

# APPENDIX

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**APPENDIX A**

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

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No. 21-16978

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**JASON SCOTT COLLECTION, INC.,**  
an Arizona corporation,  
Plaintiff-Appellee,

v.

**TRENDILY FURNITURE, LLC, a Texas limited liability company; TRENDILY HOME COLLECTION, LLC, a Texas limited liability company; RAHUL MALHOTRA, an individual,**  
Defendants-Appellants.

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Filed: May 30, 2023

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Appeal from the United States District Court  
for the District of Arizona

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Before **KIM MCLANE WARDLAW** and **PATRICK J. BUMATAY**, Circuit Judges, and **KAREN E. SCHREIER**,\* District Judge.

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\* The Honorable Karen E. Schreier, United States District Judge for the District of South Dakota, sitting by designation.

**OPINION**

WARDLAW, Circuit Judge:

Appellee Jason Scott Collection, Inc. (JSC) and Appellants Trendily Furniture, LLC, Trendily Home Collection, LLC and Rahul Malhotra (collectively, “Trendily”) are high-end furniture manufacturers that sell their products in the Texas market. In 2016, Trendily intentionally copied three unique furniture designs by JSC and sold them to Texas retailers. The district court granted summary judgment to JSC on its copyright claim, and then held Trendily liable on the trade dress claim following a bench trial. On appeal, Trendily challenges only the latter ruling, arguing that trade dress liability is precluded here because JSC did not demonstrate either secondary meaning or the likelihood of consumer confusion. Because the district court did not clearly err in finding JSC’s pieces had acquired secondary meaning and created a likelihood of confusion, and did not abuse its discretion in awarding damages and attorneys’ fees, we affirm.

**I.**

In 1998, designer Jason Scott Forsberg (Jason Scott) started creating hand-carved furniture out of reclaimed teak in a small village in Indonesia. So began what JSC refers to as the “Jason Scott story”: Jason Scott worked with local wood carvers to craft his pieces, and JSC eventually became the village’s largest employer. He was strongly connected to the village community, as he helped fund a school, helped provide electricity, and started his family there.

Jason Scott’s first furniture collection—aptly titled the “Jason Scott Collection”—featured large, heavy-set pieces of furniture embellished with detailed wood carvings and metal designs. In 2003, Jason Scott designed the three pieces in the Collection that are now at issue in this case: the Sacred Heart Table (Figure 1), the Iron Star Desk (Figure 3), and the Borgota Buffet (Figure 5) (collectively, the “JSC Pieces”). *See* Appendix A.

Because Texas is JSC’s largest market, and Trendily’s furniture manufacturing business is based in Dallas, Trendily and JSC compete in the Texas high-end furniture market. In September 2016, Rahul Malhotra, Trendily’s owner and operator, met with Ron McBee, the owner of retailer Western Heritage Furniture in Weatherford. During their meeting, McBee gave Malhotra printed photographs of the JSC Pieces and asked him to manufacture similar pieces for Western Heritage. Malhotra sent the photographs to Trendily’s factory and directed carpenters to build the “M.J. Collection,” a set of nearly identical imitations of the JSC Pieces comprised of the M.J. Dining Table (Figure 2), the M.J. Desk (Figure 4), and the M.J. Sideboard (Figure 6) (collectively, the “Trendily Pieces”). *See* Appendix A.

Since 2004, JSC has sold its pieces exclusively to authorized retailers. Under these exclusivity agreements, JSC agrees to restrict supply of its pieces to a single store within a certain radius, and the retailer agrees to restrict sales to end-consumers. Sally Brumbaugh is a co-owner of Fort Worth retailer Brumbaugh’s Furniture, which has an exclusive right to market the Jason Scott Collection. A few months after Trendily created the M.J. Collection, she saw the Trendily Pieces at Western Heritage, for whom Malhotra had copied the pieces. Brumbaugh

called Jason Scott, concerned that he was selling furniture to her competitor in violation of their exclusivity agreement. The Trendily Pieces were so convincing that even Jason Scott initially mistook the furniture as his own.

Like Brumbaugh, Ben Aufill, the owner of Lubbock retailer Coyote Candle—a customer of both JSC and Trendily—noticed when the Trendily Pieces entered the market. Aufill was a close friend of Brian Forsberg, Jason Scott's brother and JSC's Texas-based delivery driver. Trendily had pitched and sold the Trendily Pieces to one of Aufill's Lubbock competitors, Hat Creek Interiors. When Aufill discovered the Trendily Pieces at Hat Creek, he mentioned to Brian that a retailer was selling JSC knockoffs. Brian requested the name of the manufacturer, but Aufill only agreed to disclose the information on very specific terms. Concerned that he would be considered a “snitch,” Aufill told Brian, “I'll tell you but . . . if you mention my name I'll kick your ass and stop buying Jason Scott and no more Tex mex tacos at the race car shop!” Aufill eventually made good on his promise. After Jason Scott revealed Aufill's identity as an integral part of this lawsuit, Coyote Candle stopped purchasing JSC furniture and Brian lost his friendship with Aufill.

In May 2017, Jason Scott registered the JSC Pieces for copyright protection as “[d]ecorative sculptural designs on furniture.” His counsel then sent two cease-and-desist letters to Trendily in May and June of 2017, each explaining that the Trendily Pieces infringed his copyrights in those designs. Trendily received the letters, but continued to pitch and sell the pieces to retailers and display them in its showroom until JSC filed this lawsuit in August 2017. In total, Trendily manufactured 18 Trendily

Pieces (6 of each item) and sold 6 M.J. Dining Tables, 4 M.J. Office Desks, and 5 M.J. Side Boards.

JSC sued Trendily for copyright and trade dress infringement, as well as unfair competition. The district court granted summary judgment on the copyright claim and awarded JSC \$19,995, the amount of Trendily's profits on the infringing sales, permanently enjoined Trendily from selling any infringing products, and ordered Trendily to destroy the remaining Trendily Pieces. However, it found a genuine issue of material fact as to whether the JSC Pieces had acquired secondary meaning, which required it to hold a bench trial to resolve the trade dress claim.

Following the bench trial, the district court concluded that the JSC Pieces had acquired secondary meaning. It reasoned that “[p]roof of copying strongly supports an inference of secondary meaning,” *adidas Am., Inc. v. Skechers USA, Inc.*, 890 F.3d 747, 755 (9th Cir. 2018) (citation omitted), and it was obvious that Trendily had intentionally copied the JSC Pieces to capitalize on JSC's good will. In addition, the court found several other indicators of secondary meaning, including that JSC's furniture had been on the market for many years; was featured in advertisements; was displayed at trade shows; and was recognized by both retailers and end-consumers. The court also found that likelihood of confusion was “not a close call” because of the precise similarity between JSC and Trendily's designs.

The district court awarded JSC three years of estimated lost sales from Coyote Candle as reasonably foreseeable damages from the infringement.<sup>1</sup> It explained that, because Trendily and JSC operate in the same market and share some of the same customers, Trendily's precise copying would foreseeably lead to damaged business relationships. Moreover, it was Trendily's refusal to cease and desist—even after it was sent JSC's certificates of copyright registration—that forced JSC's initiation of this lawsuit, which was the ultimate reason Aufill's identity needed to be revealed. Thus, Aufill's necessary involvement in the infringement litigation made damages JSC suffered from that involvement compensable.<sup>2</sup>

The district court also awarded JSC statutory attorneys' fees. It found that this was an "exceptional case" warranting a fee award because the copying was willful, it continued after Trendily received cease-and-desist letters, and Trendily had resisted compliance with the Court's injunction requiring destruction of the Trendily Pieces. In total, the court awarded JSC \$132,747 in damages from its lost business with Coyote Candle, \$132,571.50 in reasonable attorneys' fees, and \$3,904.04 in

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<sup>1</sup> The district court rejected JSC's argument that it was entitled to reasonably foreseeable damages for an inability to increase the price of its furniture beginning in 2017. It concluded that JSC provided no evidence that the furniture market would not have supported a price increase while the Trendily Pieces were on the market. JSC does not challenge this ruling on appeal.

<sup>2</sup> The district court rejected Trendily's unclean hands defense, and determined that JSC was not entitled to treble damages under 15 U.S.C. § 1117(a). Neither party challenges these determinations on appeal.



non-taxable costs.<sup>3</sup> After the district court denied Trendily’s motion to alter or amend the district court’s judgment, Trendily appealed.

## II.

We have jurisdiction over an appeal from a final judgment under 28 U.S.C. § 1291. In cases involving the Lanham Act, 15 U.S.C. §§ 1051 *et seq.* (1946), “[a] trial court’s finding of secondary meaning [and likelihood of confusion] may be reversed only upon a showing of clear error.” *Comm. for Idaho’s High Desert, Inc. v. Yost*, 92 F.3d 814, 822 (9th Cir. 1996) (citing *Levi Strauss & Co. v. Blue Bell, Inc.*, 778 F.2d 1352, 1355 (9th Cir. 1985) (en banc)); *Stone Creek, Inc. v. Omnia Italian Design, Inc.*, 875 F.3d 426, 431 (9th Cir. 2017), *abrogated on other grounds by San Diego Cnty. Credit Union v. Citizens Equity First Credit Union*, 60 F.4th 481, 500 (9th Cir. 2023). We address legal error de novo. *Stone Creek*, 875 F.3d at 431 (“Although we review the district court’s findings and determination of no likelihood of confusion for clear error, we address legal error de novo.”); *Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512, 514 (9th Cir. 1989) (“Issues concerning the correct test to be used in evaluating trademark infringement are reviewed de novo.”).<sup>4</sup>

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<sup>3</sup> As a remedy for its unfair competition claim, JSC sought corrective labeling. Because it had issued a permanent injunction against the manufacture of infringing pieces, the district court dismissed this claim as moot.

<sup>4</sup> JSC argues that the de novo standard of review is inapplicable to any aspect of this case because the district court’s factual findings, finding of secondary meaning, finding of likelihood of confusion, and damages award are reviewed for clear error, and its award of attorney’s fees is reviewed for abuse of discretion. However, Trendily is

Both parties argue that the standard of review for damages awarded under the Lanham Act is clear error, but we have held that monetary relief awarded under § 1117(a)(2) of the Lanham Act is reviewed for abuse of discretion. *Skydive Ariz., Inc. v. Quattrocchi*, 673 F.3d 1105, 1110, 1113 (9th Cir. 2012); *see also Rolex Watch, U.S.A., Inc. v. Michel Co.*, 179 F.3d 704, 712 (9th Cir. 1999) (“We review the district court’s award of damages under the Lanham Act for abuse of discretion.”); *Nintendo of Am., Inc. v. Dragon Pac. Int’l.*, 40 F.3d 1007, 1010 (9th Cir. 1994) (same); *Intel Corp. v. Terabyte Int’l, Inc.*, 6 F.3d 614, 621 (9th Cir. 1993) (same).<sup>5</sup> The decision to award attorneys’ fees under the Lanham Act is reviewed for abuse of discretion. *See SunEarth, Inc. v. Sun Earth Solar Power Co., Ltd.*, 839 F.3d 1179, 1181 (9th Cir. 2016) (en banc) (per curiam).

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correct that the appropriateness of the legal standard is reviewed de novo. *See Stone Creek*, 875 F.3d at 431; *Clamp*, 870 F.2d at 514.

