Dairy Queen, Inc. v. Wood*, 369 U.S. 469 (1962). In this case, the Ninth Circuit majority not only substituted its own assessment of fame under the Lanham Act, but in so doing vacated the jury award of damages.

In vacating the jury verdict and the substantial award of damages, the Ninth

² The district court judge also denied OSP's motion for summary judgment on the issue of fame on March 31, 2016 (ECF 192 at 26-27), finding disputed issues of fact, but this decision, which would have been entitled to less deference, was not at issue before the Ninth Circuit. *See Eastman Kodak Co. v. Image Tech. Servs., Inc.*, 504 U.S. 451, 465 fn. 10 (1992) (district court's grant of summary judgment on ground that no trial is necessary is not reviewed deferentially).

Circuit majority thus acted contrary to the Seventh Amendment’s Re-examination Clause, which safeguards the jury’s express or implied factual determinations. *Slocum v. N.Y. Life Ins. Co.*, 228 U.S. 364, 379-380 (1913). The Court “read[s] it as a substantial and independent clause.” *Parsons*, 28 U.S. at 447 (Story, J.) Just as the Federal Circuit improperly supplanted a jury verdict of fair use in *Google, LLC*, the Ninth Circuit improperly replaced the jury’s assessment of a detailed factual record, applying a jury instruction that precisely embodied the statutory test of fame, thus violating the Seventh Amendment’s guarantee “that the jury be allowed to make reasonable inferences from facts proven in evidence having a reasonable tendency to sustain them.” *Galloway v. United States*, 319 U.S. 372, 396 (1943).

For its part, Oracle defended the Federal Circuit’s decision primarily on grounds unique to the copyright fair use doctrine there at issue, including whether there existed a jury right for the doctrine as of 1791 and whether fair use presents mixed issues of fact and law. Here, there is no dispute that the jury’s finding of fame and award of dilution damages was a factual determination based on an unassailably correct jury instruction.

B. The Ninth Circuit Majority Created An Undefined “Household Name”
Test To Replace The Unambiguous Statutory Language

Without questioning whether there are situations where a court can find as a matter of law that a jury lacks sufficient evidence to find dilution under the statutory test, the majority impermissibly went beyond that here to reject a jury verdict based on an unassailably correct jury instruction and adopt a “household name” legal test

– an ambiguous legal test that appears nowhere in the unambiguous language of the statute. Under the majority’s legal test, federal judges would be empowered to substitute their own personal assessments, independent of or at odds with the jury, as to whether a trademark or trade dress is a “household name” by applying some undefined set of metrics.

If left to stand, the Ninth Circuit’s decision will weaken jury rights in general, including outside of the trade dress context, by allowing appellate courts to substitute their interpretations of the factual record for those already made by a jury. Notably, the majority cited no case (and *Herman Miller* is aware of none) in which a jury verdict of any kind was overturned where it was undisputed that the jury was properly instructed as to the unambiguous requirements of a statute that provided the relevant legal test.

In briefing the appeal, neither party addressed the legislative history of the dilution statute or sought to challenge the meaning of the words Congress chose. It therefore bears noting that the dilution theory traces to an article written 93 years ago, Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 *Harvard Law Review* 813, 22 *TM Bull* 139 (1927). Schechter advocated expanding trademark rights at a time (long before passage of the Lanham Act) when the scope of trademark protection was limited to goods or services having the “same descriptive qualities.” To highlight his point, Schechter focused on the manifest unfairness that even marks that were household names could not prevent use of those names on unrelated goods, examples being Buick aspirin or Kodak bicycles. Congress almost enacted a dilution

statute in 1988, and finally did in 1995 (the Federal Trademark Dilution Act or “FTDA”), before amending it in 2006 (the Trademark Dilution Revision Act or “TDRA”) in the wake of the Supreme Court decision, *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003), which limited the scope of the statute by requiring proof of actual dilution (now not required under the TDRA). However, in neither version of the statute did Congress adopt the standard that a mark must be a “household name.” Rather, in 1995, Congress included an eight-part test, whereas in 2006 it included an expansive four-part test.

The majority did not address the specific language of the 2006 TDRA, and did not identify anything ambiguous in the statute warranting creation of a new standard, but instead imported an understanding of the statute derived from the earlier law, the 1995 FTDA statute, as that law was construed in *Thane Int’l v. Trek Bicycle Corp.*, 305 F.3d 894 (9th Cir. 2002). Without engaging in any systematic statutory analysis, *Thane* itself appears simply to have made assumptions that the 1995 statute required reinterpretation by the courts.³

In construing a statute, courts should avoid guessing at what Congress “likely” intended where the statute language itself is unambiguous. *Shady Grove Orthopedic Assocs., P.A. v. Allstate Ins. Co.*, 559 U.S. 393, 403 (2010) (“We cannot rewrite that to reflect our perception of legislative purpose.”); *Lamie v. U.S. Trustee*, 540 U.S. 526, 541-42 (2004) (“[C]ompeting interpretations of the legislative history...illustrate the

³ *Thane*, 305 F.3d at 910 (“Because some limitation on what qualifies as famous is necessary and because the statutory language provides no guidance in shaping this limitation, Congress likely passed § 1125(c) ‘counting on courts to understand the legislature’s intentions and to interpret the word or phrase in a sensible manner to carry out those intentions.’”).

difficulty of relying on legislative history here and the advantage of our determination to rest our holding on the statutory text.”); *Exxon Mobil Corp. v. Allapattah Servs., Inc.*, 545 U.S. 546, 568 (2005) (“As we have repeatedly held, the authoritative statement is the statutory text, not the legislative history or any other extrinsic material.”).

The Panel majority did not find anything ambiguous in the current statute warranting any reinterpretation, much less a reason to apply to the current statute a specific gloss placed on the predecessor statute by *Thane*. It did not even consider the issue.

The parties never briefed the question of statutory interpretation and, indeed, in neither the district court nor on appeal did OSP ever suggest that *Thane* enshrined a “household name” doctrine that surpassed in significance Congress’ actual statutory language.

On the question of statutory construction, *Thane* begins by noting some basic limits on the court’s role as well as the narrow significance of its own ruling:

We may not interpret the statute so narrowly as to compromise the evident intent [of Congress]. We therefore agree with the Second Circuit that, in considering this new statutory right, “courts ... do better to feel their way from case to case,” *Nabisco*, 191 F.3d at 227, rather than ruling in sweeping brush strokes.

305 F.3d at 905.

Explaining its reasoning, the majority here explained simply that: “Although *Thane* interpreted the FTDA of 1995, we do not interpret the TDRA of 2006 to have lowered the standard for whether a mark ‘has achieved fame among the general consuming public.’” 963 F.3d at 871 (quoting *Thane*, 305 F.3d at 911). In so doing,

the majority here appears to have abandoned the narrow case-by-case approach articulated in *Thane*, instead setting a firm baseline set of factors not specified in the statute and not directly relevant to the facts of this case. The majority supported this more categorical approach by citing *Coach Services, Inc. v. Triumph Learning LLC*, 668 F.3d 1356, 1372–73 (Fed. Cir. 2012), which held that Congress use of the phrase “general consuming public” as the benchmark entailed a requirement that a mark be a “household name.” *Id.*

However, Congress did not adopt a one-size-fits-all set of metrics, nor did it use the term “household name” as a benchmark: it used a four-part test that was precisely encompassed by Jury Instruction 30. Nor have the Ninth Circuit or other courts insisted that success in only a narrow product category precludes a finding that trade dress has achieved the requisite fame. *Jada Toys, Inc. v. Mattel, Inc.*, 518 F.3d 628, 635 (9th Cir. 2008) (“Hot Wheels” toy); *Coach, Inc. v. We Care Trading Co. Inc.*, 67 F. App’x 626, 630 (2d Cir. 2002) (Coach hang tag). And cases applying the dilution statute, as amended, have not applied any rigid test of the level of fame.⁴ Although the majority distinguishes one of the cases cited by Herman Miller, *Horphag*

⁴ *Stone Brewing Co., LLC v. MillerCoors LLC*, 445 F. Supp. 3d 1113, 1148 (S.D. Cal. 2020) (notwithstanding questions as to fame, triable issues of fact with respect to fame of “STONE” mark precluded summary judgment); *Heckler & Koch, Inc. v. German Sport Guns GmbH*, 71 F. Supp. 3d 866, 921–24 (S.D. Ind. 2014) (Triable issue of fact with respect to fame of MP5 submachine gun trade dress); *Bell v. Foster*, No. 1:13-CV-405-TWT, 2013 WL 6229174, at *6 (N.D. Ga. Dec. 2, 2013) (unregistered “Jack the Rapper” mark held famous); *Bell Helicopter Textron Inc. v. Islamic Republic of Iran*, 764 F. Supp. 2d 122, 128 (D.D.C.) (helicopter trade dress found famous, distinct, and diluted), vacated on other grounds, 892 F.Supp.2d 219 (D.D.C. 2012); *Biotab Nutraceuticals, Inc. v. Beamonstar, LLC*, No. CV10 5335 SVW (JEMx), 2011 WL 6176219, at *4-5 (C.D. Cal. Dec. 9, 2011) (finding famous the mark “ExtenZe” for a supplement); *Cointreau Corp. v. Pura Vida Tequila Co., LLC*, Civil Action No. 3:12-CV-02257-N, 2012 WL 12886422, at *10 (N.D. Tex. Oct. 2, 2012) (finding famous the mark “Cointreau” for alcohol).

Research Ltd. v. Garcia, 475 F.3d 1029, 1038 (9th Cir. 2007), which affirmed as famous the mark “Pycnogenol” for a supplement, on grounds that the defendant did not challenge fame, here too OSP presented no evidence at trial challenging the fame of the Eames design.

Stated differently, in future cases juries (or district judges, in taking the question away from those juries) henceforth are permitted to reject what the statute literally says and instead apply the *Thane* metrics of “household name” status or other possible tests.

The “household name” test is particularly problematic for trade dress *product designs* like Eames, which are not “names” at all. Iconic designs like the classic Coca Cola bottle are every bit as deserving of protection from dilution as word marks. *See, e.g., adidas Am., Inc. v. Skechers USA, Inc.*, 890 F.3d 747, 754 (9th Cir. 2018) (fame found under same evidence articulated in relation to likelihood of confusion for three-stripe design used only on sneakers); *Coach, Inc.*, 67 F. App’x at 630 (affirming jury verdict that Coach hang-tag was famous). Yet the majority decision casts doubt on the possibility that a design can be protected from dilution because a design (unlike a word) cannot readily be expanded to other products. Most of the discussion in *Thane* about the meaning of the 1995 statute only makes sense with respect to word marks, in particular whether their “aura” could extend to non-competitive products (such as Buick aspirin). By contrast, the Eames design can only be used as a chair. Indeed, in *Thane* the name Trek was commonly used in the English language in contexts completely unrelated to bicycles, whereas the singular Eames *design* has no

parallel.

The fame of the Eames chairs comes not only from the sales metrics that the majority focused on, but rather from the simple fact – unrebutted – that these chairs have been ubiquitously in the public eye for more than sixty years. The evidence at trial showed that they have permeated popular culture in movies and television, have been on long term display in our most visited and admired art museums, and been used as communal seating in offices and public spaces for decades. Any one chair used for communal seating may have been seen or sat in by many thousands of people, exponentially increasing exposure to these iconic designs far beyond the number of chairs ever sold. Likewise, the chairs’ frequent appearances in popular culture and mass media as a status item have given them a place in the American psyche that transcends the sales of the chairs by themselves.

C. Contravening The Statute And Ninth Circuit Precedent, The Majority Has Imposed A De Facto Requirement Of Consumer Survey Evidence For Any Trademark Not Deemed A “Household Name” By The Presiding Judge

Although the majority does not explicitly so-state, its decision creates ambiguity whether, henceforth, proof of “household name” status sufficient even to create even an issue of fact for a Jury, requires the trademark owner to provide a consumer survey, even where, as here, the evidence is undisputed. A consumer survey is the only type of evidence identified by the Panel as acceptable proof of fame that was not presented by Herman Miller. 963 F.3d at 870-71.

The Panel acknowledged that the Eames chairs had been seen by a large percentage of the population from ubiquitous use in public settings and in popular culture, but discounted this evidence entirely by speculating (contrary to the record) that consumers might not associate the design they saw with a single source. *Id.* at 871, fn. 4. This itself is error and shows how the majority intruded on the jury function because the trial record in fact contained no evidence of any other possible source. No such evidence was even offered in evidence by OSP. Requiring a consumer survey to confirm identification with a single source when there was no contrary evidence of other sources for the design demonstrates perhaps more clearly than anything else how the Panel majority improperly rejected the jury's reasonable conclusion. Indeed, the anti-dilution statute nowhere requires a consumer survey to prove fame, and Ninth Circuit law was otherwise in agreement (until now). *Acad. of Motion Picture Arts & Scis. v. GoDaddy.com, Inc.*, No. CV 10-03738 –AB (CWx), 2015 U.S. Dist. LEXIS 186627, at *23-24 (C.D. Cal. Apr. 10, 2015) (surveys are not required to prove fame); *QS Wholesale, Inc. v. Rox Volleyball, Inc.*, No. SACV 13-0512 AG (JPRx), 2015 U.S. Dist. LEXIS 95767, at *13 (C.D. Cal. July 19, 2015) (same).

D. The Panel Erred By Assigning No Weight To The Fact That Trade Dress Product Designs Can Become Famous Simply By Having Been Widely-Seen For A Long Time

Rather than address the facts (cited in part by the dissent) under which the jury fairly could have concluded that the Eames design had become famous (based in large part on having been widely seen for decades in offices, public spaces, museums,

movies, and television), the majority instead assigned effectively zero weight to the evidence. 963 F.3d at 871, fn. 4.

The law does not require that consumers know the name of the source of a product design so long as its appearance is distinctive to them: e.g., “I recognize that chair.” *See Maljack Prods., Inc. v. GoodTimes Home Video Corp.*, 81 F.3d 881, 887 (9th Cir. 1996); 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 3:12 (5th ed.). It is unsurprising that an ordinary word in the lexicon such as “trek” (from *Thane*) would not garner fame because it is inherently more difficult for a common word to enter the public consciousness as a brand identifier than it is for consumers to recognize and recall a distinctive visual form that they have seen many times (even without extensive sales). The following example exemplifies the point:



It is unlikely that many of these sculptures were sold, and even less likely that most people could name its source (the artist) in a survey question. Yet, designs like this unquestionably can become famous just from having been widely seen in daily life or in media for many decades, and are memorable precisely because of their

artistry. But under the majority’s decision, absent blockbuster sales metrics or survey evidence, iconic designs like this—and like the Eames chair—could not be deemed famous.

The majority’s decision may effectively eliminate a dilution remedy for many of America’s most iconic product designs, and so should be revisited.

E. This Case Is A Proper Companion to *Google, LLC v. Oracle*

This case in relevant part overlaps precisely with *Google, LLC*, in which the Court heard oral argument on October 7, 2020. Indeed, no oral argument or further briefing is needed for this Court to grant certiorari and resolve this case in a manner consistent with *Google, LLC* under the more liberal standard for a GVR or even consolidating them for decision under Rules of the Supreme Court 27(3). *See, e.g., Abbott v. U.S.*, 562 U.S. 8, 15 (2010) (consolidating related cases for argument); *Zadvydas v. Davis*, 533 U.S. 678, 687 (2001); *U.S. v. Eichman*, 494 U.S. 1063 (1990).

CONCLUSION

Herman Miller respectfully requests that the Court grant *certiorari*, vacate the decision of the Ninth Circuit majority and remand to restore the jury verdict of fame and dilution.

Dated: December 23, 2020

Respectfully submitted,

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APPENDIX A

FOR PUBLICATION

**UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT**

BLUMENTHAL DISTRIBUTING, INC.,
DBA Office Star,
*Plaintiff-Counter-Defendant-
Appellant/Cross-Appellee,*

v.

HERMAN MILLER, INC.,
*Defendant-Counter-Claimant-
Appellee/Cross-Appellant.*

Nos. 18-56471
18-56493

D.C. No.
5:14-cv-01926-
JAK-SP

OPINION

Appeal from the United States District Court
for the Central District of California
John A. Kronstadt, District Judge, Presiding

Argued and Submitted March 3, 2020
Pasadena, California

Filed June 25, 2020

Before: Andrew D. Hurwitz and Michelle T. Friedland,
Circuit Judges, and Edward R. Korman,* District Judge.

Opinion by Judge Korman;
Partial Concurrence and Partial Dissent by Judge Friedland

* The Honorable Edward R. Korman, United States District Judge
for the Eastern District of New York, sitting by designation.

SUMMARY**

Lanham Act

The panel affirmed in part and reversed in part the district court's judgment after a jury trial on claims of infringement of trade dresses in Eames and Aeron chairs and remanded for a new trial.

The jury found that Henry Miller, Inc. ("HM")'s registered and unregistered Eames trade dresses were protectable, and that Blumenthal Distributing, Inc. ("OSP") willfully infringed and diluted them. HM was awarded infringement and dilution damages, and OSP was enjoined from continuing its unlawful activities. The jury found that HM's registered and unregistered claimed Aeron trade dresses were unprotectable because they were "functional," and the district court entered judgment holding invalid HM's trademark registration for the Aeron chair.

In its opinion and a concurrently-filed memorandum disposition, the panel affirmed the judgment in favor of HM on its causes of action or the infringement of its registered and unregistered Eames trade dresses; reversed the judgment in favor of HM on its cause of action for dilution; and reversed the judgment in favor of OSP regarding the Aeron chair and remanded for a new trial.

In Part II of its opinion, addressing functionality, the panel held that for a product's design to be protected under trademark law, the design must be nonfunctional. Utilitarian

** This summary constitutes no part of the opinion of the court. It has been prepared by court staff for the convenience of the reader.

functionality is based on how well the product works, and aesthetic functionality is based on how good the product looks. A claimed trade dress has utilitarian functionality if it is essential to the use or purpose of a product or affects its cost or quality. Under the *Disc Golf* test, the court considers: (1) whether the design yields a utilitarian advantage, (2) whether alternative designs are available, (3) whether advertising touts the utilitarian advantages of the design, and (4) whether the particular design results from a comparatively simple or inexpensive method of manufacture. A claimed trade dress has aesthetic functionality if it serves an aesthetic purpose wholly independent of any source-identifying function, such that the trade dress's protection under trademark law would impose a significant non-reputation-related competitive disadvantage on its owner's competitors. When a claimed dress is defined as the "overall appearance" of a product, the tests for utilitarian and aesthetic functionality must be applied with extra care. A product's "overall appearance" is functional, and thus unprotectable, where the whole product is "nothing other than the assemblage of functional parts," and "even the arrangement and combination" of those parts is designed to make the product more functional. The standard for whether a claimed trade dress consisting of an "overall appearance" is functional is whether protecting the trade dress threatens to eliminate a substantial swath of competitive alternatives in the relevant market.

As to the Eames chairs, the panel held that the utilitarian functionality of their various features did not make their overall appearances functional as a matter of law.

As to the Aeron chairs, the panel held that the judge erred in instructing the jury on functionality because being part of the actual benefit that consumers wish to purchase when they

buy the product is not proof that a feature is functional. Further, the instruction did not capture the concepts that a feature that provides a utilitarian benefit is not functional unless the *Disc Golf* factors weigh in favor of finding it so; or that a feature that provides an aesthetic benefit is not functional unless that benefit is wholly independent of any source-identifying function and the feature's protection would put competitors at a significant non-reputation-related disadvantage. The panel reversed and remanded for a new trial on HM's Aeron-related claims.

In Part III, addressing fame, the panel held that to prevail on trade dress dilution, HM was required to prove that its claimed trade dresses were "famous" before OSP began selling its accused chairs. The panel held that the Trademark Dilution Revision Act of 2006 eliminated the concept of niche fame and defined fame as being "widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner." *Thane Int'l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894 (9th Cir. 2002), interpreting the Federal Trademark Dilution Act of 1995, which preceded the TDRA of 2006, held that fame among the general consuming public requires "a household name." Applying this standard, the panel held that HM fell short of its burden to supply legally sufficient evidence of the fame of its claimed Eames trade dresses. The panel therefore reversed the judgment against OSP for trade dress dilution.

Concurring in part and dissenting in part, Judge Friedland joined most of the majority's opinion but dissented as to Part III because she disagreed with the conclusion that there was insufficient evidence to sustain the jury's verdict in favor of HM on its claim for dilution of its Eames trade dresses.

COUNSEL

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Jonathan E. Moskin (argued), Foley & Lardner LLP, New York, New York; Jean-Paul Ciardullo (argued) and Eva K. Freel, Foley & Lardner LLP, Los Angeles, California; for Defendant-Counter-Claimant-Appellee/Cross-Appellant.

OPINION

KORMAN, District Judge:

Herman Miller, Inc. (“HM”) sells Eames chairs and Aeron chairs. On December 13, 2013, HM sent a cease-and-desist letter to Blumenthal Distributing, Inc., d/b/a Office Star Products (“OSP”), accusing OSP of selling “knockoff” chairs that look like HM’s Eames and Aeron chairs. The letter alleged infringement of HM’s rights in the EAMES and AERON trade dresses under the Lanham Act. Litigation ensued, culminating in a jury trial on HM’s claims for infringement of its registered claimed trade dresses under 15 U.S.C. § 1114, for infringement of its unregistered claimed trade dresses under 15 U.S.C. § 1125(a), and for dilution of all its claimed trade dresses under 15 U.S.C. § 1125(c).

As to the Eames chairs, HM won: The jury found that HM’s registered and unregistered claimed EAMES trade dresses were protectable, and that OSP willfully infringed and diluted them. HM was eventually awarded \$3,378,966

in infringement damages and \$3,000,000 in dilution damages, and OSP was enjoined from continuing its unlawful activities. As to the Aeron chair, HM lost: The jury found that HM's registered and unregistered claimed AERON trade dresses were unprotectable because they were "functional." OSP was thus not found liable for infringing or diluting those claimed trade dresses, and judgment was entered holding them unprotectable and holding invalid HM's trademark registration for the Aeron chair, U.S. Trademark Registration No. 2,754,826. Both parties timely appealed.

For the reasons below and in the memorandum disposition concurrently filed today, we (1) affirm the judgment in favor of HM on its causes of action for the infringement of its registered and unregistered EAMES trade dresses; (2) reverse the judgment in favor of HM on its cause of action for dilution; and (3) reverse the judgment in favor of OSP regarding the Aeron chair and remand for a new trial.

I. BACKGROUND

HM introduced the first Thin Pad Eames chair in 1958, and has sold hundreds of thousands of them in the United States, along with a related line of Soft Pad Eames chairs. The Aeron chairs were introduced in 1994 and were even more successful; by the time of trial, HM had sold 6.5 million of them in the United States. The Eames and Aeron chairs come in a range of models, and versions of each have been exhibited in American art museums and made repeated appearances in American pop culture.

HM's unregistered claimed EAMES trade dresses consist of the overall appearances of its Thin Pad and Soft Pad Eames chairs, excluding the chairs' colors and all components beneath the chairs' seats. HM's registered

claimed EAMES trade dress is the same, except that it excludes the chairs' upholstery. The nuances of the claimed trade dresses' scopes, and the difference between the registered and unregistered ones, are not material to the parties' dispute, and thus, consistent with the parties' briefs, we discuss all of the claimed EAMES trade dresses collectively as the Eames chairs' overall appearances. Examples of the Eames chairs appear below:



HM's unregistered claimed AERON trade dress was the overall appearance of the Aeron chair with an oval-shaped lumbar support, excluding the portion of the chair beneath the seat and the chair's color. HM's registered claimed AERON trade dress was the same, except that it also included the control box under the seat. As with the Eames chairs, the nuances of the claimed AERON trade dresses' scopes, and the difference between the registered and unregistered one, are not material to the parties' dispute, so we discuss all of the claimed AERON trade dresses

collectively as the Aeron chair's overall appearance. The Aeron chair at issue appears below:



II. FUNCTIONALITY

A. Summary of the Law on Functionality

In addition to using distinctive names, logos, packages, or labels to identify its products, a seller can also design the products themselves to have distinctive, source-identifying appearances. Such appearances can receive protection under trademark law against infringement and dilution. *See Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 209–10 (2000) (holding that “trade dress constitutes a ‘symbol’ or ‘device’ for purposes of the” Lanham Act’s definition of “trademark”).

However, for a product’s design to be protected under trademark law, the design must be nonfunctional. *See Secalt S.A. v. Wuxi Shenxi Constr. Mach. Co.*, 668 F.3d 677, 683 (9th Cir. 2012), *abrogated on other grounds by SunEarth*,

Inc. v. Sun Earth Solar Power Co., 839 F.3d 1179 (9th Cir. 2016) (en banc). This requirement makes it very difficult for sellers to use trademark rights to monopolize designs of products. See *Leatherman Tool Grp., Inc. v. Cooper Indus., Inc.*, 199 F.3d 1009, 1012–13 & n.6 (9th Cir. 1999). “It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time” *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995) (citing 35 U.S.C. §§ 154, 173); see also 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 8:5 (5th ed.) (hereinafter McCarthy).

The nonfunctionality requirement stops individual sellers from permanently monopolizing “functional” designs that they have not patented, or for which patents have expired. See *Qualitex*, 514 U.S. at 164–65. Allowing competitors to copy such designs has “salutary effects” for consumers. *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 29 (2001). A competitor who copies a product might manufacture and distribute it more efficiently, lower its price, and make it easier for consumers to buy. See *Millennium Labs, Inc. v. Ameritox, Ltd.*, 817 F.3d 1123, 1127 (9th Cir. 2016).

But what makes a claimed trade dress “functional”? In this context, “functionality” is a legal term of art, undefined by statute, around which a complicated legal doctrine has developed.

1. Utilitarian and Aesthetic Functionality

In *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, the Supreme Court split functionality into two types, each with its own legal test. 532 U.S. 23, 32–33 (2001). The two types are “utilitarian functionality,” which is based on how well

the product works, and “aesthetic functionality,” which is based on how good the product looks. *See Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1067 (9th Cir. 2006) (“‘utilitarian’ functionality . . . relates to the performance of the product in its intended purpose); *see id.* at 1073–74 (aesthetic functionality is based on “‘intrinsic’ aesthetic appeal”). If the claimed trade dress has either type of functionality, it is unprotectable. *See id.* at 1072.

