

No. 24-

IN THE
Supreme Court of the United States

JEM ACCESSORIES, INC. D/B/A XTREME CABLES,

Petitioner,

v.

HARMAN INTERNATIONAL INDUSTRIES, INC.,

Respondent.

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

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

Congress codified the Lanham Act to provide one uniform national trademark law because state laws created as many laws as states. It declined to set a statute of limitations, opting to incorporate equity instead.

Nonetheless, seven circuits borrow from “analogous” state laws to create limitations periods and presumptions of laches. Three circuits do not. Thus, the time limits to file suit vary widely by circuit and state—along with presumptions wrongly shifting the burden of proof on an affirmative defense. Borrowing recreates the very problem the Lanham Act was designed to solve. And it violates this Court’s exhortation in *Occidental Life* that federal courts may not import state law if it will frustrate national policies. Importing fifty state-statutes-of-limitations certainly frustrates the Act’s policy of national uniformity.

The circuits also conflict on laches’ consequences, further undermining uniformity. The Third and Fifth Circuits apply laches backwards; forwards, they rightly permit relief for the continuing wrong of infringement. The Ninth Circuit, however, wielded laches below to reject all past and future relief, as do the Seventh and Federal Circuits. That contravenes this Court’s *Menendez* decision. A few years of delay can render a trademark owner powerless in the face of evolving activities ultimately devastating valuable intellectual property rights built over decades.

Congress did not intend for these fragmented approaches and inequitable results.

The questions presented are:

Whether courts may borrow state statutes of limitations to create presumptions of laches in federal trademark actions under the Lanham Act.

Whether courts may apply laches under the Lanham Act to bar all relief for recent and continuing wrongs.

PARTIES TO THE PROCEEDING

All parties to the proceeding are identified in the caption.

**CORPORATE DISCLOSURE STATEMENT UNDER
RULE 29.6**

Petitioner Jem Accessories, Inc. (“Jem”) is a private New Jersey corporation. It also does business under the name Xtreme Cables.

There is no parent corporation or publicly held corporation that has a 10% or greater interest in Petitioner.

RELATED PROCEEDINGS

U.S. District Court (SDNY):

*Jem Accessories, Inc. d/b/a Xtreme Cables
v. JVCKENWOOD USA Corporation and
Harman International Industries, Inc.*, No.
1:20-cv-4984 (May 21, 2021)

U.S. District Court (C.D. Cal.):

*Harman International Industries, Inc. v. Jem
Accessories, Inc. d/b/a Xtreme Cables*, No. 2:20-
cv-08222 (Sept. 5, 2023)

U.S. Court of Appeals (9th Cir.):

*Harman International Industries, Inc. v. Jem
Accessories, Inc. d/b/a Xtreme Cables*, No. 23-
55774 (Nov. 12, 2024)

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Jem Accessories, Inc. respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit in this matter.

OPINIONS BELOW

The opinion of the court of appeals is unpublished but available at 2024 U.S. App. LEXIS 28604. App.1a. The order of the court of appeals denying rehearing en banc and panel rehearing is available at 2024 U.S. App. LEXIS 32252 (9th Cir. Dec. 19, 2024). App.46a. The district court opinion denying petitioner's motion for summary judgment and granting respondent's motion for summary judgment was reported at 668 F. Supp. 3d 1025 (C.D. Cal. 2023). App.7a. The district court opinion denying petitioner's venue motion is available at 2021 U.S. Dist. LEXIS 144482. App.48a.

JURISDICTION

The judgment of the court of appeals was entered on November 12, 2024. App.1a. The court of appeals denied a timely petition for rehearing en banc on December 19, 2024. App.46a. Petitioner invokes the jurisdiction of this Court under 28 U.S.C. §1254(1).

STATUTORY PROVISIONS INVOLVED

The Lanham Act provides in pertinent part:

That equitable principles, including laches . . . are applicable.

15 U.S.C. §1115(b)(9) (Lanham Act Section 33(b)(9)).

The several courts vested with jurisdiction of civil actions arising under this chapter shall have power to grant injunctions, according to the principles of equity. . . .

15 U.S.C. §1116(a) (Lanham Act Section 34(a)).

When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title or a willful violation under section 1125(c) of this title, shall have been established . . . 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) (Lanham Act Section 35(a)).

INTRODUCTION

This case presents questions of paramount legal and commercial importance, whose resolution is essential to fulfill the purpose of federal trademark law. They are outcome-determinative, have divided the courts of appeal, and go to the heart of the Lanham Act's purpose.

Congress passed the Lanham Act to provide national trademark uniformity. But that Congressional promise has become an empty one, because many circuits are imposing a patchwork of inconsistent limitations periods and presumptions borrowed from the fifty states.

Firstly, the borrowing of state-law periods produces manifest unfairness and contradicts the Congressional plan, as this case starkly demonstrates.

Jem sued Harman for trademark infringement in the Southern District of New York due to Harman's sales of wireless Bluetooth speakers under the mark "XTREME." Jem was using the same mark on the same goods first, and Harman's usage had started causing confusion. Jem's suit was timely filed, since it was within six years of learning of the usage, a period borrowed from New York law.

But though a series of procedural maneuvers, Harman moved the case to the Central District of California. That district applies a four-year period, by borrowing from California law. Under this shorter period, Jem's claims were deemed untimely and dismissed.

To wit, the timeliness of federal claims for nationwide infringement were manipulated using a state-law borrowing approach. Respondent used forum-shopping to transform a timely suit for infringement into one deemed barred. This was outcome-determinative. It was the sole basis for the Ninth Circuit's dismissal of petitioner's action on a trademark that has been the foundation of Jem's business for over twenty years.

Petitioner's claims of trademark infringement would have gone to trial in the Second Circuit, where Petitioner originally filed them. Instead, the case was dismissed because Respondent moved it to the Ninth Circuit. This clean presentation of pure issues of law is the ideal vehicle for definitive resolution of these questions by this Court.

Resolution is particularly important considering the widespread circuit split. The Ninth Circuit, along with the Second, Third, Fourth, Sixth, Seventh, and Eleventh Circuits, borrow from “analogous” state statutes of limitations, and find a presumption of laches for any suit beyond that period. The First, Fifth, and Eighth Circuits, in contrast, do not borrow or apply a presumption. Thus, the number of years to file, and the presumptions shifting the burden of proof—in a federal claim—all hinge on the *state* where a plaintiff files suit. That contradicts the Lanham Act’s avowed policy of national uniformity. It also contravenes this Court’s exhortations in *Occidental Life*, which prohibit borrowing when it undermines the federal policy, as here. *Occidental Life Ins. Co. v. EEOC*, 432 U.S. 355, 367 (1977).

Secondly, the use of laches to supersede all relief for continuing wrongs is unjust. The Ninth Circuit’s “all-or-nothing” approach barred Petitioner from any redress at all—even for Respondent’s recent infringements within California’s laches period, including infringements only days and months before Jem filed its claim. The Seventh and the Federal Circuits take the same harsh approach. This is especially concerning since Harman’s infringement developed over time. It evolved from a high non-competitive price point to direct competition with Jem.

The Fifth and Third Circuits, on the other hand, recognize that trademark infringement is a continuing wrong. Even if laches bars relief for “old” infringements, it does not bar relief for recent and future infringements.

That circuit split further undermines the Lanham Act’s promise of uniformity. It generates unequal relief for nationwide infringement, based solely on the state in which the federal action is filed.

The Ninth Circuit’s approach also contravenes the dictates of this Court. *Menendez* held that trademark laches for past delay does not bar relief for ongoing and future acts. *Menendez v. Holt*, 128 U.S. 514, 524 (1888).

This Court previously clarified the role of laches in the two other major areas of intellectual property, patent and copyright law. Clarification in trademark law is even more important: patents and copyrights are governed by statutes of limitations, but trademark relief is solely equitable. Moreover, the approach below cannot be reconciled with this Court’s patent and copyright laches rulings. The latter areas are governed by statutes of limitations, but permit the recovery of recent damages notwithstanding older infringement beyond the statute. That flexible trademark equity cannot provide such recovery—while rigid patent and copyright statutes of limitations do—is an entirely illogical state of affairs.

These questions regularly recur with remarkable frequency. Over 3,000 federal trademark actions are filed each year: the required timing of suit and available scope of relief are issues pertinent to each of them. With the split between the circuits, similarly-situated parties are receiving disparate treatment, which will continue until this Court steps in.

In short, this case is an ideal candidate for review. It presents conflicts with the fundamental purpose of the Lanham Act, and with prior rulings of this Court. It presents pure questions of federal law on which the courts of appeals are sharply divided. These questions arise daily for all Lanham Act cases, and have significant policy and economic implications. Resolution is essential for achieving equity’s commitment to fairness, and for maintaining consistency in the federal courts. The Court should grant the petition.

STATEMENT OF THE CASE

A. Statutory Framework

The Lanham Act is the federal trademark statute enacted to protect against unfair competition, fraud, and deception in commerce. Its “intent . . . is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks . . . to protect registered marks used in such commerce from interference by State, or territorial legislation.” 15 U.S.C. §1127. As the legislative history and this Court have noted, it was meant to redress inconsistent state-by-state treatment of trademarks, by enacting a single uniform national law. *Infra*, Section I.2.

The Act has no statute of limitations. Instead, “equitable principles, including laches . . . are applicable” defenses to the timeliness of suit. 15 U.S.C. §1115(b) (9). Likewise, damages are “subject to the principles of equity.” 15 U.S.C. §1117(a). The same goes for injunctive relief. 15 U.S.C. §1116(a).

B. Factual and Procedural Background

The “XTREME” trademark has been the core of Petitioner Jem’s business since 2005. Jem sells portable audio products, power banks, cables, and other products bearing the mark, and operates under the business name “Xtreme Cables.” It owns multiple federal registrations relating to the mark, and common law rights. And it owns trademark assignments from prior suits against accused infringers JVCKenwood USA and Sentry Industries, Inc. (“JVC” and “Sentry”).

This case began in June 2020 when Jem sued Harman International Industries, Inc. (“Harman” a/k/a “JBL”) for trademark infringement. Jem sued in the Southern District of New York where Jem maintains its showroom. Harman was using the identical mark as Jem on the identical goods—XTREME on portable wireless speakers (which double as power banks).

Harman responded to the New York action with forum-shopping. It filed a declaratory judgment action in California over the XTREME mark in September 2020. It also added an allegation that Jem infringed Harman’s “INFINITY” mark.

In California, Jem moved to dismiss or transfer to New York on venue and jurisdictional grounds. Harman opposed transfer, insisting that this case be in California because the INFINITY claim made the case “fundamentally . . . different” from the New York one. The California court denied Jem’s motion. App.48a-49a. It disposed of the transfer motion in a cursory footnote, with no real legal or factual analysis. App.49a. Later, it became clear that INFINITY was a pretext—Harman did not produce one page on this claim in discovery.

Meanwhile, Harman moved in New York to sever claims since Jem had included unrelated defendant JVC in the same suit as it was infringing the same mark. Since Harman and JVC are separate companies, the New York court granted Harman’s motion and dismissed Harman without prejudice.

Once the New York court dismissed the action and the California court denied Jem’s attempt to move the case back to New York, Jem was forced to proceed in California.

For Jem to file a new action in New York would have been pointless—the second-filed California action would now be “first-filed” to a new filing in New York, and the California case was moving forward in any event. And appealing the New York action’s dismissal without prejudice for a year or more would have been futile while the California action proceeded full-steam ahead.

Jem filed an Answer in California in May 2021 upon resolution of the parties’ motions. It sought damages on Harman’s declaratory judgment claim, interposed counterclaims seeking damages and an injunction for infringement under the Lanham Act (mirroring the claims Jem brought in New York), and brought further claims under California law. Discovery proceeded.

On summary judgment, Jem demonstrated first use of the mark on the goods-in-suit, and that Harman later used the identical mark on identical goods. It showed that this use by Harman eventually led to confusion in the marketplace.

Harman cross-moved. It asserted California’s laches period against Jem’s counterclaims. The court adopted Harman’s position, denied all relief, and dismissed the case. App.7a.

Because of that dismissal, the lower courts never reached the merits. Jem asserts that it used the mark first, since Jem began using the mark on portable audio products and power banks in 2005. Harman began using XTREME as a trademark on those same goods in 2015 (and alleged earlier use on other goods). Also, Jem has multiple related federal registrations, whereas Harman has none. Harman defended by alleging third-party

dilution. But in depositions, Harman’s officers admitted that there were no *relevant* third-party uses. They also admitted the pertinent scope of the market, a different market from virtually all the other “third-party uses.” These were merits questions that should have gone to a jury. Instead, a jury never got to hear Jem’s claims because of the court’s summary judgment dismissal for laches.

Jem appealed the laches rulings as rife with error under principles of equity.

To begin with, Jem did not unduly delay. Harman’s use of “XTREME” as a standalone mark on Bluetooth portable speakers began in September 2015. Jem learned of that use in an August 2016 deposition during an unrelated case, when infringer Sentry showed Harman’s use to Jem’s President, Albert Alboucai. Mr. Alboucai testified that the use did not directly compete with Jem because Jem’s products were \$20, while Harman’s were fifteen times that price (at least \$299).

But over the next several years, Harman moved closer to Jem in nearly every respect. Harman dropped its prices for various speakers, and began selling refurbished goods, moving into direct competition. As the differences between the parties in price, retailers, and sales volume shifted, actual confusion between Jem’s goods and Harman’s emerged in 2018-2019. One of Harman’s products was even a “Gem” speaker (not bearing XTREME), virtually guaranteeing confusion.

Once Harman’s and Jem’s activities clashed and likelihood of confusion “loomed large,” Jem timely sued Harman for infringement in New York in June 2020. It did

so soon after Jem resolved in February 2020 an unrelated suit which threatened the life of its small company. *Jem Accessories, Inc. v. The Michaels Companies, Inc.*, Civil Action No. 2:17-cv-11899 (D.N.J.). Harman then moved the New York case to California where it secured a dismissal of the claims under California's shorter laches period.

In both the district court and on appeal, Jem noted that it filed suit in New York only 3 years and 10+ months after Jem first learned of Harman's use. That filing was well within New York's six-year laches period. And it was only a year or two after actual confusion emerged. This all belied Harman's claim that Jem was engaging in undue delay. Nor should the time *after* Jem filed the New York action have been counted as "delay." Harman had such sufficient notice of Jem's claims that Harman filed a retaliatory declaratory judgment action.

Even though Harman had notice of Jem's claims in 2020, Harman and the district court relied on Jem's May 2021 counterclaims in California as being more than four years after the August 2016 deposition, rendering Jem's claims "untimely" under California's four-year period. On appeal, Jem noted that using the counterclaim date wrongly counted time against Jem accruing from Harman's actions and judicial delays. From June 2020 to April 2021, time elapsed as: Harman filed a forum-shopping action; a sua sponte stay was issued by the California court; the New York court addressed Harman's motion to sever; and the California court ruled on Jem's motion to transfer. All these events had to occur before Jem's counterclaims were due in California. But the courts below counted all that time, occasioned by Harman's actions and maneuvering, against Jem as if it were Jem's "delay."