<sup>5</sup> There appears some tension in our case law as to the standard of review for remedies awarded under the Lanham Act. For instance, in *Nintendo*, we reviewed an award of defendant’s profits under § 1117(a)(1) for abuse of discretion, 40 F.3d at 1010, whereas in *Fifty-Six Hope Rd. Music, Ltd. v. A.V.E.L.A., Inc.*, 778 F.3d 1059 (9th Cir. 2015), we reviewed the same issue for clear error, *id.* at 1076. Outside the trademark context, we have explained that, generally, “[a] monetary award following a bench trial is a finding of fact [the court] review[s] for clear error.” *Crockett & Myers, Ltd. v. Napier, Fitzgerald & Kirby, LLP*, 664 F.3d 282, 285 (9th Cir. 2011). And in *Bergerco, U.S.A. v. Shipping Corp. of India, Ltd.*, 896 F.2d 1210 (9th Cir. 1990), we held that what damages were “reasonably foreseeable” at the time a contract was formed “is the sort of ‘essentially factual’ inquiry which should be reviewed under the clearly erroneous standard.” *Id.* at 1212 (citation omitted). However, our most recent case to review a claim under § 1117(a)(2) of the Lanham Act, *Skydive*, applied the abuse of discretion standard, 673 F.3d at 1110, 1113, and we do the same here.

### III.

The Lanham Act protects against another’s use of “any word, term, name, symbol, or device, or any combination thereof . . . which . . . is likely to cause confusion, or to cause mistake . . . as to the origin . . . of his or her goods. . . .” 15 U.S.C. § 1125(a)(1)(A). This includes a product’s “trade dress,” which “refers generally to the total image, design, and appearance of a product and may include features such as size, shape, color, color combinations, texture or graphics.” *Clicks Billiards, Inc. v. Sixshooters, Inc.*, 251 F.3d 1252, 1257 (9th Cir. 2001) (internal quotation marks and citation omitted). To obtain a judgment for trade dress infringement, a plaintiff must prove: “(1) that its claimed trade dress is nonfunctional; (2) that its claimed dress serves a source-identifying role either because it is inherently distinctive or has acquired secondary meaning; and (3) that the defendant’s product or service creates a likelihood of consumer confusion.” *Id.* (footnote omitted). We address each element in turn.

#### A.

“Trade dress protection extends only to design features that are nonfunctional,” meaning that the product feature is not “essential to the use or purpose of the article” or so long as “exclusive use of the feature would [not] put competitors at a significant, non-reputation-related disadvantage.” *Id.* at 1258 (citation omitted). In their Joint Pretrial Order, the parties stipulated that “[JSC’s] trade dress is nonfunctional.” Facts stipulated in a pretrial order “can[not] be contested in the district court, nor can they now be contested [on appeal].” *Stranahan v. A/S Atlantica and Tinfos Pappirfabrik*, 471 F.2d 369, 373 (9th Cir. 1972). Accordingly, the first element of infringement is met.

Nevertheless, Trendily argues that the district court failed to apply the correct legal test in determining infringement because it did not consider functionality. It contends that the stipulation was based on the assumption that the claimed trade dress was limited to “ornamental furniture designs,” but that during summary judgment proceedings and in trial, JSC expanded the definition of the dress to encompass “the overall look of the JSC Pieces.” Trendily argues that this expanded definition required the court to reconsider whether the trade dress was nonfunctional.

In general, “courts agree that the elements of the alleged trade dress must be clearly listed and described.” 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 8:3 (5th ed. 2022). However, we have clarified that “[a] plaintiff may define its claimed trade dress as the ‘overall appearance’ of its product.” *Blumenthal Distrib., Inc. v. Herman Miller, Inc.*, 963 F.3d 859, 865 (9th Cir. 2020). Still, like other circuits,<sup>6</sup> we have been skeptical of such general descriptions. Thus, “when the claimed trade dress is an ‘overall appearance,’ [the functionality] tests must be applied with extra care to prevent ‘semantic trickery’ from obscuring the functionality of the design the plaintiff seeks to monopolize.” *Id.* at 866 (citation omitted). “We have consistently held that, as a matter of law, a product’s ‘overall appearance’ is functional, and thus unprotectable, where the product is ‘nothing other than the assemblage of functional parts,’

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<sup>6</sup> The Second, Tenth, Third, and Sixth Circuits have found trade dress descriptions consisting exclusively of the “overall look” or “look and feel” of a product impermissibly vague. See *Forney Indus., Inc. v. Daco of Mo., Inc.*, 835 F.3d 1238, 1252 (10th Cir. 2016) (collecting cases).

and ‘even the arrangement or combination of those parts is designed to make the product more functional.’ *Id.* (citations omitted).

Although JSC’s summary judgment motion used the words “overall look” to describe the dress of the JSC Pieces, its other filings—for example, its Complaint and the Joint Pretrial Order—provide highly specific details of the trade dress, such as the furniture’s “weathered-teak” appearance, metal designs, and ornately carved legs. The district court underscored these descriptions in its findings, explaining that the Jason Scott Collection “features large-scale furniture adorned with intricate wood carvings and decorative metal.”

That JSC at times used the phrase “overall look” does not mean that we should disregard the more detailed descriptions of trade dress used elsewhere—in fact, *Blumenthal* counsels that we do the opposite. *See* 963 F.3d at 865–66; *see also, e.g., Imagineering, Inc. v. Van Klassens, Inc.*, 53 F.3d 1260, 1263–64 (Fed. Cir. 1995) (recognizing that a furniture line had protectable trade dress where the “furniture possesse[d] a coherent ‘total image,’ comprising wide slats, scooped seat boards and arms, rounded edges, notched and curved legs, and angled backrests, among other distinctive attributes”). Moreover, because these detailed design descriptions were alleged in the Complaint, Trendily was aware of the scope of the claimed trade dress before it stipulated to nonfunctionality, so there is no persuasive reason to upend that stipulation.

Because the parties stipulated to nonfunctionality, the district court relied upon that stipulation at trial, and Trendily does not provide a good reason why we should

disregard that stipulation, we accept that JSC's claimed trade dress is nonfunctional.

B.

Because the parties also stipulated that JSC's trade dress is not inherently distinctive, JSC must prove its trade dress has secondary meaning. *See Wal-Mart Stores v. Samara Bros.*, 529 U.S. 205, 211–12 (2000) (explaining that a showing of secondary meaning is required where a product is not inherently distinctive). Secondary meaning is “a mental recognition in buyers’ and potential buyers’ minds that products connected with the [trade dress] are associated with the same source.” *Japan Telecom, Inc. v. Japan Telecom America Inc.*, 287 F.3d 866, 873 (9th Cir. 2002) (citation omitted); *Fuddruckers, Inc. v. Doc’s B.R. Others, Inc.*, 826 F.2d 837, 843 (9th Cir. 1987) (“The trade dress of a product or service attains secondary meaning when the purchasing public associates the dress with a particular source.”). Secondary meaning can be established in a variety of ways, including “direct consumer testimony; survey evidence; exclusivity, manner, and length of use of mark; amount and manner of advertising; amount of sales and number of customers; established place in the market; and proof of intentional copying by the defendant.” *P & P Imports LLC v. Johnson Enterprises, LLC*, 46 F.4th 953, 961 (9th Cir. 2022) (quoting *Art Attacks Ink, LLC v. MGA Ent., Inc.*, 581 F.3d 1138, 1145 (9th Cir. 2009)). The district court did not clearly err in finding that JSC established secondary meaning.

1.

As we have recently reiterated, “[p]roof of copying strongly supports an inference of secondary meaning.” *Id.* (quoting *Vision Sports, Inc. v. Melville Corp.*, 888

F.2d 609, 615 (9th Cir. 1989)); *see also adidas*, 890 F.3d at 755. This is because “[t]here is no logical reason for the precise copying save an attempt to realize upon a secondary meaning that is in existence.” *Audio Fid., Inc. v. High Fid. Recordings, Inc.*, 283 F.2d 551, 558 (9th Cir. 1960).

Trendily admits that it intentionally copied the JSC Pieces, and there is ample additional evidence that it did so. Trendily’s owner, Malhotra, saw the JSC designs before he copied them. Trendily and JSC share as customers two of the same largest retailers—Brumbaugh’s Furniture and Hill Country Interiors. JSC’s products make up 80 percent of the showroom at Brumbaugh’s and 40 percent of the showroom at Hill Country. Malhotra testified that he had been to both stores, and Trendily’s exclusive sales representative, Chris Sanders, testified that he knew of JSC’s work within months of starting his job, including having viewed the furniture on the showroom floors. Thus, Trendily was familiar with JSC’s work, and likely understood JSC’s significant market share with these retailers.

Then, Malhotra, at the request of the owner of Western Heritage, a potential retail customer, ordered his factory in India to manufacture exact copies of the JSC Pieces based on photographs of them to gain Western Heritage’s business. Malhotra proceeded to offer the Trendily Pieces to other retailers. In other words, “[t]here is no logical reason for the precise copying” of the JSC Pieces other than to capitalize on JSC’s good will. *Audio Fid.*, 283 F.2d at 558.

Trendily cites to a handful of district court decisions to suggest that “intentional copying supports a finding of secondary meaning only where the defendant intended to

confuse consumers and pass off its product as the plaintiff's," an intention which was not present here. *Mercado Latino, Inc. v. Indio Prods.*, No. 13-01027, 2018 WL 3490752, at \*5 (C.D. Cal. July 17, 2018) (quoting *Cont'l Lab. Prods. v. Medax Int'l Inc.*, 114 F. Supp. 2d 992, 1010 (S.D. Cal. 2000)). Trendily is correct that, in some circuits, courts have imposed this "intent to confuse" requirement when considering the intentional copying factor in the secondary meaning analysis.<sup>7</sup> This requirement accounts for the fact that "[c]ompetitors may intentionally copy product features for a variety of reasons"—for example, they may "choose to copy wholly functional features that they perceive as lacking any secondary meaning because of those features' intrinsic economic benefits." *Fuddruckers*, 826 F.2d at 844–45. However, "[t]hrough some circuits have adopted . . . an intent to confuse requirement, we have not done so." *P & P Imports*, 46 F.4th at 962 (citation omitted). Accordingly, under our precedent, Trendily's clear intent to copy nonfunctional features of JSC Pieces supports a strong inference of secondary meaning.

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<sup>7</sup> See *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 663 (7th Cir. 1995) ("Copying is only evidence of secondary meaning if the defendant's intent in copying is to confuse consumers and pass off his products as the plaintiff's."); *Yankee Candle Co., Inc. v. Bridgewater Candle Co., LLC*, 259 F.3d 25, 45 (1st Cir. 2001) (same); *Groeneveld Transport Efficiency, Inc. v. Lubecore Intern., Inc.*, 730 F.3d 494, 514 (6th Cir. 2013) (same). By contrast, the Fourth Circuit has gone so far as to hold that copying creates a rebuttable presumption of secondary meaning, see *M. Kramer Mfg. Co., Inc. v. Andrews*, 783 F.2d 421, 448 (4th Cir. 1986) (explaining that "evidence of intentional, direct copying establishes a prima facie case of secondary meaning"), but our circuit has rejected that approach, see *Fuddruckers*, 826 F.2d at 844 (reaffirming that deliberate copying is relevant to secondary meaning, and "in appropriate circumstances . . . may suffice to support an inference of secondary meaning").



Trendily also argues that because copying is at times a necessary aspect of competition, it should be held liable only under the Copyright Act, not under the Lanham Act. However, nothing in the case law indicates that copyright and trademark claims are mutually exclusive. *See, e.g., Wal-Mart*, 529 U.S. at 208 (involving claims for both copyright and trade dress infringement); *Art Attacks*, 581 F.3d at 1142 (same); *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 796 (9th Cir. 2003) (same); *Rachel v. Banana Republic, Inc.*, 831 F.2d 1503, 1504 (9th Cir. 1987) (same). That copying must be proven to establish copyright infringement and may be relevant to the analysis of secondary meaning to prove trade dress infringement does not mean that the trademark and copyright laws remedy the same wrongs. *See Nintendo*, 40 F.3d at 1011 (“Congress created two separate statutory schemes to govern copyrights and trademarks; in order to effectuate the purposes of both statutes, damages may be awarded under both.”).