A claimed trade dress has utilitarian functionality if it is essential to the use or purpose of a product or affects its cost or quality. *See Millennium*, 817 F.3d at 1127–28 (citing *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982)). To determine whether this definition is satisfied, we use the four-factor test from *Disc Golf Association, Inc. v. Champion Discs, Inc.*, 158 F.3d 1002 (9th Cir. 1998). *See Millennium*, 817 F.3d at 1129. The *Disc Golf* factors are: “(1) whether the design yields a utilitarian advantage, (2) whether alternative designs are available, (3) whether advertising touts the utilitarian advantages of the design, and (4) whether the particular design results from a comparatively simple or inexpensive method of manufacture.” *Id.* at 1128 (quoting *Disc Golf*, 158 F.3d at 1006). “No one factor is dispositive; all should be weighed collectively.” *Id.* at 1130 (quoting *Disc Golf*, 158 F.3d at 1006).

A claimed trade dress has aesthetic functionality if it serves “an aesthetic purpose wholly independent of any source identifying function,” such that the trade dress’s protection under trademark law “would impose a significant non-reputation-related competitive disadvantage” on its owner’s competitors. *Id.* at 1129, 1131 (quoting *Au-Tomotive Gold*, 457 F.3d at 1072, 1073). This requirement aims to ensure that trademark law protects fair competition

between sellers, and does not sanction sellers' poaching their competitors' superior reputations. *See Au-Tomotive Gold*, 457 F.3d at 1073–74. Thus, the inquiry is whether, if one seller were given exclusive rights to use the claimed trade dress, other sellers would be forced to use alternative designs that make their products more costly to sell, or for which consumers' willingness to pay would be lower for reasons having nothing to do with the reputation of any source (e.g., the alternative designs would not have as much intrinsic aesthetic appeal). If such competitive disadvantages would be significant, then this second requirement for aesthetic functionality is satisfied.

2. *Functionality of Overall Appearances*

A plaintiff may define its claimed trade dress as the “overall appearance” of its product.¹ In principle, such claimed trade dresses are subject to the tests for utilitarian and aesthetic functionality, just like any other claimed trade dresses. However, when the claimed trade dress is an “overall appearance,” these tests must be applied with extra care to prevent “semantic trickery” from obscuring the functionality of the design the plaintiff seeks to monopolize. *See Secalt*, 668 F.3d at 684 (quoting *Leatherman*, 199 F.3d at 1013). For example, if a particular combination of

¹ The scope of a “registered” claimed trade dress is defined by the seller in a registration filed with the United States Patent And Trademark Office, while the scope of an “unregistered” claimed trade dress, which does not depend on any registration, is typically defined through litigation. *Compare Talking Rain Beverage Co. v. S. Beach Beverage Co.*, 349 F.3d 601, 602–03 (9th Cir. 2003) (trademark plaintiff claiming registered trade dress in federally registered bottle design), *with Clicks Billiards, Inc. v. Sixshooters, Inc.*, 251 F.3d 1252, 1256–57 (9th Cir. 2001) (trademark plaintiff claiming unregistered trade dress in a series of individual features of its billiard halls).

functional features is itself functional, referring to that layout of features as the “overall appearance” of a product does not render it nonfunctional.

We have consistently held that, as a matter of law, a product’s “overall appearance” is functional, and thus unprotectable, where the whole product is “nothing other than the assemblage of functional parts,” and “even the arrangement and combination” of those parts is designed to make the product more functional. *Leatherman*, 199 F.3d at 1013 (9th Cir. 1999); *see also Tie Tech, Inc. v. Kinedyne Corp.*, 296 F.3d 778, 786 (9th Cir. 2002); *Secalt*, 668 F.3d at 687. Thus, if everything that affects a product’s appearance is functional, then its overall appearance is also functional. For example, in *Leatherman*, we held that the overall appearance of a multi-function pocket tool was not protectable as trade dress because there was no evidence that anything about its appearance—either its individual parts or their arrangement and combination—existed for any nonfunctional purpose. 199 F.3d at 1013.

Consistent with that rule, we have also held that the proper standard for whether a claimed trade dress consisting of an “overall appearance” is functional is whether “protecting the trade dress threatens to eliminate a substantial swath of competitive alternatives in the relevant market.” *Clicks Billiards, Inc. v. Sixshooters, Inc.*, 251 F.3d 1252, 1261 n.5 (9th Cir. 2001) (quoting *Taco Cabana Int’l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1119 n.6 (5th Cir. 1991)). For example, in *Clicks Billiards*, we held that the plaintiff pool hall restaurant’s asserted trade dress in its total visual appearance, “examined as a whole,” was nonfunctional, noting that protecting that trade dress would leave a multitude of alternatives to the pool hall industry. *Id.* at 1258–62; *see also, e.g., Millennium*, 817 F.3d at 1130–31

(evaluating the functionality of a graphical format of presenting data by looking to the “overall visual impression that the combination and arrangement” of its elements creates (quoting *Clicks Billiards*, 251 F.3d at 1259)).

HM argues that, because the examination must be holistic, the functionality of individual features is irrelevant. But that “cannot be the case.” *Tie Tech*, 296 F.3d at 785–86. Examining a product “as a whole” does not require any strained effort to look at its gestalt without seeing its individual features. Rather, to examine a product “as a whole” is to examine all of its features, including the ways in which its various parts are combined or arranged, and to recognize that nonfunctional combinations or arrangements of functional parts can create an overall appearance that should be deemed nonfunctional. See *Leatherman*, 199 F.3d at 1011 n.3, 1013.

B. The Eames Chairs

Against this legal backdrop, we now address the specific functionality-related issues on appeal, beginning with the Eames chairs. OSP argues that HM’s claimed EAMES trade dresses are functional (and thus unprotectable) as a matter of law. We review the issue de novo, determining “whether the evidence, construed in the light most favorable to the nonmoving party, permits only one reasonable conclusion, and that conclusion is contrary to that of the jury.” *Estate of Diaz v. City of Anaheim*, 840 F.3d 592, 604 (9th Cir. 2016) (citation and internal quotation marks omitted).

OSP argues that the Eames chairs’ overall appearances should be found functional as a matter of law because: (i) the undisputed fact that the chairs have *some* utilitarian functionality proves their overall appearances functional; and (ii) the utilitarian functionality of the chairs’ various

features proves their overall appearances functional under the *Disc Golf* factors. Both arguments fail.

OSP's first argument—that the chairs' overall appearances are functional “because they *include*, in whole or *in part*, elements that are functional” (emphasis added)—is a nonstarter. As we have long held, a product's overall appearance is necessarily functional if *everything* about it is functional, not merely if *anything* about it is functional. *See Clicks Billiards*, 251 F.3d at 1259; *Leatherman*, 199 F.3d at 1011 n.3, 1013. OSP's proposed rule would wipe out trademark protection for all, or at least virtually all, consumer products' overall appearances. For instance, every chair's appearance is affected by having a backrest, as opposed to having no backrest, which serves the utilitarian function of providing back support. But that does not mean that every chair's overall appearance is functional as a matter of law.

OSP's second argument is that the Eames chairs' overall appearances are functional as a matter of law because they have utilitarian functionality under the *Disc Golf* factors. Significantly, OSP argued in its opening brief that “aesthetic functionality . . . is not an issue in this case,” and “only” the test for utilitarian functionality “is relevant.” Thus, we limit our analysis to the consideration of utilitarian functionality and hold that the utilitarian functionality of the Eames chairs' various features does not make the chairs' overall appearances functional as a matter of law.

The Eames chairs are nothing like the thoroughly utilitarian products whose overall appearances were held functional as a matter of law in *Leatherman* (a pocket-knife-like tool), *Tie Tech* (a tool used in emergencies to quickly cut people out of wheelchairs), and *Secalt* (a piece of industrial machinery called a “traction hoist”). In each of

those cases, the product's "form . . . follow[ed] its [utilitarian] function[s]," *Secalt*, 668 F.3d at 687, and there was no evidence of any non-utilitarian design choices. *See Leatherman*, 199 F.3d at 1013; *Secalt*, 668 F.3d at 686; *Tie Tech*, 296 F.3d at 786. In the present case, however, HM introduced abundant evidence that the Eames chairs' overall appearances derive from non-utilitarian design choices.

The jury was shown images of the Eames chairs, from which it could have reasonably inferred that the chairs were designed largely to be distinctive and/or beautiful, even at some expense to their "utilitarian advantage," *Disc Golf*, 158 F.3d at 1006. For example, the jury could have reasonably concluded that the metal trapezoidal design of the Eames chairs' armrests was motivated by design considerations, at the expense of the comfort that a softer surface could have provided.

HM's expert furniture historian testified that the Eames chairs' designers, Charles and Ray Eames, were "always working to find the exact right look of something" and "were as much sculptors as they were designers." He also testified that the "aesthetics were one of the most important considerations" in the Thin Pad Eames chairs' design and that the Soft Pad Eames chairs were "iconic pieces" whose "visual or aesthetic impact" was "significant." A program manager for HM testified that he was not aware of any utilitarian purpose for several features of the Eames chairs, including the specific trapezoidal shape of the armrests, the one-piece construction of the seat and the back, and the specific horizontal stitching of the Thin Pad upholstery. HM's industrial design expert also testified that those three features (among others) lacked utilitarian function and that their purposes were aesthetic. He also testified that the

“overall design” of the Eames chairs is “distinctive and is not functional.”

A reasonable jury could have concluded that the remaining *Disc Golf* factors also showed utilitarian functionality. HM introduced testimony suggesting that a variety of alternative designs could have achieved the Eames design’s functional advantages, so competitors would not be unreasonably limited in their chair design options if the Eames trade dress were protected. HM also introduced advertising materials that emphasized the Eames chairs’ distinctive appearances through large, artistic photographs and statements touting their appearances as “unmistakable,” “bear[ing] the distinctive stamp of Charles and Ray Eames,” and being “totally different” from other chairs. And HM introduced some testimony suggesting that at least some of the manufacturing techniques it employed required specialized technical equipment.

OSP’s rebuttal to all of this evidence did not compel a different conclusion. For example, OSP attempts to show that the armrests’ trapezoidal shape has utilitarian functionality because it enables the “armrests to be attached to the [rest of the chair] at three points” rather than two points, but cites no evidence that the extra point of attachment has any utilitarian benefit. Similarly, OSP argues that the armrests’ rounded corners have utilitarian functionality because they “provide greater safety as compared to sharp corners,” but cites no evidence that the roundness of the corners was ever intended, advertised, or perceived as a safety feature. Thus, we reject OSP’s argument that the utilitarian functionality of the Eames chairs’ component parts renders their overall appearances functional as a matter of law.

C. The Aeron Chair

In a cross-appeal, HM challenges the judgment that its claimed AERON trade dresses were functional and thus unprotectable. HM argues that there must be a new trial because Jury Instruction 25 (the “Functionality Instruction”) used an erroneously broad definition of functionality. “We review a district court’s formulation of civil jury instructions for abuse of discretion, but we review *de novo* whether an instruction states the law correctly.” *Peralta v. Dillard*, 744 F.3d 1076, 1082 (9th Cir. 2014) (en banc) (citations omitted).

HM’s challenge focuses on the following excerpt from the Functionality Instruction:

A product feature . . . is non-functional if its shape or form makes no contribution to the product’s function or operation. If the feature is part of the actual benefit that consumers wish to purchase when they buy the product, the feature is functional. However, if the feature serves no purpose other than as an assurance that a particular entity made, sponsored or endorsed the product, it is non-functional.

We agree with HM that this excerpt misstates the law. It is not true that being “part of the actual benefit that consumers wish to purchase when they buy the product” is proof that a feature is functional. Indeed, we have stated that “the mere fact that [a] mark is the ‘benefit that the consumer wishes to purchase’ will *not*” suffice to establish its functionality. *Automotive Gold*, 457 F.3d at 1069 (emphasis added) (citation omitted); *see also id.* at 1073 ((rejecting suggestion that trademarks are functional when “the trademarks

‘constitute[] the actual benefit the consumer wishes to purchase’” because it “flies in the face of existing caselaw” (alteration in original)). And the instruction does not capture the concepts, explained above, that a feature that provides a utilitarian benefit is not functional unless the *Disc Golf* factors weigh in favor of finding it so; or that a feature that provides an aesthetic benefit is not functional unless that benefit is wholly independent of any source-identifying function and the feature’s protection would put competitors at a significant non-reputation-related disadvantage. *See Millennium*, 817 F.3d at 1128–29. Due to this inaccuracy, the instructions, viewed as a whole, do not “fairly and correctly cover[]” the law of functionality. *See Frost v. BNSF Ry. Co.*, 914 F.3d 1189, 1194 (9th Cir. 2019) (quoting *Miller v. Republic Nat’l Life Ins. Co.*, 789 F.2d 1336, 1339 (9th Cir. 1986)).

“An error in instructing the jury in a civil case requires reversal unless the error is more probably than not harmless.” *Clem v. Lomeli*, 566 F.3d 1177, 1182 (9th Cir. 2009) (citation omitted). Because such errors are presumed harmful, the “burden shifts to the [prevailing party] to demonstrate that it is more probable than not that the jury would have reached the same verdict had it been properly instructed.” *Id.* (citation omitted). OSP did not address the issue of harmfulness in its answering brief, and thus did not overcome the presumption of harmfulness. *See id.* Consequently, the error in the Functionality Instruction requires reversal and remand for a new trial on HM’s Aeron-related claims.²

² Without commenting on the merits of the issue, we vacate the district court’s ruling that the unregistered claimed AERON trade dress possesses secondary meaning as a matter of law, so that all of the issues

We recognize that the district court appears to have derived the Functionality Instruction from Ninth Circuit Model Civil Jury Instruction 15.12. But because that instruction does not accurately track our functionality caselaw, *see Millennium*, 817 F.3d at 1128–29; *Au-Tomotive Gold*, 457 F.3d at 1072 & n.8, its use was error and we must reverse. *See United States v. Warren*, 984 F.2d 325, 327 n.3 (9th Cir. 1993) (“Use of a model jury instruction does not preclude a finding of error.”).

III. Fame

We now turn our focus to HM’s cause of action for dilution of its claimed EAMES trade dresses. To prevail on dilution, HM was required to prove that those claimed trade dresses were “famous” before OSP began selling its accused chairs. *See* 15 U.S.C. § 1125(c)(1). OSP challenges the district court’s denial of its Rule 50(b) motion, in which OSP argued that the evidence of the claimed EAMES trade dresses’ fame was legally insufficient.

From 1996 to 2006, the standard for determining fame was based on the Federal Trademark Dilution Act of 1995 (“FTDA of 1995”), an amendment to the Lanham Act that set out a non-exhaustive list of eight factors that courts “may consider.” *See* Pub. L. No. 104-98, § 3(a), 109 Stat. 985 (1996). We interpreted that statute to recognize two kinds of fame: fame within “only a limited geographic area or a specialized market segment” (or “niche fame”) and “fame among the general consuming public.” *Thane Int’l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 908, 911 (9th Cir. 2002).

related to HM’s Aeron-related claims can be decided in the new trial. *See Pumphrey v. K.W. Thompson Tool Co.*, 62 F.3d 1128, 1133–34 (9th Cir. 1995).

The FTDA of 1995 was replaced by the Trademark Dilution Revision Act of 2006 (“TDRA of 2006”), which eliminated the concept of niche fame, defining fame as being “widely recognized by the *general consuming public* of the United States as a designation of source of the goods or services of the mark’s owner,” 15 U.S.C. § 1125(c)(2)(A) (emphasis added), and omitting from its list of suggested factors the two from the FTDA of 1995 that related to niche markets.³ Thus, niche fame can no longer make a trademark eligible for protection against dilution; instead, the trademark must be “widely recognized by the general consuming public of the United States.” *Id.*

While the FTDA of 1995 was still in effect, we decided *Thane*, in which we applied a very high standard for establishing fame among the general consuming public. The issue in that case was whether a stationary exercise machine producer’s “OrbiTrek” mark infringed the Trek Bicycle Corporation’s “TREK” mark. We held that the requisite level of fame was that of “a household name.” *Thane*, 305 F.3d at 911. The mark must be in a “select class” of those that are “truly prominent and renowned” and “part of the collective national consciousness.” *Id.* at 911–12 (first and second quoting *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 875 (9th Cir. 1999)). We held that Trek had failed as a matter of law to establish “household name” fame of its TREK mark, even though the mark was registered; the company spent “between \$3 million and \$5 million per year”

³ The two omitted niche-related factors were “the channels of trade for the goods or services with which the mark is used” and “the degree of recognition of the mark in the trading areas and channels of trade used by the mark’s owner and the person against whom the injunction is sought.” See *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 875–78 (9th Cir. 1999).

on advertising, including in mainstream publications such as *Rolling Stone Magazine*, *Playboy*, and *Men's Journal*; had around 4.5 million visitors to its website per year; made over 1,000 different products with the TREK mark that were sold by over 1,600 independent dealers in 2,000 locations across the nation; and sponsored superstar Lance Armstrong, who used TREK bicycles to win multiple Tour de France races, and appeared with a TREK bicycle on the front page of large circulation newspapers, at a press event with a sitting President, and even on a Wheaties box. *Id.* at 899, 912.

In holding that Trek Bicycle Corporation failed to make the necessary “showing of the requisite *level* of fame” for its mark, *id.* at 911, we reasoned that “incidental media coverage,” such as that connected to Lance Armstrong, did not “by itself constitute evidence” that the mark was famous, because “[m]any products receive broad incidental media coverage.” *Id.* at 912. We also reasoned that “[a]dvertising to a mass audience is not the same as achieving fame with a mass audience and, by themselves, such advertisements prove only that Trek desires widespread fame, not that it has achieved it.” *Id.* at 912 n.13. “On the other hand,” we explained, “surveys showing that a large percentage of the general public recognizes the brand, press accounts about the popularity of the brand, or pop-culture references involving the brand would provide evidence of fame.” *Id.* at 912.

Although *Thane* interpreted the FTDA of 1995, we do not interpret the TDRA of 2006 to have lowered the standard for whether a mark “has achieved fame among the general consuming public.” *Id.* at 911; see *Coach Servs., Inc. v. Triumph Learning LLC*, 668 F.3d 1356, 1372–73 (Fed. Cir. 2012) (“By using the ‘general consuming public’ as the benchmark, the [TDRA of 2006] eliminated the possibility of ‘niche fame’ In other words, a famous mark is one

that has become a ‘household name.’”); *see also* McCarthy § 24:104. Applying *Thane*’s standard, we conclude that HM fell short of its burden to supply legally sufficient evidence of the fame of the claimed EAMES trade dresses.

Taken in the light most favorable to HM, the evidence establishes only that: HM spent, on average, \$550,000 per year on advertising the Eames chairs from 2004 through 2015 (and under \$400,000 per year from 2004 through 2009); the Eames chairs appeared in obscure publications such as *Contract*, *Metropolis*, and an “industry publication” called *Monday Morning Quarterback*; at the time of trial in 2016, HM had, at the very most, around 875,000 unique followers on Facebook, Twitter, and Instagram combined; most of the Eames chairs are sold through a distribution channel consisting of only around 45 independently owned dealers with 130 locations across the country; and the Eames chairs were “very heavily” featured in the TV show *Mad Men*, have appeared in other TV shows and movies, and have been exhibited at several American museums, including the Museum of Modern Art and the Henry Ford Museum. Because the evidence of the claimed EAMES trade dresses’ fame is plainly weaker than the evidence that *Thane* held legally insufficient, we must hold that, as a matter of law, those trade dresses were not famous.

HM’s efforts to avoid *Thane*’s demanding standard fail. In *Horphag Research Ltd. v. Garcia*, a case on which HM relies to suggest a more modest standard, the appellant did not raise the issue of whether any mark was sufficiently famous, so we neither considered nor decided that issue. *See* 475 F.3d 1029, 1036, 1038 (9th Cir. 2007). HM also argues that we should not disturb the jury’s finding that the claimed EAMES trade dresses were famous because OSP did not object to the relevant jury instruction. But, even if the

instructions accurately stated the law, the legal question before us is whether HM offered evidence sufficient to allow a reasonable jury to conclude that the EAMES trade dress met the definition of fame. That legal definition, which we explicated in *Thane*, is fatal to HM's dilution claims.⁴

Because there was legally insufficient evidence to find that the claimed EAMES trade dresses were famous under 15 U.S.C. § 1125(c)(2)(A), the judgment against OSP for their dilution must be reversed.

IV. CONCLUSION

Based on this opinion and the simultaneously filed memorandum disposition, we affirm the judgment in favor of HM on its causes of action for the infringement of its registered and unregistered claimed EAMES trade dresses. We reverse the judgment in favor of HM on its cause of action for dilution.

We reverse the portion of the judgment regarding the Aeron chair in its entirety, and remand for a new trial.

AFFIRMED in part, REVERSED in part and REMANDED.

⁴ Although focusing on some practical differences between trade names and trade dresses, the dissent correctly recognizes that a dilution claim requires that the general consuming public recognize either type of mark "as a designation of source of the goods or services of the mark's owner." 15 U.S.C. § 1125(c)(2)(A). Even assuming that the shape of the Eames chair is more recognizable than the name "Trek," there nonetheless was no basis from which the jury could reasonably infer that the general consuming public would link all Eames-shaped chairs to a single source of goods.

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

Although I join most of the majority’s opinion, I disagree with the conclusion that there was insufficient evidence to sustain the jury’s verdict in favor of Herman Miller (“HM”) on its claim for dilution of its EAMES trade dresses. I therefore dissent as to Part III.

A jury’s verdict must be sustained on a renewed motion for judgment as a matter of law unless “the evidence, construed in the light most favorable to the nonmoving party, permits only one reasonable conclusion, and that conclusion is contrary to the jury’s verdict.” *Harper v. City of Los Angeles*, 533 F.3d 1010, 1021 (9th Cir. 2008) (quoting *Pavao v. Pagay*, 307 F.3d 915, 918 (9th Cir. 2002)). Only in “rare cases” should we overturn a jury’s verdict under this deferential standard. *Barnard v. Theobald*, 721 F.3d 1069, 1076 (9th Cir. 2013). This is not such a case.

For HM to prevail on its dilution claim, the jury was required to find that the EAMES trade dresses were sufficiently “famous”—that is, that they were “widely recognized by the general consuming public of the United States as a designation of source of the goods or services” of the trade dress owner. 15 U.S.C. § 1125(c)(2)(A). A trade dress is famous when the general consuming public recognizes the trade dress as associated with a singular owner; as is true throughout trademark law, whether the general consuming public could *name* that owner is irrelevant. See *Maljack Prods., Inc. v. GoodTimes Home Video Corp.*, 81 F.3d 881, 887 (9th Cir. 1996) (explaining that the secondary meaning of a mark is established through proof that the public associates the mark “with a single source, even if that source is anonymous”); 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair*

Competition § 3:12 (5th ed.) (explaining that “[a] trademark can identify a single, albeit *anonymous* source,” such that a buyer need not know “the corporate name of the producer or seller” (emphasis added)).

At trial, the jury heard expert testimony that Eames Thin Pad and Soft Pad chairs were “iconic” pieces that “had significant impact on the design world.” HM experts opined that the Eames chairs were “ubiquitous” in conference rooms and were often used as seating in lobbies or in other public spaces within office environments. Expert testimony further established that Eames chairs were depicted in “countless TV shows,” including the long-running series “Mad Men,” and in blockbuster movies. And the chairs were featured in “any museum in the United States” with “a collection of design.”

Construed in the light most favorable to HM, this evidence was sufficient to support the jury’s verdict. The jury was entitled to deem HM’s experts credible and to infer from their testimony that the general consuming public had become familiar with the Eames chairs through encounters in business environments, pop culture, and museums. And because HM presented evidence that the Eames chairs had a distinctive design, the jury was entitled to find that the consuming public recognized trade dresses central to that design as a signature of chairs made by a leading furniture manufacturer, even if they could not specifically name HM as that manufacturer. Although this was not the only finding the jury could have made based on the evidence, it was a reasonable one.

The majority’s contrary conclusion stems largely from a side-by-side comparison with the facts of *Thane International, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894 (9th Cir. 2002), in which we held that the evidence at

summary judgment was insufficient to establish that the Trek Bicycle Corporation’s “TREK” mark was famous enough to support a claim for dilution. *Id.* at 910–12. We noted that the “closest” Trek came to demonstrating recognition by “a large portion of the general consuming public” was to produce evidence depicting Lance Armstrong with a Trek bicycle on newspaper front pages and Wheaties boxes. *Id.* at 912. In so observing, we relatedly indicated that the other evidence in the record—such as the company’s \$3 to \$5 million in advertising expenditures, 4.5 million website visitors, and robust commercial sales—was insufficient to support a finding of fame. *See id.* at 899, 912.

There is stronger evidence here than there was in *Thane* of actual consumer recognition: the Eames chairs were “ubiquitous” in office environments and depicted in “countless” TV shows and movies. And the Eames chairs had an “iconic,” visually striking design deemed worthy of museum displays, whereas in *Thane* “TREK” was a non-distinctive four-letter term with multiple meanings. *See id.* at 912 n.14 (explaining that “trek” is a “common English language word” used to refer to concepts and products other than Trek bicycles). Yet the majority nonetheless seems to require HM and its Eames chairs to have greater advertising expenditures, a more significant web presence, or a higher volume of commercial sales than Trek bicycles for there to be sufficient evidence supporting the EAMES trade dresses’ fame. *See Maj. Op.* at 22.

In my view, the majority’s analysis is misguided. It is not surprising that we concluded in *Thane* that Trek’s evidence was insufficient to prove the fame of the “TREK” mark. Given that the “TREK” mark was a non-distinctive word that received only some “incidental media coverage,” *Thane* reasonably suggested that consumers would not have

recognized the mark absent more sales, more advertising, or more Internet engagement that familiarized the general public with the mark. *See Thane*, 305 F.3d at 912. But that conclusion has little bearing on what was required to cause the general public to recognize the trade dresses at issue here. Unlike the nondescript word “TREK,” the EAMES trade dresses consisted of a distinctive product design that the jury could have inferred was memorable to many consumers who saw the chairs. While members of the public can consume products or encounter advertisements for products without focusing on the marks they feature, it would be difficult for consumers to interact with a product without forming an impression of its overall appearance (its dress)—particularly when that appearance is distinctive.