Harman had full notice of Jem’s claims in June-July 2020—which was less than four years from the August 2016 deposition, even under California’s laches period. But Harman asserted that the subsequent months it was litigating with Jem on these issues in two courts should be considered Jem’s “laches delay.” It counted that time to tip the scale from below four years to over four years under California’s period, securing a dismissal. Manipulating and running out the clock this way to find “laches” wrongly barred Jem from having its claims heard on the merits.

That was contrary to *Burnett*. “Both federal and state jurisdictions have recognized the unfairness of barring a plaintiff’s action solely because a prior timely action is dismissed . . . after the applicable statute of limitations has run.” *Burnett v. N.Y. Cent. R.R. Co.*, 380 U.S. 424, 430 (1965). “Congress . . . recognized that the filing of a lawsuit ‘itself shows the proper diligence on the part of the plaintiff which . . . statutes of limitation were intended to insure.’” *Id.* In “the interest of justice . . . the plaintiff [should] not be penalized by . . . ‘time-consuming and justice-defeating technicalities.’” *Id.* On the contrary, “when a plaintiff begins a timely [federal] action . . . in a . . . court having jurisdiction, and serves the defendant with process and plaintiff’s case is dismissed . . . , the . . . limitation is tolled during the pendency of the [first] suit.” *Id.* at 434-36.

The Ninth Circuit, however, affirmed the lower court’s ruling. App.1a. The time *after* Jem placed Harman on express notice by filing the New York suit was tallied against Jem, until Jem filed its California counterclaims. The months of judicial delay to decide motions in New York and California (before Jem was forced to proceed in

California and file counterclaims) were counted as “Jem’s delay” and toward the laches clock. Without counting that period, even Jem’s counterclaims would have been within California’s four-year period.

Jem then timely-petitioned for panel and en banc rehearing.

Jem petitioned because the Ninth Circuit’s borrowing of state limitation periods conflicts with the Lanham Act’s purpose, and this Court’s *Occidental Life* decision.

Jem also petitioned because Harman’s infringement was a continuing wrong. That warranted relief for the ongoing infringement. The district court declined to address that issue, effectively rejecting it (App.41a), and the Ninth Circuit affirmed without discussing it (App.1a-6a). Accordingly, Jem petitioned for panel and en banc rehearing, noting that the Ninth Circuit was proceeding contrary to this Court’s *Menendez* decision. Petition for Panel Rehearing and Rehearing En Banc (“Rehearing Petition”) at pgs. 12-15. The Ninth Circuit denied rehearing. App.46a.

This petition followed.

REASONS FOR GRANTING THE PETITION

I. There is an Intractable Conflict Over the Time Limit to Initiate Trademark Suits

The threshold question in every federal trademark case is the time limit to sue. The circuits’ widely disparate state-by-state answers to this question conflict with the

Lanham Act’s purpose of establishing federal uniformity. They also violate this Court’s directives in *Occidental Life*. 432 U.S. at 367.

1. a. The Lanham Act does not have a statute of limitations. *Petrella v. MGM*, 572 U.S. 663, 678 n.15 (2014), citing 15 U.S.C. §1115(b)(9). It provides that damages and injunctions must be determined under principles of equity. *Id.* and 15 U.S.C. §1116(a), and §1117(a).

Despite this framework, many circuits craft “limitations periods” by borrowing from state statutes to create a “presumption” of laches. As the opinion below held, “[w]hether laches bars a trademark infringement claim depends on, first, whether the plaintiff filed outside the ‘most analogous state statute of limitations.’” App.3a, quoting *Pinkette Clothing, Inc. v. Cosm. Warriors Ltd.*, 894 F.3d 1015, 1025 (9th Cir. 2018). The Ninth Circuit will “presume that laches is not a bar to suit if the plaintiff files within the limitations period for the analogous state action; the presumption is reversed if the plaintiff files suit after the analogous limitations period has expired.” *Jarrow Formulas, Inc. v. Nutrition Now, Inc.*, 304 F.3d 829, 838 (9th Cir. 2002).

The Second, Third, Fourth, Sixth, Seventh, and Eleventh Circuits also take this approach. *Conopco, Inc. v. Campbell Soup Co.*, 95 F.3d 187, 191 (2d Cir. 1996) (“once the analogous statute has run, a presumption of laches will apply”); *Univ. of Pittsburgh v. Champion Prods.*, 686 F.2d 1040, 1045 (3d Cir. 1982) (“where the ‘plaintiff sleeps on his rights for a period of time greater than the applicable statute of limitations,’ the burden of proof shifts to the plaintiff to prove the absence of such prejudice to the

defendant as would bar all relief”); *Beauty Time, Inc. v. VU Skin Sys.*, 118 F.3d 140, 143 (3d Cir. 1997) (“the general rule is that when a federal statute provides no limitations for suits, the court must look to the state statute of limitations for analogous types of actions”); *Belmora Ltd. Liab. Co. v. Bayer Consumer Care AG*, 987 F.3d 284, 294 (4th Cir. 2021) (“Laches is presumed to bar §43(a) claims filed outside the analogous limitations period”); *Tandy Corp. v. Malone & Hyde, Inc.*, 769 F.2d 362, 365 (6th Cir. 1985) (“the statute of limitations applicable to analogous actions at law is used to create a ‘presumption of laches’”); *Chattanooga Mfg., Inc. v. Nike, Inc.*, 301 F.3d 789, 793 (7th Cir. 2002) (“the district court followed our dictate . . . and ‘referred to analogous state statutes of limitations to determine whether a presumption of laches should apply’”); *Kason Indus. v. Component Hardware Grp., Inc.*, 120 F.3d 1199, 1203 (11th Cir. 1997) (“this circuit has followed the Sixth Circuit, which applies the period for analogous state law claims as the touchstone for laches”).

The Fifth Circuit, in contrast, refuses to apply a presumption. *Jaso v. Coca Cola Co.*, 435 F. App’x 346, 356 n.10 (5th Cir. 2011) (unpublished). Recognizing the circuit split, it notes that “[o]ther circuits that have addressed laches in the context of a Lanham Act claim have determined that a delay beyond the limitations period creates the presumption that laches applies. . . . See *Jarrow Formulas*.” *Id.* But it expressly declines to follow the approaches of those circuits. “Generally, this court requires the defendant to prove all three elements of the laches defense . . . Nor do our cases applying laches in the context of a Lanham Act violation appear to have applied the same presumption as other circuits.” *Id.* And

whereas *Jaso* referenced an analogous state statute, the Fifth Circuit cases thereafter have not. *Namer v. Broad. Bd. of Governors*, 628 F. App'x 910, 913 (5th Cir. 2015) (setting forth the elements of laches, without reference to state statutes or presumptions); *Rolex Watch USA, Inc. v. BeckerTime, L.L.C.*, 91 F.4th 776, 785 (5th Cir. 2024) (same).

The First and Eighth Circuits do not rely on state statutes or presumptions either. As such, the First Circuit in *Oriental* outlines the elements of a laches claim without reference to analogous statutes or presumptions. *Oriental Fin. Grp., Inc. v. Cooperativa De Ahorro Crédito Oriental*, 698 F.3d 9, 21 (1st Cir. 2012). The Eighth Circuit does the same. *A.I.G. Agency, Inc. v. Am. Int'l Grp., Inc.*, 33 F.4th 1031, 1034 (8th Cir. 2022).

Accordingly, there is an intractable conflict between the circuits. Seven circuits (the Second, Third, Fourth, Sixth, Seventh, Ninth and Eleventh) look to analogous state statutes to apply presumptions therefrom. In contrast, at least three circuits (the First, Fifth, and Eighth) do not.

b. Even between the Second, Third, Fourth, Sixth, Seventh, Ninth and Eleventh Circuits, borrowing produces a divisive conflict between them regarding the number of years to bring an action before a presumption applies. This conflict is considerable, because the number of years to file a claim under state law varies greatly across the country. *See e.g., Island Insteel Sys. v. Waters*, 296 F.3d 200, 204 (3d Cir. 2002) (two years in Virgin Islands); *Chattanooga*, 301 F.3d at 793 (Seventh Circuit: three years in Illinois); App.4a (Ninth Circuit: four years

in California); *Excelled Sheepskin & Leather Coat Corp. v. Or. Brewing Co.*, 897 F.3d 413, 419 (2d Cir. 2018) (six years in New York); *N.J. Physicians United Reciprocal Exch. v. Privilege Underwriters, Inc.*, 2016 U.S. Dist. LEXIS 143745, at *13 (D.N.J. Oct. 18, 2016) (Third Circuit: six years in New Jersey).

In some cases, the courts cannot even be certain of the period. Thus, the Ninth Circuit has held that there are “two possible limitations periods under Oregon law—two years or ten years.” *Tillamook Country Smoker, Inc. v. Tillamook Cty. Creamery Ass’n*, 465 F.3d 1102, 1108 (9th Cir. 2006). That is a vast gulf.

There are even conflicts within the same circuit, depending on the state where the suit originated. For example, the Ninth Circuit applies a three-year period for Arizona cases. *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 603 F.3d 1133, 1140 (9th Cir. 2010). But it applies a four-year period for California cases. App.4a.

c. Hence, whether a presumption applies, and, if so, the number of years before applying it, is applied inconsistently cross-country, based on the circuit of filing, and state law. The same suit for nationwide infringement of a federal mark is timely in some districts but untimely in others. It can be timely in under six years, but untimely after two years. The time to redress trademark likelihood of confusion is itself fraught with confusion.

These differing approaches to a “presumption” of laches erratically shift the burden of proof from infringer to trademark owner, with no prior predictability. Outcomes hinge on which state’s courthouse was seized of the action:

the fairness of the federal system is hamstrung by the laws of fifty states. Such a capricious system—for addressing *national* infringement—is unbearable.

2. This framework flatly contradicts the Congressional intent in enacting the Lanham Act. It cripples the Act’s very purpose.

As this Court noted, “[f]or most of the 19th century, trademark protection was the province of the States. . . . Eventually, Congress stepped in to provide a degree of ***national uniformity***, passing the first federal legislation protecting trademarks in 1870.” *Matal v. Tam*, 582 U.S. 218, 224 (2017) (emphasis added).

The Lanham Act’s legislative history proclaims the same. “[T]he States can change the common law with respect to trade-marks . . . there may be as many different varieties of common law as there are States. A man’s rights in his trade-mark in one State may differ widely from the rights which he enjoys in another.” S. Rep. No. 79-1333, at 3-4 (1946). Finding this intolerable, Congress stepped in. “[T]rade is no longer local, but is national . . . national legislation along national lines securing to the owners of trade-marks in interstate commerce definite rights should be enacted and should be enacted now.” *Id.* The current disarray of state periods violates this Congressional plan of uniformity.

It also violates the expressly stated goals of the Act. The Lanham Act avows that “[t]he intent of this chapter is to regulate commerce within the control of Congress . . . [and] to protect registered marks used in such commerce from interference by State, or territorial legislation.”

15 U.S.C. §1127 (emphasis added). Instead of protecting marks from territorial legislation, the borrowing regime directly subjugates them to state-by-state legislative interference.

3. None of this Court’s pre-Lanham Act trademark laches cases adopted “analogous” state statutes of limitations or presumptions. For example, this Court’s earliest case on trademark laches doctrine was *McLean*, an appeal from the Eastern District of Missouri. *McLean v. Fleming*, 96 U.S. 245 (1877). For more than two decades, the defendant used the plaintiff’s mark with the plaintiff’s knowledge. *Id.* at 257. The Court found that laches barred redress. *Id.* at 258. In arriving at that conclusion, it made no reference to any analogous statutes of limitations in Missouri or otherwise, or to any presumptions arising therefrom. *Id.*

The same goes for subsequent trademark laches cases before passage of the Lanham Act. *Menendez*, 128 U.S. 514; *Saxlehner v. Eisner & Mendelson Co.*, 179 U.S. 19 (1900); *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916); *United Drug Co. v. Rectanus Co.*, 248 U.S. 90 (1918). None of them looked to analogous state statutes. The Lanham Act must be interpreted in the light of those decisions because “we presume that Congress expects its statutes to be read in conformity with this Court’s precedents.” *United States v. Wells*, 519 U.S. 482, 495, (1997). *See also*, *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 580 U.S. 328, 344 (2017) (patent laches case discussing the “presumption that Congress legislates against the background of common law principles”); *Expl. Co. v. United States*, 247 U.S. 435, 449 (1918) (“When Congress passed the act in question the rule of *Bailey v. Glover* was the established doctrine

of this court. It was presumably enacted with the ruling of that case in mind.”)

The presumption is further strengthened by the fact that the Lanham Act’s legislative history references this Court’s precedents. S. Rep. No. 79-1333, at 3-4 (1946), citing *Rectanus*, 248 U.S. 90. *Rectanus* addressed trademark laches, and nothing in the legislative history or statute suggests an intent to depart from this Court’s earlier equitable principles. It is fair to say that the Act’s statement “[t]hat equitable principles, including laches . . . are applicable” (15 U.S.C. §1115(b)(9)) must incorporate the precedents of this Court, or else it has no meaning.

4. The “borrowing and presumption of laches” approach also contravenes this Court’s post-Lanham Act directives.

To be sure, “[w]hen Congress has created a cause of action and has not specified the period of time within which it may be asserted, the Court has frequently inferred that Congress intended that a local time limitation should apply.” *Occidental Life*, 432 U.S. at 367. “But the Court has not mechanically applied a state statute of limitations simply because a limitations period is absent from the federal statute.” *Id.*

In particular, “[s]tate legislatures do not devise their limitations periods with national interests in mind, and it is the duty of the federal courts to assure that the importation of state law will not frustrate or interfere with the implementation of national policies.” *Id.* As a result, “[s]tate limitations periods will not be borrowed if their application would be inconsistent with the underlying policies of the federal statute.” *Id.* (emphasis added).

That is directly on point. When Congress passed the Lanham Act, its underlying policy was uniformity—one law. Congress specifically intended to eliminate state-by-state variance. Borrowing from fifty state limitations periods not only frustrates the avowed federal policy, it turns it on its head. Consequently, the borrowing approach cannot be sustained.

5. Moreover, “[t]he present case concerns not only a federally-created right but a federal right for which the sole remedy is in equity.” *Holmberg v. Armbrrecht*, 327 U.S. 392, 395 (1946). “We do not have the duty of a federal court, sitting as it were as a court of a State, to approximate as closely as may be State law in order to vindicate without discrimination a right derived solely from a State. We have the duty of federal courts, sitting as national courts throughout the country, to apply their own principles in enforcing an equitable right created by Congress.” *Id.*

“Traditionally and for good reasons, statutes of limitation are not controlling measures of equitable relief.” *Id.* at 396. “Equity eschews mechanical rules; it depends on flexibility.” *Id.* To mechanically apply a presumption after a fixed number of years is the very type of rule abhorred by equity. And when the number of years varies uncontrollably from state to state, using such rules to constrain federal equitable relief is indefensible.

