

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

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**FREELANCER INTERNATIONAL PTY LIMITED AND  
FREELANCER TECHNOLOGY PTY LIMITED,**  
*Petitioners,*

v.

**UPWORK GLOBAL, INC. AND UPWORK INC.,**  
*Respondents.*

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

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**PETITION FOR A WRIT OF CERTIORARI**

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Perry S. Clegg  
**JOHNSON & MARTIN, P.A.**  
50 W. Broadway,  
Suite 900  
Salt Lake City, UT 84101  
(385) 279-2367

Andrew T. Oliver  
*Counsel of Record*  
**AMIN, TUROCY  
& WATSON LLP**  
160 W. Santa Clara St.  
Suite 975  
San Jose, CA 95113  
(650) 393-0634  
aoliver@atwiplaw.com

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**QUESTIONS PRESENTED**

For at least a decade, the petitioner has been using the registered and now-incontestable trademark “Freelancer” in commerce with various goods and services. Because the mark has been granted “incontestable” status, a secondary meaning of the term is presumed and defenses to infringement are severely limited. One of petitioner’s direct competitors began using the mark as the name of goods and services that themselves compete directly with petitioner’s similar goods and services that have borne the “Freelancer” mark for years. Petitioner moved for a preliminary injunction.

To deny the preliminary injunction, the district court rewrote the trademark statute, extending the “fair use” defense and constricting the “counterfeit mark” definition (based on a recent Ninth Circuit opinion that constricted the definition). The “fair use” defense is statutorily limited to using the mark “only” to describe “goods or services”, but the district court extended fair use to describing “users.” The Ninth Circuit and the district court have imposed a new restriction on a “counterfeit mark,” requiring side-by-side consideration of product appearance, when the statutory language, legislative history, and at least five circuits reject this requirement. The district court also required a showing of “actual” irreparable harm rather than “likelihood” of irreparable harm. And the Ninth Circuit ignored a retroactive statute that was enacted during the appeal and that requires a presumption of irreparable harm.

In view of this, the questions presented are:

1. Whether the courts may rewrite the statute (15 U.S.C. §1115(b)) to include a fair use defense for use of an incontestable mark to describe “users,” where the statute

limits the fair use defense to uses “only to describe the goods or services of such party, or their geographic origin.”

2. Whether the courts may rewrite the counterfeit mark statute to include side-by-side consideration of the “product as a whole” where the legislative history specifically indicates that the statute was not so extended, and where the statutory language only includes requirements unrelated to product appearance, i.e., (i) “counterfeit of a mark”; (ii) “registered on the principal register...”; (iii) “for such goods and services sold...”; and (iv) “that is in use.”

3. Whether the courts may require “evidence of actual losses” to obtain a preliminary injunction, when this Court’s jurisprudence clarifies that the party seeking an injunction need show only a “likelihood of” irreparable harm.

4. Whether the courts may ignore a retroactive trademark statute that is enacted during the appeal (i.e., Public Law No. 116-260 Section 226), and that requires a presumption of irreparable harm for a trademark owner seeking a preliminary injunction.

## **PARTIES TO THE PROCEEDING**

Petitioners are Freelancer International Pty Limited and Freelancer Technology Pty Limited.

Respondents are Upwork Global, Inc. and Upwork Inc.

## **CORPORATE DISCLOSURE STATEMENT**

Petitioners state that Freelancer Limited is their parent corporation and is a publicly held corporation owning 10% or more of their stock.

## **RELATED PROCEEDINGS**

Because this is an appeal from a denied motion for preliminary injunction, the underlying district court case remains pending and is captioned *Freelancer International Pty Limited, et al., v. Upwork Global, Inc., et al.*, case no. 20-cv-6132-SI, in the United States District Court for the Northern District of California. Judgment has not been entered.

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## INTRODUCTION

This appeal presents the Court with an ideal vessel to address the constricting scope of the counterfeit mark statute and a non-statutory expansion of the fair use defense to counterfeiting, as the country is faced with what has been characterized by executive branch as “staggering levels” of counterfeiting and in view of a clear circuit split regarding liability for distributing products bearing a counterfeit mark. Constricting the scope of the statute and creating the uncertainty of a circuit split exposes businesses in the United States to uncertainty that will likely result in staggering losses. The suggestion of a new, non-statutory and narrow test for counterfeiting will embolden counterfeiters and increase the damage that they wreak on the economy of the United States.

Here, the Court can clarify the contours of both what the unambiguous statute envisions regarding the use of a “counterfeit mark” and also whether the scope of the statutory “fair use” defense can be extended beyond the restrictive statutory language.

Additionally, the Court is provided with an opportunity to resolve a split between the Ninth Circuit and at least five other circuits: whether the counterfeit mark statute permits a “side-by-side” comparison (or for that matter, any visual comparison) of the trademark owner’s product and the counterfeiter’s product.

Counterfeiting is recognized as a massive and expanding problem. The President commissioned a recent report regarding counterfeiting that found that “The problem [of counterfeiting] has intensified to staggering



levels.”<sup>1</sup> Report p. 4. And “between 2000 and 2018 ... seizures of infringing goods at U.S. borders have increased 10-fold...” *Id.* The report further notes that despite significant efforts, “private sector actions have not been sufficient to prevent the importation and sale of a wide variety and large volume of counterfeit and pirated goods...” *Id.* at 5. In making such findings, the Report employed a definition of counterfeit that is aligned with the trademark statute: “Counterfeiters use identical copies of registered trademarks without the authorization of the rightful owner.” Report p. 15.