Moreover, while the media portrayals of “TREK” did little to raise the mark’s profile, HM presented evidence that the general consuming public became familiar with the EAMES trade dresses through the chairs’ being widely depicted in pop culture, displayed in museums, and featured in business environments. And HM’s evidence suggested that, far from being “incidental,” *see id.*, the design aspects of the Eames chairs—including their trade dresses—were the very reason the chairs were popular in business environments and displayed in museums. From this evidence, the jury could have concluded that many consumers who saw the chairs featured in such settings took note of them and their distinctive designs. By contrast, in *Thane*, the central focus of the Wheaties boxes and the newspaper stories was Lance Armstrong—not the mark on his bike, which consumers could easily have overlooked.

Accordingly, the jury could have inferred that a higher level of advertising or sales exposure was not required to render the Eames chairs’ design widely recognizable. Even

if too few Eames chairs were sold for them to be present in most households or offices, and even if there was too little advertising for it to reach the average consumer, HM's evidence nevertheless allowed the jury to conclude that many individual chairs reached a wide audience and were recognized on account of their distinctive design.¹

In sum, HM's failure to satisfy the metrics the majority identifies did not preclude the jury from finding that its trade dresses were famous. To the contrary, as *Thane* itself recognized, evidence of a trade dress's cultural significance may provide evidence of fame. *Id.* at 912. In my view, HM introduced sufficient evidence of such significance to render the question of fame one for the jury. This is not one of the "rare cases" in which we should disturb the jury's conclusion. *See Barnard*, 721 F.3d at 1076.

¹ In overturning the jury's fame finding, the majority also appears to rely on the fact that the number of people who follow HM on social media is lower than the number of people who visited Trek Bicycle's website. *See Maj. Op.* at 21, 22–23. But there was no need for HM to present evidence of a high level of social media engagement with HM itself, given that the question whether the EAMES trade dresses were widely recognized as a "designation of source," *see* 15 U.S.C. § 1125(c)(2)(A), does not depend on consumers' actually being able to name HM as the source of those trade dresses, *see Maljack Prods.*, 81 F.3d at 887.

APPENDIX B

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Case No. ED CV14-01926 JAK (SPx)

Date August 1, 2017

Title Blumenthal Distributing, Inc. d/b/a Office Star, et al. v. Herman Miller, Inc.

Present: The Honorable JOHN A. KRONSTADT, UNITED STATES DISTRICT JUDGE

Andrea Keifer

Not Reported

Deputy Clerk

Court Reporter / Recorder

Attorneys Present for Plaintiffs:

Attorneys Present for Defendants:

Not Present

Not Present

Proceedings: (IN CHAMBERS) ORDER RE PLAINTIFF’S RENEWED MOTION FOR JUDGMENT AS A MATTER OF LAW ON THE BASIS OF NOTICE OF REGISTRATION (Dkt. 353)

PLAINTIFF’S RENEWED MOTION FOR JUDGMENT AS A MATTER OF LAW ON THE BASIS OF NO. 1 INVALIDITY OF ASSERTED EAMES TRADE DRESSES (Dkt. 374)

PLAINTIFF’S RENEWED MOTION FOR JUDGMENT AS A MATTER OF LAW ON THE BASIS OF NO. 2 INFRINGEMENT, DILUTION AND WILLFULNESS (Dkt. 375)

PLAINTIFF’S RENEWED MOTION FOR JUDGMENT AS A MATTER OF LAW ON THE BASIS OF NO. 3 DAMAGES (Dkt. 376)

DEFENDANT’S MOTION FOR JUDGMENT AS A MATTER OF LAW ON THE BASIS OF FED.R.CIV.P. 50(a) (Dkt. 332)

DEFENDANT’S MOTION FOR PERMANENT INJUNCTION WITH RESPECT TO THE EAMES TRADE DRESS (Dkt. 379)

DEFENDANT’S MOTION FOR JUDGMENT AS A MATTER OF LAW ON THE BASIS OF TRADE DRESS VALIDITY, AND A NEW TRIAL ON INFRINGEMENT (Dkt. 380)

I. Introduction

Blumenthal Distributing, Inc., d/b/a/ Office Star (“Office Star”), and Herman Miller, Inc. (“Herman Miller”), design and distribute furniture. Dkt. 13 ¶¶ 5-6; Dkt. 40 ¶ 13. In this matter, Herman Miller claimed that certain Office Star chairs (“Accused Chairs” or “Hospitality Chairs”) infringed its registered and unregistered trade dress rights to two of its office chair designs -- EAMES and AERON.

On October 6, 2014, Office Star filed the First Amended Complaint (“FAC”), in which it advanced a claim

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under the Declaratory Judgment Act, 28 U.S.C. §§ 2201 *et seq.* Dkt. 13. It sought a declaration that its “importation, advertising, depiction, offering for sale, and/or selling of any of the Accused Chairs does not infringe Herman Miller’s trade dress rights.” *Id.* ¶ 16. On April 24, 2015, Herman Miller filed Counterclaims against Office Star, as well as Fris Office Outfitters, Inc. (“Fris”), iFURN.com, Inc. d/b/a Officestar-Furniture-Direct.com (“iFurn”) and Gamesis, Inc. d/b/a OfficeStarStore.com and d/b/a TSCShops.com (“Gamesis”) (collectively, “Counterclaim Defendants”). Dkt. 40. iFurn, Fris, and Gamesis were subsequently dismissed. See Dkt. 228 (iFurn); Dkt. 328 (Fris, Gamesis). Herman Miller advanced the aforementioned infringement claims.

On September 22, 2016, a jury trial with respect to the counterclaims commenced. The trial proceeded for seven days. Dkts. 312, 320, 322, 325, 336, 331, 334. On October 6, 2016, the jury returned a verdict. Dkt. 344. It found that Herman Miller’s trade dress to the AERON was invalid. *Id.* at 2. Therefore, no determination was made as to the alleged infringement by Office Star. *Id.* It also found Office Star willfully infringed Herman Miller’s registered and unregistered trade dress rights in the EAMES chair in both its Thin Pad and Soft Pad models. *Id.* at 15-17. The jury awarded damages to Herman Miller. The award was for \$3.3 million for infringement and \$5.1 million for dilution of the value of the trade dress. *Id.* at 14, .18.

On November 4, 2016, Office Star renewed its earlier motion for a judgment as a matter of law¹ on the basis of lack of notice of one of the trademark registrations. Dkt. 353. On February 27, 2017, Office Star filed three other motions for judgment as a matter of law, on the following grounds: (i) invalidity of asserted EAMES trade dresses (Dkt. 374); (ii) failure to show infringement, dilution, and willfulness (Dkt. 375); and (iii) failure to prove damages. Dkt. 376. Herman Miller filed a consolidated opposition to these motions on March 13, 2017. Dkt. 384. Office Star replied on March 27, 2017. Dkt. 386.

On February 27, 2017, Herman Miller moved for judgment as a matter of law on the basis of failure to show invalidity of its trade dress. Dkt. 380. Herman Miller also filed a motion for a judgment and a permanent injunction with respect to infringement on the EAMES trade dress. Dkt. 379. Office Star filed a consolidated opposition on March 13, 2017. Dkt. 383. Herman Miller replied on March 27, 2017. Dkt. 387.

A hearing on the Motions was held on May 1, 2017, and they were taken under submission. For the reasons stated in this Order, Office Star’s Motions for Judgment as a Matter of Law are **DENIED**. Herman Miller’s Motion for Judgment as a Matter of Law is **GRANTED IN PART**. Herman Miller’s Motion for Permanent Injunction is **GRANTED IN PART**.

II. Standard of Review

A. Judgment as a Matter of Law

Judgment as a matter of law is warranted where “a party has been fully heard on an issue during a jury trial and the court finds that a reasonable jury would not have a legally sufficient evidentiary basis to find for the party on that issue.” Fed. R. Civ. P. 50(a)(1). A motion for judgment as a matter of law under Rule 50(a) must be brought before the matter is submitted to the jury. Fed. R. Civ. P. 50(a)(2). If it is denied, it may be renewed, and “may include an alternative or joint request for a new trial under Rule 59.” Fed. R.

¹ Such a motion is often abbreviated as “JMOL,” a term that is used in this Order.

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Civ. P. 50(b). “A renewed motion for judgment as a matter of law is properly granted ‘if the evidence, construed in the light most favorable to the nonmoving party, permits only one reasonable conclusion, and that conclusion is contrary to the jury’s verdict.’” *Harper v. City of Los Angeles*, 533 F.3d 1010, 1021 (9th Cir. 2008) (quoting *Pavao v. Pagay*, 307 F.3d 915, 918 (9th Cir. 2002)).

The following standards apply to a renewed motion brought pursuant to Rule 50:

“A jury’s verdict must be upheld if it is supported by substantial evidence, which is evidence adequate to support the jury’s conclusion, even if it is also possible to draw a contrary conclusion.” In making this determination, the court must not weigh the evidence, but should simply ask whether the plaintiff has presented sufficient evidence to support the jury’s conclusion. While the court must review the entire evidentiary record, it must view all evidence in the light most favorable to the nonmoving party, draw all reasonable inferences in the favor of the non-mover, and disregard all evidence favorable to the moving party that the jury is not required to believe. If sufficient evidence is presented to a jury on a particular issue and if the jury instructions on the issue stated the law correctly, the court must sustain the jury’s verdict.

Id. (citations omitted) (quoting *Johnson v. Paradise Valley Unified Sch. Dist.*, 251 F.3d 1222, 1227-28).

B. Request for a New Trial Pursuant to Fed. R. Civ. P. 59

Following a jury trial, a court may grant a motion for a new trial “for any reason for which a new trial has heretofore been granted in an action at law in federal court.” Fed. R. Civ. P. 59(a)(1). Such a motion may be granted “if the verdict is contrary to the clear weight of the evidence, or is based upon evidence which is false, or to prevent, in the sound discretion of the trial court, a miscarriage of justice.” *Silver Sage Partners, Ltd. v. City of Desert Hot Springs*, 251 F.3d 814, 819 (9th Cir. 2001) (quoting *United States v. 4.0 Acres of Land*, 175 F.3d 1133, 1139 (9th Cir. 1999)). However, “a district court may not grant a new trial simply because it would have arrived at a different verdict.” *Id.* In assessing the clear weight of the evidence, “the judge can weigh the evidence and assess the credibility of witnesses, and need not view the evidence from the perspective most favorable to the prevailing party.” *Landes Const. Co. v. Royal Bank of Canada*, 833 F.2d 1365, 1371 (9th Cir. 1987). Even if substantial evidence precludes the entry of judgment as a matter of law, a court may grant a motion for a new trial. *Id.* “[E]rroneous jury instructions, as well as the failure to give adequate instructions, are also bases for a new trial.” *Murphy v. City of Long Beach*, 914 F.2d 183, 187 (9th Cir. 1990).

Fed. R. Civ. P. 61 also applies to the present motions. It provides:

Unless justice requires otherwise, no error in admitting or excluding evidence -- or any other error by the court or a party -- is ground for granting a new trial, [or] for setting aside a verdict At every stage of the proceeding, the court must disregard all errors and defects that do not affect any party’s substantial rights.

Under these standards, in considering a motion for new trial, the first step is to determine whether an error occurred. If it is determined that there was an error, the second step is to decide whether the error caused prejudice to the party seeking a new trial.

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III. Office Star's Motions for Judgment as a Matter of Law**A. Introduction**

Herman Miller claims both registered and unregistered trade dress rights in the EAMES chair. Herman Miller is the owner of United States Trademark Registration No. 3,105,591 (the "591 Registration"). Ex. 1307, Dkt. 377-15.² It refers to the configuration of the frame of the EAMES chair. It states: "The mark consists of the overall shape and appearance of the upper portion of a chair frame, including the armrests. The chair frame is made of polished aluminum and polished aluminum is claimed as part of the mark." *Id.* Herman Miller also asserted unregistered trade dress rights in the appearance of its Thin Pad and Soft Pad EAMES Chairs. Illustrations of the asserted registered and unregistered trade dresses are as follows:



See Jury Instructions, Dkt. 338 at 24 (JI 23); Ex. 1314, Dkt. 377-16. In the diagram of the registration, which appears at the far left of the images that are above, the portions of the frame that appear in solid lines are parts of the registration of the trademark, while the portions that appear in broken or dotted lines are not. See Dkt. 377-15. The unregistered trade dress rights encompass the overall appearance of the chairs, including the underlying frame and the upholstery. Ex. 1307, Dkt. 377-15. As shown in the illustration, there are two versions of the EAMES Chair. One has a thin pad in its upholstery, which is so labelled above; the other has a thick one, which is labelled above as a "SOFT PAD." The base of the chairs is not included in the registered or unregistered trade dress.

Office Star arranges for the manufacture and distribution of certain chairs, that are the subject of the infringement claims. Images of the Office Star chairs at issue are compiled in Exhibit 686 (pages 20-30), which was provided to the jury. The Jury was also shown representative physical examples of the

² Trial Exhibits identified in Office Star's motions for JMOL are attached to the Declaration of David A. Dillard, who is counsel for Office Star. Dkt. 377

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accused chairs in open court during the trial. 9/29 AM Tr., Dkt. 365 at 10-12. Images of the Accused Chairs of Office Star include the following:



740608LT - Chi



74612LT - G
740618LT - Chi



73632 - Gi
73638 - Choc



74652 - Gi
74658 - Choc

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Excerpted from Ex. 686, Dkt. 384-20.

The jury found that Office Star willfully infringed Herman Miller's registered and unregistered trade dress rights in the EAMES chair through the Accused Chairs. As reflected in the answers to the questions on the verdict form, the jury determined that each of the EAMES trade dresses was distinctive and famous, that Office Star's Accused Chairs diluted the corresponding EAMES trade dresses, and that Office Star acted willfully in the conduct that caused the dilution. See Verdict, Dkt. 344 at 10-17.

Office Star advances four bases to support its motions for judgment as a matter of law. *First*, there was insufficient evidence at trial from which a reasonable jury could conclude that the EAMES trade dresses were valid. Dkt. 374. *Second*, there was insufficient evidence to support a finding that Office Star infringed on those trade dresses. Dkt. 375. *Third*, the only evidence supporting the amount of damages was speculative. Dkt. 376. *Fourth*, any award of damages must be limited to damage caused after December 13, 2013, when Office Star was first on notice of the registered trade dress. Dkt. 353.

For the reasons stated below, the Motions are **DENIED**.

B. Whether Office Star Waived the Right to Move for Judgment as a Matter of Law

1. Legal Standards

The court in *Nitco Holding Corp. v. Boujikian* stated that

[i]n order to preserve a challenge to the sufficiency of the evidence to support the verdict in a civil case, a party must make two motions. First, a party must file a pre-verdict motion pursuant to Fed. R. Civ. P. 50(a). Second, a party must file a post-verdict motion for judgment as a matter of law or, alternatively, a motion for a new trial, under Rule 50(b).

491 F.3d 1086, 1089 (9th Cir. 2007) (citations omitted). The "procedural requirement of filing a Rule 50(a) motion before filing a Rule 50(b) motion" is construed "strictly," and the "failure to file a Rule 50(a) motion precludes consideration of a Rule 50(b) motion for judgment as a matter of law." *Tortu v. Las Vegas Metro. Police Dep't*, 556 F.3d 1075, 1083 (9th Cir. 2009). However, "Rule 50(b) 'may be satisfied by an

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ambiguous or inartfully made motion' under Rule 50(a)." *E.E.O.C. v. Go Daddy Software, Inc.*, 581 F.3d 951, 961 (9th Cir. 2009) (quoting *Reeves v. Teuscher*, 881 F.2d 1495, 1498 (9th Cir. 1989)). Where a Rule 50(b) motion is brought on grounds not previously raised in a Rule 50(a) motion, the jury's verdict is reviewed for "plain error," and is reversible only "if such plain error would result in a manifest miscarriage of justice." *Id.* (quoting *Yeti by Molly, Ltd. v. Deckers Outdoor Corp.*, 259 F.3d 1101, 1109 (9th Cir. 2001)).

2. Application

At trial Herman Miller filed a brief in support of its Rule 50(a) motion. Dkt. 332. This motion was argued before on October 4, 2016. At that hearing, Office Star made its Rule 50 motions orally. See Dkt. 359 at 68-80. The Court requested a brief discussion of those motions. Office star then identified several issues as to which would seek relief under Rule 50. They included: (i) there was no infringement of the registered trade dress; (ii) the unregistered trade dress was invalid; (iii) Office Star did not have sufficient notice of the registered trade dress rights; and (iv) inadequate evidence as to damages. *Id.* at 79-80. After hearing this presentation, the Court deferred a ruling on the Rule 50 issues, and stated that no further briefing was needed at that time. *Id.* at 84.³

In its oral Rule 50(a) motion, Office Star did not specifically mention any issues as to the validity of the registered trade dress or infringement of the unregistered trade dress. Nor did it present any challenge to dilution damages. Herman Miller argues that Office Star's "failure to file a Rule 50(a) motion [as to these issues] precludes consideration of a Rule 50(b) motion for judgment as a matter of law." *Tortu*, 556 F.3d at 1083. However, Office Star's oral motion under Rule 50(a) stated or implied that the majority of the findings of the trial were being challenged in Office Star's pending motions for judgment as a matter of law. The Court did not require briefing of the motions having heard the oral presentation.

In light of this record, Office Star did not waive its right to seek relief under Rule 50 pursuant to the present motions.⁴

³ The Court stated:

I am going to defer the Rule 50 motions until after the jury has deliberated. So in terms of further briefing, I think it would make -- well, I think it would make more sense to wait and see what the -- and await the jury's determination and then see what -- which motions, if any, remain to be determined, and then I can set a briefing schedule.

Or -- we'll follow Rule 50. Let's just put it that way. I think that's the easier way to handle this. But on a practical level, I don't think I need more briefing right now because I will defer.

Dkt. 359 at 84.

⁴ Alternatively, Office Star proposes that its motions addressed here may be considered deferred motions for judgment as a matter of law under Rule 50(a) rather than renewed ones under Rule 50(b). Dkt 386 at 8. This could be an independent basis for their consideration in light of the ruling that the Rule 50 motions were deferred pending jury deliberations. However, it is not necessary to reach this issue in light of the determination stated above.

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C. Evidence Presented Regarding EAMES Chair**1. Testimony Regarding Herman Miller Practices and Products**

Christopher Bingham (“Bingham”), the Director of Sales for Herman Miller, testified about the sales and marketing of the EAMES chair. 9/27 AM Tr., Dkt. 355 at 33-45. Bingham presented charts and data showing that almost 340,000 EAMES chairs were sold from 1991 to 2015. Ex. 1341, Dkt. 384-48. Bingham testified that he had investigated historic sales and marketing information, and that these figures were “consistent in prior years as far back as we could see.” 355 at 40. Bingham testified that \$6.6 Million is a reasonable estimate of the amount spent on the marketing of the EAMES chairs from 2004-2015. *Id.* at 42.

John Berry (“Berry”), an expert on the history of furniture, testified about the significance of the EAMES chair over time. 9/22 PM Tr., Dkt. 354 at 53-65. Berry testified that designers Charles and Ray Eames experimented with varying iterations of the chair before adopting the final design, which was distinctive and unique. *Id.* at 57, 59. Berry testified that based on the novel appearance of the EAMES chair and its significance within the design history of furniture, it has been included in the collections of many art museums, where it has been displayed. *Id.* at 62-63. Berry also testified that the EAMES chair has appeared in numerous motion pictures, television shows, and publications. 9/27 AM Tr., Dkt. 363 at 26. Based on these observations, Berry opined that the chair is famous. *Id.* On cross-examination, Office Star asked Berry whether he had performed any surveys to confirm the fame of the EAMES chair. *Id.* at 27. He testified that he had not. *Id.*

Robert Hieftje (“Hieftje”), a Senior Program Director at Herman Miller, testified that he had worked with Herman Miller for 39 years, and was involved in the marketing of the EAMES chair. *Id.* at 40-42. Hieftje testified that the EAMES chairs are very well known, and “are the icons for the definition of midcentury modern.” *Id.* at 49. Hieftje also testified that certain features of the EAMES chair were particularly significant, unique to its design and a basis to distinguish it within the market. These features included: the curved side rails; the flowing trapezoidal arms; the flared spanner on the back; the scroll-like fabric at the front of the seat and the top; the one-piece web from the seat through the back with its horizontal stitching; and the narrow profile of the seat. *Id.* at 50-51. He testified that there are no utilitarian reasons for any of these elements or features to have their respective shapes or styles. Therefore, there is no utilitarian reason for the unique, overall appearance of the chair. *Id.* at 52-53.

On cross examination, Office Star asked Hieftje about the functional use of certain individual components of the EAMES chair, including the side rails, spreader bar and armrests. 9/27 AM Tr., Dkt. 355 at 10 (side rails), 11 (spreader bar), 17 (side rails), 21 (armrests). Hieftje acknowledged that each of these features has a function, but also explained that their designs contribute to “the overall look and aesthetic” of the EAMES chair. See, e.g., *id.* at 17-18.

Casey Bond (“Bond”), Herman Miller’s Portfolio Lead, testified that the EAMES chair is marketed to every demographic group. *Id.* at 46-94. She testified that the majority of sales of the EAMES chair are to dealers, who primarily sell to large corporate, government and hospitality (e.g., hotels) customers. *Id.* at 48-53, 97. She also testified that the EAMES chair is very popular. *Id.* at 61-77. Furthermore, she testified that typical orders of EAMES chairs are large, with the chairs used to provide seating in conference rooms and public spaces. at 52-53. She testified that the average order is for approximately 50 chairs. *Id.*

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She also testified that EAMES chairs are more expensive than the competing and allegedly infringing Office Star chairs. She testified that the EAMES chairs are priced between \$600-\$1500 wholesale, and sell at an average retail price of \$1200. *Id.* at 50.

Bond reviewed Herman Miller's marketing practices. She testified that Herman Miller advertises through publications, trade shows and social media. *Id.* at 62-64. She also testified that Herman Miller's advertisements focus on the aesthetic appearance and design of the EAMES chair. *Id.* at 65-68. Examples of such advertisements were admitted as exhibits and published to the jury during the trial. See Ex. 990, Dkt. 384-28; Ex. 679, Dkt. 384-19. Bond also presented exhibits in which media sources noted the appearance of the EAMES chair. Dkt. 355 at 68-70, 74-77; See also, e.g., Ex. 650-47, Dkt. 384-14 at 48; Ex. 650-49, Dkt. 384-14 at 50; Ex. 650-171, Dkt. 384-15 at 41; Ex. 919, Dkt. 384-27; Ex. 991, Dkt. 384-29. Bond next testified that an increase in enthusiasm for mid-century modern design in recent years has led to an increase in sales of the EAMES chair. Dkt. 355 at 61-62; Ex. 1340, Dkt. 384-47 (showing spike in sales). Bond also testified that all EAMES chairs are sold with a sewn-in label on the underside of the chair, and a hangtag that features the ® symbol. Dkt. 355 at 58-59.

Bond testified that there was a reasonable possibility that consumers would be confused as to whether a given chair was a Herman Miller EAMES or an Office Star product. She testified that these types of chairs are typically purchased in significant quantities by businesses that "are buying for conference rooms or board rooms," as well as government agencies and entities, and assembled by contractors. *Id.* at 48. However, the EAMES chairs are assembled when sold. *Id.* at 57. As a result, consumers who purchase them will not see the labelled packaging in which they are delivered, but only the assembled chairs. *Id.* at 80-81.

Additionally, Bond testified that many retailers sell low-cost versions of their products under the name of a sub-brand or affiliate. Therefore, she testified that consumers could conclude that products called "Office Star" are affiliated with Herman Miller. *Id.* at 85. Bond testified that if such confusion occurred, it is unlikely that Herman Miller would be made aware of it by the Office Star customers. They would have no reason to do so. *Id.* Bond also identified one example of such confusion. A person made a comment on Office Star's Facebook page, stating "that's a nice Eames chair," in a post next to a photograph of an Office Star chair. *Id.*; see also Ex. 1349, Dkt. 384-50 (image of social media post). Bond testified that the likelihood of confusion was increased because Herman Miller and Office Star have an overlapping customer bases, attend the same trade shows, and advertise in some of the same industry publications. Dkt. 355 at 84-85; 88-89. Bond also testified that Office Star used certain dealers also used by Herman Miller. *Id.* at 91. Herman Miller notes that as licensed dealers, these dealers have a right to place the Herman Miller name on their doors, which could lead to additional confusion if a consumer visiting the store saw an Office Star product. Dkt. 384 at 25.

On cross examination, Office Star asked Bond whether Herman Miller had lost any competitive bids to Office Star. Dkt 355 at 99-100. Bond stated that such bidding competitions had taken place, but because they were confidential she was not aware of their outcomes. *Id.*

Robert Anders ("Anders") testified for Herman Miller as an "industrial design expert." 9/30 AM Tr., Dkt. 366 at 25-26. He testified that certain characteristics of the EAMES chair were of primary importance from a design perspective. These included its "continuous seat back and web, which has a certain kind of shape and silhouette." *Id.* at 36. Anders also testified that these key distinguishing attributes were

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consistent across various iterations of the chair. Therefore, they all were recognizable as EAMES chairs due to these similarities. *Id.* at 46-47. Anders also testified that there are many chair designs that provide the same utility as the EAMES chair, but that their features have shapes that are different from the EAMES chair, thereby presenting different aesthetic appearances. See Dkt. 366 at 40-41 (“Here, you see other chairs. And the shapes are all totally different, completely different. So the shape is not dependent upon any functional utility”). Anders testified that there is no utilitarian reason for the primary features of the EAMES chair, including their shapes, armrests, upholstery patterns, and the design of the rails that hold the chair together. *Id.* at 42-47.

Anders also testified as to two utility patents, which are owned by Herman Miller, and relate to the EAMES Chair. Ex. 504, Dkt. 384-12; Ex. 505, Dkt. 384-13. One relates to a technique for mounting a web made of fabric between two rails separated by a spreader bar. Dkt. 384-12. The other relates to a method for “heat sealing” upper and lower surfaces of upholstery. Dkt. 384-13. Anders testified that this technique allowed for a wide variety of appearances in upholstery, and that the same look could be attained even without using the heat sealing technique. Dkt. 366 at 43. Anders testified that neither patent related to the overall appearance of the EAMES chair. Dkt. 366 at 39 (“Neither one of [the patents] claimed the appearances.”).

Dr. Basil Englis, a survey expert, testified regarding a survey among those who were prospective purchasers of chairs. 9/30 PM Tr., Dkt. 358 at 42-44. The purpose of the survey was to measure the likelihood of confusion among such persons between an EAMES chair and the Accused Chairs. at 20-21. Survey participants were shown images of the EAMES chair and Accused Chairs, and were asked whether they believed those chairs were produced by the same or affiliated companies, and were invited to provide the basis for their views. *Id.* at 38-42. He testified that four out of five people surveyed stated that they were confused, *i.e.*, the rate of “net confusion” was 80.1%. *Id.* at 42.