6. The borrowing approach also encourages forum-shopping and injustice. A defendant can duck liability by maneuvering to a state with a shorter period—which is exactly what Respondent did here. That flatly contradicts this Court’s “discouragement of forum-shopping and avoidance of inequitable administration of the laws.”

Chambers v. NASCO, Inc., 501 U.S. 32, 52 (1991). “With the possibility of multiple state limitations, the use of state statutes would present the danger of forum shopping and, at the very least, would ‘virtually guarante[e] . . . complex and expensive litigation over what should be a straightforward matter.’” *Agency Holding Corp. v. Malley-Duff & Assocs., Inc.*, 483 U.S. 143, 154 (1987).

7. Moreover, trademark rights can accrue over decades. Barring actions because of state laws frowning on brief delays of two or even four years is ill-advised for a federal system committed to the long-term protection of venerable intellectual property. In contrast, the trademark laches cases adjudicated by this Court involved decades of delay. *E.g.*, *McLean*, 96 U.S. at 256 (more than twenty years of delay); *Menendez*, 128 U.S. at 519 (use of mark for more than twenty years); *Saxlehner*, 179 U.S. at 37 (twenty years of inaction).

Nor is there any indication that Congress intended such an onerous result. Hence, borrowing raises “the possibility of the application of unduly short state statutes of limitations that would thwart the legislative purpose of creating an effective remedy.” *Agency Holding*, 483 U.S. at 154.

8. The borrowing approach also fails because the definition of an “analogous” statute varies from state to state—or even within the same state. For example, one Third Circuit case calculated a two-year laches period in Pennsylvania based on a fraud statute. *Beauty Time*, 118 F.3d at 143. But another Third Circuit case calculated a six year period in Pennsylvania based on the UTPCPL. *Santana Prods. v. Bobrick Washroom Equip., Inc.*, 401

F.3d 123, 135 (3d Cir. 2005). This further cements an utter lack of uniformity and certainty.

9. Congress codified a flexible laches doctrine, not a strict statute of limitations. 15 U.S.C. §1115(b)(9). Applying presumptions against a trademark owner runs afoul of the statutory text, and established principles of interpretation.

a. Laches is an affirmative defense. Fed. R. Civ. P. 8(c). It is well-established that a defendant raising an affirmative defense has the burden of proof. It has a “plaintiff’s burden” of proof by a preponderance of evidence. *Illinois v. Kentucky*, 500 U.S. 380, 384 (1991); *Martin v. Ohio*, 480 U.S. 228, 235 (1987) (“the common-law rule was that affirmative defenses . . . were matters for the defendant to prove.”). Similarly, this Court has held that a defendant cannot use laches to escape its burden of proof. *New Jersey v. New York*, 523 U.S. 767, 807 (1998). But the Ninth Circuit and similar courts explicitly let defendants evade their burden. Those courts are violating the common-law rule by shifting the burden of proof from the defendant to the plaintiff.

b. “As noted, the common-law rule was that the defendant had the burden of production and persuasion on any affirmative defense. And the Court has held that when Congress does not address the burden of proof in the text of a statute, ‘we presume that Congress intended to preserve the common-law rule.’” *Xiulu Ruan v. United States*, 597 U.S. 450, 475-76 (2022), quoting *Smith v. United States*, 568 U.S. 106, 112 (2013).

The Lanham Act’s text does not address the burden of proof on laches. 15 U.S.C. §1115(b)(9). Thus, under *Xiulu* and *Smith*, the Act’s reference to laches preserves the common-law rule placing the burden on the defendant. By shifting the burden of proof, the Ninth Circuit and associated courts are misapplying the statute.

c. This Court has held that the mere passage of time, without other inequity in the prosecution of the claim, does not support a finding of laches in the ordinary case. *Holmberg*, 327 U.S. at 396. Counter to *Holmberg*, the Ninth Circuit and associated courts of appeals **do** use the mere passage of time to support laches. The passage of a mechanical number of years creates a presumption against the plaintiff to support a laches finding.

d. Congress could have codified a statute of limitations, as in patent and copyright actions. Or, it could have codified a period for laches. But it chose not to. “As we stressed in *Petrella*, ‘courts are not at liberty to jettison Congress’ judgment on the timeliness of suit.” *SCA Hygiene*, 580 U.S. at 335, quoting *Petrella*, 572 U.S. at 667.

Accordingly, for courts to impose presumptive periods that were not enacted by Congress runs afoul of separation of powers. *SCA Hygiene*, 580 U.S. at 335, citing *Petrella*, 572 U.S. at 680. Even “applying laches within a limitations period specified by Congress would give judges a ‘legislation-overriding’ role that is beyond the Judiciary’s power.” *Id.* To go a step further and create presumptive periods—when there is no limitations period specified by Congress at all—is surely beyond that judicial power.

10. In short, the Ninth Circuit and similar circuits are completely undermining the Lanham Act's promise of uniformity. Under their approach, there is no uniformity locally, much less nationally. There are potentially as many laches periods as states in one circuit alone, putting aside the periods in other circuits. An action for nationwide infringement is timely, untimely, or indeterminate, depending on the state of filing. The borrowing and presumption-shifting approach violates this Court's dictates in *Occidental Life*, contravenes the statute and separation of powers, encourages forum-shopping, and fosters unfairness. The improper injection of a state-by-state patchwork into the national system of trademark enforcement urgently calls for correction by this Court.

II. Laches Should Not Bar Relief for Continuing Wrongs

Irrespective of laches for Harman's past actions, Jem also claimed relief for Harman's ongoing and future activity, because trademark infringement is a continuing wrong. The district court rejected that position, and barred Jem from any recovery or injunction. The Ninth Circuit persisted in that approach even though Petitioner pointed out that it contravened this Court's ruling in *Menendez*. Rehearing Petition pgs. 12-15. Its approach was unreasonable and inconsistent with this Court's directives.

1. The approach was draconian. Though California's laches period is four years, the court did not only preclude damages for infringements more than four-years-old. It barred Jem from recovering *any* damages—even for Harman's recent infringements within mere months or days of Jem's filing.

2. The circuits are split on this question. Courts in the Ninth, Seventh and Federal Circuits wield laches to reject all relief, notwithstanding continuing wrongs. *Jarrow*, 304 F.3d at 837 (Ninth Circuit: “We hold that the presumption of laches is triggered if any part of the claimed wrongful conduct occurred beyond the limitations period. To hold otherwise would ‘effectively swallow the rule of laches, and render it a spineless defense’”); *Hot Wax, Inc. v. Turtle Wax, Inc.*, 191 F.3d 813, 821-822 (7th Cir. 1999) (“Without the availability of the application of laches to a claim arising from a continuing wrong, a party could, theoretically, delay filing suit indefinitely. It would certainly be inequitable to reward this type of dilatory conduct”); *Bridgestone / Firestone Research, Inc. v. Auto. Club de l’Ouest de la France*, 245 F.3d 1359, 1364 (Fed. Cir. 2001) (“We conclude that the theory of ‘continuing wrong’ does not shelter the Automobile Club from the defense of laches.”).

The Fifth Circuit takes the opposite approach. It holds that the continuing wrong of infringement allows for ongoing and future recovery. *Abraham v. Alpha Chi Omega*, 796 F. Supp. 2d 837, 858 (N.D. Tex. 2011) (“Trademark infringement is a continuing wrong that gives rise to a claim for relief as long as the infringement persists . . . thus, a plaintiff may be entitled to injunctive relief as well as those damages incurred after the suit was filed”), *aff’d Abraham v. Alpha Chi Omega*, 708 F.3d 614 (5th Cir. 2013). And the Third Circuit concurs. *Univ. of Pittsburgh*, 686 F.2d at 1046, 1049 (“we reject Champion’s contention that Pitt’s delay alone has barred its right to prospective relief and hold that such a bar must depend upon the degree to which Pitt’s delay may have prejudiced Champion”; “the judgment of the district

court will be reversed insofar as it holds Pitt’s claims for prospective injunctive relief to be barred by laches.”).

Both of the leading trademark treatises have advocated the latter approach. *vonRosenberg v. Lawrence*, 2018 U.S. Dist. LEXIS 143513, at *8-9 (D.S.C. Aug. 23, 2018), quoting 6 McCarthy on Trademarks and Unfair Competition §31:33 (5th ed.) (“Usually, infringement is a continuing wrong, and a statute of limitations is no bar except as to damages beyond the statutory period”); *Abraham*, 796 F. Supp. 2d at 858, quoting 3-11 Gilson on Trademarks §11.08 (“Trademark infringement is a continuing wrong . . . thus, a plaintiff may be entitled to injunctive relief as well as those damages incurred after the suit was filed.”).

3. The latter approach is the correct one. In *Menendez*, the Court elucidated the parameters of trademark laches doctrine. “Where consent by the owner to the use of his trade-mark by another is to be inferred from his knowledge and silence merely, ‘it lasts no longer than the silence from which it springs; it is, in reality, no more than a revocable license.’” *Menendez*, 128 U.S. at 524.

As such, laches does not bar relief for ongoing and future acts. “[S]o far as the act is in progress and lies in the future, the right to the intervention of equity is not generally lost by previous delay, in respect to which the elements of an estoppel could rarely arise.” *Id.* Only past damages are lost. “Delay in bringing suit there was, and such delay as to preclude recovery of damages for prior infringement, but there was neither conduct nor negligence which could be held to destroy the right to prevention of further injury.” *Id.* at 524-525.

The approach of the Seventh, Ninth, and Federal Circuits violates these dictates. After they “preclude recovery of damages for prior infringement” they *also* “destroy the right to prevention of further injury.” *Id.*

And even though *Menendez* predated the Lanham Act, the Act should be interpreted in light of it. *Wells*, 519 U.S. at 495 (“we presume that Congress expects its statutes to be read in conformity with this Court’s precedents”) *SCA Hygiene*, 580 U.S. at 344 (“presumption that Congress legislates against the background of common law principles”); *Expl. Co.*, 247 U.S. at 449. Thus, history and tradition inform the correct route forward.

4. The Ninth Circuit’s approach also conflicts with this Court’s recent teachings. “[I]n the trademark context . . . the enforceability of a mark and likelihood of confusion between marks often turns on extrinsic facts that change over time . . . liability for trademark infringement turns on marketplace realities that can change dramatically from year to year.” *Lucky Brand Dungarees, Inc. v. Marcel Fashions Grp., Inc.*, 590 U.S. 405, 415 (2020). By reflexively cutting off all relief, without accounting for ongoing market realities and changing circumstances within the limitations period, the Ninth Circuit ignores *Lucky Brands*’ directives.

Indeed, after introducing XTREME portable Bluetooth speakers in 2015, Harman introduced an “XTREME 2” line in 2018, and an “XTREME 3” line in 2020. At the very minimum, those latter infringements should have started new clocks, based on the circumstances when they began. But the lower courts disregarded these issues and *Lucky Brand*. App.40a-41a.

Moreover, Harman’s uses evolved over time, from non-competition and high price points in 2016 to direct competition and actual confusion with Jem in 2018-2019. Judicial relief should have taken that into account but did not. The present case vividly illustrates the results of disregarding this Court’s wisdom.

5. Had this been a copyright or patent claim, Jem would have been able to recover damages for infringements during the limitations period, even if other infringements were beyond the limitations period. As this Court held for copyrights, “[l]aches . . . cannot be invoked to preclude adjudication of a claim for damages brought within the three-year window” of the statute of limitations, even if there were infringing acts beyond the three-year window. *Petrella*, 572 U.S. at 667. It similarly held for patents that “[l]aches cannot be interposed as a defense against damages where the infringement occurred within the [six-year] period prescribed by §286 [of the Patent Act],” even if there was additional infringement more than six years old. *SCA Hygiene*, 580 U.S. at 346. Likewise, Jem could have potentially obtained an injunction against future infringement if this were a copyright claim, with any “delay” being merely one factor. *Petrella*, 572 U.S. at 667. Instead, the Ninth Circuit denied all relief during the limitations period and onward.

In other words, the laches approach below was ***far stricter*** than this Court’s approaches to patent and copyright statutes of limitations. But trademark laches is subject to equity, not a strict statute of limitations. Thus, its standard should be ***more flexible*** than the patent and copyright standards—not less. Laches’ focus on fairness and flexibility means that “a suit in equity may lie though

a comparable cause of action at law would be barred.” *Holmberg*, 327 U.S. at 396.

It is illogical to bar ongoing relief under equity’s flexible laches doctrine when that relief is available under copyright and patent law’s rigid statutes. “The enactment of a statute of limitations necessarily reflects a congressional decision that the timeliness of covered claims is better judged on the basis of a generally hard and fast rule rather than the sort of case-specific judicial determination that occurs when a laches defense is asserted.” *SCA Hygiene*, 580 U.S. at 334-35. Conversely, Congress’ failure to enact a trademark statute of limitations means that strict rules may not be applied to bar relief based on a fixed, predetermined, number of years.

6. As a result, the Ninth Circuit’s bar also violates the separation of powers. Congress expressly codified a flexible laches doctrine in trademark law. 15 U.S.C. §1115(b)(9). It could have enacted a statute of limitations but did not. It is, therefore, indefensible for courts to impose harsher conditions on Congress’ flexible trademark framework than are present under rigid statutes of limitations in patent and copyright claims.

For the latter intellectual property, even with a statute of limitations, “applying laches within a limitations period specified by Congress would give judges a “legislation-overriding” role that is beyond the Judiciary’s power.” *SCA Hygiene*, 580 U.S. at 335, citing *Petrella*, 572 U.S. at 680. To use laches to deny all relief within an artificial, state-borrowed, limitations period—where there was **no** limitations period specified by Congress—exceeds the power of the Judiciary even more.

7. Moreover, trademarks can be renewed in perpetuity. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995). This is unlike patents and copyrights, which have limited terms. 35 U.S.C. §154(c)(1); 17 U.S.C. §302(a). Yet, under the lower courts’ approach, decades-old trademarks can become unenforceable, with damages and injunctions unavailable even for post-suit acts, because of a few years of “delay” under one state’s statute. That is extremely disturbing.

The Court should grant the petition to resolve the circuit split on this important issue and to correct the troubling departure from its past principles, including those of *Menendez*.

III. This Case is an Ideal Vehicle to Address These Important Issues

The posture and history of this case make it the perfect backdrop for the Court’s resolution of these significant questions.

1. The dispute hinges on pure questions of law: whether the trademark laches approaches of many courts of appeals conflict with the purpose of the Lanham Act, and with the governing precedents of this Court, including those of *Occidental Life* and *Menendez*.

2. The time to file suit is a threshold issue in every trademark case. It is relevant to over 3,000 federal actions filed each year.¹ And California and New York (both

1. www.uscourts.gov/data-news/judiciary-news/2020/02/13/just-facts-intellectual-property-cases-patent-copyright-and-trademark (U.S. Courts, Statistical Tables for the Federal Judiciary, Table C-7, 1996-2018).

implicated here), respectively host the highest and second-highest number of actions nationwide, so their conflicting laches periods affect one-third of the national caseload.²

3. This case implicates the subversion of equity’s greatest strengths—fairness and flexibility. Equity had the power to redress Harman’s evolving activities from non-competition in 2016 to direct competition in 2018-2019. It could have responded with flexibility in assessing the time to initiate suit. It could have responded with fairness in the scope of ongoing relief. Instead, it was hijacked by presumptions and doctrines running counter to those of this Court.