Into this environment of “staggering levels” of counterfeiting, the Ninth Circuit confirmed an expansion of the “fair use” defense and a contraction of the “counterfeit mark” statute that is not supported by the statute and that will harm the ability of rights-holders to combat counterfeiting. Additionally, the Ninth Circuit’s failure to follow both this Court’s precedent and newly enacted law regarding the irreparable harm showing for obtaining an injunction will further erode the ability of rights-holders to combat counterfeiters.

The factual framework in which this petition is presented is as follows.

A decade ago, petitioners adopted the “Freelancer” trademark in connection with various goods and services. Since 2013, petitioners have held the federally registered

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<sup>1</sup> Combating Trafficking in Counterfeit and Pirated Goods, Report to the President of the United States, January 24, 2020, Department of Homeland Security. Accessible at [https://www.dhs.gov/sites/default/files/publications/20\\_0124\\_pley\\_coounterfeit-pirated-goods-report\\_01.pdf](https://www.dhs.gov/sites/default/files/publications/20_0124_pley_coounterfeit-pirated-goods-report_01.pdf). (the “Report”).

trademark to the word mark “Freelancer” for these goods and services. App. 7a. The goods and services (fully recited at App. 8a-9a) include, for example:

- “computer software for personal information management”; “computer software for accessing, browsing, and searching online databases”;
- “electronic funds transfer services”;
- “online escrow service for payment of services”;
- “dispute resolution services”;
- “identification verification services, ...”; and several other goods and services.

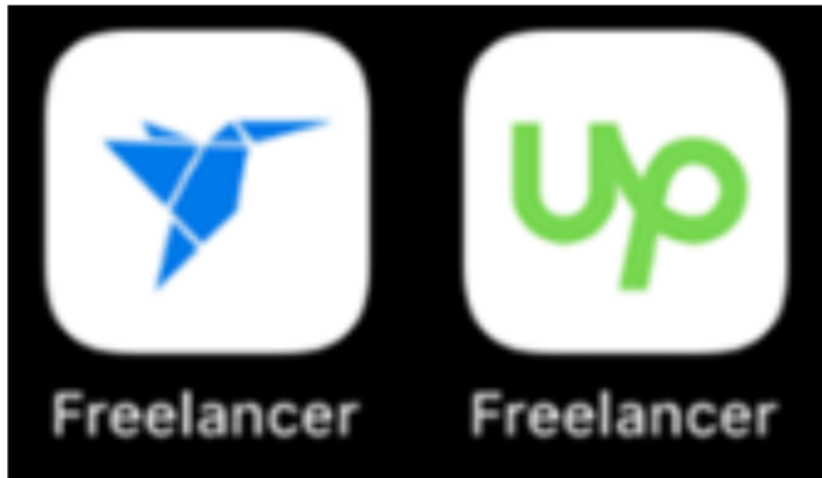
App. 8a-9a.

In 2018, the asserted “Freelancer” trademark was granted incontestable status. App. 9a. By operation of law, namely 15 U.S.C. §1115(b) (App. 26a), incontestable status is “conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the mark in commerce.” This conclusive evidence relates to “the exclusive right to use the mark on or in connection with the goods or services specified...” 15 U.S.C. §1115(b) (App. 26a). While incontestable status severely limits defenses, a small number of statutory defenses are provided in 15 U.S.C. §1115(b).

Petitioners and respondents are direct competitors in a worldwide marketplace seeking to connect persons having skills to sell with persons seeking skilled part-time or temporary work. App. 7a. Both petitioners and respondents provide their own, directly competitive, software that can be loaded onto mobile phones and used as

an application on such phones. App. 11a, 13a. For ease of reference, the district court referred to this software as “mobile applications” or “apps.” *Id.* By mid-2020, petitioners had almost 50 million users and over 5 million downloads of their mobile application. App. 7a. Respondents has almost 3 million downloads of their mobile applications. App. 12a.

Stepping back approximately one year, in late 2019, respondents changed the name of their mobile applications from “Upwork” (respondents’ company name) to “Freelancer” (petitioners’ incontestable mark). *See, e.g.*, App 13a.



In the above image, reproduced from App. 13a, petitioners’ and respondents’ software icons are shown as they might appear on an iOS device (e.g., an Apple iPhone) if arranged to appear side-by-side. App. 13a. (Respondents use petitioners incontestable mark in other manners not illustrated above, but the district court focused on this particular use in its opinion.)

In early 2020, petitioners became aware that respondent had adopted petitioners' incontestable "Freelancer" mark as the name of its software. Petitioners attempted to resolve this counterfeiting issue without court involvement, but eventually resorted to filing a complaint asserting, among other causes of action, counterfeiting and federal trademark infringement. Petitioners filed a motion for preliminary injunction on the same date that they filed their complaint, August 31, 2020. App. 6a. In the motion, petitioners focused on the counterfeiting and federal trademark infringement claims, showing all of the required proofs, including in particular, those at issue in this petition: likelihood of success on the counterfeiting claim and likelihood of irreparable harm. App. 17a.

The district court denied the motion for preliminary injunction on October 23, 2020. App. 6a-24a. In doing so, the district court applied the law in the manner that is challenged in this petition. And the Ninth Circuit affirmed.

First, while the statutory "fair use" defense – codified at 15 U.S.C. §1115(b)(4) (App. 26a) – is limited by its plain language to use of the term "only to describe the goods or services", the district court found fair use where the respondent used the "Freelancer" mark "to describe its users." App. 21a. The Ninth Circuit affirmed, where it could have restricted the district court to the plain language of the statute and holding that describing "users" is not within the scope of "only" describing goods or services. Instead, the Ninth Circuit held, "The district court conducted the proper analysis..." App. 4a. The rulings of both courts are in direct opposition to the plain

statutory language that limits fair use to uses only to describe goods or services, not to describe “users.”