2. Testimony Regarding Office Star Practices and Products

Herman Miller called Richard Allen Blumenthal (“Blumenthal”), the founder and president of Office Star, as an adverse witness. 9/28 AM Tr., Dkt. 356 at 7. He testified that he was aware of the EAMES chairs at the time that he selected the design of the Accused Chairs. *Id.* at 13. Blumenthal acknowledged that the accused chairs had been referred to internally as “knock offs” of Herman Miller. *Id.* at 34. Other internal emails also provided evidence to support a finding that Blumenthal was aware of the similarity among the Accused Chairs and the EAMES chair at the times the Accused Chairs were being developed. *Id.* at 35-37; Ex. 775, Dkt. 384-23; Ex. 773-1, Dkt. 384-22.

Blumenthal also testified that he is aware that Office Star and Herman Miller compete directly each year as to at least five to ten bids to prospective, commercial purchasers. Dkt. 356 at 44. Other emails were also referenced whose language supported the view that Office Star was apprised of the similarity in the appearance of the Accused Chairs and the EAMES chair. *Id.* at 42-43; Ex. 1210, 380-39.

Office Star Executive Vice President Fred Rueda (“Rueda”) testified that he was aware of the EAMES chair in the 1990s, prior to the introduction of the Accused Chairs. 9/29 PM Tr., Dkt. 365 at 23. A December 2010 email from an Office Star sales manager to a customer, which was also sent to Rueda, stated that the Office Star chair did not infringe on Herman Miller products. Ex. 1207, Dkt. 384. Rueda testified that this representation was not based on the opinion of legal counsel. Dkt. 365 at 35-36. Rueda

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also testified that the accused chairs had generated large sales volumes at a very rapid and unusual pace. *Id.* 37-40. He testified that they were sold to all demographics, including sales through distributors who sell to corporate, government and retail clients. *Id.* at 13-16. This testimony was consistent with a February 2011 email, on which Rueda was copied, which advertised Office Star chairs as lower cost alternatives to the EAMES chair. *Id.* at 26-27; Ex. 775, Dkt. 384-23. Rueda testified that he was aware of five to ten instances each year in which Office Star and Herman Miller were competing through bids to the same prospective purchasers. He also testified that there may have been other similar instances of this about which he was not aware. *Id.* 45-46.

Julian Egger (“Egger”), seating designer for Office Star, testified that he was aware from his experience that the EAMES Aluminum Group chairs are famous. 9/30/16 AM Tr., Dkt. 366 at 22-23. On cross examination by Office Star, Egger clarified that he meant that it was famous to “people who like design” such as architects or others with a background in design. *Id.* at 24.

Larry Schrock (“Schrock”), Sales Manager for Office Star, testified that the Accused Chairs were intended for use in commercial offices as well as other locations. In an email, he wrote that “these chairs are 100% built for commercial offices as well. This design is excellent for corporate board rooms. This design is also popular for home offices.” 9/30 PM Tr., Dkt. 358 at 76-78; Ex. 1225, Dkt. 384-33. Schrock testified that the appeal of the chairs came from their “modern classic” style. Dkt. 358 at 78-79. Certain emails from Schrock were admitted in which Schrock compared the Accused Chairs and the EAMES chair and referred to the Accused Chairs as “direct knockoffs of Herman Miller . . . chairs.” *See id.* at 81-83; Ex. 1240, Dkt. 384-35.

3. Adverse Inference Instruction

Prior to trial, the Court adopted a Report and Recommendation of Magistrate Judge Pym, which found that Office Star had engaged in spoliation of evidence during the discovery process. Dkt. 216. As a result, the following jury instruction was read to the jury:

In the course of the litigation of this case, Office Star failed to preserve certain electronic records from prior to 2011, including emails with its customers and others. The loss of these records may have been due to Office Star’s failure to search electronic records when it had been ordered to do so, and due to its substantial carelessness. Through this conduct, Office Star acted in a manner that reflected a disregard of its obligations and responsibilities in this case. As a result, these records were not available for inspection by Herman Miller, as is required under the governing rules in litigation. In light of this conduct by Office Star, you may presume that some of the materials that were not preserved included information that was adverse to Office Star with respect to the issues that have been presented at trial. For example, you may presume that some of them had content similar to the post-2011 communications between Office Star and third parties that mention Herman Miller or its chairs, and draw comparisons between its chairs and the Office Star chairs that are at issue in this case.

Dkt. 338 at 43 (JI 36).

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D. Validity of EAMES Trade Dresses

The jury was instructed that for a trade dress to be valid and protectable, it must be both non-functional, and have acquired distinctiveness through secondary meaning. Dkt. 338 at 25 (JI 24). The jury was also instructed that, as to a registered trade dress, there is a presumption that both of these requirements have been satisfied. *Id.* At trial, Office Star was limited to presenting evidence intended to rebut the presumption that the registered trade dress was not functional. The secondary meaning of the registered trade dress was not subject to challenge pursuant to 15 U.S.C. §1115(b). Office Star had the burden to prove non-functionality of the registered trade dress by the preponderance of the evidence. *Id.* As to the unregistered trade dress, Herman Miller had a burden to prove by a preponderance of the evidence that the trade dress was non-functional and had acquired secondary meaning. *Id.*

As noted, the jury found that Herman Miller had protectable trade dress rights in both its registered EAMES trade dress and its unregistered trade dress rights in the EAMES Thin Pad and Soft Pad chairs. Office Star argues that insufficient evidence was introduced at trial for a reasonable jury to reach these conclusions.

1. Whether the Registered and Unregistered Trade Dresses Were Functional

a) Legal Standards

In the Order denying Office Star's Motion for Summary Judgment, the standard for determining functionality was addressed:

Functionality is a question of fact. *Secalt S.A. v. Wuxi Shenxi Const. Mach. Co.*, 668 F.3d 677, 683 (9th Cir. 2012). There are two types of functionality. "[D]e facto functional means that the design of a product has a function, i.e., a bottle of any design holds fluid. De jure functionality, on the other hand, means that the product is in its particular shape because it works better in this shape [B]efore an overall product configuration can be recognized as a trademark, the entire design must be arbitrary or non de jure functional." *Leatherman Tool Grp., Inc. v. Cooper Indus., Inc.*, 199 F.3d 1009, 1012 (9th Cir. 1999) (emphasis, ellipses and alteration in original) (quoting *Textron, Inc. v. U.S. Int'l Trade Comm'n*, 753 F.2d 1019, 1025 (Fed. Cir. 1985)).

"[T]rade dress protection may not be claimed for product features that are functional." *TrafFix*, 532 U.S. at 29. "[I]n general terms, a product feature is functional . . . if it is essential to the use or purpose of the article or if it affects the cost or quality of the article." *Id.* at 32 (internal quotation marks omitted). Four factors are significant in assessing functionality: "(1) whether the design yields a utilitarian advantage, (2) whether alternative designs are available, (3) whether advertising touts the utilitarian advantages of the design, and (4) whether the particular design results from a comparatively simple or inexpensive method of manufacture." *Disc Golf Ass'n, Inc. v. Champion Discs, Inc.*, 158 F.3d 1002, 1006 (9th Cir. 1998); see also *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1072 n.8 (9th Cir. 2006) (four factors in *Disc Golf* still legitimate considerations following *TrafFix*). Each factor should be weighed collectively, and no single factor is dispositive. *Disc Golf*, 158 F.3d at 1006.

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Case No. ED CV14-01926 JAK (SPx)

Date August 1, 2017

Title Blumenthal Distributing, Inc. d/b/a Office Star, et al. v. Herman Miller, Inc.

The fact that individual elements of the trade dress may be functional does not necessarily mean that the trade dress as a whole is functional; rather, functional elements that are separately unprotectable can be protected together as part of a trade dress.” [*Clicks Billiards, Inc. v. Sixshooters, Inc.*, 251 F.3d 1252, 1259 (9th Cir. 2001)] (emphasis and internal quotation marks omitted). “[T]he proper inquiry is not whether individual features of a product are functional or nondistinctive but whether the whole collection of features taken together are functional or nondistinctive.” *Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery*, 150 F.3d 1042, 1050 (9th Cir. 1998). However, functionality may be found where “the whole is nothing other than the assemblage of functional parts” and “there is no evidence that anything about the appearance exists for any nonfunctional purpose.” *Secalt*, 668 F.3d at 684.

Dkt. 192 at 17.

b) Application

As noted, Office Star argues that Herman Miller did not present sufficient evidence to meet its burden of showing non-functionality as to its unregistered trade dress. Thus, it contends that there was not a sufficient evidentiary basis for the conclusion reached by the jury. Office Star also argues that it met its burden to rebut the presumption of non-functionality as to the registered EAMES trade dress, and that Herman Miller did present sufficient evidence in response to justify the finding by the jury. These arguments are summarized in connection with the application of the four *Disk Golf* factors.

(1) Utilitarian Advantage

Office Star argues the overall purpose of the EAMES chairs is to provide a utilitarian advantage. Office Star refers to a utility patent owned by Herman Miller, (the “’109 patent” (Ex. 504, Dkt. 384-12)). A limited amount of evidence was presented as to the ’109 Patent. The ’109 patent describes the purpose of the EAMES chair in the following passage:

This invention is particularly designed to provide furniture of dual purpose, that is, for use both indoors and outdoors. . . . For the purpose of exterior use, this furniture is specifically designed to utilize materials having maximum durability under exterior weather conditions. These conditions include the extremes of heat and dryness and cold and moisture. For the purpose of further adapting this furniture to its dual purpose, it is designed to be readily portable. It incorporates a structure of minimum weight consistent with the requirements of strength and durability imposed upon furniture particularly that designed for exterior use.

Dkt. 384-12 at 5.

Office Star also cites another patent held by Herman Miller (the “’068 patent” (Ex. 505, Dkt. 384-13)). *Id.* At trial, Hieftje viewed these patents, and testified that each appeared to describe certain utilitarian

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advantages of the registered and unregistered trade dress.⁵ “[T]he existence of an expired utility patent is weighty evidence of functionality, although that fact alone is not dispositive.” *Disc Golf*, 158 F.3d at 1006.

Office Star also makes extensive arguments as to the functional elements of the EAMES chair. These were addressed at trial through the testimony of Hieftje and Berry. See Dkt. 363 at 28 (Berry); Dkt. 355 at 11 (Hieftje); Ex. 503, Dkt. 377-4 at 5. Specifically, Office Star presents its position as to the various functional attributes of the side rails, upper spreader, corner screws, armrests and web. These functional characteristics are related to the structural integrity, ease of assembly, safety, comfort and durability of the EAMES chair.

Other trial evidence supported the contrary position advanced by Herman Miller. It supported the position that when viewed as a whole, and on a component-by-component basis, the trade dress of the EAMES chair is not functional. This evidence included the testimony of Berry and Hieftje. As noted, each testified that the appearance of the EAMES is unique, and that this appearance was not dictated by its functionality. Anders also testified on this issue. He stated that the functions identified in the utility patents were not relevant to the overall appearance of the EAMES chair. Herman Miller also presented images of the chair, and provided testimony as to the artistic purposes that inspired its design.

Herman Miller adds that the decision of the Trademark Office to grant registration over its registered trade dress adds support for the position that the trade dress did not serve a utilitarian purpose.

Given the similarities between the registered and unregistered trade dress, and based on the evidence described in this Order, the jury could reasonably have found that the overall appearance of the EAMES chair was not functional.

(2) Advertising

Office Star claims that Herman Miller advertising addresses the utilitarian advantages of the EAMES chair. A Herman Miller brochure about the EAMES chair includes the following statement:

Eames Aluminum Group represents a major technical achievement by Charles and Ray Eames. They departed from the concept of chair as a solid shell and stretched a continuous piece of upholstery tautly between two aluminum side ribs. The resulting seat-back suspension provides a firm, flexible “sitting pocket” that conforms subtly to the body’s shape. The one-piece curved aluminum side ribs and die-cast aluminum base make for a strong yet lightweight chair.

EAMES Brochure, Ex. 503 at 5, Dkt. 377-4.

Heiftje agreed that in referring to the technical superiority of the EAMES chair, this text was accurate “for a chair designed in 1958.” Dkt. 355 at 9. This brochure supports the position that when designed, there

⁵ Office Star states that this patent was addressed at trial by Hieftje. However, his testimony was quite limited. When presented with Ex. 504, Hieftje stated “I’m not a patent attorney, but it looks like it is a patent based on what I am reading here.” Dkt. 355 at 12.

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was some consideration of functional purposes. However, Herman Miller's witnesses testified about other Herman Miller advertising. Its focus is on the aesthetic appearance of the EAMES chair. The jury was also provided with many examples of advertising for the EAMES chair that highlighted such qualities.

Based on the evidence discussed in this Order and presented at trial, there was a sufficient basis to support the finding of the jury. That there was some evidence of advertising that mentioned functionality does not change this conclusion.

(3) Availability of Alternative Designs

As to the availability of alternative non-infringing designs, the jury was instructed as follows:

In considering this factor, you may examine whether an alternate design could have been used, so that competition in the market for that type of product would not be hindered by allowing only one person to exclusively use the particular design or configuration. For this to be answered in the affirmative, the alternatives must be more than merely theoretical or speculative.

Dkt. 338 at 27 (JI 25).⁶

At trial, Herman Miller argued that non-infringing, alternative designs are available that retain the same functional characteristics of the EAMES chairs. Office Star argues that Herman Miller did not present any non-speculative evidence on this issue. Instead, it contends that the witnesses presented by Herman Miller only testified that such a non-infringing design was possible. The competing evidence presented by Herman Miller included the testimony of Anders. He testified that alternative designs were available for use. He also presented a table showing the variety of alternative chair designs with the EAMES identified base design, *i.e.* "a frame and upholstery with a single, slender, rectangular flexible web of roughly uniform width and thickness that has been curved into a rounded L-shape." See Dkt. 366 at 40-41.

A consideration of the trial evidence shows that it was sufficient to provide a basis for a reasonable jury to determine that alternative designs were available.

(4) Whether Design Results from Comparatively Simple or Inexpensive Method of Manufacture

The focus of this factor is whether the design of the asserted trade dress "results from a relatively simple or inexpensive method of manufacture." Dkt. 338 at 27 (JI 25); *see also Disc Golf*, 158 F.3d at 1006. Limited trial evidence was presented as to this factor. Office Star notes that the '109 patent was presented to the jury, and that it shows that the EAMES trade dress facilitates shipping and assembly of the chairs. Dkt. 384-12. That patent also notes that the chair allows for easier replacement of certain

⁶ Office Star objected to this instruction as an incorrect statement of law. It contends that the ability to compete is related only to "aesthetic functionality," not "utilitarian functionality," which is at issue in this case. Office Star argues that with respect to utilitarian functionality, an alternative design is one that has the same functionality but a non-infringing appearance. See Dkt. 330 (Office Star Objections to Trade Dress Jury Instructions). These objections were considered and rejected at the trial.

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parts. *Id.* This evidence supports the position of Office Star. However, it is not sufficient to change the result when considered in the context of all of the evidence presented on the relevant factors

* * *

For the foregoing reasons, there was sufficient trial evidence such that a reasonable jury could find that both the registered and unregistered EAMES trade dresses were non-functional.

2. Whether the Unregistered Trade Dress Had Secondary Meaning

a) Legal Standard

As stated in the Summary Judgment Order,

Secondary meaning is “a term of art for identification of source.” *Clicks Billiards*, 251 F.3d at 1262. “The trade dress of a product or service attains secondary meaning when the purchasing public associates the dress with a particular source.” *Id.* (quoting *Fuddruckers, Inc. v. Doc’s B.R. Others, Inc.*, 826 F.2d 837, 843 (9th Cir. 1987)). Whether an asserted trade dress has acquired secondary meaning is a question of fact. *First Brands Corp. v. Fred Meyer, Inc.*, 809 F.2d 1378, 1383 (9th Cir. 1987). Where there is evidence of “deliberate copying [that] may suffice to support an inference of secondary meaning.” *Fuddruckers*, 826 F.2d at 844. Other factors relevant to a finding of secondary meaning include: “(1) whether actual purchases of the product bearing the claimed trade [dress] associate the trade [dress] with the producer, (2) the degree and manner of advertising under the claimed trade [dress], (3) the length and manner of use of the claimed trade [dress] and, (4) whether use of the claimed trade [dress] has been exclusive.” *Transgo, Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001, 1015 (9th Cir. 1985); *see also* *Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512, 517 (9th Cir. 1989).

Dkt. 192 at 23-24.

Jury instruction 26, which addressed secondary meaning, states that the jury could consider seven factors (the “*Sleekcraft* factors”⁷): (i) consumer perception; (ii) advertising; (iii) demonstrated sale success; (iv) extent of use; (v) exclusivity; (vi) copying and (vii) actual confusion. Dkt. 338 at 28-29 (JI 26).

b) Application

Herman Miller presented evidence relevant to each of the factors involved in the determination of secondary meaning. This included testimony and documentary evidence as to its sales and marketing of the EAMES chair. Herman Miller also presented evidence about the EAMES chair appearing in the media, as well as its display in museums. Herman Miller also presented survey evidence that supported its position that there is a high likelihood of confusion among consumers when viewing the parties’ competing products. There was also evidence that the EAMES chair is famous. Office Star’s seating

⁷ *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979).

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designer, Egger, conceded this point during his cross examination.

Herman Miller also contends that whether the registered EAMES trade dress had developed secondary meaning was not challenged by Office Star. Because the unregistered trade dress largely parallels the registered trade dress with the addition of specific upholstery, there was sufficient evidence from which the jury could reasonably have concluded that the unregistered trade dress had secondary meaning.

In light of the foregoing, Office Star has not shown a sufficient basis to challenge and vacate the jury's verdict that the unregistered EAMES trade dress had secondary meaning.

3. Conclusion

For the foregoing reasons, the Office Star's Motion for judgment as a matter of law as to the validity of the EAMES trade dress is **DENIED**.

E. Infringement, Dilution and Willfulness

Office Star argues that Herman Miller did not present sufficient evidence to support a finding of infringement. Office Star also argues that Herman Miller did not present any evidence as to the fame of these trade dresses, which is a necessary element of a claim of dilution. Office Star makes a similar argument as to the finding of willfulness. For these reasons, Office Star contends that no reasonable jury could have concluded that the Accused Chairs infringed the registered or unregistered EAMES trade dress. These issues are addressed in this sequence.

1. Infringement

a) Legal Standard for Infringement

The jury was instructed on the bases for determining whether there was infringement. The instruction on this issue was derived from Ninth Circuit Model Instruction 15.18. It set forth the *Sleekcraft* factors, which were discussed above. They are: (i) the strength of the trade dress; (ii) the similarity of the trade dresses used by the adverse parties; (iii) evidence of actual confusion; (iv) intent of the party who allegedly infringed; (v) whether the products make use of the same marketing/advertising channels; and (vi) the sophistication of and care exercised by those who purchase or select the products for use. Dkt. 338 at 31-32 (JI 28).

b) Application

(1) Strength of the Trade Dress

Office Star argues that "there was no evidence that the consuming public recognize[d] any protectable Eames trade dress as an indication of the origin of the Eames chairs." Dkt. 375-1 at 6. Office Star also contends that the EAMES trade dress includes only the frame of the chair, and no evidence was presented that it is recognized as a basis for determining the origin of the products given the absence of upholstery. It adds that no evidence was presented that the frame was ever sold or displayed in by itself.

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However, the evidence addressed above in relation to the existence of secondary meaning is also relevant here. As noted, evidence was presented on the basis of which the jury could reasonably find that secondary meaning existed as to each of the asserted EAMES trade dresses. This evidence also supports a finding that the trade dresses were distinct, and recognizable by the public as pertaining to Herman Miller.

(2) Similarity Among Trade Dresses

As noted, trade dress protection extends only to non-functional items, which have acquired secondary meaning. Office Star argues that similarities in functional attributes of its chairs and the EAMES chair are irrelevant to a determination of infringement. Office Star then argues that “the ornamental aspects of the asserted Eames trade dresses and the accused Hospitality chairs are different.” Dkt. 375-1 at 7. Specifically, it notes that the armrests of the EAMES chairs have shapes different from those of the Accused Chairs and that only the EAMES chairs have back spreaders with a smooth curved shape and less visible connection points.

Office Star also identifies certain dissimilarities among the specific chairs as to which infringement was found. These include that some of the Accused Chairs do not have armrests, but all of the EAMES chairs do, and some of the components of the frames of the Accused Chairs have shapes that vary from those of the registered EAMES frame. Dkt. 375-1 at 7. Based on this evidence, Office Star argues that there was no evidence of similarity between the EAMES trade dresses and those of the Accused Chairs.

The trial evidence included photographs of all of the chairs at issue. Therefore, the jury was able to compare these images, just as they had been compared during the presentation of evidence at the trial. Although there are some variations among the components of the chairs, when they are compared in a comprehensive manner that considers their entire appearances, a reasonable jury could find that the Herman Miller’s registered and unregistered trade dress in the EAMES design is quite similar to the Accused Chairs.

(3) Actual Confusion

The only evidence of actual confusion was a Facebook post on the Office Star website. As noted, the person who made the post stated, “this EAMES chair is nice.” This statement was made about a photograph of one of the Accused Chairs. However, testimony was also presented as to why Herman Miller was not always aware of incidents of actual confusion. For example, Bond testified that the individuals who were most likely to be confused were Office Star customers who mistakenly believed that they were purchasing or using lower-cost products produced by Herman Miller.

Survey evidence was also presented by Englis as to the potential for actual confusion. Office Star argues that the testimony by Englis with respect to surveys did not support a finding of actual confusion. It contends that the results are unreliable due to the manner in which the control chairs were selected. Englis acknowledged that selection is a relevant issue. See Dkt. 358 at 63 (agreeing with the premise that “the greater the differences between the control chairs and the [Eames chair,] the greater the net confusion is going to be”). Office Star also contends that Englis only tested a small portion of the relevant consumer market, and that the survey was only designed to test participants “in the buying mood”, rather than those who might be confused after sales were completed. See *id.* at 65. In response, Herman Miller argues that, even if the results of the survey were somewhat altered due to the choice of control group,

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the extremely high net confusion value, which was as much as 80%, shows that the survey nonetheless established confusion.

Finally, Office Star argues that the survey conducted by Englis was flawed because it failed to distinguish between functional and non-functional features of the individual chairs. However, as noted earlier, the appropriate inquiry is whether there was infringement on the trade dress. That is an issue that requires an assessment of the overall appearance of the chairs at issue. The survey provided consumers with images of those chairs.

For the foregoing reasons, the jury could reasonably have found that there was some actual confusion.

(4) Evidence of Intent

Office Star concedes that it was aware of the EAMES chair. However, it contends that the evidence did not support a finding that it was aware of the registration of the trade dress for the EAMES chair frame at the time the accused chairs were introduced into the market. Blumenthal testified that it received word from its manufacturer, King Hong, that the chairs were being created in a way to avoid the infringement of any patents or other intellectual property rights. See Dkt. 356 at 53-54. Blumenthal also testified that once Herman Miller notified Office Star of claimed infringement, he relied on the advice of its attorney, Edward Schwartz (“Schwartz”) to avoid any infringement. *Id.* at 82-88. Office Star argues that its decision to engage counsel and follow its advice shows that it did not intend to infringe the EAMES trade dress.

Other evidence provides a sufficient basis for the jury to have reasonably found intent. Thus, following the introduction of the accused chairs, a retailer, OfficeMax, refused to carry the Office Star chairs due to concerns about infringement of Herman Miller’s rights. Office Star responded by noting that its contract required it to indemnify OfficeMax for any liability arising from such infringement. Ex. 1207, Dkt. 384-31. Costco, also refused to sell the chairs due to concerns as to infringement of Herman Miller’s rights. Ex. 1260, Dkt. 384-36. Office Star referred to the chairs internally as “knockoffs.” For that reason, Office Star employees advised against featuring them on the cover of an industry publication. Ex. 1240, Dkt. 384-35.

Viewed collectively, the trial evidence provided a sufficient basis for a jury reasonably to find that the infringement was knowing and intentional.

(5) Marketing/Advertising Channels

The jury was instructed that “[i]f Herman Miller’s and Office Star’s products are likely to be sold in the same or similar stores or outlets, or advertised in similar media, this may increase the likelihood of confusion.” Dkt. 338 at 31 (JI 28). Bond testified that Herman Miller primarily sells its products through independent dealers. They, in turn, resell the products to institutional buyers including companies, government contractors and other and business owners. See Dkt. 355 at 49. It also sells through certain retailers, including its “Design Within Reach” stores. *Id.* Bond also testified that Herman Miller’s customers are often individual consumers. *Id.*

In contrast, Office Star Vice President Josh Blumenthal (“J. Blumenthal”) testified that Office Star does not sell or market directly to consumers or large corporations. Dkt. 365 at 88. Instead, he testified that Office Star sells only through third party resellers, and primarily targets mid-market commercial office and

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residential furniture vendors. *Id.* J. Blumenthal also testified that Office Star sells its chairs to larger retailers and online. *Id.* at 77-78. Office Star argues that its marketing channels are distinct from those used by Herman Miller, and do not support a finding of likelihood of confusion.

The differences in marketing channels identified by Office Star concern the use of intermediaries. The jury was instructed that “[t]he relevant consumers you should consider are all potential purchasers of office chairs in the United States.” Dkt. 338 at 30 (JI 27). The trial evidence showed that both Office Star and Herman Miller sell to institutional and individual buyers in a range of settings. It also showed that the two have competed through bids to the same potential buyers.

Based on the foregoing, the trial evidence was sufficient to support a finding that the parties operated in overlapping marketing channels.

(6) Degree of Care

The jury was instructed that “[t]he more sophisticated the potential buyers of the goods or the more costly the goods, the more careful and discriminating the reasonably prudent purchaser exercising ordinary caution may be.” (Dkt. 338, JI 28) The EAMES chairs sell in the range of \$1,200 to \$2,500. (Dkt. 355 at 101:16-22 (Bond)). Other evidence showed that many customers who purchase EAMES chairs are quite careful about their purchases, and are unlikely to be misled. Bond testified that Herman Miller has “customers even on our online store saying, ‘I have wanted one of these chairs for years. I have saved up for it.’” (Dkt. 355 at 76:15-21 (Bond)). On this basis, Office Star argues that customers who purchase one of its chairs are unlikely to have been confused or misled.