4. This case also implicates the underlying policy of the entire federal trademark system. Relief for Harman’s ***national*** infringement of Jem’s federally registered marks was subverted by the lowest ***state*** period Harman could apply under the circumstances. This loophole contravenes the Lanham Act’s *raison d’être*, and *Occidental Life*’s mandate.

5. These issues have percolated more than enough to warrant this Court’s intervention. The circuit courts have been applying the errors of law below for decades. For example, the Ninth Circuit has been following its incorrect borrowing approach for over twenty-three years. *Jarrow*, 304 F.3d at 837. Many courts have been entrenched for even longer. *E.g.*, *Univ. of Pittsburgh*, 686 F.2d at 1045 (forty-three years); *Tandy*, 769 F.2d at 365 (forty years).

Thus, notwithstanding the Ninth Circuit’s designation of its decision here as unpublished, parties have long been

2. *Id.*

and continue to be bound by *Jarrow's* errors of law, and the corresponding errors rampant nationwide. And when Jem complained to the Ninth Circuit about the irreconcilable conflicts with this Court's directives, the panel and en banc court declined to even consider them.

6. The misapplication of law was case-dispositive. By manipulating the ongoing defect in the lower courts' methodologies, an infringer unilaterally transformed a trademark owner's timely claims into untimely ones, and barred all past and future relief. Had Jem's case stayed in New York, Jem's infringement claims would have proceeded to trial. Instead, they were summarily dismissed for laches in California, after Harman moved the case there. This constellation of facts provides the ideal setting for contrasting and evaluating the equitability and lawfulness of the doctrines that the lower courts are applying.

7. These flaws undermine the integrity of federal trademark doctrine. Laches is about sleeping on one's rights for too extensive a period. In fact, Jem "did not sleep on his rights but brought an action within the statutory period in a [] court of competent jurisdiction." *Burnett*, 380 U.S. at 429. Jem filed in New York 3 years 10+ months after learning of Harman's infringement. That was long before New York's 6-year laches period lapsed. Jem reasonably asserted its rights years before its time limit in its home jurisdiction. Equity was on Jem's side.

Harman, on the other hand, prevailed via inequity. By filing a retaliatory action, it exploited the flaws in the borrowing regime, unilaterally changing the time limit to

make Jem’s claims untimely, and evading an adjudication on the merits. Harman gamed the system.

Moreover, after Jem filed in New York, “[s]ervice of process was made upon respondent notifying him that petitioner was asserting his cause of action.” *Id.* Hence, Harman was fully on notice of Jem’s claims. Yet, Harman used the months thereafter of judicial proceedings against Jem as part of Jem’s “laches period”—as if Harman was ignorant of a claim during that time, and as if Jem’s active litigation against Harman in two courts equated to Jem “sleeping” on its rights.

Furthermore, that period accrued due to months of judicial proceedings beyond Jem’s control. Yet, they were counted as “Jem’s delay.” Then, Jem’s prompt filing of counterclaims as soon as the motions were resolved was labeled as “untimely” under California’s four-year period. That was unjust.

This Court addressed similar types of venue, limitations periods, and timeliness issues in *Burnett*. Under its wisdom, Jem should not have been “penalized by . . . time-consuming and justice-defeating technicalities.” *Burnett*, 380 U.S. at 430. Unsound lower court doctrines unfairly circumvented a full and fair hearing on the merits on valid concerns about confusion in the marketplace.

8. This suit highlights the failings innate in disregarding the Lanham Act’s call for national uniformity. The Ninth Circuit could have easily credited Jem’s filing in a sister court and notice to Harman as stopping the clock, but did not.

Instead, in topsy-turvy fashion, the court effectively ***rewarded*** Harman for impermissible forum-shopping. Using maneuvers opportunistically based on a harmless joinder of separate defendants, Harman moved the case and secured a dismissal of Jem’s meritorious claims.

“It is too late in the day and entirely contrary to the spirit of the Federal Rules of Civil Procedure for decisions on the merits to be avoided on the basis of such mere technicalities. The Federal Rules reject the approach that pleading is a game of skill in which one misstep by counsel may be decisive to the outcome.” *Foman v. Davis*, 371 U.S. 178, 181-82 (1962) (citations and quotations omitted). Harman should not have been allowed to exploit a defect contrary to the Congressional plan, and wholly toss a timely-filed action.

9. The stakes are extremely substantial. The faults in the system can eviscerate billions of dollars of trademark assets, instrumental to economic growth and prosperity, after decades of work building goodwill in a company’s goods.

This is squarely at issue. For Jem, millions of dollars are at risk, along with the core brand of its family-owned business built-up since 2005. Harman, a 30,000-employee corporation, took advantage of a small 114-employee business. It even asserted pretextual “INFINITY” claims, for which it supplied *zero* discovery, in its rife manipulation of the system.

Since then, Harman has expanded its infringement. But Jem is helpless to remediate the ongoing damage

under the approach of the Ninth Circuit (and a majority of others) counter to this Court's dictates. Jem gravely suffers as a result.

10. It is utterly inequitable to concede infringers to the courthouses of states with the lowest laches period at hand to evade all justice. It is also inequitable to use that lowest common denominator to then bar all ongoing and future relief. This broken system urgently needs to be fixed.

Unless this Court intervenes, trademark owners will continue to capriciously face disparate state laws imposing inconsistent standards on adjudication of federal infringement, antithetical to the Congressional regime mandating one national law.

The Court should grant the petition to resolve the critical divisions on these fundamental issues, to fulfill the purpose of the Lanham Act, and to restore equity.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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APPENDIX

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**APPENDIX A — MEMORANDUM OF THE
UNITED STATES COURT OF APPEALS FOR THE
NINTH CIRCUIT, FILED NOVEMBER 12, 2024**

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 23-55774

D.C. No. 2:20-cv-08222-AB-SK

HARMAN INTERNATIONAL INDUSTRIES, INC.,
A DELAWARE CORPORATION,

Plaintiff-counter-defendant-Appellee,

v.

JEM ACCESSORIES, INC., DBA XTREME
CABLES, A NEW JERSEY CORPORATION,

Defendant-counter-claimant-Appellant.

Filed November 12, 2024

MEMORANDUM*

NOT FOR PUBLICATION

Appeal from the United States District Court
for the Central District of California
Andre Birotte, Jr., District Judge, Presiding

Argued and Submitted October 21, 2024
San Francisco, California

* This disposition is not appropriate for publication and is not precedent except as provided by Ninth Circuit Rule 36-3.

Appendix A

Before: CLIFTON, SUNG, and SANCHEZ, Circuit Judges.

Jem Accessories, Inc. (“Jem”) appeals the district court’s grant of summary judgment to Harman International Industries, Inc. (“Harman”) and denial of its motion to dismiss or transfer the action to the Southern District of New York. We have jurisdiction under 28 U.S.C. § 1291, and we affirm.

1. Jem argues that the first-to-file rule required the district court to transfer the action to New York. We review the district court’s ruling under the first-to-file rule for abuse of discretion. *Kohn L. Grp., Inc. v. Auto Parts Mfg. Miss., Inc.*, 787 F.3d 1237, 1239 (9th Cir. 2015) (citation omitted).

The first-to-file rule is discretionary and “may be invoked when a complaint involving the same parties and issues has already been filed in another district.” *Alltrade, Inc. v. Uniweld Prods., Inc.*, 946 F.2d 622, 625 (9th Cir. 1991) (citation and internal quotation marks omitted). Jem had previously filed a trademark infringement lawsuit against Harman and JVCKenwood USA Corp. in the Southern District of New York on June 29, 2020 (“New York Action”). Harman filed this case on September 8, 2020, in the Central District of California (“California Action”). On February 22, 2021, the New York court dismissed Jem’s action against Harman for improper joinder. Instead of seeking to appeal that dismissal or refiling a separate action in New York, Jem pursued its claims against Harman by filing a counterclaim in the California Action.

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The first-to-file rule does not apply here. No action against Harman was pending in New York at the time the California court denied the motion to dismiss or transfer on April 8, 2021, Jem filed its counterclaim in the California Action on May 6, 2021, or the California court granted summary judgment on April 10, 2023.¹

2. Jem argues that the doctrine of laches does not bar its trademark infringement claims. We review the availability of the laches defense de novo, *Grupo Gigante S.A. de C.V. v. Dallo & Co., Inc.*, 391 F.3d 1088, 1101 (9th Cir. 2004), and the application of the laches factors for abuse of discretion, *Eat Right Foods Ltd. v. Whole Foods Mkt., Inc.*, 880 F.3d 1109, 1115 (9th Cir. 2018). Whether laches bars a trademark infringement claim depends on, first, whether the plaintiff filed outside the “most analogous state statute of limitations,” *Pinkette Clothing, Inc. v. Cosm. Warriors Ltd.*, 894 F.3d 1015, 1025 (9th Cir. 2018), and, second, the equities in applying laches based on the six factors set out in *E-Sys., Inc. v. Monitek, Inc.*, 720 F.2d 604, 607 (9th Cir. 1983).

Jem filed its counterclaim in the Central District of California. The forum state of the district court usually

1. Jem also argues in passing that the district court should have dismissed this case on forum non conveniens grounds. A trial court’s forum non conveniens determination is reviewed for a “clear abuse of discretion.” *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 257 (1981). Jem’s opening brief fails to examine any of the forum non conveniens factors in any depth. We see no basis to disturb the district court’s determination that the California forum would not impose an undue burden on the parties.

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provides the “most analogous state statute of limitations.” *See Pinkette*, 894 F.3d at 1025. The decision by the district court to apply the four-year limitations period under California law was appropriate.

Jem argues a longer, six-year period under New York law should have been applied, contending that Harman brought its action in California under New York law. However, Harman’s complaint alleged that Harman did not infringe “marks alleged to be owned by Jem under the Lanham Act or any state law,” and its prayer for relief similarly sought a declaratory judgment that it had not violated Jem’s alleged common-law marks “under the federal Lanham Act or any other federal or state law.” Harman’s complaint does not invite or insist upon adjudication by the court under the separate laws of all fifty states. The district court did not abuse its discretion in deciding that California’s limitations period was the most analogous state statute of limitations, not New York’s.

Under California law, Jem’s counterclaim was untimely. Jem filed its counterclaim in the California Action more than four years after it had actual knowledge of its potential claims against Harman. The laches period begins “when the plaintiff knew (or should have known) of the allegedly infringing conduct.” *See Eat Right Foods*, 880 F.3d at 1116 (citation and quotation marks omitted). The starting date for Jem’s laches period was no later than August 1, 2016, the day that Jem’s president acknowledged that he learned of Harman’s alleged infringement and when he testified that he wanted to sue Harman immediately.

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The relevant period ends at the filing of “the lawsuit in which the defendant seeks to invoke the laches defense.” *Id.* (citation and quotation marks omitted). Harman filed the California Action on September 8, 2020, and Jem filed its counterclaim on May 6, 2021, both of which are more than four years after August 1, 2016.

Jem argues that the laches period should be extended by equitable tolling, but such tolling requires that an “extraordinary circumstance stood in [Jem’s] way and prevented timely filing.” *Menominee Indian Tribe of Wis. v. United States*, 577 U.S. 250, 255 (2016) (quoting *Holland v. Florida*, 560 U.S. 631, 649 (2010)). Jem’s explanations for its delayed filing reflected its own calculations, not extraordinary circumstances that prevented timely filing and justify equitable tolling.

Finally, the district court did not abuse its discretion in concluding that the *E-Systems* factors justified the application of laches. The court determined that the mark was “weak” because it was “suggestive” and not rebutted by any evidence of commercial strength or significant consumer recognition of Jem’s brand. Further, Jem did not show diligence in enforcing the mark against Harman. It failed to contact Harman about the alleged infringement prior to filing the New York Action and filed its counterclaim in California more than four years after learning of the alleged infringement. Jem also failed to present any persuasive evidence that Harman acted in bad faith, sought to take unfair advantage of Jem’s good will, or hid its own use of the mark. Finally, Harman suffered prejudice from Jem’s delay in asserting its claim

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as Harman continued to invest in its JBL- and XTREME brand speakers. *See Pinkette*, 894 F.3d at 1028.²

AFFIRMED.

2. Jem also asserts that progressive encroachment ought to apply. But progressive encroachment does not protect a trademark holder who “knew of the potential conflict several years before bringing suit” and “chose to wait until the conflict was actual, versus potential.” *Internet Specialties W., Inc. v. Milon-DiGiorgio Enters., Inc.*, 559 F.3d 985, 991 (9th Cir. 2009). Jem knew of the potential conflict on August 1, 2016 but waited more than four years to file suit.

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**APPENDIX B — ORDER DENYING JEM'S
MOTION FOR SUMMARY JUDGMENT, AND
GRANTING HARMAN'S MOTION FOR SUMMARY
JUDGMENT OF THE UNITED STATES DISTRICT
COURT FOR THE CENTRAL DISTRICT OF
CALIFORNIA, FILED APRIL 10, 2023**

UNITED STATES DISTRICT COURT CENTRAL
DISTRICT OF CALIFORNIA

Case No. 2:20-cv-08222-AB-SKx

HARMAN INTERNATIONAL INDUSTRIES, INC.,
A DELAWARE CORPORATION,

Plaintiff and Counter-Defendant,

v.

JEM ACCESSORIES, INC. DBA XTREME
CABLES, A NEW JERSEY CORPORATION,

Defendant and Counter-Plaintiff.

Filed April 10, 2023

**ORDER DENYING JEM'S MOTION
FOR SUMMARY JUDGMENT, AND
GRANTING HARMAN'S MOTION
FOR SUMMARY JUDGMENT**

Before the Court are Motions for Summary Judgment
filed by both Defendant and Counter-Plaintiff Jem

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Accessories, Inc. (“Jem”) and Plaintiff and Counter-Defendant Harman International Industries (“Harman”). (Dkt. Nos. 69, 85.) Oppositions and replies were filed with both Motions. (*See* Dkt. Nos. 85, 95, 111.) The Court heard oral argument on March 28, 2023. For the following reasons the Court **DENIES** Jem’s Motion, and **GRANTS** Harman’s Motion based on laches.

I. BACKGROUND**A. Procedural History**

This trademark action arises from two companies using “XTREME” and “INFINITY” as designations on audio speakers. On June 29, 2020, Jem sued Harman in the Southern District of New York (“the New York action”),¹ asserting infringement and unfair competition claims under the Lanham Act, 15 U.S.C. § 1051 et seq., and New York state law. (Dkt. No. 95, Ex. 16.) Jem’s complaint in that action alleged that Harman’s sale of Bluetooth speakers under an XTREME designation infringed Jem’s asserted common law XTREME trademark, along with its various related federally registered marks. (*Id.* ¶¶ 13-18, 26.)