Second, while petitioner’s motion for preliminary injunction was pending before the district court, in an unrelated lawsuit the Ninth Circuit issued a decision that severely constricted the scope of the “counterfeit mark” statute. On October 1, 2020, that opinion was issued in *Arcona, Inc. v. Pharmacy Beauty, Ltd. Liab. Co.*, 976 F.3d 1074 (9th Cir. 2020). In its late October ruling on petitioner’s motion, the district court interpreted the *Arcona* holding as requiring that the finder of fact undertake “viewing the [goods or services] in their entirety.” App. 21a fn. 10. The Ninth Circuit confirmed that its test for a counterfeit mark includes a comparison of whether “the products are dissimilar” and consideration of each party’s “distinct and original [product], logo, and branding.” App. 4a ¶2. As will be shown below, the counterfeit mark statute has no such restriction or allowance for “side-by-side” comparisons of products. The legislative history is directly opposed to such comparison that would restrict the cause of action. And the Ninth Circuit restriction creates a split with at least five circuits that reject side-by-side product comparisons in the trademark context.

Third, the district court paid only lip service to this Court’s jurisprudence establishing that a plaintiff seeking preliminary injunction need only establish likelihood of irreparable harm, not actual harm. App. 21a-22a. But in applying the facts to the law, the district court noted that the evidence presented by petitioners “may support a finding of the possibility of irreparable harm” but held

“plaintiffs have presented no evidence of actual losses.” App. 22a. This is a clear departure from this Court’s jurisprudence. The Ninth Circuit affirmed, holding that the district court did not abuse discretion. App. 4a-5a. The Ninth Circuit stated, “This district court properly found that [petitioner] presented no evidence of actual losses and failed to establish that it is likely to suffer irreparable harm in the future.” App. 5a. Intertwining a requirement for a showing of actual loss with the statement regarding likelihood of irreparable harm is not consistent with this Court’s jurisprudence that requires only likely harm, not actual harm, at the preliminary injunction stage. *See, e.g., Winter v. Natural Resources Defense Council*, 555 U.S. 7, 20, 129 S. Ct. 365, 172 L. Ed. 2d 249 (2008).

Fourth and finally, in reaching its opinion, the Ninth Circuit ignored a retroactive law that was passed during the pendency of the appeal, which requires a presumption of irreparable harm. The Ninth Circuit also disregarded the canon of statutory construction noting that because injunctions present future relief, the law in force at the time of the injunction order is controlling. Specifically, petitioners’ opening brief to the Ninth Circuit was filed on December 4, 2020. On December 27, 2020, the President signed into law Public Law No. 116-260. Section 226 of that law is retroactive and includes a presumption of irreparable harm for a plaintiff seeking a preliminary injunction under 15 U.S.C. §1116. On February 9, 2021, petitioners filed their reply brief and informed the Ninth Circuit that the law had changed during the appeal and was retroactive. The Ninth Circuit ignored this change in law. *See generally* App. 2a-5a (no reference to revised law or presumption of irreparable harm).

The petition should be granted to address the important questions raised by the Ninth Circuit's application of the law and to bring clarity and uniformity to these important questions of U.S. trademark law.

### **OPINIONS BELOW**

The Ninth Circuit's order denying rehearing (App 1a) is unofficially reported at 2021 U.S. App. LEXIS 22811. The Ninth Circuit's judgment (App 2a-5a) is reported at 851 Fed. Appx. 40. The order denying preliminary injunction of the United States District Court for the Northern District of California (App. 6a-24a) is unofficially reported at 2020 U.S. Dist. LEXIS 198960.

### **JURISDICTION**

The Ninth Circuit issued its judgment on June 22, 2021. Petitioners timely petitioned for rehearing by the Ninth Circuit. On August 2, 2021, the Ninth Circuit denied the petition for rehearing. This Court has jurisdiction pursuant to 28 U.S.C. §1254(1).

### **STATUTES INVOLVED**

The following provisions of the Lanham Act are reproduced, in relevant part, in the appendix to this petition: 15 U.S.C. §1114; 15 U.S.C. §1115(b); 15 U.S.C. §1116; 15 U.S.C. §1127.



## STATEMENT

### A. Legal Framework

The Lanham Act as modified by the Trademark Counterfeiting Act of 1984 and other acts making minor changes<sup>2</sup>, provide the framework for this petition.

The statute provides civil causes of action for trademark infringement and counterfeiting. 15 U.S.C. §1114(1); App. 25a. While the causes of action are similar, counterfeiting is considered a more egregious form of trademark infringement, because it requires exact (or nearly exact) duplication of a mark that is registered and also requires that the duplicated mark be used by the counterfeiter with the same type of goods or services for which the mark is registered. App. 28a, 29a.

For example, the owner of an unregistered mark to “Bates Motel” for t-shirts could not bring a civil action for counterfeiting because the mark is unregistered.

In another example, the owner of a registered mark to “Bates Motel” for goods and services including “t-shirts” could not bring a civil action for counterfeiting where the infringer used the mark on jackets, a different type of goods. Nor could the owner bring a civil action for counterfeiting if the infringer used the mark “Bates Inn” on t-shirts, because “Inn” is different from “Motel.” But, while counterfeiting would not fit, each of these actions might be subject to a civil action for trademark infringement. On the

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<sup>2</sup> For example, in 1988, the words “to users” were removed from the clause “...only to describe to users the goods or services...” in the statutory fair use defense of 15 U.S.C. §1115(b)(4).

other hand, in this example, the use of “Bates Motel” (or possibly even “Bates Hotel”) on t-shirts would likely be subject to a civil action for both trademark infringement and counterfeiting.