Herman Miller cites trial evidence that supports the notion that an individual who has not previously purchased an EAMES chair might not know their usual cost. According to Bond, such a consumer could conclude erroneously that Office Star is a low cost brand affiliated with Herman Miller. Herman Miller adds that the end users of its chairs are often not the individuals who made the purchasing decisions.

The trial evidence is sufficient to support the conclusion that a jury could reasonably have found that a significant number of consumers would be misled as to the source of the chairs they purchased.

* * *

For the foregoing reasons, a reasonable jury could have found that there was infringement of Herman Miller’s trade dresses.

2. Dilution

a) Legal Standard for Dilution

[T]o prevail on a dilution claim . . . a plaintiff must show that: (1) it owns a famous mark that is distinctive; (2) the defendant is using a mark in commerce that allegedly dilutes the plaintiff’s famous mark; (3) the defendant’s use of its mark began after the plaintiff’s mark became famous; and (4) the defendant’s use of its mark is likely to cause dilution by blurring or by tarnishment.

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Coach Servs., Inc. v. Triumph Learning LLC, 668 F.3d 1356, 1372 (Fed. Cir. 2012).

In a dilution claim, a “threshold question” is whether the trade dress in question is in fact famous. *See id.* 15 U.S.C. § 1125(c) states:

a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:

(i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.

(ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.

(iii) The extent of actual recognition of the mark.

(iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

15 U.S.C. § 1125(c)(2)(A). Whether a mark is “famous” is a question of fact. *See Jada Toys, Inc. v. Mattel, Inc.*, 518 F.3d 628, 635 (9th Cir. 2007).

In determining fame, the jury was instructed to consider all relevant evidence in light of the four statutory factors stated above. Dkt. 338 at 34 (JI 30).

b) Application

Office Star argues that Herman Miller did not adequately establish that the EAMES trade dresses were famous at the time the accused chairs were introduced into the market. It contends that no evidence was presented that the EAMES trade dresses were widely recognized by the general consuming public . . . as a designation of source for the goods or services provided by Herman Miller. Instead, Office Star argues that Herman Miller showed only that the EAMES chair was famous within a particular niche. However, to be famous under 15 U.S.C. § 1125(c), its fame must go beyond a niche group and be recognized by the relevant portion of the general public. *See Coach Servs.*, 668 F. 3d at 1372 (“By using the ‘general consuming public’ as the benchmark, the [Trademark Dilution Revision Act of 2006, 15 U.S.C. § 1125(c)] eliminated the possibility of ‘niche fame.’”).

As noted above, substantial evidence was presented as to the fame of the EAMES chair. Thus, Berry testified that he believed that the EAMES was the basis for “what is known as ‘mid-century modern.’” Dkt. 354 at 53. Bond testified that the EAMES chair was featured on certain television programs, and has many advocates and devotees on social media. Dkt. 355 at 61-63. Bond also testified that Herman Miller has been present at trade shows, some of which attract approximately 50,000 attendees. *Id.* at 62. Egger, who is Office Star’s seating designer, also testified that the EAMES chair is famous among people who are interested in design. Exhibits were introduced about the use of the EAMES chair on popular television

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programs and in films. Dkt. 354 at 62. There was also evidence about its display at several museums. *Id.* at 6.

Office Star argues that none of this evidence is persuasive. It objects that there was no evidence presented that the relevant portion of the general consuming public associates the EAMES trade dress with Herman Miller. Berry testified that he was not aware of any studies showing the demographics of EAMES customers (Dkt. 363 at 31), and that he had not done any research into the level of public recognition of the EAMES chair. *Id.* at 26. Office Star also argues that participation in trade shows, and recognition by industry personnel, is evidence about niche groups. Dkt. 364 at 17.

Office Star also contends that no evidence was presented that the Soft Pad trade dress is famous among the general consuming public. As to the registered trade dress, Office star argues that no evidence was prevented as to its fame. The fact that certain of the EAMES trade dresses were unregistered also weighs against a finding of dilution as to those trade dresses. *See Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 875 (9th Cir. 1999) (noting “the narrow reach of a dilution cause of action,” and stating preference for “a limited category of trademarks, those which are truly famous and registered”).

Office Star next argues that the total amount of sales of EAMES chairs does not show their fame. 337,583 units of the EAMES Aluminum Group were sold from 1991 through 2015. *See* Ex. 1330-3, Dkt. 384-45. During this same period, the sales of EAMES Soft Pad chairs totaled 70,581 and of EAMES Thin pad chairs totaled 267,002. *Id.* Office Star argues that these figures do not demonstrate fame among the consuming public. Dkt. 375-1 at 18-19 (citing *Arcsoft, Inc. v. Cyberlink Corp.*, 153 F. Supp. 3d 1057, 1066 (N.D. Cal. 2015) (dismissing trademark dilution claim as “not sufficient to show that the Perfect365 Mark is famous within the meaning of 15 U.S.C. § 1125(c)(2)” despite an allegation that the product had been downloaded by over 60 million consumers globally, and over 20 million nationally)).

Office Star has presented arguments that bear on the weight of the evidence. However, they do not clearly establish that the EAMES chair was not famous, or that a reasonable jury would not reach that conclusion. As noted earlier, sufficient trial evidence was presented to support such a finding. It was not limited to sales numbers, but included information about publicity, status in popular culture, and widespread use.

Under these circumstances, it has not been shown that there was error as to this issue.

3. Willfulness

As noted, Office Star argues that there is no evidence that it knew of the protectable EAMES trade dresses prior to the introduction of the Accused Chairs. It also contends that there was no evidence that Office Star made use of the names “EAMES” or “Herman Miller” in association with the sale or marketing of its chairs. Office Star also repeats the argument that the only elements that the jury could plausibly have found to have been copied were functional elements, and not protectable parts of the trade dress. Office Star also reargues that it reasonably relied on the legal advice of Schwartz. Other evidence was presented on which the jury could reasonably have found willfulness. This included the evidence discussed above as to intentional infringement by Office Star.

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For the foregoing reasons, Office Star's motion for judgment as a matter of law on the existence of infringement, dilution and willfulness is **DENIED**.

F. Damages

The jury awarded \$3.3 million in compensatory damages on the claim of infringement of the EAMES trade dress. This is the amount of profits realized by Office Star from its sale of the Accused Chairs from the time they were introduced in 2010. The jury also awarded \$5.1 million to Herman Miller in compensatory damages on its claim of dilution of the EAMES trade dress. It found that both infringement and dilution were the result of intentional conduct by Office Star. See Verdict, Dkt. 344 at 14, 17 (checking boxes stating that infringement and dilution were willful).

Office Star argues that the damages awards should be set aside because the EAMES trade dress was not protectable. That argument was addressed and rejected above. Office Star also argues that the evidence presented in support of the amount of damages was insufficient and to support the awards.

1. Legal Standards for Altering or Amending Damages Award Pursuant to Fed. R. Civ. P. 59(e)

"Since specific grounds for a motion to amend or alter [an award of damages] are not listed in [Rule 59 (e)], the district court enjoys considerable discretion in granting or denying the motion." *McDowell v. Calderon*, 197 F.3d 1253, 1255 n.1 (9th Cir. 1999) (citation omitted). Amending a judgment is "an extraordinary remedy which should be used sparingly." *Allstate Ins. Co. v. Herron*, 634 F.3d 1101, 1111 (9th Cir. 2011). *Allstate* provided the guidance with respect to the consideration of such a motion

In general, there are four basic grounds upon which a Rule 59(e) motion may be granted: (1) if such motion is necessary to correct manifest errors of law or fact upon which the judgment rests; (2) if such motion is necessary to present newly discovered or previously unavailable evidence; (3) if such motion is necessary to prevent manifest injustice; or (4) if the amendment is justified by an intervening change in controlling law.

Id.

A damages award by a jury may be set aside or altered if it is "grossly excessive or monstrous, clearly not supported by the evidence, or based only on speculation or guesswork." *DSU Med. Corp. v. JMS Co.*, 471 F.3d 1293, 1309 (Fed. Cir. 2006). Where the court determines that a damage award is excessive, it may either grant the motion for a new trial or a request for remittitur. If the latter relief is granted, the party to which damages were awarded then has the choice of either accepting the reduced amount, or rejecting it and proceeding with a new trial as to damages. *Funai Elec. Co. v. Daewoo Elecs. Corp.*, 593 F. Supp. 2d 1088, 1093 (N.D. Cal. 2009), *aff'd*, 616 F.3d 1357 (Fed. Cir. 2010) (*citing Fenner v. Dependable Trucking, Co., Inc.*, 716 F.2d 598, 603 (9th Cir.1983)). As the commentary to Rule 59 explains:

In effect, a court offering a remittitur gives the plaintiff the choice of accepting the lower amount or facing a new trial. The court cannot order a remittitur unilaterally—it must present the options and let the plaintiff choose. A court can reduce the damages award

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offer only to the highest amount the jury reasonably could have awarded based on the evidence presented. A party who agrees to a remittitur cannot challenge it on appeal.

Commentary to Fed. R. Civ. P. 59.

Remittitur may be granted under Fed. R. Civ. P. 59, to “the maximum amount sustainable by the evidence.” *Funai*, 593 F. Supp. 2d at 1093; see also *D&S Red-Mix v. Sierra Redi-Mix & Contracting Co.*, 692 F.2d 1245, 1249 (9th Cir. 1982) (courts “consistently approve remitting the judgment to the maximum amount sustainable by the proof”). In determining the maximum amount that may reasonably be sustained, courts focus on the evidence presented, and in some circumstances may consider damage awards in similar cases. See *Trainor v. HEI Hosp., LLC*, 699 F.3d 19, 33 (1st Cir. 2012).

2. Application

a) Whether Office Star Had Notice of Herman Miller’s Trademark

As noted, Herman Miller is the owner of the ’591 Registration, which refers to the frame of the EAMES chair. The Lanham Act provides:

[A] registrant of a mark registered in the Patent and Trademark Office, may give notice that his mark is registered by displaying with the mark the words “Registered in U.S. Patent and Trademark Office” or “Reg. U.S. Pat. & Tm. Off.” or the letter R enclosed within a circle, thus ®; and in any suit for infringement under this chapter by such a registrant failing to give such notice of registration, no profits and no damages shall be recovered under the provisions of this chapter unless the defendant had actual notice of the registration.

15 U.S.C. § 1111.

Office Star argues that there is insufficient evidence as a matter of law to establish that it had actual or constructive notice of the ’591 Registration prior to December 13, 2013. On this basis it argues that Herman Miller cannot recover damages for any alleged infringement on the registered trade dress that occurred prior to that time. The verdict form did not include specific findings on whether, and if so when, Office Star had notice of the ’591 Registration. See Dkt. 344.

Herman Miller argues that there was statutory notice to Office Star because a hangtag on the EAMES chairs included the ® symbol as a superscript after the mark EAMES, *i.e.*, “EAMES®.” See Ex. 764, Dkt. 377-10 at 2 (copy of tag). The hangtag includes a notice of copyright registration, and states in small text that “Herman Miller and EAMES are among the registered trademarks of Herman Miller, Inc.” *Id.* at 5. Herman Miller argues that this provided notice of the registered trademark to the frame of the EAMES chair.

Office Star responds that the hangtag does not mention the ’591 Registration, or the configuration of the chair or frame. Therefore, Office Star argues that it does not provide statutory notice of that Registration. Instead, Office Star argues that this hangtag would reasonably have been understood to state that the word “EAMES,” not the trade dress, was registered. Office Star does not provide any

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citations to legal authority in support of its argument that the registration or its contents must be identified on the labeling to provide notice.

Herman Miller's hangtag was consistent with the notice requirements of the Lanham Act. Further, as discussed above, evidence was presented at trial that could support the finding that Office Star had notice of the trademark. This included internal emails in which Office Star officials expressed concerns about potential infringement of Herman Miller's rights, and communications from Office Star customers who declined to purchase and resell the Accused Chairs due to their concerns of infringement of Herman Miller's rights. The finding that Office Star was willful in its infringement of the registered trade dress also supports the conclusion that Office Star was aware of the '591 Registration. Finally, notice could have been inferred, in part, due to the adverse inference instruction.

For the foregoing reasons, the absence of notice argument is not a basis to reduce or set aside the awards of damages.

b) Whether the Amount of Compensatory Damages Was Supported by Sufficient Evidence

The jury was instructed that “[d]amages are the amount of money that will reasonably and fairly compensate Herman Miller for any injury that you find was caused by a defendant’s alleged infringement of Herman Miller’s trade dress” and that “the burden is on Herman Miller to show any damages to a reasonable certainty, and awarded damages may not be speculative.” Dkt. 338 at 37 (JI 33).

Herman Miller's request for damages was based on a claim of lost sales. Therefore, it sought to recover the amount of Office Star's profits from sale of the Accused Chairs. With respect to this issue, the jury was instructed as follows:

Herman Miller seeks this recovery on the basis that Office Star's profits may serve as an approximate measure of the sales Herman Miller would have made of its own chairs, but for the actions of Office Star. In evaluating whether or not you should conclude that Defendants' profits may be used as an approximation of Herman Miller's losses, you should consider such factors as whether Herman Miller has proven that there is actual confusion in the marketplace, whether Defendants sold their products in the same channels as Herman Miller or to the same customers, differences in the products, whether Defendants competed for sales with Herman Miller and whether the parties advertised their products to the same target customers. If you determine that Herman Miller is entitled to an award of Defendants' profits, you should determine how much of Office Star's profits you believe should be fairly allocated to Herman Miller as an approximation of Herman Miller's lost sales.

Dkt. 338 at 38 (JI 33A).

Office Star refers to Bond's testimony about lost sales. It included her statement that she was unaware of any specific instances in which Herman Miller lost a sale of an EAMES chair due to the conduct of Office Star. Dkt. 355 at 100. Office Star also repeats its argument, which was addressed and rejected above, that no evidence was presented by Herman Miller that showed confusion by buyers for large institutions,

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including government entities and large businesses. However, even assuming that there is force to this position, substantial evidence was provided by which the jury could reasonably have found that consumers were confused by Office Star's infringing products, and that this caused a loss of sales by Herman Miller.

In light of this evidence, Office Star has not shown that it was unreasonable for the jury to find that Office Star's profits were an appropriate proxy for the amount of lost sales. See, e.g., *Spin Master, Ltd. v. Zobmondo Entm't, LLC*, 944 F. Supp. 2d 830, 838 (C.D. Cal. 2012) ("Plaintiffs do not need to prove a precise unit-for-unit comparison of sales because the proxy measure is only a 'rough' estimate of damages.").

c) Whether there was Sufficient Evidence to Support the Award of Dilution Damages

Office Star argues that the award of damages for dilution is unsupported by sufficient evidence, and requests that this award be vacated, or remitted. Dkt. 376-1 at 15. With respect to dilution, the jury was instructed that "[d]amages means the amount of money that will reasonably and fairly compensate Herman Miller for any dilution of its trade dress(es) that was caused by Office Star's willful conduct." Dkt. 338 at 40 (JI 33B). The jury was then instructed that, in evaluating this issue, it could to consider

1. The injury to Herman Miller's reputation.
2. The injury to Herman Miller's good will including its general business reputation.
3. The consequences of such injuries to Herman Miller's sales. You may not, however, include in any award of damages for dilution, any amount of damages that you already awarded as damages for trade dress infringement.

Id.

Office Star argues that the jury award of \$5.1 million for dilution damages, which exceeded the amount of Office Star's profits from the sale of the accused chairs, was not supported by the evidence. Testimony was presented about Herman Miller's annual expenditures for marketing the EAMES chair. These are summarized in Ex. 1331 (Dkt. 384-46).⁸ Herman Miller suggests that the jury could have calculated the \$5.1 million award by totaling the marketing expenses for the years of infringement, and then adding an estimate of such spending for the first nine months of 2016, to correspond to October 6, 2016, when the verdict was reached. Office Star replies that there was no showing that any or all of these expenses were incurred as part of an effort to address customer confusion or reputational harm caused by Office Star.

Herman Miller did not present direct evidence as to injury to its reputation or goodwill. There was no evidence about the need to incur the costs of either corrective advertising or other steps to address confusion among those who were active in the market for the EAMES chairs. Dkt. 376-1 at 14-15. Office

⁸ Herman Miller's Opposition includes an excerpt of Ex. 1331, which also adds a proposed estimate of marketing expenses in 2016 that were not in the trial exhibit. Dkt. 384 at 50. Therefore, this new information is not considered in connection with the review of Exhibit 1331.

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Star adds that Herman Miller's records showed a growth in sales of the EAMES chair after the introduction of the Accused Chairs. See Ex. 1340, Dkt. 384-47 (chart of annual sales). Office Star also argues that the amount of the award reflects that the jury improperly sought to punish Office Star, rather than compensate Herman Miller.

Herman Miller argues that the award was within the reasonable range of what a jury could find as damages. In support of this position, it cites *Skydive Arizona, Inc. v. Quattrocchi*, 673 F.3d 1105 (9th Cir. 2012). *Skydive Arizona* adopted a standard that allowed wide latitude to a jury in determining the amount of damages caused by dilution.

Skydive Arizona involved a skydive center that brought claims of trademark infringement and false designation of origin against an entity called "SKYRIDE," which was an "advertising and booking service for skydiving centers." *Id.* at 1109. SKYRIDE did not own skydiving facilities in Arizona, but instead sold certificates on its website and by phone and correspondence that could be redeemed at such facilities. *Id.* Upon the redemption of one of these certificates, SKYRIDE promised to make payment to the skydiving facility that had been selected by the person who had purchased the certificate from SKYRIDE. *Id.* SKYRIDE had several websites that referred to skydiving in Arizona. *Id.* They included, "arizonaskydive.com" and "skydivingarizona.com." *Id.* The plaintiff did not advertise on any SKYRIDE website, and did not agree to accept certificates issued by SKYRIDE. *Id.* As a result, when consumers who had purchased a certificate from SKYRIDE presented it as the form of payment for Skydive Arizona, it was not accepted. *Id.* This caused consumer dissatisfaction with Skydive Arizona. Based on these facts, Skydive Arizona argued that SKYRIDE's advertising had misled customers into believing that it owned skydiving facilities, and had "sold skydiving certificates by trading upon Skydive Arizona's goodwill and misleading customers into believing that Skydive Arizona would accept SKYRIDE certificates." *Id.* Skydive Arizona also presented evidence establishing that it had a very positive and strong reputation among those in Arizona who participated in its market. *Id.* at 1112. On the basis of this evidence, SKYRIDE was found to have infringed the Skydive Arizona trademark and engaged in false advertising. At trial, damages were awarded, including for harm to the goodwill of Skydive Arizona.

On appeal, SKYRIDE challenged the award of damages for harm to goodwill because Skydive Arizona "did not provide a specific mathematical formula for the jury to use in calculating actual harm to . . . goodwill." *Id.* Absent such a formula, it argued that actual damages could not be measured. *Id.* The Ninth Circuit disagreed. It held that "[u]pon proving causation, the plaintiff's evidentiary burden relaxes considerably. To support a jury's actual damages award, there need only be substantial evidence to permit the jury to draw reasonable inferences and make a fair and reasonable assessment." *Id.* It also concluded that "section 1117 confers a wide scope of discretion upon the district judge in fashioning a remedy. Section 1117 demands neither empirical quantification nor expert testimony to support a monetary award of actual damages; many sources can provide the requisite information upon which a reasonable jury may calculate damages." *Id.* (internal citations and quotation marks omitted). Finally, the opinion noted that the amount of damages was not untethered from the evidence because plaintiff had provided "its advertising expenditures for a period of ten years (from 1997 to 2007), expenditures it made to build up the goodwill and reputation of its mark over a significant period of time." *Id.*

Skydive Arizona does not stand for the proposition that any jury award of damages as to dilution of a trademark or trade dress must be accepted if it is based on associated marketing costs. Moreover, the evidence presented in *Skydive Arizona* was more substantial than what was presented here. There, the

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evidence included “multiple declarations and witness testimony proving that customers were very angry with, and blamed Skydive Arizona for, problems caused by SKYRIDE. This testimony came from a variety of witnesses located as far away as North Dakota, thereby demonstrating the geographic reach of the harm caused by SKYRIDE.” *Id.* at 1112-13. Herman Miller did not introduce any similar evidence. There was little direct evidence about the harm caused by the dilution of its trade dresses, or damage to its reputation. For example, there was no expert testimony as to the effect of Office Star’s infringement on the value of the protected trade dresses, or testimony or other evidence showing the diminution of their fame or any associated good will. Nor was evidence presented about consumers who were dissatisfied with Office Star products that they had thought were associated with Herman Miller. Nor was there survey or testimonial evidence that they faulted Herman Miller for any such deficiencies. In short, the parallels with *Skydive Arizona* are limited.

Although marketing costs are properly considered in assessing the value of a trade dress, they are neither a *per se* measure of dilution caused by infringement nor a proxy for that amount. In this regard, it is significant that the amount awarded by the jury in dilution damages was the same as the amount that Herman Miller claimed to have spent on marketing the chairs at issue over the period of the infringement.

Although the evidence presented by Herman Miller as to its claim for dilution damages supports a financial remedy, it was not sufficient to justify the \$5.1 million award. It is substantially greater than the amount of Herman Miller’s lost sales revenues that were found to have resulted from Office Star’s infringement. Having carefully considered the totality of the evidence presented at trial, including consumer confusion, marketing costs, the fame of the EAMES chair trade dress, an appropriate award of dilution damages is \$3 million. Therefore, the present award of \$5.1 million is remitted by \$2.1 million. Herman Miller may elect to accept this amount, or seek a new trial as to damages.

* * *

For the foregoing reasons, Office Star’s Motion for Judgment as a Matter of Law on the Basis of Damages is **GRANTED IN PART**, *i.e.*, as to the amount of dilution damages.

IV. Herman Miller’s Motion for JMOL on Validity and for New Trial on Infringement (Dkt. 380)

A. Introduction

Herman Miller claims both registered and unregistered trade dress rights in the AERON chair. As to registered trade dress, Herman Miller holds United States Trademark Registration No. 2,754,826. Ex. 1306, Dkt. 380-42 (AERON Registration). Herman Miller also asserts unregistered trade dress rights in the overall appearance of the AERON chair. There are two versions, which vary in the form of their lumbar support. Images of versions of the AERON chair, which Herman Miller asserted reflected the unregistered trade dress rights, were provided to the jury. See Ex. 1314, Dkt. 380-43. Examples of the asserted registered and unregistered trade dresses are as follows:

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**Trademark Office
REGISTRATION**



**AERON with
Adjustable Lumbar**



**AERON with
PostureFit Lumbar**

Dkt. 380 at 9.

The jury found that the AERON registered and unregistered trade dresses were as to functional features, and lacked secondary meaning. See Dkt. 344. On these bases, the jury found that the trade dress for the AERON chairs was invalid, and that it was unnecessary to determine whether any infringement had occurred.

Herman Miller has filed a motion seeking judgment as a matter of law on the basis of trade dress validity, and a new trial on infringement. Dkt. 380. Herman Miller argues that, in light of the evidence presented a trial, a reasonable jury could not have found the absence of secondary meaning. As to functionality, Herman Miller contends that the jury instruction on this issue was in error because it set an incorrect standard for determining functionality. Herman Miller also argues that, in light of the evidence presented a trial, a reasonable jury could not have found that the AERON trade dress was invalid. Herman Miller argues that the evidence presented by Office Star concerned only the functionality of the component parts of the AERON. The correct standard for this issue required that the AERON be viewed as a whole. In contrast, Herman Miller argues that it presented substantial evidence showing that the overall appearance of the AERON was non-functional.

B. Evidence Presented Regarding AERON Chair

1. Testimony Regarding Herman Miller Practices and Products

The jury was presented with the AERON trade dress registration from the U.S. Trademark Office (Ex. 1306, Dkt. 380-42) and the file history for Herman Miller's application to the Trademark Office. Ex. 652, Dkt. 380-18, 380-19, 380-20. The file history shows that the Trademark Office initially found the AERON application deficient due to a lack of showing of secondary meaning and functionality. See Ex 652 at 8-30. In response to this position, Herman Miller submitted evidence to the Trademark Office, including

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hundreds of affidavits from those working within the furniture industry (Ex. 652 at 291-558), sales and marketing statistics (*id.* at 11-21) and advertising and awards (*id.* at 31-40 and referenced exhibits). On the basis of these supplemental materials, the Trademark Office granted the registration. The jury was informed that the grant of registration from the Trademark Office meant that the Registered Trade Dress was immune from attack as to lack of secondary meaning, and that Office Star had the burden to prove that the AERON design was functional.

Patrick Hogan (“Hogan”) who is Herman Miller’s Director of Global Finance, testified as to the expenditure of funds on the sales and marketing of the AERON chair. 9/28 AM Tr., Dkt. 364 at 11-20. Charts were also presented in support of this testimony. See Ex. 1330, Dkt. 380-44; Ex. 1331, Dkt. 380-45; Ex. 1338, Dkt. 380-48; Ex. 1339, Dkt. 380-49. This evidence showed that 6.5 million units of the AERON chair were sold in the United States from 1994-2015. Of those units, 4.4 million used the design shown in the trademark Registration, and another 1 million used that design, but with a differently-shaped “Posture Fit” lumbar support. Another 1.14 million were the same design as the Registration, but without any lumbar support. Herman Miller’s estimated that from 2004-2015, it expended \$55 million on the marketing of the AERON Chair.

Berry, the furniture historian who was identified above, testified about the significance of the AERON chair. 9/22 PM Tr., Dkt. 354 at 38-48. This testimony was based on Berry’s knowledge of the industry, and his personal familiarity with the chair and its designers. Berry testified that they set out to design a chair with a unique appearance, and that their work involved a lengthy design process. He also opined that the AERON chair “is one of the best selling, and . . . most recognizable pieces of furniture today.” *Id.* at 71. Berry also testified about his role in the process through which the Metropolitan Museum of Art selected the AERON chair to be included in its permanent collection. *Id.* 69-70.

Hieftje, Herman Miller’s designer and Senior Program Director, testified that he had been employed there for 39 years, and was involved in the development and launch of the AERON chair. 9/27 AM Tr., Dkt. 363 at 37-38, 57-59. He explained that the overall shape of the chair was not based solely on functional considerations. *Id.* at 19. Thus, there were many ways to design a chair with the same functional attributes, but with different shapes. *Id.* at 64-70. He also explained that the design of the shaped backrest was not driven by any functional criteria. *Id.* at 64-65. He also testified that the AERON is “one of the top selling chairs ever.” *Id.* at 66.