Harman responded by suing Jem in this Court on September 8, 2020, for (1) federal trademark infringement of its INFINITY mark, 15 U.S.C. § 1114(1); (2) federal false designation of origin and unfair competition

1. *Jem Accessories, Inc. v. JVCKenwood USA Corp.*, No. 1:20-cv-04984 (S.D.N.Y. filed June 29, 2020).

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pertaining to its INFINITY mark, 15 U.S.C. § 1125(a); (3) federal trademark dilution of its INFINITY mark, 15 U.S.C. § 1125(c); (4) unfair competition pertaining to its INFINITY mark, Cal. Bus. & Prof. Code § 17200 et seq.; (5) common law trademark infringement; (6) declaratory judgment that Harman's use of XTREME does not infringe Jem's federally registered marks; and (7) declaratory judgment that Harman's use of XTREME does not infringe Jem's common law marks. (Compl., Dkt. No. 1.) This Court eventually stayed Harman's action in order to allow the United States District Court for the Southern District of New York to adjudicate Harman's then-pending motion to dismiss or transfer. (Dkt. No. 31.) The United States District Court for the Southern District of New York subsequently issued a Memorandum Opinion and Order on February 22, 2021, dismissing Jem's complaint against Harman in that action without prejudice based on improper joinder. (Dkt. No. 36, Ex. A.)

On May 6, 2021, Jem filed its Answer in this action, asserting counterclaims for infringement and unfair competition under the Lanham Act and California law pertaining to Harman's use of XTREME. (Answer, Dkt. No. 39.) As in the New York action, Jem's counterclaims alleged that Harman's sale of Bluetooth speakers under an XTREME designation infringed Jem's asserted common law XTREME trademark, along with its related federally registered marks.² (*Id.* at 13-15.)

2. Jem's Reply and Opposition also appears to take issue with Harman using an XTREME designation on power banks. (*See, e.g.*, Dkt. No. 95 at 14 ("[Jem] is specifically asserting rights to the accused portable Bluetooth speakers and power banks."))

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Jem now moves for summary judgment as to Harman's claims pertaining to INFINITY, arguing that Harman has abandoned its INFINITY mark. (Dkt. No. 69 at 3-5.) Jem also moves for summary judgment in favor of its counterclaims regarding XTREME. (*Id.* at 5-15.) Harman counters by moving for summary judgment against Jem's counterclaims regarding XTREME and further argues that the counterclaims are barred by laches, prior use, and fair use. (Dkt No. 85 at 6-42.)

B. Undisputed Facts

The Court has reviewed Jem's and Harman's Statements of Undisputed Facts (Dkt. Nos. 69-4, 85-1 at 1-40), Harman's Statement of Genuine Issues (Dkt. No. 85-1 at 40-92 ("Harman SGI")), and Jem's Response to Harman's Statement of Undisputed Facts (Dkt. No. 96 ("Jem Resp.")). Though the parties dispute myriad facts, the Court finds that the following facts are not in genuine dispute.

Harman is a corporation headquartered in Northridge, California that sells speakers and other audio accessories.

As Jem does not raise any allegations regarding power banks in its counterclaims (*see* Dkt. No. 39), the Court will not address this alleged infringement in ruling on the parties' Motions for Summary Judgment. *See Chavez v. Wynar*, 536 F. Supp. 3d 517, 535 (N.D. Cal. 2021) ("Plaintiffs may not raise a new claim or theory of liability for the first time in response to a motion for summary judgment."); *InfoVista S.A. v. VistanetIT, Inc.*, No. C07-00822 MJJ, 2007 WL 1176628, at *4 (N.D. Cal. Apr. 20, 2007) (declining to adjudicate a question because the complaint contained no related allegations).

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(Jem Resp. ¶¶ 1-4.) Harman owns trademark registrations for INFINITY and JBL, which it uses to sell its audio-related goods. (*Id.* ¶ 4.) Harman specifically owns two U.S. Patent and Trademark Office (“USPTO”) registrations for INFINITY, issued in 1980 and 1986 respectively, which pertain to speakers, high fidelity speakers, and speaker elements, among other goods. (Harman SGI ¶¶ 29, 65; Dkt. Nos. 1-1, Ex. A; Dkt. No. 69, Ex. 29.)

Jem is a corporation headquartered in Edison, New Jersey. (Compl. ¶ 5; Answer ¶ 6.) Jem similarly sells and distributes electronic products and accessories, including cell phone chargers, speakers, cables, adapters, and television mounts. (Jem Resp. ¶ 15; Answer ¶ 8.) Jem began using XTREME as a designation in association with advertising and selling speakers, power banks, and other audio-related products as early as 2005. (Harman SGI ¶¶ 1, 3, 5, 91, 137, 196; Dkt. No. 69, Exs. 1, 3, 4.) In 2013, Jem first applied to register the mark X XTREME with the USPTO for batteries and battery chargers, among other products, but the application was denied because of a likelihood of confusion with other registered marks. (Jem Resp. ¶ 47; Hallerman Decl. Ex. 10.) In July 2014, Jem secured a trademark registration for XTREME DIGITAL LIFESTYLE ACCESSORIES, pertaining to brackets for flat screen T.V. sets, mobile computer carrying cases, cell phone covers, computer mice, computer styluses, smartphone cases, and cell phone USB cables. (Harman SGI ¶¶ 8, 49; Dkt. No. 69, Ex. 8.) In September 2020, Jem obtained both word and style registrations for XTREME CONNECTED HOME pertaining to, among other goods, wireless speakers and wireless outdoor speakers. (Dkt. No. 95, Exs. 47-48.)

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Jem has accumulated similar registrations via litigation. As a result of a settlement with Sentry Industries, Inc. (“Sentry”; “the Sentry litigation”), Jem was assigned a USPTO registration for XTREME in July 2017, pertaining to earphones, headphones, and earbuds. (Harman SGI ¶¶ 9-10, 104; Dkt. No. 69, Exs. 9-10.) During that litigation on August 1, 2016, Harman’s use of OnBeat Xtreme on speaker docks was brought to the attention of Jem’s President Albert Alboucai during a deposition. (Harman SGI ¶ 143; Jem Resp. ¶ 129; Dkt. No. 69, Ex. 21.) Mr. Alboucai later testified that he wanted Jem to sue Harman “the second he left his deposition,” and subsequently notified Jem’s co-owner Elie Chemtob of Harman’s use of XTREME on speakers. (Jem Resp. ¶¶ 130-31.) Mr. Chemtob confirmed knowledge of Harman’s use from the Sentry litigation, considering it a “problem” for Jem. (*Id.* ¶ 132.) In 2021, Jem was also assigned all of JVCKenwood USA Corp.’s (“JVC”) rights to XTREME from 2011 to 2021 as a result of the New York action that Harman was dismissed from. (Harman SGI ¶¶ 18, 108; Dkt. No. 69, Exs. 18-19.)

From at least 2006 to 2010, Harman sold JBL brand speakers using the designation “Control 1Xtreme,” garnering reviews from industry publications and websites. (Jem Resp. ¶¶ 6, 134, 136.) From 2011 to 2015, Harman sold a JBL OnBeat Xtreme speaker featuring Bluetooth connectivity and wireless streaming, for which it also received coverage in magazines and online publications. (*Id.* ¶¶ 7-8, 138-39.) In September 2015, Harman first sold a portable XTREME speaker under its JBL brand, featuring Bluetooth connectivity, wireless

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streaming, and power bank capabilities. (Harman SGI ¶¶ 90, 182; Jem Resp. ¶ 10.) It later introduced a second and third generation of the speaker, the XTREME 2 and XTREME 3, under its JBL brand in January 2018 and in 2020, respectively. (Jem Resp. ¶¶ 10-11.) Harman has earned “extensive revenue[s]” in the United States from sales of its JBL XTREME speakers. (*Id.* ¶¶ 14, 151, 153.)

Jem and Harman now both use the designation XTREME on portable Bluetooth speakers. (Harman SGI ¶ 114; Dkt. No. 69, Ex. 2, Ex. 8 at 46.) Harman sells its speakers to retailers like Best Buy, Target, and Walmart, while Jem’s goods are sold at retailers like Menards and Five Below. (Harman SGI ¶¶ 116-17.) Both parties sell their products online, including via Amazon.com. (*Id.* ¶¶ 128-29.) Most of Jem’s speakers retail between \$5 and \$100, and Jem has never sold a speaker above this price range. (Jem Resp. ¶¶ 56-57.) New models of Harman’s JBL XTREME speakers retail for over \$200. (Harman SGI ¶¶ 185-86; Jem Resp. ¶ 58.)

II. LEGAL STANDARD

A motion for summary judgment must be granted when “the pleadings, the discovery and disclosure materials on file, and any affidavits show that there is no genuine issue as to any material fact and that the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(c); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247-48, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986). The moving party bears the initial burden of identifying the elements of the claim or defense and evidence that it

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believes demonstrates the absence of an issue of material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986). Where the nonmoving party will have the burden of proof at trial, the movant can prevail merely by pointing out that there is an absence of evidence to support the nonmoving party's case. *Id.* The nonmoving party then "must set forth specific facts showing that there is a genuine issue for trial." *Anderson*, 477 U.S. at 248, 106 S.Ct. 2505.

"Where the record taken as a whole could not lead a rational trier of fact to find for the nonmoving party, there is no 'genuine issue for trial.'" *Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 587, 106 S.Ct. 1348, 89 L.Ed.2d 538 (1986). The Court must draw all reasonable inferences in the nonmoving party's favor. *In re Oracle Corp. Sec. Litig.*, 627 F.3d 376, 387 (9th Cir. 2010) (citing *Anderson*, 477 U.S. at 255, 106 S.Ct. 2505). Nevertheless, inferences are not drawn out of thin air, and it is the nonmoving party's obligation to produce a factual predicate from which the inference may be drawn. *Richards v. Nielsen Freight Lines*, 602 F.Supp. 1224, 1244-45 (E.D. Cal. 1985), *aff'd*, 810 F.2d 898 (9th Cir. 1987). "[M]ere disagreement or the bald assertion that a genuine issue of material fact exists" does not preclude summary judgment. *Harper v. Wallingford*, 877 F.2d 728, 731 (9th Cir. 1989).

**III. JEM'S MOTION FOR SUMMARY JUDGMENT
AS TO HARMAN'S INFRINGEMENT CLAIMS
IS *DENIED*.**

In adjudicating the parties' motions, the Court has considered Jem's and Harman's Statements of Undisputed

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Facts, Harman's Statement of Genuine Issues, and Jem's Response to Harman's Statement of Undisputed Facts, along with evidence cited and submitted. The Court discusses below those undisputed and disputed facts that are material to its decision. The Court has also considered objections to the evidence submitted. Objections material to its decision are discussed below; all other objections are overruled.

A. Abandonment

Jem first moves for summary judgment as to Harman's infringement claims regarding Harman's INFINITY mark. Jem specifically argues that Harman's claims cannot survive because Harman's INFINITY mark was abandoned based on its nonuse. (*See* Dkt. No. 69 at 3-4.)

"To show abandonment by nonuse, the party claiming abandonment must prove both the trademark owner's (1) 'discontinuance of trademark use' and (2) 'intent not to resume such use.'" *Electro Source, LLC v. Brandess-Kalt-Aetna Group, Inc.*, 458 F.3d 931, 935 (9th Cir. 2006) (citing 15 U.S.C. § 1127). "Intent not to resume may be inferred from circumstances." 15 U.S.C. § 1127. "Nonuse for 3 consecutive years shall be prima facie evidence of abandonment." *Id.*

"Section 1127 . . . provides that 'use' of a trademark defeats an allegation of abandonment when: the use includes placement on goods sold or transported in commerce; is bonafide; is made in the ordinary course of trade; and is not made merely to reserve a right in a mark."

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Electro Source, 458 F.3d at 936. The prima facie case of abandonment (proof of nonuse for three consecutive years) “eliminates the challenger’s burden to establish the intent element of abandonment as an initial part of [its] case,” and creates a rebuttable presumption that the registrant has abandoned the mark without intent to resume. . . .” *Levi Strauss & Co. v. GTFM, Inc.*, 196 F. Supp. 2d 971, 976 (N.D. Cal. 2002) (quoting *Imperial Tobacco, Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575, 1579 (Fed. Cir. 1990)). “Once created, a prima facie case of abandonment may be rebutted by showing valid reasons for nonuse or lack of intent to abandon the mark.” *Id.* (citing *Abdul-Jabbar v. Gen’l Motors Corp.*, 85 F.3d 407, 411 (9th Cir. 1996)).

First, it should be noted that Jem failed to assert an abandonment defense in its Answer. (See Dkt. No. 39.) Abandonment is an affirmative defense, and affirmative defenses generally are deemed waived if not asserted in the pleadings. See *Herb Reed Enterprises, LLC v. Fla. Ent. Mgmt., Inc.*, 736 F.3d 1239, 1247 (9th Cir. 2013); *In re Cellular 101, Inc.*, 539 F.3d 1150, 1155 (9th Cir. 2008) (citing Fed. R. Civ. P. 8(c)) (“[A]n affirmative defense . . . is generally waived if not asserted in the answer to a complaint.”). For this reason alone, Jem’s motion for summary judgment as to Harman’s infringement claims may be denied.

Jem’s argument also fails on the merits. Jem relies on the deposition testimonies of Harman’s Manager of Product Marketing Soraya Kukucka and its Senior Vice President Daniel Lee to argue that a prima facie case of three years of nonuse has been established. Ms. Kukucka

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testified that she had no familiarity with Harman’s marketing and sale of INFINITY speakers in the United States (Dkt. No. 95, Ex. 30 at 14), while Mr. Lee stated he had no specific knowledge of INFINITY being used for speakers from 2015 to the present, though he thought such use was a “possibility” (*id.*, Ex. 31 at 73-74). It is unclear how this lack of knowledge regarding use of the INFINITY mark on speakers constitutes proof that Harman discontinued use of its mark, let alone prima facie evidence of three years of consecutive nonuse. Parties asserting abandonment are required to “strictly prove” their claim, which in part requires proof of “*complete* cessation or discontinuance” of the mark in question. *Electro Source*, 458 F.3d 931 at 935, n.2, 938. But Ms. Kukucka’s and Mr. Lee’s testimonies only demonstrate that they lacked knowledge regarding use of the mark on speakers, not that the company had ceased use of the mark in that context. Indeed, Mr. Lee still maintained that such a use was possible, despite his lack of knowledge.

Harman, moreover, has attested to significant sales of INFINITY speakers in the U.S. since 2017 and has proffered evidence of it selling speakers under the INFINITY word mark on its websites (*see, e.g.*, Dkt. No. 83, Ex. 5). While this evidence may not be conclusive, a reasonable jury could rely on it to find that Harman has used the mark in commerce sufficiently to defeat Jem’s claim of abandonment. *See* 15 U.S.C. § 1127 (defining “use of commerce” as including a use of mark “on the goods . . . or the displays associated therewith” in the ordinary course of trade) (emphasis added); *see also Banc of California Inc. v. Farmers & Merchants Bank of Long*

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Beach, No. SA-cv-16:01601-CJC-AFMx, 2017 WL 3575471, at *1 (C.D. Cal. July 6, 2017) (denying summary judgment on abandonment where defendant provided a single instance of use in commerce despite various evidence that defendant had ceased use of its mark).