The statute defines “counterfeit” at 15 U.S.C. §1127; App. 29a. And the term “counterfeit mark” is defined at 15 U.S.C. §1116(d)(1)(B). App. 28a.

The Lanham act provides for preliminary injunctions for trademark infringement and/or counterfeiting. 15 U.S.C. §1116(a); App. 27a. As discussed below, this provision was modified during the appeal from which this petition springs. On December 27, 2020, Section 226 of Public Law No. 116-260 inserted a sentence providing a “rebuttable presumption of irreparable harm...” to plaintiffs seeking an injunction under §1116(a).

The statute provides special standing for trademarks that are deemed “incontestable.” 15 U.S.C. §1115(b); App. 26a. Such marks are “conclusive[ly]” deemed valid, owned, and with exclusive rights. *Id.* A short list of enumerated defenses related to infringement of incontestable marks is provided. *Id.* This includes a “fair use” defense that allows use of the mark “otherwise than as a mark” and “only to describe the goods or services...” *Id.*

## **B. Background and Proceedings Below**

A decade ago, petitioners adopted the “Freelancer” trademark in connection with various goods and services. App. 7a footnote 2 (application filed 2010). Since 2013, petitioners have held the federally registered trademark to the word mark “Freelancer” for these goods and services.

App. 7a. The goods and services (fully recited at App. 8a-9a) include, for example:

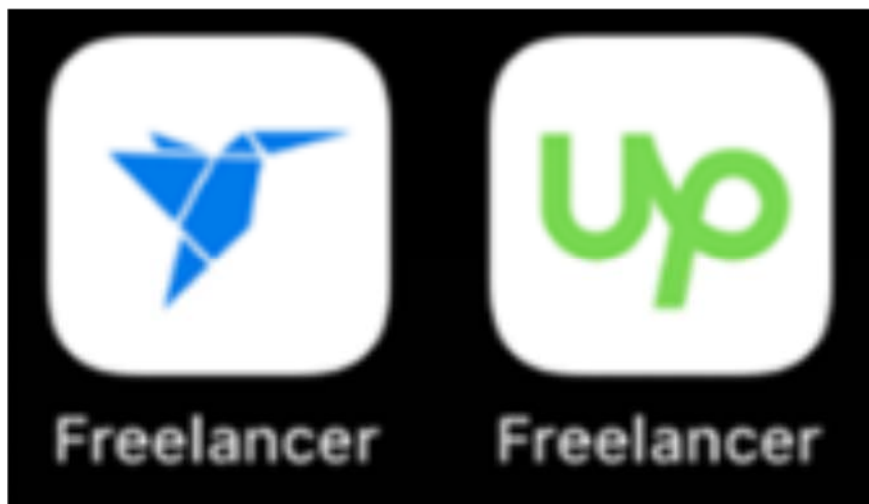
- “computer software for personal information management”; “computer software for accessing, browsing, and searching online databases”;
- “electronic funds transfer services”;
- “online escrow service for payment of services”;
- “dispute resolution services”;
- “identification verification services, ...”; and several other goods and services.

App. 8a-9a.

In 2018, the asserted “Freelancer” trademark was granted incontestable status. App. 9a.

Petitioners and respondents are direct competitors in a worldwide marketplace seeking to connect persons having skills to sell with persons seeking skilled part-time or temporary work. App. 7a. Both petitioners and respondents provide their own, directly competitive, software that can be loaded onto mobile phones and used as an application on such phones. App. 11a, 13a. For ease of reference, the district court referred to this software as “mobile applications” and “apps.” *Id.*

In late 2019, respondents changed the name of their mobile applications from “Upwork” (their company name) to “Freelancer” (petitioner’s incontestable mark). *See, e.g.*, App 13a.



In the above image, reproduced from App. 13a, petitioners' and respondents' software icons are shown as they might appear on an iOS device (e.g., an Apple iPhone) if arranged to appear side-by-side. App. 13a.

In early 2020, petitioners became aware that respondents had adopted petitioners' incontestable "Freelancer" mark as the name of its software. Petitioners attempted to resolve this issue without court involvement, but eventually resorted to filing a complaint asserting, among other causes of action, federal trademark infringement and counterfeiting.

By mid-2020, petitioners had almost 50 million users and over 5 million downloads of their mobile application. App. 7a. Respondents has almost 3 million downloads of their mobile applications. App. 12a.

On August 31, 2020, petitioners filed a motion for preliminary injunction on the same date that they filed their complaint. App. 6a. In the motion, petitioners

focused on the counterfeiting and federal trademark infringement claims, showing all of the required proofs, including in particular, those at issue in this petition: likelihood of success on the counterfeiting claim and likelihood of irreparable harm. App. 17a.

On October 23, 2020, the district court denied the motion for preliminary injunction. App. 6a-24.

Petitioners timely appealed. App. 3a.

The opening appeal brief was filed on December 4, 2020. On December 27, 2020, the President signed into law H.R. 133, as Public Law No. 116-260. The reply appellate brief was filed February 9, 2021, and asked the Ninth Circuit to apply the new law to this case. The Ninth Circuit unilaterally removed the scheduled hearing from the calendar and decided the case without oral argument. App. 2a.

On June 22, 2021, the Ninth Circuit issued its opinion, affirming the district court. App. 2a-5a. Petitioners timely petitioned the Ninth Circuit for rehearing.