## 2.

The district court properly considered several other factors in finding secondary meaning. For instance, the JSC Pieces were continuously manufactured and sold since 2004. Proof of substantial and continuous use of a mark in commerce for five years is *prima facie* evidence of secondary meaning. *See* 15 U.S.C. § 1052(f). The Pieces were also advertised: they were prominently displayed at trade shows; were featured in various retailers’ magazines, social media, and email advertisements; and were the subject of numerous presentations Jason Scott made to customers at retail stores, which were advertised beforehand under JSC’s mark and with photographs of the furniture. Retailers were trained on the “Jason Scott

story” and used those brand elements in sales conversations with end consumers. Some stores, like Fiesta Furnishings, played a video of the “Jason Scott story”—which depicted Jason Scott working with the villagers in Indonesia—on repeat in their showrooms. In addition, Jason Scott won several awards for his furniture, including Master of the Southwest, a designation *Phoenix Home & Garden* gives to leaders in Southwest design.<sup>8</sup> His designs were featured in other national and regional magazines. This longstanding and well-known presence in the high-end furniture market supports the district court’s finding of secondary meaning. *See P & P Imports*, 46 F.4th at 961.

Moreover, the record shows that JSC’s furniture was distinctive in the minds of purchasers. Various retailers and sales representatives generally recognized JSC’s furniture pieces as unique and distinctive, and specifically recognized the JSC Pieces as clearly associated with that distinctive look. Retailers testified that end-consumers also have brand recognition of JSC products, stating that their customers “often ask for [JSC] by name” and that “[p]eople who see Jason Scott usually know what it is.” Taken together with Trendily’s intentional, direct copying—as well as the highly deferential standard of review—this evidence is sufficient to indicate that the district court correctly found that JSC established that its trade dress has secondary meaning.

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<sup>8</sup> See Phoenix Home & Garden *30th Annual Masters of the Southwest 2020 Awards*, Phoenix <https://www.phoenixmag.com/event/phoenix-home-garden-30th-annual-masters-of-the-southwest-2020-awards/> (last visited Oct. 13, 2022).

Trendily argues that the district court erred because JSC failed to show significant evidence that end-consumers associated JSC's trade dress with its source. According to Trendily, the court's reliance on the *retailer's* confusion is irrelevant because the "chief inquiry" remains "whether in the *consumer's* mind the mark has become associated with a particular source." *Co-Rect Prods. v. Marvy! Advert. Photography, Inc.*, 780 F.2d 1324, 1332–33 (8th Cir. 1985) (emphasis added). The district court rejected this argument, citing *Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277 (7th Cir. 1998), for the proposition that the opinions of retailers are relevant in ascertaining whether a product's look identifies its source. *Id.* at 295 ("[W]hen, as here, the relevant market includes both distributors and ultimate purchasers, the state of mind of dealers is important in determining if secondary meaning exists.").

To be sure, in cases involving mass distribution of a product by retailers, some courts have found that testimony from dealers and wholesalers is of little value because it is unlikely to reflect the views of the consumer class. See, e.g., *Yankee Candle Co., Inc. v. Bridgewater Candle Co., LLC*, 259 F.3d 25, 43 n.14 (1st Cir. 2001) ("The opinions of retailers and distributors active in the scented candle field and extremely familiar with Yankee products is hardly evidence of whether the 'consuming public' forms the same association.")<sup>9</sup> This stems from

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<sup>9</sup> See also *Clairol Inc. v. Gillette Co.*, 389 F.2d 264, 271 n.17 (2d Cir. 1968) (attaching "no particular significance" to evidence indicating that "those in the trade" have a brand association because "[i]t is the purchasing public, after all, to whom the trademark message is addressed"); *Gimix, Inc. v. JS & A Group, Inc.*, 699 F.2d 901, 907 (7th

the principle that, in certain markets, “retailers, who know full well from whom they are buying . . . cannot serve to establish that members of the purchasing public, who come to the marketplace without such specialized knowledge, would in fact recognize the designation as an indication of origin.” *In re Semel*, 189 U.S.P.Q. 285, at \*4 (T.T.A.B. 1975).

But even if we were to disregard JSC’s evidence of retailer confusion, that evidence is not necessary for JSC to establish secondary meaning. Direct proof of end-consumer confusion is not required. Although direct evidence of secondary meaning—such as testimony or survey evidence showing end-consumer recognition—might be the “most persuasive,” *Levi Strauss*, 778 F.2d at 1358, it is “not a requirement,” *Yost*, 92 F.3d at 822. *See also* 1 McCarthy, *supra*, § 8:8.50 (“Evidence can be direct (testimony of customers or a survey) or indirect (evidence of the seller’s efforts in advertising the mark throughout a wide group of prospective buyers).”). Instead, the district court relied on proof of copying and a substantial amount of indirect evidence indicating that JSC’s work was recognizable by both retailers and consumers in the high-end furniture market, as well as advertisements. *See Yost*, 92 F.3d at 822–23 (upholding a district court’s reliance on advertising as the primary evidence of secondary meaning); *see also* Restatement Third, Unfair Competition § 13, comment e (“Advertising and other promotional efforts resulting in increased public exposure for the designation may also support an inference of secondary

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Cir. 1983) (same); *Sharper Image Corp. v. Target Corp.*, 425 F. Supp. 2d 1056, 1073 (N.D. Cal. 2006) (same).

meaning.”). Finding secondary meaning on this basis was not clear error.

Moreover, while a court’s reliance on retailer confusion might be misplaced in some cases, it was appropriate in this particular market, where retailers play a significant role in hand-selecting pieces for their showrooms. “[I]f the relevant buyer class consists of *both* dealers and ultimate consumers, then the state of mind of the dealers is obviously important.” 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 15:46 (5th ed. 2022). For instance, in *Thomas & Betts*, the Seventh Circuit held that testimony of store personnel was probative of secondary meaning because in the market at issue—cable ties for electrical wires—the plaintiff sold its products primarily through specialized distributors, and therefore “the state of mind of [the] dealers [was] important.” 138 F.3d at 294–95.

So too here, the high-end furniture market involves specialized distributors. High-end furniture sellers attend trade shows and select certain furniture pieces for sale in their stores. These pieces are often expensive investments that take up significant real estate in a showroom, and only a small number of them are sold each year. As a result, retailers in the high-end furniture market functionally operate as consumers: They must be selective when they purchase pieces for their showrooms, as they have a substantial interest in ensuring that the products they stock will sell. Thus, furniture manufacturers must develop a brand recognizable to dealers in addition to the end-consumer to get their pieces displayed and eventually purchased.

Relying on *Wal-Mart*'s discussion of inherent distinctiveness, Trendily alternatively argues that product design acquires secondary meaning only rarely or not at all. 529 U.S. at 212–14. However, we think Trendily misconstrues *Wal-Mart*'s primary holding. Trade dress is protectable only if it is distinctive. *Id.* at 210. A mark can be distinctive in one of two ways—either the mark is “inherently distinctive” because it intrinsically identifies a source, or the mark has “acquired distinctiveness, even if it is not inherently distinctive, [because] it has developed secondary meaning.” *Id.* at 210–11 (citations omitted). *Wal-Mart* stands for the proposition that product-design trade dress, unlike product-packaging trade dress, cannot be *inherently* distinctive because product designs are “intended not to identify the source [of the product], but to render the product itself more useful or appealing.” *Id.* at 213. But the Court did not conclude that product designs can never be distinctive. *See id.* at 211, 216. Rather, a design is still protectable if it acquires secondary meaning. *Id.* Thus, *Wal-Mart* is only relevant to the extent it indicates whether JSC was required to show secondary meaning,<sup>10</sup> which it did.

### C.

The district court did not err in finding that there was a likelihood of confusion between the JSC Pieces and the Trendily Pieces. To demonstrate a likelihood of confu-

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<sup>10</sup> Because the parties stipulated that JSC's trade dress is not inherently distinctive, whether JSC's trade dress constitutes product design or product packaging is irrelevant, *see Wal-Mart*, 529 U.S. at 214–215, as JSC is required to prove secondary meaning to gain trade dress protection regardless. *See id.* at 211–12.

sion, JSC had to show that “a reasonably prudent consumer would be confused about the source of the goods bearing the marks.” *adidas*, 890 F.3d at 755 (citing *Dreamwerks Prod. Grp., Inc. v. SKG Studio*, 142 F.3d 1127, 1129 (9th Cir. 1998)). We turn to the *Sleekcraft* factors to evaluate whether a product creates a likelihood of confusion, assessing: (1) strength of mark; (2) proximity of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and the degree of care likely to be exercised by the purchaser; (7) defendant’s intent in selecting the mark; and (8) likelihood of expansion of the product lines. *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–49 (9th Cir. 1979). However, “[t]his list is not exhaustive,” and “[o]ther variables may come into play depending on the particular facts presented.” *Id.* at 348 n.11; *see also Fortune Dynamic v. Victoria’s Secret*, 618 F.3d 1025, 1030 (9th Cir. 2010) (“This eight-factor analysis is ‘pliant,’ illustrative rather than exhaustive, and best understood as simply providing helpful guideposts.” (citation omitted)).

The similarity factor is “of considerable importance to the likelihood of confusion analysis, given that ‘the greater the similarity between the two marks at issue, the greater the likelihood of confusion.’” *adidas*, 890 F.3d at 755 (quoting *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1206 (9th Cir. 2000)). As the district court found, Trendily “admittedly, intentionally, and precisely copied the JSC Pieces in look, color, size, and detail.” The photographs of the pieces depict a nearly exact match between the two lines of products. *See* Appendix A. Several witnesses—all of whom were professionals in the high-end furniture business—could not distinguish the Trendily

Pieces from the JSC Pieces, indicating that ordinary consumers would also face the same difficulty. Although retailer confusion is arguably of less significance to the secondary meaning analysis because professional expertise makes it more likely that a brand will have meaning to a retailer than a consumer, the opposite should be true for likelihood of confusion—if a seasoned retailer cannot tell the difference between the original and the knockoff, it is likely that an end-consumer would not be able to do so either.

In addition, the proximity of the goods is high here. “There can be little doubt that the [pieces of furniture] in question here are similar goods, and that, if the [furniture] were sold under the same mark, the public would reasonably think they came from the same source.” *adidas*, 890 F.3d at 755–56. And the district court correctly highlighted evidence of significant overlap in the marketing channels, as Trendily and JSC both sell pieces in the Texas high-end furniture market. Because “the products and marketing channels of the parties were nearly identical,” *Fuddruckers*, 826 F.2d at 846, the district court did not err in its likelihood of confusion finding.

Trendily contends that the district court erred by failing to consider whether there was evidence of actual consumer confusion. Trendily asserts that, because copying is a natural part of a competitive market, evidence of actual consumer confusion is required, and evidence of retailer confusion is insufficient. However, “courts almost unanimously presume a likelihood of confusion based on a showing of intentional copying.” *Id.* at 846 (citing *M. Kramer Mfg.*, 783 F.2d at 448 n.24); *see also* Restatement Third, Unfair Competition § 22, comment c (“[I]f there is



proof of intentional copying with no alternative explanation, an intent to benefit from the other's good will through confusion may be inferred."). And the copying in this case is so blatant that it is hard to imagine any other reason for it than Trendily's desire to take advantage of JSC's good will. Moreover, in *Sleekcraft* itself, the court considered evidence of "confusion . . . in the trade"—like the confusion the furniture retailers experienced here—as evidence of actual confusion. 599 F.2d at 352. Plus, "the failure to prove instances of actual confusion is *not* dispositive against a trademark plaintiff, because actual confusion is hard to prove; difficulties in gathering evidence of actual confusion make its absence generally unnoteworthy." *Perfumebay.com, Inc. v. eBay, Inc.*, 506 F.3d 1165, 1176 (9th Cir. 2007) (citation omitted).