Having made all reasonable inferences in favor of Harman as the nonmoving party, Jem has not met its heavy burden of proving abandonment to secure summary judgment on Harman's infringement claims. The Court accordingly denies summary judgment on this ground.

IV. HARMAN'S MOTION FOR SUMMARY JUDGMENT AS TO JEM'S INFRINGEMENT COUNTERCLAIMS IS *GRANTED*.

A. Laches

Harman moves for summary judgment in its favor on Jem's counterclaims based on a laches. Jem also moves for summary judgment in its favor as to that defense.

To apply laches in the trademark infringement context, "[w]e analyze the laches defense with a two-step process." *Pinkette Clothing, Inc. v. Cosm. Warriors Ltd.*, 894 F.3d 1015, 1025 (9th Cir. 2018) (quoting *La Quinta Worldwide LLC v. Q.R.T.M., S.A. de C.V.*, 762 F.3d 867, 878 (9th Cir. 2014)). First, we assess the plaintiff's delay by looking to whether the most analogous state statute of limitations has expired. *Id.* If the most analogous state statute of limitations expired before suit was filed, there is a strong presumption in favor of laches. *Id.* That

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presumption is reversed, however, if the most analogous state statute of limitations expired after suit was filed. *Id.* “Second, we assess the equity of applying laches using the *E-Systems* factors: (1) ‘strength and value of trademark rights asserted;’ (2) ‘plaintiffs diligence in enforcing [the] mark;’ (3) ‘harm to senior user if relief denied;’ (4) ‘good faith ignorance by junior user;’ (5) ‘competition between senior and junior users;’ and (6) ‘extent of harm suffered by junior user because of senior user’s delay.’” *Id.* (quoting *E-Sys., Inc. v. Monitek, Inc.*, 720 F.2d 604, 607 (9th Cir. 1983)).

1. Presumption of Laches

The most analogous state statute of limitations for this case is California’s four-year statute of limitations for trademark infringement actions.³ *Id.*; *Internet Specialties*

3. Jem argues that New York’s six-year limitations period should apply instead because Jem actually began litigating its counterclaims on June 29, 2020, when it filed its New York action against Harman. (Dkt. No. 69 at 16-17.) Jem cites no case holding that where a party has previously filed a similar action in another district articulating claims under a different state’s laws, a court should, for the purpose of laches, analogize to the state statute of limitations related to the previous action. *Cf. Seven Arts Filmed Ent. Ltd. v. Content Media Corp. PLC*, 733 F.3d 1251, 1258 (9th Cir. 2013) (holding that plaintiff may not “rely on the filing of a separate action against a separate defendant to toll a subsequent copyright action against a new defendant”). At any rate, Harman was dismissed from the New York action based on improper joinder (*see* Dkt. No. 36), and Jem’s counterclaims in this action only arise under either California or federal law (*see* Dkt. No. 39 at 17-21), making the California statute of limitations more applicable to the adjudication of this action.

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W., Inc. v. Milon-DiGiorgio Enters., Inc., 559 F.3d 985, 990 n.2 (9th Cir. 2009). In order to assess whether any presumption of laches exists, the Court must thus address whether Jem took longer than four years to file its counterclaims in this action once it knew or should have known about its potential claim. *See Pinkette*, 894 F.3d at 1025 (“Laches runs ‘from the time the plaintiff knew or should have known about its potential cause of action.’”); *Tillamook*, 465 F.3d at 1107-08 (basing the end of a counterclaimant’s laches period on when its counterclaims were filed rather than when the opposing party filed its action).⁴

4. Jem argues that the laches clock stopped on June 29, 2020, when it filed its New York action. (Dkt. No. 69 at 17; Dkt. No. 95 at 33-34.) Jem first cites *Jarrow Formulas, Inc. v. Nutrition Now, Inc.*, 304 F.3d 829, 835-36 (9th Cir. 2002) and *Shouse v. Pierce County*, 559 F.2d 1142, 1147 (9th Cir. 1977) for support, but these cases only restate the inquiry at issue, namely whether Jem’s action was filed within the analogous limitations period or not. The sole remaining controlling authority Jem cites does not support that the New York action controls and instead emphasizes that a defendant’s knowledge of a claim (perhaps, including knowledge of a prior dismissal—as is the case here) is immaterial to assessing laches, *See Jackson v. Axton*, 25 F.3d 884, 889 (9th Cir. 1994) (“Laches is based on the plaintiff’s delay in beginning litigation, *not on the information a defendant has regarding a claim.*”) (emphasis added); *see also Danjaq LLC v. Sony Corp.*, 263 F.3d 942, 953 (9th Cir. 2001) (“[T]he delay, which the defense (of laches) contemplates, is not delay in bringing claims to the attention of the defendant. It is . . . delay on the part of the plaintiff in instituting litigation on his claims. . . .”) (alterations in original) (internal quotation marks and citations omitted). Further, the laches clock stops “when ‘the lawsuit in which the defendant seeks to invoke the laches defense’ is initiated.” *Eat Right Foods Ltd. v. Whole Foods*

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The parties debate when Jem’s laches clock began. Jem argues that laches either began running on August 1, 2016, (Dkt. No. 69 at 29), when Sentry’s attorney showed Jem’s President Albert Alboucai a listing of Harman’s OnBeat Xtreme speaker during a deposition (Jem Resp. ¶ 129), or not until 2018 or 2019 when Jem had the ability to bring a meritorious claim (Dkt. No. 69 at 21-24). Harman claims Jem had actual knowledge of Harman’s use of XTREME either on December 21, 2015, when Sentry produced evidence of Harman advertising JBL Xtreme speakers to Jem’s counsel (Dkt. No. 85 at 28), or on August 1, 2016 as a result of the Alboucai deposition (*id.*). Harman further claims that Jem had constructive knowledge even earlier than 2015 based on Harman’s long-term use of XTREME in connection with speakers and its longstanding presence as a market leader in consumer audio (Dkt. No. 85 at 29-31).

To its second point, Jem reads far too much into the cases it cites. None of the controlling cases Jem relies on specify that an infringement claim must demonstrate sufficient direct competition or confusion in order for laches to run; indeed, some of them contradict this proposition. *See Tillamook*, 465 F.3d at 1109 (“[T]he two companies were using similar marks on complementary products

Mkt., Inc., 880 F.3d 1109, 1116 (9th Cir. 2018) (quoting *Evergreen Safety Council v. RSA Network Inc.*, 697 F.3d 1221, 1226 (9th Cir. 2012)). Harman did not need to raise its laches defense in this case until Jem filed its counterclaims. (*See* Dkt. Nos. 39, 41.) Given this fact along with the Ninth Circuit’s previous reliance on counterclaim filing dates in *Tillamook*, the Court finds that the date Jem filed its counterclaims in this action controls.

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in the same geographical area, creating the *prospect* of confusion.”) (emphasis added); *Jarrow*, 304 F.3d at 838 (“[I]f the plaintiff legitimately was unaware of the defendant’s *conduct*, laches is no bar to suit.”) (emphasis added); *see also Halstead v. Grinnan*, 152 U.S. 412, 417-18, 14 S.Ct. 641, 38 L.Ed. 495 (1894) (“When . . . he took title, he took it with notice that a survey had been made, and would not now be heard to say that he had no *knowledge of that fact*.”) (emphasis added). Instead, “[l]aches runs “from the time the plaintiff knew or should have known about its *potential* cause of action.” *Pinkette*, 894 F.3d at 1025 (emphasis added). This knowledge, whether actual or constructive, can arise from conduct such as registration of a potentially infringing mark, *id.* at 1025, receipt of materials displaying infringing content, *Evergreen*, 697 F.3d at 1227, or observation of the infringing mark on competing goods, *Eat Right*, 880 F.3d at 1116-17.

Here, the parties do not dispute that Jem’s president Albert Alboucai was shown an Amazon listing of Harman’s On-Beat Xtreme speaker on August 1, 2016, during a deposition in Jem’s case against Sentry. (Jem Resp. ¶ 129.) Mr. Alboucai further testified that he wanted Jem to sue Harman “the second he left his deposition,” and later notified Jem’s co-owner Elie Chemtob of Harman’s use of Xtreme on speakers.” (*Id.* ¶¶ 130-31.) Mr. Chemtob confirmed knowledge of Harman’s use from the Sentry litigation and considered it a “problem” for Jem. (*Id.* ¶ 132.) On these undisputed facts, no reasonable jury could conclude that Jem did not have knowledge of its potential claim against Harman by August 1, 2016 at the

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latest.⁵ Given Jem's knowledge of its potential claim by this date, Jem's May 6, 2021, counterclaims (Dkt. No. 39) were filed beyond California's four-year limitations period for trademark infringement claims, establishing a presumption in favor of laches.⁶

5. As Harman suggests in its Motion and Reply, there is a colorable argument that Jem had actual or constructive knowledge of its potential claims well before August 1, 2016, either from Sentry's production of Harman's Amazon listing for its OnBeat Xtreme speaker or Harman's use of Xtreme on speakers in conjunction with its reputation as a market leader in consumer audio. *See, e.g., Pinkette*, 894 F.3d at 1027 (finding that party had constructive knowledge based on its outside counsel receiving a notice of trademark registration); *Miller v. Glenn Miller Prods., Inc.*, 454 F.3d 975, 981 (9th Cir. 2006) (affirming finding of constructive knowledge based on attorney's receipt of financial statements). While there is notable authority supporting these arguments, the Court need not reach them, as it has concluded after drawing all reasonable inferences in favor of Jem that Jem's counterclaims were filed after the applicable laches period.

6. Jem argues that the laches period should not have accrued during the time when this case was stayed pending resolution of the New York action. (Dkt. No. 95 at 34.) Assuming that Jem is correct, this argument is of no import to the Court's analysis. Jem's counterclaims were filed a little over four years and nine months after it had knowledge of its potential claims against Harman. The stay in this action lasted just over three months, beginning on November 25, 2020 (Dkt. No. 31), and ending on March 5, 2021 (Dkt. No. 37.) Thus, Jem's delay in filing its counterclaims extended beyond the applicable four-year limitations period regardless whether the delay is calculated with or without the stay.

*Appendix B***2. *E-Systems* Factors**

Again, “we assess the equity of applying laches using the *E-Systems* factors: (1) ‘strength and value of trademark rights asserted;’ (2) ‘plaintiff’s diligence in enforcing [the] mark;’ (3) ‘harm to senior user if relief denied;’ (4) ‘good faith ignorance by junior user;’ (5) ‘competition between senior and junior users;’ and (6) ‘extent of harm suffered by junior user because of senior user’s delay.’” *Pinkette Clothing, Inc. v. Cosm. Warriors Ltd.*, 894 F.3d 1015, 1025 (9th Cir. 2018) (quoting *E-Sys., Inc. v. Monitek, Inc.*, 720 F.2d 604, 607 (9th Cir. 1983)).

a. Strength and Value of Trademark Rights Asserted

“The more likely a mark is to be remembered and associated in the public mind with the mark’s owner, the greater protection the mark is accorded by trademark laws.” *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1207 (9th Cir. 2000) (citing *Kenner Parker Toys Inc. v. Rose Art Indus., Inc.*, 963 F.2d 350, 353 (Fed. Cir. 1992), *overruled on other grounds by Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 22, 129 S.Ct. 365, 172 L.Ed.2d 249 (2008)). A mark’s strength is evaluated based on two components: “the mark’s inherent distinctiveness (i.e., its conceptual strength)” and its “recognition in the market (i.e., its commercial strength).” *Stone Creek, Inc. v. Omnia Italian Design, Inc.*, 875 F.3d 426, 432 (9th Cir. 2017) (citing *Lahoti v. Vericheck, Inc.*, 636 F.3d 501, 508 (9th Cir. 2011)).

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“To determine a mark’s conceptual strength, we classify a mark along a spectrum of five categories ranging from strongest to weakest: arbitrary, fanciful, suggestive, descriptive, and generic.” *JL Beverage Co., LLC v. Jim Beam Brands Co.*, 828 F.3d 1098, 1107 (9th Cir. 2016). “Arbitrary and fanciful marks . . . employ words and phrases with no commonly understood connection to the product,” “suggestive marks . . . suggest a product’s features and require consumers to exercise some imagination to associate the suggestive mark with the product[,]” and “[d]escriptive marks define a particular characteristic of the product in a way that does not require any imagination.” *Id.* Arbitrary or fanciful marks (i.e., Kodak) are generally “strong” marks, whereas descriptive or suggestive marks are generally “weak.” *Nutri/Sys., Inc. v. Con-Stan Indus., Inc.*, 809 F.2d 601, 605 (9th Cir. 1987) (quoting *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 349 (9th Cir. 1979)); see *Brookfield Commc’ns, Inc. v. W. Coast Ent. Corp.*, 174 F.3d 1036, 1058 (9th Cir. 1999) (“[S]uggestive marks are presumptively weak.”).

“After identifying whether a mark is generic, descriptive, suggestive, arbitrary, or fanciful, the court determines the mark’s commercial strength.” *JL Beverage*, 828 F.3d at 1107 (citation omitted). “Commercial strength may be demonstrated by commercial success, extensive advertising, length of exclusive use, and public recognition.” *Adidas Am., Inc. v. Calmese*, 662 F. Supp. 2d 1294, 1303 (D. Or. 2009) (citation omitted). Further, “a suggestive or descriptive mark, which is conceptually weak, can have its overall strength as a mark bolstered by its commercial success” or by advertising expenditures

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that increase its market recognition. *M2 Software, Inc. v. Madacy Ent.*, 421 F.3d 1073, 1081 (9th Cir. 2005) (citing cases). Likewise, if a conceptually weak suggestive or descriptive mark demonstrates a lack of commercial strength, the overall strength of the mark may be diminished. *See, e.g., Brookfield*, 174 F.3d at 1058 (finding that court did not clearly err in classifying a suggestive mark as weak given lack of commercial strength evidence).

Both parties appear to concede that Jem’s use of XTREME on speakers is suggestive. (*See* Dkt. No. 95 at 9; Dkt. No. 111 at 6.) The Court agrees with this classification. “If the mental leap between the word and the product’s attribute is not almost instantaneous, this strongly indicates suggestiveness, not direct descriptiveness.” *Japan Telecom, Inc. v. Japan Telecom Am. Inc.*, 287 F.3d 866, 873 (9th Cir. 2002). That is certainly the case here. The term XTREME does not convey attributes of a speaker instantaneously. Instead, potential consumers would be required to make a mental leap from the term to particular attributes of a speaker, like its extremely high quality, its extreme volume, or its extreme durability. This need to “exercise . . . imagination and perception to reach a conclusion as to the product’s nature,” fits Jem’s use of XTREME within the suggestive category. *Brookfield*, 174 F.3d at 1058 n.19.