On August 2, 2021, the Ninth Circuit denied rehearing. App. 1a.

This petition follows that denial.

## REASONS FOR GRANTING THE PETITION

While the problem of counterfeiting has been growing to “staggering levels” over the past decades, the Ninth Circuit has walked away from the plain language of the “counterfeit mark” statute and the “fair use” defense thereto, in a manner that both constricts the availability of remedies for trademark owners and creates a split with at least five other circuits regarding counterfeiting and with at least one other circuit regarding fair use. This creates both an important problem with respect to resolving counterfeiting as the scope of counterfeit goods continues to escalate and an uncertainty between the circuits that begs for a uniform approach to interpretation of the statute that this Court can provide.

### A. Fair Use

The “fair use” rule formulated by the district court and adopted by the Ninth Circuit cannot be reconciled with the statute’s plain language.<sup>3</sup> And the rule creates a split both within the Ninth Circuit and with the jurisprudence of the Second Circuit.

First, the statute’s plain language limits the fair use defense to a use that is “only to describe the goods or services.” 15 U.S.C. §1115(b)(4). The limiting term “only” does not provide any leeway for other uses. However, the district court did not find that respondent used “Freelancer” in this restrictive fashion “only” to describe

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<sup>3</sup> See *Romag Fasteners, Inc. v. Fossil Grp., Inc.*, 140 S. Ct. 1492, 1494 (2020) (considering whether a rule “can be reconciled with the statute’s plain language”).

“goods or services.” App. 19a. Instead, the district court noted that petitioner “submitted evidence showing (1) [petitioners] use the word ‘freelancer’ to describe their users...” *Id.* And the district court held that petitioners “use the word in good faith to describe its users. For these reasons, the Court agrees defendants’ use of the word ‘freelancer’ satisfies the requirements of fair use under 15 U.S.C. §1115(b)(4).” App. 21a. The Ninth Circuit affirmed the finding of “fair use” without challenging the district court’s departure from the statute’s plain language. App. 4a (noting the district court’s finding that petitioner “uses the descriptive term ‘freelancer’ in good faith to describe its users ...”).

Where the statute’s plain language limits the fair use “only” to describe goods and services and the district court explicitly found that there is at least one other use, i.e., “to describe its users”, the plain language of the statute cannot be reconciled with the district court’s rule. One can often describe “users” without describing “goods and services.” Hypothetically, if one uses, on a product, one of the words “hunter”, “wrangler”, “champion”, or “entrepreneur”, outside of trademark usage, what goods or services does each of those words describe? Or do they merely describe audiences without being descriptive of any goods or services? One can’t say that the terms describing audiences are descriptive of goods or services. The four hypothetical marks tell nothing about the goods or services. Yet these are all well-known marks: hunter is a mark used on rainboots, wrangler is a mark used on jeans, champion is a mark used on sports clothing, champion is also used on spark plugs and oil filters for automobiles, and entrepreneur is a mark used on a magazine. Description of

an audience often reveals almost nothing about the “goods or services” and cannot fall within the plain language “only to describe the goods or services” of 15 U.S.C. §1115(b)(4).

Second, the rulings at issue here create a split within the Ninth Circuit and with the Second Circuit.

In prior consideration of an incontestable mark that might be used to describe a user, the Ninth Circuit did not find nor even mention fair use. In *Entrepreneur Media*, the Ninth Circuit stated, “The word ‘entrepreneur’ describes both the subject matter and the intended audience of the magazine and programs; an entirely unimaginative, literal-minded person would understand the significance of the reference.” *Entrepreneur Media v. Smith*, 279 F.3d 1135, 1142 (9th Cir. 2002). Yet, this description of the “intended audience” was not identified as a fair use. The plaintiff was permitted to assert the “entrepreneur” mark.

The Second Circuit considered an incontestable design mark that was a stylized rendering of “parents” in *Gruner + Jahr USA Publ'g v. Meredith Corp.*, 991 F.2d 1072 (2d Cir. 1993). In that case, the Second Circuit noted that the use of “parents” without the stylization was descriptive and that it described “describe[d] magazines whose intended use is to be read by parents.” *Id.* at 1078. While one could certainly question the reasoning that determined that someone encountering the “parents” mark would think that it described magazines, one cannot miss the absence of any finding of fair use for this mark that described the “users” of the goods and services.

By departing from the statute’s plain language and creating both an intra-circuit split and an inter-circuit split,



the Ninth Circuit has elevated its statutorily unsupported construction of the fair use test to one that demands this Court's attention.

## **B. Counterfeit Mark**

The construction of “counterfeit mark” formulated by the district court and affirmed by the Ninth Circuit cannot be reconciled with the statute’s plain language.<sup>4</sup> And the rule creates a split both within the Ninth Circuit and with the jurisprudence of the Third, Sixth, Seventh, Eighth, and Tenth circuits, and possibly with the First, Second, and Fifth Circuits. Finally, the rule directly contradicts the legislative intent that was stated and restated when the statute was enacted.

First, the courts’ construction of a product comparison for a “counterfeit” cannot be reconciled with the plain language of the “counterfeit mark” statute and “counterfeiting” under that statute. Both relate only to the mark and the class of goods and services, without any reference to product trade dress, appearance, or product comparisons. (This is by intent, as will be seen below in the discussion of legislative intent.) “It is axiomatic that the statutory definition of the term excludes unstated meanings of that term.” *Meese v. Keene*, 481 U.S. 465, 484 (1987). “When a statute includes an explicit definition, we must follow that definition, even if it varies from that

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<sup>4</sup> See *Romag Fasteners, Inc. v. Fossil Grp., Inc.*, 140 S. Ct. 1492, 1494 (2020) (considering whether a rule “can be reconciled with the statute’s plain language”).

term's ordinary meaning." *Stenberg v. Carhart*, 530 U.S. 914, 942 (2000).