During cross-examination, Office Star asked Hieftje about the functional purposes of the isolated components of the AERON. Hieftje stated that other designs could provide the same functionality, and that the overall combination of those design elements served a purely aesthetic purpose. See. *id.* at 69 (“It doesn’t have to look like this to perform the function you referenced.”). Hieftje generally testified that “[a]ll of those elements coming together are what make the look of the AERON chair an AERON chair.” *Id.* at 75-76.

Kimberly Shaw (“Shaw”), Herman Miller’s Marketing Lead, testified as to marketing and public awareness of the AERON. 9/28 AM Tr., Dkt. 364 at 21. Based on her experience while working for Herman Miller and other furniture companies, she stated that “there is no other chair in the market that has come close globally” to selling as many units as the AERON chair. *Id.* at 33. She explained that the AERON chair is sold to end users in every demographic, and is well known. *Id.* She also testified that marketing materials for the AERON emphasize its aesthetic qualities, as well as the consistency of the appearance of various

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models of the AERON. *Id.* at 38-45; see also Ex. 679-2, Dkt. 380-21 at 3 (advertising material quoting the designer of the AERON “[i]t was a matter of deliberate design to create a ‘new signature shape.’ . . . We designed the chair to be above all, biomorphic, . . . as a metaphor of human form”). Shaw also testified that the AERON chair has won many awards and has been placed into the permanent collections of 11 national art museums. Dkt. 364 at 46; see also, e.g., Ex. 956, Dkt. 380-30 (article profiling AERON chair as an example of design); Ex. 974, Dkt. 380-31 (award to AERON designers for “Design of the Decade”). She also testified that the AERON chair has been featured in many television programs, films and other media. Dkt. 364 at 53-57. In one instance, the AERON chair received an iconic status when during an episode of “The Simpsons” God was seated on an AERON chair. Ex. 1002, Dkt. 380-35. The AERON chair was also prominent in other examples presented to the jury. See Ex. 983, Dkt. 380-32; Ex. 1001, Dkt. 380-34; Ex. 1336, Dkt. 380-47. The AERON chair has many followers on social media. Dkt. 364 at 57-59.

On cross-examination, Shaw was asked whether she had conducted any study or survey to confirm the popularity of the AERON chair among the general public. *Id.* at 85-87. Shaw stated that she had not, and that such a survey was unnecessary given the chair’s public visibility and status. *Id.* Shaw also testified that there were many other designs for an office chair that might have the same functions as the AERON chair. *Id.* at 97-98.

Anders, an industrial design expert, testified about certain utility patents that had been obtained as to certain features of the AERON. These included the tilting mechanism and lumbar support. 9/30 AM Tr., Dkt. 366 at 26-30. Anders testified that these individual functional elements were unrelated to the overall appearance of the chair. *Id.* at 51. Anders also testified regarding Ex. 1266.2, an excerpt from his expert report that featured an assortment of office chairs with the same or similar functional characteristics of the AERON, but with different aesthetic shapes. *Id.* at 53-54. Anders identified four prominent features that are integral to the appearance of the AERON: (i) the large “bulbous” shape of the back; (ii) the overall saddle shape of the seat pan; (iii) the floating armrests; and (iv) the particular shapes of the lumbar supports. *Id.* at 48-49. He testified that there was no functional reason for any of these shapes. *Id.* at 54-58. He provided similar testimony as to the overall appearance of the AERON chair. *Id.* at 57.

On cross-examination, Anders was asked whether various components of the AERON had functional purposes. *Id.* at 64-66, 70-81. Office Star also asked whether each of the chairs in Exhibit 1266.2 had all of the same functional attributes as the AERON. Anders responded that any of the identified chairs could be engineered to have all of those functional capabilities without changing their individual appearances. *Id.* at 68.

2. Testimony Regarding Office Star Practices and Products

Blumenthal testified about the AERON chair, stating that “[w]e recognize that it’s been a very successful chair. . . . It’s very possible that it could be the most identifiable product -- chair in the market.” 9/28 PM Tr., Dkt. 356 at 16-17. Rueda stated that “[y]es, [AERON] is a popular chair.” 9/29 AM Tr., Dkt. 365 at 23. Office Star’s seating designer, Egger, testified that AERON is “very popular,” and stated that he had personally owned one for ten years. Dkt. 366 at 23.

Office Star’s internal memoranda described the AERON as “[i]conic design, most identifiable chair in the market.” Ex. 1343, Dkt. 380-50 at 5. Other Office Star documents stated that its customers were

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demanding “Aeron style” chairs. Ex. 1173, Dkt. 380-37 at 3. Office Star employees referred to proposed chair design as an “Aeron knock off.” Ex. 29, Dkt. 380-13 at 2. An email from a distributor to Office Star stated that “[r]ight now if someone is sitting in an office chair, they are either sitting in a Herman Miller Aeron chair or an Eames Chair” Ex. 1210, Dkt. 380-39 at 3. In another document, which was deemed an internal business strategy “manifesto,” Office Star’s President of Sales, Josh Blumenthal, wrote that “[p]eople know Herman Miller, the AERON Chair . . . etc., because it’s a multi-billion-dollar company that spends thousand[s] on marketing. Every prime time television show showcases their most well-known product” 9/29/16 AM Tr., Dkt. 365 at 63.

3. Adverse Inference Instruction

As stated above, an adverse inference instruction was read to the jury. It also applied to the issues presented for deliberations as to the AERON chair.

C. Analysis

1. Whether the Unregistered Trade Dress Had Secondary Meaning

The standard for determining whether a trade dress has secondary meaning is stated above. In sum, to show secondary meaning as to the AERON chair, it was not necessary to find that the general public associated it with Herman Miller, but that prospective consumers would recognize the AERON chair as associated with a single source. Once again, the jury was instructed to consider the *Sleekcraft* factors: (i) consumer perception; (ii) advertisement; (iii) demonstrated sale success; (iv) extent of use; (v) exclusivity; (vi) copying and (vii) actual confusion. Dkt. 338 at 28 (JI 26). Secondary meaning was only contested as to Herman Miller’s unregistered trade dress. On this issue, Herman Miller had the burden of proof.

Herman Miller argues that whether there is secondary meaning as to the unregistered trade dress is easy to resolve, because “the unregistered trade dress looks just like the incontestable Registered Trade Dress.” Dkt. 380 at 19. Herman Miller explains that three versions of AERON were sold:

1. Task chair with Adjustable Lumbar (football-shaped) – 4 .4 Million units
2. Task chair with PostureFit Lumbar (Y-shaped) – 1 Million units
3. Task chair with no lumbar – 1.1 Million units.

See Ex. 1314, Dkt. 380-43 (showing variations of design); Ex. 1330, Dkt. 380-44 (showing sales figures); Ex. 1339, Dkt. 380-49 (showing sales figures according to type of lumbar support).

Photographs show that the unregistered trade dress is very similar to the Registered Trade Dress, with different forms of lumbar support. Ex. 1314, excerpted above. Given these substantial similarities, Herman Miller argues that no reasonable jury could have concluded that the unregistered trade dress lacked secondary meaning.

Herman Miller also argues that it presented overwhelming and uncontested evidence of secondary meaning. This evidence, which is described above, includes undisputed testimony concerning the magnitude of sales, the fame of the AERON chair, marketing expenditures and awards and other

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recognition that was received. Herman Miller also presented un rebutted evidence that Office Star intentionally copied the AERON chair. This evidence is relevant to the existence of secondary meaning. See *Fuddruckers*, 826 F.2d at 844 (“Our cases recognize that evidence of deliberate copying is relevant to a determination of secondary meaning.”).

Office Star did not supply affirmative evidence responding to that presented by Herman Miller. Nor did Office Star present any expert witnesses. On this basis, Herman Miller filed a motion *in limine* to exclude any proffered evidence of other chairs in the market with appearances similar to the AERON to challenge its distinctiveness. The motion was granted. See Dkt. 273 at 2 (ruling on Herman Miller’s Motions in Limine).

Herman Miller argues that “[w]here a litigant presents an overwhelming quantity of evidence, and its opponent effectively concedes the point with no contrary evidence – and indeed testifies *in favor* of the litigant’s premise – a jury cannot have any reasonable basis to return a verdict against the litigant on that issue, especially where the burden of proof is simply a preponderance of the evidence. Dkt. 380 at 21-22.

Office Star responds that the first hurdle that Herman Miller must clear concerns whether the jury correctly found that the unregistered trade dress was nonfunctional. Office Star argues that “[Herman Miller’s] burden was to show secondary meaning in a protectable, *i.e.*, non-functional trade dress.” Dkt. 383 at 10. Office Star argues that unless such a determination is made, the scope of the trade dress will be undefined. Herman Miller argues that even if its motion is denied as to functionality or infringement, addressing the question of secondary meaning will narrow the scope of any possible appeal.

Office Star has not cited any case that supports the view that functionality must be decided prior to secondary meaning. The cases cited by Office Star hold that the validity of a given trade dress must be determined prior to an inquiry into infringement. See *Apple Inc. v. Samsung Elecs. Co.*, 786 F.3d 983, 991 (Fed. Cir. 2015), *rev’d on other grounds*, 137 S. Ct. 429 (2016) (“it is necessary for us to determine first whether Apple’s asserted trade dresses, claiming elements from its iPhone product, are nonfunctional and therefore protectable”); *Indonesian Imps., Inc. v. Old Navy, Inc.*, 1999 WL 179680, at *3 (N.D. Cal. Mar. 30, 1999) (“Without a clear statement of the claimed trade dress, the Court can neither determine whether the claimed dress is valid nor appropriately tailor any necessary injunctive relief.”). Because no compelling basis has been presented to mandate the consideration of functionality prior to secondary meaning, the latter is addressed.

Office Star also argues that Herman Miller failed to present substantial evidence supporting a finding of secondary meaning, and thereby did not meet its burden of proof. Dkt. 383 at 23. Office Star argues that Herman Miller did not present “actual direct evidence showing that the public primarily signifies a protectable Aeron trade dress as source identifying.” *Id.* Thus, Herman Miller did not conduct any surveys or present any testimony showing that individual members of the public recognize the AERON as linked to Herman Miller. Office Star’s argument is unpersuasive. Herman Miller submitted substantial and un rebutted evidence establishing the widespread recognition and fame of the AERON chair. This evidence is summarized above. Additional survey evidence was not required to support a finding of secondary meaning.

In light of the overwhelming evidence presented supporting the presence of secondary meaning in the AERON trade dress, and the absence of any contrary evidence, the jury could not reasonably have found

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that there was no secondary meaning as to the unregistered trade dress of the AERON chair. Therefore, Herman Miller's Motion for Judgment as a Matter of Law is **GRANTED** on this issue.

2. Whether the Registered and Unregistered Trade Dresses Were Functional

a) Burden of Proof for Functionality

The legal standard functionality is stated above. Because Herman Miller held a Trademark Registration in the AERON chair design, Office Star had the burden to overcome a presumption of non-functionality. Dkt. 338 at 25 (JI 24). The jury was also instructed that Herman Miller had the burden to prove by a preponderance of evidence that its unregistered trade dress was non-functional. *Id.* The jury found that both the registered and unregistered AERON trade dresses were functional. Therefore, it concluded that neither was protectable.

b) Whether Jury Instruction 25 Was in Error

Jury Instruction 25 included the following paragraph:

A product feature is functional if it is essential to the product's use or purpose, or if it affects the product's cost or quality. It is non-functional if its shape or form makes no contribution to the product's function or operation. If the feature is part of the actual benefit that consumers wish to purchase when they buy the product, the feature is functional. However, if the feature serves no purpose other than as an assurance that a particular entity made, sponsored or endorsed the product, it is non-functional.

Dkt. 338 at 26.

The language to which Herman Miller objects is based on Model Ninth Circuit Jury Instruction 15.12. Herman Miller argues that this instruction is unsupported by law, and conveys the erroneous concept that if there is any functional aspect to a product, it is functional. Thus, it contends that such a construction would mean that only something that is "essentially purely sculptural" can merit trade dress protection. Dkt. 380 at 24. As stated in the prior Order on the Motion for Summary Judgment, "[t]he fact that individual elements of the trade dress may be functional does not necessarily mean that the trade dress as a whole is functional; rather, functional elements that are separately unprotectable can be protected together as part of a trade dress." *Clicks Billiards*, 251 F.3d at 1259 (emphasis and internal quotation marks omitted).

Herman Miller also argues that the jury instruction erred by failing to distinguish sufficiently the difference between de facto and de jure functionality. As stated in the Summary Judgment Order:

"[D]e facto functional means that the design of a product has a function, *i.e.*, a bottle of any design holds fluid. De jure functionality, on the other hand, means that the product is in its particular shape *because it works better in this shape* [B]efore an overall product configuration can be recognized as a trademark, the entire design must be arbitrary or non de jure functional." *Leatherman Tool Grp., Inc. v. Cooper Indus., Inc.*, 199 F.3d 1009, 1012

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(9th Cir. 1999) (emphasis, ellipses and alteration in original).

Dkt. 192 at 16-17.

Under this analysis, finding that each component of the AERON chair is “functional” would not be sufficient to show that the AERON chair as a whole was functional. Similarly if there were a variety of possible variations of the overall shape of the AERON chair that might have had the same functionality, this would be strong evidence that the shape was not functional.

The law governing functionality, which is stated in *Clicks Billiards*, does not conflict with the language of Jury Instruction 25. Furthermore, the instruction as a whole clarified this precise issue. Thus, the paragraph quoted above was followed by a statement advising that “[t]o determine whether a product’s particular shape or form is functional, you should consider whether the design as a whole is functional, that is whether the whole collection of elements making up the design or form are essential to the product’s use or purpose.” Dkt. 338 at 26. Jury Instruction 25 also identified factors to be considered, and consistently referred to “the Design,” rather than its component parts. Jury Instruction 25 also stated and explained the *Disc Golf* factors. This provided further clarification as to the appropriate factors that are relevant in determining de jure functionality.

Herman Miller also objects to the second sentence of Instruction 25, *i.e.*, “shape or form makes no contribution to the product’s function or operation.” It argues that this language is unsupported by case law. It further objects to the following two sentences as relating to “older, inapplicable, and largely discredited line of cases concerning the doctrine of aesthetic functionality.” Dkt. 380 at 26. These cases involve arguments in which the aesthetic look of an object performs a function. For example, pills that have a certain color in order to distinguish them from other pills. *See Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1068, 1070 n.6 (9th Cir. 2006) (explaining standard and citing examples). Herman Miller contends that cases concerning aesthetic functionality do not apply here, as Office Star did not attempt to demonstrate aesthetic functionality.

A review of the portions of Jury Instruction 25 that are at issue, confirms that they are consistent with Ninth Circuit authority. *See, e.g., Disc Golf*, 158 F.3d at 1007 (“A product feature need only have some utilitarian advantage to be considered functional”). The language in Instruction 25 appropriately defined “functionality.” It was not necessary that further language be included to provide a distinction aesthetic and utilitarian functionality. Indeed, to have done so could well have led to confusion, without any meaningful offsetting benefit. This is confirmed by the language in Instruction 25 that identified the utilitarian factors relevant to a finding of functionality.

For these reasons, the objections to Jury Instruction 25 do not provide a basis for the requested relief.

c) Whether the Finding of Functionality Had Adequate Support

(1) Background

Herman Miller next argues that the jury lacked a reasonable basis for its finding that the AERON trade dress was functional. Herman Miller argues that the totality of the evidence presented by Office Star concerning functionality was irrelevant to the governing legal standards. Thus, this evidence did not

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address the overall shape of the AERON, or whether that shape unfairly monopolized a set of functional advantages.

As noted above, substantial evidence was presented by Herman Miller concerning the aesthetic, non-functional purpose of the AERON chair. Herman Miller reiterates that the unregistered trade dress overlaps in appearance with the registered trade dress, and in some instances the two are nearly identical. Herman Miller argues that the presumption of non-functionality that applied to the registered trade dress gives significant weight to the argument that the unregistered trade dress is likewise non-functional. Office Star argues that relevant evidence was presented as to each of the four *Disc Golf* factors.

(2) Utilitarian Advantage

Office Star presented evidence that witnesses for Herman Miller made statements that the combination of elements that made up the AERON chair were relevant to its unique functional appeal. Hieftje testified regarding the “ergonomic chair research” that went in to making the AERON chair comfortable. Dkt. 363 at 76. Similarly, Berry testified that it is “the totality of the design” that makes the AERON chair very comfortable, rather than any individual element. *Id.* at 16 (referencing “many elements” that make up the design and contribute to comfort).

Other testimony supported the finding that various elements important to the visual appearance of the AERON chair were adopted for structural reasons. Thus, Hieftje testified that the up-turned edges of the seat are used to connect it to a bracket that is attached to the tilt mechanism. *Id.* at 68. Other testimony addressed how the frame of the seat supports the mesh. *Id.* Hieftje testified that “[t]here are elements of the back rest that are providing support, which does drive its shape.” *Id.* at 79. Other evidence supported a finding that the backrest was designed to provide support for a wide range of body types of those using the chair, and to allow a “wide distribution of pressure.” See Ex. 509, Dkt. 383-3 (utility patent for AERON chair tilt control mechanism, identifying functional purposes for numerous aspects of chair); Ex. 552, Dkt. 383-7 at 6-13 (AERON Essentials” brochure, explaining features and benefits of the AERON, as well as “unique aesthetics”); Ex. 652, Dkt. 383-10 at 7 (advertising pressure distribution of the AERON, and featuring diagram of seat, back, and armrests); *Id.* at 4 (explaining the importance of designing a backrest that allows a wide distribution of pressure).

Advertising by Herman Miller also emphasized the comfort and ergonomic advantages offered by the AERON chair. For example, a brochure entitled “The Essentials: Aeron Chair,” states that “[t]he Aeron chair was designed to provide a higher degree of initial and long term comfort.” Ex. 552, Dkt. 380-17 at 2. It also states that “[s]mooth visual flow and curvature of the frame reflect natural, synchronized movements that intuitively conform to user movements.” *Id.* at 4. See also Ex. 620, Dkt. 383-8 (stating that pivot mechanism in chair improves its comfort).

Office Star also introduced a series of utility patents relating to various discrete components of the AERON chair, including the tilting mechanism. Herman Miller contends that these utility patents are irrelevant to functionality, because the patents did not claim any particular overall aesthetic shape. Rather, they claim mechanical concepts for isolated elements. Functionality concerns only the overall visual appearance of an object, not its elements viewed individually.

Herman Miller contends, once again, that the evidence presented by Office Star was an attempt to

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dissect the trade dress into isolated components, rather than address the overall appearance of the AERON chair. As Office Star's counsel stated: "So we have to actually -- we do have to dissect this chair. I mean, this chair is all about functionality." 9/22 PM Tr., Dkt. 354 at 24. Many of the individual functional elements of the AERON chair addressed by Office Star were not claimed by Herman Miller as important or identifying features of the overall trade dress. See 9/27 AM Tr., Dkt. 363 at 63, (identifying dominant aspects of the trade dress). These allegedly unimportant aspects of the trade dress include the mesh upholstery, which Herman Miller argued was unimportant to the aesthetic appearance of the chair, and the mechanical tilting mechanism. *Id.* at 74; see also 9/30 PM Tr., Dkt. 358 at 7-8 (stating mesh was not distinctive); 9/30 AM Tr., Dkt. 366 at 76 (tilting mechanism not distinctive). Herman Miller contends that this evidence concerning individual components of the AERON chair in isolation was irrelevant, and could not reasonably have formed a basis for the Jury's verdict that the design of the chair as a whole was functional.

Notwithstanding the position advanced by Herman Miller, the attributes of the components are relevant to assessing the functionality of the AERON design as a whole. Office Star presented evidence pertaining to virtually every element of the AERON trade dress. The jury could reasonably have relied on this evidence in determining that the combination of these elements served a unique functional purpose, which could not otherwise be provided. See *Tie Tech, Inc. v. Kinedyne Corp.*, 296 F.3d 778, 786 (9th Cir. 2002) ("[w]here the plaintiff only offers evidence that the whole is nothing other than the assemblage of functional parts . . . it is semantic trickery to say that there is still some sort of separate overall appearance which is non-functional" (internal quotation marks omitted)).

(3) Advertising

Herman Miller presented substantial evidence of advertisements highlighting the aesthetic qualities of the AERON. It is discussed above. However, Office Star presented advertisements and brochures that addressed the comfort and ergonomic benefits of the AERON chair. They included some that discussed the AERON chair as a whole. See, e.g., Exs. 521, 524, 525, 552, 620, 629, 652 at 70-92, 682, 683. This evidence supports the jury's finding that the design of the chair was functional. See *Apple*, 786 F.3d at 993 ("If a seller advertises the utilitarian advantages of a particular feature, this constitutes strong evidence of functionality.").

(4) Availability of Alternative Designs

The purpose of this analysis is to ensure that one entity is not given the exclusive right to a design when "free competition would be unduly hindered by according the design trademark protection." *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 775 (1992). Thus, *Apple* found that a design for a smartphone device -- a rectangular display screen with rounded corners -- was functional. 786 F.3d at 993. The Federal Circuit explained that "[a] manufacturer does not have rights under trade dress law to compel its competitors to resort to alternative designs which have a different set of advantages and disadvantages." *Id.* (internal quotation marks omitted). It also stated that the failure of the plaintiff to present actual samples of alternative designs with the same functional features weighed heavily in favor of a finding that the design was functional. Similarly, in *Leatherman*, 199 F.3d 1009, the Ninth Circuit found that the design of a pocket tool was not protectable, because there are only a limited number of ways that the component tools could be assembled into a unit.

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Herman Miller presented witnesses, including Anders, who testified that alternative designs were possible. Evidence that alternative designs of similar utility were available also included that the designers of the AERON chair created numerous prototypes in the course of its design, many of which had similar functionality. See Ex. 652, Dkt. 380-18 at 35-39 (affidavits of AERON chair designers). Anders presented images of other task chairs that do not resemble the AERON chair. Furthermore, Herman Miller argues that *Apple* and *Leatherman* do not apply, because unlike the products at issue in those cases, the AERON chair constitutes a complex assembly of functional components that could be presented in many variations.

A review of the relevant evidence shows that a jury could reasonably have found that the proposed alternative designs did not offer the same utilitarian benefits that are provided by the AERON chair. Specifically, many of the proposed designs did not feature mesh seating and backing, which contribute to both the appearance and functionality of the AERON chair. Dkt. 383 at 21. Office Star argues that none of the chairs presented had exactly the same functional features as the AERON, and that no alternative chair was possible that did not closely follow its distinctive appearance. Testimony developed through the cross-examination of Herman Miller witnesses also showed the functional attributes of the individual components of the AERON, and the functional importance of their assembly as a completed product. The existence of AERON prototypes does not change this analysis. See *Apple*, 786 F.3d at 992 (the plaintiff “catalog[ed] the mere existence of other design possibilities embodied in rejected iPhone prototypes and other manufacturers’ smartphones” rather than identifying actual distinct products on the market).

For these reasons, the jury could reasonably have concluded that the availability of alternative designs weighs in favor of a finding of functionality.

(5) Whether Design Results from Comparatively Simple or Inexpensive Method of Manufacture

Neither Office Star nor Herman Miller presented substantial evidence as to this factor. Therefore, it is not considered in the analysis.

* * *

In light of the foregoing, sufficient evidence was presented at trial for the jury reasonably to conclude that the registered and unregistered AERON trade dresses were functional, and therefore not subject to protection. Therefore, Herman Miller’s Motion for Judgment as a Matter of Law is **DENIED** as to functionality.

3. Whether Office Star Improperly Relied on Documents and Testimony Not In Evidence During Closing

Herman Miller argues that in closing argument Office Star’s counsel referred to two exhibits for which there was insufficient support. On this basis, Herman Miller argues that that a new trial or judgment as a matter of law should be granted.

Office Star’s closing argument included a reference to the testimony of Josh Blumenthal. 10/5 PM Tr., Dkt. 360 at 11-12. Counsel for Office Star stated: “Josh Blumenthal testified that, as a backrest of Office

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Star's chairs gets wider, the flex increases -- that would certainly apply to the Aeron chair -- and increased flexion improves comfort.” *Id.* at 11. The argument also included a reference to Ex. 552 (Dkt. 383-7), a Herman Miller brochure. Counsel for Office Star read from that brochure, which stated, *inter alia*, that “[a]ll backrests on Aeron chairs are generously sized to accommodate a wide range of shoulder widths and to help transfer weight from the seat to the back.” Dkt. 360 at 12. Upon reading this passage, counsel for Office Star stated: “So the fact that the backrest is designed to accommodate multiple size people with wider back and less wide backs, demonstrates that the wider top region of the Aeron chair is functional.” *Id.*

Herman Miller notes that the testimony of Josh Blumenthal about the shape and flexibility of the back was not admitted into evidence. He lacked expert knowledge regarding the design of the AERON chair. See 9/29 PM Tr., Dkt. 357 at 8-12. There was no supporting testimony at trial as to Ex. 552, although it was admitted.

In closing argument Office Star’s counsel also referred to Ex. 507 (Dkt. 380-14, 380-15), a “product specifications manual” related to the “Echo” chair – an earlier iteration of the AERON. This exhibit was not admitted into evidence. Nonetheless, Office Star’s counsel stated, while reading from the exhibit:

“The arms for optimum adjustment and positioning throughout the tilt cycle in the same trajectory of the backrest are cantilevered acutely from the chair frame. It is to be expected that, while they must be stable whilst keyboarding, they can bend slightly under greater pressure and need not be as rigid as those on [other chairs].”

. . .

“Echo's arms are unconventional and designed to support the arms while working on keyboards. In this mode, the armrest must provide stable, wobble-free support. In addition, the generous size of the armrests presupposes they will be used heavily to support upper body weight.”

Dkt. 360 at 14-15. He then stated:

These are all functions of the armrest, pretty self-evident, but this is what Herman Miller's own documents talk about. And it's a definition of functionality or non-functionality that carries through to almost every issue that you are going to have to decide.

Id. at 15.