For the same reason, the mark cannot be fanciful or arbitrary. “Fanciful [and arbitrary] marks have no commonly known connotation to the product at hand,” *Survivor Media, Inc. v. Survivor Prods.*, 406 F.3d 625, 632 (9th Cir. 2005), whereas the term XTREME

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commonly may connote features of a speaker like the examples mentioned above. Moreover, the fact that XTREME appears to be a coined term does not change this analysis. XTREME is a misspelling of the common word “extreme,” and such mere misspellings do not qualify as fanciful or arbitrary automatically despite their appearance as coined terms. *See id.* (“[T]he mere fact that [“Surfvivor”] consists of a coined term does not automatically render that mark fanciful.”); *see also Interstellar Starship Servs., Ltd. v. Epix Inc.*, 184 F.3d 1107, 1111 (9th Cir. 1999) (determining that the coined phrase “EPIX” for electronic pictures should not be considered an arbitrary [or fanciful] mark automatically). The term XTREME is thus best categorized as suggestive as it relates to speakers.

The mark’s classification as suggestive does not make it strong, however. While the Ninth Circuit has recognized suggestive marks as “inherently distinctive,” *Lodestar Anstalt v. Bacardi & Co. Ltd.*, 31 F.4th 1228, 1260 (9th Cir. 2022), it has also regarded them as “presumptively weak” and explained that suggestive marks may be categorized as weak despite being entitled to some restricted form of trademark protection, *Brookfield*, 174 F.3d at 1058. *See Alpha Indus., Inc. v. Alpha Steel Tube & Shapes, Inc.*, 616 F.2d 440, 445-46 (9th Cir. 1980) (“Of course, even ‘weak’ marks are protected. The difference is that if the mark is weak, then a stronger showing as to other factors . . . must be made.”); *Sleekcraft*, 599 F.2d at 350 (“Although appellant’s mark is protectible and may have been strengthened by advertising, . . . it is a weak mark entitled to a restricted range of protection.”) (citations

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omitted), *abrogated on other grounds by Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792 (9th Cir. 2003). Whether a suggestive mark may overcome its presumption of weakness depends on the mark’s commercial strength, which is assessed by analyzing factors such as “extensive advertising, length of exclusive use, [and] public recognition. . . .” *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1144 (9th Cir. 2002) (citations omitted).

Jem points to a variety of evidence to argue that its XTREME mark is commercially strong. First, Jem argues that its repeated and successful enforcement of its various XTREME-related marks via litigation demonstrates the mark’s commercial strength (*see* Dkt. No. 69 at 11). Jem fails to point to any authority, however, that relies on prior enforcement efforts as evidence of a mark’s commercial strength. This lack of authority makes sense, as the inquiry into commercial strength seeks to determine whether a “mark has achieved actual marketplace recognition” rather than whether the mark has led to successful litigation outcomes. *See, e.g., Brookfield*, 174 F.3d at 1058. This evidence thus does not impact the Court’s analysis of commercial strength. Even if it did, much of the evidence Jem points to involves rights being assigned to Jem pursuant to settlement agreements, weakening Jem’s claim that its mark has been enforced successfully in court. (*See* Dkt. No. 69, Exs. 10, 13 (stipulation of dismissal and assignment of rights from Sentry), 18 (assignment from JVC), 22 at 135: 8-19 (settlement agreement between Jem and Monster).)

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Jem next proffers declaration statements and deposition testimony from its CFO and CEO, respectively, attesting to Jem’s longtime attendance at the Consumer Electronics Show (“CES”), its advertisement of XTREME products since 2005, and its expansion into new retailers as evidence of XTREME’s commercial strength. (*See* Dkt. No. 100; *see also* Dkt. No. 69, Ex. 22 at 41:18-23, Ex. 23 at 70:21-72:12.) Even accepting that these statements support the inference that these efforts promoted Jem’s XTREME mark in particular, attestations of this nature have low probative value towards a mark’s strength for two reasons. First, Jem has not tied these expenditures to any evidence that such efforts have been effective in making consumers associate XTREME with Jem. *See Delta Forensic Eng’g, Inc. v. Delta V Biomechanics, Inc.*, 402 F. Supp. 3d 902, 908 (C.D. Cal. 2019) (“As to its advertising and public recognition, Plaintiff has not connected its expenditures with evidence of effectiveness, in other words, evidence that consumers associate [the mark] with Plaintiff.”). Second, Jem’s evidence is based on the statements of its own executives, and thus does not provide insight into actual consumer views. *See Self-Realization Fellowship Church v. Ananda Church of Self-Realization*, 59 F.3d 902, 910 (9th Cir. 1995) (“Attestations from person[s] in close association and intimate contact with (the trademark claimant’s) business do not reflect the views of the purchasing public.”); *Walter v. Mattel, Inc.*, 210 F.3d 1108, 1111 (9th Cir. 2000), *holding modified on another ground by Surfvivor*, 406 F.3d 625. Jem has thus provided some, albeit insubstantial, evidence regarding the strength of its XTREME mark.

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Harman responds to Jem’s evidence by pointing to voluminous third-party registrations and uses of XTREME and similar variants on other products (*see* Dkt. No. 83, Exs. 13-18), many of which are related to the consumer electronic industry (*see, e.g., id.*, Ex. 13 (over 200 pages of Amazon.com listings for various third-party electronic products using “Xtreme” as a designation), Ex. 17 (registration for “Xtreme Sound” for sound cards), Ex. 18 (“Klip Xtreme” registration for headsets and USB hubs)). Jem’s co-founders have also attested to third parties using XTREME as a product designation in the electronics industry. (*See* Dkt. No. 83, Ex. 11 at 99:17-25, Ex. 12 at 30:5-10.) Such evidence tempers Jem’s ability to overcome the presumptive weakness of its XTREME mark. *See Arcona, Inc. v. Pharmacy Beauty, LLC*, 976 F.3d 1074, 1081 (9th Cir. 2020) (“[Defendant] presented evidence that other companies use the phrase ‘EYE DEW’ in the . . . industry. This underscores that the ‘EYE DEW’ mark is not so unique or strong.”); *Glow Indus., Inc. v. Lopez*, 252 F. Supp. 2d 962, 990 (C.D. Cal. 2002) (finding commercial strength and advertising expenditures “offset, . . . by the relative weakness of [plaintiff]’s mark, which is suggestive only, and which competes in an exceedingly crowded field of beauty products using the word ‘glow’ in some manner as a trade name or trademark”); *Matrix Motor Co. v. Toyota Jidosha Kabushiki Kaisha*, 290 F. Supp. 2d 1083, 1091 (C.D. Cal. 2003) (“Even an arbitrary mark may be classified as weak where there has been extensive third party use of similar marks on similar goods.”) (citation omitted). Additionally, it is undisputed that Harman, itself, has sold speakers using some variety of an XTREME designation since 2006 (Jem Resp. ¶¶ 6-7, 10-11) and has

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garnered “extensive revenue” from its JBL speakers using that designation (*id.* ¶ 14). This concurrent use of XTREME by both parties for over a decade further underscores the weakness of Jem’s asserted mark. *See Accuride Int’l, Inc. v. Accuride Corp.*, 871 F.2d 1531, 1536 (9th Cir. 1989) (holding that a mark was not strong because of the parties’ concurrent use, despite plaintiff’s evidence of advertising, sales, and long-standing use of the trade name); *Delta Forensic Eng’g, Inc. v. Delta V Biomechanics, Inc.*, 402 F. Supp. 3d 902, 908 (C.D. Cal. 2019). Given Harman’s significant evidence of weakness in response to Jem’s proffered evidence, no reasonable jury could find that Jem could overcome the presumptive weakness associated with its suggestive mark. This factor thus weighs toward applying laches.

b. Diligence in Enforcing the Mark

This factor weighs in favor of laches. The Court has established that Jem had notice of its potential cause of action against Harman by August 1, 2016, at the latest, and the parties do not dispute that Jem failed to contact Harman about the alleged infringement prior to filing its New York action (Jem Resp. ¶ 156). This inactivity falls short of the “effective policing effort” the Ninth Circuit requires, which “[a]t the very least, . . . must involve actually contacting the alleged infringer about its use of a trademark.” *Grupo Gigante SA De CV v. Dallo & Co.*, 391 F.3d 1088, 1102 (9th Cir. 2004). Indeed, laches has been applied in cases where plaintiffs have put forth more effort over a similar time period to enforce their trademark rights against potential infringers. *See id.* (finding lack of

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diligence where plaintiff contacted defendant three times over four years); *Fitbug Ltd. v. Fitbit, Inc.*, 78 F. Supp. 3d 1180, 1193 (N.D. Cal. 2015) (one letter over five years). Jem contends that its diligence is evidenced instead by prior successful suits against other alleged infringers. (Dkt. No. 69 at 25.) But, as addressed further below, Jem's diligence in enforcing the asserted mark against other defendants is inconsequential to laches analysis. Indeed, Jem's diligence elsewhere only highlights Jem's lack of diligence as to Harman here.

c. Harm to Senior User if Relief is Denied

The third factor either weighs in Jem's favor or can be assumed to do so. This factor "turns largely on the court's analysis of the likelihood of confusion," which involves assessing the *Sleekcraft* factors. *Fitbug*, 78 F. Supp. 3d at 1193; see *Grupo Gigante*, 391 F.3d at 1103. Here, the parties present disputed factual issues regarding at least the proximity of their goods, similarity of their marks, and the overlap of their marketing channels. (Compare Dkt. No. at 13-15 with Dkt. No. 85 at 13-23.) As the *Sleekcraft* factors "present[] a highly factual inquiry," *Ironhawk Techs., Inc. v. Dropbox, Inc.*, 2 F.4th 1150, 1161 (9th Cir. 2021), the Court cannot make any finding as a matter of law as to likelihood of confusion. Accordingly, this factor weighs towards not applying laches.

d. Good Faith Ignorance by Junior User

This factor focuses on whether Harman acted in bad faith or had prior knowledge of Jem when it adopted use

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of XTREME on speakers. *See Grupo Gigante*, 391 F.3d at 1104; *Fitbug*, 78 F. Supp. 3d at 1194.

As evidence of Harman adopting XTREME in bad faith, Jem points to its ownership of two XTREME-related trademark registrations dating before 2015 and its significant presence at two CES trade shows in 2014 and 2015. (Dkt. No. 95 at 35.) The parties concede, however, that Harman began selling speakers with some form of an XTREME designation by at least 2011 (Jem Resp. ¶ 138), suggesting that Harman had chosen to use such a designation on speakers before Jem’s proffered evidence could have impacted its decision. *See Fitbug*, 78 F. Supp. 3d at 1194 (N.D. Cal. 2015) (favoring laches where defendant had selected its mark before being aware of plaintiff). Jem has failed to demonstrate, moreover, how its evidence establishes Harman’s actual awareness of Jem before using XTREME on its speakers. Even if Jem’s proffered evidence does establish Harman’s constructive knowledge of Jem prior to selling XTREME speakers, “[p]rior knowledge of a senior user’s trademark does not necessarily give rise to an inference of bad faith and may be consistent with good faith.” *Fitbug*, 78 F. Supp. 3d at 1195-96 (quoting *Arrow Fastener Co. v. Stanley Works*, 59 F.3d 384, 397 (2d Cir. 1995)).

Jem otherwise presents no evidence that Harman ever “sought to free-ride on [Jem]’s good will or otherwise take unfair advantage of the similarity between the two companies’ marks,” a point the Ninth Circuit has regarded as “most important[]” in assessing this factor for laches. *Pinkette*, 894 F.3d at 1028. Harman’s repeated release

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of new generations of XTREME speakers resulting in voluminous sales after 2015 (Jem Resp. ¶¶ 11, 151; *see* Dkt. No. 85 at 38) moreover demonstrates that “[t]here was no indication that [Harman] was ever trying to hide its use of the mark; it was open and notorious,” *Pinkette*, 894 F.3d at 1028. This further supports Harman operating in good faith. This factor accordingly weighs in favor of laches.

e. Competition Between Senior and Junior Users

Jem and Harman both sell Bluetooth speakers bearing the designation XTREME. Although both parties agree that they do not sell their products at the same retailers (*compare* Dkt. No. 69 at 13 *with* Dkt. No. 85 at 22), they dispute whether the retailers that sell their goods fall within the same channel of mass market retailers (Harman SGI ¶¶ 117, 120). Further, though the parties do not dispute that Jem and Harman’s XTREME speakers were retailing at different price ranges in 2016 (Harman SGI ¶¶ 184-86), they contest whether those prices converged in subsequent years (*id.* ¶¶ 188, 191). Making all reasonable inferences in favor of Jem, these facts could demonstrate that the parties compete in their sales of XTREME speakers. *See Grupo Gigante*, 391 F.3d at 1104 (holding that parties who sold groceries to a very broad customer base in close proximity competed for purposes of laches). This factor thus weighs against laches.

f. Extent of Harm Suffered by Junior User Because of Senior User’s Delay

“Courts have recognized two chief forms of prejudice in the laches context—evidentiary and expectations-based.”

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Danjaq LLC v. Sony Corp., 263 F.3d 942, 955 (9th Cir. 2001). “Evidentiary prejudice includes such things as lost, stale, or degraded evidence, or witnesses whose memories have faded or who have died.” *Id.* “A defendant may also demonstrate prejudice by showing that it took actions or suffered consequences that it would not have, had the plaintiff brought suit promptly.” *Id.* Additionally, “a defendant can make the required showing of prejudice by proving that it has continued to build a valuable business around its trademark during the time that the plaintiff delayed the exercise of its legal rights.” *Pinkette*, 894 F.3d at 1028 (9th Cir. 2018) (quoting *Grupo Gigante*, 391 F.3d at 1105); see *Whittaker Corp. v. Execuair Corp.*, 736 F.2d 1341, 1347 (9th Cir. 1984).

As discussed above, Jem had notice of its potential claim against Harman by August 1, 2016, at the very latest, but it did not file its counterclaims in this case until May 6, 2021. Harman presents evidence of evidentiary and expectations-based prejudice both within and beyond this time period. (*See, e.g.*, Dkt. No. 85 at 36-38.) Even if the Court limits its analysis to this time period and assumes the validity of Jem’s arguments as to evidentiary-based prejudice, it remains undisputed that between August 1, 2016 and May 6, 2021, Harman introduced two new generations of XTREME speakers, reaping extensive revenues from those products. (Jem Resp. ¶¶ 11, 151; see Dkt. No. 85 at 38.) This sort of continued investment in a line of products generating substantial sales is sufficient to demonstrate economic prejudice for purposes of laches. *Pinkette*, 894 F.3d at 1028 (affirming finding of economic prejudice because “[defendant] continued to invest in its . . . label”); *Danjaq*, 263 F.3d at 956 (same); *Grupo Gigante*, 391 F.3d at 1105 (holding that defendant was

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prejudiced by opening a second store during plaintiff's delay); *Fitbug*, 78 F. Supp. 3d at 1194 (“[Defendant] has provided substantial evidence detailing its efforts through the period of . . . delay to build its business, generat[e] substantial sales, . . . and develop[] products”). Indeed, Harman’s continued accrual of liability during this period is exactly the type of detrimental reliance laches seeks to prevent in the trademark context. *See Whittaker*, 736 F.2d at 1347 (“[Defendant] was prejudiced because it continued engaging in its existing practices, incurring additional potential liability by reason of [Plaintiff]’s failure to take prompt action.”); *see also* Dkt. No. 39 at 22-23 (listing Jem’s prayer for relief for “any and all revenues and profits derived by [Harman] by reason of the acts complained of”). This factor thus weighs in favor of laches.