The counterfeit mark statute provides, "Any person who shall, without the consent of the registrant (a) use in commerce any ... counterfeit ... of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services ... shall be liable in a civil action by the registrant ..." 15 U.S.C. §1114(1)(a); App. 25a. The terms "counterfeit" and "counterfeit mark" are both specifically defined as related only to the mark, not to the appearance or comparison of the goods on which the counterfeit mark is applied:

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

15 U.S.C. §1127; App. 29a.

"As used in this subsection the term 'counterfeit mark' means (i) a counterfeit of a mark that is registered on the principal register in the United States Patent and Trademark Office for such goods or services sold, offered for sale, or distributed and that is in use, whether or not the person against whom relief is sought knew such mark was so registered ..."

15 U.S.C. §1116; App. 28a.

Notably, while the definition relates to the type of "goods or services" registered, the definition neither suggests nor implies any comparison of the registrant's goods to the counterfeiter's goods.

Absent any support in the statute, the district court performed a side-by-side comparison of the products (i.e., the “apps” or “mobile application” software) of petitioner and respondent to reach its ruling regarding petitioner’s likelihood of success on the counterfeiting cause of action:

“Without determining the specific level of similarity between the “Freelancer” apps, the Court concludes that plaintiffs are unlikely to succeed on their counterfeiting cause of action upon viewing the apps in their entirety.”

App. 21a at footnote 10. And the Ninth Circuit confirmed that side-by-side comparison of the appearance of the products was “the proper legal analysis”:

“The district court conducted the proper legal analysis by considering ‘the product as a whole,’ and its conclusion that Freelancer.com is unlikely to succeed on its counterfeiting claim is supported by the record because the products are dissimilar and each company has its own distinct and original app, logo, and branding.”

App. 4a. This test cannot be reconciled with the plain language of the statute that requires consideration of whether the trademark is identical to the counterfeit, whether the mark is registered, and whether the counterfeiter applies an identical mark to the type of goods and services for which the trademark owner holds the registration. No consideration of the product appearance or side-by-side comparison of products is encompassed by the statute’s plain language.

Second, the test employed by the district court and Ninth Circuit creates a split, not only within the Ninth Circuit, but with the Third, Sixth, Seventh, Eighth, and Tenth circuits, and departs from guidance (but not explicit rulings) of the First, Second, and Fifth Circuits.

In evaluating liability in trademark matters, the Ninth Circuit has held, “It is axiomatic in trademark law that ‘side-by-side’ comparison is not the test.” *Levi Strauss & Co. v. Blue Bell, Inc.*, 632 F.2d 817, 822 (9th Cir. 1980). This axiom is over one hundred years old in Ninth Circuit jurisprudence. *See G. Heileman Brewing Co. v. Independent Brewing Co.*, 191 F. 489, 497 (9th Cir. 1911). Thus, the side-by-side comparison employed here creates an intra-circuit split.

In viewing trademarks, the Third Circuit has stated, “The proper test is not a side-by-side comparison...” *Sabinsa Corp. v. Creative Compounds, LLC*, 609 F.3d 175, 183 (3d Cir. 2010); *see also Pecheur Lozenge Co. v. Nat'l Candy Co.*, 122 F.2d 318, 320 (3d Cir. 1941) (citing Lord Cranworth, *Siezo v. Probyade*, L.R. 1 Ch. 196, for the proposition that “It would be a mistake, however, to suppose that the resemblance must be such as would deceive persons who should see the two marks placed side by side. The rule so restricted would be of no practical use.”).

The Sixth Circuit states, “[I]t is axiomatic in trademark law that ‘side-by-side’ comparison is not the test.” *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1187 (6th Cir. 1988) (finding error where the district court evaluated marks side-by-side).

The Seventh Circuit states, “Side-by-side comparison is not the test.” *James Burrough, Ltd. v. Sign of Beefeater, Inc.*, 540 F.2d 266, 275 (7th Cir. 1976).

The Eighth Circuit states, “[I]t is inappropriate to conduct a side-by-side comparison of the elements of two products’ trade dress [without reference to other conditions].” *Kemp v. Bumble Bee Seafoods, Inc.*, 398 F.3d 1049, 1054 (8th Cir. 2005).

The Tenth Circuit states, “it is axiomatic in trademark law that ‘side-by-side’ comparison is not the test.” *Beer Nuts, Inc. v. Clover Club Foods Co.*, 711 F.2d 934, 941 (10th Cir. 1983).

Three other circuit courts have recognized the problem of side-by-side comparison without a firm statement as to the impropriety of the side-by-side test.

The First Circuit has recognized the problems of side-by-side comparison, stating, “[I]t is not enough ... even to make merely a side by side visual comparison of the words in the setting in which they are employed.” *Pro-Phy-Lac-Tic Brush Co. v. Jordan Marsh Co.*, 165 F.2d 549, 552 (1st Cir. 1948); *see also DeCosta v. CBS*, 520 F.2d 499, 513 (1st Cir. 1975) (“Mere visual or side-by-side comparisons of the trademarks will not alone suffice.”).

The Second Circuit has rejected comparison of products side-by-side, stating, “Nor does the juxtaposition of the □ mark or the difference in the trade dress of the package foreclose a finding that there is a likelihood of confusion.” *Am. Home Prods. Corp. v. Johnson Chem. Co.*, 589 F.2d 103, 107 (2d Cir. 1978).