Trendily also argues that the marketing channels factor weighs in its favor because the evidence demonstrates that retailers maintained their exclusivity agreements, and Trendily's Pieces were marketed only to stores that did not carry the JSC line. There are three problems with this reasoning. First, Trendily stipulated before trial that "[t]he Parties are direct competitors, selling the same types of goods through the same marketing channels, to the same types of consumers." Second, the record contains evidence that Trendily pitched its knockoffs to several of JSC's exclusive retailers, including Runyon's, Calamity Jane's, and Hill Country.

Third, even if Trendily had not agreed to the stipulation and there was no evidence Trendily pitched to JSC retailers in the record, Trendily oversimplifies the dynamics of the market. JSC's exclusivity agreements exist to ensure that its retailers will not have to compete against another retailer in the same area for buyers of

JSC furniture. If the Trendily Pieces are available at other competitors in a given area, the JSC exclusive retailer would no longer be the sole supplier, which was Sally Brumbaugh's concern. Thus, because Trendily and JSC share geographic proximity and offer the same product, they are in the same marketing channel.

In any event, "only a subset of the *Sleekcraft* factors are needed to reach a conclusion as to whether there is a likelihood of confusion." *GoTo.com*, 202 F.3d at 1206. Accordingly, the district court correctly held that JSC established all three elements required to demonstrate trade dress infringement.

#### IV.

We now turn to remedies. Trendily challenges the district court's decision to award reasonably foreseeable damages to JSC based on its changed relationship with retailer Coyote Candle. We hold that the district court did not abuse its discretion in fashioning this award.

Under the Lanham Act, the district court, "in its discretion" and "subject to the principles of equity," may award the plaintiff "(1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action" for a defendant's violation of a trademark right. 15 U.S.C. § 1117(a). In awarding damages under § 1117(a)(2), as was the case here,<sup>11</sup> "[t]he trier of fact

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<sup>11</sup> In its briefing, Trendily appears to equate "defendant's profits" under § 1117(a)(1) with "any damages sustained by the plaintiff" under § 1117(a)(2). However, the two forms of damages are distinct. "Defendant's profits" are a form of disgorgement and are typically calculated based on the infringer's overall gross revenue from the infringement less the infringer's expenses. See *Fifty-Six Hope Road Music*, 778 F.3d at 1075. By contrast, "any damages sustained by the plaintiff" include compensatory damages arising from any "reasonably

must distinguish between proof of the *fact* of damages and the *amount* of damages because a mark holder is held to a lower standard in proving the exact amount of actual damages.” *Skydive*, 673 F.3d at 1112.

A.

We assess trademark damages “in the same manner as tort damages: the reasonably foreseeable harms caused by the wrong.” *Id.* (citing *DSPT Int’l, Inc. v. Nahum*, 624 F.3d 1213, 1222 (9th Cir. 2010)); *see also Ramada Inns, Inc. v. Gadsden Motel Co.*, 804 F.2d 1562, 1563–64 (11th Cir. 1986); *Aladdin Mfg. Co. v. Mantle Lamp Co. of Am.*, 116 F.2d 708, 716 (7th Cir. 1941). “Damages are typically measured by any direct injury which a plaintiff can prove, as well as any lost profits which the plaintiff would have earned but for the infringement.” *Lindy Pen Co. v. Bic Pen Corp.*, 982 F.2d 1400, 1407 (9th Cir. 1993), *abrogated on other grounds by SunEarth*, 839 F.3d at 1180.

Few circuits have addressed the precise meaning of foreseeability in the trademark context, but those that have tend to award damages even for future or speculative harm. *See Skydive*, 673 F.3d at 1112–13; *Taco Cabana Intern., Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1125–26 (5th Cir. 1991), *aff’d on other grounds*, 505 U.S. 763 (1992); *Broan Mfg. Co., Inc. v. Assoc. Distributors*,

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foreseeable harms” caused by the wrong. *Skydive*, 673 F.3d at 1112 (citation omitted). The damages arising from Coyote Candle’s lost business are necessarily not “defendant’s profits” because they are measured by JSC’s projected revenue from Coyote Candle, not Trendily’s earned revenue from the infringement. The district court properly categorized the award as other “damages sustained by the plaintiff” under § 1117(a)(2).

*Inc.*, 923 F.2d 1232, 1236 (6th Cir. 1991); *cf. Brunswick Corp. v. Spinit Reel Co.*, 832 F.2d 513, 526 (10th Cir. 1987). For instance, in *Broan*, the Sixth Circuit held that uncertainty in a chain of causation “is not fatal” to awarding damages. 923 F.2d at 1237. There, the trademark holder sought to recover lost business it claimed it would have earned from future sales but for the infringement. *Id.* The Sixth Circuit explained that, even though there was “[s]ome uncertainty regarding what might have happened in the absence of a copying scheme,” one could make a “reasonable inference” that the infringement had a “tendency to injure [Broan’s] business,” and therefore damages were warranted. *Id.* at 1237, 1238.

Similarly, in *Taco Cabana*, the Fifth Circuit affirmed a damages award based on the “headstart” theory, which posits that a trade dress holder should be compensated for losses caused by the infringer’s use of the trade dress in the market that was the trade dress holder’s next logical area of expansion. 932 F.2d at 1126. In *Taco Cabana*, infringer Two Pesos used Taco Cabana’s signature restaurant design to open locations in the Houston market, “one of the most affluent Mexican food markets in the country.” *Id.* The court held that Two Pesos’ infringement foreclosed Taco Cabana from expanding into this lucrative market, and therefore Taco Cabana was entitled to compensation for this lost opportunity. *Id.* at 1126–27. Thus, it appears that there is some flexibility in assessing reasonably foreseeable damages under the Lanham Act. After all, § 1117(a)(2) permits the district court to award “*any* damages sustained by the plaintiff.” 15 U.S.C. § 1117(a)(2) (emphasis added).

Damaged business relationships are a reasonably foreseeable consequence of trademark infringement.

Here, Aufill disclosed Trendily’s identity to Brian Forsberg on the condition that his own identity would not be revealed to avoid harming his own business relationships in the high-end furniture market. Earning a reputation as a “snitch” could reasonably have harmed Aufill’s ability to work with certain suppliers. Moreover, it was Trendily’s intransigence that ultimately pushed JSC to reveal Aufill’s identity. Trendily ignored JSC’s cease-and-desist letters, which forced JSC to file suit. Aufill was not disclosed as the source until it was necessitated by the litigation—his identity was relevant as to how he recognized the JSC furniture knock-offs, the discovery of the infringement, and the likelihood of confusion even seasoned retailers had as to the products’ source. Thus, JSC was required to reveal Aufill’s identity as an integral part of his claim against Trendily. And, since the litigation, JSC has lost all of its Coyote Candle business. JSC had rarely lost customers over the course of its history, which increases the likelihood that the infringement was the cause of the lost business.

Trendily argues that the infringement was not the direct cause of JSC losing Coyote Candle’s business. While the infringement may have been a “but for” cause of Aufill’s decision to stop doing business with JSC, Trendily maintains that his actions were not foreseeable because JSC made an independent decision to reveal Aufill’s identity. Further, Aufill created the ultimatum because he “didn’t want to be a snitch”—JSC did not lose Coyote Candle’s business for a reason more traditionally associated with infringement, such as Trendily offering lower prices for its copycat pieces. *See Fishman Transducers, Inc. v. Paul*, 684 F.3d 187, 194 (1st Cir. 2012) (“The most straightforward theory of damages would be

that the infringement had diverted specific sales away from [the trademark holder].”).

However, the law does not appear to confine the nature of compensable loss as narrowly as Trendily suggests. Here, Trendily infringed; refused to cease doing so short of litigation; litigation ensued and Aufill’s actions and involvement were both relevant and necessary to prove JSC’s claim. An “infringer-tortfeasor is liable for all injuries caused to the plaintiff by the wrongful act.” *Lindy Pen*, 982 F.2d at 1407 (citation omitted). To assess the appropriate scope of liability resulting from a wrong, tort principles “require[ ] consideration, at an appropriate level of generality, of: (a) the risks that made the actor’s conduct tortious, and (b) whether the harm for which recovery is sought was the result of any of those risks.” Restatement of Torts (Third): Phys. & Emot. Harm § 29 (2010), comment d. Trendily’s actions poisoned the business relationship between JSC and Coyote Candle, a risk within the scope of Trendily’s infringement.

Additionally, § 1117(a) “confers a wide scope of discretion upon the district judge in fashioning a remedy.” *Skydive*, 673 F.3d at 1113 (quoting *Maier Brewing Co. v. Fleischmann Distilling Corp.*, 390 F.2d 117, 121 (9th Cir. 1968)). “[T]he preferred approach allows the district court in its discretion to fashion relief, including monetary relief, based on the totality of the circumstances.” *Southland Sod Farms v. Stover Seed Co.*, 108 F.3d 1134, 1146 (9th Cir. 1997). This is because “it is essential that trial courts carefully fashion remedies which will take all the economic incentive out of trademark infringement.” *Playboy Enterprises, Inc. v. Baccarat Clothing Co., Inc.*, 692 F.2d 1272, 1275 (9th Cir. 1982). For instance, we have

held that a court may grant “a just monetary award” under § 1117 even where a plaintiff cannot prove actual damages, “so long as it constitutes compensation for the plaintiff’s losses or the defendant’s unjust enrichment and is not simply a penalty for the defendant’s conduct.” *Southland Sod*, 108 F.3d at 1146 (internal quotation marks and citation omitted); *see also* Restatement (Third) of Unfair Competition § 36, comment h (1995) (a defendant may be held liable “even for unanticipated consequences of its wrongful conduct”). And while a court may not impose a penalty, “[w]hen the defendant intentionally seeks to confuse or deceive,” as was the case here, “the court may accept less certain proof of loss in order to discourage similar behavior in the future.” Restatement (Third) Unfair Competition § 36, comment j (1995). Given this broad discretion, and the plausible causal relationship between Trendily’s actions and the loss of Coyote Candle’s business, the district court did not abuse its wide discretion when it found that JSC suffered a compensable harm.<sup>12</sup> *See United States v. Hinkson*, 585 F.3d 1247, 1251 (9th Cir. 2009) (holding that a district court abuses its discretion only when its ruling is “illogical, implausible, or without support in inferences that may be drawn from facts in the record”).

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<sup>12</sup> The district court—by suggestion of the parties—declined to award defendant’s profits for JSC’s trade dress claim because it had already awarded defendant’s profits for its copyright claim at the summary judgment phase. Neither party challenges this determination on appeal.

## B.

Once the court establishes that damages are warranted, “there need only be substantial evidence to permit the [trier of fact] to draw *reasonable inferences* and make *a fair and reasonable assessment*” as to the amount of damages. *Skydive*, 673 F.3d at 1112 (citing *La Quinta Corp. v. Heartland Props. LLC*, 603 F.3d 327, 342 (10th Cir. 2010)). Trendily argues that the \$132,747 award of lost annual profits from Coyote Candle over a period of three years extends beyond discretion because it amounts to six times the \$19,995 in profits JSC was awarded for its copyright claim.