Herman Miller argues that these statements were unsupported, and were highly prejudicial and misleading. In particular, it objects to the conclusion that the backrest had a functional purpose. Herman Miller notes that Ex. 507, which was quoted, was excluded. It also argues that Ex. 552, which was quoted in the closing argument, did not support the conclusion that the overall shape of the back rest was functional, as it only states that the AERON backrests were “generously proportioned,” but did not further state that these proportions were functional. Therefore, Herman Miller argues that this conclusion must have been based on the excluded testimony of Josh Blumenthal, and the excluded Ex. 507. Furthermore, Herman Miller notes that the final decision about admissibility of exhibits was made shortly before closing

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arguments. See 10/5 AM Transcript, Dkt 368. Therefore, it argues that it was unable to confirm contemporaneously that Exhibit 507 was not in evidence, and could not raise an objection to its use.

Office Star argues that Herman Miller has not shown that plain error took place in allowing the challenged statements. Office Star argues that there was substantial evidence at trial that supported the jury's finding of functionality. The Ninth Circuit has "held that where 'offending remarks occurred principally during opening statement and closing argument, rather than throughout the course of the trial,' [it is] less inclined to find the statements pervaded the trial and thus prejudiced the jury." *Settlegoode v. Portland Pub. Sch.*, 371 F.3d 503, 518 (9th Cir. 2004) (*quoting Kehr v. Smith Barney, Harris Upham & Co.*, 736 F.2d 1283, 1286 (9th Cir. 1984)).

Furthermore, Office Star argues that the statements cited were unlikely to prejudice the jury, because they were substantially similar evidence that was admitted. Office Star notes that some testimony by Josh Blumenthal regarding the features of the backrest was admitted at trial, on the basis of his knowledge of the features of the Herman Miller and Office Star chairs. See Dkt. 357 at 13 ("[Y]ou apply pressure to the lower lumbar region where it's narrower and you get one amount of resistance. You apply the same amount of pressure to the upper portion and you get a different amount of resistance."). Although there was no testimony relating to Ex. 552, Office Star notes that the document was admitted into evidence, and could properly been considered by the jury. Finally, with regard to Ex. 507, Office Star argues that the contents of the document that counsel relied upon were in accord with statements admitted into evidence, including the functional attributes of the backrest identified in Ex. 552.

An assessment of the foregoing, the failure of Herman Miller to make a timely objection as to to certain matters, and substantial evidence supporting a finding of functionality, demonstrates that Herman Miller has not shown that the closing argument of counsel for Office Star was sufficiently prejudicial or misleading to warrant a new trial. Therefore, the request by Herman Miller for a new trial on this ground is **DENIED**.

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4. Whether the Court has Subject Matter Jurisdiction to Invalidate the PostureFit Version of the Trade Dress

There were two versions of the AERON Trade Dress at issue in this case: the Adjustable Lumbar version (with oval-shaped lumbar) and the PostureFit version (with Y-shaped lumbar). See Ex.1314, Dkt. 384-43. The PostureFit version is as follows:



Dkt. 380 at 35.

Herman Miller's counsel, Jean-Paul Ciardullo ("Ciardullo"), declares that prior to trial, on September 18, 2016, Herman Miller withdrew all claims of infringement as to a series of previously-accused Office Star chairs. They had Y-shaped lumbar supports, which bore a resemblance to the PostureFit version of the AERON chair. Ciardullo Decl., Dkt. 380-1 ¶ 2. Furthermore, Herman Miller made clear that the PostureFit was no longer in controversy. See 9/27 AM Tr., Dkt. 363 at 83 (Hieftje testifying that it is his understanding that the PostureFit version is "no longer part of the case"); see also 9/28 AM Tr., Dkt. 364 at 87-88 (discussing withdrawal of infringement claims as to certain chairs).

Herman Miller argues that the only version of the AERON trade dress asserted at trial was the Adjustable Lumbar version. Herman Miller argues that the PostureFit version of the AERON chair is not subject to invalidation, as there is no subject matter jurisdiction to enter judgment on a matter not in controversy. See *Alcon Research Ltd. v. Barr Labs. Inc.*, 745 F.3d 1180, 1193 (Fed. Cir. 2014) ("[A] patentee's announcement that it was no longer pursuing particular claims, coupled with its ceasing to litigate them was sufficient to remove those claims from the case.").

Office Star argues that judgment is appropriate as to both the Adjustable Lumbar and PostureFit versions of the AERON chair. Office Star notes that Herman Miller's trial evidence included evidence related to the PostureFit model. Some of this evidence is cited by Herman Miller in support of its claim that the AERON chair has secondary meaning. See, e.g., Ex. 1002, Dkt. 380-35 (depicting scenes of a television show with PostureFit version of Aeron chair). At trial, Herman Miller also relied on sales and marketing figures for the PostureFit version in order to establish the fame and recognition of the Aeron chair.

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Herman Miller's partial reliance on evidence related to the PostureFit version during the trial did not leave its trade dress in controversy once the claim was withdrawn. Therefore, Herman Miller's Motion for Judgment as a Matter of Law regarding the validity of the PostureFit version of the AERON trade dress is **GRANTED**.

D. Conclusion

For the foregoing reasons, Herman Miller's Motion for Judgment as a Matter of Law is **GRANTED IN PART** as to the existence of secondary meaning in the AERON chair and the question of jurisdiction over the PostureFit version, and **DENIED IN PART** as to all other relief sought.

V. Herman Miller's Motion for Entry of Final Judgment and Permanent Injunction With Respect to the EAMES Trade Dress (Dkt. 379)

A. Introduction

Following trial, the jury returned a verdict (Dkt. 344) that both Herman Miller's registered and unregistered EAMES trade dress had been willfully infringed, and that Herman Miller suffered \$3.3 million in infringement damages. This amount of damages was based on the amount of Office Star's profits from sale of the infringing chairs, which were entered as a proxy for Herman Miller's injury. See Dkt. 338 at 38 (JI 33A). This use of profits as a proxy for injury was testified to by Herman Miller's damages expert Suzanne Heinemann ("Heinemann"). 10/4 AM Tr., Dkt. 364 at 15; See also Ex. 1342, Dkt. 384-49 (showing Office Star's net profits and sales). The jury further awarded Herman Miller dilution damages of \$5.1 million. See Dkt. 344.

In accordance with the verdict, Herman Miller seeks entry of Final Judgment and a Permanent Injunction on the following terms:

1. \$8.4 million in damages;
2. An accounting for any infringing sales not included in the verdict;
3. Prejudgment interest of \$332,411;
4. Post-judgment interest according to 28 U.S.C. § 1961;
5. An injunction against further infringement in the United States; and
6. An injunction against further sales activities in foreign countries that cause injury to Herman Miller in the United States.

Dkt. 379 at 6.

Herman Miller requests prejudgment interest calculated by using the monthly sales revenues of the Accused Chairs based on the amount awarded by the jury, and spread over the time that the infringing chairs were first sold in January 2011 until the trial in August 2016. Connolly Decl., 379-25 ¶¶ 8-9. Using the prime rate, interest was then calculated monthly and compounded annually.

Office Star argues that prejudgment interest is not available as a matter of law. The Lanham Act expressly provides for prejudgment interest in cases of counterfeit marks. 15 U.S.C. § 1117(b). This action arises under § 1117(a). See *Neurovision Med. Prods., Inc. v. Nuvasive, Inc.*, No. CV 09-6988 DSK

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(JEMx), 2014 WL 12567167, at *2 (C.D. Cal. Dec. 2, 2014) (“[T]here is ample reason to believe that Congress explicitly did *not* intend for prejudgment interest to be awarded under § 1117(a) because it provided prejudgment interest as an additional remedy . . . for the use of a counterfeit mark in the very next subsection of the statute.”).

Herman Miller notes that prejudgment interest has been applied in cases of willful trademark infringement. *See Gorenstein Enters., Inc. v. Quality Care-USA, Inc.*, 874 F.2d 431, 436 (7th Cir. 1989) (prejudgment interest in a trademark infringement case is particularly appropriate when infringement is intentional and outrageous); *United Phosphorus, Ltd. v. Midland Fumigant, Inc.*, 205 F.3d 1219, 1236 (10th Cir. 2000) (reversing denial of prejudgment interest in trademark infringement claim). However, these cases did not address the distinction between §§ 1117(a) and 1117(b). “At best, they stand for a general disposition in favor of prejudgment interest – especially in ‘exceptional’ cases.” *Neurovision Med. Prods.*, 2014 WL 12567167, at *2.

Because the statute does not provide for such an award, and it has not been shown that this is an exceptional case, Herman Miller’s request for prejudgment interest is **DENIED**.

A. Post-Judgment Interest

Herman Miller also requests post-judgment interest pursuant to 28 U.S.C. § 1961. “Such interest shall be calculated from the date of the entry of the judgment, at a rate equal to the weekly average 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the calendar week preceding[] the date of the judgment.” *Id.*

Herman Miller’s request is **GRANTED**. This interest shall apply from the date of judgment. Should Herman Miller elect to accept the remittitur, post-judgment interest will be based on the corresponding amount of damages. If a new trial on damages proceeds, interest will be based on the amount, if any, determined at trial.

B. Permanent Injunction

1. Requested Relief

Herman Miller seeks an injunction that would bar Office Star from selling the Accused Chairs. Its proposed language is as follows:

(1) Office Star is permanently enjoined from selling, marketing, advertising, promoting, shipping, transferring, distributing – or otherwise inducing or contributing to the foregoing activities – anywhere in the world, any of the following model numbers of chairs identified in the Jury Verdict, or any colorable imitations thereof:

73631, 73633, 73632, 73638, 73639, 74613LT, 74123LT, 74612LT, 74618LT, 73129LT, 74603LT, 74023LT, 74602LT, 74608LT, 73029LT, 74653, 74523, 74652, 74658, 73529, 73603, 73023, 74023, 74123, 74603, 74613, 7360M, 7361M, 7360MLT, 7361MLT, 78603LT, 78023LT, EC39890C-EC3, EC39891C-EC3, EC39895C-EC3.

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(2) Office Star is permanently enjoined from selling, marketing, advertising, promoting, shipping, transferring, distributing – or otherwise inducing or contributing to the foregoing activities – anywhere in the world, any chair that is a copy or colorable imitation of any Herman Miller EAMES Aluminum Group chair, images of which are appended hereto from Trial Exhibit 1314, or other chair products so similar to the EAMES chair designs as to be likely to cause confusion, to cause mistake or to deceive or to dilute the distinctive quality of the EAMES chair designs.

(3) Office Star is permanently enjoined from contesting the validity of Herman Miller's trade dress rights in the EAMES Aluminum Group designs in any court or agency proceeding, or from assisting any other entity to do so.

(4) Consistent with Fed. R. Civ. P. 65(d), this Injunction shall extend to Office Star's officers, agents and servants, and all other persons in active concert or participation with Office Star with actual notice of this Injunction. For avoidance of doubt, Office Star[s] manufacturer of the infringing chairs – King Hong Industrial Co., Ltd. – shall be deemed in active concert with Office Star, as will Office Star's dealers and distributors of the infringing chairs.

(5) This Injunction shall not apply to any conduct that is expressly authorized by Herman Miller.

(6) The Court shall retain jurisdiction to administer the Injunction and ensure compliance therewith, whether by contempt proceedings or as otherwise necessary.

2. Legal Standards

The Lanham Act provides that a court may issue an injunction “according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark registered in the Patent and Trademark Office” 15 U.S.C. § 1116(a).

A plaintiff seeking a permanent injunction must demonstrate

(1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.

eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 391 (2006).

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3. Application

a) Whether Injunctive Relief is Warranted

The evidence presented at trial demonstrated that Office Star has sold substantial units of infringing products. More than 75,000 units have been sold since 2010. Ex. 801, Dkt. 379-11. These sales generated total revenues of approximately \$11.5 Million. *Id.* Beyond financial harm, Herman Miller contends that it has suffered, and will continue to suffer irreparable harm, through lost goodwill and damage to its reputation if the sales continue. “Harm to goodwill and loss of the ability to control a party’s reputation based on an inability to control the infringer’s products are irreparable harms” and “distribution of [] a great number of counterfeit goods — particularly goods of inferior quality — risks harming the goodwill and value of Plaintiffs’ trademark and constitutes irreparable harm.” *Burberry Ltd. UK v. Cohen*, No. LA CV 12-02384 JAK (PLAx), 2013 WL 12113995, *2 (C.D. Cal. 2013) (Kronstadt, J.) (granting permanent injunction in trademark case). *See also Razor USA LLC v. Vizio, Inc.*, No. CV 14-01586 SJO (JCGx), 2015 WL 12656941, at *9 (C.D. Cal. Oct. 19, 2015) (“dilution of a famous mark itself can constitute an irreparable injury”).

The jury found that Herman Miller’s trade dress has been diluted. Herman Miller states that it does not license the EAMES trade dress, and maintains strict control over their production to ensure high quality construction and maintenance of a consistent distinctive look. *See* Dkt. 355 at 53 (testimony of Bond regarding production process); 77 (describing measures taken for quality control). If Office Star continued making the infringing chairs, Herman Miller would lose its ability to control the trade dress in the market, resulting in irreparable injury to the brand from lower quality copies and erosion of the distinctive appearance of its design.

The balancing of the hardships also favors injunctive relief. Office Star has no legitimate interest in engaging in unlawful conduct in violation of the Lanham Act.

Finally, the public interest favors injunctive relief. There is an interest in the enforcement of the trademark laws, barring willful infringement and protecting against consumer confusion.

In light of the foregoing factors, injunctive relief is warranted here.

b) Scope of Relief

Office Star argues that the proposed injunction is vague and ambiguous, and fails to identify what specific acts are forbidden in a manner that would allow enforcement by a court. Dkt. 383 at 28. “If an injunction does not clearly describe prohibited or required conduct, it is not enforceable by contempt.” *Reno Air Racing Ass’n, Inc. v. McCord*, 452 F.3d 1126, 1132 (9th Cir. 2006) (quoting *Gates v. Shinn*, 98 F.3d 463, 468 (9th Cir. 1996)). Specifically, Office Star objects to Herman Miller’s proposal that the injunction extend to sale of “any colorable imitations” of the accused chairs. Office Star argues that, at a minimum, the injunction must specify what protectable elements of the trade dress are included within the enjoined conduct. Office Star cites *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 381 (2d Cir. 1997) (“focus on the overall look of a product does not permit a plaintiff to dispense with an articulation of the specific elements which comprise its distinct dress”).

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Herman Miller argues that extending the injunction to “colorable imitations” of the EAMES trade dress is both unambiguous and necessary to prevent Office Star from avoiding the injunction by making minor changes to its infringing chairs. Herman Miller cites *Wolfard Glassblowing Co. v. Vanbragt*, 118 F.3d 1320 (9th Cir. 1997). There, the court addressed similar concerns:

When enforcing injunctions that enjoin use of any mark confusingly similar to the protected mark, courts should . . . simply evaluate whether or not the new mark is confusingly similar to the protected mark. . . . This conclusion is consistent with the rule that an infringer must keep a fair distance from the ‘margin line.’ . . . [A trademark infringer] should have its conduct carefully scrutinized in future use and should not be allowed to claim the same leniency accorded a good faith user who starts use of the mark which the enjoined defendant has shifted to. Otherwise, the enjoined defendant could simply make a tiny change and start a new trademark contest all over again in the context of the contempt hearing as to the use of the ‘new’ format.

Id. at 1322-23 (internal quotation marks omitted). The court found that any “colorable imitations” of the trademark in question were subject to the injunction.

The language of the injunction is reasonably tailored to prevent such infringement, and does not unreasonably limit Office Star from developing and selling non-infringing products. Therefore, the scope of the proposed judgment is appropriate.

4. Injunction of Extraterritorial Sales

Herman Miller also seeks to enjoin sales in foreign markets. Herman Miller states that Office Star sells its products through distributors, who may resell them throughout the world. Herman Miller contends that the chairs are also sold online by retailers. In support of granting such an injunction under the Lanham Act, Herman Miller cites *Reebok Int’l, Ltd. v. Marnatech Enters.*, 970 F.2d 552, 554-555 (9th Cir. 1992). There, the Ninth Circuit upheld an injunction prohibiting sale of counterfeit shoes in Mexico, upon finding that “sales of counterfeit REEBOK shoes decreased the sale of genuine REEBOK shoes in Mexico and the United States and directly decreased the value of Reebok’s consolidated holdings.” The Ninth Circuit considered three factors:

first, there must be some effect on American foreign commerce; second, the effect must be sufficiently great to present a cognizable injury to plaintiffs under the federal statute; and third, 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. (citing *Timberlane Lumber Co. v. Bank of Am. Nat’l Tr. & Sav. Ass’n*, 549 F.2d 597 (9th Cir.1976)).

As to the first of these factors, Herman Miller argues that Office Star’s international sales have a significant effect on American foreign commerce. Herman Miller is based in Grand Rapids, Michigan, where it manufactures the EAMES Chairs. 9/27 AM Tr., Dkt. 363 at 48-49. Hogan, the Director of Global Business Financial Systems, declares that Herman Miller exports a large amount of EAMES chairs. See Hogan Decl., Dkt. 379-23. Exhibit A to his declaration states the number of such sales in recent years. Dkt. 379-24. It also reflects that between 2000 and 2016, Herman Miller sold almost 100,000 EAMES

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Aluminum Group chairs overseas, which generated approximately \$88 million in revenues. *Id.* Almost half these sales were in Canada. *Id.* This evidence supports the claim that the risk of lost sales and trade dress dilution is present through sales in foreign markets, and would have an effect in the United States.

As to the second factor, Herman Miller argues that the harm from lost foreign sales is sufficiently large and cognizable to warrant the requested relief. For the same reasons stated above, this weighs in favor of the requested injunction as to Office Star sales in Canada. That is the foreign market in which Herman Miller has the greatest presence. Exhibit A to the Hogan Declaration reflects that, from 2000 to 2016, a total of 51,432 EAMES Aluminum Group units were sold in Canada, compared to 6,284 sales in Australia, the foreign country with the second highest amount of sales. *Id.* Office Star argues that extending the injunction to “the entire world” is overbroad, as there are many countries in which Herman Miller conducts little to no business. Office star adds that injunctive relief must be narrowly tailored to address the claimed harms. Office Star also argues that a global injunction would unnecessarily interfere with the laws of other nations, including jurisdictions in which Herman Miller attempted and failed to obtain registered trademarks for the EAMES design. Office Star’s counsel has submitted a declaration identifying Malaysia and Argentina as examples.

As to the relative interests of American foreign commerce and those of other nations, *Reebok* stated its assessment should be based on a balancing of the following seven factors:

[T]he degree of conflict with foreign law or policy, the nationality or allegiance of the parties and the locations or principal places of business of corporations, the extent to which enforcement by either state can be expected to achieve compliance, the relative significance of effects on the United States as compared with those elsewhere, the extent to which there is explicit purpose to harm or affect American commerce, the foreseeability of such effect, and the relative importance to the violations charged of conduct within the United States as compared with conduct abroad.

Reebok Int’l, 970 F.2d at 555 (quoting *Timberlane*, 549 F.2d at 614).

Herman Miller has not shown that infringement in other jurisdictions threatens to cause additional domestic infringement. There is no evidence that counterfeit goods are being imported. Nor has Herman Miller provided any evidence regarding the law enforcement interests of other nations. Herman Miller does not have registered trade dress rights to the EAMES chair in certain foreign countries. These factors weigh against granting an injunction here.

Although an injunction on domestic production and sale of the infringing chairs is appropriate under the Lanham Act, Herman Miller has not sufficiently shown that the interests of American foreign commerce are sufficiently strong to warrant injunctive relief as to all foreign activities. However, Herman Miller’s strong business interests in Canada weigh in favor of an injunction extending to there. Therefore, an extraterritorial injunction is **GRANTED IN PART**, as to Canada only.

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5. Other Factors Related to the Scope of Injunctive Relief

a) Injunction on Related Parties

Herman Miller argues that pursuant to Fed. R. Civ. P. 65(d), the injunction should apply to all Office Star employees, agents and entities acting in concert or participation with Office Star. Herman Miller requests that this include Office Star's distributors of the infringing chairs, and also the manufacturer, King Hong Industrial No., Ltd. ("King Hong"), which was identified at trial. 9/28 PM Tr., Dkt. 356 at 41.

Office Star argues that such an injunction would be in violation of the "long observed [] general rule that a court may not enter an injunction against a person who has not been made a party to the case before it." *Additive Controls & Measurement Sys., Inc. v. Flowdata, Inc.*, 96 F.3d 1390, 1394 (Fed. Cir. 1996). Office Star acknowledges that individuals who act in concert with an enjoined party to violate an injunction may be held in contempt. See *id.* at 1395. However, it argues that no grounds have been shown to treat King Hong or other entities as acting in active concert prior to the issuance of a judgment. Office Star adds that such an injunction would be redundant, because Rule 65(d)(2)(C) binds non-parties who receive actual notice of the injunction and "are in active concert or participation" with the enjoined.

Because inclusion of non-parties in the injunction is redundant, and potentially prejudicial to entities who were not parties to this case, the request for this proposed relief is **DENIED**.

b) Injunction on Challenging EAMES Trade Dress

Office Star also challenges the proposed language that would permanently enjoin it from contesting the validity of the "trade dress rights in the Eames Aluminum Group designs." Dkt. 383 at 33. Office Star argues that this language could be read to enjoin any appeal of the present judgment, which would be improper and contrary to its legal rights. Although this interpretation of the scope of the language is not persuasive, this language is unnecessary. Office Star is prevented from re-litigating the issues in this case by the doctrine of res judicata.

C. Whether Post-Judgment Damages Should Be Awarded

The Lanham Act permits a prevailing party to request an accounting of a defendant's profits from willful infringement on a protected trademark or protected trade dress. It states that in cases of willful infringement,

the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall

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find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

15 U.S.C. § 1117(a).

In cases of willful infringement, an accounting is generally warranted. *Lindy Pen Co. v. Bic Pen Corp.*, 982 F.2d 1400, 1405 (9th Cir. 1993), *superseded by statute on other grounds*, Trademark Amendments Act of 1999, Pub. L. No. 106–43, 113 Stat. 218; *see also Playboy Enters., Inc. v. Baccarat Clothing Co., Inc.*, 692 F.2d 1272, 1274 (9th Cir. 1982) (“[A]n award of little more than nominal damages would encourage a counterfeiter to merely switch from one infringing scheme to another as soon as the infringed owner became aware of the fabrication. Such a method of enforcement would fail to serve as a convincing deterrent to the profit maximizing entrepreneur who engages in trademark piracy.”). Furthermore, such an accounting supports the Lanham Act’s purpose of preventing unjust enrichment from acts of willful infringement. *See Maier Brewing Co. v. Fleischmann Distilling Co.*, 390 F.2d 117, 123 (9th Cir. 1968). District courts are granted broad discretion to fashion remedies for violations of trademark law. *See id.* at 121.

An accounting of profits under Section 1117(a) is a form of equitable relief. *Fifty-Six Hope Rd. Music, Ltd. v. A.V.E.L.A., Inc.*, 778 F.3d 1059, 1074 (9th Cir. 2015), *cert. denied*, 136 S. Ct. 410 (2015). Therefore, such an accounting may properly be ordered following the return of a jury verdict without violating a party’s right to a jury trial. *See id.*

Herman Miller requests that an accounting of all sales of the infringing products since the September 9, 2016 judgment, and that any profits from such sales be disgorged by Office Star. Herman Miller proposes that this assessment may be made according using the methodology of Heinemann. Herman Miller notes that the determinations of profit made by Heinemann and presented at trial were consistent with the jury’s verdict. *See* Ex 801, Dkt. 384-25 (stating profits of Office Star); Ex. 1342, Dkt. 384-49 (damages calculations by Heinemann).

Office Star has not opposed this request. Furthermore, as noted above, the jury’s finding of willfulness in infringing on the EAMES trade dress was reasonable. Therefore, disgorgement of profits from the time of the verdict is appropriate here, and is **GRANTED**; provided, however, this is without prejudice to the right of Office Star to contest the reliability and accuracy of the amount claimed. The Court retains jurisdiction to address such issues through timely filed motions.

VI. Conclusions

For the foregoing reasons, Office Star’s Motion for Judgment as a Matter of Law as to damages is **GRANTED IN PART**, as to remittitur for dilution damages, and **DENIED IN PART** as to all other requests. Office Star’s remaining Motions for Judgment as a Matter of Law are **DENIED**. Herman Miller’s Motion for Judgment as a Matter of Law is **GRANTED IN PART**. Herman Miller’s Motion for Judgment and Permanent Injunction is **GRANTED IN PART**. On or before August 8, 2017, Herman Miller shall file a statement as to whether it will accept the remitter or request a new trial as to dilution damages.

On or before August 15, 2017, counsel shall meet and confer to seek to reach an agreement on a

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proposed judgment for entry in this matter. If no such agreement can be reached, within that same time period, Herman Miller shall lodge a proposed judgment, to attach a proposed injunction in keeping with the requirements set out above. Office Star may file any objections to these filings in accordance with the Local Rules no later than August 22, 2017.

IT IS SO ORDERED.

Initials of Preparer

: _____
ak _____

APPENDIX C

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

BLUMENTHAL
DISTRIBUTING, INC. d/b/a
OFFICE STAR, et al.,

Plaintiff,

v.

HERMAN MILLER, INC.,

Defendant.

Case No. ED CV 14-1926-JAK (SPx)

**ORDER ACCEPTING FINDINGS
AND RECOMMENDATION OF
UNITED STATES MAGISTRATE
JUDGE ON AMOUNT OF
ATTORNEYS' FEES AND COSTS TO
BE AWARDED AS SANCTIONS (DKT.
410)**

Pursuant to 28 U.S.C. § 636, the Court has reviewed the records on file and the Report and Recommendation of the United States Magistrate Judge on the Amount of Attorneys' Fees and Costs to be Awarded as Sanctions. Dkt. 410. Further, the Court has engaged in a de novo review of those portions of the Report to which plaintiff and counter-claim defendant Blumenthal Distributing Inc., also known as Office Star ("Office Star") has objected. The Court has also reviewed all of the pertinent filings by Herman Miller, including its billing statements. It did so in part to consider independently the following statement on page 11 of the Report and Recommendation: "Without knowledge of the nature and scope of the Sanctions Motion and computer forensic work in particular, such requested hours would

1 appear facially unreasonable.” Based on the entire review, the Court accepts the
2 findings and recommendation of the Magistrate Judge.

3 IT IS THEREFORE ORDERED that Office Star is ordered to pay monetary
4 sanctions to defendant and counter-claim plaintiff Herman Miller, Inc. (“Herman
5 Miller”) in the total amount of \$264,436.26, consisting of \$262,895.30 in fees and
6 \$1,541.96 in costs. These fees and costs are those the court ordered that Herman
7 Miller be awarded in its September 2, 2016 Order, with the amounts to be
8 determined, as they now have been.