The Fifth Circuit has recognized the problem of side-by-side comparison without holding that it is not permitted, citing a treatise that states, “The fact that the litigating trademarks appear side by side in the judicial solemnity of the courtroom is by itself enough of a falsification of actual market conditions to defy realistic appraisal.” *Sun-Fun Prods. v. Suntan Research & Dev., Inc.*, 656 F.2d 186, 189 (5th Cir. 1981).

By approving the district court’s side-by-side comparison of product appearance in considering the counterfeiting claim, the Ninth Circuit created not only a split with at least five other circuits (possibly as many as eight other circuits), but also created an intra-circuit split.

Finally, the Senate’s report on the legislation enacting this provision explicitly and, not once, but twice, emphasizes that the “counterfeit mark” statute is focused solely on the trademark, not the appearance of the goods. The specific provisions at issue were enacted by through “The Trademark Counterfeiting Act of 1984.” The Senate Committee on the Judiciary issued a report regarding this legislation. First the report specifically states that the statute is directed to “counterfeit marks” and encouraging private enforcement: “To encourage private enforcement of the bill ... the bill authorizes trademark owners to bring suit against trademark counterfeiters for treble damages.” S. Rep. No. 98-526 (Report of the Committee on the Judiciary, United States Senate, on S. 875, “The Trademark Counterfeiting Act of 1984”), at 2 (1984). The report clarifies what is not covered:

“The Committee wishes to emphasize what is *not* covered by the present bill. ... Third, the bill does not

extend to imitations of trade dress or packaging, unless those features have been registered as trademarks on the principal register in the U.S. Patent and Trademark Office.”

*Id.* at 3 (emphasis in original). This statement was deemed important enough that it was reemphasized with additional detail regarding color, shape, etc.:

“The Committee wishes to reemphasize several other categories of cases that the present bill does *not* cover. ... Second, the bill does not extend to imitations of features of trade dress or packaging – such as color, shape, and the like – unless those features have been registered as trademarks on the principal register in the U.S. Patent and Trademark Office and are in use.”

*Id.* at 11 (emphasis in original).

The statements were made in the context of contemporaneous consideration of the bill and the intended purposes of this bill: “Trademark counterfeiting – that is, selling or otherwise trafficking in goods or services through the use of spurious trademarks – poisons this crucial information system.” *Id.* at 4. And the Senate recognized that even “reputable businesses” such as the competitors litigating in this case could be liable for such counterfeit marks. *Id.* at 2, 8 (referring to protections for “reputable businesses” and “a reputable merchant” engaged in counterfeiting).

The Senate statements refer to the specific provisions at issue in the dispute presented to this Court. *Compare, e.g.*, S. Rep. No. 98-526 at 21 (amending

§1114(a),(b)), at 22 (amending definition of “counterfeit” in §1127) to App. 16a (district court noting that §1114 is at issue and referring to definition in §1127).

Yet, the district court and Ninth Circuit required consideration of the very thing that the Senate “emphasize[d]” and then “reemphasize[d]” was not covered, the “trade dress or packaging.” The district court stated, relying on the Ninth Circuit’s *Arcona* decision<sup>5</sup> at App. 17a,<sup>6</sup> that it was considering a “viewing” of the products side-by-side to determine that petitioner was unlikely to succeed on the merits of its claim for counterfeiting:

“Without determining the specific level of similarity between the “Freelancer” apps, the Court concludes that plaintiffs are unlikely to succeed on their counterfeiting cause of action upon viewing the apps in their entirety.”

App. 21a at footnote 10. And the Ninth Circuit confirmed that comparing the trade dress or packaging of the products was “the proper legal analysis”:

“The district court conducted the proper legal analysis by considering ‘the product as a whole,’ and its conclusion that Freelancer.com is unlikely to succeed on its counterfeiting claim is supported by the record because the products are dissimilar and

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<sup>5</sup> *Arcona, Inc. v. Farmacy Beauty, LLC*, 976 F.3d 1074 (9th Cir. 2020).

<sup>6</sup> The district court summarized *Arcona* as “declining to presume confusion on a counterfeiting claim because the two products, when viewed in their entirety, were not identical even though both products used the trademarked term ‘EYE DEW.’” App. 17a.



each company has its own distinct and original app, logo, and branding.”

App. 4a.

Yet, both courts are directly opposed to the Senate’s report that states twice that “the bill does not extend to imitations of features of trade dress or packaging – such as color, shape, and the like...” S. Rep. No. 98-526 at 11. And the underlying *Arcona* decision specifically endorsed consideration of such features: “As the district court explained, no reasonable consumer would be confused by these two products because the packaging, size, color, shape, and all other attributes – other than the [word mark] – are not remotely similar.” *Arcona*, 976 F.3d at 1080.

It is remarkable and erroneous that the Ninth Circuit explicitly approved consideration of “packaging”, “color”, “shape”, all considerations that the Senate specifically rejected in stating “the bill does not extend to imitations of features of trade dress or *packaging* – such as *color, shape*, and the like ...” S. Rep. 98-526 at 11 (emphasis added).

If the statute does not extend to such considerations, how then can these considerations form the test applied by the district court and approved by the Ninth Circuit?

### **C. Irreparable Harm**

The district court’s requirement of showing “actual” harm when seeking a preliminary injunction, a holding that

was affirmed by the Ninth Circuit is in direct opposition to this Court's jurisprudence. This Court has clearly stated that a party seeking a preliminary injunction need only show "likelihood" of irreparable harm, not "actual" irreparable harm.