The district court did not abuse its discretion in awarding this damages amount. The copyright damages were assessed based on Trendily’s *retrospective* gross profits from the infringement—the amount of money Trendily made off the infringing pieces. The trade dress damages were assessed based on JSC’s *prospective* lost profits—the amount of money JSC would have made if it kept Coyote Candle’s business. Because of these fundamentally different measures, Trendily’s argument that the lost business from Coyote Candle is disproportionately larger is inapposite. The district court found that JSC’s evidence “satisfactorily demonstrates” it was entitled to that amount, and Trendily points to no other evidence to show why the award was unreasonable. Because we “accept crude measures of damages in cases of intentional infringement,” *id.* at 1113, there is no sign that the district court erred in authorizing this damages amount.



## V.

Trendily argues that the district court erred by awarding attorneys' fees, while JSC contends those attorneys' fees were proper, and that further fees should be awarded on appeal. We address each fee award in turn.

## A.

Section 1117(a) of the Lanham Act permits a plaintiff to recover attorneys' fees "in exceptional cases." 15 U.S.C. § 1117(a). A court determines if a case is exceptional by considering the "totality of the circumstances" and evaluating whether the case is "one that stands out from others with respect to the substantive strength of the party's litigating position (considering both the governing law and facts of the case) or the unreasonable manner in which the case was litigated" based on a preponderance of the evidence. *SunEarth*, 839 F.3d at 1180.

Trendily intentionally and precisely copied JSC's designs, ignored JSC's cease and desist letters, and resisted compliance with the court's injunction. Trendily told other retailers that it had copied and intended to continue copying the JSC Pieces, such that retailers thought the suit was necessary to protect their investment in JSC products. The district court did not abuse its discretion in concluding that such willful and brazen infringement, paired with the strength of JSC's trade dress claim, constitutes an exceptional case. *See Earthquake Sound Corp. v. Bumper Indus.*, 352 F.3d 1210, 1216–17 (9th Cir. 2003) (collecting cases).<sup>13</sup>

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<sup>13</sup> In 2016, *SunEarth* altered the test for determining what constitutes an "exceptional case" within the meaning of the Lanham Act. Previously, the Ninth Circuit's test required the plaintiff to show that a

Trendily circularly argues that fees are not warranted because the district court’s findings on secondary meaning and likelihood of confusion are legally erroneous. However, as explained, the district court correctly applied the relevant legal rules. Trendily also argues that the district court inappropriately considered Trendily’s decision not to comply with the injunction because its decision to do so was reasonable. But regardless of whether Trendily’s actions were reasonable, they were an attempt to circumvent the full force of the injunction—an action that weighs in favor of awarding attorneys’ fees for infringement. *Cf. Transgo, Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001, 1026–27 (9th Cir. 1985) (affirming the award of attorney’s fees in a copyright action where there was substantial evidence of deliberate infringement, including continued infringement in violation of an injunction). Accordingly, the district court correctly awarded fees in this case.

B.

We also award JSC attorneys’ fees on appeal. “Generally, a party that is entitled to an award of attorneys’

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defendant engaged in “malicious, fraudulent, deliberate or willful infringement.” *Lindy Pen*, 982 F.2d at 1409. In *SunEarth*, the Ninth Circuit broadened the test to consider the “totality of the circumstances” using a “nonexclusive list” of factors, including “frivolousness, motivation, objective unreasonableness (both in factual and legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence.” *Id.* at 1180–81 (internal quotation marks and citations omitted). Because the *SunEarth* test is less stringent than the previous “willful infringement” standard, it stands to reason that this case of willful infringement would satisfy the *SunEarth* test.

fees in the district court is also entitled to an award of attorneys' fees on appeal." *Voice v. Stormans Inc.*, 757 F.3d 1015, 1016 (9th Cir. 2014) (citations omitted). In cases involving an award of statutory fees, like those under § 1117(a), "federal courts have uniformly held that attorneys are entitled to be compensated for the time reasonably spent establishing their right to the fee." *Id.* at 1016–17 (citing *Orange Blossom P'Ship v. S. Cal. Sunbelt Devs., Inc.*, 608 F.3d 456, 462–65 (9th Cir. 2010)). And the Ninth Circuit has awarded attorneys' fees on appeal in an "exceptional case" involving willful trademark infringement. *Yost*, 92 F.3d at 825. Under this clear precedent, attorneys' fees on appeal are appropriate here.

## VI.

For the reasons given, we affirm the district court's judgment against Trendily for trademark infringement, its award of damages, and its award of attorneys' fees. We refer determination of the appropriate amount of appellate attorneys' fees to the Appellate Commissioner, who shall conduct whatever proceedings she deems appropriate, and who shall have authority to enter an order awarding fees. *See* 9th Cir. R. 39-1.6, 1.9.

**AFFIRMED.**

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APPENDIX A

Tables



Figure 1: JSC's Sacred Heart Table

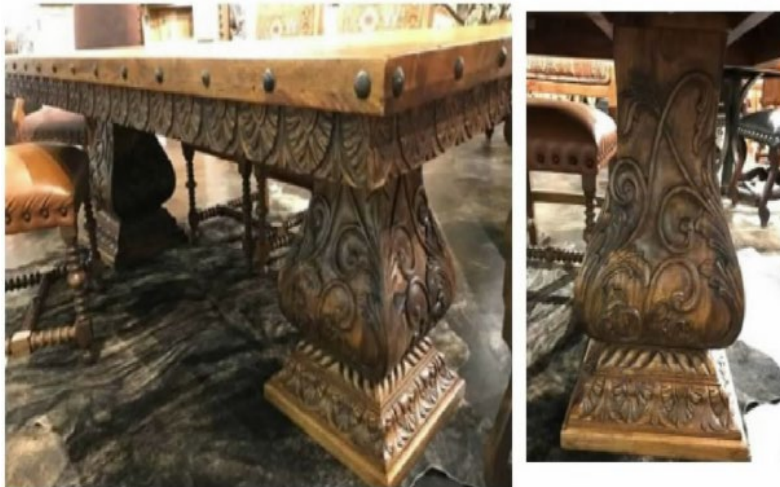


Figure 2: Trendily's M.J. Dining Table

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Desks



**Figure 3:** JSC's Iron Star Desk



**Figure 4:** Trendily's M.J. Desk

36a

Sideboards



**Figure 5:** JSC's Borgota Buffet



**Figure 6:** Trendily's M.J. Sideboard

**APPENDIX B**

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ARIZONA

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NO. CV-17-02712-PHX-JJT

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JASON SCOTT COLLECTION INCORPORATED,  
Plaintiff,

v.

TRENDILY FURNITURE LLC, ET AL.,  
Defendants.

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Filed: March 9, 2021

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**ORDER**

Before JOHN J. TUCHI, United States District Judge.

After holding a bench trial on June 23 and 24, 2020 (Docs. 115-16, 122-23), the Court now provides its Findings of Fact and Conclusions of Law. In this Order, the Court will also resolve Plaintiff's Motion to Enforce Court's Order and for Sanctions (Doc. 126), to which Defendants filed a Response (Doc. 127) and Plaintiff filed a Reply (Doc. 128).

**I. BACKGROUND**

In this dispute between furniture manufacturers, Plaintiff Jason Scott Collection Inc. ("JSC") sued Defendants Trendily Furniture, LLC, Trendily Home Collection, LLC (collectively, "Trendily"), and Rahul Malhotra,

alleging Defendants intentionally copied Plaintiff's designs for a dining table, desk, and buffet, and raising claims of copyright infringement, trade dress infringement, and unfair competition.

Jason Scott Forsberg—Plaintiff's founder, owner, and furniture designer—began creating furniture from reclaimed teak in Indonesia in 1998. His first furniture line—the Jason Scott Collection—features large-scale furniture adorned with intricate wood carvings and decorative metal. The furniture at issue—the Sacred Heart Dining Table, Iron Star Desk, and Borgota Buffet (the “JSC Pieces”)—is part of this collection. Mr. Forsberg testified that he independently created all the furniture designs using inspiration from everything around him. Mr. Forsberg designed the JSC Pieces in 2003, and Plaintiff, an Arizona corporation, has sold them to furniture retailers continuously since 2004. The JSC Pieces have been featured in print and television advertisements, online, and in trade show displays. Plaintiff only sells to authorized furniture retailers.

Trendily also manufactures and sells furniture and is based in Dallas, Texas. Mr. Malhotra is a Trendily owner and has operational control over its business. Mr. Malhotra makes decisions about which pieces of furniture Trendily will manufacture in its factory, located in India. In September 2016, Mr. Malhotra sent photos of the JSC Pieces to Trendily's factory and directed the factory to produce copies for sale by Trendily.

In a prior Order (Doc. 86), the Court granted summary judgment to Plaintiff on its copyright infringement claim, ordering Defendants to pay Plaintiff \$19,995 in damages, refrain from selling any infringing products, and destroy the remaining infringing products. The



Court dismissed as moot Plaintiff’s unfair competition claim to the extent it sought an order requiring labelling of Defendants’ infringing products. As for Plaintiff’s trade dress infringement claim, the Court found that a genuine dispute of material fact remained as to whether the look of Plaintiff’s products has acquired secondary meaning such that customers can identify the products’ source by their look—an essential element of trade dress. The Court held a bench trial on Plaintiff’s trade dress infringement claim on June 23 and 24, 2020. (Docs. 122-23, Transcript (“Tr.”).) In conjunction with the bench trial, the parties filed Trial Memoranda (Docs. 97, 100), Proposed Findings of Fact and Conclusions of Law (Docs. 98, 101), and Post-Trial Briefs (Docs. 124, 125).

## **II. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

### **A. Legal Standard for a Trade Dress Infringement Claim**

The Lanham Act creates a cause of action for a party that is injured by another’s use of “any word, term, name, symbol, or device, or any combination thereof . . . which is likely to cause confusion, or to cause mistake . . . as to the origin . . . of his or her goods[.]” 15 U.S.C. § 1125(a)(1)(A). The statute provides protection for trade dress—the “total image of a product.” *Millennium Labs., Inc. v. Ameritox, Ltd.*, 817 F.3d 1123, 1126 (9th Cir. 2016) (citing *Disc Golf Ass’n v. Champion Discs, Inc.*, 158 F.3d 1002, 1005 n.3 (9th Cir. 1998)). “Trade dress refers generally to the total image, design, and appearance of a product and may include features such as size, shape, color, color combinations, texture or graphics.” *Clicks Billiards, Inc. v. Sixshooters, Inc.*, 251 F.3d 1252, 1257 (9th Cir. 2001). The Lanham Act protects against unfair competition through

trade dress infringement even if the trade dress is not registered with the United States Patent and Trademark Office. *Brookfield Commc'ns, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1046-47 n.8 (9th Cir. 1999) (citing section 43(a) of the Lanham Act). “Trade dress protection is broader in scope than trademark protection, both because it protects aspects of packaging and product design that cannot be registered for trademark protection and because evaluation of trade dress infringement claims requires the court to focus on plaintiff’s entire selling image, rather than the narrower single facet of trademark.” *Vision Sports, Inc. v. Melville Corp.*, 888 F.2d 609, 613 (9th Cir. 1989) (citing J. McCarthy, *Trademarks and Unfair Competition* § 8:1, at 282-83 (2d ed. 1984)).

To sustain a claim for trade dress infringement, a plaintiff must prove: (1) the trade dress is nonfunctional; (2) the trade dress serves a source-identifying role either because it is inherently distinctive or has acquired secondary meaning; and (3) the defendant’s product creates a likelihood of customer confusion. *Clicks Billiards*, 251 F.3d at 1258. Here, the parties do not dispute that Plaintiff’s trade dress is nonfunctional, so the Court is tasked with examining whether Plaintiff has proven the remaining two issues.