9 IT IS SO ORDERED

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11 Dated: October 10, 2018



12 JOHN A. KRONSTADT
13 UNITED STATES DISTRICT JUDGE
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APPENDIX D

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

BLUMENTHAL DISTRIBUTING, INC.) Case No. ED CV 14-1926-JAK (SPx)
d/b/a OFFICE STAR,

Plaintiff,

v.

HERMAN MILLER, INC.,

Defendant.

**REPORT AND
RECOMMENDATION OF UNITED
STATES MAGISTRATE JUDGE
ON AMOUNT OF ATTORNEYS'
FEES AND COSTS TO BE
AWARDED AS SANCTIONS**

This Report and Recommendation is submitted to the Honorable John A. Kronstadt, United States District Judge, pursuant to the provisions of 28 U.S.C. § 636 and General Order 05-07 of the United States District Court for the Central District of California, and pursuant to the court's referral order in this matter dated September 12, 2017.

I.

INTRODUCTION

Plaintiff and counter-claim defendant Blumenthal Distributing, Inc., also known as Office Star ("OS"), and defendant and counter-claim plaintiff Herman

1 Miller, Inc. (“HM”) are both designers and distributors of furniture, including
2 office chairs. Docket no. 13 ¶¶ 5-6; docket no. 40 ¶ 13. This case arose out of a
3 dispute between the parties as to whether OS chairs infringe the registered and
4 unregistered trade dress rights to the EAMES and AERON chair designs, which
5 are owned by HM.

6 On May 16, 2016, HM filed a Motion for Default Judgment or Sanctions in
7 the Alternative against OS. The motion was the culmination of a number of long-
8 standing discovery disputes, discussions, and orders in this case. After the motion
9 was fully briefed, the court issued a Report and Recommendation on July 12, 2016,
10 recommending that the District Court grant in part and deny in part HM’s motion
11 (“7/12/16 R&R”). Among other things, the court found: OS unjustifiably failed to
12 comply with the court’s September 25, 2015 order when it failed to search its
13 employees’ individual hard drives and all other relevant network drives; OS failed
14 to institute a litigation hold so as to preserve electronically stored information
15 (“ESI”), which resulted in the spoliation of evidence after OS’s duty to preserve
16 attached; and OS failed to adequately search for ESI, and subsequently made
17 misrepresentations to the court and HM regarding the search, which delayed the
18 production of discovery such that HM was deprived of documents during
19 depositions. 7/12/16 R&R at 22-37, 53-55. The court recommended the jury be
20 given an adverse inference instruction, discovery be reopened, and HM be awarded
21 monetary sanctions.

22 In a September 2, 2016 order, the District Court adopted the Report and
23 Recommendation to the extent specified in that order. With respect to monetary
24 sanctions, the District Court ordered that OS shall pay HM’s “reasonable attorney’s
25 fees and costs associated with” the following:

26 1. HM’s November 21, 2015 Ex Parte Application to enforce prior
27 discovery orders (“Application to Enforce Discovery”) (docket no. 102);
28

2. HM's May 16, 2016 Motion for Default Judgment or Sanctions ("Sanctions Motion") (docket no. 204);

- Engaging experts to analyze OS's computers; and

4. Taking past depositions and reviewing portions of certain deposition testimony with respect to the reasons ESI was not maintained and promptly produced.

The court directed the parties to submit supplemental briefing to allow the court to determine the amount of fees and costs to be awarded, which the parties did in September and October 2016. Docket nos. 295, 350, 352. On September 12, 2017, the District Court referred the matter to the Magistrate Judge for a recommended ruling, and the court now issues that recommendation, as follows.

II.

DISCUSSION

As updated and stated in its Reply, HM seeks a total of \$271,093 in fees and \$1,541.96 in costs.¹ *See* Declaration of Jean-Paul Ciardullo in Support of Defendant’s Supplemental Brief on Attorney’s Fees and Costs (“Ciardullo Decl.”) ¶¶ 39, 41, Ex. 16; Supplemental Declaration of Jean-Paul Ciardullo in Support of Herman Miller’s Brief on Attorneys’ Fees and Costs (“Supp. Ciardullo Decl.”) ¶¶ 3, 16, Ex. B. The fees and costs sought with respect to each of the categories set forth above are as follows.

First, for time spent preparing the Application to Enforce Discovery, HM seeks the following fees:

¹ Although HM states it seeks \$271,115.70 in fees, this figure appears to be based on two arithmetical errors, namely, (1) understating Eoin Connolly's estimated fees for work on the instant Reply by \$2.50, and (2) including an extra \$25.20 in fees sought for Richard McKenna's work on the forensic collection. The court has corrected both these errors in the corresponding tables below.

Attorney or Staff	Rate	Hours	Amount Sought
Jonathan Moskin (Partner)	\$750	2.6	\$ 1,950
Richard McKenna (Partner)	\$630	1.4	\$ 882
Jean-Paul Ciardullo (Sr. Counsel)	\$555	25.7	\$ 14,263.50
FEES SUBTOTAL:		29.7	\$ 17,095.50

Second, for time spent preparing the Sanctions Motion (which apparently included reviewing deposition testimony regarding the reasons ESI was not maintained and promptly produced), including time spent on the instant supplemental fee and costs briefing and estimated time spent on its Reply in support, HM seeks the following fees:

Attorney or Staff	Rate	Hours	Amount Sought
Jonathan Moskin (Partner)	\$750	4.7	\$ 3,525
Jonathan Moskin (Partner)	\$795	38.3	\$ 30,448.50
Richard McKenna (Partner)	\$630	6.9	\$ 4,347
Jean-Paul Ciardullo (Sr. Counsel)	\$555	23.9	\$ 13,264.50
Jean-Paul Ciardullo (Sr. Counsel)	\$590	181.3	\$106,967
Eion Connolly (Associate)	\$325	22.3	\$ 7,247.50
Paul Tigue (Paralegal)	\$240	38.9	\$ 9,336
Leslie Nash (Litigation Support)	\$295	3	\$ 885
FEES SUBTOTAL:		319.3	\$176,020.50

Third, for time spent and costs incurred analyzing OS's computers, HM seeks the following fees and costs (with one arithmetical correction by the court):

Attorney or Staff	Rate	Hours	Amount Sought
Jonathan Moskin (Partner)	\$750	10.9	\$ 8,175
Jonathan Moskin (Partner)	\$795	5.7	\$ 4,531.50
Richard McKenna (Partner)	\$630	5	\$ 3,150
Jean-Paul Ciardullo (Sr. Counsel)	\$555	56.5	\$ 31,357.50
Jean-Paul Ciardullo (Sr. Counsel)	\$590	26.5	\$ 15,635
Paul Tigue (Paralegal)	\$225	0.8	\$ 180

Paul Tigue (Paralegal)	\$240	0.6	\$ 144
Leslie Nash (Litigation Support)	\$280	3.1	\$ 868
Leslie Nash (Litigation Support)	\$295	9	\$ 2,655
Fees Subtotal:		118.1	\$ 66,696
Costs			
Setec Investigations			\$ 1,541.96
FEES AND COSTS SUBTOTAL:			\$ 68,237.96

Fourth, for time spent taking depositions regarding the spoliation of ESI – namely, depositions of Juan Monsivais, Austin Engel, and EMC Corporation’s designee – HM seeks the following fees:

Attorney or Staff Member	Rate	Hours	Amount Sought
Jonathan Moskin (Partner)	\$795	1.4	\$ 1,113
Richard McKenna (Partner)	\$630	0.5	\$ 315
Jean-Paul Ciardullo (Sr. Counsel)	\$590	16.7	\$ 9,853
FEES SUBTOTAL:		18.6	\$ 11,281

OS opposes the amounts of requested fees and costs on a number of grounds, including: HM’s billing records do not provide sufficient information to tell whether time on work not covered by the September 2, 2016 order has been subtracted; some of the fees sought are for work falling outside the scope of the order; the time spent on some tasks was unreasonable; and the billing records submitted were so heavily redacted it is not possible to assess the reasonableness of the time spent. The court addresses these issues below.

A. Attorney’s Fees

The court’s September 2, 2016 order provided that HM be awarded its “reasonable attorney’s fees” associated with the Application to Enforce Discovery, Sanctions Motion, analyzing OS’s computers, and taking depositions about the reasons ESI was not maintained and promptly produced. The amount of a reasonable fee is generally determined according to the lodestar method, that is,

1 “the number of hours reasonably expended on the litigation multiplied by a
 2 reasonable hourly rate.” *Hensley v. Eckerhart*, 461 U.S. 424, 433, 103 S. Ct. 1933,
 3 76 L. Ed. 2d 40 (1983). A reasonable rate is generally demonstrated based on the
 4 submission of evidence that the requested rates are reflective of the prevailing rate
 5 in the community based on comparable skill, experience, and reputation. *Blum v.*
 6 *Stenson*, 465 U.S. 886, 895 n.11, 104 S. Ct. 1541, 79 L. Ed. 2d 891 (1984). “[T]he
 7 fee applicant bears the burden of establishing entitlement to an award and
 8 documenting the appropriate hours expended and hourly rates.” *Hensley*, 461 U.S.
 9 at 437.

10 Here, HM submitted tables setting forth the hours worked by each attorney,
 11 paralegal, and litigation support manager on each of the four categories of work for
 12 which monetary sanctions were ordered, and their hourly rates for those hours.
 13 Ciardullo Decl. ¶ 41, Ex. 16; Supp. Ciardullo Decl. ¶ 3, Ex. B. It also submitted
 14 billing records reflecting those hours worked. Ciardullo Decl. ¶¶ 2-12, Exs. 1-11;
 15 Supp. Ciardullo Decl. ¶¶ 4-16, Exs. 1-12. Additionally, it submitted information
 16 describing the experience and expertise of the attorneys and staff who worked on
 17 these matters, and an article to support its assertion that the hourly rates charged
 18 for work done by these individuals are consistent with the rates charged in Los
 19 Angeles by other top-tier national law firms. Ciardullo Decl. ¶¶ 16-20, 23-27, 30-
 20 34, 37-38, 42, Exs. 13-15, 17.

21 The court finds HM has adequately demonstrated the reasonableness of the
 22 hourly rates requested here, and OS has not challenged those rates. Thus, the court
 23 should accept the rates as requested.

24 OS does challenge the reasonableness of the hours requested by HM. As
 25 indicated above, OS makes four general objections that the billing records were
 26 overly redacted, that the billing records were insufficient, that HM seeks fees for
 27 work outside the scope of the order, and that the hours submitted are unreasonable.
 28

OS also specifically disputes 41 particular billing entries, the first 39 of which concern fees, and the last two of which concern costs.² Declaration of David A. Dillard in Support of Blumenthal Distributing, Inc.’s Response to Defendant’s Supplement Brief on Attorneys’ Fees and Costs (“Dillard Decl.”) ¶ 2, Ex. A. The court will consider each of OS’s challenges.

1. Redaction of the Billing Records

OS argues HM’s heavy redaction to the billing records submitted as Exhibits 1-11 to the Ciardullo Declaration makes it impossible for OS or the court to assess the reasonableness of the time requested, or whether reductions for non-covered tasks were reasonable. HM largely addressed this objection by submitting more lightly redacted versions of these same records with its Reply. *See* Supp. Ciardullo Decl., Exs. 1-11. Because OS did not have the benefit of these unredacted records when preparing its response, however, the court will scrutinize the records more carefully.

Although the redactions factor into many of OS’s specific billing entry disputes, the redactions appear to form the chief basis for only Disputes 3-7. OS argues the redactions of the date, timekeeper, hours, and/or fees from these entries makes it impossible to tell whether these entries were included on HM’s summary charts of its requested fees. *See* Ciardullo Decl., Ex. 16. In its Reply, HM states the redaction of such information was inadvertent. *See* Supp. Ciardullo Decl., Ex. A. The unredacted records show such information, and it appears these hours and

² Although the entries OS disputes are not numbered, the court refers to them by number in the order made. For example, the first disputed entry in Exhibit A to the Dillard Declaration is dated October 2, 2015 and is referenced below as Dispute 1. For correlation purposes, the court notes: the entry of Dispute 10 is dated October 21, 2015; the entry of Dispute 20 is the second entry in Exhibit A dated November 16, 2015 and has timekeeper RJMC; the entry of Dispute 30 is dated January 22, 2016; and the entry of Dispute 40 is the first cost dispute, and is to an Invoice from Setec for \$150.

1 fees are included in HM's summary of its requested fees. For example, HM seeks
 2 fees of \$13,650 for 18.2 hours of work by Jonathan Moskin prior to February 1,
 3 2016, when his hourly rate increased. The billing records submitted for the months
 4 of October 2015 through January 2016 show a total of 18.2 hours worked by
 5 Moskin for which HM requests fees here, including those worked on October 12
 6 and 16, 2015 (Disputes 4 and 7). *See* Supp. Ciardullo Decl., Exs. 1-4. Thus, the
 7 removal of the redactions has revealed these entries are included in the summary of
 8 requested fees.

9 OS also questions the entry in Dispute 4, reflecting that Jonathan Moskin
 10 conferred with Jean-Paul Ciardullo, as the records reflect no corresponding time
 11 entry for Ciardullo. HM acknowledges this, but states Mr. Ciardullo's
 12 corresponding time was omitted as a courtesy.

13 As the entries in Disputes 3-7 appear otherwise properly included in HM's
 14 fees request, the court should not reduce any of the fees requested in these entries.

15 **2. Sufficiency of the Billing Records**

16 OS challenges some of the entries as too vague for it to tell whether the work
 17 concerns the discovery matters at issue in the Sanctions Motion, specifically in
 18 Disputes 1, 2, and 17. HM responds: the entry in Dispute 1 concerns
 19 correspondence with opposing counsel on the October 1, 2015 certification of a
 20 complete production and the 101,000 emails; the entry in Dispute 2 concerns
 21 correspondence with opposing counsel to set up the Eddie Mora deposition and
 22 collect unproduced financial data; and the entry in Dispute 17 was an office
 23 conference regarding a discovery dispute, specifically, the forensic document
 24 collection. Supp. Ciardullo Decl., Ex. A. The court finds HM has addressed OS's
 25 vagueness challenge to the entries in Disputes 1 and 2, and they appear properly
 26 included in the request for the most part. But the fee award should be reduced by
 27 half the fees sought with the entry in Dispute 2 (that is, by \$83.25), because the
 28

1 collection of unproduced financial data is not covered by the September 2, 2016
 2 order, as discussed below. Additionally, HM did not address OS's concern that the
 3 entry in Dispute 17 does not indicate who participated in the office conference, and
 4 the information remains vague. As such, the \$252 sought with this entry should be
 5 subtracted from the requested fee award.

6 OS also argues that in those instances where a single billing entry reflects
 7 multiple tasks, HM does not sufficiently indicate whether the fees were reasonably
 8 adjusted. This argument is one of the bases for Disputes 8, 19, and 38. The
 9 removal of redactions addresses this concern in part, as, for example, it is now
 10 possible to tell what all the tasks were in the entry for Dispute 8, and that HM is
 11 seeking only \$999 of the total \$3,718.50 it was billed for all the work in that entry.
 12 But OS also questions the accuracy of the reductions, since HM made them in
 13 connection with the instant briefing months after the tasks in many instances.

14 In his first declaration in connection with this briefing, Mr. Ciardullo states
 15 that since he was intimately familiar with the work performed, he "was able to
 16 conservatively divide certain of the entries that included unrelated work," and that
 17 where an estimate was required, he "made a conservative low-end estimate, or
 18 simply discounted the time altogether." Ciardullo Decl. ¶ 14. Certainly it was not
 19 possible for Mr. Ciardullo to be sure of the precise time spent on covered versus
 20 non-covered tasks many months after the fact. But based on the court's review of
 21 the disputed and other entries, it appears Mr. Ciardullo did indeed reasonably and
 22 conservatively reduce the fees requested so as to exclude non-covered tasks where
 23 the entries reflected multiple tasks. Thus, the court should not eliminate requested
 24 fees simply because there are multiple tasks in certain entries.

25 **3. Work Falling Within the Scope of the Order**

26 OS argues that many of the hours requested were spent on work not covered
 27 by the September 2, 2016 order. This contention is the basis or one of the bases for
 28

1 Disputes 9-16, 20-24, 26, 28-32, and 34.

2 HM has adequately addressed some of OS's concerns. For example, where
3 OS questioned whether certain entries actually related to the computer forensic
4 issues, in some instances HM was able to explain that they did, and in others HM
5 explained that the time had actually been reduced to exclude the non-forensic
6 work. *See* Supp. Ciardullo Decl., Ex. A. Further, internal conferences and reports
7 by counsel regarding the forensic work are reasonably covered by the order.
8 Additionally, time spent subpoenaing the three witnesses whose depositions were
9 necessitated by the spoliation is properly covered by the order, as the order
10 explicitly provides for such deposition costs. As such, the court should not
11 subtract the fees sought for the entries in Disputes 9, 10, 15, 20-24, 26, 28-32, and
12 34 as falling outside the scope of the September 2, 2016 order.

13 In other instances, although the entries reflect work that is somewhat related
14 to the computer forensic issues, the connection is too tangential to be fairly covered
15 by the September 2, 2016 order. Thus, for example, where a stipulation was
16 necessary to allow more time for the forensic work and covered its terms but also
17 other matters, it goes beyond fees spent towards engaging experts to analyze OS's
18 computers. Moreover, although the July 12, 2016 Report and Recommendation
19 discussed OS's delays in producing certain information due to failure to adequately
20 search for ESI, the court did not order monetary sanction for time spent collecting
21 this delayed financial data and other discovery. The court should therefore subtract
22 from the requested fee award the fees sought for the entries in Disputes 11
23 (\$1,831.50), 12 (\$225), 13 (\$721.50), 14 (\$1,054.50), and 16 (\$198.45).

24 **4. Reasonableness of the Time Spent on Tasks**

25 OS argues the billing entries reflect an excessive and unreasonable amount
26 of time spent on the tasks in question. OS makes this challenge in particular to the
27 entries in Disputes 8, 18, 19, 25, 27-31, 33, and 35-39.

1 As a general matter, the court notes HM is requesting fees for a total of 29.7
2 hours of work on the Application to Enforce Discovery, 319.3 hours of work on
3 the Sanctions Motion, 118.1 hours of work to analyze OS's computers, and 18.6
4 hours of work to take three depositions regarding spoliation of ESI. Without
5 knowledge of the nature and scope of the Sanctions Motion and computer forensic
6 work in particular, such requested hours would appear facially unreasonable. But
7 both constituted monumental undertakings in this case. As reflected in the July 12,
8 2016 Report and Recommendation, the discovery obstacles HM faced, particularly
9 with respect to the spoliation of ESI and efforts to find responsive information on
10 OS's computers, were tremendous. The Magistrate Judge was closely monitoring
11 aspects of the process at times, and is thus aware of the huge time and effort
12 invested. The hours spent on the Sanctions Motion also reflect the substantial time
13 needed to discover and explain the problems and failures. Consequently, the court
14 finds nothing inherently unreasonable in the large numbers of hours submitted for
15 these matters.

16 The court further finds the time requested for the tasks in Disputes 8, 19, 25,
17 28, 33, and 37-39 is not unreasonable. In particular, HM has adequately explained
18 why certain hours that might otherwise appear excessive are not under the
19 circumstances, and why certain entries that appeared erroneous or otherwise
20 unwarranted are not. *See* Supp. Ciardullo Decl., Ex. A.

21 As for Dispute 18, HM has not adequately addressed OS's stated concern.
22 The court does not doubt the necessity of the work, but as the need for a
23 conference of this length is unclear, the court should reduce the time in this entry
24 by half, and thus subtract \$187.50 from the requested fee award.

25 HM has explained the hours in Dispute 27, but they nonetheless appear
26 excessive as explained. The court should award fees for only 2 hours for this
27 entry, and thus subtract \$777 from the requested fee award.
28

1 Disputes 29-31 concern a combined 4 hours requested for work serving third
2 party subpoenas. Although the court appreciates HM's explanation of the
3 problems encountered, the court should reduce hours by 25%, or one hour, to
4 reflect a more reasonable amount of time. As such, the court should subtract \$555
5 from the requested fee award.

6 HM agrees to waive the fee in Dispute 35. Accordingly, \$88.50 should be
7 subtracted from the requested fee award.

8 OS expresses concern that the entries in Disputes 36, 37, and 38 (like
9 Dispute 35) relate to HM's decision to change forensic experts. The court agrees
10 hours spent making that decision should not be included. But based on HM's
11 explanation and the entries themselves, it appears Disputes 37 and 38 relate only to
12 the forensic work done by the second vendor, not the change, and the same is at
13 least partly true for the entry in Dispute 36. But as the entry in Dispute 36 also
14 mentions vendor relocation, the time there should be reduced by half, and thus
15 \$189 should be subtracted from the requested fee order.

16 Finally, the court has taken a careful look at the fees HM requested in its
17 Reply, as OS did not have a chance to review these fees. These fees consist of: (1)
18 a previously unsubmitted entry from August 5, 2016 for \$2,242 for 3.8 hours spent
19 by Jean-Paul Ciardullo on the opposition to objections to the July 12, 2016 Report
20 and Recommendation, which HM states was inadvertently omitted previously; (2)
21 billing records from August 31 through September 16, 2016 for work done by Eion
22 Connolly (22.2 hours)³ and Mr. Ciardullo (4.1 hours) on the instant fee and costs
23

24 ³ The court notes the hours requested as set forth in the tables submitted with
25 HM's reply indicate only 21 hours for Mr. Connolly, apparently excluding the 1.2
26 hours he billed on August 31, 2016. *See* Supp. Ciardullo Decl., Ex. B. The court
27 does not know if this was intended by HM, but conservatively defers to its
28 submission and thus has left this time (and the corresponding \$390 in fees) out of
its fee calculations and tables set forth above.

1 briefing, totaling \$9,634; and (3) estimated fees from October 2016 for work done
2 on the instant fee and costs briefing by Mr. Connolly (1.3 hours) and Mr. Ciardullo
3 (6.9 hours), totaling \$4,491. *See* Supp. Ciardullo Decl. ¶¶ 14-16, Exs. 11-12.

4 In light of the opposition HM filed to the objections, and considering the
5 additional 3.8 hours submitted along with the other billing records reflecting work
6 on the opposition in July and August 2016, the court does not find the additional
7 3.8 hours to be excessive or unreasonable. The instant fee and costs briefing is an
8 extension of the Sanctions Motion, and as HM could not reasonably have
9 submitted most of these additional fees with its initial fee briefing, the court finds it
10 appropriate to include these fees as well. But given the nature of the fee briefing
11 and the uncertainty of the estimated time, the court should reduce Mr. Ciardullo's
12 estimated time by half for reasonableness, and thus reduce the requested fee award
13 by \$2,035.50.

14 Accordingly, the \$271,093 in total requested fees by HM should be reduced
15 by \$8,198.70. Thus, monetary sanctions of \$262,894.30 in fees should fairly be
16 awarded to HM.

17 **B. Costs**

18 The only costs sought by HM are the \$1,541.96 it paid to Setec
19 Investigations for computer forensic work. *See* Ciardullo Decl. ¶ 39. HM also
20 states it had an unresolved disagreement with Maryman & Associates – the first
21 computer forensics vendor HM used – regarding Maryman's invoice, and asks that
22 the award of forensic expenses be deferred until that dispute is resolved. Yet more
23 than a year has passed since HM made that request, and the court is aware of no
24 supplemental submission in this regard. OS objects to HM's request to defer the
25 award of expenses, and argues it should not have to pay for expenses related to
26 HM's decision to switch vendors. The court agrees with OS that the time to submit
27 expenses has long passed, so the court should limit its costs award to costs incurred
28

1 in retaining Setec.

2 Since HM should not be awarded its costs incurred in connection with
3 Maryman's services, OS's objection to paying for the courier from Maryman to
4 Setec makes no sense (*see* Dispute 41). Although as discussed above the court
5 agrees as a general matter that OS should not have to pay for HM's decision to
6 switch vendors, the \$114.40 spent to have a courier ferry Maryman's work to Setec
7 was presumably much less than HM paid Maryman for that work, and thus a
8 bargain that should fairly be paid by OS. *See* Ciardullo Decl., Ex. 12 at 2.

9 In Dispute 40, OS objects to paying HM's half of a bill the parties agreed to
10 split for additional load file creation. Although the parties agreed to split the bill at
11 the time, this is certainly a part of the computer forensic work. As such, OS should
12 be ordered to pay it.

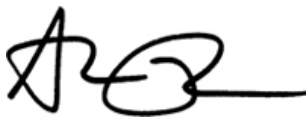
13 Accordingly, the court should award HM the full costs it requests,
14 \$1,541.96.

15 **III.**

16 **RECOMMENDATION**

17 IT IS THEREFORE RECOMMENDED that the District Court issue an
18 Order approving and accepting this Report and Recommendation, and ordering that
19 OS be ordered to pay monetary sanctions to HM in the total amount of
20 \$264,436.26, consisting of \$262,895.30 in fees and \$1,541.96 in costs.

21
22
23 DATED: February 26, 2018

24 
SHERI PYM
United States Magistrate Judge

APPENDIX G

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

FILED

AUG 4 2020

MOLLY C. DWYER, CLERK
U.S. COURT OF APPEALS

BLUMENTHAL DISTRIBUTING, INC.,
DBA Office Star,

Plaintiff-counter-defendant-
Appellant/Cross-Appellee,

v.

HERMAN MILLER, INC.,

Defendant-counter-claimant-
Appellee/Cross-Appellant.

Nos. 18-56471, 18-56493

D.C. No.
5:14-cv-01926-JAK-SP

ORDER

Before: HURWITZ and FRIEDLAND, Circuit Judges, and KORMAN,* District Judge.

The panel has voted to deny the petition of Blumenthal Distributing, Inc. d/b/a Office Star Products (“OSP”) for panel rehearing. Judge Hurwitz and Judge Friedland have voted to deny the petitions of OSP and Herman Miller, Inc. (“HM”) for rehearing en banc, and Judge Korman has so recommended. The full court was advised of each party’s petition for rehearing en banc and no judge has requested a vote on whether to rehear the matter en banc. Fed. R. App. P. 35.

The petition of OSP for panel rehearing and the petitions of OSP and HM for rehearing en banc are DENIED.

* The Honorable Edward R. Korman, United States District Judge for the Eastern District of New York, sitting by designation.