Given the existing presumption of laches and that four of the six *E-Systems* factors favor applying laches in this case, laches will bar Jem’s counterclaims, unless some other exception applies.

3. Other Laches Issues

a. Progressive Encroachment

Jem proffers various other reasons why laches should not apply.

First, Jem argues that the *E-Systems* factors should not apply because Harman progressively encroached on Jem’s XTREME mark. (Dkt. No. 95 at 23-25.) Laches will not apply where a party’s encroachment on another’s mark

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has “been minimal, or its growth slow and steady.” *E-Sys., Inc. v. Monitek, Inc.*, 720 F.2d 604, 607 (9th Cir. 1983). “To establish progressive encroachment, [a defendant] would have . . . to show that [plaintiff] ‘expand[ed] its business into different regions or into different markets.’” *Tillamook Country Smoker, Inc. v. Tillamook Cnty. Creamery Ass’n*, 465 F.3d 1102, 1110 (9th Cir. 2006) (emphasis omitted) (quoting *Grupo Gigante*, 391 F.3d at 1103). “A junior user’s growth of its existing business and the concomitant increase in its use of the mark do not constitute progressive encroachment.” *Id.*

Jem presents no evidence of Harman expanding into different regions, and the parties do not dispute that Harman has sold speakers for decades (Jem Resp. ¶ 3), belying any argument that Harman’s sale of XTREME speakers constituted an expansion into a different market. *See Internet Specialties W., Inc. v. Milon-Di-Giorgio Enterprises, Inc.*, 559 F.3d 985, 991 (9th Cir. 2009) (holding that an internet provider’s shift from offering dial-up access to DSL was not an expansion into a new market). Harman’s sale of XTREME speakers was also anything but minimal or gradual in relation to Jem. It is undisputed that Harman began selling XTREME speakers under its JBL brand in September 2015 (Jem Resp. ¶ 10), almost a year before the earliest date that Jem contends it had knowledge of Harman’s alleged infringement (*see* Dkt. No. 95 at 32). The parties moreover agree that Harman garnered extensive revenues from these sales both prior to 2018 and between 2015 and 2021. (Jem Resp. ¶¶ 151, 161.) Jem offers no evidence that these sales occurred at a slow and steady pace after Jem’s knowledge of potential

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infringement developed; indeed, at least some portion of Harman's sales must have occurred *before* such a date. On these facts, no reasonable jury could conclude that Harman's sales of XTREME speakers progressively encroached on Jem's market such that laches could not apply.

b. Other Litigation

Jem also argues that its delay in bringing its counterclaims was reasonable because it was handling other litigation involving its XTREME mark and did not have the financial resources to maintain a simultaneous suit against Harman. (Dkt. No. 69 at 18-19; Dkt. No. 95 at 27). *Danjaq LLC v. Sony Corp.* appears to address these arguments directly. 263 F.3d 942 (9th Cir. 2001). There, defendants argued that their delay in bringing copyright infringement counterclaims was excusable because they had been preoccupied with other related actions and could not afford to bring suit at certain times. *Id.* at 948-49, 953-55. The Ninth Circuit rejected these alleged justifications for defendants' delay, noting that defendants' prior cases were either dismissed or did not involve plaintiffs, and that lack of finances was generally an invalid reason to prevent the application of laches. *Id.* at 953-55 (citing cases on the invalidity of arguing lack of finances). The same logic applies to Jem's counterclaims here. Aside from the New York action, all of Jem's referenced lawsuits did not involve Harman, and Jem filed many of these actions itself. (See Dkt. No. 69 at 18-19; Harman SGI ¶¶ 11, 15.) Harman was also dismissed from Jem's New York action

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due to improper joinder. (Dkt. No. 36, Ex. A.) That Jem’s chosen litigation strategy led it to file its counterclaims in this action beyond the most analogous state statute of limitations cannot excuse its delay. *See Jarrow Formulas, Inc. v. Nutrition Now, Inc.*, 304 F.3d 829, 839 (9th Cir. 2002) (“[L]itigation policy did not excuse [plaintiff]’s delay in filing suit.”) Jem’s other litigation will thus not bar applying laches to its counterclaims in this suit.

c. Overriding Public Interest

Jem next argues that the likelihood of confusion in this case demonstrates an overriding public interest in having the suit proceed, despite the potential application of laches. (Dkt. No. 95 at 36.) Harman is correct to note, however, that the Ninth Circuit has held that “in order to ensure that laches remains a viable defense to Lanham Act claims, the public’s interest will trump laches only when the suit concerns allegations that the product is harmful or otherwise a threat to public safety and well being.” *Jarrow Formulas, Inc. v. Nutrition Now, Inc.*, 304 F.3d 829, 841 (9th Cir. 2002). Neither party has alleged or produced evidence suggesting that the products at issue in the case—audio speakers—implicate concerns of harm or threats to public safety. Heeding the Ninth Circuit’s warning to “not . . . define the public’s interest in such a manner as to ‘effectively swallow the rule of laches, and render it a spineless defense,’” *id.* at 840, the Court finds that no reasonable jury could conclude that the public’s interest in this case could preclude laches.

*Appendix B***d. Injunctive Relief**

Jem additionally argues that laches cannot bar its request for prospective injunctive relief. (Dkt. No. 95 at 36.) This argument is meritless, as it ignores Supreme Court and Ninth Circuit case law holding that laches may bar prospective injunctive relief in trademark cases. *See Danjaq LLC*, 263 F.3d at 959 (“[Defendant] is correct that laches typically does not bar prospective injunctive relief. However, the rule is not . . . an absolute one. Indeed, *we have already disposed of this argument in the trademark context. . . .*”) (emphasis added); *Prudential Ins. Co. of Am. v. Gibraltar Fin. Corp. of California*, 694 F.2d 1150, 1152 (9th Cir. 1982) (“The Supreme Court explicitly made laches available as an equitable defense barring injunctive relief.”) (citing *United Drug Co. v. Rectanus Co.*, 248 U.S. 90, 102-03, 39 S.Ct. 48, 63 L.Ed. 141 (1918) and *French Republic v. Saratoga Vichy Spring Co.*, 191 U.S. 427, 436-37, 24 S.Ct. 145, 48 L.Ed. 247 (1903)).

e. Preclusion and Continuing Tort Theories

Jem attempts to avoid laches by presenting two final theories. First, citing *Lucky Brand Dungarees, Inc. v. Marcel Fashions Grp., Inc.*, ___ U.S. ___, 140 S.Ct. 1589, 206 L. Ed. 2d 893 (2020), Jem contends that the laches period should be assessed separately for each generation of JBL XTREME speakers that Harman launched between 2015 and 2020 because each release gave rise to new material operative facts and thus constituted a separate claim. (Dkt. No. 95 at 25-26.) *Lucky Brand*,

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however, dealt with claim preclusion—not laches, 140 S.Ct. at 1596, and Jem cites no controlling authority requiring this Court to extend *Lucky Brand*’s rationale to the laches context. *Lucky Brand* further relied on the “different marks” and “different legal theories” across the actions it was analyzing to reach its decision, making the case’s analysis a poor fit for the dispute between Jem and Harman here. The Court declines to apply this theory to Harman’s laches defense.

Second, Jem argues that Harman’s separate generations of JBL XTREME speakers present separate claims for laches because trademark infringement is a continuing tort. (Dkt. No. 95 at 26-27.) Jem concedes that “this Circuit . . . ha[s] not addressed this doctrine as to trademark laches” (*id.*), and this Court declines to do so as well.

As none of Jem’s ancillary arguments apply, the presumption in favor of laches and the *E-Systems* factors compel the Court to bar Jem’s counterclaims under the laches doctrine.⁷

7. As the Court grants Harman’s motion for summary judgment based on its laches defense, the Court reaches neither the parties’ motions as to the merits of Jem’s infringement counterclaims nor Harman’s defenses of prior and fair use.

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I. CONCLUSION

For the foregoing reasons, the Court **DENIES** Jem's Motion for Summary Judgment, and **GRANTS** Harman's Motion for Summary Judgment as to Jem's counterclaims.

Dated: April 10, 2023

/s/
HONORABLE ANDRÉ BIROTTE JR.
UNITED STATES DISTRICT COURT
JUDGE

**APPENDIX C — FINAL JUDGMENT OF THE
UNITED STATES DISTRICT COURT CENTRAL
DISTRICT OF CALIFORNIA,
FILED SEPTEMBER 5, 2023**

UNITED STATES DISTRICT COURT CENTRAL
DISTRICT OF CALIFORNIA

Case No. 2:20-cv-08222-AB-SK

HARMAN INTERNATIONAL INDUSTRIES, INC.,
A DELAWARE CORPORATION,

Plaintiff/Counterdefendant,

v.

JEM ACCESSORIES, INC. DBA XTREME
CABLES, A NEW JERSEY CORPORATION,

Defendant/Counterclaimant.

Filed September 5, 2023

FINAL JUDGMENT

The Court's April 10, 2023, summary judgment order (Dkt. No. 120) granted summary judgment in favor of Plaintiff and Counterdefendant Harman International Industries, Inc. ("Harman") on Counterclaimant and Defendant Jem Accessories, Inc. dba Xtreme Cables' ("Jem") First through Fourth Counterclaims set forth in Jem's Answer (Dkt. No. 39). The Court concludes that

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judicial administrative interest, as well as the equities involved, favor entering final judgment on Jem's First through Fourth Counterclaims for Relief at this juncture. Therefore,

1. IT IS ORDERED AND ADJUDGED that, finding no just reason for delay, the Court's April 10, 2023, summary judgment order (Dkt. No. 120) is hereby certified as final, and JUDGMENT is hereby entered pursuant to Federal Rule of Civil Procedure 54(b) on Jem's First through Fourth Counterclaims for Relief (Dkt. 39, 120). As set forth in the Court's April 10, 2023, summary judgment order, Jem's claims are barred by laches.

2. IT IS FURTHER ORDERED that Harman's First through Fifth Claims (Dkt. No. 1; Dkt. No. 134), are DISMISSED WITHOUT PREJUDICE as set forth in the Court's August 11, 2023, Order Dismissing Harman's Claims in Part and Entering Final Judgment.

3. IT IS FURTHER ORDERED that Harman's Sixth and Seventh Claims (Dkt. No. 1; Dkt. No. 134) are STAYED pending the outcome of any appeal Jem may file regarding the Court's grant of summary judgment on Jem's counterclaims (Dkt. No. 120). If Jem does not file an appeal, Harman shall notify the Court and move to dismiss for lack of jurisdiction within three (3) days after Jem's appeal period has lapsed.

4. IT IS FURTHER ORDERED that the parties shall file a Joint Status Report every 120 days regarding the status of appeal, if any appeal is filed. Each report

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must indicate on the face page the date on which the next report is due. Harman shall be responsible for ensuring the reports are timely filed.

5. IT IS FURTHER ORDERED that deadline for any motion for attorney's fees and bill of costs is STAYED pending the outcome of any appeal Jem may file or the expiration of the deadline for Jem to file such an appeal.

IT IS SO ORDERED.

Dated: September 5, 2023

/s/
Honorable André Birotte Jr.
United States District Court Judge

**APPENDIX D — ORDER OF THE UNITED
STATES COURT OF APPEALS FOR THE NINTH
CIRCUIT, FILED DECEMBER 19, 2024**

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 23-55774

D.C. No. 2:20-cv-08222-AB-SK
Central District of California, Los Angeles

HARMAN INTERNATIONAL INDUSTRIES, INC.,
A DELAWARE CORPORATION,

Plaintiff-counter-defendant-Appellee,

v.

JEM ACCESSORIES, INC., DBA XTREME
CABLES, A NEW JERSEY CORPORATION,

Defendant-counter-claimant-Appellant.

Filed December 19, 2024

ORDER

Before: CLIFTON, SUNG, and SANCHEZ, Circuit
Judges.

The panel has unanimously voted to deny Appellant's petition for rehearing. Judge Sung and Judge Sanchez vote to deny the petition for rehearing en banc and Judge Clifton so recommends. The full court has been advised of the petition for rehearing en banc, and no judge of the court has requested a vote on it. Fed. R. App. P. 40. The

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petitions for rehearing and rehearing en banc (Docket Entry No. 58) are therefore DENIED.

**APPENDIX E — ORDER DENYING
DEFENDANT’S MOTION OF THE UNITED
STATES DISTRICT COURT, CENTRAL DISTRICT
OF CALIFORNIA, FILED APRIL 8, 2021**

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. 2:20-cv-08222 AB (Ex)

HARMAN INTERNATIONAL INDUSTRIES, INC.,
A DELAWARE CORPORATION,

Plaintiff,

v.

JEM ACCESSORIES, INC. DBA XTREME CABLES,
A NEW JERSEY CORPORATION,

Defendant

**ORDER DENYING DEFENDANT’S MOTION
TO DISMISS OR, IN THE ALTERNATIVE,
MOTION TO TRANSFER**

Before the Court is Defendant Jem Accessories, Inc.’s (“Defendant”) Motion to Dismiss, or in the Alternative, Motion to Transfer (“Motion,” Dkt. No. 19) Plaintiff Harman International Industries, Inc.’s (“Plaintiff”) Complaint (“Compl.,” Dkt. No. 1). Plaintiff opposed (“Opp’n,” Dkt. No. 23) and Defendant replied (“Reply,” Dkt. No. 27). The Court heard oral arguments on November 20, 2020 and took the matter under submission.

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Dkt. No. 30. For the following reasons, the court **DENIES** Defendant's Motion to Dismiss and Motion to Transfer.

* * *

III. DISCUSSION¹

* * *

IV. CONCLUSION

For the foregoing reasons, the Court **DENIES** Defendant's Motion to Dismiss and Defendant's alternative Motion to Transfer. This matter is set for a Scheduling Conference on **Friday, May 21, 2021 at 10:00 a.m.** The Joint Rule 26(f) Report **must be filed by 14 days** before the Scheduling Conference and shall comport with the requirements set forth in this Court's Order at Docket No. 21.

IT IS SO ORDERED.

Dated: April 08, 2021

/s/ _____
HONORABLE ANDRÉ BIROTTE JR.
UNITED STATES DISTRICT COURT
JUDGE

1. The Court notes that Defendant also moved to dismiss, or in the alternative, transfer this action based on the New York Action and the "First-to-File" rule. Motion at 9. However, given that Plaintiff is no longer a party to the first-filed New York Action, the "First-to-File" rule is no longer applicable. Thus, the Court will address only the personal jurisdiction arguments with respect to the Motion to Dismiss and **DENIES** the alternative Motion to Transfer.