### **B. Secondary Meaning**

A plaintiff must show that its trade dress has acquired secondary meaning—“a mental recognition in buyers’ and potential buyers’ minds that products connected with the [trade dress] are associated with the same source.” *Japan Telecom v. Japan Telecom Am.*, 287 F.3d 866, 873 (9th Cir. 2002). “Secondary meaning can be established in many ways, including (but not limited to) direct consumer testimony; survey evidence; exclusivity, manner, and

length of use of a mark; amount and manner of advertising; amount of sales and number of customers; established place in the market; and proof of intentional copying by the defendant.” *Filipino Yellow Pages, Inc. v. Asian Journal Publ’ns, Inc.*, 198 F.3d 1143, 1151 (9th Cir. 1999). “[W]hen . . . the relevant market includes both distributors and ultimate purchasers, the state of mind of dealers is important in determining if secondary meaning exists.” *Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277, 295 (7th Cir. 1998).

### 1. Intentional Copying

First, Plaintiff has shown that Defendants intentionally copied the look of Plaintiff’s furniture pieces, which in this instance is substantial evidence of the secondary meaning of Plaintiff’s trade dress. “Proof of copying strongly supports an inference of secondary meaning.” *Adidas America, Inc. v. Skechers USA, Inc.*, 890 F.3d 747, 755 (9th Cir. 2018). “When [copying] has been established, the inference is usually plain that the imitator intends such a result.” *Audio Fidelity, Inc. v. High Fidelity Recordings, Inc.*, 283 F.2d 551, 557-58 (9th Cir. 1960). In other words, “[t]here is no logical reason for the precise copying save an attempt to realize upon a secondary meaning that is in existence.” *Id.* at 558.

Here, the evidence shows that in September 2016, Mr. Malhotra had a meeting with Ron McBee, owner of Western Heritage Furniture in Weatherford, Texas, one of Trendily’s retail customers. Mr. McBee gave Mr. Malhotra printouts of photographs of Plaintiff’s dining table, desk, and buffet and asked Mr. Malhotra to manufacture the furniture for Western Heritage. Mr. Malhotra sent the photographs to Trendily’s factory, and carpenters there copied the photographs and then produced copies

of the JSC Pieces. Mr. Malhotra named the resulting furniture (the “Accused Pieces”) the “M.J. Collection.” The Accused Pieces are nearly identical imitations of the JSC Pieces. The M.J. Dining Table is a copy of JSC’s Sacred Heart Dining Table, the M.J. Desk is a copy of JSC’s Iron Star Desk, and the M.J. Side Board is a copy of JSC’s Borgota Buffet. Mr. Malhotra then proceeded to sell the Accused Pieces.

Mr. Forsberg first became aware of the Accused Pieces in December 2016 when Sally Brumbaugh, co-owner of Plaintiff’s largest dealer, Brumbaugh’s Furniture in Fort Worth, Texas, asked Mr. Forsberg why he was selling furniture to her competitor. Ms. Brumbaugh and Mr. Forsberg initially mistook the furniture as being the JSC Pieces but later learned they were the Accused Pieces. On May 15, 2017, Mr. Forsberg registered copyrights in the JSC Pieces for “[d]ecorative sculptural designs on furniture.” On May 24, 2017, Mr. Forsberg’s counsel sent a cease and desist letter to Mr. Malhotra, and on June 27, 2017, Mr. Forsberg’s counsel sent a second cease and desist letter to Mr. Malhotra and attached copies of the Certificates of Registration for the JSC Pieces’ copyrights. Mr. Malhotra received both cease and desist letters but continued to sell the Accused Pieces until Plaintiff filed this lawsuit.

Defendants point out that Mr. Malhotra testified it is common practice in the furniture industry to copy furniture designs and that he was not familiar with Plaintiff before he received the first cease and desist letter in May 2017. Defendants thus argue that Mr. Malhotra could not have intentionally imitated Plaintiff’s products or capitalized on Plaintiff’s goodwill if he did not know who Plaintiff was. This assertion is belied by the evidence, however.

At trial, the Court heard evidence that Plaintiff and Defendants share two of the same largest customers—Brumbaugh’s Furniture and Hill Country Interiors, both in Texas—where Plaintiff’s products make up approximately 80 percent of the showroom floor at Brumbaugh’s and 40 percent of the showroom floor at Hill Country. Mr. Malhotra testified he has been to both stores, and Chris Sanders, Trendily’s exclusive sales representative, testified he knew of Plaintiff within months of starting his job, including by seeing Plaintiff’s product on the showroom floors of these shared retailers. The only reasonable inference is that Defendants were familiar with Plaintiff’s products at the time they copied them. Indeed, all of the furniture retailers and sales representatives testified that Plaintiff is well-known in the market, and it strains credulity that Mr. Malhotra—whose companies operate in the same market—did not know of Plaintiff.

Likewise, Mr. Malhotra’s testimony that he did not know who Mr. Forsberg was before receiving the cease and desist letter is not credible in view of evidence that he recognized Mr. Forsberg and kicked him out of Trendily’s warehouse before the letter was sent. Bill Holland, of Hill Country Interiors, spoke with Mr. Malhotra and wrote in an e-mail to Mr. Forsberg that Mr. Malhotra “thought that you may be wanting to talk to him according to his sources that day you were there and possibly offering him \$\$\$ to not manufacture this collection.” (Trial Ex. 12.)

In sum, Plaintiff has shown by a preponderance of the evidence that Defendants knew who Plaintiff was when they intentionally copied Plaintiff’s furniture. As other courts have found in similar circumstances, the Court finds “no logical reason for the precise copying save an

attempt to realize upon a secondary meaning that is in existence.” *Audio Fidelity*, 283 F.2d at 558.

## 2. Other Factors

The Court’s finding that Plaintiff’s trade dress has the requisite secondary meaning such that Defendants intentionally capitalized on Plaintiff’s goodwill by copying the precise look of Plaintiff’s products is bolstered by evidence of the exclusivity, manner, and length of use of Plaintiff’s trade dress; advertising and display at trade shows; Plaintiff’s established place in the high-end furniture market; and recognition of the trade dress by retail and end customers of high-end furniture. At trial, Plaintiff produced evidence that the JSC Pieces have a unique look, have been continuously manufactured and sold since 2004 under Plaintiff’s mark, and have been prominently displayed at trade shows. Mr. Forsberg has made numerous presentations to customers at retail stores, and the presentations were advertised under Plaintiff’s mark with photographs of the furniture. Retailers have also used the JSC Pieces in social media and e-mail blasts, identifying it by Plaintiff’s mark. And Mr. Forsberg has won numerous design awards for his furniture, including Master of the Southwest. All of these facts are proof of secondary meaning. *See Cosmos Jewelry Ltd. v. Po Sun Hon Co.*, 470 F. Supp. 2d 1072, 1080, 1086 (C.D. Cal. 2007).

The retailers and sales representatives who testified in this case, at deposition and trial, all recognized Plaintiff’s furniture pieces by their look. Defendants essentially argue that it is only the opinions of end customers of the furniture that matter, not retailers. The Court disagrees. The opinions of retailers are relevant in ascertaining whether a product’s look identifies its source. *See*

*Thomas & Betts Corp.*, 138 F.3d at 295. Indeed, the retailers and sales representatives who testified work with and sell high-end furniture as a profession, and the Court thus gives weight to their opinions. Moreover, as Plaintiff pointed out at trial, if an exclusive retailer of a product sees a copy of the product—which the retailer recognizes by look—in the window of another furniture store, the retailer may believe it has lost exclusivity. That is what Ms. Brumbaugh testified happened with respect to Plaintiff’s furniture when she saw Defendants’ copies. Retailers such as Ms. Brumbaugh also testified that end customers often ask for Plaintiff’s furniture by name. By contrast, Defendants produced no convincing evidence that knowledgeable customers in Plaintiff’s market of high-end furniture cannot identify the furniture by its look.

The evidence also shows that Plaintiff’s mark is widely associated with Mr. Forsberg’s story—that he met his wife in Indonesia and their son was born there; the furniture is hand-carved in a small Indonesian village; Plaintiff is the largest employer in the village, employing 175 to 200 people at a time; and Mr. Forsberg has funded a school and provided electricity to the village, among other facts. Based on this evidence, Defendants argue that customers associate Plaintiff with Mr. Forsberg’s story more than anything else. But in the context of trade dress, the question is whether customers associate the look of Plaintiff’s furniture with Plaintiff, that is, whether the look of the JSC Pieces identifies its source. Plaintiff has provided ample evidence of that through the means identified above. If anything, the evidence of Mr. Forsberg’s story, which Defendants ask the Court to focus on, bolsters the amount of goodwill on which Defendants sought to capitalize by precisely copying Plaintiff’s

furniture. The story does not negate the association of the look of the JSC Pieces with their source—Plaintiff. For all of these reasons, Plaintiff has demonstrated that its trade dress has acquired a secondary meaning such that it serves a source-identifying role.

### C. Likelihood of Customer Confusion

Under the third element of a trade dress infringement claim, a plaintiff must demonstrate customers are likely to assume a product comes from a source other than its actual source due to the similarity of trade dress between the product and another. *Fuddruckers, Inc. v. Doc's B.R. Others, Inc.*, 826 F.2d 837, 845 (9th Cir. 1987). “Likelihood of confusion in the trade dress context is evaluated by reference to the same factors used in the ordinary trademark context: strength of trade dress, similarity between plaintiff’s and defendant’s trade dress, evidence of actual confusion, marketing channels used, type of goods and likely degree of purchaser care, and the defendant’s intent in selecting its trade dress.” *Vision Sports*, 888 F.2d at 616 (citing *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979)). “[T]he greater the similarity between the two marks at issue, the greater the likelihood of confusion.” *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1206 (9th Cir. 2000). Hence, “in some cases it may be unnecessary to undertake an extended analysis to infer confusion, *e.g.*, where there is no difference between the marks of directly competitive goods/services.” *Adidas-Salomon AG v. Target Corp.*, 228 F. Supp. 2d 1192, 1211-12 (D. Or. 2002) (internal quotations omitted).

For the purpose of trade dress infringement, customer confusion can occur at the initial interest, point-of-sale, or post-sale stages of customer exposure to the accused product. A customer can be confused as to the



source of a product at the initial interest stage even if “the consumer quickly becomes aware of the source’s actual identity and no purchase is made as a result of the confusion.” *Interstellar Starship Servs., Ltd. v. Epix Inc.*, 184 F.3d 1107, 1110 (9th Cir. 1999). And “post-sale confusion occurs when consumers view a product outside the context in which it is originally distributed and confuse it with another, similar product.” *Adidas-Salomon*, 228 F. Supp. 2d at 1212.

Here, the question of whether the evidence demonstrates customer confusion between the overall impression of the Accused Pieces and JSC Pieces is not a close call due to the identity between the designs. Defendants admittedly, intentionally, and precisely copied the JSC Pieces in look, color, size, and detail. As Plaintiff points out, the likelihood of confusion is compounded by the fact that Defendants copied multiple furniture pieces, creating their own line of copies of the JSC Pieces. *See Lisa Frank, Inc. v. Impact Int’l*, 799 F. Supp. 980, 997 (D. Ariz. 1992). In the context of secondary meaning, the Court already discussed the strength of Plaintiff’s trade dress arising from the length and breadth of its use in the high-end furniture market. And the evidence shows the great overlap of marketing channels for Defendants’ and Plaintiff’s products.

As for evidence of actual customer confusion, this dispute began with actual confusion among retailers in the high-end furniture business, including that of Ms. Brumbaugh, questioning why the JSC Pieces were in a competing store when they were in fact the Accused Pieces, and Mr. Forsberg’s own confusion. Other retailers, including Bo Runyon and Shawn Beach, also testified they believed the Accused Pieces were real JSC Pieces. The fact that

professionals in the high-end furniture business could not tell the difference between the trade dress of the Accused Pieces and JSC Pieces strongly implies that ordinary customers could not, and Defendants provided no evidence to the contrary. For all of these reasons, the Court finds Plaintiff's evidence clearly demonstrates a likelihood of customer confusion, and having demonstrated all of the elements of its trade dress infringement claim, Plaintiff is entitled to judgment that Defendants are liable for trade dress infringement for the manufacture and sale of the Accused Pieces.