The district court plainly acknowledged the evidence showing estimates that as many as "56,000 users per month are diverted into defendants' business and away from plaintiffs' business." App. 22a. No evidence contradicted this evidence. And the district court acknowledged that "loss of goodwill and loss of prospective customers may support a finding of the possibility of irreparable harm." *Id.* Yet, in the same sentence, the district court stated, "plaintiffs have presented no evidence of actual losses." *Id.*

The Ninth Circuit affirmed, stating, "the district court properly analyzed whether [petitioner] was likely to suffer irreparable harm and found no evidence to suggest that standard was satisfied." App. 5a. The Ninth Circuit then repeated the statement that "loss of goodwill and prospective customers may support a finding of the possibility of irreparable harm." *Id.* But, like the district court, the Ninth Circuit continued to look for actual harm: "the district court properly found that Freelancer.com presented no evidence of actual losses and failed to establish that it is likely to suffer irreparable harm in the future." *Id.*

Both courts acknowledged the evidence demonstrating the likely loss of "56,000 users per month" and that such "prospective customer" losses could be considered irreparable harm. Yet both the district court

and the Ninth Circuit turned to absence of evidence of “actual losses.”

This is error at the preliminary injunction stage and is directly opposed to this Court’s jurisprudence. Petitioners request that this Court correct the error and to the extent that it appears necessary, clarify the law such that the various courts will have no confusion regarding whether likely or actual harm must be shown at the preliminary injunction stage.

This Court has plainly stated, “Our frequently reiterated standard requires plaintiffs seeking preliminary relief to demonstrate that irreparable injury is likely ...” *Winter v. Natural Resources Defense Council*, 555 U.S. 7, 22, 129 S. Ct. 365, 172 L. Ed. 2d 249 (2008). This standard of “likelihood” is consistent with the standard for other elements of proof required for a preliminary injunction. *See, e.g., Amoco Prod. Co. v. Vill. of Gambell*, 480 U.S. 531, 546 n.12 (1987) (“The standard for a preliminary injunction is essentially the same as for a permanent injunction with the exception that the plaintiff must show a likelihood of success on the merits rather than actual success.”). Thus, there is no reason for the Ninth Circuit to depart from the established law by requiring a showing of “actual” harm at the preliminary injunction stage.

#### D. Intervening Retroactive Statute

The Ninth Circuit erred in ignoring the retroactive law that was enacted during the pendency of the appeal. The new law amended 15 U.S.C. §1116 to require a presumption of irreparable harm for plaintiffs seeking a preliminary injunction who show a likelihood of success on the merits. In considering whether it was error to ignore the statute, the “first question ... is whether the statutory text on which petitioner relies manifests an intent that the [act] should be applied to cases that arose and [were appealed] before its enactment.” *Landgraf v. Usi Film Prods.*, 511 U.S. 244, 257 (1994). Such intent is manifest in section 226(b) of Public Law No. 116-260, as set forth below. Regardless of intent, in appeals related to injunctive relief, the right to relief “must be determined as of the time of the hearing” because “relief by injunction operates in futuro.” *Am. Steel Foundries v. Tri-City Cent. Trades Council*, 257 U.S. 184, 201 (1921). Thus, the law in effect at the time of the Ninth Circuit decision should have been applied.

Public Law No. 116-260 was enacted to abrogate case law that challenged the presumption of irreparable harm for plaintiffs seeking a preliminary injunction. Section 226 of this law provides:

(a) Amendment.-- ... (15 U.S.C. 1116(a)) is amended ... : “A plaintiff seeking any such injunction shall be entitled to a rebuttable presumption of irreparable harm ... upon a finding of likelihood of success on the merits for a violation identified in this subsection in the case of a motion for a preliminary injunction ...”.

(b) Rule of Construction.--The amendment made by subsection (a) shall not be construed to mean that a plaintiff seeking an injunction was not entitled to a presumption of irreparable harm before the date of enactment of this Act.

*See* Text – H.R. 133, <https://www.congress.gov/bill/116th-congress/housebill/133/text>.

Section 226 was effective immediately and applied to plaintiffs who sought an injunction prior to the “date of enactment.” *Id.* at §226(b).

Applied to the facts before the Ninth Circuit, the district court’s order finding no showing of actual harm was entered on October 23, 2020. App. 24a. The opening appeal brief was filed on December 4, 2020. On December 27, 2020, the President signed into law H.R. 133, as Public Law No. 116-260. The reply appellate brief was filed February 9, 2021, and asked the Ninth Circuit to apply the new law to this case.

In its order of June 22, 2021, the Ninth Circuit made no mention of the presumption of irreparable harm, but instead referred to the district court’s findings regarding proof of harm. App. 4a-5a.

While section 226(b) employs a double negative, the intent of the plain statutory language is to apply the presumption of irreparable harm to plaintiffs who sought a preliminary injunction before enactment of Public Law No. 116-260. And, under the applicable canons of statutory construction as recited in *Am. Steel Foundries*, regardless of intent, the Ninth Circuit should have applied the law in force at the time of its decision. 257 U.S. at 201.

Accordingly, the Ninth Circuit's failure to apply the newly-enacted statute and find a presumption of irreparable harm should be reviewed and reversed.

### CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

Perry S. Clegg  
**JOHNSON & MARTIN, P.A.**  
50 W. Broadway,  
Suite 900  
Salt Lake City, UT 84101  
(385) 279-2367

Andrew T. Oliver  
*Counsel of Record*  
**AMIN, TUROCY  
& WATSON LLP**  
160 W. Santa Clara St.  
Suite 975  
San Jose, CA 95113  
(650) 393-0634  
aoliver@atwiplaw.com

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