#### **D. Damages**

##### **1. Unclean Hands**

As a threshold damages issue, Defendants argue that Plaintiff engaged in misconduct that should bar recovery for trade dress infringement, citing the proposition that “the doctrine of unclean hands ‘bars relief to a plaintiff who has violated conscience, good faith or other equitable principles in his prior conduct, as well as to a plaintiff who has dirtied his hands in acquiring the right presently asserted.’” (Doc. 124 at 18 (quoting *Dollar Sys., Inc. v. Avcar Leasing Sys., Inc.*, 890 F.2d 165, 173 (9th Cir. 1989)).)

As allegations of misconduct, Defendants first assert that Plaintiff acted improperly by seeking judicial recognition of unregistered trade dress in this lawsuit and by waiting to register its copyrights until Mr. Forsberg found evidence they were infringed. (Doc. 124 at 18-19.) As the Court stated above, section 43(a) of the Lanham Act protects against unfair competition through trade dress infringement even if the trade dress is not regis-

tered with the United States Patent and Trademark Office. *Brookfield Commc'ns.*, 174 F.3d at 1046-47 n.8. And as the Court stated in its summary judgment Order (Doc. 86 at 5 n.3), if a certificate of copyright registration is made within five years of the first publication of a work, it “shall constitute *prima facie* evidence of the validity of the copyright and of the facts stated in the certificate.” 17 U.S.C. § 410(c). If the copyright registration occurred more than five years after the first publication, a court has discretion to choose what evidentiary weight to give to the certificate of registration. *Id.* Because Plaintiff’s copyright registration occurred more than five years after the first production of the JSC Pieces, the Court exercised its discretion to consider the certificate of registration as well as other evidence pertaining to copyright validity. There was nothing improper about Plaintiff bringing an action to enforce its copyright and trade dress rights, even if late-registered or unregistered. Defendants’ assertion thus lacks merit.

Second, Defendants point out that Mr. Forsberg testified that he violated his own conscience in the way he obtained evidence against Defendants in this case, which constitutes unclean hands. (Doc. 124 at 18-19.) Specifically, Defendants contend that Mr. Forsberg’s acts of investigating Defendants’ infringement by allegedly going to Defendants’ warehouse incognito and by asking a retailer to record a conversation with Mr. Malhotra were untoward. Even if these acts constituted unclean hands, they are not the kind of acts contemplated under the doctrine because they were not acts in the acquisition of the right Plaintiff presently asserts. Plaintiff acquired the copyright and trade dress rights through years of work and use. Indeed, the very case Defendants cite for the

doctrine of unclean hands concludes the same. *Dollar Sys.*, 890 F.2d at 173 (finding that the alleged misconduct was not related to right asserted); *see also Slep-Tone Entm't Corp. v. Granito*, No. CV-12-298-TUC-DCB, 2013 WL 3816737, at \*2 (D. Ariz. July 23, 2013) (“In the Ninth Circuit, what is material is not that the plaintiff’s hands are dirty, but that he dirtied them in acquiring the right he now asserts.” (internal quotations omitted)). Defendants’ invocation of the unclean hands doctrine thus fails.

## **2. Defendants’ Profits**

For prevailing on a claim of trade dress infringement, the Lanham Act provides “the plaintiff shall be entitled, . . . 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.” 15 U.S.C. § 1117(a). At summary judgment, the Court already awarded Plaintiff damages constituting Defendants’ profits in conjunction with Plaintiff’s copyright infringement claim, and the parties agree that the same would not be available again for Plaintiff’s trade dress infringement claim. Plaintiff points out that Defendants’ profits should be included in any calculation of treble damages, which the Court will discuss further below.

## **3. Plaintiff’s Reasonably Foreseeable Damages**

With regard to the second type of damages Plaintiff is entitled to under section 1117(a),

The district court assesses “any damages sustained by the plaintiff” in the same manner as in tort damages: the reasonably foreseeable harms caused by the wrong. . . . The trier of fact must distinguish between proof of the *fact* of damages and the *amount* of damages because a [trade dress] holder is held to a lower

standard in proving the exact amount of actual damages. In measuring harm to goodwill, a [trier of fact] may consider a plaintiff's expenditures in building its reputation in order to estimate the harm to its reputation after a defendant's bad acts. Upon proving causation, the plaintiff's evidentiary burden relaxes considerably. To support a [trier of fact's] actual damages award, there need only be substantial evidence to permit the [trier of fact] to draw *reasonable inference* and make a *fair and reasonable assessment*.

*Skydive Ariz., Inc. v. Quattrocchi*, 673 F.3d 1105, 1112 (9th Cir. 2012) (internal quotations omitted) (emphasis in original). Plaintiff contends that its reasonably foreseeable damages from Defendants' targeting of the same retail market with lower-priced copies of Plaintiff's products and the resulting litigation arose from two sources, the loss of Plaintiff's business account with furniture retailer Coyote Candle and Plaintiff's inability to increase the price of its furniture beginning in 2017. (Doc. 125 at 12-14.)

#### **a. Coyote Candle**

Coyote Candle is a furniture retailer in Lubbock, Texas, and customer of both Plaintiff and Trendily, and its involvement in this lawsuit centers on its owner, Ben Afill. Brian Forsberg, Jason's brother, was Plaintiff's furniture delivery driver in Texas, and over a period of years delivering Plaintiff's furniture to Coyote Candle, Brian developed a close personal friendship with Mr. Afill. By 2017, Trendily had produced the Accused Pieces and Western Heritage—which has never been a customer of Plaintiff—placed the Accused Pieces in its store in Weatherford, Texas, for sale. Brian testified that Mr. Afill mentioned to him that somebody had knocked

off Plaintiff's furniture and another retailer was selling it, and while Brian did not pay too much attention at first, in May 2017, he stopped at a Motel 6 in Weatherford between deliveries and had a hunch that he should check out Western Heritage in case it was the store Mr. Aufill had mentioned.

After he saw the Accused Pieces at Western Heritage, he texted photos to his brother Jason, and the brothers were both extremely upset. Jason asked Brian to find out who made the Accused Pieces, and Brian asked Mr. Aufill, who responded by text message that it was Trendily. (Tr. at 279; Trial Ex. 22.) Earlier in May 2017, Mr. Aufill sent Brian a text saying that he would stop buying Plaintiff's products if Brian mentioned that Mr. Aufill tipped him off about the knockoffs. (Tr. at 280; Trial Ex. 22 (Brian: "Can you tell me the name of the company and owner of guy knocking off Jason in India." Mr. Aufill: "I'll tell you but ..... you [sic] if you mention my name I'll come kick your ass and stop buying Jason Scott and no more Tex mex tacos at the race car shop!").) Brian also testified that, after he disclosed to Jason that Mr. Aufill said it was Trendily, Brian did not do another delivery of Plaintiff's furniture to Coyote Candle up to the time he retired as delivery driver in September 2018, and he lost his friendship with Mr. Aufill.

Plaintiff argues that, because of Mr. Aufill's involvement in informing Plaintiff that Defendants copied the JSC Pieces, Plaintiff lost its business with Coyote Candle. Defendants counter that (1) Defendants did not gain business with Coyote Candle in Plaintiff's place, so they are not liable for any loss in Plaintiff's business; (2) the loss of business was likely due to a decrease in demand for high-end furniture in the Lubbock market due to decreasing

gas prices; and (3) Mr. Malhotra testified that when he asked Mr. Aufill a week before the trial if he stopped ordering from Plaintiff “because of Trendily,” Mr. Aufill laughed and said he had just ordered a piece from Plaintiff in the last week (Tr. at 352).

Defendants’ first argument is beside the point; Plaintiff asserts that it lost its business with Coyote Candle because of Mr. Aufill’s necessary involvement in the dispute arising from Defendants’ infringement, and not because Defendants stole Plaintiff’s business with Defendants’ infringing furniture.<sup>1</sup> Defendants’ second point is speculative and not supported by any evidence, economic or otherwise. Plaintiff has produced actual evidence of Mr. Aufill’s intent not to buy from Plaintiff again because of the disclosure of his name in conjunction with this lawsuit—which would never have occurred but for Defendants’ infringement—and that evidence is not countered by Defendants’ speculative, unsubstantiated economic evidence. Plaintiff’s position is bolstered by evidence that, over the course of its business history, it has rarely lost customers.

Defendants’ third argument goes more to the amount of damages than foreseeability. Plaintiff provided evidence that, between 2013 and 2016, it had average annual profits in the sale of furniture to Coyote Candle of \$44,249, and it has not had business with Coyote Candle from May 2017, when Brian revealed to Jason that Mr.

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<sup>1</sup> The Court finds little merit in Defendants’ argument that Plaintiff could have chosen not to include evidence of Mr. Aufill’s text messages in this case and proven its case through other evidence, thereby preserving its relationship with Mr. Aufill. The information from Mr. Aufill was precisely how the Forsberg brothers initially discovered Defendants were infringing.

Auffill had tipped him off, until the trial in mid-2020. (Tr. at 145-47; Trial Ex. 23.) With regard to foreseeability, Defendants' act of producing and selling precise copies of the furniture of Plaintiff, who operates in the same market and shares some of the same customers, foreseeably leads to placing the shared customers in a difficult position—as Mr. Auffill was placed—and damaging the business relationships—as Plaintiff's relationship with Coyote Candle was damaged. Plaintiff has therefore demonstrated that it is more likely than not that its loss of the Coyote Candle business was a foreseeable result of Defendants' infringement and the ensuing lawsuit resulting from Defendants' decision not to comply with the cease and desist letters.

As for the amount of damages, Plaintiff's evidence satisfactorily demonstrates its request for lost annual profits of \$44,249 over three years, totaling \$132,747.

**b. Price Increase**

Plaintiff also asserts it suffered damages as a result of Defendants' infringement by not increasing its prices under the threat of copies of its furniture on the market. As evidence, Plaintiff points to Mr. Forsberg's testimony that he used his discretion not to implement a price increase until the end of this litigation. (Tr. at 148-54.) Mr. Forsberg consulted with his regional salesperson, Mr. Williamson, in coming to that decision. (Tr. at 151-52.) Mr. Williamson testified that, in 2017, he advised Mr. Forsberg that "if there was any possible way for him to put [a price increase] off for a while, that would be in everyone's best interest given the knock-offs that were out there floating around until we were able to find a resolution on that." (Tr. at 313.)



Problematically, although Mr. Forsberg is in a sense testifying as to his business judgment in not increasing the prices of his furniture during the pendency of this litigation, there is little in the way of corroborating evidence that the market would not have supported a price increase. Mr. Forsberg's decision not to do so, in and of itself, is not sufficient for the Court to find that the lack of a price increase was a foreseeable result of Defendants' infringement. As Defendants point out, Plaintiff obtained an injunction on Defendants' production of the Accused Pieces in 2017 (Doc. 39), and other evidence shows retailers were satisfied that Plaintiff was enforcing its copyright and trade dress protections through this litigation. The Court thus finds that Plaintiff has failed to demonstrate causation with regard to its request for damages resulting from the lack of price increases for its furniture.

#### **4. Treble Damages Enhancement**

Section 1117(a) allows a court to enhance the damages arising from infringement, up to three times the actual damages, "according to the circumstances of the case." 15 U.S.C. § 1117(a). Courts have applied the enhancement "to address a variety of undercompensated harm, including where there is difficulty in assessing damage, and where lost profits are insufficient to address the ongoing harm," or to "advance the cause of deterring Defendants and others similarly situated from repeating the type of unfair and deceptive behavior." *OminGen Research, LLC v. Wang*, 2017 WL 5505041, at \*17-18 (D. Or. Nov. 16, 2017). Here, the Court does not find the damages assessed serve to undercompensate Plaintiff for the harm caused, and the injunctive relief and money damages awarded are sufficient to deter Defendants and others

from similar behavior. Accordingly, the Court declines to enhance the damages under section 1117(a).

### 5. Attorneys' Fees

Section 1117(a) also provides that Plaintiff is entitled to recover attorneys' fees "in exceptional cases." 15 U.S.C. § 1117(a). A court determines if a case is exceptional in this context by considering the "totality of the circumstances" and evaluating if the case is "one that stands out from others with respect to the substantive strength of the party's litigating position (considering both the governing law and facts of the case) or the unreasonable manner in which the case was litigated." *SunEarth, Inc. v. Sun Earth Solar Power Co., Ltd.*, 839 F.3d 1179, 180-81 (9th Cir. 2016).

The evidence shows that Defendants intentionally and precisely copied Plaintiff's furniture designs. After Plaintiff sent Defendants cease and desist letters, Defendants continued to pitch the Accused Pieces to their retail customers and displayed the Accused Pieces in their Dallas showroom and on their website. Defendants only ceased manufacturing the Accused Pieces after they were served with Plaintiff's Complaint in this lawsuit on August 16, 2017. By that time, Defendants had manufactured a total of 18 Accused Pieces (six of each item) and had sold six M.J. Dining Tables, four M.J. Office Desks, and five M.J. Side Boards.

Defendants have repeatedly argued that furniture manufacturers copy other furniture designs all the time. This is certainly no defense to copyright and trade dress infringement, which the Court has found Defendants engaged in by precisely copying every aspect of the JSC Pieces. In evaluating whether this case is exceptional, the

Court must consider that Defendants' copying was willful, *see Earthquake Sound Corp. v. Bumper Indus.*, 352 F.3d 1210, 1216 (9th Cir. 2003), and that it continued after Plaintiff sent two cease and desist letters, *see San Diego Comic Convention v. Dan Farr Prods.*, 2018 WL 4078639, at \*8 (S.D. Cal. Aug. 23, 2018). And, as the Court will discuss below, Defendants have resisted compliance with the Court's injunction requiring the destruction of the remaining Accused Pieces. For all these reasons, the Court finds this is an exceptional case warranting an award of reasonable attorneys' fees under section 1117(a).

#### **6. Damages Summary**

In sum, in addition to the lost profits of \$19,995 the Court already awarded in the summary judgment Order and Defendants apparently already paid, and the injunctive relief set forth in the summary judgment Order, Plaintiff is entitled to \$132,747 in damages for Defendants' trade dress infringement. Plaintiff is also entitled to an award of reasonable attorneys' fees provided it files an Application for Attorneys' Fees in compliance with the Local Rules.

### **III. COMPLIANCE WITH THE COURT'S PRIOR INJUNCTION**

Plaintiff also filed a Motion to Enforce Court's Order and for Sanctions (Doc. 126), which Defendants oppose (Doc. 127). In these briefs, the parties dispute the meaning of "destroy" in the Court's Order granting Plaintiff summary judgment on its copyright infringement claim, in which the Court said "Defendants must destroy any Accused Products in their possession." Defendants have

proposed to sand down or disassemble the infringing furniture, and Plaintiff argues that neither proposal constitutes destruction.

The Court is of course no expert in furniture, construction or destruction, but the Court agrees with Plaintiff that “destroy” means render inoperable and injure beyond repair. Sanding down a piece of furniture does render it inoperable, and neither does disassembling it if it can simply be reassembled. Thus, neither of the methods of destruction suggested by Defendants is sufficient.

Assuming the destruction dispute is still ongoing, the Court will now order that Defendants either destroy—render completely inoperable and beyond repair—the furniture in the presence of a witness representing Plaintiff, or allow Plaintiff to take custody of the furniture to destroy it, in which instance a witness for Defendants may be present for the destruction. Because final judgment will only now be entered in this lawsuit, the Court declines to sanction Defendants in the form of Plaintiff’s attorneys’ fees for having to file the Motion to Enforce Court’s Order.

**IT IS THEREFORE ORDERED** finding Plaintiff is entitled to judgment on its trade dress infringement claim and awarding Plaintiff \$132,747 in damages plus reasonable attorneys’ fees. Within 21 days of the date of this Order, Plaintiff may file an Application for Attorneys’ Fees in compliance with the Local Rules.

**IT IS FURTHER ORDERED** granting in part and denying in part Plaintiff’s Motion to Enforce Court’s Order and for Sanctions (Doc. 126). Within 28 days of the date of this Order, Defendants shall destroy the remain-

ing Accused Pieces by rendering them inoperable and beyond repair, and Defendants shall either permit a witness representing Plaintiff to be present for the destruction or give the Accused Pieces to Plaintiff for destruction, in which event a representative of Defendants may be present for the destruction. Plaintiff's request for attorneys' fees in conjunction with this Motion is denied.

**IT IS FURTHER ORDERED** that the Clerk of Court shall enter judgment, as follows, and close this case: Judgment is granted in favor of Plaintiff and against Defendants on Plaintiff's copyright infringement claim, and Defendants are ordered to pay \$19,995 in damages to Plaintiff. Defendants are permanently enjoined from selling any Accused Products in the future and must destroy the Accused Products in their possession. Judgment is also granted in favor of Plaintiff and against Defendants on Plaintiff's trade dress infringement claim, and Defendants are ordered to pay \$132,747 in damages plus reasonable attorneys' fees to Plaintiff. The Court dismisses as moot Plaintiff's unfair competition claim to the extent it sought an order requiring labelling of Defendants' infringing products.

Dated this 8th day of March, 2021.

/s/ John J. Tuchi  
Honorable John J. Tuchi  
United States District Judge

**APPENDIX C**

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ARIZONA

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NO. CV-17-02712-PHX-JJT

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JASON SCOTT COLLECTION INCORPORATED,  
Plaintiff,

v.

TRENDILY FURNITURE LLC, ET AL.,  
Defendants.

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Filed: October 29, 2021

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**ORDER**

Before JOHN J. TUCHI, United States District Judge.

At issue is Defendants' Rule 59(e) Motion to Alter or Amend Judgment (Doc. 133), to which Plaintiff filed a Response in opposition (Doc. 134). Also at issue is Plaintiff's Application for Award of Attorneys' Fees and Related Non-Taxable Costs (Doc. 132), which Defendants did not oppose.

**I. Defendants' Motion to Alter or Amend Judgment**

"Amending a judgment after its entry remains 'an extraordinary remedy which should be used sparingly.'" *Allstate Ins. Co. v. Herron*, 634 F.3d 1101, 1111 (9th Cir. 2011) (quoting *McDowell v. Calderon*, 197 F.3d 1253, 1255 n.1 (9th Cir. 1999)). "Since specific grounds for a motion

to amend or alter are not listed in the rule, the district court enjoys considerable discretion in granting or denying the motion.” *Id.* Nonetheless, the Ninth Circuit defined several grounds which a Federal Rule of Civil Procedure 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.*

After holding a bench trial in this case on June 23 and 24, 2020 (Docs. 115–16, 122–23), the Court entered an Order detailing its Findings of Fact and Conclusions of Law on March 9, 2021 (Doc. 129). Defendants now argue that the Court committed manifest error in its Order by stating that Defendants resisted compliance with the Court’s prior Order directing Defendants to destroy the remaining infringing furniture pieces. The Court’s finding was based on Defendants’ intransigence in avoiding destruction of the infringing pieces and mischaracterizing what “destroy” means, as evidenced by the parties’ briefs on the matter (Docs. 126–28). And this was just one of the facts the Court relied on to find that, viewing the circumstances in their totality, this case was an “exceptional case” warranting an award of reasonable attorneys’ fees to Plaintiff under 15 U.S.C. § 1117(a). The Court found that the evidence was clear that Defendants knew who Plaintiff was when they copied Plaintiff’s trade dress, the copying was intentional, and Defendants continued selling infringing pieces even after receiving two cease-and-

desist letters. Defendants have not convinced the Court that it erred in its finding that Defendants resisted compliance with the destruction Order, let alone erred manifestly, and the Court would have concluded this was an “exceptional case” even without evidence that Defendants attempted to circumvent compliance with the Court’s destruction Order.

Defendants next argue that the Court erred in finding they intended to profit from Plaintiff’s goodwill by copying the look of Plaintiff’s furniture. A Rule 59(e) motion “may not be used to relitigate old matters, or to raise arguments or present evidence that could have been raised prior to the entry of judgment.” *Exxon Shipping Co. v. Baker*, 544 U.S. 471, 485 n.5 (2008). Defendants’ Motion simply rehashes arguments and evidence the Court considered in reaching its decisions after the bench trial; indeed, much of the evidence Defendants now re-ask the Court to rely on the Court already found not credible. As the Court detailed in its Order (Doc. 129), the credible evidence clearly showed Defendants intentionally copied the trade dress of Plaintiff’s furniture for the purpose of capitalizing on Plaintiff’s goodwill, and the Court will not repeat its analysis here.

Finally, Defendants ask the Court to consider new evidence, by way of an affidavit, they argue is probative to a finding that one of Plaintiff’s customers—Coyote Candle—did not stop purchasing Plaintiff’s furniture on account of Defendants’ infringement. Defendants do not even begin to show that they could not have proffered this evidence before or at trial, and the Court declines to consider the evidence for this reason alone. *See id.*; *Kona Enters., Inc. v. Estate of Bishop*, 229 F.3d 877, 833 (9th Cir. 2000). Considering such evidence now would present



myriad problems, including with regard to the admissibility of the evidence and the lack of an opportunity for Plaintiff to cross-examine the affiant. In its Order (Doc. 129), the Court detailed the admissible and reliable evidence that led the Court to conclude that Plaintiff lost the Coyote Candle business because of Defendants' infringement. For all these reasons, the Court will deny Defendants' Motion to Alter or Amend Judgment (Doc. 133).

## **II. Plaintiff's Application for Attorneys' Fees and Costs**

The Court already determined that Plaintiff is entitled to its reasonable attorneys' fees and costs under 15 U.S.C. § 1117(a). (Doc. 129 at 16.) Plaintiff has now submitted its Application for those fees and costs in compliance with Local Rule 54.2 and Federal Rule of Civil Procedure 54(d)(2), and Defendants filed no objection as they were entitled to do under Local Rules 54.2(b)(3) and (f). The Court has now reviewed the Application (Doc. 132) in detail and finds Plaintiff has demonstrated that the requested award is reasonable under the factors enunciated in Local Rule 54.2(c)(3) and that Plaintiff supported the request with the required documentation under Local Rules 54.2(d) and (e). Accordingly, the Court will award Plaintiff the amounts requested, namely, \$132,571.50 in reasonable attorneys' fees and \$3,904.04 in non-taxable costs.

**IT IS THEREFORE ORDERED** denying Defendants' Rule 59(e) Motion to Alter or Amend Judgment (Doc. 133).

**IT IS FURTHER ORDERED** granting Plaintiff's Application for Award of Attorneys' Fees and Related

Non-Taxable Costs (Doc. 132). Plaintiff Jason Scott Collection, Inc. is awarded attorneys' fees in the amount of \$132,571.50 and non-taxable costs in the amount of \$3,904.04.

Dated this 29th day of October, 2021.

/s/ John J. Tuchi  
Honorable John J. Tuchi  
United States District Judge